

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

as well as in Open J-Gate, India [link of the same is duly available at infibnet of University Grants Commission (U.G.C.)]

Registered & Listed at: Index Copernicus Publishers Panel, Poland

Circulated all over the world & Google has verified that scholars of more than Hundred & Thirty Two countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

www.ijrcm.org.in

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	MEETING TODAY'S LEADERSHIP CHALLENGES IN A COMPLEX WORLD <i>IKECHUKWU NWOSU & NICK ANDERSON</i>	1
2.	DO FINANCIAL AND NON-FINANCIAL VARIABLES EXPLAIN THE DIFFERENCE BETWEEN THE COMPANIES' BOOK VALUE AND MARKET VALUE? <i>MOHAMMAD REZA ABDOLI, MANSOOR GARKAZ & ALI MIRAZAMI</i>	8
3.	THE IMPACT OF EDUCATION ON CONSUMER ACTIVISM IN NIGERIA <i>DR. ANTHONY .A. IJEWERE</i>	14
4.	FAMILY PLANNING PRACTICES IN ETHIOPIA WITH SPECIAL REFERENCE TO MEKELLE CITY <i>DR. PUJARI KRISHNAIAH</i>	18
5.	VALUE RELEVANCE OF ACCOUNTING INFORMATION AND STOCK MARKET VULNERABILITY - A STUDY ON LISTED COMPANIES IN DHAKA STOCK EXCHANGE <i>MUHAMMAD SHAHIN MIAH</i>	23
6.	EFFECT OF AUDITOR QUALITY ON EARNINGS MANAGEMENT IN COMPANIES LISTED ON TEHRAN SECURITIES EXCHANGE <i>DR. MANSOUR GARKAZ</i>	28
7.	HOW SAFE IS THE NIGERIAN CONSUMER <i>DR. ANTHONY .A. IJEWERE</i>	32
8.	AN IMPERIAL STUDY ON THE RELATIVE IMPACT OF FACTORS AFFECTING THE IMAGE OF A BANK <i>DR. DEEPAK GUPTA & DR. VIKRANT SINGH TOMAR</i>	35
9.	STUDY OF FACTORS PROPELLING THE GROWTH OF PRIVATE LABELS IN INDIA <i>SANDEEP PURI, HARSH DWIVEDI & BHAWANA SHARMA</i>	41
10.	SIGNIFICANCE OF CUSTOMER VALUE IN PURCHASE INTENTION IN BUILDING CUSTOMER EQUITY IN COMPETITIVE SCENARIO <i>BABEET GUPTA & DR. J. S. GREWAL</i>	45
11.	EGO-WHAT MAKES EGO OUR GREATEST ASSET <i>COL. (RETD.) DR. R.M. NAIDU</i>	49
12.	IMPACTS OF MICROFINANCE ON POVERTY ALLEVIATION AND THE EMPOWERMENT OF WOMEN WITH SPECIAL REFERENCE TO RURAL WOMEN EMPOWERMENT AND ENTREPRENEURSHIP DEVELOPMENT IN INDIA <i>ANIL KUMAR.B.KOTE & DR. P. M. HONNAKERI</i>	51
13.	GENDER DIFFERENCE IN OCCUPATIONAL STRESS AND COPING STRATEGIES AMONG MIDDLE LEVEL MANAGERS IN PRIVATE SECTOR ORGANIZATIONS <i>D. CHITRA & DR. V. MAHALAKSHMI</i>	55
14.	CUSTOMER VALUE OF HAIR CARE PRODUCT (WITH SPECIAL REFERENCE TO SHAMPOO) IN TIRUCHIRAPALLI DISTRICT <i>V P T DHEVIKA & DR. N SUBRAMANI</i>	59
15.	INVESTING IN GOLD: A FUTURE PERSPECTIVE (WHY AND HOW TO INVEST IN 'GOLD' WITH SPECIAL REFERENCE TO COMMON INVESTOR) <i>DR. RITU KOTHIWAL & ANKUR GOEL</i>	63
16.	CELEBRITY ENDORSEMENT: DOES IT MAKE ANY IMPACT ON CONSUMER BUYING BEHAVIOR? <i>SUBEER BANERJEE, DR. RICHA BANERJEE & DR. MANOJ PATWARDHAN</i>	67
17.	CREDIT ANALYSIS IN INDIAN BANKS: AN EMPIRICAL STUDY <i>DR. SUNITA JINDAL & AJAY KUMAR</i>	72
18.	ROLE OF SELF HELP GROUPS ON THE DEVELOPMENT OF WOMEN ENTREPRENEURS - A STUDY OF MYSORE DISTRICT, KARNATAKA STATE <i>SAVITHA.V & DR. H. RAJASHEKAR</i>	77
19.	A STUDY ON CUSTOMERS SATISFACTION OF SELECTED NATIONALISED BANKS WITH SPECIAL REFERENCE TO COIMBATORE CITY <i>M. PRAKASH & A. PRABHU</i>	81
20.	RETAILING BOOM: A CASE STUDY OF A TYPICAL SHOPPING MALL OF AURANGABAD CITY <i>AMOL MURGAI</i>	86
21.	IMPACT OF MEDICAL TOURISM IN INDIA <i>MAULIK C. PRAJAPATI & VIPUL B. PATEL</i>	91
22.	A STUDY ON CUSTOMER BUYING BEHAVIOUR OF DTH SERVICES IN PALAYAMKOTTAI <i>T. SAMSON JOE DHINAKARAN</i>	96
23.	TARGET AND ACQUIRER'S FEATURES ANALYSIS IN VOLUNTARY AND FIAT DRIVEN MERGERS IN INDIAN BANKING SECTOR <i>DR. SAVITHA G.LAKKOL</i>	99
24.	A STUDY OF STRATEGIC HUMAN RESOURCE MANAGEMENT IN MANUGRAPH <i>DEEPALI SAMBHAJIRAO KADAM.</i>	104
25.	REAL TIME OBSTACLES IN SUCCESSION PLANNING <i>MEHULKUMAR G. THAKKAR</i>	114
26.	CONTEMPORARY ISSUES IN STRATEGIC MANAGEMENT FOR BUSINESS <i>K. AMUTHA</i>	122
27.	ANALYSING THE SIGNALING EFFECTS ON ICICI BANK'S SHARE PRICE – EMPIRICAL STUDY <i>V. PRABAKARAN & D. LAKSHMI PRABHA</i>	126
28.	A PRAGMATIC EXPLORATION OF HRD CLIMATE PRACTICES IN STATE AND CENTRAL UNIVERSITIES <i>DR. PARVEZ ABDULLA, GAURAV SEHGAL & ASIF A. KHAN</i>	130
29.	EVALUATION OF THE COMPATIBILITY OF THE BANK GUARANTEES ISSUED BY THE JK BANK LTD. WITH LAW AND POLICY - A CASE STUDY OF THE JK BANK LTD. IN SRINAGAR <i>MOHD YASIN WAN & S. Z. AMANI</i>	140
30.	WAYS TO HIRE AND RETAIN GENERATION Y EMPLOYEES <i>DR. NITASHA KHATRI</i>	145
	REQUEST FOR FEEDBACK	148

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

PATRON

SH. RAM BHAJAN AGGARWAL

Ex. State Minister for Home & Tourism, Government of Haryana
Vice-President, Dadri Education Society, Charkhi Dadri
President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR

DR. SAMBHAV GARG

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

ADVISORS

DR. PRIYA RANJAN TRIVEDI

Chancellor, The Global Open University, Nagaland

PROF. M. S. SENAM RAJU

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

PROF. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. BHAVET

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SANJIV MITTAL

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

PROF. ANIL K. SAINI

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

DR. SAMBHAVNA

Faculty, I.I.T.M., Delhi

DR. MOHENDER KUMAR GUPTA

Associate Professor, P. J. L. N. Government College, Faridabad

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

ASSOCIATE EDITORS

PROF. NAWAB ALI KHAN

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

PROF. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

PROF. V. SELVAM

SSL, VIT University, Vellore

DR. N. SUNDARAM

Associate Professor, VIT University, Vellore

DR. PARDEEP AHLAWAT

Reader, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

S. TABASSUM SULTANA

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

TECHNICAL ADVISOR

AMITA

Faculty, Government M. S., Mohali

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses: infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR
IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF _____.

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '_____ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

NOTES:

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

INTRODUCTION**REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
 - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parentheses.
 - The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:**BOOKS**

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

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

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

CONFERENCE PAPERS

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

UNPUBLISHED DISSERTATIONS AND THESES

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

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITE

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

MEETING TODAY'S LEADERSHIP CHALLENGES IN A COMPLEX WORLD

IKECHUKWU NWOSU
PRINCIPAL
NEW CATALYST
3401 PROSPECT STREET, WASHINGTON DC
USA

NICK ANDERSON
PRINCIPAL
THE CRISPIAN ADVANTAGE
240 CENTENNIAL DR, BACKFOOT
USA

ABSTRACT

Today leading in a complex world is one of the hot topics being discussed across organization and conferences. Every one faces complexity both in a small or large scale industry. This complexity is driven by uncertainty and accelerating change. For organizations to thrive in this rapid challenging business environment, leaders must learn to adapt and embrace the complexity, to see it as opportunity to achieve uncommon result. The part 1 present valuable insights about KPMG study confronting complexity. It identifies factors that cause complexity. It also suggests ways through which a leader can address complexity and turn it into competitive advantage. Part 2 and 3 focuses on leading to essence and leading learning. In this context making mistakes is only good if leaders create the potentials to learn and adapt.

KEYWORDS

leadership challenges, HRM.

1.0 INTRODUCTION

The challenge of leading in a complex world has become an excuse for preserving the status quo, to abandon thinking ahead and to push strategy aside, because they don't believe they can be flexible or responsive enough to cope with rapid change (ED, 2011). But, most organizations that succeed in the midst of such complexity are those that think differently and turn the potential challenges into competitive advantage. They also see opportunity in making their company more efficient. A recent study (KPMG International) revealed that more than 90 percent senior executives across 22 countries say their organization's success depends on managing complex business issues. Yet, less than half executives believe the actions they are taking to manage complexity have been very effective (KPMG, 2011). In addition, an IBM survey on global CEO's revealed that their language has changed from reducing complexity to talking about how to transform complexity into an opportunity to gain competitive advantage (Balkan, 2011). In our research, we identified what factors that causes complexity and the actions need to address them. In particular, this chapter covers three parts. The first focuses on managing complexity while the second part focuses on leading to the essence then part 3 focuses on leading learning.

PART 1 ALIGNING LEADERS FOR A COMPLEX WORLD: FOCUSES ON MANAGING COMPLEXITY

Over the years, so much has been published on managing complexity. According to the survey Managing Complexity in Global Organizations conducted (Martha, 2007), they said the core challenge of today's and tomorrow's companies is complexity. Complexity cannot be made simple; neither is it going away in the near future. The question most senior executives usually ask is how can we manage complexity and succeed in today's challenging business environment. Leaders need a better understanding of the causes and impact of complexity in order to respond strategically as well as managing the challenges and opportunities presented (KPMG, 2011).

2.0 WHAT WE SHOULD KNOW ABOUT COMPLEXITY

Several surveys agree on complexity's top components:

✚ Complexity is global

Its impact reaches across both mature and developing markets, as well as across industry sectors

✚ Complexity is increasing

KPMG stated that, three quarters of the respondents say complexity has increased for their organizations over the past two years, and a majority expect things to become even more complicated in the coming two years.

✚ Complexity's causes are not static

In the surveys many respondents expect the causes of complexity to shift over the next two years, and a majority say their companies will need to take different or additional actions to manage complexity.

✚ Complexity increases risk

It is the greatest challenge presented by complexity along with increased costs and the need for new skills.

✚ Complexity is not just an inconvenience

It can radically affect the way businesses are managed, challenging profitability with new costs and adding risks that were previously unthought-of and unprepared for, while also presenting new opportunities that may not have existed even last year.

3.0 FACTORS THAT CAUSES INCREASING COMPLEXITY GLOBALLY

While the world strives for simplicity, the rate of business complexity increases exponentially.

3.1 Causes of Complexity by "KPMG"

KPMG study on Managing Complexity: Business success depends on managing complexity with more than 70 percent of executives reporting increased complexity for their businesses. Not surprisingly, financial services has been particularly impacted by complexity, with nearly 80+ percent of executives in that sector saying complexity has increased significantly or very significantly (KPMG, 2011).

KPMG identified the following factors driving these responses:

New government regulation

In this survey, almost three-quarters of senior executives identify new government regulation as the leading cause of business complexity. While geographically, Americans and Europe and other mature economies also see regulation as biggest challenges. This study reveals one of the driving issues with new government regulation to be global inconsistency.

Increased information management

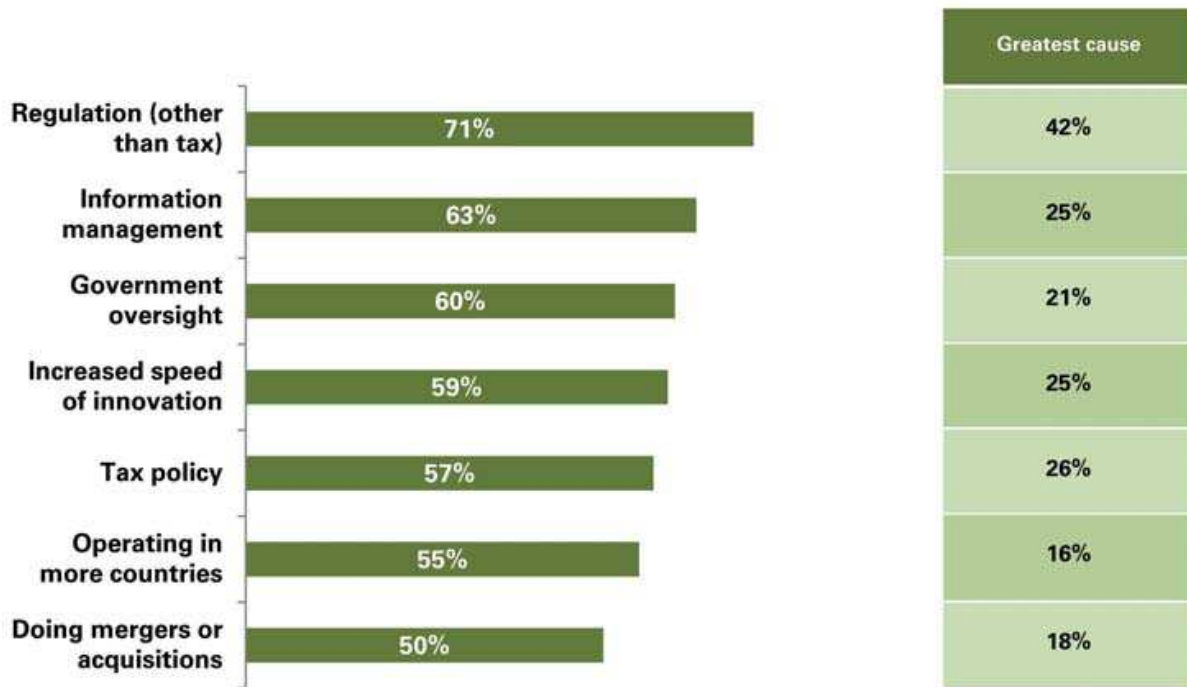
Information management was identified as second leading cause. of increase complexity, KPMG report shows that most organizations are struggling to find out what is happening in their own businesses, either through lack of good quality data, inconsistent information or through problems interpreting what they have (KPMG, 2011).

Increased speed of innovation

The increase speed of innovation was identified as a leading cause of complexity across different sectors. According to KPMG study, they said “The speed of innovation is seen as having a much greater impact on complexity going forward. For example, 70 percent of executives in developing economies, and 60 percent and more in the Americas and Asia-Pacific, project a greater impact from the speed of innovation on complexity facing their companies over the next two years” (KPMG, 2011).

The figure 1 causes of complexity shows the result of KPMG findings.

FIGURE 1: CAUSES OF COMPLEXITY SOURCE: KPMG SURVEY



Furthermore, this survey uncovered some essential variations about how complexity is experienced and managed in different countries across the world. For example, among the mature economies like Europe and North America, new government regulation was seen as the number one causes of complexity in today’s business environment, then follow by the issues with information management. But on the other hand, developing economies like India, Brazil, Mexico and China, increase speed of innovation was the leading cause of complexity. While new government regulation and information management were also necessary for these countries, tax policy featured much stronger in their participants.

3.2 Causes of Complexity (Martha, 2007)

In parallel, let’s look at the causes of complexity:

According to their research, they stated that the four causes of complexity interact together to create today’s environment but their effects are different from each other. The four causes of complexity include:

Diversity

Their survey shows that global or international companies face complex set of challenges which is characterised by diversity both outside and inside organizations.

TABLE 1: DIVERSITY

Inside the Organization	Outside the Organization
<ul style="list-style-type: none"> Senior executives must manage and respond to more diversity globally especially HR pool. Also more variation in the means and ends ranging from simple financial goals to more comprehensive views. 	<ul style="list-style-type: none"> Out the organization, they concluded that there is more diversity. This includes different cultural values, heterogeneous customer’s needs. They also look at political, economic and competitors differing strategies as other diversity face by different firms.

IMD’s add, “Most firms today increasingly face each of these types of diversity. Managing the differences is not trivial, and reducing diversity often means being less responsive” (Martha, 2007).

Interdependence

“They said companies must manage the effect of global interdependence to an unprecedented degree: everything is related to everything else, and the impact is felt more rapidly and pervasively. Value webs have replaced traditional value chains. Reputation, financial flows, value chain flows, top management and corporate governance issues have reached advanced levels of interdependence” (Martha, 2007).

Ambiguity

Their survey reveals that, the business world today is being characterized with too much information with less and less clarity on how organizations can analyze and apply this insight into their business. As a result of these challenges, many businesses find it more and more difficult to discover what their clear value drivers are (Martha, 2007).

Flux

They see flux as the most causes of complexity due to ever changing business world. They explained, today’s solutions in business may be outdated tomorrow meaning, every firm should stay current with market facts in order to adapt business environment.

Michael Armstrong added, "This study has shown very clearly that while the problems of complexity are similar everywhere in the world, they are not experienced in the same way or at the same time in each economy" (KPMG, 2011).

4.0 WHAT ACTIONS DID THEY SUGGEST TO ADDRESS THE ISSUES OF COMPLEXITY?

To respond to the causes of complexity, the KPMG study revealed that most organizations around world have made various efforts to adapt and address the changes. This effort includes:

✚ Improving in information management

Due to technological advancement especially the rapid emergence of cloud computing as a key possible solution to IT issues therefore, most organizations believe that improving in information management will help them to address causes of complexity.

✚ Rationalizing risk management

Organizations need to have clarity of purpose in their business operations. Many businesses also believe that, it is the foundation for the rationalization of risk management. A professor in one of the US school of management adds "If something is more complex, it is just more risky. But when companies go beyond that to actively manage unnecessary complexity out of their business processes, they benefit not only from lower risk, but also higher efficiency and agility"

✚ Reorganizing their businesses

Some senior executives agree that, reorganizing part or all of your businesses will be one of the leading initiatives which many companies will take to address complexity future. In other words, "You have to be willing to change the way you do things to keep up with complexity in the marketplace." – Finance Director, Technology, US (KPMG, 2011).

✚ Changing their approach to human resources

According to KPMG international study, "Making significant changes to human resources is a particularly important action in China, Brazil and India, where more than three-quarters say it is an action their company is taking" (KPMG, 2011). A Switzerland CFO, Chemicals and Pharmaceuticals, said "Training and hiring excellent people - we can only meet the challenge of complexity in this way."

✚ Investing more in new countries and geographies

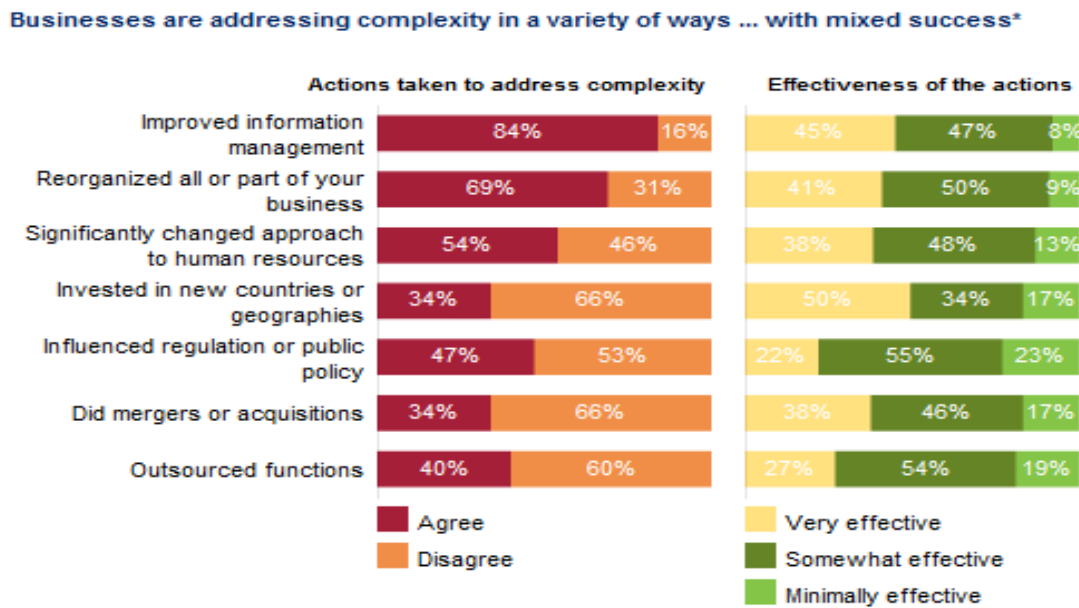
It is another way for an organization to address complexity. Looking the KPMG study, it shows that almost half of senior executive says investing in new countries and geographies is an action their company has takes to address and respond to issues of complexity. Currently, this action is been taken in Asia-Pacific companies.

✚ Outsourcing functions

The majorities of developing economies like China, Brazil, Japan, Russia and Ireland say their company will outsource functions to assist them to manage issues of complexity.

The figure 2 below shows the outcome of KPMG respondents that’s actions taken to address the issues of complexity.

FIGURE 2: KPMG ADDRESSING COMPLEXITY SOURCE: KPMG STUDY



In addition, the study on "Addressing Strategic Challenges and Complex Issues" offers some requirements every company needs to move forward and address the causes of complexity. Here are their suggestions:

- Organizations should create an ability to evolve and adapt to changing circumstances
- They should engage in low risk experimentation and create innovation
- Organizations should also create new approaches and practices for leading and managing complexity.
- They should be strategically adaptable in order to allocate resources to where they are most needed (Complex-World, 2011).

HR Director of Transport/Logistics, Germany said, for organizations to respond to the causes of complexity first of all, "You have to make sure you understand what is making your business complex and understand the consequences before doing something too quickly."

5.0 COMPARING IBM AND KPMG SURVEY “COMPLEXITY”

TABLE 2: IBM AND KPMG SURVEY

IBM Survey: IBM’s annual survey interviewed 1,500 CEOs from 60 countries across 33 industries, it shows that:	KPMG Survey: KPMG survey 1400 Corporate Decision Makers across 22 countries, it shows that:
<ul style="list-style-type: none"> 80% CEOs expect things to get much more complex but only 49% believe their organizations are equipped to deal with it successfully – the largest leadership challenge identified in eight years of research. 	<ul style="list-style-type: none"> 94% agreed that managing complexity is important to company success
<ul style="list-style-type: none"> Most say such Constant Change Demands Creativity 	<ul style="list-style-type: none"> 70% agreed that increasing complexity is one of the biggest challenges their company faces
<ul style="list-style-type: none"> CEOs see innovation’s importance rising to overcome complexities by instilling “creativity” throughout their organization. 	<ul style="list-style-type: none"> 94% agreed that managing complexity is important to company success

6.0 WHAT HAVE THE “STAND OUT” ORGANIZATIONS BEEN DOING AS THIS TREND HAS EMERGED?

In our research, we were able to identify what makes some organization to stand out as the issues of complexity emerge. Here are the results of IBM and KPMG survey.

- Over last 5 years, IBM showed that:

TABLE 3: IBM SURVEY

<ul style="list-style-type: none"> 54% are more likely than others to make rapid decisions.
<ul style="list-style-type: none"> 95 % identified getting closer to customers as a strategic imperative
<ul style="list-style-type: none"> 20 % more of their future revenue will be from new sources than their more traditional peers due to their superior operating dexterity
<ul style="list-style-type: none"> 61 % see “global thinking” is a top leadership quality.
<ul style="list-style-type: none"> Most see the need for new industry models and skills as they can’t rely on models they use in their domestic markets (IBM, 2010).

- In parallel, 70% KPMG study sees opportunities in complexity like:

TABLE 4: KPMG SURVEY

<ul style="list-style-type: none"> Complexity can be a catalyst to gain competitive advantage
<ul style="list-style-type: none"> Creating new and better strategies
<ul style="list-style-type: none"> Developing and expanding into new markets
<ul style="list-style-type: none"> Making their organizations more efficient
<ul style="list-style-type: none"> Bringing in new products
<ul style="list-style-type: none"> They also see complexity driving new approaches to HR, geographic expansion, mergers/acquisitions and outsourcing (KPMG, 2011).

As these surveys show, many leaders see their world as complex but our questions is: Do their organizations need to be complex as result? The increased pressure you find has an insidious effect of CEOs feeling that they need more control, more systems, and more technology, more complexity. But, as technology gets faster and cheaper, pressured decision makers seek more data and information which locks them away from the future.

The real danger is developing corporate myopia that focuses on refining existing products while competitors are developing “Game Changers” Added to this is a common view that more data and information gathering capabilities reduces uncertainty. But, time-compressed decision-making rests on identifying your competitors’ intentions with the least amount of information to take action first.

The need is for enough situational awareness to find competitive vulnerabilities and predicts their actions. The problem is that time to create the future is compressed. Only wisdom deals with the future. But achieving wisdom isn’t easy. For people to acquire wisdom they must transition through data, then information, then knowledge to get to wisdom – “evaluated understanding” Lets explain. Wisdom is understands where none has existed before. Unlike data, information and knowledge, it asks questions which have no known answer. Wisdom is a human state informed by technology not replaced by it and enabled by future perfect and future worse-case thinking. The challenge is leading people through transitions of understanding data, to information, to knowledge, and finally to wisdom – fast enough to be useful.

“The only sustainable competitive advantage is an organization’s ability to learn faster than the competition.” – Peter Senge. This means that leaders need to create learning organizations that acquire wisdom fast enough to thrive in rapid change by:

- Creating cultures that support ongoing employee learning, critical thinking, and risk taking with new ideas
- Allowing mistakes and valuing employee contributions
- Learning by experience and experiment
- Dispersing newly gained wisdom through the organization and embedding it into the day-to-day

In summary, once these elements are understood and consistently applied, different market and in-country leaders can respond according to their own realities.

PART 2 ALIGNING LEADERS FOR A COMPLEX WORLD: FOCUSES ON LEADING TO THE ESSENCE

Accelerating complexity presents bigger challenges to leaders in developing rewarding working relationships not just productive ones. It is the competitive core – energizing people and harnessing technologies better than anyone else. The ultimate standard for such rewarding relationships is a leader’s ability to sustain superior results over an extended period.

7.0 WHY IS A DEBATE NEEDED FOR US TO CLIMB OUT OF THIS RECESSION?

People have lost trust. Many business leaders, too many unfortunately, are seen as self-serving and subservient to shareholders. What happened? “Org Chart Thinking “increasingly doesn’t work. Knowledge workers respond to learning not “command & control”. Plus, young people don’t want to wait in line to lead. Most important, people are searching for genuine satisfaction and meaning. For example,” restoring people to full life and health.” - Medtronic. Here are three aspects of helping people to develop a genuine satisfaction from Bill George:

Aligning

Sustaining superior performance relies on aligning people with their company’s essence by distributing and empowering leaders at all levels. This is the most difficult task. Aligned employees who commit to that essence want to be part of something greater. For example: Johnson & Johnson’s Credo is a classic that guides everyone’s actions.

Empowering

Traditional leaders delegate limited amounts of power to keep control. We don’t live in that environment anymore. In contrast, leaders need to empower all levels while ensuring commitments are met.

Just because people don’t have direct reports doesn’t mean they shouldn’t lead. We need empowered leaders who set standards for other employees. For example: “I make heart valves that save people’s life. I do my quality control because if one valve I make fails, someone will die...and I couldn’t live with causing someone’s death”.

✚ Collaborating

Businesses today are too complex to foster a culture of individuality. Achieving a lasting solutions need collaboration that spans organizations, customers, suppliers, and even competitors. Leaders must foster collaborative spirit. For example: CEO Sam Palmisano transformed IBM's bureaucracy into an "integrated global network," by shifting to "leading by values" and breaking up silos that prevented collaboration.

Organizations filled with aligned employees focused on serving customers will outperform traditional competitors every time. Top-down leaders may make short-term results, but only the really authentic leaders can galvanize sustained long-term performance. (Adapted from Bill George's perspective of Aligning, Empowering and Collaborating, Bill is Professor of Management, Harvard Business School and former CEO of Medtronic).

8.0 WHAT'S HAPPENING TO LEADERS AND FOLLOWERS RELATIONSHIPS IN SUCH TURBULENCE?

Imagine the impact on a fear-based command and control culture. Subordinate leaders are just "waiting for the other shoe to drop" and the blame game to start:

8.1 The Blame Game

Everybody was sure somebody would do it. Anybody could have done it, but nobody did it. Somebody got angry about that because it was everybody's job. Everybody thought anybody could do it, but nobody realized that everybody wouldn't do it. It ended that everybody blamed somebody. Reinforced, of course, when the guilty are promoted and the innocent hung. OK. I get the need for change but let's get practical. If I am a leader today, what can I do about leading in complexity?

8.2 Ask yourself:

- How much of my needs to control are bound up with my own insecurities and ego?
- How much control do I really need to produce the right outcomes?
- How well do I really engage those I lead? If you think this is the same as participation, you are wrong!
- How aligned are my people with the Organization's Essence and where it's headed?

Your answers gauge just how reciprocal your relationships really are, and the extent of shared clarity about your organization's essence. The key is "inter-reaction" when teams who are closest to the "coal face" can openly discuss success and failure. The purpose is to take lessons learned and use them to repeat success and avoid failure. Such outcomes are the foundation of "inter-reaction" that ultimately creates rewarding relationships.

8.3 Benefits of Inter-reaction

Understanding more clearly original intent, what thought processes drove decisions, what outcomes resulted, their real and likely consequences. So, as much attention is devoted to the "Why" as the "What".

- Developing better solutions because of understanding the reasoning used. So, future mistakes will decrease.
- Reporting outcomes of such reviews to make recommendations that increase others learning. So, avoiding mistakes and capitalizing on successes.
- Embedding regular open communication and knowledge-sharing nurtures strengths and remedies shortcomings that improve morale,
- Building distributed leadership and growing the next leader generation

Above all, inter-reaction creates the synergies needed to develop best-of breed customer value and most of all great people. Successful inter-reaction ensures the team produces greater impact than individuals could do on their own.

9.0 TO WHAT EXTENT ARE LEADERS READY TO COPE AND THRIVE IN ACCELERATING COMPLEXITY?

Having discussed what we should know about complexity, factors causing complexity and others, undoubtedly leaders have to absorb great adversity while staying true to their intent and retaining cohesion. Complexity is not going away – its exploding. This underscores the criticality of moral qualities and shared values. MUSCAT (2010), said "Traditional methods of management are no longer sufficient to confront what is today a given for doing business globally and managing complexity". Therefore, for a leader to cope and succeed in accelerating complexity he or she needs to select those that have the right traits and competencies in these nine areas:

✚ Exercising Entrepreneurship

Complexity challenges us to adopt a spirit of entrepreneurship which takes advantage and exploits opportunity, rather than maintaining the mindset of enhancing effectiveness and efficiency for its own sake.

✚ Taking Initiative

Faster decisions are essential to gaining the initiative. Initiative enables leaders to dictate the competitive context. By generating a higher competitive tempo through faster decisions, smaller and more nimble companies can wrest the initiative from an otherwise dominant players.

✚ Valuing Local

Education and experience greatly contribute to speed and fidelity of decision. But, most of the time, local competent leaders will make a decisions on-par or better than remote leaders.

Often, "What is significant is not common, but is unique and relevant to specific circumstances. Decentralized decision-making based on superior situational awareness enables greater operational dexterity" (Art Corbett).

✚ Adaptive Learning

The "New Normal", like Combat, is adaptive learning environments. So, Leaders have to embrace that:

- A. Making mistakes is normal, even for our best leaders, no matter how hard we work to 'reduce risk,' reality often defies probability in competitive, complex and emergent opportunities.
 - Experienced and intuitive decision makers will make fewer mistakes, only the risk adverse will make none.
 - Making mistakes is not a good means of judging and selecting leaders. What is far more significant is creating the potential for leaders to learn and adapt from mistakes. Leaders who don't make mistakes have not shown the ability to recover and adapt.
 - We must cultivate a climate of risk acceptance. Our leader development processes should offer opportunities to refine judgment in the face of risk, with wide potential for failure in training to
 - Identify and develop resilient leaders capable of coping with setbacks.
 - When you make a mistake, don't look back at it long. Take the reason of the thing into your mind and then look forward. Mistakes are lessons of wisdom. The past cannot be changed. The future is yet in your power. Hugh White (1773 – 1840)
- B. Identifying 'decision windows' is key in time-competitive environments is a key skill.
 - Judging "How much time do I have to gain more information and situational awareness before losing an opportunity to act?" The answer defines the "decision window" and frames possible alternatives.
 - Judging the sweet spot in competitive decision making means an understanding the need to dictate and control tempo. While risking taking may be personally dependent, the ability for calculated risk taking is shaped by experience.

✚ Distributed Decision Making

Decentralized decisions:

- Risk only a part of the organization, not the entire company,
- Means smaller units can inoculate other units by learning not to make the same mistake.
- Increased failure frequency accelerates learning and gives opportunity to assess the individual's ability to recover, accept responsibility, learn and strengthen them.

✚ Risk Acceptance

You have to risk if you want to play. Competition and uncertainty make risk unavoidable. "Risk acceptance is action in the face of uncertainty. Rashness is action in the face of impossibility (Corbett).

- Calculated or prudent risk strives for advantage by timely exploitation or creation of favourable opportunity.
- Risk acceptance is an essential moral quality
- Risk tolerance reflects the character and nerve of a leader.

✚ Having Nerve

"Nerve aptly conveys the moral strength, emotional resiliency and predatory calculation that steels resolve and tempers impatience".

It's the ability to absorb great pressure with conspicuous calm and composed judgment. Nerve is the character trait that enables other leadership traits to thrive.

✚ Adaptable Command Relationships

When subordinates gain mutual understanding they can empathize with their leader's situation, understand the operational vision, and see the trade-offs they must make. 'Sharing the burden of command' is the outcome of this established trust.

✚ Established Trust

Dutiful subordinates 'share the burden of command' when mutual understanding enables them to empathize with the senior leader's situation, understand their operational vision, and anticipate the trade-offs they must make.

PART 3 ALIGNING LEADERS FOR A COMPLEX WORLD: FOCUSES ON LEADING LEARNING

Leaders have to shed their prejudices and bad experiences of learning at school, – like cramming or memorizing, and that learning by doing is good enough. Many leaders will have to unlearn, and then learn about leading Learning. There are five criteria you should expect your leaders to evidence in their learning expectations: Are they

- Planned?
- Action-Focused?
- Constructive?
- Social?
- Time-Bounded?

Using these criteria, leader expectations need to specify what they expect of their people and draw out what their people expect in return. In this context, you might ask yourself, how do we really match-up when it comes to leading learning? Here are four things to reflect on about your organization.

1. Learning is team-based sense-making process.

What expectations do you have of your people to develop shared knowledge from similar situations?

Why?

- Shared situations builds shared sensing, which builds common frames of reference.
- Positive shared experiences strengthen organizational culture.
- Shared situations builds shared learning and reduces the exclusivity of individual experience
- Sharing puzzlement develops learner ownership because there's "gas in their tank" to do something about it.
- You don't know how many others have the same feelings until they are expressed.
- Getting people on the same page only happens when people's feelings are transparent to others. It takes the guesswork of where people are coming from. It reduces assumptions about people's intention, motivation and agenda

2. Learning is a socially negotiated

Leader expectations need to specify that making sense of problems and their solutions needs to be negotiated with the intention of reaching understanding, resolving differences and producing an agreed course of action.

Why?

- What's agreed is far more likely to stick
- Stakeholder and team member interests of are more likely to be respected and served
- Better alignment leads to growing trust and openness which leads to people being less guarded

3. Learning is multi-level sense-making

Leaders, especially senior leaders, need to ensure that their expectations of learning are expressed to all levels both vertically and horizontally across the organization. The belief that knowledge is only in one person's head went out with the craftsman and his apprentice. Knowledge and reasoning need to be used for collective sense-making.

Why?

- It's the social process that bonds people together. As we engage with others we influence and are influenced by our working community their beliefs and values.
- This type of participation is how we absorb and grow a healthy culture
- This is how we grow as individuals and develop rewarding relationships
- It's crucial that leaders understand that activity constrains and defines the learning that can occur.

4. Learning is a product of activities, systems and processes

The blend of people, their experiences, values and beliefs are not reducible to individual actions in complex situations. So, leader's expectations need to shift from the individual to the team.

Why?

- It's not about you; it's about us – "Leave your ego at the door!"
- Information isn't any good if it is not shared, in ways that others can understand.
- If you don't interact with others your chances of building trust, respect and other relational glue is remote.

Moreover you might ask, if I am a leader or business owner reading about leading learning, what advice would you give us? Do what you've always done; get what you've always got! – Not!

- Hire people who evidence lifelong learning – if people aren't curious they are not for you.
- Make sure you pay people for doing different things not just doing what we have always done – cos if you don't you will get what you've always gotten.
- Ensure you make sure all people know learning is a priority and it's not something left to chance or the competition.

CONCLUSION

In conclusion, leaders should know that complexity is not static, neither is it going away. Most leaders and senior managers across the world see complexity as a source of additional risk, cost, management challenges and opportunity. Successful organizations are those who embrace and adapt the issues of complexity. They see complexity as an opportunity to achieve uncommon results. Even when other organizations are quitting as the challenges arises. They find ways and new strategy to meet the needs of changing market. What do we expect leaders and senior managers to take away about leading in complexity?

- Senior managers and leaders must show the leadership of trust, nerve and restraint to encourage initiative and a bias for action.
- Develop and select leaders who have the competitiveness to wrest advantage away from agile competitors

- o Build cohesion by developing a spirit of entrepreneurship based on leaders having the nerve to trust, the time to teach, and the confidence to grow reciprocal relationships.
- o Develop junior leaders through opportunities for professional development and apprenticeship that exercises their judgment and examines the consequences of their decisions
- o Be more comfortable with ambiguity and experiment with new business models to realize their strategies
- o Focus much more on innovation and engage their teams to be courageous enough to alter their status quo.
- o Senior managers and leaders should try to focus more on team work rather than individuality. Then, share your bigger picture even with the smallest link of the organization, display your visions in a broadways, also have cross functional interactions, appreciate ideas from everybody, reward the best one and build small teams for tiny works.
- o Most of all, leaders and managers should have a better understanding of the causes and impact of complexity, and how businesses can integrate actions into their strategies to more effectively manage the challenges that lie ahead, may provide a way forward for many business leaders to take full advantage of new opportunities.

REFERENCES

1. Apbankers (2011) Business Success Depends on Managing Complexity Well KPMG Study (cited: online) Date: May 5 2011 Retrieved from URL: <http://www.apbankers.net/page.Article.cmc?&A=1&B=1296021026&C=2011&SID=1>
2. ED (2011) Managing Complexity (cited: online) Date: May 5 2011 Retrieved from URL: <http://influxinsights.com/tag/complexity/>
3. KPMG (2011) Confronting Complexity (cited: online) Date: May 30 2011 Retrieved from URL: <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/confronting-complexity.pdf>
4. IBM (2010) IBM 2010 Global CEO Study: Creativity Selected as Most Crucial Factor for Future Success (cited: online) Date: May 30 2011 Retrieved from URL: <http://www.ibm.com/news/ca/en/2010/05/20/v384864m81427w34.html>
5. MUSCAT (2011) Complexity Now The Norm for Global Business KPMG (cited: online) Date: May 30 2011 Retrieved from URL: <http://main.omanobserver.om/node/51876>
6. Ken (2011) Business Success Depends on Managing Complexity Well: KPMG Study (cited: online) Date: May 30 2011 Retrieved from URL: <http://www.newswire.ca/en/releases/archive/January2011/26/c5353.html>
7. Complex-World (2011) Complex World Presentation (cited: online) Date: June 2 2011 Retrieved from URL: <http://www.slideshare.net/ianlj/complex-world-presentation>
8. Balkan (2011), Managing Complexity Key for Manufacturers (cited: online) Date: June 4 2011 Retrieved from URL: <http://www.balkans.com/open-news.php?uniqueNumber=107289>
9. Martha(2007) Managing Complexity in Global Organizations (cited: online) Date: June 4 2011 Retrieved from URL: <http://media.ft.com/cms/d38ba8ead933-11db-9b4a-000b5df10621.pdf>
10. Art Corbett, Mission Command (cited: online) Date: June 4 2011 Retrieved from URL: http://www.mcu.usmc.mil/lejeune_leadership/LLI%20Documnets/USMC%20Mission%20Command.pdf
11. Bill George (2010) Imagining The Future Leadership (cited: online) Date: June 4 2011 Retrieved from URL: <http://blogs.hbr.org/imagining-the-future-of-leadership/2010/04/the-new-21st-century-leaders-1.html> retrieve



DO FINANCIAL AND NON-FINANCIAL VARIABLES EXPLAIN THE DIFFERENCE BETWEEN THE COMPANIES' BOOK VALUE AND MARKET VALUE?

MOHAMMAD REZA ABDOLI
ASSOCIATE PROFESSOR
ACCOUNTING DEPARTMENT
SHAHROOD BRANCH
ISLAMIC AZAD UNIVERSITY
SHAHROOD, IRAN

MANSOOR GARKAZ
ASSOCIATE PROFESSOR
ACCOUNTING DEPARTMENT
ALI ABADKATOUL BRANCH
ISLAMIC AZAD UNIVERSITY
ALI ABADKATOUL, IRAN

ALI MIRAZAMI
LECTURER
MANAGEMENT DEPARTMENT
ALI ABADKATOUL BRANCH
ISLAMIC AZAD UNIVERSITY
ALI ABADKATOUL, IRAN

ABSTRACT

This study intends to describe the influence of financial and non-financial factors on the difference between the companies' book value and market value. Also, we survey the explanatory power of these factors. For this purpose, 101 companies were selected and studied. These companies were selected randomly and we used statistical regression method. This study was carried out from 2008 - 2011. The obtained results confirm that residual income as well as administrative and sales expense ratio and individual administrative and sales expenses affect the difference between historical costs based values and market value. Also, in the reliability level of 90% it was confirmed that economic added value affect this parameter. Leverage ratio could not explain the difference between book value and market value. Besides, the obtained results showed that among non-financial components, executive board ratio, auditor opinion and employees' education level affect this difference. Independent auditor opinion factor had the maximum influence. Stock market trusts Certified Public Accountants (CPAs) and involves auditor opinions in investigating companies.

KEYWORDS

book value ,financial variables, market value ,non-financial variables.

INTRODUCTION

It has been always very important to investors and stockholders to investigate the difference between the market value of a company's stocks, which is determined by the stock market, and its book value derived from accounting records. The market value of a company is not essentially derived from financial records. Instead, accounting values could be considered as an appropriate tool for company valuation purposes. Stockholders and investors know this matter and they always seek for other types of information including intangible assets like intellectual capital, the structure of human resource and their education level, the structure of managing board, company's products and so on.

A lot of researches have been carried out in other countries aimed at determining the impacts of other effective components on companies' value and in most cases they confirmed that non-financial components affect the market value of companies.

In general, non-financial components have been studied assessed in the form of concepts of balance scoreboard and intellectual capital.

In this study, we are about to survey separately and jointly the influence of the difference between market value and book value generating due to the effects of financial and non-financial components.

REVIEW OF LITERATURE

Fama & French, (1992, 1995, and 1996) investigated the relationship between book value to market value ratio and stock return. Through conducting single and multiple tests, they realized that there is a positive and important relationship between book value to market value ratio and stock return as well as a negative relationship between the size of corporation and stock return. In 1998, Ponitev and Skull (1998) tested the influence of book value to market value ratio on stock return. Their results revealed that usually there is a positive relationship between book value to market value ratio and stock return. If we consider other variables as independent variables, the predicting capacity of this ratio loses its statistical importance for explaining stock return.

In a research, Bruce, et al (2010) disclosed valuable information and based on the priority and importance of financial and non-financial factors tested stockholder's information using BSC technique (balance scorecard) as a tool reflecting the relationship of financial and non-financial measures and realized that stockholders encounter with the same restrictions when they use and process the different disclosures of juridical, environmental or similar reports.

In another study Dainelly and Giunta (2011) discussed the effects of non-financial measures in Europe clothing industry and through stock price analysis they realized that as far as non-financial measures in clothing industry concerns, most companies depend on intangible assets. Therefore, predicting the power of non-financial measures would be very useful in determining the trend of market stock.

Various researchers have been carried out different studies on experimental relationship between clarifying environmental issues and company's value. in a short term view, event based studies show a reaction in stock market before and after announcing a specific event like a nuclear calamity, oil or chemical pollution of sea and judicial decisions [Meal and Schenives, 1983; Blakocier and Paten, 1994; Paten and Nancy, 1998].

According to the findings of Manoa and Calra (2009) the market value of those companies which were clearly reporting environmental issues prior to specific events experienced less negative impacts compared with ones which were reporting after specific events.

In a research, Chiang Liang (2005) studied the effects of financial and non-financial measures on the difference between book value and market value of companies in Taiwan electronic industry. The result of his research confirms the strong influence of non-financial measures together with financial measures on this difference. In a research which was carried out among Spain banks, Jozen Saenz (2005) investigated the effects of human resource index on price to book value ratio. He believes that the intellectual capital of companies assigns the main part of the difference between companies' market value and book value to itself. The result of his study strongly confirms this assumption.

Ming Ching Chen, Shu Cheng and Yuchang Hang (2005) carried out a research and concluded that the effects of intellectual capital and added value indices have direct and positive relationship with companies' financial performance and market value. They concluded that the intellectual capital of companies increases companies from stock market point of view. Therefore, companies should pay more attention to this measure.

Chang Hang and Mao Chang van (2008) realized that compared with current system i.e. generally accepted accounting principles, economic added value couldn't explain the market value of companies and its difference with book value. In their views, the information embedded in intellectual capital is more valuable for stock market.

Bioli, 2005 realized that the US and Canadian regulations for financial reports consider the variations of companies' market value and reported non-financial measures, i.e. environmental obligations while according to academic resources, environmental non-financial information could be more useful for investors [Hags, 2000; Chormier and Magnan, 2007].

Boos (1998) pointed out several well-known companies which are successful in the world like Coca Cola and Microsoft in order to show the relationships between market value, book value, replacement cost and unexpected value. He realized that the main reason which increases the unexpected value of Coca Cola Company has been covered up by its brand value. Microsoft relies apparently on the capabilities of market channels and continuous R&D activities in order to empower itself to show a higher unexpected value ratio. Moreover, Amir and Loo (1996), Lethner and Larker (1999), Videng, Videgn, Loo & Narin (1999) attempted to describe the source of the difference between companies' book value and market value. Amir and Loo pointed out that distance communications, biotechnology and software industries have invested considerable money in the form of assets like R&D activities and commercial developments. However, this kind of investment has not been taken into consideration as expenses or reference changes. Therefore, they seriously estimated the revenues and book value of companies. Even negative values were presented and there was no similarity in companies' market values. Amir and Loo (1996) assessed the data gathered during 1984-1993, from 14 cell phone service provider companies. Their results show that some tangible assets can explain the performance of companies' stock price. Lethner and Larker (1999) used 83 small banks in west America as their samples. Their results indicate that consumer satisfaction parameter has a considerable positive effect on the stock price of companies while it is not reflected completely in the book value of companies.

Alnour & Kim-Smith (2007) realized that R&D as well as strategic applications has been almost structured and during their investigation project the normal activities of companies implied that despite of the fact that financial and non-financial values jointly have significant influence on development and strategic applications the research activities of companies however, have paid more attention merely to financial values. However, we can argue that companies differ from each other from strategic point of view and the influence of financial and non-financial values differs from one company to other one [bemani, Longfield Smith, 2007]. Kaplan and Norton emphasize to use the results of balance sheet for investigating the financial and non-financial factors of strategy establishment [Kaplan and Norton, 2004]. Also, Manva and Kaller (2009) assessed the influence of environmental reporting of financial and non-financial parameters on the analysis of environment and financial performance relevance and declared that in the financial transparent related to environment issues, market valuation is very important. Moreover, their results reveal that the increase of value relevance is generated due to the mandatory disclosure of environmental information

The findings of the research of Biksia (2002) showed that: a) after applying proper controls, financial information would be proportional with value changes and b) the market product status of a company can help investors to have a better understanding of the financial information, especially income. On the other hand, non-financial information supports the financial information relevance. Nadana Abayadra (2010) evaluated Australia's high tech industries using financial and non-financial measures. Her findings give evidences indicating that book value is an important factor of income level obtaining from stock pricing process. These findings also support previous studies in which investors depend increasingly on frequent information sources [Abayadra, 2010].

In a research with the title of "Mental Accountability and Balanced Scorecard" Fereydoon Rahnemay Rooposhti and Arezoo Jalili (2011) realized that during performance evaluation using balanced scorecard method the mental accountability of people can challenge the benefits of this system. In a research with the title of "disclosure of financial reporting: the role of non-financial performance measures" Qorbani (2008) conclude that non-financial performance measures have the values of "relevance" and "the capacity of predicting future financial performance measures" but has lower reliability and comparability compared with financial measures. Also, managers' opinions and thoughts as well as accounting rules and standards affect information disclosure methods. The results of another research with the title of "the experimental investigation of the informational content of stock's book value and net income", which was carried out in strong and declining companies, show that in strong companies, net income has stronger link with company's value than book value. But in declining companies the relationship between book value and company's value is almost similar to the relationship of income and company's value. Although the relationship of book value is higher to some extent but it is not statistically significant [Mohammad Jvan Saei, et al, 2011]. In two years of study during 2003-2004, Mehrani and Karami tested the use of financial and non-financial historical information in order to distinguish between successful companies and bankruptcy ones. The obtained results show that both financial and non-financial information affect stock return.

IMPORTANCE OF THE STUDY

This research is important in that in addition to financial measures it investigates the influence of non-financial measures, within balanced scorecard frames, on companies' values while in traditional evaluations (current state) only financial components are considered. In other words, we assess the qualitative and quantitative response of stock market to the components affect companies' values.

STATEMENT OF THE PROBLEM

The subject of this research is the investigation of the influence of non-financial components as well as the amount of this influence on companies' values. Also, the effects of non-financial components are studied and their intensities are determined.

OBJECTIVES

The object of this study is to investigate the influence of financial measures including economic added value and residual income as well as the influence of BSC and intellectual capital based non-financial factors like the number of employees, company's age and employees' education level on the difference between market value and book value as well as book value to market value ratio.

HYPOTHESES

1. Financial components can significantly explain the difference between companies' book value and market value.
2. The financial and non-financial components of companies can jointly explain this difference.

RESEARCH METHODOLOGY

The method of this research is descriptive-analytic by which variables correlation is assessed. Also, since it surveys past events it is Ex-Post Facto type.

STATISTICAL POPULATION

The statistical population of this study covers the companies accepted in TSE (Tehran Stock Exchange) which meet the following requirements:

- 1- The stocks of these companies should be exchanged in share board during research period.
- 2- The financial data of these companies should be available.
- 3- Their fiscal year of these companies should be ended at March.
- 4- The companies should not belong to financial investors, banks and insurance categories.

STATISTICAL SAMPLE

Since the mentioned requirements restrict the number of authorized companies, our statistical sampling were carried out randomly and 101 companies were selected.

RESEARCH PERIOD

Research Period is from 2008 - 2012.

RESEARCH MODEL

Considering the hypotheses of this research as well as the financial and non-financial variables affecting the variable of the research, research model is presented as follows:

$$MV_{jt} - BV_{jt} = \alpha_0 + \alpha_1 LEV_{jt} + \alpha_2 AS_{jt} + \alpha_3 G_{jt} + \alpha_4 OTHEXP_{jt} + \alpha_5 EVA_{jt} + \beta AS/S_{jt} + \alpha_6 RI_{jt} + \epsilon_{jt} \quad \text{(equation 1)}$$

In which BV, MV, EVA, RI, LEV, AS, G, AS/S respectively stand for book value, market value, leverage ratio, administrative and sales per capita, operating income growth, administrative and sales expense to operational income ratio. Also, "other" stands for other non-financial components like employees' education, company's age, auditor opinion, executive board ratio and company's ownership.

DEPENDENT VARIABLES OF RESEARCH

The difference between book value and market value is considered as our dependent variable. The book value of a given company is considered as the mean of the total assets of that company during a three years period in terms of historical costs recorded in the accounted annual financial statements. The market value of a given company equals to the product of the value of that company in stock exchange and the number of its shares.

INDEPENDENT VARIABLES OF RESEARCH

The independent variables include: a) the mean of company's operative income growth within a three years period, b) the mean of administrative and sales expenses within a three years period divided by the mean of sales revenue at the same period, c) the mean of operational incomes within a three years period divided by the mean of the number of employees at the same period d) the mean of total liabilities of the company divided by the mean of its whole assets within a three years period, e) the age of company and f) employees' education.

COMPANY'S OWNERSHIP

If government is the owner of more than 50% of a company it is a state company (state-owned company) otherwise it is a private one.

Executive board ratio: equals to the full time members of the board of directors divided by the total members of the board of directors.

Auditor opinion: if the auditor opinion is positive the assigned value would be 1 otherwise it would be zero.

The added value of company

$$\text{(equation 2)} \quad VA_i = I_i + DP_i + D_i + T_i + R_i$$

The residual income of company is derived from the following relation:

$$\text{(equation 3)} \quad RI_t = Cl_t (BV_{t-1} * R)$$

RESULTS & DISCUSSION

DESCRIPTIVE STATISTICS

Studies on the descriptive statistics of research variables revealed that the ratio of companies' book value to market value is 15% and the leverage ratio is 63% which rises up to 78% in cement and auto making industries. The percentage of added value in tile, cement and petrochemical industries was higher than other industries while in cement and mining industries this was the residual income which was higher than other industries. In average, the income growth rate of companies was 9.5% and the variance of this rate was a high value and around 67%. In 67% of companies the auditor had positive view with a recommendation clause. 39% of companies were state companies. These state companies had lower added value and their income growth rate was 7.5% in average. In state companies executive board ratio was 47% while it was 74% in private companies.

RESULTS OF HYPOTHESES

HYPOTHESIS 1:

Financial components can significantly explain the difference between companies' book value and market value.

To prove this hypothesis we can see that ANOVA table (Analysis of Variance) has confirmed this. The following table presents regression ANOVA in order to confirm the certainty of the existence of linear relationship between variables.

TABLE 1: THE RESULTS OBTAINED FROM THE SIGNIFICANCE TEST OF THE REGRESSION MODEL OF GENERAL HYPOTHESIS

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5.883E25	6	9.806E24	149.365	.000
Residual	5.383E24	82	6.565E22		
Total	6.422E25	88			

Above, we presented the ANOVA table in order to confirm the certainty of the existence of linear relationship between variables.

The value of sig is sig=0.000 and it is less than 5%. This confirms that it is a significant assumption that our regression model is linear.

With a reliability level of higher than 95% we can eliminate H₀ and accept H₁ which means that the assumption that linear regression model is linear has been confirmed.

COEFFICIENTS' SIGNIFICANCE TEST

In addition to approving that the coefficients are significant, this test determines the direction of the effects of coefficients on the independent variable. The statistics t defines that the coefficients are significant. We can use sig column instead of the t statistics. Following confirming coefficients' significance, the coefficients calculated in Beta column determine both direction and the magnitude of the dependant variable influence on the independent variable.

TABLE 2: THE RESULTS OBTAINED FROM COEFFICIENTS SIGNIFICANCE TEST APPLIED TO HYPOTHESIS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	-1.577E10	1.328E11		-.119	.906					
Value added	-.108	.064	-.058	-1.697	.093	-.371	-.184	-.054	.871	1.147
Residual income	1.161	.052	.797	22.304	.000	.905	.927	.713	.801	1.249
Income growth	-2.277E10	5.035E9	-.594	-4.524	.000	.098	-.447	-.145	.059	16.871
Administrative expense per	1.043E9	1.262E8	.616	8.270	.000	.348	.674	.264	.184	5.426
Expense to revenue	5.029E11	5.309E11	.131	.947	.346	.136	.104	.030	.053	18.759
Leverage ratio	1.917E9	2.335E11	.000	.008	.993	.128	.001	.000	.943	1.061

The Beta column of the above table represents respectively the constant value and the coefficients of the independent variables of the regression relation. Therefore, the equation of this model will forecast the difference between book value and market value through the following equation. Since in Beta column the slope of line contains high values we use the standard coefficients of this column. The equation derived from Beta column is written without the constant number and it is called Standard Equation.

HYPOTHESIS 2:

Financial and non-financial variables could jointly explain significantly the difference between book value and market value. The following table assesses the regression ANOVA in order to determine the certainty of existence of linear relationship between variables.

TABLE 3: THE RESULTS OF THE SIGNIFICANCE TEST OF THE REGRESSION MODEL

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.902E11	11	5.366E10	79.566	.000
Residual	5.193E10	77	6.744E8		
Total	6.422E11	88			

The above mentioned table contains the regression ANOVA for determining the certainty of existence linear relationship. The value of sig is sig=0.000 and is less than 5%. Therefore, the assumption that the linearity of regression model is significant is confirmed. With a reliability level more than 95% we can eliminate H₀ and accept H₁. This means that the assumption that the linearity of the regression model is significant is confirmed.

COEFFICIENTS' SIGNIFICANCE TEST

In addition to approving that the coefficients are significant, this test determines the direction of the effects of coefficients on the independent variable. The statistics t defines that the coefficients are significant. We can use sig column instead of the t statistics. Following confirming that the coefficients are significant the coefficients calculated in Beta column determine both direction and the quantity of the dependant variable influence on the independent variable.

TABLE 4: THE RESULTS OBTAINED FROM COEFFICIENTS SIGNIFICANCE TEST APPLIED TO HYPOTHESIS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 LEV	6231.329	25219.82	.009	.247	.806	.128	.028	.008	.830	1.204
EV A	.231	.374	.225	1.932	.030	-.371	.117	.033	.072	13.858
RI	1.308	.108	.898	12.137	.000	.905	.810	.393	.192	5.209
GROWGHT	-2389.59	518.517	-.623	-4.609	.000	.098	-.465	-.149	.057	17.420
EXPENE	106.924	13.607	.631	7.858	.000	.348	.667	.255	.163	6.142
EXPENCE TO REVRNUE	54411.13	55224.10	.142	.985	.328	.136	.112	.032	.051	19.757
CONTINUTY	109.042	229.023	.017	.476	.635	.014	.054	.015	.867	1.154
EDUCATIONS	-17.258	10.842	-.186	-1.992	.016	.127	-.178	-.052	.077	13.035
AUDIT OPINION	528.279	2381.188	.207	.222	.025	-.050	.025	.007	.977	1.024
TYPE OWNEHIP	1068.359	7170.624	-.006	-.149	.882	.262	-.017	-.005	.748	1.336
EXE- BOARD	157.406	409.865	.013	.384	.702	-.018	.044	.012	.975	1.025

The Beta column of the above table represents respectively the constant value and the coefficients of the independent variables of the regression relation. Therefore, the equation of this model will forecast the difference between book value and market value through the following equation.

Since in Beta column the slope of line contains high values we use the standard coefficients of this column. The equation derived from Beta column is written without the constant number and it is called Standard Equation.

Since the sig values of the residual income, growth rate and individual expense factors is less than 5% and in all parameters we have: sig=000, only in the three mentioned variables the individual expense of H₀ is eliminated and H₁ is accepted. This means that among all variables only the three mentioned variables affect book value and the influence of other variables is not confirmed. Also, growth rate has reverse relationship with book value (line slope is negative) while the two independent variables i.e. residual income and individual expense have direct relationship with book value. Beta coefficient determines the influence magnitude of each independent variable. We can observe that the influence of residual income parameter is Beta=0.898 which is higher than other variables.

FINDINGS

The obtained results indicate that among financial components related to the performance of companies, added value with the reliability level of 90% as well as residual income, administrative expenses to sales ratio, individual administrative expenses to sales ratio and operational income growth rate had significant influence on the difference between companies' book value and market value in both hypotheses. Similarly, among non-financial components, employees' education, executive board ratio and independent auditor opinion had significant influence on the considered difference and could explain this difference to

some extent. Of course, the financial and non-financial parameters gave different qualitative and quantitative explanations but the most important factor was residual income.

RECOMMENDATIONS/SUGGESTIONS

Based on the results of this research as well as other studies indicating the important effects of non-financial measures on companies' values from stockholders points of view as well as regarding the fact that the conceptual manifestos published by FASB recommend companies to disclose their non-financial information voluntarily we recommend companies' managers to show their sensitivity to non-financial information disclosure and similar to financial information consider non-financial one as important information and only disclose this type of information when it is necessary.

CONCLUSIONS

Since the influences of both financial and non-financial parameters on companies' values have been confirmed, the theory of "the informational content of financial and non-financial factors" has been approved. Therefore, we expect stock market to be sensitive to non-financial values similar to financial values which implies the experts and experience of stockholders and higher efficiency of Iran's stock market. It should be mentioned however that we selected limited variables and the research was carried out in a limited period of time. So, we can support the results of this study through doing other studies. This behavior of stock market could be subjected to signal theory in which instead of pure income, stock holders pay more attention to the quality of information as well as environment.

SCOPE FOR FURTHER RESEARCH

This research did not consider some non-financial information. We suggest next researchers to consider these factors in their studies and assess their influences especially the influence of environment data disclosure and employment of graduated people.

In this research we did not eliminate the effect of industry category. We suggest next researchers to investigate its impacts. Also, for next works we suggest researchers to study the influence of the disclosure of R&D expenses and companies' entrepreneurship.

ACKNOWLEDGMENTS

Here, we inform our best regards to Dr. Samiei and Dr. Zabihi and Mr. Karimi, the honorable professors of Ali-Abad-e-Katool and Shahrood Universities.

REFERENCES

1. Amir, E., Lev, B. (1996), "Value-Relevance of Nonfinancial Information: The Wireless Communications Industry," *Journal of Accounting and Economics*, Vol. 22, 1-3, PP. 3-30.
2. Asadi, G., Rezaiee, M. (2011), "BSC and Corporation Performance" *Journal of Iranian accounting and Auditing*, Vol. 5 (5), pp. 23-45.
3. Bewley, K. (2005), "The Impact of Financial Reporting Regulation on the Market Valuation of Reported Environmental Liabilities: Preliminary Evidence from us and Canadian Public Companies," *Journal of International Finance Management*, Vol. 16(1), PP. 1-48.
4. Bhimani, A., Longfield, S.K. (2007), "Structure, Formality and the Importance of Financial and Non-Financial Information in Strategy Development and Implementation," Vol. 28, PP. 3-31.
5. Blacconiere, W., Patten, D. (1994), "Environmental Disclosures, Regulatory Costs, and Changes in Firm Value," *Journal of Accounting Economics*, Vol. 18, PP. 357-377.
6. Bloucher, C.L. (2011), "Management Accounting." Translated by Parsaieeian, Termeh Cor.
7. Booth, R. (1998), "The Measurement of Intellectual Capital," *Management Accounting Journal*, Vol. 76(10), PP. 26-28.
8. Brazel, J.F., Jones, K. and Douglas, P.F. (2009), "Improving Fraud Detection: Do Auditors React Appropriately to Abnormal Inconsistencies between Financial and Nonfinancial Measures?"
9. Bruce, R.N., Roberts, M.R. and Cauvin, E. (2011), "Stakeholder Value Disclosures: Anchoring on Primacy and Importance of Financial and Nonfinancial Performance Measures," Vol. 18, PP. 195-212.
10. Chenhall, R. (2005), "Content and Process Approaches to Studying Strategy and Management Control Systems," *Controlling Strategy: Management, Accounting, and performance measurement*, Oxford University Press, Oxford.
11. Chunghucy, H., Mao, C. W. (2008), "The Effects of Economic Value Added and Intellectual Capital on The Market Value of Firm: An Empirical Study," *International Journal of Management*, Vol. 25, No. 3, PP. 722-779.
12. Cormier, D., Magnan, M. (2007), "The Revisited Contribution of Environmental Reporting to Investors' Valuation of a Firm's Earning: An International perspective," Vol. 62, PP. 613-626.
13. Dainelli, F., Giunta, F. (2011), "The Value Relevance of Non-Financial Performance Indicators: New Cases From the European Fashion Industry."
14. Deng, Z., Lev, L. and Narin, F. (1999), "Science and Technology as Predictors of Stock Performance," *Financial Analysis Journal*, Vol. 55(3), PP. 20-32.
15. Hans, B.C., Nikolaev, V. (2011), "Who Uses Fair Value Accounting for Non-financial Assets After IFRS Adoption?" Vol. 32, PP. 1-32.
16. Hill, J., Schneeweis, T. (1983), "The effect of Three Mile Island on Electric Utility Stock Prices: A Note," *Journal of Finance*, Vol. 38, PP. 1285-1292.
17. Hughes, K. (2000), "The Value Relevance of Non-financial Measures of Air Pollution in the Electric Utility Industry," *Accounting Review*, Vol. 75, PP. 209-228.
18. Ittner, C.D., Larcker, D.F. (1999), "Are Nonfinancial Measures Leading Indicators of Financial Performance? An Analysis of Customer Satisfaction," *Journal of Accounting Research*, Vol. 36, PP. 1-35.
19. Josune, S. (2005), "Human Capital Indicators Business Performance and Market to – Book Ratio," *Journal of Intellectual Capital*, Vol. 6-3, PP. 374-384.
20. Juliang, C., Liyao, M. (2005), "The Value Relevance of Financial and Nonfinancial Information-Evidence From Taiwan's Information Electronics Industry," Vol. 24, PP. 135-157.
21. Kaplan R., Norton D., (1996), "The Balanced Scorecard." Harvard Business school press, Boston.
22. Kujala, J. (2004), "Developing Measures for Managers' Stakeholder Orientation: A Business Ethics Perspective," *Front a Business Research*, Vol. 2, PP. 561-571.
23. Li, Y., McConomy, B. (1999), "An Empirical Examination of Factors Affecting the Timing of Environmental Accounting Standard Adoption and the Impact of Corporate Valuation," *Journal of Accounting and Auditing Finance*, Vol. 14, PP. 279-313.
24. Mcbarnet, D., Weston, S. and Wheland, C.J. (1993), "Adversary Accounting: Strategic Uses of Financial Information by Capital and Labor," *Accounting Organization Society*, Vol. 18(1), PP. 81-100.
25. Mehrani, S., Mehrani, K. and Karami, G. (2004), "Historical Cost of Financial and Nonfinancial Information's for Corporations," *Journal of Iranian Accounting and Auditing*, Vol. 38 (4), pp. 16-21.
26. Ming-Chin, C., Shu-Ju, C. and Yuhchang, H. (2005), "An Empirical Investigation of The Relationship Between Intellectual Capital and Firms Market Value and Financial Performance," *Journal of Intellectual Capital*, Vol. 6-2, PP. 159-176.
27. Moneva, J.M., Beatriz, C. (2009), "The Value Relevance of Financial and Non-Financial Environmental Reporting," PP. 442-454.
28. Mouritsen, J. (1999), "The Flexible Firm: Strategies for a Subcontractor's Management Control," *Accounting Organization Society*, Vol. 24(1), PP. 31-56.
29. Pattern, D., Nance, J. (1998), "Regulatory Costs Effects in a Good News Environment: The Intra-Industry Reaction to the Alaskan Oil Spill," *Journal of Accountant Public Policy*, Vol. 17, PP. 409-429.
30. Porter, M. (1996), "What is Strategy?" *Harvard Business Review*, Vol. 74(6), PP. 61-78.

31. Porter, M. (2001), "Strategy and the Internet," Harvard Business Review, Vol. 101(2), pp. 63-78.
32. Saiee, M., Esmaeeli, A. and Bageri, A. (2010), "An Empirical Research of Information Assymetry of Book Value and Net Income in Down Corporations," Danesh Hesabdari Journal, Vol. 17 (30), pp. 23-34.
33. Tariverdi, Y., Dagani, R. (2010), "Residual Income and Cash Flow Discounted and Income Adjusted," Journal of Iranian Accounting and Auditing, Vol. 17, No (59), pp. 12-31.
34. Watts, R. L. (2006), "What Has the Invisible Hand Achieved?," MIT Sloan School of Management Working Paper.



THE IMPACT OF EDUCATION ON CONSUMER ACTIVISM IN NIGERIA**DR. ANTHONY .A. IJEWERE****SR. LECTURER****DEPARTMENT OF BUSINESS ADMINISTRATION UNIVERSITY OF BENIN****BENIN CITY****ABSTRACT**

This paper set out to investigate if there is a relationship between education and consumer activism in Nigeria. To achieve this objective, some related literatures were examined while sampling, hypothesis testing and frequency distribution were adopted for analyzing data. The results of the study revealed that education has an important role to play in consumer activism in terms of willingness to join, finance, and serve consumer associations. It also had an impact on their willingness to attend meetings and uphold and solicit for members for consumer associations. Consequent on these findings, it is therefore recommended that government should encourage the teaching of consumer education in schools, production of quality goods by companies should be enforced by government, consumer associations should embark on aggressive public enlightenment campaigns, while manufacturers should ensure that they label their products with sufficient information for consumers to be in a better position to make choice.

KEYWORDS

Impact, Education, Consumer, Activism and Nigeria.

1. INTRODUCTION

The aim of this study, is to find out if there is a relationship between education and consumer activism. In other words, does education influence the level of consumer activism in Nigeria? This is the crux of the study. To appreciate this relationship better between the two concepts, it is very important to discuss the meaning of consumer activism since it is the main focus of this study.

Consumer activism is the concerted efforts, actions, and collective reaction of consumers to protect their perceived interest in the market place. It is intended to reduce, limit or control the over-bearing excesses of manufacturers and/or vendors such as high prices, poor quality and artificial scarcity of goods.

The basic concept behind consumer activism vis-a-vis the manufacturer, can be likened to two main forces that are exerting pressure on one another, with the possibility of the stronger force gaining an upper hand over the weaker one. The situation is that, while the manufacturer is out to maximise profit, consumers, on the other hand, through their collective efforts, are willing to fight for their rights. They complain in order to maximise their satisfaction. The end result of these actions is consumer activism and protection that exist all over the world including Nigeria.

Over the years, the Nigerian consumer has been bombarded with all sorts of low quality products in the market place, especially in the area of drugs, food, petroleum products, motor spare parts, cosmetics, chemicals and services. According to the Standards Organisation of Nigeria (SO) (1997), about 60% of the goods produced in Nigeria are sub-standard, while about 25% are fake. Durojaiye (1998), also supported this position by saying that the Nigerian consumer needs to be protected against the sale of substandard goods.

However, one of the pragmatic ways through which the Nigerian consumers can be effectively protected by private consumer organisations and government protection agencies, is consumer education. This is because it will equip the consumer on how to become a better and wiser buyer in the market place. This means that the knowledge of consumer education will make the consumer a better activist.

It is therefore the aim of this paper to examine the influence of education on the consumer's level of activism. To accomplish this objective, the paper has been divided into five parts to include introduction (already stated), review of related literature, methodology, data presentation and discussion of findings, conclusion and recommendations.

2. REVIEW OF RELATED LITERATURE

One of the pragmatic approaches through which the consumers can be effectively protected by private consumer organisations and government protection agencies, is consumer education.

Individuals and groups of persons and or organisations have defined consumer education in a variety of ways. Green (2001), defined consumer education as a dynamic subject which equips people with the knowledge and skills needed to operate in the market place. That is, in the environment where consumers make decision about the use of their money.

Giordano (2003) also viewed consumer education as a means of creating and achieving change in society so that instead of being formed and manipulated by our consumer society, we adapt it to our needs. The International Organisation of Consumers Union defined it as critical awareness, social responsibility, involvement or action, ecological responsibility and solidarity among consumers.

Based on the various definitions above, the writers seem to see consumer education as the process of exposing people to the knowledge and skills needed by individuals, groups, families and corporate bodies to become competent consumers in a world that is constantly changing.

Generally, consumer education involves asking questions and subsequently making decisions which are both political and personal. The subject, consumer education may also be referred to as consumer economics as the subject matter or study, exposes consumers to ways of minimising wastes and maximizing opportunities for purchasing and utilizing goods and services.

THE PURPOSE OF CONSUMER EDUCATION

The purpose of consumer education, is to develop in consumers a critical sense of judgment concerning both manufacturers and products and provide them with the skills to use product information and to generally protect their rights in the market place. While consumer education should be distinguished from a simple provision of information, the two processes are, in practice, to a large extent complementary. Education enables consumers to derive greater benefit from product information through the ability to absorb and understand it more fully, while shopping information forms an important input into the consumer educational process.

In several countries, consumer education has been introduced in schools in an effort to ensure that young people become familiar with consumer problems. Consumer affairs courses are, for example, included in the curricula of primary and secondary schools in France, Italy, Japan, Sweden and the United States. However, it must be recognized that these courses do not tend to be either very sophisticated or comprehensive. Either the consumer education is too general and pays inadequate attention to practical problems, or it is incomplete because it competes with other subject areas within, for example, home economics or domestic science curricula (Mann and Thorutons, 2004).

Consumer education can make future consumers more aware and more capable of dealing with consumer problems. It would also have the additional benefits of making future business executives aware of consumer problems. Unfortunately, the majority of the present consumers are outside the educational system and while adult education courses on consumer affairs could be introduced, these are unlikely to be attended by those people who must need education in consumer issues. Under these circumstances, consumer education, even if properly implemented, can only be viewed as a long-term solution to consumer protection.

IMPORTANCE OF CONSUMER EDUCATION

Consumer education is important for the following reasons according to Green (2000).

Firstly, it helps the individual to clarify values, to identify goals, weigh alternatives in relation to consequences and make rational decisions for the best utilization of available resources. Infact, it is only rational consumers who can best manage their economic affairs in a complex society. This is why, to enhance consumer competency, a little knowledge of consumer education is virtually a sine qua non for every consumer, as such knowledge goes a long way in rationalizing the consumer behaviour of such an individual.

Secondly, it helps consumers to know about laws, which give them rights and responsibilities. This is to ensure that if consumers encounter dishonest practices, they should know how to obtain help.

Thirdly, it exposes consumers to a broad range of behaviours for dealing with economic conditions such as recession, inflation and Structural Adjustment Programme (SAP). According to Green (2000), these behaviours include: coping, questioning, planning, purchasing, conserving, participating and influencing.

3. METHODOLOGY

The methodology adopted in this study, include a sample size of 858 questionnaires which were administered to adults in six major towns of Edo and Delta States. The six towns chosen are Benin, Auchi, Ekpoma, Warri, Asaba and Sapele.

The stratified sampling method was adopted for the study. This is to ensure adequate or proportional representation of the different categories or types of elements that make up the population in the selected sample.

The relationship between education and consumer activism, was verified by testing each of the six disaggregated elements of consumer activism against education. Thus, six sub-hypothesis were subjected to test, that is, one in respect of each disaggregated factor.

In the data analysis plans, the hypothesis testing method was adopted using multiple regression analysis and simple frequency distribution.

4. DATA PRESENTATION AND DISCUSSION OF FINDINGS

The relationship between education and consumer activism was verified by testing six sub-hypothesis which include:

- i. The relationship between Education and Willingness to join consumer association.
- ii. The relationship between Education and willingness to finance consumer associations.
- iii. The relationship between Education and willingness to serve in an official capacity.
- iiii. The relationship between Education and willingness to attend consumer association meetings.
- v. The relationship between Education and willingness to uphold the decisions taken at meetings.
- vi. The relationship between Education and willingness to solicit for members for consumer associations.

THE RESULTS AND DISCUSSION OF FINDINGS ARE HEREBY PRESENTED BELOW:

The Relationship between Education and Willingness to Join Consumer Associations

Table 4.1 below presents the results of the test of the hypothesis that the observed level of consumer activism is not dependent upon the consumer's level of formal education.

The table shows that the coefficient of the variable education (EDU) has a positive sign. The coefficient value of education is 0.173. This reveals that a 10% change in education will lead to a 1.7% change in consumer activism in the area under study. The t- value of the regression result is 3.38. This passes the 5% level of significance or 95% level of confidence. The value of the F-test is 11.41 and this passes the 5% level of significance. The relationship between the two variables has been well explained. The R² (R-Squared) Value is 0.013. This means that about 1.3% of the deviation between the two variables in the regression is explained by this equation.

The Durbin Watson CDW) value is 1.85. Although the DW value is 1.85 and thus failed the 5% level of significance test. The result revealed that there may be other variables in the relationship between the two variables.

In summary, table 4.1 reveals that education has a positive role to play in consumer activism.

TABLE 4.1: LINEAR SQUARE REGRESSION OF WILLINGNESS TO JOIN CONSUMER ASSOCIATIONS

Variable	Coefficient	T-Test
Constant	3.8292	
EDU	0.17325	3.38
R ²	0.013	
F	11.41	
DW	1.8467	

Source: Author's Fieldwork, 2008

THE RELATIONSHIP BETWEEN EDUCATION AND WILLINGNESS TO FINANCE CONSUMER ASSOCIATIONS

Table 4.2 indicates that the coefficient of the variable education (EDU) has a positive sign. The coefficient value of education is 0.124. It indicates that a 10% change in education will lead to a 1.2% change in consumer willingness to contribute financially to the activities of consumer associations. The t-value of the regression is 2.46. This passes the 5% level of significance or 95% level of confidence.

The R² (R-Squared) value is 0.007. This means that only about 0.01 of the deviation in the regression is explained by this equation. In other words, there is a low correlation between education and finance. The value of the F-test is 6.07. This passes the 5% level of significance.

The Durbin Watson (DW) value is 1.83. Though the DW value is 1.83 and thus failed the 5% level of significance test, it can be seen that it passed the 10% level of significance.

In summary, table 4.2 suggests that Education has a positive role to play in the area of financing the activities of consumer activism in the area under study.

TABLE 4.2: LINEAR SQUARE REGRESSION OF WILLINGNESS TO FINANCE CONSUMER ASSOCIATIONS

Variable	Coefficient	T-Test
Constant	3.376509	
EDU	0.12492	2.46**
RL	0.0069	
F	6.07	
DW	1.8356	

**95 percent level of significance.

Source: Author's Fieldwork, 2008.

THE RELATIONSHIP BETWEEN EDUCATION AND WILLINGNESS TO SERVE IN AN OFFICIAL CAPACITY

The table 4.3 shows that the coefficient of the variable, Education (EDU) has a positive sign and the coefficient value of education is 0.127. This implies that a 10% change in education will lead to a 1.2% change in consumer activism in the area under study. The regression result of the t- value is 2.32. This passes the 5% level of significance or 95% level of confidence.

The value of R² is 0.006. It implies that only about 0.6% of the variation between education and serve have been explained in the regression. The value of the F-test is 5.39. This passes the 10% level of significance.

The Durbin Watson (CDW) value is 1.91118. The DW value is 1.91 and thus failed the 5% level of significance test it can be seen that it passes the 10% level of significance.

In summary, Table 4.3 suggests that education also has a positive role to play in determining if consumers are ready to serve as officials in consumer associations in the area under study.

TABLE 4.3: LINEAR SQUARE REGRESSION OF WILLINGNESS TO SERVE IN AN OFFICIAL CAPACITY IN CONSUMER ASSOCIATIONS

Variable	Coefficient	T-Test
Constant	3.63700	
EDU	0.12722	2.32
RI-	0.013	
F	0.0062	
DW	1.91118	

Source: Author's Fieldwork, 2008

THE RELATIONSHIP BETWEEN EDUCATION AND WILLINGNESS TO ATTEND CONSUMER ASSOCIATION MEETINGS

Table 4.4 indicates that the coefficient of the variable, education (EDU) has a positive sign while the coefficient value of education is 0.12b. This means that a 100% change in education will lead to a 1.2% change in consumer activism in the area under study. The t-value of the regression result is 3.32. It passes the 5% level of significance or 95% level of confidence. The value of r^2 is 0.013. It indicates that only about 1.3% of the variable between education and attend have been explained in the equation.

The value of the F-test is 11.05. This passes the 5% level of significance. This result indicates the relationship between the two variables.

The Durbin Watson CDW value is 1.8863. Although the DW value is 1.88 and thus failed the 5% level of significance test, it however passed the 10% level of significance. However, the result revealed that there may be other variables in the relationship between the two variables when tested at 5% level of significance.

In summary, Table 4.4 suggests that education has a positive role to play in determining if consumers are ready to attend consumer association meetings.

TABLE 4.4: LINEAR SQUARE REGRESSION OF WILLINGNESS TO ATTEND CONSUMER ASSOCIATIONS MEETINGS

Variable	Coefficient	T-Test
Constant	4.08427	
EDU	0.12640	3.32
R2	0.0126	
F	11.05	
DW	1.8863	

Source: Author's Fieldwork, 2008

THE RELATIONSHIP BETWEEN EDUCATION AND WILLINGNESS TO UPHOLD THE DECISIONS TAKEN AT MEETINGS

Table 4.5 below reveals that the coefficient of the variable, education (EDU), has a positive sign. It also shows that the coefficient value of education is 0.240. This means that a 10% change in education will lead to a 2.4% change in consumer activism in the area under study. The t-value of the regression result is 3.32. This passes the 5% level of significance or 95% level of confidence.

The value of R^2 is 0.023. It means that only about 2.3% of the variation between education and uphold have been explained in the equation. The F-test value is 20.30. It easily passed the 5% level of significance. This result indicates the relationship between the two variables.

The Durbin Watson (DW) value is 1.9253. The DW value is 1.92 and thus failed the 5% level of significance test. It can be seen however that it passed the 10% level of significance.

In summary, Table 4.5 suggests that education has a positive role to play in determining if consumers are going to uphold the decisions of the consumer association meetings.

TABLE 4.5: LINEAR SQUARE REGRESSION OF WILLINGNESS TO UPHOLD THE DECISIONS TAKEN AT MEETINGS

Variable	Coefficient	T-Test
Constant	4.08427	
EDU	0.12646	3.32
RI	0.0126	
F	11.05	
DW	1.8863	

Source: Author's Fieldwork, 2008

THE RELATIONSHIP BETWEEN EDUCATION AND WILLINGNESS TO SOLICIT FOR MEMBERS FOR CONSUMER ASSOCIATIONS

Table 4.6 below indicates that the coefficient of the variable, education (EDU) has a positive sign while the coefficient value of education is 0.175. This implies that a 10% change in education will lead to a 1.7% change in consumer activism in the area under study.

The t-value of the regression result is 3.34. This passes the 5% level of significance or 95% level of confidence.

The R^2 (R-Squared) value is .013. This implies that only about 1.3% of the variation between Education and solicit have been explained in the equation. The value of the F-test is 11.14. This passes the 5% level of significance.

The Durbin Watson CDW value is 1.8963. Although the DW value is 1.89 and thus failed the 5% level of significance test, it can be seen that it passes the 10% level of significance.

In summary, Table 4.6 suggests that education has a positive role to play in determining if consumers are willing to solicit for new members to join consumer associations thereby increasing the numerical strength of members that can participate in consumer activism.

TABLE 4.6: LINEAR SQUARE REGRESSION OF WILLINGNESS TO SOLICIT FOR MEMBERS FOR CONSUMER ASSOCIATIONS

Variable	Coefficient	T-Test
Constant	3.81409	
EDU	0.17543	3.34
R2	0.0127	
F	11.14	
DW	1.8963	

Source: Author's Fieldwork, 2008

Based on the analysis above, the study reveals that a consumer's willingness to join, finance and serve consumer associations is dependent upon his or her level of education. Also, the willingness to attend, uphold and solicit for member is dependent upon the level of consumer's education.

5. CONCLUSION AND RECOMMENDATIONS

The findings of this study show that education has an important role to play in consumer activism in terms of willingness to join, finance and serve consumer associations. It also had an impact on their willingness to attend meetings and uphold and solicit for members for consumer associations. Based on these findings, the null hypothesis that there is no correlation between education and consumer activism is rejected while the alternative hypothesis that there is a relationship is accepted. These findings agree with the views expressed by chevalier (1986) that "the major force behind the consumerist involvement in the

United States and Europe is the high level of education". Watson (1990) corroborated this view when he observed that consumer movements became very vibrant in the 1960s as a result of better education.

In the above circumstance, the influence of education on the consumer's level of activism discovered in this study did not come as a surprise. An educated consumer tends to know his rights more than an illiterate consumer in terms of product quality, expiry dates of products, the constituents of a product, where to seek redress if cheated by a seller, effects of drug abuse, etc. This is the reason why most expired goods like drugs and bread are mostly sold in rural areas of Nigeria where the illiteracy rate is very high.

Based on the findings above, the following recommendations will be advanced:

- i. Government should encourage consumer education by ensuring that it is taught in secondary schools.
- ii. Government should also ensure that manufacturers produce quality products by making sure that they comply with the existing laws on quality control.
- iii. Consumer associations should embark on an aggressive public enlightenment campaigns to encourage the Nigerian consumers to join.
- iv. Manufacturers should ensure that their products are well labeled with enough and clear information so that consumers will be better educated in their choice and use of products.

REFERENCES

1. Chevalier, M. (1986), "*L'Image Du Marketing Aupres des Cadres: Direction and Gestation*, (March/April).
2. Durojaiye, S.A. (1998), "Customer Awareness on Product Quality" *Standards Organisation of Nigeria Journal*, Vol.1, 0.8.
3. Giordan, O.F. (2003), "*Understanding Consumer Education*" Prentice Hall Inc, Englewood Cliffs, New Jersey.
4. Green, P.E. (2001), "An International Model of Consumer Utility," *Journal of Consumer Research*, Vol.2, pp.146-153.
5. Mann, Land D.C. Thornton, (2004), "*The way Forward/or Consumer Education*" *Advertising Quarterly*, pp.123-128.
6. SON (1997), "*Product Quality Improvement* ", Standards Organisation of Nigeria News, Vol.1, No.1.
7. Watson, D.S. (2001), "*Economic Policy: Business and Government*", Houghton Mifflin Company, Boston Mass.

FAMILY PLANNING PRACTICES IN ETHIOPIA WITH SPECIAL REFERENCE TO MEKELLE CITY

DR. PUJARI KRISHNAIAH
ASST. PROFESSOR
DEPARTMENT OF GEOGRAPHY & ENVIRONMENTAL STUDIES
COLLEGE OF SOCIAL SCIENCES
MEKELLE UNIVERSITY
ETHIOPIA

ABSTRACT

The world population is increasing from time to time with rapid growth rate. Most of this rapid population growth rate is seen in the less developed countries, especially in Sub Sahara Africa. According to the world population reference bureau (PRB) 1997, report the world population is currently growing by 100 million per year. This rapid population growth is predicted by high fertility rates, low mortality rates and net migrations. Hence, when fertility rate increases the population growth rate becomes high. When the fertility rate will less the population growth rate will be less, while, fertility and mortality rates equal the population rate is stagnate. Presently the world population is 7 billion. The unintended population growth has a great impact on the society's living standard as well as on natural and environment. This intended population growth rate is now one of the major worldwide problems, especially for the developing countries like Ethiopia. The problem includes lack of infrastructure, high maternal mortality, infant mortality, depletion of natural resources and so-on. According to world population Reference bureau report (1997), every minute of every day it is estimated that at least one woman dies per day due to health problem. This shows that rapid population growth has great impact on the society in general and the mothers and children's in particular. In developing countries high population growth is not compatible with their economic is one of the long range development problems.

KEYWORDS

Population growth, family planning methods, economic development, socio-economic problems and Ethiopia.

INTRODUCTION

In Ethiopian country rapid population growth rate is serious problem in the country. The population growth rate is extremely increasing from time to time. But economic development and resources are not growing in the same way. To minimize the gap between the population growth rate and the economic development, infant mortality, maternal death and other socio-economic problems, several international conferences on population and development were held under the auspices of the United Nations(in 1954 in Rome, in 1965 in Belgrade, in 1974 in bar chariest, in 1984, in Mexico and in1994, in cairo). However, views on the inter relationship between population and development as the best contraceptive while others considered population control as solution to the socio-economic development problems. As a result of the change attitude a number of developing countries have introduced population policy (family planning) .for instance China and India.

In the early 20th century, the population of Ethiopia was probably estimated between 11 and 13 millions and also increasing at the rate of 2 percent annually, but now this number has reached at high level. The number of the population increases by a large number and the rate growth too. It is indicated in the population development of Ethiopia 2004. The population of the Ethiopia is raised from 59.9 in 1998 and 67.2 millions in 2002. Hence, this rapid population growth is serious block of economic development in the country. And also increases infant mortality rates, maternal death and other socio-economic problems.

To reduce the over population growth and its consequences problems family planning program has a great role in solving these problems. Family planning enables women to prevent unwanted pregnancy, from unsafe abortion, protect them transmitted diseases and other related problems. In addition family planning is essential to reduce the socio economic problems such as lack of adequate nutrition, lack of education, lack health service, and to improve infant mortality, maternal death and decent standard living of the society. However, there are different factors that affect the family planning practice in the society. Therefore, the researcher attempted to investigate some of the major problems that affect family planning practice in the Mekelle town.

STATEMENT OF THE PROBLEM

According to the symposium of Ethiopia (2004) on population and development and the United Nations fund report (2005), the Ethiopian population is estimated to have reached 70 and 77.2 million respectively and the growth rate is estimated between 2.4 and 2.73 percent per year. Which make the doubling time of the population is less than 26 years, thus the total fertility rate is high even some measures are taken, according to the central statistics of authority (1990), as cited by family guidance association of Ethiopia

OBJECTIVES OF THE STUDY

The general objective of the study is to investigate whether attitude, religion, educational level including women status and demographic characteristics are affected family planning practice or not.

- To identify the religion, educational level includes women status affect the family planning practice,
- To evaluate the demographic characteristics that has affected the family planning practice.
- To suggest the attitude of people towards using family planning programme

SIGNIFICANCE OF THE STUDY

- The significance of the study is to serve as reference material for other researcher
- To help as base line to assess and find out factors that affected family planning
- To give suggestions and recommendations on the factors that affects the family planning practice.

REVIEW OF THE LITERATURE

According to the Encyclopaedia America (1995), family is the basic and must important institution which may be defined as a group of persons related by birth or marriage who reside in the same house hold and also , Jummy.B (1980), defined as family can be viewed as a system composed of a number of sub system interaction with each other.

The structure of the family can vary from traditional nuclear family to single parents. Some families are a large in size and other families are small. The size of the family has its own effect in the family itself and in the environment as UN (1977), and other studies indicated that families with a large size usually faces socio-economic problems than families with small size such as the problems are lack of adequate nutrition, lack of health service, lack of educational status and etc.

THE CONCEPTS OF CONTRACEPTIVE USE AND FAMILY PLANNING

According to world population report the term family planning encompasses two distinct concepts: These are contraceptive use and family planning.

CONTRACEPTIVE USE: it is used by an individual or couple as a means of avoiding pregnancy. It helps women to control when and how many children to have. Family planning service: these are organized sources of contraceptive methods. Such service includes family planning programmes of various types.

FAMILY PLANNING: According to the Foego (1983:170), there are two types of family planning methods i.e Modern methods of family planning and Natural methods of family planning or contraceptive techniques Natural contraceptive method: in this method of family planning includes breast feeding abstinence, and soon. Modern contraceptive method: this of family planning includes tablets or pills, inject table, nor plants, intra terrine Device (IUD), Condom, loop and soon.

BENEFIT OF FAMILY PLANNING

Worldwide policy makes recognize the importance of family planning service to women's health. The draft programme of action of international conference on population and development states countries should seek reduction in maternal mortality through measure to avoid or reduce high risk in births including births to adolescents, eliminated all unwanted births and unsafe abortion. (for eg-1983). From the above statement one can easily understand that family planning plays a great role in maternal and children health in particular and in the society in general.

Similarly FAGE (1991), states that women can improve their living standards by using family planning services that is by avoiding unwanted pregnancy, unsafe abortion and from General transmitted diseases such as HIV/AIDS. Hence, family planning can help as primary health centre for maternal or mothers and children. It is also an essential and basic way of development.

According to UNO (1997), family planning is a tool in population control and an expedient which is inseparable from the realm of population dynamics, population control either national, international or purely voluntary and private organizational scale to enable couple to have the number of children they want, to regulate arrival to decrease their number all voluntary basis. Thus, family planning is perceived as health service and welfare expedient, as internal part of maternal and child health service and also family planning gives more emphasis to the rights of people to determine the number and spacing of children as well as the need for family planning.

Similarly For example (1983) states that, there are four specific ways in which couples benefits from family planning. To begin with both man and woman can have more relaxed General relations when they are confident that inter course will not to unwanted or ill timed pregnancy in addition they can post pone having their first child or subsequent children to complete their education or vocational training. This shows that the health benefit of family planning is associated with child spacing.

According to Yamane (1994) the attention of family planning is regulated the birth of children in order to make economically manageable to the family which has commutative effect at large on the economy of the society. This can be true when all eligible couples practice family planning.

FACTORS THAT AFFECT FAMILY PLANNING

Even though family planning is important in the living standard of the society, especially for maternal and health, the practice of family planning is hindered by different factors, some of the major factors are:

- Traditional culture or attitude of the society
- Demographic characteristics
- Religious
- Educational and status of the women

ATTITUDE OF THE SOCIETY

The attitude of the society more or less impacts the practice of family planning program, since people want to have a large number of children. Thus, people may see children as a wealth or asset and sources of power. As a result they give birth frequency without consider what children need. Supporting this idea Daniel stated that the attitude of the traditional society is having more children means a great respect for the women. It would be quite strange if for the women. It would be quite strange if someone founds ideas such as family planning and fertility regulation flourishing it. Hence, the attitude of the society has a great effect on family planning practice

DEMOGRAPHIC CHARACTERISTICS

The demographic factors are also determined the practice of family planning in developing countries like Ethiopia. Such as demographic characteristics are Gender preferences, age and parity or number of living children women that have. Gender preference is one the demographic factors that impede the practice of family planning in the developing countries like Ethiopia. The parents mostly preferred for sons than daughters. Some parents show more interest / care on sons such as medical care, education and other necessity than daughters. Similarly, as study on Gender preference in south Asia and North Africa, son preferred people to be strongest and to exist to some degree in other regions of the world as well. And also the reasons for the preference were both economic and culture factors. Hence, Gender preference affected the rate of family planning practice because parents continue their births until they get the expected Gender.

AGE AND NUMBER OF LIVING CHILDRENS (PARITY)

The rate of family planning practice to some extent is determined by age of the women and the number of living children. As survey made on the parity women or the number of living children, a survey states that a women with no children or with one child is less likely to use contraceptive method than a women with two or above children.

RELIGIOUS FACTORS

Religious factors are some extent is determined family planning practice or any contraceptive method. But it does not mean all religious against contraceptive method or family planning use. People may hinder from exercise family planning program due to their religious. As a result the intended program may not attain at the desire time. According to Yohannes (2001), women's fertilities behaviour could be determined or dominated by religion doctrines pertaining to child birth. Some of the religious that against or oppose family planning or any method of contraceptive that is modern contraceptive methods are Hinduism, orthodox, Rome catholic, Muslim etc.

EDUCATIONAL LEVEL

Educational status plays a great role in changing behavioural and personal attitude of society. The levels of education may determine the practice of family planning programme. Uneducated women may marry earlier than educated women and also educated women more likely to use contraceptive method than uneducated women. Adding to this idea as survey made (1990) on contraceptive use rate of 50% for married women or reproductive age who have at least secondary school education only. 15% accounts with no formal education used contraceptive method. Hence, educated women can understand more and they are open to accept family planning method than other counter pants.

A BRIEF DISCRPTION OF THE STUDY AREA

Mekelle city is the capital city of Tigray national state, its located 750 kms away from the national capital Addis Ababa. It is well connected with road and plane transportation to all the cities in the Ethiopian country. It is located between 13' to 32' north latitudes and 39' to 46 East longitudes and the elevation of the area is 2000 to 2200 mts. It is located in the northern highlands of Ethiopian country, covering an area of 130 sq. Kms. The eastern side of the city is covered with the endaesesus ridges are the higher peaks of the city. The major land forms of the city territory can be classified in to four categories namely: flat to gently sloping, gently sloping to rolling sloping go moderately steep and steeply to very steeply sloping type.

DATA ANALYSIS AND INTERPRETATION

In this regard the researcher tried to assess the factors that affect the family planning practice in the study area, through open and close ended questionnaire. The researcher selected 30 numbers of respondents as frequency from the total and analysed. The findings are as follows:

TABLE- 1: THE AGE GROUP OF THE RESPONDENTS

Age	Respondents		Contraceptive		Non-Contraceptive	
	Frequency	%	Frequency	%	Frequency	%
15-22	6	20	4	13.34	2	6.66
23-29	8	26.67	6	20	2	6.66
30-37	10	33.33	8	26.67	2	6.66
38-45	3	10	2	6.67	1	3.33
46-49	3	10	0	0	3	10
Total	30	100	20	66.69	10	33.31

Source: The survey report, 2011.

The above table shows that the highest users of contraceptive methods are 30-37 years aged women, i.e 26.67%, the lowest users of contraceptive methods are with the age group of 46-49 years (0%). Hence, the age of the respondents can be affected on family planning practice. Supporting this An Dag (1995) states that women's age is strong and significant predictor for contraceptive method. As women's age increase or younger, they are less interested on practice of contraceptive method. Similarly the aged between 25-29 women's are more practiced on contraceptive method than the age of 15-19 years old women's. Hence, the age of the women is playing a vital role on the practice of family planning methods.

TABLE – 2: RELIGIOUS FACTORS AFFECTING THE FAMILY PLANNING PRACTICES

Religion	Respondents		Contraceptive users		Non-Users	
	Freq.	%	Freq.	%	Freq.	%
Orthodox	16	23.33	10	33.33	6	20
Muslims	7	13.33	4	13.33	3	10
Protestants	3	10	1	3.33	2	6.66
Catholics	4	13.34	1	3.33	3	10
Total	30	100	16	13.32	14	46.68

Source: Survey report, 2011.

The above table shows that major percentage of the respondents are Orthodox, and also these people are using more contraceptive practice (33.33%), followed by Muslims (13.33%), and other religious communities(3.33%) are practicing the contraceptive method. Some respondents expressed that the reason for un – using of family planning is to control the fertility is against the rule of God. Some people are giving less importance to the family planning practice; with this their family size will be increased with large number of children, especially in the Muslim communities. On the other hand, the protestant peoples are following these programmes in better manner than other religions. Generally in the conservative people do not worry about their children's lives. They believe that their children grow up by a chance and God provides them all things what they want, as a result they continue birth until they reach at the menopause stage.

TABLE – 3: EDUCATION LEVEL OF THE RESPONDENTS WHICH AFFECTS THE FAMILY PLANNING PRACTICE

Educational level	Respondents		Contraceptive user		Non-Users	
	Frequency	%	Frequency	%	Frequency	%
Illiterates	6	20	2	6.67	4	13.33
Primary	16	13.33	10	33.33	6	20
Secondary & above	8	26.67	8	26.67	0	0
Total	30	100	20	66.67	10	33.33

Source: Survey report, 2011

The above table shows that 20 percent of the respondents are illiterates, 13.33 percent of the respondents are primary level of education and 26.67 percent are secondary level education level. Among these 26.67 percent of the respondents are practicing the contraceptive method, and 33.33 percent of the people are primary and illiterates. And 33.33 percent of the respondents are non- user of contraceptive method, in this most of the percentage is illiterates. According to this most of the illiterates are non-practice of contraceptive method.

TABLE – 4: RESPONDENTS HAVING THE CHILDREN WHICH AFFECT THE FAMILY PLANNING PRACTICE

Having children	Respondents		Contraceptive user		Non- users	
	Frequency	%	Frequency	%	Frequency	%
No Children	7	23.33	2	6.66	5	16.67
01-2 children	8	26.66	4	13.33	4	13.33
03-4 children	10	33.33	8	26.67	3	6.67
Above 5	5	16.66	2	6.67	4	6.67
Total	30	100	16	53.33	14	46.67

Source: Survey report, 2011

The above table shows that, about 33.33 percent of the respondents replied that they have from three to four children, about 26.66 percent of the respondents have from one to two (1-2) children. 16.66 percent of them have five and above children. And 23.33 percent of the respondents have no children. According to this 53.33 percent users of family planning, 26.67 percent of the respondents are women who has the three to four children's followed by these who has one to two children. While the respondents who have no child do not use contraceptive method. As some of the respondents indicated the reason for not using contraceptive method. They do not like to use contraceptive since they have no child. And also other respondent replies that, they want to have a large number of children, so they do not like to use any contraceptive method.

From the above idea one can easily understand that the number of children in family could affect family planning practice. Thus, as the number of children increase, the demand to use contraceptive method may increase and vice-versa. Supporting this idea, Anh Dag (1995) stated that couples with three or more children are more likely to use contraceptive method than those with fewer children. Hence, contraceptive method usually increases with the woman that has number of children. Based on the respondent's information it is possible to conclude that woman with a few children or no children are less likely to practice family planning. As a result, they give birth or born children united they reach the desired number of children. So the number of children determined the practice of family planning.

TABLE – 5 RESPONDENTS DESIRE ON THE CHILDREN AND HOW ITS AFFECT THE FAMILY PLANNING PROGRAMME

Desired no. of children's	Respondents		Contraceptive users		Non- Users	
	Frequency	%	Frequency	%	Frequency	%
01-2	6	20	2	6.66	3	10
03-4	16	53.34	8	26.67	8	26.66
05-6	5	16.66	2	6.67	3	10
Above 7	3	10	0	0	4	13.31
Total	30	100	12	43.33	18	56.67

Source: Survey report, 2011

The above table shows that the total respondents (30), 53.34 percent of them replied that they want to have additional children from three to four (3-4), and the rest 20 percent, 16.66 percent and 10 percent they want to have from five to seven and from one to two children. According to respondents, those who desire a large number of children are less likely to use contraceptive method than those who desire small number of children. As the above table indicates that the respondents who desire from five to six and above of children. Almost they do not use family planning programme. Only 3.67 percent of the respondents are users of the method. Whereas those who desire from three to four children, they are better use of family planning that is 26.67 percent of the respondents are users of the method. As the respondents replied that most of them they do not want limit or decide their children. Since they believed that a large number of children are asset or wealth and sources of power. And also they believed that a mother who has a large number of children is respected by the society. Supporting this idea Abebe (1990) stated that traditional society, children seen as a source of labour and social prestige. The Ethiopian society also puts much value on the children. Due to this desire an infertile women, usually face a chance of divorce. Hence, the number of children desire is one of the key factor that affect the rates if family planning practice in the society.

TABLE – 6 GENDER PREFERENCES OF THE RESPONDENTS WITH THEIR ATTITUDE

Gender Preference	Respondents		Contraceptive users		Non- Users	
	Frequency	%	Frequency	%	Frequency	%
Sons	14	46.66	8	26.67	6	20
Daughters	8	26.67	3	10	5	16.67
Both Gender	8	26.67	4	13.33	4	13.33
Total	30	100	15	50	15	50

Source: Survey report, 2011

The above table revealed that 46.66 percent of the respondents replied that preferred to have sons to daughters. 26.67 percent of them preferred daughters to sons and the rest 26.67 percent preferred both Genders. They expressed that the reason for the preferred sons to daughters that is (46.66) percent of the respondents daughters are considered as unable to do what the boys are do the outside home. Rather daughters depend on their families and also they believe that daughters are weak naturally. On the other hand sons are considered to be superior and respected by the society. And also they had seen as a source of power. Hence, the absence of sons in family is feeling shame. And the respondents who preferred daughters to sons replied that they want to get birth daughters because they have sons and they said. Daughters can help us in the home due to this reason they preferred girls.

Supporting this idea Blaikie (1983), stated that sons are regarded to perform all activities for their parents. Sons are sources of power to protect from only dangerous and they attracted and respected themselves as well as their parents up on marriage. Because of these reasons, daughters are not wanted. And also the respondents who preferred sons to daughters, because they desired sons they try until they get their needs, while those who have enough sons are more likely to use contraceptive methods, and the reverse is true when the respondents enough daughters, they are more likely to use contraceptive method. Hence, prefer Gender or expectation of Gender can reduce women's motivation to practice family planning. In addition most of the respondents expressed that they produce their children after two years.

TABLE -7: THE OCCUPATIONAL STATUS OF THE RESPONDENTS AFFECT THE FAMILY PLANNING PRACTICE

Occupation	Respondents		Contraceptive user		Non- Users	
	Frequency	%	Frequency	%	Frequency	%
House wives	4	13.33	1	3.33	3	10
Govt. Employees	10	33.33	4	13.33	6	20
Un employees	2	6.66	0	0	2	6.66
Traders	6	20	1	3.33	5	16.6
Private employees	5	16.66	2	6.66	3	10
Others	3	10	2	6.66	1	3.33
Total	30	100	10	33.31	20	66.6

Source: Survey report, 2011

The above table indicates that 13.33 percent of the respondents are house wives. 33.33 percent of them government employees, 6.66 percent of them unemployed and the rest 46.6 percent of the respondents are traders, private employees and others. As the respondents remarked that most of the family planning users are those who worked out their home while those who work at home and the unemployed women are less in using family planning. Supporting this Yohannes (2002) stated that employed women will have little time to look after their children. One to this they use contraceptive methods. Thus, job opportunities for women have a great role in family planning and in other introducing technology. Most of the respondents stated that they have no capacity to educate their children, but their participation of the family planning is low due to mention all factors and some respondents expressed that they have capacity to educate their children. In addition other respondents replied that they have enough capacity to educated their children but they do not give birth (additional children) as a result they use treatise method to limit their children.

RECOMMENDATIONS

The researcher recommended the following recommendations i.e Family planning have a great role in improving the society living standard general and in the family particular living standard , the rapid population growth so family planning education should be given in the form of formality or non formality system. Family planning should be popularized in the society, it should be disseminated to couple from the higher level to kebele (small ward) through the different mass media. Even though most of the respondents know the importance of the family planning, they do not use in practice because the governmental changes and their policies. The government and non –governmental organizations should be encouraged women to engage in different family planning activities. As a result they can understand or decide their children's numbering. Heather they have more or less children's. Family planning guidance association of Ethiopia (FGAE), governmental and non-governmental organizations should encouraging and supplying enough material in this regard.

CONCLUSION

Most of the respondents they do not use contraceptive method, due to religious factors including cultural and other backwards. Low level of education is affected the respondent from using family planning programme. The age of the women and the number of living children are affected family planning. The expectation of Gender or Gender prefers is affected the family planning practice. And also the desire large number of children said that the effect of side by adapting these practice and a few respondents were feared about the sturdily. Generally all the above mentioned factors affected the practice of family planning especially level of education have significant effect in family planning practice.

REFERENCES

1. Abebe Bekele (1990): Rural women development
2. Andargachew.Y (1966-1991): Twenty five years of family planning in Ethiopia, past and present planning services in Ethiopia
3. Belayinesh .W. (1997): Population and family planning life, education ministry of curriculum development and research (1997), Ministry of Education, A.A.
4. Balaikie M.: Family planning in India, second edition, Edward Arnoln Ltd. London.
5. Daniel. H: (1980) : legal aspect of family planning in Ethiopia,

6. Jame M. : (1981): Professional imperialism: social work in there world Heinemann educational Book ltd. ... London.
7. Junny. B. (1980): child and family development, New York: Hill Book Company.
8. Foeg M. (1983): family planning methods and practice Africa: Atlanta Georgia.
9. National symposium (2004): population and development in Ethiopia, decades view, special issue: Population media center A.A.
10. Population report, (1992): criteria for quality service population information programme centre for Communication (IPC) Jon's hopkins university.
11. Population report, (1994): opportunities for women through reproductive choice PIPC, Jon's Hopkins school of Public Health University, st .poul place Baltimore, USA, vol.xx, number- 2
12. Population report, (1998): family planning programme: improving quality. IPC, John Hopkins University, public health vol. Xx no.1.
13. Population report, (1999): Family planning programme women reproductive and contraceptive Use, PIPC Johns Hopkins university public health vol.xxx , vol.3.
14. UNPF (2005): World Population Data, USA.



VALUE RELEVANCE OF ACCOUNTING INFORMATION AND STOCK MARKET VULNERABILITY - A STUDY ON LISTED COMPANIES IN DHAKA STOCK EXCHANGE

MUHAMMAD SHAHIN MIAH
LECTURER
DEPARTMENT OF BUSINESS ADMINISTRATION
EAST WEST UNIVERSITY
BANGLADESH

ABSTRACT

Recent empirical work has suggested that Accounting Information (AI) have lost their relevance to investors significantly over the past few decades. Accounting Information contained in financial statements to be accurate and transparent enough to provide an indication of a business performance and financial condition to decision makers primarily investors and creditors. Therefore, this study investigates the extent of association between stock price and two influential accounting variables (i.e. earnings-per-share and net asset value per share) to measure the relevance of accounting information. This study is based on accounting information which are available in DSE data base and published annual reports of 105 companies from 2000 to 2010. It is found that only 6.5% of changes in share price can be explained by changes in defined accounting variables. Through Multiple correlation analysis with the help of user friendly statistical software it is found only 25.4% correlation between share price and the defined two independent variables. On the other hand considering individually there is a negative correlation between share price and NAVPS of the sample company. It is also found that there is only 1.9% relationship between EPS and NAVPS. According to the present empirical evidence, investors tend to focus on information other than the published accounting information such as non financial information, short term capital gains and tend to be speculative or irrational for unusual events.

KEYWORDS

Accounting Information, DSE, EPS, NAVPS, Correlation.

INTRODUCTION

The relation between stock price and accounting earnings has been an internationally popular subject of research for more than thirty years. Since Ball & Brown first documented the aforementioned relation, an extensive number of accounting literature has been published, all trying to best accommodate the incentives of the price-earning association, as well as the ability to forecast future earnings from stock movements and vice-versa (D.E.Panagiotis, A.Dimitrios, 2009). Since accounting information is one of the most prominent inputs to decisions determining pricing, so it becomes natural candidate to consider when examining the efficiency of the price setting process (N.Jiri2008). From the very beginning, it is assumed that role of accounting discipline is to protect the interest of stakeholders. Now a days, major part of stakeholders cover shareholders and creditors who finance the organization at initiation of the entity. Remaining users are not aware of the significance of accounting data on their decision. So accounting discipline has designed their defined role. However in developing countries this hypothesis strongly exists. In some countries like Germany there is no scope to raise capital from market by issuing shares like traditional and risk free source of financing. There is a significant and influential relationship between information produced in accounting and stock price if the market is informational efficient. Although, the dividend policy of the entity has a direct relationship between the share price behavior (Docking and Koch, 2005). In our country macro economic factors (e.g. politics, general economic conditions, government regulations and announcement,) are very crucial for the stock market behavior.

LITERATURE REVIEW

Generally, investors are not in a situation to directly assess the performance of companies in which they intend to invest. They usually depend on financial statements prepared by the management of such organization. The primary purpose of financial statements is to provide information concerning the financial situation of the company, its operational results, any changes of control in the company and cash flow (M.Nirmala & J.Florence). The impact of financial statement information on capital markets indicators referred to as the value relevance studies and it is part of the market-based accounting stream. Information is considered "value relevant" if stock price movements are associated with the release of such information (RSiti Utami, S. Noraya 2010). Since Ball & Brown (1986), study, numerous studies have examined the association between share price and accounting information in different ways. The empirical work in this area examines the ability of accounting earnings to capture or summarize information that affects firm values or share price of that entity. Actually the information content of accounting numbers is inferred from changes in the level or in the variability of stock prices and from changes in the volume of security trades over a short time period during which these data are publicly released (D.Pascal & R. Bernard,2002). However the review of literature in the concerned research area is of great importance in varying out further research work.). This research works reviewed here have been sourced from various journal, internets sites, etc.

In an analysis of Nigerian Stock Market consisting top 30 companies from 2001 to 2004 (Germon and Meek, 2000) found that the relationship between share price and Earnings per share is high but the Return on equity is very low. A similar picture is found in the study on stock exchange of Germany, Norway and The United Kingdom (King and Langli, 1998). A different scenario is found in another study on Colombo Stock Exchange taking 6 commercial banks from 2005-2009 that Return on equity is significantly related with the share price (Perrera and Thrikawala, 2010). Kumar and Hundal (1986) examined the impact of dividend per share, earning per share net asset value per share, leverage ratio on market price of share by using the linear regression model. But they found dividend policy was the more sensitive factors in affecting share price. However, the relationship is also affected by the following: (i) persistence of earnings (ii) positive earnings or negative earnings (iii) frequency of reporting (iv) efficiency of market. There is a number of evidence existing that relationship between earnings and share price is affected by the persistence of earnings. Specifically earnings associated with lower persistence have lower value relevance than earnings associated with higher persistence (Kormendi & Lipe, 1987; Collins & Kothari, 1989). It is assumed in built-in that with positive accounting figures of an entity will convey a good message to its investors. If market is informational efficient this message will be reflected in share price of that entity. It means positive unexpected earnings lead to positive abnormal returns, while negative unexpected ones cause negative returns (Gajewski and Quere 2001). It is also evident that the frequency of reporting is responsible for changing the share price. Contrasting information is also noticeable. Rippongtong and Taffler (1995), said that stock price reactions to annual reporting are small enough. Share price is also influenced by different announcement from Govt. or regulatory agency time to time. In Bangladesh, Govt. also made quarterly reporting mandatory for listed organization to help all types of investors to make wise and informed investment decision. But unfortunately market has not been working in a desired mode. Although a different scenario is found in French study that turnover data disclosed in quarterly reports do not cause significant market reaction (Gajewski and Quere, 2001).

OBJECTIVES OF THE STUDY

The overall purposes of this paper are to investigate the importance of accounting information for stock market responsiveness. It means whether accounting data provide value-relevant information to investors and other users which are reflected in share price. In country, Bangladesh stock market has become too much vulnerable. In our country 99% of market participants are retail investor and remaining are institutional where our neighboring country India where 80% of

investors are institutional. Investors of DSE have already lost their confidence in market. It has been of course occurred not due to a shorter unexpected event rather due to outflow of huge amount capital from the market and due to unwise decisions of investors or lack of information. Govt. has been trying to make the market stable but still not to as expected. We all know that accounting information is audited and thus relative to other information sources accounting figures can be seen as more reliable.

So I will try to seek out whether there is any relationship between accounting information and share price. If my findings show relationship is absent, then we can infer that no need to issue users trusted audited financial statements with huge cost in every financial year.

DETERMINANTS OF STOCK PRICES IN STOCK MARKET

Factors affecting asset prices are numerous and inexhaustible (C.O.T.Somoye, R.I.Akintoye & E.J.Oseni 2009). On the basis of review of related literature I have categorized the factors affecting stock price in the following ways.

1. Macroeconomic factors (i.e. internal politics, Govt. announcement and regulations, and supply and demand conditions of money)
2. Firm specific variables (i.e. ownership structure, management quality, labor force quality, net book value, dividend policy, P/E ratio, EPS, changes in EPS and P/E ratio, size of the organization and sales revenues or Turnover)
3. Gross Domestic Product, Inflation rate, interest rate prevail in the economy,
4. International Factors (i.e. pressure from different donor organization like WB or IMF, ADB, perception of Different countries and announcement from them, after all diplomatic relationship)

RESEARCH METHODOLOGY

This study is based on the secondary sources of information. Mainly this study will examine the empirical relationship between accounting information or variables like Earning per Share (EPS), NAVPS, P/E ratio and equity share price in the market. I have gone through the financial data of listed companies for the period of 2000-2010 in DSE database. Besides I have gone through different articles in these areas. Other relevant data have been gathered from Working Papers of Bangladesh Bank, different dailies and quarterly reports, and DSE and CSE websites, finally different websites of sample companies to make the research useful for readers.

I will define the research hypothesis, sampling and data collection techniques as well as the statistical techniques used to test the data.

HYPOTHESES

H₀₁: The earning per share significantly affects the stock price.

H_{a1}: The earning per share does not significantly affect the stock price.

H₀₂: The net asset value per share significantly affects the stock price.

H_{O2}: The net asset value per share does not significantly affects the stock price.

SAMPLE

There are over 260 companies whose shares are being traded in the Dhaka Stock Exchange (DSE). Initial sample contained more than 150 companies with partial data for the period under investigation but I restricted it to companies with full data and registered in 2000 or before limiting the final number to 105 (annexure-A) from 10 sectors. A company has been regarded as eligible for inclusion in sample if it satisfies following conditions:

- The necessary financial data required for calculating the measures of dependent and independent variables pertaining to all the years 2000-2010 is available.
- The average earning per share of any three successive years is not zero or negative during the period 2000-2010
- Further, only those companies whose price data is available are retained in the sample size.
- It is listed in the Dhaka Stock Exchange. The following list shows the numbers of companies are included in sample from different industries.

TABLE 1: LIST OF SAMPLE COMPANIES UNDER STUDY

SL.No.	Industry	No. of Companies
1.	Banking	16
2.	Insurance	14
3.	Foods	7
4.	NBFIs	2
5.	Cement	8
6.	Engineering	11
7.	Oil and Gas	3
8.	Medicines and Chemicals	12
9.	Textiles	16
10	Miscellaneous	16
	Total	105

ANALYSIS, RESEARCH MODEL

From the sample companies I have computed the changes in EPS and NAVPS over the experimental period. Then I computed changes in share price of all sample companies over the same period. To ascertain the association between these two independent variables and share price (dependent variable), correlation and linear multiple regression models through user friendly software (SPSS) have been selected. The analysis has been employed to study keeping in view that this method has certain advantages which are not available in any other statistical or multivariate discriminate analysis.

DESCRIPTIVES STATISTICS

Through statistical mechanism I have the following data of sample companies. In the following Table- 2 I have shown statistical data including Coefficient of determination, calculated value of F-test. And in the following tables I have shown coefficients of all independent variables and finally correlation matrix.

TABLE 2: STATISTICAL DATA

Model Summary	Output
Number of companies	105
R	.254 ^a
R Square	.065
Adjusted R Square	.063
Calculated Value of F test	32.3333
Tabulated value for above F test (when $\alpha=.05$)	19.50

*share price is dependent variable and EPS and NAVPS are two independent variables

COEFFICIENTS

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	88.285	215.349		.410	.682
Changes in EPS	9.621	1.198	.254	8.028	.000
Changes in NAVPS	-.237	.816	-.009	-.291	.771

a. Dependent Variable: Changes in Share price

CORRELATION MATRIXS

	Changes in share price	Changes in EPS	Changes in NAVPS
Changes in share price	1	.254	-.004
Changes in EPS	.254	1	.019
Changes in NAVPS	-.004	.019	1

Research Model: Since the share price is the dependent variable and changes in EPS and changes in NAVPS are two independent variables, I can fit these variables in to regression model. It stands for

$Y = \alpha + b_1 X_1 + b_2 X_2$ where α is the constant, b_1 and b_2 are the regression coefficients and X_1 and X_2 are the two independent variables referring changes in EPS and Changes in NAVPS respectively.

So our regression model will be:

$$Y = 88.285 + 9.621 \text{EPS} - .237 \text{NAVPS}$$

INTERPRETATION OF FINDINGS

From the above statistical data it is obviously apparent that is a remarkable question regarding the relationship between the changes in share and changes in accounting variables (i.e. EPS and NAVPS). Because sample companies show that there is only 25.47% relationship between changes in EPS and changes in share price of those companies. And negative relationship between changes in NAVPS and changes in share price. There is only 1.9% relationship between EOS and NAVPS. So it is very clear to us that there is poor relationship between predefined accounting variables and share price. We all know that R^2 measure how much of the variation in the dependent variable can be explained by the independent variables i.e. strength of relationship. In this study, I have found $R^2 = .065$, it means 6.5% of variation of share price can be explained by the changes in EPS and changes in NAVPS. Besides this, adjusted R^2 is very closure to R^2 it suggest the addition of one independent variable makes a contribution in explaining the variation in changes in share price (M.K.Naresh). Now if we see the hypothesis testing scenario it is found calculated value is out of accepted region (calculated value $F = 32.33$ is greater than the tabulated value $F = 19.50$). So, predefined null hypothesis (H_{01}) is rejected. On the other hand there is a negative relationship between changes in share price and changes in share price. So, second null hypothesis (H_{02}) is also rejected. However, when I analyzed the above data in sector wise it is found that in case of Insurance sector there is only 29.11% association between accounting components and share price. Similar scenario is appeared in cement and ceramic sector and miscellaneous sector. Only in food sector more than 50% relationship exist between changes in accounting variables and changes in share price. Hence it is apparently assumed that accounting information is not properly reflected on share price or investors do not use the accounting information to make their investment decision in Bangladesh. And share price is not significantly influenced by the changes in accounting variables. Rather other qualitative factors play an important role in this aspect. It may be for example, appointment or dismissal of key personnel in the regulatory authority like Security Exchange Commission (SEC) and DSE, changes in major policies of the organization affecting investors economic well being, declaration of dividend, changes of chief staff in commerce ministry, or Finance Ministry, etc.

PREVAILING MARKET CONDITIONS, GOVERNMENT INITIATIVE STOCK MARKET STABILIZATION

Recently Dhaka Stock Market has been experiencing a long decline in stock price i.e. stock market index. It may be occurred due to speculation done by some clever and hoggish minded investors. As a result lots of small investors have lost their life motive capital. A number of days they have demonstrated a human chain and demanded the resignation of high authority of regulator and DSE even finance minister. Consequently, govt. made the desired changes. But no improvement we have seen although exception was seen in following day of announcement. Rahman and Hossain (Rahman and Hossain, 2006) conducted their study to seek evidence whether DSE is efficient in the weak form or not. They found market is not efficient in weak-form. They also explained that the absorption of good and bad news or any other price forming information may take late effect of share price because of available advance technology, control system and publication of business journal and due the poor institutional infrastructure, weak regulatory framework, lack of supervision, and lack of accountability, poor corporate governance and slow development of the market infrastructure and low level of capacity of major players and lack of transparency. However, Govt. consulting with other different concerned authority has taken the following initiatives time to time to make the market stable to attract new investors and to keep the current investors in the market. These are:

- Tax at source on brokerage commission will be cut by half to 0.05%
- Sources of undisclosed money will not be questioned if invested in stock market
- The 10% tax on mutual funds will be withdrawn
- Formation of 3 member committee to introduce a flawless index computation method on the bourses
- Govt. plan to formulate Competition Law without keeping the provision of a surveillance level over the market manipulation with the help of competition commission
- Encouragement to institutional investors to invest their in capital market.
- Sponsors of all the listed companies will have to hold at least a combined 30% percent stake in those companies all time
- Sponsors and directors of a company will only be able to sell their shares in "block market" instead of public market.
- A general investors who holds 5 percent or above shares of a company would be eligible to be a director of his or her company
- The companies that sold shares through direct listing must buy back if the prices of those securities fell below the issue price.
- Formation of six-member committee to the find the ways to compensate the retail investors who traded with small investment or in credit.
- Bank's investment in subsidiary would not be included as their exposure to capital market and that long term equity investment of bank will not be counted in its exposure limit.
- Removal of capital gain tax on foreign institutional investors and Bangladeshi Expatriates.
- The merchant banks and their stock market related subsidiaries, non banking financial institutions and insurance companies can raise funds equivalent to 49% of their paid-up capital from anywhere. It will reduce the dependency on parent companies.
- SEC allows advisory services to develop a rumor-free market. it will compel the institutions and brokerage houses to appoint professional efficient and experienced investment manager.
- Formulation of guidelines for corporate governance to endure transparency and accountability of the listed firms.
- Formulation of financial reporting act to make qualitative improvement in accounting and auditing disclosures.
- Update of small investors protection act following the developed country's rules and regulations.

- Demutualization of stock exchange i.e. adopting necessary steps to make the mutual fund sector stronger and more attractive.
- Ensure the intensified supervision activities of capital market by establishing enhanced surveillance system.

However despite the above motivational package market was seen hardly stable in the observation period. Rather terrible situation was seen in the recent years.

FUTURE PLAN TO GOVERNMENT

- To set up a special court to fast track cases tied to the capital market
- To form a financial reporting council
- To form a clearing and settlement company to protect the interests of investors
- To enact the financial reporting laws
- To set up international standard surveillance software
- To reform the securities market laws to make the stock vibrant and transparent

RECOMMENDATIONS

1. To change the ratio of institutional investors to retail investors in the market
2. Banking sector should maintain their investment on a sustaining and in a long term concentration (i.e. 10% of total deposit should be restructured)
3. Participants should be pro-active not to reactive considering the pre and pro action of decision.
4. Interference of Foreign Donor organization like IMF or WB should also be in through govt. consult. They should not be allowed to make a comment on recklessly.
5. Entity should follow liberal dividend policy and should pay regular dividend. Because dividend per share is the strongest determinant of market price (S.Sanjeet).
6. Investors are suggested to take care of accounting variables of companies before investing (S.Sanjeet).
7. Each and every investor should go through financial information affecting his or her economic well being before making investment decision.
8. Regulatory authority should not comprise irregularities in the time of listing. For example overlooking the 3 years operational performance.
9. Company should make a balance between retention ratio and dividend pay out ratio so that investors can get chance to improve their investment balance. It means company should follow generous dividend policy. Because dividend increases the investors' confidence on the market. Sometimes stock dividend is more effective than cash dividend.
10. Govt. should mandate the requirement that each and every investor should have minimum business and economics knowledge so that he can bear the consequence unfavorable decision or situation

CONCLUSION

The present study has been undertaken to assess the extent of association between two influential accounting variables (EPS and NAVPS) and market price of share. It is found there is poor relationship between these two. There is also a negative correlation between NAVPS and Share Price. Rather, it is found that a number of other qualitative factors affect the market price. Although, it is awfully unexpected in a developing country like ours, since, where economy is not so strong and sustainable enough. So, in that case Govt. becomes in an awkward situation and consequently retail and individual investors become helpless. From this study it is suggested that investors should have basic knowledge of business and economics. They should be well informed when making their investment decision. They should not depend on the information from speculators or other co investors who have the similar interest on the identical phenomenon. Rather they should go through the audited annual reports which provide the mirror of the company's performance, financial position and changes in control of the owners.

REFERENCES

1. C.O.T.Somoye,R.I.Akintoye & E.J.Oseni 2009 "Determinants of Equity prices in the Stock Markets" International Research Journal of Finance and Economics.
2. Dyckman, T., and D. Morse, 1986, Efficient Capital Markets: A Critical Analysis, 2nd Edition, Prentice-Hall: Englewood Cliffs, N.J.
3. (D.Pascal & R. Bernard,2002) "Accounting and Capital Markets: A Survey of the European Evidence" The European Accounting Review 2002, 11:1, (119-151)
4. D.E.Panagiotis, A.Dimitrios, 2009 The Relationship between Earnings and Stock Returns: Empirical Evidence from the Greek Capital Market, International Journal of Economics and Finance, vol.1, No.1, February 2009
5. Gajewski.J-F and Quere,B.(2001) "The information content of earnings and turnover announcements in France" European Accounting Review, 10(4):679-704
6. King, R.D, & Langli, J.C, (1998), "Accounting diversity and firm valuation" International Journal of Accounting, Vol.33, no.4,pp.529-567.
7. Kumar and Hundal (1986) "Stock Market Integration Examining Linkages between India and Selected Asian Markets", Foreign Trade Review, Vol,XLV, pp.3-18
8. M.K.Naresh, "Marketing Research – An applied orientation" 5th edition. Prentice Hall of India Private Limited. New Delhi-110001
9. M.Nirmala & J.Florence "Value Relevance of Accounting Information". Journal of Finance, Accounting and Management, 2,(1), 16-26, January 2011.
10. N.Jiri2008 "On the importance of Accounting Information for Stock Market Efficiency" Uppsala University, Department of Business Studies.
11. Pope,P.and Inyangete .G.(1992) "Differential Information, the variability of UK stock returns and earnings announcements" journal of Business Finance and Accounting, 19(4):602-23
12. Perra,A.A. & Thrikawala.S.S.(2010), "An empirical study of the relevance of accounting information on investor's decision" proceedings of international research conference on business and information, ISBN 978-955-8044-91-8, 4th June 2010, Srilanka.
13. Rahman,S. Hossain,F.(2006). "Weak-Form Efficiency: Testimony of Dhaka Stock Exchange", Journal of Business Research, 8,11-12
14. RSiti Utami, S. Noraya 2010 "Significance of Accounting Information in Explaining Market and Book Values: The Case of Indonesian Banks" International Research Journal of Finance and Economics ISSN 1450-2887 Issue 55 (2010)
15. S.Sanjeet "Determinants of Equity Share Prices in India" Journal of Arts, Science & Commerce". Vol-II Issu-4 Oct.2011 p.58

WEBSITES

16. <http://www.dsebd.org/displayCompany.php?name>
17. www.google.com

ANNEXURE

ANNEXURE – 1: LIST OF COMPANIES UNDER STUDY

Sector	No. of companies	Companies covered
Banking	16	AB bank Ltd., Al-Arapah Islami Bank Ltd., The City Bank Ltd., Dhaka Bank, DBBL, Eastern bank Ltd., iCB, IFIC bank, MTBL., NCC bank, Pubali Bank Ltd., SIBL, Southest bank Ltd., UCBL. Uttara Bank ktd.
Insurance	14	Agrani Insurance comp. ASIAPACINS, MERCINS, PURABIGEN, Sonarbangla Insurance United Insurance Ltd. PRIMEINSUR , Eastern Insurance Ltd, Federal insurance, Green Delta Insurance, Janata Insurance Ltd., , Eastland Insurance Ltd., BD General Insurance company, Central Insurance.
Foods	7	AMCL, Apex foods, Bangas, BATBC, Fuangfoods, Geminisea, National Tea
Cement and Ceramics	8	Aramit, Confidence cement, Heidelbergh Cement, MeghnaCement, Monno Ceramics, Standard Ceramic, Fuang Ceramics,, Crown Cement
Engineering	11	Aftab Automobiles ,ANWARGALV , Atlas BD, BDAUTOCA, Singer Bangladesh, EHL BD Lamps, KAY&QUE, National Tubes, Olympic Industries, ECABLES
Oil and Gas	3	Easterlub, SUMITPOWER LINDEBD,
Medicine & Chemicals	12	ACI Ltd., Ambee Pharma, BEXIMCO Pharma., Square Pharmaceuticals , KOHINOOR , LIBRA INFUSIONS LIMITED., GLAXOSMITH, IBNSINA, KEYA COSMETICS., National Polymar, Orion Pharam., Pharma Aid.
Textiles	16	Altex, ANLIMAYARN, MITHUNKNIT, PRIMETEXT, SonarbanglInsu Square Textiles, Rahim Tex, Saima textile , Apex Spining & Knitting, BEXIMCO Synthetic, HRTEX, MODERNDYE, Metrospinnig, Dulacotton, DELTASPINING , DESHGARMENTS.
NBFI	2	IDLC, Prime Finance & Investment Ltd.
Miscellaneous	16	Agni system, Boc Bangladesh, KARNAPHULI MIRACLEIND, Bandladesh Service Ltd Samorita Hospital ,Sino Bangla, Bd WeldingElectronics, SAVAREFR, Samata Leather, JUTESPINN , GQBALLPEN ,Apex adelchi, BEXIMCO Bata shoe, Apex Tanary

EFFECT OF AUDITOR QUALITY ON EARNINGS MANAGEMENT IN COMPANIES LISTED ON TEHRAN SECURITIES EXCHANGE

DR. MANSOUR GARKAZ
DEPARTMENT OF ACCOUNTING
ALI ABAD KATOUL BRANCH
ISLAMIC AZAD UNIVERSITY
IRAN

ABSTRACT

Purpose of this research is to examine effect of auditor quality on earnings quality. Kasznik Model was used for estimating earnings management (abnormal accruals). Auditor quality is a two-valued dummy variable. In this variable, audit organization has value one and other firms have value zero. Time period of this research was 4 years during 2005-2008. Research hypothesis was tested using cross-sectional regression approach in each year and using panel data. Results of research indicated that there was a negative significant relationship between auditor quality and earnings management. Hence, it can be concluded that existence of high-quality auditors results in decreasing earnings management opportunities.

KEYWORDS

Auditor Quality, Earnings Management, Abnormal Accruals.

INTRODUCTION

Representation of information, which is useful for current investors, creditors, and other current and potential users in decision makings related to investment and crediting and other decisions is one of the objectives of financial reporting. Current and past earnings of company is one of the important factors, which groups in question implement for estimating profit-making power of company, predicting future earnings and pertinent risks, and also evaluating management performance.

In addition, earning is comprised of cash items and accruals. Earnings accruals are mainly controlled by management and management can modify accruals and how they call it nowadays he can manage profit for embellishing company's performance and increasing predictability of future profits. In other words, managers attempt to create predictable and stable results through selecting licensed accounting methods. Since most of investors and managers believe that the company with appropriate profit-making trend and no main changes in their profits are more valuable and have more predictability and comparability as compared to other similar companies. On the other hand, according to agency theory, managers can enjoy necessary motivation for manipulating profit for maximizing their own benefits. Implementation of big accounting firms of high quality in auditing financial statements is one of the best and most reasonable approaches for assuring of suitable quality of financial statements. De Angelo defined auditor quality as follows: "market assessment" with a probability of auditor (1) identifying significant misstatements in financial statements or in accounting system of employer and (2) reporting detected noticeable misstatements. Probability of auditor detecting significant misstatements and probability of auditor reporting significant misstatements depend on auditor's competence and independence. Numerous investigations examined relationship between auditor quality and earnings management. Baker (1998), Francis (1999), Defond and Jiambalvo (1991 and 1993), and Gore (2001) in their investigations in state companies concluded that auditor quality reduced likelihood of earnings management occurrence. Also Baker, Defond, and Jiambalvo (1998), Beatty and Harris (1998), Beatty and Petroni (2002), Coppens and Peek (2005), and Burgstahler and others (2004) examined effect of auditor quality on earnings management in private firms and concluded that auditor quality had a negative relationship with earnings management in private companies.

Davis, Soo, and Trompeter (2002) in their research concluded that there was a negative significant relationship between auditor quality and earnings management. Tendeloo and Vanstraelen (2002) in their investigation inferred that there was a negative relationship between auditor quality and abnormal accruals. Hogan and Jeter's findings (1999) indicated that auditor quality reduced profit smoothing. In addition, results of investigation conducted by Zhou and Elder (2002) showed that companies, which were audited by five big auditing firms, had less earnings management. Bannister and Wiest (2001) concluded that auditor quality limited profit smoothing. Cameron, Prencipe, and Trombetta (2008) came to the conclusion that hours spent on auditing of client had a negative relationship with abnormal accruals and earnings management.

Results of research carried out by Gore, Pope, and Singh (2001) demonstrated a negative relationship between auditor quality and earnings management in initial public offering (IPO) process. Elder and Zhou (2001) in their investigation inferred that existence of auditing committee and its size decreased earnings management. Fairuzana and Rashidah (2006) in their research examined effect of auditing firm (the big five auditing firms) and existence of auditing committee on accruals. Their results showed that size of auditing firm did not reduce amount of abnormal accruals; however, existence of an active auditing committee in firm decreased its amount. Moreover, Ming (2007) through his research in Chinese firms concluded that ten big auditing firms in china caused a higher decrease in earnings management as compared to other firms.

Francis (1999) in his research came to this conclusion that firms with higher tendency more probably create accruals for using services of six big auditing firms for crediting their profits. Azibi and Rajhi (2008) in their investigation inferred that auditing of five big firms does not affect accruals decline. Results of a research carried out by Thoopsamut and Jaikengkit (2008) indicated that existence of auditing committee, number of its sessions and size of auditing firm did not affect earnings management. Furthermore, Chen (2005) concluded that auditing continuation of an auditing firm increased use of accruals and earnings management. Smith et al (2008) examined the relationship between internal auditor quality and earnings management. They selected 528 firms during time period of 2000-2005 for their experiment hypotheses. Their research results showed that high quality of internal auditing resulted in a decrease in earnings management.

Ebrahimi Kordlar and Sedy (2008) in their research regarding 71 companies listed in Tehran Securities Exchange examined effect of type of auditing firm (auditing firm and other firms) and type of auditor's opinion in audit reports on abnormal accruals and concluded that there was a relationship only between type of auditing firm and abnormal accruals.

RESEARCH METHOD

The research topic is based on the question "Can professional auditing firms, which offer higher-quality services compared to other firms, limit earnings management?"

Therefore, time span of this research comprised a 4-year period in 2005-2008. The statistical population under study in this research included all the companies registered in Tehran Securities Exchange.

For selecting sample, the companies out of all existing companies, which did not have any of the following requirements, were removed from the list and; consequently, all the remaining companies were selected for conducting the experiment.

- 1) Fiscal year of company ends on March 20, each year.
- 2) It must not have changed its fiscal year during the research time period.
- 3) It must have had an active participation in Stock Exchange.
- 4) The information under question must be available for data extraction.

5) It must not be an investing firm or a financial mediator.

Finally, after applying the above-mentioned limitations, 80 firms were selected for testing the hypothesis of existence of a significant relationship between auditor quality and earnings management.

Data in question were collected by gathering selected companies' data by using financial statements, explanatory notes, and using Tadbir Pardaz and Dena Sahm Softwares and financial data discs of stock companies. Cross-sectional regression method of each year and then cross-sectional regression with combined data and EVIEWS7 Software were implemented for data analysis and testing experiment hypotheses.

VARIABLES AND RESEARCH MODEL

Earnings management: In this research, abnormal accruals were used. In addition, three models were utilized for measuring earnings management. Afterward, the best model was selected using modified R². For estimating earnings management, first, Total Accruals must be obtained. Accruals were gained through the difference between operating-cash flow and net income.

$$ACC = EARN - CFO$$

The models used for estimating abnormal accruals (Earnings Management Index) included the following models: Jones's Model (1991)

$$ACC_{it} = \alpha_0 + \alpha_1 \Delta REV_{it} + \alpha_2 PPE_{it} + \epsilon$$

In his model, ACC is equivalent to total accruals, ΔREV equivalent to income changes between the current year and previous year, PPE equivalent to properties, machinery, and equipment. All variables were divided by the total properties of the beginning of period.

Dechow et al.'s Model (1995)

$$ACC_{it} = \alpha_0 + \alpha_1 [\Delta REV_{it} - \Delta REC_{it}] + \alpha_2 PPE_{it} + \epsilon$$

ΔREC was equivalent to changes of accounts receivable changes between the current year and previous year.

Kasznik model (1999)

$$ACC_{it} = \alpha_0 + \alpha_1 [\Delta REV_{it} - \Delta REC_{it}] + \alpha_2 PPE_{it} + \alpha_3 \Delta CFO_{it} + \epsilon$$

ΔCFO is equivalent to changes of operating cash flows.

The following model used for examining effect of auditor quality on earnings management (Piot and Janin, 2005).

$$Abnormal\ Accruals = \beta_0 + \beta_1 AUD + \beta_2 LnAssets + \beta_3 DA + \beta_4 ROA + \beta_5 Current + \epsilon$$

Abnormal accruals: Absolute value of abnormal accruals and earnings management indicator. Abnormal accruals are calculated by Kasznik Method.

AUD: Auditor quality, which is defined as a dummy variable, namely, if auditing organization is independent auditor of firm, then it equals one, otherwise it equals zero.

LNASSET: Logarithm of total assets

ROA: Rate of assets output, which is obtained by dividing net profit by total assets

DA: Total Debts to Total Assets Ratio

Current: Current ratio and is equivalent to current assets divided by current debts

Significance Test of Regression Line Equation (Test F):

In multivariate regression line equation, if there is no relationship between dependent variable and independent variables, then all the coefficients of independent variables in equation must equal zero. Considering multivariate regression model, the decision-making rule is defined as follows:

$$H_0: B_1 = B_2 = B_3 = \dots B_k = 0$$

$$H_1: B_i \neq 0 \quad i = 1, 2, \dots, m$$

(At least one of them is non-zero)

If at 95% confidence level, Statistic F calculated from regression equation gets bigger than F value obtained from chart, then Hypothesis H₀ is rejected, otherwise Hypothesis H₁ is accepted.

DURBIN-WATSON TEST

Durbin-Watson Test was used for serial correlation test in error terms. Durbin-Watson Test is based on first-order autocorrelated error model. This model is defined as follows:

$$\epsilon_t = P \epsilon_{t-1} + V_t \epsilon$$

In above relationship, P is autocorrelation parameter with value of -1 ≤ p ≤ +1 and V_t is independent variable with assumption of V_t ≈ N(0, σ²). In this model, when p is positive, then autocorrelation is positive and when p is negative then there is a negative autocorrelation. At P=0 case, there is no autocorrelation. The following hypothesis was used for conducting Durbin-Watson Test:

$$H_0: p = 0$$

$$H_1: p \neq 0$$

Assuming p=0 means that there is not a serial correlation and the opposite assumption of p ≠ 0 namely serial correlation is true.

In the first phase, regression models for each of the test time periods are estimated separately. In the second phase, regression coefficients were estimated at a four-year level using combined data.

After estimation of each of these models, the model with the highest modified R² is selected as the desired model.

Results of chart (1) indicate that the modified R² of Kasznik Model is higher than those of other models. Hence, this model was used for estimating abnormal accruals.

CHART 1: SELECTION OF EARNINGS MANAGEMENT MODEL

Description	Modified R ²
Jones's Model	.044
Dechow et al.'s Model	0.11
Kasznik Model	0.226

Descriptive statistics include average, mean, standard deviation, maximum and minimum of all variables of research. The following chart shows descriptive statistics of all variables. Results of chart (2) indicate that only one fourth of all companies use services of high-quality independent auditors.

CHART 2: DESCRIPTIVE STATISTICS OF RESEARCH VARIABLES

Description	Average	Mean	The Highest	The Lowest	Standard Deviation
DA	0.675	0.675	1.767	0.23	0.195
LNASSET	5.639	5.607	6.899	4.058	0.335
ROA	0.121	0.109	0.575	-0.166	0.115
Abnormal Accrual	0.085	0.069	0.484	0	0.075
AUD	0.27	0	1	0	0.446
Current	1.167	1.145	3.743	0.093	0.477

Chart (3) shows that there is a negative correlation between auditor quality and abnormal accruals. In addition, there is a positive correlation between current ratio and abnormal accruals. There is a negative correlation between current ratio, ROA, and debt ratio.

CHART 3: CORRELATION COEFFICIENT BETWEEN VARIABLES

Description	AA	AUD	LNASSET	DA	CURRENT	ROA
AA	1					
AUD	-0.041	1				
LNASSET	-0.034	*0.291	1			
DA	-0.006	-0.074	**0.1182	1		
CURRENT	*0.204	-0.011	*-0.266	*0.594	1	
ROA	*0.257	**0.127	**0.127	*-0.486	*0.464	1

*significance at 1% error level

**significance at 5% error level

In the following, results of hypothesis test were presented at combined data level in chart (4) as sample.

Statistic F and its significance level confirm the significance of model for hypotheses test. Results of Durbin-Watson Test indicate lack of autocorrelation between error terms. There is a negative significant relationship between auditor quality and abnormal accruals (earnings management indicator). Results at combined data level indicate that independent auditor quality can be effective in limiting activities of earnings management. There is a positive relationship between debt ratio and abnormal accruals. In other words, the higher the debts of companies get, the higher abnormal accruals are used by managers for inflating earnings. Moreover, there is a positive significant relationship between ROA and earnings management. There is a positive significant relationship between current ratio and earnings management. The obtained results are different from Smith et al.(2008), and Ming’s (2007) results.

CHART 4: HYPOTHESIS TEST AT COMBINED DATA LEVEL

Description	Coefficient	Significance
C	-0.101	***0.068
AUD	-0.018	***0.054
LNASSET	0.01	0.22
DA	0.103	*0.001
ROA	0.203	*0.000
CURRENT	0.037	*0.000

* Significance at 1% error level

** Significance at 10% error level

This research was also conducted at cross sectional level of 2005-2008 through which the following results were achieved:

Auditor quality is a two-value dummy variable. In this variable, auditing firm and other firms have values of one and zero, respectively. Research hypothesis was tested using cross-sectional regression in each year and implementing combined data. Results of research at cross section of each year in year 2008 were significant at 10% error level. In addition, results of hypothesis testing at combined data level using cross-sectional regression indicated significance of relationship between auditor quality and earnings management.

REFERENCES

- Ebrahimi Kordlar, Ali, and Seyedy, Seyed Aziz (2008). "Independent Auditor’s Role in Decreasing Discretionary Accruals". Accounting and Auditing Examinations, Vol. 15, no. 54, Winter 2008, pp. 3-16
- Amat, Elvira and Platikanova. (2002). Earnings management and audit Adjustments. Available online in www.ssrn.com
- Azibi and Rajhi. (2008). "Auditor’s Choice and Earning Management after Enron Scandals: Empirical Approach in French Context", Working paper.
- Bannister and Wiest. (2001). "Earnings management and auditor conservatism: effects of SEC enforcement actions", Journal of Managerial Finance Vol 27, No 12: pp 57 – 71
- Bartov, Ferdinand and Judy. (2000). "Discretionary-Accruals Models and Audit Qualifications", Journal of Accounting and Economic, Vol 30, No 3, pp: 421-452.
- Beatty, A. and D.G. Harris (1998), The effects of Taxes, Agency Costs and Information Asymmetry on Earnings Management: A comparison of public and private Firms, Review of Accounting Studies, Vol. 3, pp. 299-326.
- Becker, DeFond and Jiambalvo. (1998). "The Effect of Audit Quality on Earnings Management", Contemporary Accounting Research, Vol 15, No 1: pp 20-36.
- Cameran, Prencipe and Trombetta. (2008) "Earnings management, audit tenure and auditor changes: does mandatory auditor rotation improve audit quality?"
- Caramanis and Lennox. (2006) "Audit effort and earnings management", Journal of Accounting and Economics, Vol 45, pp 116-138.
- Chen. (2005). "The Audit Opinion of Earnings Management in Listed Companies of China", Journal of Modern Accounting and Auditing, Vol.1, No.7: pp 67-81
- Coppens, L. and E. Peek (2005), An Analysis of Earnings Management by European Private Firms, Journal of International Accounting, Auditing and Taxation, forthcoming.
- Davis, Soo and Trompeter. (2000). "Auditor Tenure, Auditor Independence and Earnings Management", Working Paper.
- DeAngelo. (1981). "Auditor size and audit quality". Journal of Accounting and Economics, vol 3(3), 183-189.
- Defond, M.L. and J. Jiambalvo (1993), Factors Related to Auditor- Client Disagreements over Income-Increasing Accounting Methods, Contemporary Accounting Research, Vol. 9, pp. 415- 431.
- Fairuzana and Rashidah. (2006). "Board, audit committee, culture and earnings management: Malaysian evidence", Managerial Auditing Journal, vol 21, no 7: pp 783 – 804.

16. Gore, Pope and Singh. (2001). "Non-Audit Services, Auditor Independence and Earnings Management", Working Paper.
17. Janin and Piot. (2005). "Audit Quality and Earnings Management in France", Working Paper .
18. Johl, Jubb and Houghton. (2007) "Earnings management and the audit opinion: evidence from Malaysia", Managerial Auditing Journal, Vol 22, No 7, pp. 688-715
19. Jones, J. J. (1991). Earnings management during import relief investigation. Journal of Accounting Research, 29,193–228.
20. Kasznik, R. (1999). On the association between voluntary disclosure and earnings management. Journal of Accounting Research, 37, 57–81.
21. Krishnan. (2003). "Does Big 6 Auditor Industry Expertise Constrain Earnings Management?", Journal of Accounting Horizons, Vol. 17, pp 4-19.
22. Krishnan. (2003). "Audit quality and the pricing of discretionary accruals". Journal of Practice and Theory, Vol. 22: pp 12-25.
23. Schipper, K,1989, "Commentary on earnings management", Accounting Horizons, December, 91-102.
24. Smith,J.L and Wood,D.A." internal audit quality and earnings management"ww.ssrn.com
25. Tendeloo and Vanstraelen. (2005). "Earnings Management and Audit Quality in Europe: Evidence from the Private Client Segment Market",
26. Thoopsamut. (2008). "The relationship between Audit committee characteristics, Audit firm size and Earnings management in quarterly financial reports of companies listed in the Stock Exchange of Thailand",
27. Zhou, J. and R. Elder. 2002. "Audit firm size, industry specialization, and earnings management by initial public offering firms". Working paper, 91-102.



HOW SAFE IS THE NIGERIAN CONSUMER

DR. ANTHONY .A. IJEWERE
SR. LECTURER
DEPARTMENT OF BUSINESS ADMINISTRATION
UNIVERSITY OF BENIN
BENIN CITY

ABSTRACT

The greedy and exploitative tendency of the manufacturers, dealers and retailers in the market place against the Nigerian consumers has been a source of major concern over the years. This is why this paper set out to examine the safety of the Nigerian consumers in the market place. To achieve this objective, some related literature which include: who is a consumer?, what is consumer protection? Forms of injustice suffered by the Nigerian consumer, sincerity of government to protect the Nigerian consumers and the need for consumer protection in Nigeria were all reviewed and analysed. The result of the study revealed that the Nigerian consumers suffer from all sorts of injustice in the market place and that the Nigerian government has been very insincere in protecting the interest of the Nigerian consumers. Based on these findings, it is therefore recommended that the manufacturers, government, consumer associations and the consumers themselves should be actively involved in promoting the interest of the Nigerian consumers in the marketplace since it is the only way their safety can be insured.

KEYWORDS

Safe, Manufactured, Nigerian and Consumer.

INTRODUCTION

The exploitative tendency of the manufacturers, middlemen, and retailers generally over the years against the Nigerian consumers, has been a source of worry. These businesses invade the Nigerian consumers with all sorts of sub-standard products, expired goods, harmful products, hoarding, profiteering, false advertising claims, unsafe and imitation products. The Nigerian consumers are always at the receiving end in their greedy nature of exploitation. The Standards Organisation of Nigeria (SON) (1997) expressed its concern for the Nigerian consumers in this regard, when it stated that about 60% of the goods produced in Nigeria are sub-standard, while about 25% are fake. Durojaiye (1998) also expressed similar view by saying that the Nigeria consumer needs to be protected against the sale of sub-standard goods. In his view, sub-standard goods, especially automobile spare parts are imported into Nigeria from countries such as Taiwan, while expired drugs come in from Europe and Asia and are passed on to unsuspecting consumers.

To address this exploitative tendencies by the Nigerian manufacturers and their collaborative middlemen and sellers against the Nigerian consumers, the government established some consumer protection agencies which include Public Complaints Commission (PCC), Standard Organisation of Nigeria (SON), National Agency For Food and Drug Administration and Control (NAFDAC), Consumer Protection Council (CPC), State and Local Consumer Protection Agencies, etc. It is the aim of this paper therefore to critically examine the safety of the Nigerian Consumers in the market place in view of the exploitative attitude of the manufacturers and sellers generally.

To achieve this goal, the paper has been sectionalized into seven parts, which include introduction (already discussed), Who is a consumer? What is consumer protection? Forms of injustice suffered by consumers, Sincerity of government to protect the Nigerian consumers, the need for consumer protection in Nigeria, conclusion and recommendations.

WHO IS A CONSUMER?

A consumer is one who purchases goods or services to satisfy a need (Ward, 2002). The Melony Committee on consumer protection in the United Kingdom also proffered a definition. According to this definition, the consumer is one who purchases (or hire-purchases) goods for private use or consumption. However, these definitions can be faulted on four grounds.

- i. They gave the impression that purchasers of goods and services (including commercial purchasers like companies) are consumers for the purposes of consumer protection. But it has to be noted that the basis of consumer protection is the fundamental assumption of vulnerability and disadvantaged position of the consumer given the inequality of bargaining power between a consumer and the seller. Thus, it is doubtful if consumer protection would be accorded to transaction between two commercial concerns.
- ii. By the use of "one who purchases" thus suggesting a contracting relations between the parties, these definitions have excluded noncontractual consumers from consumer protection thus, running contrary to section 32 of the consumer protection council Act of 1992 which accord them protection.
- iii. By insisting on a "purchase", they have excluded persons who acquired goods by gifts, donations etc from consumer protection where such goods are defective.
- iv. Insisting on a contractual nexus will mean re-enacting such contract concept as freedom, sanctity and privity of contract, which generally have a restrictive effect on protection of consumers.

English jurisprudence views a consumer as an individual dealing with a commercial concern. Three elements are ascribed to a consumer transaction. Firstly, the consumer must be an individual who does not act in a business capacity. Secondly, the supplier of goods and services must act in a business capacity. Thirdly, the goods or services must be intended for private use.

WHAT IS CONSUMER PROTECTION?

Consumer protection can be defined as measures or actions taken by the manufacturers, consumers and government to protect the consumers from the exploitative tendencies of manufacturers, middlemen and sellers generally (Czinkota, Kotabe and Mercer, 2004). It can basically be seen from three broad perspectives, i.e. the manufacturer, consumer and government.

Though the overall goal of the manufacturer is to maximise profit, in the process of maximizing profit, the manufacturer is expected to protect the consumer by producing products with quality, providing information on the harmful and side effects of certain products e.g pharmaceutical products and the price consumers should pay for their products in order to prevent retailers from exploiting them with high prices. Some manufacturers also protect the consumers by sealing their products with tamper proofs to prevent some retailers from adulterating the products.

The consumers also protect themselves through their collective efforts by constituting themselves into groups, otherwise known as consumer associations to press for their rights and power against the rip-off tendencies of the manufacturers in the area of poor quality products, high prices, adulterated goods, fake product, expired and imitation products etc. This is why in the past years, some consumer associations such as Tenants Association, Enugu Consumer Movement, Consumer Times Association, Consumer Protection Organisation, Lagos emerged. But today, most of these associations do no longer exist, except the Tenants Association that exists merely in some parts of the country. The implication of this, is that the Nigerian consumers have also taken some actions to protect their rights and power in the market place.

The government protects the consumers by enacting laws and by regulating the conduct of business in the favour of the consumers. In Nigeria for example, such laws include the Trade Description Act of 1968 and the Sale of Goods Act of 1979. Some governmental agencies such as the Standards Organisation of Nigeria and the National Agency for Food and Drug Administration and Control were also established solely for the benefit and protection of the consumer.

In Britain, they have the Consumer Protection Act of 1989 and the Food Act of 1984 while in the United States; they have the Extortionate Credit Transaction of 1968 and the Consumer Safety Act.

These government laws and agencies are meant to protect the consumers from the greedy nature of the manufacturers by the government.

FORMS OF INJUSTICE SUFFERED BY THE NIGERIAN CONSUMERS

This section will examine the various forms of injustice suffered by the Nigerian consumers in the market place to enable us know their plights and what they are going through. This will be achieved by examining the study conducted by Ijewere (2005) where respondents were required to indicate the extent to which they suffered various injustices in the hands of manufacturers and their middlemen in Nigeria. The result indicate that 59.63 percent of the respondents agree either to a large or very large extent that they have suffered from many of the various excesses of the manufacturers and sellers at one time or the other.

The indices show that hoarding, low quality products, imitative products, harmful and unsafe products, expired products dominated the catalogue of injustices which the Nigerian consumers suffered in the hands of manufacturers and their middlemen. The result of the study also indicates that the Nigeria consumer is not safe in the market place. See table 1 below for details.

TABLE 1: THE VARIOUS INJUSTICE CONSUMERS SUFFER IN THE HANDS OF MANUFACTURERS AND THEIR MIDDLEMEN

	To a very large Extent (5)	To a large Extent (4)	Not Sure (3)	To a little Extent (2)	To a very little Extent (1)	Not at all	Total	Index
Profiteering	271 (31.58)	285 (33.22)	111 (12.94)	74 (8.62)	78 (9.1)	39 (4.54)	858	4.56
Hoarding	321 (371.41)	356 (41.49)	53 (6.18)	71 (8.28)	23 (2.68)	34 (3.96)	858	4.56
Low Quality Products	275 (32.05)	358 (41.49)	60 (6.99)	77 (8.97)	61 (7.11)	27 (3.15)	858	4.73
Imitative Product	292 (4.03)	345 (40.21)	78 (9.09)	54 (6.69)	54 (6.29)	35 (4.08)	3858	4.77
Product Adulteration	370 (43.12)	205 (23.89)	70 (8.16)	120 (13.99)	55 (6.41)	38 (4.43)	858	4.70
False Product labeling	320 (37.30)	2836 (27.74)	129 (15.03)	74 (8.62)	39 (4.54)	42 (4.90)	858	4.62
Harmful and Unsafe Product	394 (45.92)	163 (19.00)	159 (18.53)	59 (6.88)	44 (5.13)	39 (4.54)	858	4.80
Expired Products	325 (37.88)	249 (29.03)	129 (15.03)	74 (8.62)	39 (4.54)	42 (4.90)	858	4.72
Sales of used products as new	183 (21.33)	181 (21.10)	104 (12.12)	209 (24.36)	139 (16.20)	42 (4.90)	858	3.92
False Advertising claim	173 (20.16)	277 (32.28)	147 (17.13)	147 (17.13)	69 (8.04)	45 (5.24)	858	4.24
Dishonoured Guarantee	141 (16.43)	190 (22.14)	194 (22.61)	121 (24.71)	68 (7.93)	53 (6.18)	858	3.96
Misrepresentation	313 (36.48)	274 (31.93)	97 (11.31)	93 (10.84)	39 (4.54)	42 (4.9)	858	4.70
Deceptive measures	227 (26.46)	174 (20.28)	128 (14.92)	153 (17.83)	96 (11.19)	80 (9.32)	858	4.05
Ignoring Consumers Complaints	262 (30.54)	252 (29.37)	92 (10.72)	132 (15.38)	73 (8.51)	47 (5.48)	858	4.42
Displaying False Prices	187 (21.79)	148 (17.25)	97 (11.30)	214 (24.94)	124 (14.45)	88 (10.27)	858	3.76
Not disclosing vital Information	220 (25.64)	157 (18.30)	91 (10.61)	227 (26.46)	115 (13.40)	48 (5.59)	858	4.00
Cheating Customers in various ways	392 (45.69)	180 (20.98)	54 (6.29)	137 (15.97)	56 (6.53)	39 (4.54)	858	4.70

Percentages are in brackets

Source: Author's 2009

SINCERITY OF GOVERNMENT TO PROTECT THE NIGERIAN CONSUMERS

The aim of every business organisation is to maximise profit. In the process of maximizing profit, businesses tend to exploit the consumers to achieve this selfish goal. It is therefore the responsibility of the government to act as a "Watch dog" to ensure that the consumers are not exploited by the manufacturers. The question is has the Nigerian government been playing its role to ensure that the Nigerian consumers are safe and well protected from the greedy and exploitative tendency of the manufacturers and their collaborative sellers? The general opinion of Nigerian consumers will most likely indicate that the Nigerian government is not sincere in protecting the consumers. A study conducted by Ijewere (2005) on the sincerity of government to protect the Nigerian consumers revealed that 34.62% of the respondents indicated that government is sincere in its efforts to protect the Nigerian consumers, while 20.51% indicated that the government is very insincere. As can be seen in the table below, only 18.07% indicated that the government is either very sincere or sincere in this regard. On the whole, 55.13% believe that the government is insincere to varying degrees while 33.92% believe to varying degrees that the government is sincerely interested in the protection of the consumers. Thus, the conclusion here is that most Nigerian consumers believe that government is insincere in its consumer protection efforts. By implication, the result of this study also shows that the Nigerian consumers are not safe. See table 2 below for details.

TABLE 2: HOW SINCERE OR GENUINE GOVERNMENT IS IN ITS EFFORTS TO PROTECT THE INTEREST OF NIGERIAN CONSUMERS

Very Sincere 6	Sincere 5	Some what Sincere 4	Insincere 3	Very Insincere 2	Not Sure 1	Total	%
59 (6.88)	96 (11.19)	136 (15.85)	297 (34.62)	176 (20.51)	96 (10.96)	858	100.01

Note: Total did not add up to 100% due to rounding.

Source: Author's Fieldwork, 2009

THE NEED FOR CONSUMER PROTECTION IN NIGERIA

The discussion so far in this paper indicates that the Nigerian consumers suffer from all forms of injustice and the government has been insincere in protecting them in the market place. This implies that the Nigerian Consumers are not safe. Durojaiye (1998) supported this view when he stated that the Nigerian consumer needs to be protected against the sale of sub-standard goods. The Standard Organization of Nigerian (SON) (1997) also expressed similar view by saying that 60% of the goods produced in Nigeria are sub-standard, while about 25% are fake, the Nigerian consumer should therefore be protected.

The desire for more knowledge and protection on the part of the consumer in Nigeria has been spotted and disorganized, but eventually, it has evolved into what is known today as consumer movement, otherwise called consumerism. It has attracted the support of government and certain business organisations, with the result that today; both government agencies are private groups champion the interests of the consumer in becoming a wiser buyer. The consumer has certain rights: the right to safety, the right to be informed, the right to choose and the right to be heard according to the former United States President- John. F. Kennedy. Kotler (2003) also agrees with this view when he stated that the consumers have certain rights which include the right to buy a product that is offered for sale, the right to expect the product to be safe and the right to expect the product to perform as claimed. Comparing these rights, the balance of power lies on the sellers' side. True, the buyer can refuse to buy. But critics feel that the buyer has too little information, education and protection to make wise decisions when dealing with sophisticated sellers.

The consumer movement seeks to make the consumer a wiser buyer and a user of those products and services which he acquires in his capacity as a consumer (Ward, 2001). The role of the individual consumer, private organisation, business interests of various types and the government in helping the consumer in achieving the above objective is not making much impact in Nigeria. To a large extent the consumer guides his buying through a process of trial and error, which ought to be supplemented through public enlightenment by the government.

A number of organisations, quite independent of business interests, have either developed mainly to aid the consumer or have extended their services into the field. Some organisations have provided information of a specific nature concerning articles in which the ordinary citizen might be interested in. consumer organisations are usually founded with the following objectives:

- a) To encourage the use of standards for consumer goods,

- b) To encourage information labeling
 c) To encourage truthful advertising, and
 d) To encourage informative salesmanship. (Levy, 2000)

In Nigeria, businesses indirectly provide the most important protection enjoyed by the ultimate consumer. The protection shows itself especially in the activities of individual companies, but also in group action through trade associations such as market unions and traders' associations.

The great majority of manufacturers and middlemen realize that the sale of satisfactory merchandise is one of the policies of giving the consumers the desired results. Consequently, most companies are constantly seeking to make their products or services more satisfactory than that of their competitors. It is in this competitive struggle for the consumer's favour that the buyer finds his greatest protection.

Trade associations in other parts of the world, are organised primarily to serve their industries. To an increasing extent, their activities are designed to serve the public. However, in Nigeria, they are organised to protect the interest of the members and not the ultimate consumers.

Government protection of the consumers can be seen in the laws and regulations of the various governments of Nigeria. For example, the Trade Description Act of 1973, the Sale of Goods Act of 1979, the Hire-Purchase Act of 1990, Hotel Proprietors Law, Price Control Decree of 1970, the Rent Edict and the Consumer Credit Act of 1974 were promulgated in order to protect the consumer. Such governmental agencies as the Standards Organisation of Nigeria (SON), National Agency for Food and Drug Administration (NAFDAC), Consumer Protection Council (CPC), Public Complaints Commission (PPC) etc, were established solely for the safety and protection of the Nigerian Consumers. But do Nigerian Consumers take advantage of the laws, regulations and agencies established by the Nigerian government to protect their interest in the market place? A study conducted by Ijewere (2005), where respondents were required to indicate how they would respond when they feel cheated or wronged by a manufacturer, dealer or a retailer, support this view. The results of the study show that 42.1% of the respondents will complain to the offender and take no further action.

About 17% of the respondents would not take any action, while 14.1% of the respondents indicated that they would insist on redress, but give up if the offender is not ready to make amends. Finally, 3.3% of the respondents reported that they would use whatever means they could even if they are not legal to get justice. The results therefore indicate that if they feel cheated by a manufacturer, dealer or retailer, 59.7% of the respondents will either take no action, complain at all or will merely complain to the offender. See table 3 below.

TABLE 3: CONSUMERS RESPONSE TO CHEATING BY MANUFACTURER, DEALER OR RETAILER

S/N	Responses	Frequencies No	%
1.	I do not take any action	151	17.6
2.	I complain to the offender and take no further action	361	42.1
3.	I ask for redress but do not insist	53	6.2
4.	I will insist on redress but give up when the offender is not ready to make amends	121	14.1
5.	I go to any extent to obtain redress legally	57	6.6
6.	I use whatever means, I can even if it is not exactly legal.	28	3.3
7.	Others	87	10.1
	Total	585	100

Source: Author's Fieldwork, 2009

Since a large percentage of Nigerian Consumers do not bother to take any action against the manufacturers, dealers and retailer, going by the result of this study, it implies that the Nigerian consumers do not take advantage of the laws and agencies established by the Nigerian government to protect their interest in the market place. Agbonifoh and Oyegunle (1985) supported this position when they stated that although legal remedies have been put in place by the Nigerian Government, Consumers do not seem to take full advantage of them to seek redress and may not even be aware of their existence. Cranston (2003) expressed similar view by saying that legal remedies may be available to consumers in the event of business proving obstreperous, but the evidence demonstrates that many consumers are ignorant of their legal rights.

The implications of the above are that the Nigerian consumers also have a role to play in ensuring that their safety and protection in the market place against the exploitative tendency of the manufacturers, dealers and retailers is guaranteed.

CONCLUSION AND RECOMMENDATIONS

The average Nigerian Consumer has not been finding things easy in the market place over the years in view of the exploitative tendency of the manufacturers, dealers and retailers. They demonstrate this greedy attitude against the Nigerian Consumers in the form of producing fake products, adulterated products, imitation products, expired goods, profiteering, harmful and unsafe products, etc.

The result of the study revealed that the Nigerian consumers suffer all sorts of injustices in the market place in various degrees as already identified above. Lastly, it was also observed that the Nigerian government is very insincere in protecting the interest of the Nigerian consumers.

Consequent on the above, it is recommended that the manufacturers, government, consumer associations and the consumer themselves should do everything possible to protect the interest of the Nigerian consumers. This is the only way the Nigerian consumers can be guaranteed their safety in the market place.

REFERENCES

1. Agbonifoh, B.A. and G.G. Oyegunle, (1985), "Consumer Perception and Patronage of Locally Produced Textiles in Nigeria", Nigerian Journal of Business Administration, Vol.1, No.1.
2. Cranston, R (2003), "Consumer and the law (Weidenfeld and Nicholson), Advertising Quarterly, PP.18-22.
3. Czinkota, M.R., M. Kotabe and D. Mercer (2004), Marketing Management, Blackwell Publishers mc, Massachusetts.
4. Durojaiye, S.A. (1998), "Customers Awareness on product Quality" Standards Organisation of Nigeria Journal, Vol.1, No.8. (April/June).
5. Ijewere, A.A. (2005), "Consumer Activism and Protection in Edo and Delta States", An unpublished Ph.D thesis, Department of Business Administration, University of Benin, Benin City.
6. Kotler, P (2003), What Consumerism means for Marketing, Harvard Business Review, (May/June), 48-57.

AN IMPERIAL STUDY ON THE RELATIVE IMPACT OF FACTORS AFFECTING THE IMAGE OF A BANK

DR. DEEPAK GUPTA
PROFESSOR & DEAN
PT. J.L. NEHRU INST. OF BUSINESS MANAGEMENT
VIKRAM UNIVERSITY
UJJAIN

DR. VIKRANT SINGH TOMAR
DIRECTOR
HELIOS COLLEGE
UJJAIN

ABSTRACT

The customer is the kingpin in growth organizations like commercial banks. Only those institutions which work according to his dictates will flourish. Quality, Consistency and Durability at low price are the final expectations of a customer. Quality will have to be unambiguous, of world class quality. Quality cannot be of minimum acceptable standards. Customer responsiveness must be quick and also competent. Speed, performance and cost will be the new values "mantra" for success. Satisfied customers are the best guarantee for the stability and growth. Customers will be satisfied only when the banks provide the customized and innovative products and services at responsible cost. Many innovative services are currently available from Indian banks like E-Banking, ATMs, Anywhere Banking etc., but there is a waste scope of improvement. But to keep the customers satisfied banks need to study the factors that affect the image in the mind of customers. These factors may be age, years of holding account, annual income etc. The study is an attempt to evaluate and compare the relative impact of the factors effecting image of banks, SBI being the biggest public sector bank in India & ICICI Bank that represents private sector banks, being the biggest private sector bank in India.

KEYWORDS

World class quality, Minimum acceptable standards, Stability and growth, Innovative services, Factors effecting image of banks.

INTRODUCTION

The customer orientation of the banking sector has significantly increased in recent times. The introduction of a variety of new products and services with emphasis on quality of services clearly indicate how banks address the issue of customer needs and requirements through a customer centric approach.

Private sector banks are oriented toward niche banking, unlike the public sector banks, which meet the mass banking requirements. The strategies adopted by the private sector banks are more in tune with those of the foreign banks, where emphasis is given to establishing superior benchmarks of efficiency, focusing on niche customers, providing impressive customer service and bringing about operating efficiencies by using high-end technology. Like the foreign banks, the private sector Indian banks recruit the finest manpower, employ state of the art technologies and are oriented towards building a strong brand image. Even though the private sector Indian banks do not have an extensive range of branch networks, the emerging trends indicate that they pose a great threat to the SBI because of their increasing market share.

The study is an attempt to evaluate and compare the relative impact of the factors effecting image of banks, SBI being the biggest public sector bank in India & ICICI Bank that represents private sector banks, being the biggest private sector bank in India.

REVIEW OF LITERATURE

In the article of "Technology Enabled Rural Banking" Published in The Journal of Indian Institute of Banking & Finance VOL.79 / No. 1 it was concluded that rural market presents a great opportunity for Indian banks. Properly targeted, they can serve as a secure source of business for the bank while at the same time leading to the accelerated growth of the rural economy. Technology initiatives can serve as allies in this matter and enable banks to reach population groups which were till date denied the benefits of banking until now.

In the article of "Tomorrow's Technology for Tomorrow's Banking" Published in The Journal Of Indian Institute Of Banking & Finance Vol.78/ no. 2, V.Chandrasekar has concluded that consolidation in banking is triggered by the fact that banks need to employ new technologies to compete in the market and remain profitable. According to Banknet India's "M&A in Indian Banking", one critical area that needs careful consideration at the time of mergers is, integration of different technology platforms and software which not only have process and control implications but may involve substantial costs in terms of money and time and retraining of personnel. Technology has thus moved from being just a business enabler to being a business driver for banks. Technology can help enhance the performance of banks, when effectively aligned with business strategy. Effective deployment of technology will be the key for banks in their efforts to meet the business challenges.

In the article of "Impact of Technology on Payment Systems" Published in The Indian Banker Voll I No. 9 it was concluded that Effective use of technology has dramatically improved the efficiency of operations in banks leading to improved productivity and profitability. The advancement in computer systems data communications, and alternate electronic delivery channels also helped banks to substantially reduce their capital and operating cost from the customer's perspective. Technology can provide them significant value proposition through the new convenient e-product and channels. Technology enables bank to have better centralised control systems. The normal approach of automating 20 percent branches covering 80 percent business is followed by large banks conveniently ignoring their rural branches as they are not economically viable for their expensive core banking solutions. On the other hand there is a huge potential at this bottom of the pyramid for bringing in the large amount of cash used by villagers into the banking system.

NEED OF STUDY

In the early 1990s, the then government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global Trust Bank (the first of such new generation banks to be set up), which later amalgamated with Oriental Bank of Commerce, UTI Bank (now re-named as Axis Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks. That presented an unprecedented "Buyers Market" in Indian banking industry. With the public choice approach customer became the king of banking market thus the survival of all the banks now depends on the customer preference. The bank which can't deliver services as per customers requirements will be vanished from the market soon. Recent mergers & takeovers in both government & private sector is the real example of it. The study becomes very relevant for all government banks, private banks and foreign banks to know about customer's perception about "Customer Friendly Services" provided by banks. SBI & ICICI has been taken as an representative of government banks & private banks of the country respectively.

STATEMENT OF THE PROBLEM

Does age, annual income, years of holding like variables effect the business and image of private and public bank.

OBJECTIVE OF THE STUDY

The prime objective of the study is to examine the relative effect of independent variables on the business and image of private and public bank.

HYPOTHESIS

- There is no significant difference between SBI & ICICI Banks in terms of effect of age on perceived image of customer about services provided by bank.
- There is no significant difference between SBI & ICICI Banks in terms of effect of Annual Income on perceived image of customer about services provided by bank.
- There is no significant difference between SBI & ICICI Banks in terms of effect of Years of Holding Account on perceived image of customer about services provided by bank.

RESEARCH METHODOLOGY

This is an analytical study based mainly on the primary data collected through scientifically developed questionnaire. The questionnaire has been personally administered on a sample size of 300, chosen on a convenient basis from among a public sector and a private sector bank in the city of Ujjain. State Bank of India (SBI) represents private sector banks, being the biggest public sector bank in India & ICICI Bank that represents public sector banks, being the biggest private sector bank in India is being selected for study.

The sample size of 300 is divided as 150 from SBI and 150 from ICICI.

Each representative bank has been evaluated on 18 parameters. The degree of perception of customers on the parameters is quantified by using a 5-point Likert scale. The parameters have been quantified by calculating the mean score. The methodology adopted is based on the four dimensions of user perception of retail banking service - customer focus and orientation, competence, tangibles, and convenience. The 18 parameters identified for this study have been identified in terms of the above mentioned dimensions - customers focus and orientation, competence, tangibles and convenience. The first dimension, "customer focus and orientation" refers to the approach and capability of the employees of the banks in terms of their dealings with the customers. The second dimension, 'competence' is identified with the dependability of the services offered. The third dimension 'tangibles' is associated with physical facilities and visual appeal of the banks' infrastructure, kind of technology adopted and the banks communication devices. The dimension 'convenience takes into consideration the aspect of convenience of the bank's branch locations and the access to a variety of services.

To study the effect of independent variables on the business and image of private and public banks 3 independent variables were taken. These dimensions include:

- Age : a. Age \leq 30 years b. Age $>$ 30 years
- Annual Income (AI): a. Annual Income \leq 1.4 Lakh b. Annual Income $>$ 1.4 Lakh
- Years of Holding Account (YOHA): a. Years of Holding Account \leq 5 Years b. Years of Holding Account $>$ 5 Years

a) Nature of Study

The design of the study will be exploratory and diagnostic in nature. The main purpose of the study is to find out the comparative view of customer friendly services provided by selected Public Sector and Private Sector Bank in India, i.e. SBI vs. ICICI Bank.

b) Sampling Procedure

The customers of Public sector (State Bank of India) and Private sector bank (ICICI Bank) in the city of Ujjain are the sample for the study. A total number of 300 respondents, 150 from SBI and 150 from ICICI. have been selected on Non-Probabilistic Random Sampling method was used for the study.

c). Sources of data

The Primary source of data has been collected through survey method with the help of a questionnaire. The questionnaire included the question drafted for the enquiry about the customer friendly services and the level of satisfaction among the customers regarding these services. The questionnaire was structured. The question selected were open ended and close ended. The Secondary data was taken from the literature available on the subject, information available on internet, published articles and different books on banking sector.

d) Statistical Tools & Hypothesis

Relevant statistical and analytical tools of Average, Correlation and other tools appropriate for the study was used. Appropriate hypothesis relevant with the objectives of the study were formulated and tested for significance.

FINDINGS & DISCUSSION

The objective of research was to study the relative effect of independent variables on the business and image of private and public banks. In that regard the research was done on the basis of primary data collected from structured questioner from targeted bank's customers. 3 independent variables as Age, Year of holding account & Annual Income were taken. Advance hypothesis were formulated & by applying Z test at 0.5 level of significance were tested. The following were the key findings identified by us (Refer to table number 1) :

In Customer help / Sustain provided by bank there was a significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to -2.080 (for age $>$ 30 Years) & -5.284 (for age \leq 30 Years). In terms of effect of Annual Income on perceived image of customer about help / Sustain provided by bank a significant difference found between SBI & ICICI Banks as Z Test Score came to -3.095 (for AI $>$ 1.4 L @) & -3.899 (for AI \leq 1.4 L @). In terms of effect of Years of Holding Account on perceived image of customer about help / Sustain provided by bank, a significant difference found between SBI & ICICI Banks as Z Test Score came to -3.852 for YOHA \leq 5 Years but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.479 YOHA $>$ 5 Years.

In Courtesy and Warmth provided by bank there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to -1.787 (for age $>$ 30 Years) but a significant difference was found between SBI & ICICI Banks as Z Test Score came to -2.357 for age \leq 30 Years. In terms of effect of Annual Income on perceived image of customer about Courtesy and Warmth provided by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to -4.015 (for AI $>$ 1.4 L @) but no significant difference was found between SBI & ICICI Banks as Z Test Score came to 0.029 for AI \leq 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Courtesy and Warmth provided by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.121 for YOHA $>$ 5 Years but a significant difference was found between SBI & ICICI Banks as Z Test Score came to -2.397 YOHA \leq 5 Years.

In Managing Customer Complaints by bank there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.377 (for age $>$ 30 Years) but a significant difference was found between SBI & ICICI Banks as Z Test Score came to -2.705 for age \leq 30 Years. In terms of effect of Annual Income on perceived image of customer about Managing Customer Complaints by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.151 for AI $>$ 1.4 L @ & -0.924 for AI \leq 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Managing Customer Complaints by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to 2.286 for YOHA $>$ 5 Years but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.539 YOHA \leq 5 Years.

In method of imposing service charges, fines and penalties by bank there was a significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 2.565 (for age $>$ 30 Years) but no significant difference was found between SBI & ICICI Banks as Z Test Score came to 0.106 for age \leq 30 Years. In terms of effect of Annual Income on perceived image of customer about method of imposing service charges, fines

and penalties by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.606 for AI > 1.4 L @ & 1.199 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about method of imposing service charges, fines and penalties by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to 2.855 for YOHA >5 Years but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.397 YOHA <= 5 Years.

In **return of deposits by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.917 (for age > 30 Years) & -0.417 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about return of deposits by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 0.896 for AI > 1.4 L @ & -0.184 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about return of deposits by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 2.606 for YOHA >5 Years but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.779 YOHA <= 5 Years.

In **Momentum, speed and precision in Transactions by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 1.823 (for age > 30 Years) & 1.219 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Momentum, speed and precision in Transactions by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.550 for AI > 1.4 L @ & 1.738 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Momentum, speed and precision in Transactions by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.526 for YOHA >5 Years & 1.310 for YOHA <= 5 Years.

In **safety of investments by bank** there was a significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 2.971 (for age > 30 Years) & no significant difference was found as Z Test Score came to 1.911 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about safety of investments by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to 3.893 for AI > 1.4 L @ but no significant difference was found as Z Test Score came to 0.864 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about safety of investments by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.729 for YOHA >5 Years & but a significant difference was found as Z Test Score came to 2.570 for YOHA <= 5 Years.

In **Privacy of financial records and Transactions by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 1.565 (for age > 30 Years) & 1.707 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Privacy of financial records and Transactions by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to 2.121 for AI > 1.4 L @ but no significant difference was found as Z Test Score came to 0.954 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Privacy of financial records and Transactions by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 0.039 for YOHA >5 Years & but a significant difference was found as Z Test Score came to 2.322 for YOHA <= 5 Years.

In **Range of Services Offered by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.083 (for age > 30 Years) & -1.013 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Range of Services Offered by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.651 for AI > 1.4 L @ & 0.684 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Range of Services Offered by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -0.847 for YOHA >5 Years & -0.788 for YOHA <= 5 Years.

In **goodwill and reputation of bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.673 (for age > 30 Years) but a significant difference was found as Z Test Score came to 3.068 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about goodwill and reputation of bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 0.719 for AI > 1.4 L @ but a significant difference was found as Z Test Score came to 2.546 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about goodwill and reputation of bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.357 for YOHA >5 Years & but a significant difference was found as Z Test Score came to 2.561 for YOHA <= 5 Years.

In **infrastructure facilities provided by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to -1.019 (for age > 30 Years) & -0.675 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about infrastructure facilities provided by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -0.931 for AI > 1.4 L @ & -1.108 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about infrastructure facilities provided by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to -3.305 for YOHA >5 Years & but no significant difference was found as Z Test Score came to -0.778 for YOHA <= 5 Years.

In **Core Banking & Banks' Network facilities provided by bank** there was a significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 2.310 (for age > 30 Years) but no significant difference found as Z Test Score came to 1.205 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Core Banking & Banks' Network facilities provided by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to 2.053 for AI > 1.4 L @ but no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.360 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Core Banking & Banks' Network facilities provided by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.219 for YOHA >5 Years & 1.467 for YOHA <= 5 Years.

In **Interiors and Ambiance of bank** there was a significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to -2.596 (for age > 30 Years) but no significant difference found as Z Test Score came to 0.876 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Interiors and Ambiance of bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.412 for AI > 1.4 L @ & -0.471 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Interiors and Ambiance of bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to -2.356 for YOHA >5 Years but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -0.835 for YOHA <= 5 Years.

In **latest technologies provided by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to -1.560 (for age > 30 Years) & -0.745 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about latest technologies provided by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.997 for AI > 1.4 L @ but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -0.204 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about latest technologies provided by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.146 for YOHA >5 Years & -1.382 for YOHA <= 5 Years.

In **Ease in Operating Account by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.428 (for age > 30 Years) & -1.826 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Ease in Operating Account by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.253 for AI > 1.4 L @ & 0.034 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Ease in Operating Account by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -0.750 for YOHA >5 Years & -0.224 for YOHA <= 5 Years.

In **Timings of the Bank** there was a significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to -2.278 (for age > 30 Years) & -2.530 (for age <= 30 Years). In terms of effect of Annual Income on perceived image of customer about Timings of the Bank a significant difference found between SBI & ICICI Banks as Z Test Score came to -4.131 (for AI > 1.4 L @) but Bank no significant difference found between SBI & ICICI Banks as Z Test Score came to & -0.833 (for AI <= 1.4 L @). In terms of effect of Years of Holding Account on perceived image of customer about Timings of the Bank a significant difference found between SBI & ICICI Banks as Z Test Score came to -2.648 for YOHA <= 5 Years but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.403 YOHA > 5 Years.

In **Multiplicity of Income Earning Options by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.731 (for age > 30 Years) but a significant difference found as Z Test Score came to -2.750 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Multiplicity of Income Earning Options by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to -0.870 for AI > 1.4 L @ & 0.870 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Multiplicity of Income Earning Options by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.530 for YOHA >5 Years & -1.189 for YOHA <= 5 Years.

In **Communication and Providing Prompt Information by bank** there was no significant difference found between SBI & ICICI Banks in terms of effect of age on perceived image of customer as Z Test Score came to 0.877 (for age > 30 Years) but a significant difference was found between SBI & ICICI Banks as Z Test Score came to -3.825 for age <= 30 Years. In terms of effect of Annual Income on perceived image of customer about Communication and Providing Prompt Information by bank a significant difference was found between SBI & ICICI Banks as Z Test Score came to -2.880 (for AI > 1.4 L @) but no significant difference was found between SBI & ICICI Banks as Z Test Score came to -1.580 for AI <= 1.4 L @. In terms of effect of Years of Holding Account on perceived image of customer about Courtesy and Warmth provided by b Communication and Providing Prompt Information by bank no significant difference was found between SBI & ICICI Banks as Z Test Score came to 1.827 for YOHA >5 Years but a significant difference was found between SBI & ICICI Banks as Z Test Score came to -2.994 YOHA <= 5 Years.

RECOMMENDATIONS & SUGGESTIONS

1. ICICI is suggested to improve upon their method of imposing service charges, return on deposits, Momentum speed & precision of transactions, safety of investments, privacy of financial records & transactions, goodwill & reputation of the bank, core banking & bank networks. Thus proficiency is the core area where ICICI needs serious improvements.
2. SBI is suggested to improve upon their Customer help / Sustain, Courtesy and Warmth, Managing Customer Complaints, Range of Services Offered, Infrastructure Facilities like Parking, Cafeteria, ATM etc, Interiors and Ambiance, Mobile Banking, e-Banking, Internet Banking and Other Latest Technologies, Ease in Operating Account, Ease in Operating Account, Timings of the Bank, Multiplicity of Income Earning Options, Communication and Providing Prompt Information. Thus SBI needs noticeable improvements in "Customer Focus & orientation" and "Expediency"
3. The focus group of SBI should be customers of less than thirty years of age as in this age group SBI lead ICICI only in 7 scale parameters. Whereas the focus group of ICICI should be customers of more than thirty years of age as in this age group ICICI lead SBI only in 7 scale parameters. Thus SBI emerges as a trusted bank of higher age group but ICICI comes out as a youngster's bank.
4. SBI need to focus on customers with annual income higher than 1.4 Lakh as this is the segment where ICICI has a clear edge. Whereas ICICI need to focus on customers with annual income lower than 1.4 Lakh as this is the segment there is a tight fight between SBI & ICICI, as both gets preferred at 9 scale parameters each. Need not to add that majority of customers of Indian fall in this segments thus it appears as a very lucrative segment worth fighting for.
5. It is suggested that ICICI needs to focus on their old customers as it appears that for a new customers ICICI emerges as a glamorous option but as he grows old with bank he prefers SBI over ICICI. Thus ICICI need to mold its strategy to attract old customers to generate brand loyalty. Whereas SBI needs to focus on their new prospective customers as it appears that for a new customers are more prone towards a glamorous option (ICICI), the overall operations & image of SBI doesn't welcome new customers. Thus SBI needs to formulate a distinct approach to pull new customers.
6. ICICI enjoys a clear edge over SBI in customers with private jobs thus SBI need to spread its wings over corporate India with aggressive promotion strategy & with lucrative features. Whereas for customers with government jobs ICICI have a tough fight with SBI, thus ICICI has to identify ways & means to reverse the chemistry in customers with government jobs. SBI should also improve its services for business community to increase its service base.

Looking at the profiles of these banks, in future customers expect them to provide diversified financial & banking services that should be time /cost effective & user friendly. Thus overall ICICI emerges to be a bank with better customer focus & orientation, better tangible facilities & more convenience, whereas SBI emerges as more competent & reliable bank. As both are the eminent banks of India they have much to learn from each other.

CONCLUSION

In summary we can conclude that both SBI & ICICI truly deserve to be the leading banks in their respective sectors. The services offered by them are very competitive, technically advanced & customer centric. But in nut shell of 18 scale parameters in Customer help / Sustain, Courtesy and Warmth, Managing Customer Complaints, Range of Services Offered, Infrastructure Facilities like Parking, Cafeteria, ATM etc, Interiors and Ambiance, Mobile Banking, e-Banking, Internet Banking and Other Latest Technologies, Ease in Operating Account, Ease in Operating Account, Timings of the Bank, Multiplicity of Income Earning Options, Communication and Providing Prompt Information ICICI Bank was perceived better than SBI but in Method of Imposing Service Charges and Fines, Return on Deposits, Momentum, speed and precision in Transactions, Safety of Investments, Privacy of financial records and Transactions, Goodwill and Reputation of the Bank, Core Banking & Banks' Network SBI outshined ICICI. Thus Out Of 18 Points Scale ICICI was preferred on 11 scale parameters whereas SBI was preferred on 7 scale parameters. (Refer Table No. 2)

Regarding effect on independent variables on customer's preference about services provided by SBI & ICICI a mixed result was found through Z test. A significant difference was found on the effect of age in Customer help / Sustainability & timings of bank. Whereas in Courtesy and Warmth, Managing Customer Complaints, Goodwill and Reputation of the Bank, Multiplicity of Income Earning Options, Communication and Providing Prompt Information a significant difference was found in the age group of below & equal to 30 years. In Method of Imposing Service Charges and Fines, Safety of Investments, Safety of Investments, Interiors and Ambiance a significant difference was found in the age group of below of over 30 years.

A significant difference was found on the effect of Annual Income in Customer help / Sustainability. Whereas in Courtesy and Warmth, Safety of Investments, Privacy of financial records and Transactions, Interiors and Ambiance, Banking Network, Communication and Providing Prompt Information & Timing of bank a significant difference was found in the Annual Income group of below & over than 1.4 lakh annually. There was no significant difference found in the Annual Income group of below or less than or equal to 1.4 lakh annually 30 years group other then in goodwill & reputation of bank.

A significant difference between SBI & ICICI was found on the effect of years of holding account in Managing Customer Complaints, Method of Imposing Service Charges and Fines, Return on Deposits, Method of Imposing Service Charges and Fines, Return on Deposits, for the group of grater than 5 years old account. Whereas for the group of less than or equal to 5 years old account significant difference between SBI & ICICI was found in Customer help / Sustain, Courtesy and Warmth, Safety of Investments, Privacy of financial records and Transactions, Goodwill and Reputation of the Bank, Timings of the Bank, , Communication and Providing Prompt Information. In Momentum, speed and precision in Transactions & Ease in Operating Account no significant difference between SBI & ICICI on the basis of any independent variable.

Looking at the profiles of these banks, in future customers expect them to provide diversified financial & banking services that should be time /cost effective & user friendly.

Thus overall ICICI emerges to be a bank with better customer focus & orientation, better tangible facilities & more convenience, whereas SBI emerges as more competent & reliable bank. As both are the eminent banks f India they have much to learn from each other.

SCOPE FOR FURTHER STUDY

The study aims to study customer friendly services of selected private & public sector banks. In this following limitations can be seen that creates the scope for further studies:

- i) Only two banks have been taken as representatives for study. Study with more number of private & public sector can be done for deeper analysis.
- ii) The study has been conducted within a limited geographical area, with lager demographic & geographic coverage it could be made more relevant.
- iii) Sample size of study has been 300 that limit its scope.

iv) Four independent variable was taken that limit its scope.

ACKNOWLEDGEMENT

I express a special vote of thanks to all my friends, respondents, Colonel R.K.Singh, Mr. Vikrant Shah for their valuable support incompletion of the present research work. Finally, I would be failing in my duty if I do not express my indebtedness to my Mother, sister; Wife Mrs. Shweta Tomar (Dean, Helios Business School, Ujjain) and Son Shourya for their forbearance and moral support without which the present work would have never been completed.

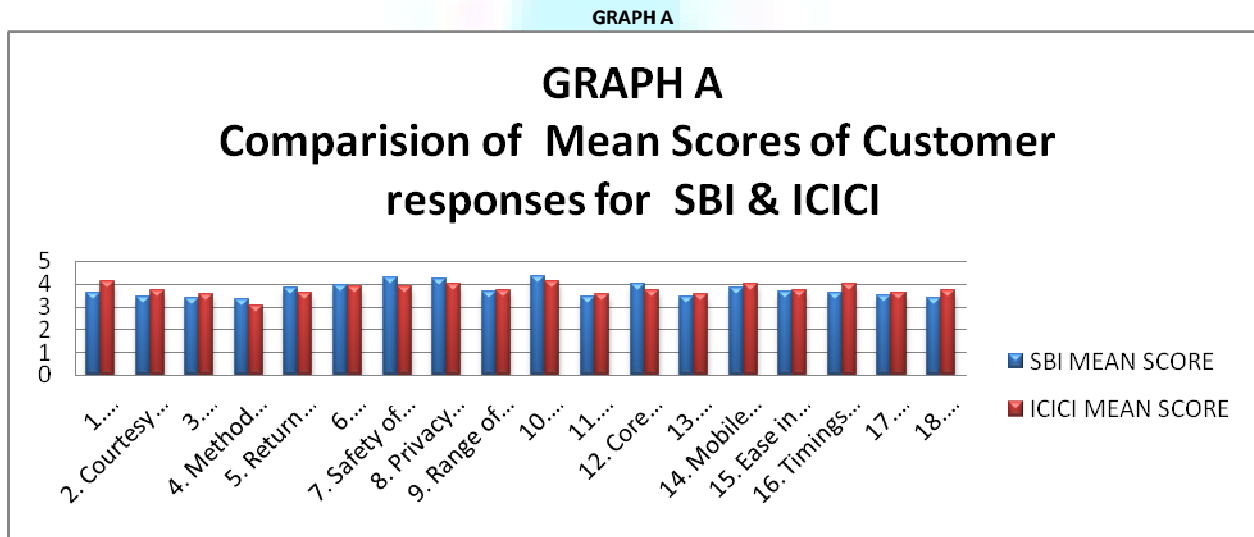
Dr. Vikrant Singh Tomar

REFERENCES

1. **Balkrishanan M & Kumar N.** ; 'Impact of Technology on Payment Systems' / The Indian Banker/ Voll I No. 9/ Sept. 2007 / pp 30- 34
2. **Ghose S.**; 'Technology Enabled Rural Banking' / The Journal Of Indian Institute Of Banking & Finance/ VOL.79 / No. 1/Jan-Mar 2008/ pp 10-15
3. **Narinder Kumar Bhasin & M Balakishanan**; 'Impact Of Technology On Payment Systems' /2007/vol VII/no 9/The Indian Banker, pp 30-34
4. **Peter Kangis, Vassilis Voukelatos** ; 'Private And Public Banks: A Comparison Of Customer Expectations And Perceptions' /1997/ Mcb up ltd.
5. **Raechel Johns, Bruce Perrott**; 'The Impact of Internet Banking On Business-Customer Relationships' /2008/ Emerald Group Publishing Limited.
6. **Sharma R.H.**, 'Birth of Virtual Banks/ Professional Banker Journal' / The Icfai University Press, pp 23-38
7. **V.Chandrasekar**; 'Tomorrow's Technology For Tomorrow's Banking' /2007/vol.78/no2/the journal of Indian institute of banking and finance. pp 33-35
8. **Zhilin yang, minjoon jun, robin t. peterson**; 'Measuring customer perceived online service quality: Scale development and managerial implications' /2004/ Emerald group publishing limited.

APPENDIX

A-1



A-2

TABLE 1 Z TEST / MEAN / SD / COV ANALYSIS OF SBI VS ICICI

QUESTIONS	SBI M1	ICICI M2	DIFF.	SBI SD1	ICICI SD2	SBI COV1 %	ICICI COV2 %	SBI- ICICI Z TEST	Status of Hypotheses
1. Customer help / Sustain	3.606	4.113	50.6	0.908	0.851	25.180	20.701	-4.98	Not Accepted
2. Courtesy and Warmth	3.413	3.746	33.4	0.992	0.934	29.069	24.917	-3.00	Not Accepted
3. Managing Customer Complaints	3.387	3.542	15.5	0.929	1.008	27.414	28.455	-1.38	Accepted
4. Method of Imposing Service Charges and Fines	3.303	3.063	-24.0	0.949	1.099	28.735	35.889	2.02	Not Accepted
5. Return on deposits.	3.832	3.613	-22.0	0.851	0.841	22.217	23.276	2.25	Not Accepted
6. Momentum, speed and precision in Transactions	3.948	3.887	-6.1	0.903	1.011	22.871	26.015	0.55	Accepted
7. Safety of investments	4.290	3.908	-38.2	0.853	0.952	19.872	24.359	3.65	Not Accepted
8. Privacy of financial records and Transactions	4.245	4.007	-23.8	0.855	0.887	20.150	22.142	2.36	Not Accepted
9. Range of Services Offered	3.639	3.704	6.6	0.925	0.873	25.421	23.581	-0.63	Accepted
10. Goodwill and Reputation of the Bank	4.329	4.092	-23.7	0.891	0.807	20.579	19.722	2.42	Not Accepted
11. Infrastructure Facilities like Parking, Cafeteria, ATM etc	3.439	3.577	13.9	0.940	0.977	27.345	27.316	-1.25	Accepted
12. Core Banking & Banks' Network	4.000	3.746	-25.4	0.814	0.887	20.346	23.669	2.57	Not Accepted
13. Interiors and Ambiance	3.419	3.563	14.4	0.720	0.895	21.045	25.115	-1.53	Accepted
14. Mobile Banking, e-Banking, Internet Banking and Other Latest Technologies.	3.858	4.021	16.3	0.871	0.846	22.581	21.041	-1.64	Accepted
15. Ease in Operating Account	3.652	3.725	7.4	0.894	0.818	24.493	21.951	-0.75	Accepted
16. Timings of the bank	3.626	3.993	36.7	0.968	0.879	26.697	22.019	-3.44	Not Accepted
17. Multiplicity of income earning options.	3.510	3.613	10.3	0.768	0.849	21.871	23.508	-1.10	Accepted
18. Communication and providing prompt information.	3.400	3.711	31.1	0.894	0.839	26.307	22.596	-3.11	Not Accepted

Source: Questionnaire

A-3

TABLE 2: Z TEST: SBI VS ICICI ON THE BASIS OF 3 INDEPENDENT VARIABLES

	OVERALL	AGE		AI		YOHA	
	SBI-ICICI	AGE > 30	AGE <=30	AI > 1.4	AI<=1.4	YOHA > 5	YOHA <=5
1. Customer help / Sustain	-4.98	-2.131	-5.205	-3.026	-3.943	-0.886	-4.512
2. Courtesy and Warmth	-3.00	-1.824	-2.311	-3.878	0.029	-0.711	-2.834
3. Managing Customer Complaints	-1.38	0.387	-2.654	-1.133	-0.926	1.624	-1.845
4. Method of Imposing Service Charges and Fines	2.02	2.636	0.104	1.590	1.199	1.609	1.677
5. Return on deposits.	2.25	1.871	1.201	1.527	1.766	1.475	2.082
6. Momentum, speed and precision in Transactions	0.55	0.940	-0.409	0.890	-0.185	-0.936	1.573
7. Safety of investments	3.65	3.043	1.870	3.862	0.874	1.056	3.068
8. Privacy of financial records and Transactions	2.36	1.605	1.678	2.099	0.972	0.024	2.777
9. Range of Services Offered	-0.63	0.085	-0.995	-1.626	0.696	-0.527	-0.937
10. Goodwill and Reputation of the Bank	2.42	0.688	3.014	0.698	2.570	0.888	3.022
11. Infrastructure Facilities like Parking, Cafeteria, ATM etc	-1.25	-1.042	-0.660	-0.914	-1.114	-2.082	-0.920
12. Core Banking & Banks' Network	2.57	2.372	1.183	2.031	1.369	0.713	1.734
13. Interiors and Ambiance	-1.53	-2.663	0.855	-1.409	-0.470	-1.423	-1.024
14. Mobile Banking, e-Banking, Internet Banking and Other Latest Technologies.	-1.64	-1.596	-0.731	-1.964	-0.206	0.683	-1.621
15. Ease in Operating Account	-0.75	0.438	-1.799	-1.226	0.034	-0.505	-0.263
16. Timings of the bank	-3.44	-2.326	-2.484	-4.031	-0.844	-0.929	-3.093
17. Multiplicity of income earning options.	-1.10	0.750	-2.699	-0.863	-0.874	1.046	-1.426
18. Communication and providing prompt information.	-3.11	-0.900	-3.773	-2.836	-1.607	1.041	-3.465

Source: Questionnaire

A-4

QUESTIONNAIRE

(This survey has been carried out **purely for academic purpose**, we request you to be as frank as possible. The information provided by you will be kept confidential) **Kindly rate the following with regard to the services provided by your bank.**

Name:.....Age:.....Profession:.....Gender:.....ContactNo.:..... Bank :.....Type of A/C:..... Annual Income:.....

- Customer help/sustain (advisory service, clarification of customers doubts)
Excellent Very Good Average Bad Very Bad
- The courtesy and warmth
Excellent Very Good Average Bad Very Bad
- Managing of customer complaints
Excellent Very Good Average Bad Very Bad
- Method of imposing service charges, fines and penalties
Excellent Very Good Average Bad Very Bad
- The returns on deposits
Excellent Very Good Average Bad Very Bad
- Momentum, speed and precision in transactions
Excellent Very Good Average Bad Very Bad
- Safety of investments
Excellent Very Good Average Bad Very Bad
- Privacy of financial records and transactions
Excellent Very Good Average Bad Very Bad
- Range of services offered
Excellent Very Good Average Bad Very Bad
- Goodwill and reputation of the bank
Excellent Very Good Average Bad Very Bad
- The Infrastructure facilities like parking, cafeteria, ATM, etc.
Excellent Very Good Average Bad Very Bad
- Banks network and facilities to operate account from any part of the country/globe
Excellent Very Good Average Bad Very Bad
- Interiors and Ambiance
Excellent Very Good Average Bad Very Bad
- Mobile banking, e-banking, Internet banking and other latest technologies
Excellent Very Good Average Bad Very Bad
- Ease in operating the account
Excellent Very Good Average Bad Very Bad
- Timings of the bank
Excellent Very Good Average Bad Very Bad
- Multiplicity of income earning options
Excellent Very Good Average Bad Very Bad
- Communication and providing prompt information (regarding customers account, settlement of dues, availability of new services, etc.,)
Excellent Very Good Average Bad Very Bad

Thanks for your kind cooperation

None

Sig.(Supervisor)

Sig.(Candidate)

Signature.

STUDY OF FACTORS PROPELLING THE GROWTH OF PRIVATE LABELS IN INDIA

SANDEEP PURI
ASST. PROFESSOR
INSTITUTE OF MANAGEMENT TECHNOLOGY
GHAZIABAD

HARSH DWIVEDI
DIRECTOR
R. A. PODAR INSTITUTE OF MANAGEMENT
UNIVERSITY OF RAJASTHAN
JAIPUR

BHAWANA SHARMA
ASST. DIRECTOR
JAIPUR NATIONAL UNIVERSITY
JAIPUR


ABSTRACT

The views of shoppers toward the brands have changed over the last few years. Private labels are no longer a feature primarily of retailers in the developed countries, as was the case for decades. Private labels have emerged as a key weapon for retailers and have started to play a vital role in the battle for control of the distribution channel and customer loyalty. This paper seeks to investigate the factors driving the growth of private label brands in the India. There are a number of factors explaining the substantial development of private labels in the Indian market. It is no longer enough for retailers to produce low cost imitations of national brands, retailers need to generate a strong store identity along with enhanced customer loyalty by offering good quality private label brands.

KEYWORDS

Indian Retail Industry, National brands, Private labels, Retail Management

INTRODUCTION

 Private label products are capturing an increasing share of Indian retailing on the back of booming economy, rising inflation, retail consolidation and an improved image. Private labels have emerged as a key weapon for retailers and have started to play a vital role in the battle for control of the distribution channel and customer loyalty.

Lincoln and Thomassen (2008) define private label simply as, "brands owned and sold by the retailer and distributed by the retailer." According to the Private Label Manufacturers' Association (PLMA), Private labels encompass all merchandise sold under a retailer's brand. That brand can be the retailer's own name or a name created exclusively by that retailer.

Key benefits for a retailer of having their private label brands are:

- Retailers do not earn high margins on the National Brands whereas retailers' gross margins on private labels are usually 25 to 30 percent higher than those on national brands.
- To gain control over shelf space, and correspondingly, reduce the number of national brands on the shelves or lessen the dependence of the store on national brands
- It allows more control over pricing strategies
- Retailers can have their own marketing plan and can control their own inventory
- Control over-sales, marketing, distribution, also over-product distribution with private label products.
- Since the products are available from the retailer, customer will not go anywhere else to find private brand at lower price.
- Helps retailers to have bargaining power with manufacturers
- To reach out to more consumers by drawing their attention and reinforcing the store image
- To differentiate themselves with regard to price and product diversification when compared to competing stores
- Helps retailers to gain channel efficiency

To summarize, a Private Label strategy is one that can enhance category profitability, increase the negotiation power of the retailer and create consumer loyalty. The marketing efforts of retailers across the world, and their competition with local manufacturers, have introduced private labels in almost every product category, and have made them available in both developed and emerging markets. It appears today that Europe and North America have maintained their position as the most vital markets, with an aggregated private label share of sales reaching 23 and 16 percent respectively, but with a moderate growth rate (5 percent). In comparison, private labels in emerging markets have achieved growth of up to 11 percent, and currently account for 6 percent of sales. As a general observation, the level of concentration of the retail industry and the market share of private labels are positively correlated. Moreover, in almost all categories, private labels now compete with national brands.

Private labels share is usually strongest in goods categories like milk, eggs, rice, wheat, cereals and sugar or in those with little differentiation. Private labels share is the lowest among product categories where there is strong marketing support for national brands (e.g., noodles, toothpastes, chocolates, cold drinks) and in those which require a high-level of innovation (e.g., soaps, washing powders, and cosmetics).

Private labels have emerged as a key armament for retailers and have started to play a vital role in the battle for control of the distribution channel and customer loyalty. There are a number of reasons explaining the substantial development of private labels all over the world. Among other benefits, private labels add diversity to a retailer's product line in a category; a retailer utilizes them as a measure of exclusivity to differentiate from manufacturers' brands; and the retailer gross margins on their private labels are higher than those obtained on national brands. Apart from providing higher retail margins in comparison to national brands (Ashley, 1998), private labels added diversity to the product line in a retail category (Raju et al. 1995). Authors studied the factors propelling the growth of private labels in Indian retailing.

INDIAN RETAIL INDUSTRY

Retailing in India is booming in line with InfoTech and is becoming a key contributor to service economy. Yet, the industry is to un-tap the huge potential in Indian soil as the market witnesses a tremendous change in consumer preferences, tastes, abandoning life style. India's market offers tremendous promise because of its huge population base. The share of retail trade in the country's gross domestic product (GDP) is currently around 12 per cent, and is likely to reach 25 per cent by 2012. Thus, with the growth of organized retail in India, the private labels are also expected to grow as experienced in many developed countries. The prospects of private labels in India offer an interesting opportunity for the retailers to understand the motivations of consumers behind choosing private labels.

A greater proportion of retail industry in India is being occupied by unorganized sector with only 5% share of organized retail meaning opportunity for organized retailing is immense in India. Many retailers like Reliance, Big Bazaar, MORE, Westside, Shopper's Stop are stretching their strengths to increase their share in the organized sector. At present, it has emerged as a super organization by accumulating its own consumer base, who are ready to buy whatever retailers sell irrespective of brands (Big Bazaar, Reliance, Spencer, Vishal, More, Shoppers Stop, Life style, West End, Food world, EasyDay etc. to name a few). This poses a serious threat to existence of national brands of all FMCG and Life style products as most of the mega retailers have started selling their own private labels brands, which restricts the shelf space for national brands in their stores. This is also forcing national brand manufactures to increase their promotional spend.

REVIEW OF LITERATURE

Research on private label brands has been of considerable interest to the retailers, brand managers and academicians. One stream of research in this area deals with the factors associated with the adoption of private label brands by consumers. Cunningham (1961) examined the relationship between store loyalty and the purchase of private label brands for a sample of 16 products. Using purchase history data for 50 families, Cunningham measured the percentage of grocery expenditures devoted to store brands and calculated a store loyalty index, which he defined as the proportionate number of times a housewife visited the same store consecutively to purchase a product.

Sundel (1974) used a taste test and measured whether consumers perceive differences in quality between nationally and regionally distributed store brands of bread and canned corn. No significant differences were found. These results suggest that consumers regard store brands to be largely undifferentiated in the market. Sundel noted, however, that national brands were perceived to be superior to regional or local private labels.

Also employing a taste test format, Richardson *et al.* (1994) assessed whether consumers' quality perceptions of two locally distributed store brands of five products differed. They found no difference in quality perceptions between the store brands even when real price differences were revealed and the ingredients of the competing store brands were disguised. These findings suggest that the competing store brands were perceived to be the same not only in terms of brand image but also in terms of real product quality.

The other major stream of research on private label brands deals with the competition between private label brands and national label brands. This stream of research has tried to identify that how either private label brands or national brands could differentiate from each other. Initial research identified quality, pricing, and advertising as main bases of competition. Hoch and Banerjee (1993) contested the general perception that a private label's primary attraction was the significant price discount relative to the national brands, at which they were sold. They emphasized the role of quality in the private label purchase decision. They found evidence to support the notion that perceived quality of a private label brand was much more important than the level of price discount in determining the private-label category share. Even as retailers made efforts for serious quality improvements (Baltas, 1997), the poor quality perception has continued with private label brands.

Quelch *et al.* (1996) found that in the case of manufactured products being introduced under private labels, the characteristics that enable store brand introduction are: (a) inexpensive, easy, low risk purchase for customer (b) easy to make from commodity ingredients (c) perishable, therefore local supplies are favored (d) category sales are growing fast, enabling the private brand's garnering reasonably high volumes and (e) low number of national players dominating the category so the retailer feels the need to reduce dependency on them.

Chaniotakis *et al.* (2010) showed that consumers' purchase intention is directly affected by consumers' attitudes towards private labels of olive oil, which in turn are influenced by consumers' perceived benefits, economic situation, brand loyalty and trust. Dhar *et al.* (1997) predicted the three important key determinants of store brand share. They are consumer factors, Retailer factors and the Manufacturer factors. From this it can be deduced that both supply and demand factors determine the store brand effectiveness.

Raju *et al.* (1995) suggest that retailer's profits will increase more likely in product categories consisting of a large number of national brands. They explain that the profitability of a store's brand depends more on the directness of high competition between the private brand and the leading national brand, as against a high competition among national brands which is detrimental to the store brand.

The strategic role of Private Labels to distributors and retailers has increased in importance throughout the 1990s. Once positioned on the basis of price or value for money, Private Labels are now marketed by many firms using a "quality" focus. The success of such a strategy is especially evident in Europe where retailers such as J. Sainsbury have achieved dominance over national brands (Fitzell, 1992). Research shows that the store brand market is largely depend on the degree to which retailers are successful in communicating a quality rather than a low price image to consumers (Richardson *et al.*, 1994). Cunningham concluded that his results may suggest that there is a positive association between store loyalty and loyalty to the brands sponsored by the store. (Cunningham 1961)

Customers are more sensitive to price when it is easy to compare competitive offerings. So retailer try to store unique offerings whose prices cannot be compared and, therefore, they can charge higher prices. (Chetan Bajaj *et al.*, 2005). Among consumers, one obvious reason for the popularity and growth of private labels is their price advantage over national brands (Batra and Sinha, 2000). However, high quality seems to be more important in determining private labels success than lower price (Hoch and Banerji, 1993; Sethuraman, 1992).

One of the interesting phenomena concerning private labels is the fact that their growth has been highly uneven across product categories (Hoch and Banerji, 1993). Though some of the studies have compared quality perceptions of private label brands with national brands (Bellizzi *et al.* 1981, Rosen 1984), there have been a few studies which examined the ways to improve the quality perceptions of private label brands. Apart from providing higher retail margins in comparison to national brands (Ashley, 1998), private labels added diversity to the product line in a retail category (Raju *et al.* 1995). Authors studied the reasons for the increased growth of private labels in the global retailing.

PRIVATE LABELS IN INDIA

According to Kumar and Steenkamp (2007), private labels are growing faster than manufacturer brands. They are everywhere across different categories and they now compete on quality. The main USP of private labels is their customization according to the needs of customers. They are then promoted by various means including innovative packaging, promotional schemes, and placement within the retail store. It is observed that private labels work best in categories that are not technology driven. This is the rationale for strongest share of private labels in categories like milk, eggs, rice, wheat, cereals and sugar or in those with little differentiation. On the other hand share of private labels is the lowest among product categories where there is strong marketing support for national brands (e.g., toothpastes, chocolates, cold drinks) and in those which require a high-level of innovation (e.g., electronics, detergents, and cosmetics).

According to India retail report 2009, the private label market in India is estimated to be around Rs 1200-1500 crores. Overall, in India, Private Label brands constitute 10-12 percent of the organized retail product mix. Retailers like Trent, Reliance and Pantaloon are having 90 percent, 80 percent and 75 percent of private label brands representation in their stores, respectively. Table 1 represents private labels of leading retailers in India.

TABLE 1: LEADING RETAILERS AND THEIR PRIVATE LABELS IN INDIA

Big Bazaar	EasyDay	MORE	Reliance
Tasty Treat	Great Value	More	Reliance Select
Fresh n Pure	Equate	Feasters	Reliance Value
CareMate	Mainstays	Kitchen's Promise	Dairy Life
CleanMate	Home Trends	Enriche	Good Life Moments
Sach	Mainstays	110%	Good Life
Premium Harvest			Dazzle
			Sudz

FACTORS PROPELLING THE GROWTH OF PRIVATE LABELS

There are a many factors influencing the growth of private labels: an increased concentration among retailers, an improved quality perception among consumers, and a rising social acceptance of private labels consumption. In addition, the current economic downturn has further boosted the appeal of private labels because of their price utility. In India there is an increasing trend towards acceptance of Private Label brands and thus their penetration is on the rise especially in the Apparel, Consumer Durables, Home Care and FMCG segments. Major Factors propelling the growth of private labels in India are:

- **REVAMPED IMAGE OF PRIVATE LABEL BRANDS**

Private label brands have come a long way from their original image of low cost alternative to national brands. The introduction of premium products and products that serve to specific market segments has changed private label market dramatically. Retail stores are increasingly looking to ramp up private label penetration in order to enhance margins and provide greater differentiation on the selling floor. Private labels are heavily featured in opening price point ranges in order to meet the shopper's demand for lower prices, or "value." But many of the major chains especially as they become more adept at designing and sourcing fashion-oriented product are looking at private labels to replace lagging national brands in moderate and better classifications. Moreover, these retailers woo elite consumers and frequent buyers.

While economic pressures are driving many value-conscious customer buying decisions, one factor having good impact on private label purchasing is a strong push from retailers and marked improvements in both quality and selection. The retailers use national brands to build traffic and divert it towards the store brands. Retailers create their own labels and capitalize on the Store brand value they have created through unique service and better consumer care. Although most of the private labels still compete on a generic basis, offering low cost alternatives to national brands, many retailers' private labels are now becoming synonymous with good quality and innovation. Retailers have started to distinguish themselves from others on the basis of their private labels.

- **ECONOMIC RECESSION**

Consumers purchase brands during recession and boom times but their preferences change. Economic recession in 2008-09 had contributed to the growth of private labels in a big way. The deep and prolonged recession pressed many customers to replace their national brands with private labels. The uncertainty in economic environment enhances the appeal of private labels to price sensitive consumers and private labels tend to do better during these times but once the customers have more spending power, they will go back to their preferred national brands. Customers prefer to buy on price during recessions but they still prefer brands they can trust, since no one wishes to throw their money away.

Some of the critical findings of PLMA research report 2010 are:

- Consumers continue to turn to store brands in supermarket categories where they had previously only purchased a national brand product. More than four in ten (43%) report they have recently forsaken a familiar national brand for a private label counterpart, a marked increase since the GfK study conducted in June 2009 when only 35% said they had done so.
- 97% respondents compared store brands favorably to their previous national brand choices in the same categories. About 49% said that their new private label selections compared "very favorably" in comparison to their earlier national brands. This is a dramatic increase from the June 2009 study when only 26% reported that.

It was commonly believed that when the economy picked up, consumers returned to buying national brands (Corstjens and Lal 2000, Lamey et al. 2007). A 2010 global online survey conducted by The Nielsen Company reveals that 60% of consumers across 55 countries from Asia Pacific, Europe, North America, Latin America and Middle East/Africa; say they are buying more private label brands because of the economic downturn.

The economic downturn encouraged many customers to try private labels for the first time, and once they tried, they found that not only was the pricing right, but the quality of these goods met or exceeded their expectations. In spite of the pace of economic recovery, retailers all over the globe continue to have an incredible opportunity to convert consumers to private labels for the long term.

- **INFLATION**

Price is always an important factor in consumer decision-making; this is true of private label and national brands. No consumer wants to pay more than necessary for products purchased. The recent rise in inflation has also encouraged many customers to move towards Private labels as they provide more value through sales promotions. The expectation is that private label sales will increase as consumers look for savings.

- **CONSOLIDATION OF RETAIL TRADE**

The most critical factor behind the rise of the global private label market has been the development and consolidation of retail chains all over the globe. A concentrated retail sector facilitates the development of private labels (Dobson, 1998, Steiner, 2004). Private labels give a strong bargaining power to the retailers against the manufacturers of national brands. Private labels in particular, serve as a competitive tool in obtaining price concessions from these manufacturers. International retailers like Carrefour, Tesco, and Wal-Mart, operating with strong private labels, are expanding rapidly into developing markets. This has greatly enhanced the availability of private label products and has forced the local retailers in these countries to develop their own private labels to remain competitive.

The impact of a concentrated retail trade can be seen especially in the UK, which is considered to be most developed private label market in the world. In the UK, competition is intense at store level, as customers are quite loyal to their retailer's private labels. Successful retailers have established a bond with the shoppers by offering products with added value, mainly in categories where national brands do not suffice. On the other hand, the fragmentation of US grocery retailing has limited the development of its private label market. Although the US is one of the largest private label markets in absolute terms, still its share of total sales of private labels does not compare with many European markets.

In India also, the increased availability of retail space, rapid urbanization and qualified manpower are boosting the growth of Indian retail and in particular the food and grocery sector.

FUTURE OF PRIVATE LABELS IN INDIA

Private labels are in a position of power and are showing lot of potential to design meaningful change in the Indian retail environment. With improved product quality, Private Label products are grabbing the market share from National Brands, and this trend is likely to continue in the future. The greatest potential for private labels lies in developing markets like India where retail chains with well-developed private label ranges are growing rapidly.

Although growth for private labels is expected in all most all sectors, the highest growth in share is anticipated in the ready meals sector. Growth of private labels will be guided by the trends towards busier lifestyles, quality and convenience, innovation in product ranges will help to expand further. The future of private label seems to be very bright, as long as retailers continue to be creative in launching their private labels. It is no longer enough for retailers to produce copycat products of national brands, retailers need to generate a strong store identity along with enhanced customer loyalty. They need to improve their margins and compete effectively both with national brands and private labels.

No one can deny that the Indian retail industry is one of the most attractive globally. It is still at a nascent stage, and holds a lot of promise for the future. It is also certain that private label brands will continue to increase their share in Indian retail, and are expected to play a vital role in the future strategy of all Indian retailers.

REFERENCES

19. Ashley, S. (1998). How to effectively compete against private-label brands. *Journal of Advertising Research*, Vol.38 No. 1, 75-82
20. AT Kearney Publications, Global Retail Development Index 2010 .www.atkearney.com (Assessed on 27/1/2011).
21. Baltas, G. (1997), "Determinants of store brand choice: A behavioral analysis", *Journal of Product & Brand Management*, Vol. 6 No.5, pp.315-24.
22. Batra, R., Sinha, I. (2000), "Consumer-level factors moderating the success of private label brands", *Journal of Retailing*, Vol. 76 pp.175-91
23. Bellizzi, J.A., Kruckeberg, H.F., Hamilton, J.R., Martin, W.S. (1981), "Consumer perceptions of national, private and generic brands", *Journal of Retailing*, Vol. 57 pp.56-70
24. Chaniotakis, I. E., Lemperopoulos, C., Soureli, M., (2010), "Consumers' intentions of buying own-label premium food products". *Journal of Product and Brand Management*, Vol. 19/5, pp 327-334
25. Cheng, J.M.-S., Chen, L.S.-L., Lin, J.Y.-C., Wang, E.S.-T. (2007), "Do consumers perceive differences among national brands, international private labels and local private labels? The case of Taiwan", *Journal of Product & Brand Management*, Vol. 16 No.6, pp.368-76
26. Chetan Bajaj, Rajnish Tuli, Nidhi V Srivastava (2005), "Retail Management", PP459-460, ISBN 0-19-566986-X
27. Corstjens, M., and Lal, R. (2000). Building store loyalty through store brands. *Journal of Marketing Research*, Vol.37 No.3, 281-291.
28. Cunningham, R.M. (1961), "Customer loyalty to store and brand," *Harvard Business Review*, Vol. 39, pp. 127-37
29. Dobson, P.W. (1998), "The Economic Welfare Implications of Own Label Goods", mimeo, University of Nottingham.
30. Fitzell, P. (1992), *Private Label Marketing in the 1990s*, Global Book Productions, New York, NY.
31. Fontenelle, S.M (1996), "Private labels and consumer benefits- The Brazilian Experience", *Advances in Consumer Research*, 23, pp 97-103.
32. Hoch, S.J. and Banerji, S. (1993), "When do private labels succeed?," *Sloan Management Review*, Summer, pp. 57-67.
33. *Invading Private Labels*, Retail Biz, Sep. 2004, p. 19,
34. Kumar, Nirmalya, & Steenkamp J. (2007) *Private Label Strategy: How to meet the store brand challenge*, Boston: Harvard Business School Press.
35. Lamey, L., Deleersnyder, B., Dekimpe, M., & Steenkamp, J. (2007). How business cycles contribute to private-label success: Evidence from the United States and Europe. *Journal of Marketing*, 71(1), 1-15.
36. Lincoln, K. and Thomassen, L. (2008), *Private Label: Turning the Retail Brand into Your Biggest Opportunity*, p. 6, Kogan Page, London
37. PLMA International, http://www.plmainternational.com/en/private_label_en3.htm.(Assessed on 2/12/2011).
38. Quelch, J.A. and Harding, D. (1996), "Brands versus private labels: fighting to win," *Harvard Business Review*, January-February, pp. 99-109
39. Raghuram G., Bibek Banerjee and Abraham Koshy, 1999. "Food World (B)", Case, Indian Institute of Management, Ahmedabad. p.5
40. Raju, J., Sethuraman, R., & Dhar, S. (1995). The introduction and performance of store brands. *Management Science*, 41(6), 957-978
41. Richardson, P., Dick A.S. and Jain, A.K. (1994), "Extrinsic and intrinsic cue effects on perceptions of store brand quality," *Journal of Marketing*, Vol. 58 No. 4, pp. 28-36
42. Rosen, D. (1984). Consumer perceptions of quality for generic grocery products: A comparison across categories. *Journal of Retailing*, 60(4), 64-80.
43. Steiner, R.L. (2004), "The Nature and Benefits of National Brand/Private Label Competition", *Review of Industrial Organization*, 24, 105-127. 30
44. Sundel, H.H. (1974), "An experimental analysis of consumer attitudes toward grocery products under manufacturer's brands, nationally distributed private brands, and locally distributed private brands," unpublished doctoral dissertation, Saint Louis University.
45. Tarzjian, J., (2004). Strategic effects of private labels and horizontal integration, *International Review of Retail, Distribution and Consumer Research*, 14(3), 321-335

SIGNIFICANCE OF CUSTOMER VALUE IN PURCHASE INTENTION IN BUILDING CUSTOMER EQUITY IN COMPETITIVE SCENERIO

BABEET GUPTA
RESEARCH SCHOLAR
BHAGWANT UNIVERSITY
AJMER

DR. J. S. GREWAL
DIRECTOR
PUNJAB BUSINESS SCHOOL
MOHALI

ABSTRACT

This paper considers the aspect of Customer value in purchase intention in increasing the customer equity in a competitive scenario. The automobile industry in UAE has been studied for the purpose. Today, Automobile industry comprises a large and growing portion of the world's total business. In UAE, it contributes majorly to the overall economy of the country. The UAE's automotive market was trimmed by the global economic crisis, which had a particularly strong impact on Dubai, where real estate values fell and major government-backed corporations were unable to meet their debt obligation. Almost all companies in this industry, large or small, are affected by global events and competition. Future sustenance of trade partners in this industry is extremely important. UAE's highly competitive automobile industry provides an opportunity to analyze the existing trend of market, understand key aspects from customer point of view, and evolve strategies for strengthening the marketing efforts and building customer equity and address the above issues. In this backdrop, customer value in purchase intention is one of the key aspects in increasing the value and hence the customer equity. Significance of this factor is proved through primary research which is carried out by administering questionnaire to potential automobile customers in UAE. Statistical analysis is then carried out by calculating Karl Pearson coefficient of correlation. Hypothesis testing is carried out and significance of customer relationship focus is established. It is concluded that the firms should focus on increasing the value through focusing on customer value in purchase intention.

KEYWORDS

Competitive environment, Customer equity, Customer value, Marketing strategy.

INTRODUCTION

Today, Automobile industry comprises a large and growing portion of the world's total business. In UAE, it contributes majorly to the overall economy of the country. Almost all companies in this industry, large or small, are affected by global events and competition. Future sustenance of trade partners in this industry is important. The key issues faced by the automobile distributors in UAE are:

What is the best way to attract new customers?

How to keep current customers happy and make sure they don't switch to the competitors?

What is most important to the customers?

How to know which customers are the most important customers?

How to build the business without resorting to endless price promotions?

The various factors that make up for the customer value in purchase intention are

a) How important was the time frame within which the overall value is being offered by a particular brand of product?

b) How important was the type of value offered by a particular brand of product?

Esteem value, Functional value, Emotional value or Economic value.

BUILDING CUSTOMER VALUE AND CUSTOMER EQUITY

The concept of Customer Equity which unifies customer value management, brand management and relationship management has recently emerged. Customer equity is defined as the total asset value of the relationships which an organization has with its customers. The term was coined by Rober C. Blattberg and John Deighton in their article, "Manage Marketing by the Customer Equity Test," (Blattberg and Deighton, 1996). The concept of customer value is becoming increasingly used in strategy and marketing literature in recent years. Creation of customer value is an important aspect in building the Customer Equity. Customer value is considered central to competitive advantage and long-term success of business organizations. Consequently, a great importance is attached to this concept. With the increasingly intense business competition and the strong trend of globalization, the role of the customer has changed from that of a mere consumer to a multi-faceted role as consumer, co-producer, co-creator of value, and co-developer of knowledge and competencies, which implies a much more important position of the customer than ever. As a result, there has been a substantial increase in interest in the creation and delivery of value to customers. Building customer value is a step forward from value creation.

AUTOMOBILE MARKET IN UAE

The United Arab Emirates (UAE) is a federation of seven emirates situated in the Southwest Asia on the Persian Gulf, bordering Oman and Saudi Arabia and sharing sea borders with Iraq, Kuwait, Bahrain, Qatar and Iran. The UAE's automotive market was trimmed by the global economic crisis, which had a particularly strong impact on Dubai, where real estate values fell and major government-backed corporations were unable to meet their debt obligations. According to figures published by the Dubai Chamber of Commerce and industry (DCCI), companies operating in Dubai's automotive sector, including retail, maintenance, repair, parts, and accessories, have an average annual turnover of AED4.5mn (US\$1,23mn) and employ an average of seven people.

The below table gives the UAE historical data and estimated figures by Business Monitoring international till the year 2015.

TABLE - 1

	2008	2009e	2010e	2011f	2012f	2013f	2014f	2015f
Total sales (CBUs)*	355,117	325,274	352,913	403,296	466,277	505,832	564,043	600,672
Total sales (AEDbn)*	38.13	35.61	42.45	47.14	51.47	53.97	56.73	59.40
Total sales (US\$bn)*	10.38	9.70	11.56	12.84	14.02	14.70	15.45	16.17

Source: Business Monitoring International report

In the current competitive business environment in UAE, the principal issues faced by automobile firms are as mentioned below

- a) What is most important to customers in this market?
- b) How is the firm doing on those aspects that are most important?
- c) How are the competitors doing on those important aspects?
- d) What must we do to be at least as well as our competitors?
- e) On what aspects do we need to do better than our Competitors?
- f) What key weaknesses must we overcome?
- g) What, if any, opportunities for differentiation do we see?
- h) How to build the business without resorting to endless price Promotions?

REVIEW OF LITERATURE

According to Verena Vogel, Heiner Evanschitzky, & B.Ramaseshan (November, 2008) customer perceptions of value, brand, and relationship—"customer equity drivers"—affect loyalty intentions and future sales. The results of the study suggest that customer equity drivers can significantly predict future sales. The article measures past sales using loyalty card data and link them with future sales to examine the effects of the three equity drivers - value equity, brand equity, and relationship equity on a consumer's loyalty and his or her future purchase behavior.

According to Robert W. Palmatier (July, 2008), customer value is based on three relational drivers: relationship quality (the caliber of relational ties), contact density (the number of relational ties), and contact authority (the decision-making capability of relational contacts). This article evaluates the effect of relational drivers on Customer Value (CV) across 446 business-to-business relationships.

According to Dominique M. Hanssens, Daniel Thorpe, and Carl Finkbeiner (May, 2008), most service businesses and B2B companies need to set its sights on increasing customer equity. It is possible to make fact-based decisions on marketing spending that have benefits that are farther-reaching than immediate sales. Companies that believe in the importance of customer equity but haven't been able to apply it in their daily decision making can recognize the practical value of this article.

According to Thorsten Wiesel, Bernd Skiera, & Julián Villanueva (March, 2008), firms that aim to increase the value of their customer base should report forward-looking customer metrics because such reports align customer management with corporate goals and investors' perspectives. The authors propose a means to report customer equity that enables investors—the "consumers" of financial reports—to monitor firms' performance with respect to their customer assets. They propose a means to report customer equity that matches financial reporting criteria and enables investors, creditors, and other consumers of financial reports to understand the firm's capability to generate shareholder value.

According to Julian Villanueva, Shijin Yoo, and Dominique M. Hanssens (February, 2008), marketing induced customers add more short-term value, but word-of-mouth customers add nearly twice as much long-term value to the firm. Companies can acquire customers through costly but fast-acting marketing investments or through slower but cheaper word-of-mouth processes. Their long-term success depends critically on the contribution of each acquired customer to overall customer equity

According to Giuliano Tirenni, Abderrahim Labbi, Cesar Berrospi, Andre Elisseeff (August, 2007) the Customer Equity and Lifetime Management (CELM) solution is based on a decision-support system that offers marketing managers a scientific framework for the optimal planning and budgeting of targeted marketing campaigns to maximize return on marketing investments.

According to Timo Rintamaki and Hannu Kuusela (July, 2007) a framework for identifying competitive customer value propositions (CVP) where four hierarchical key dimensions of customer value – economic, functional, emotional, and symbolic – are identified

According to Thayne Forbes (May, 2007), the value of customers is an important intangible asset of a business. In fact, they are arguably the most important, for without customers a business would not exist. For strategic purposes, the value of an intangible asset in its own right is not particularly relevant; however, an understanding of how this value is comprised and the key metrics that impact on the assets' contribution to business performance can be extremely beneficial for management decision making.

The study by Annie H. Liu (2006) identifies three facets of customer value for business services i.e. economic value, relational value, and core value and investigates their relationships with buyers' perceptions of switching costs. It examines the concept of customer value and its role in building switching costs perceptions for customers purchasing business services. The findings show that economic value and the value obtained from relational and support aspects of a service exert strong positive impact on customers' perceptions of switching costs and thus serve as barriers to exit.

According to Ken Powaga (October, 2006), a large portion of business value is customer equity—the expected profit flow from customers. Research shows that these four basic steps are required to retain and grow profitable customers: measure loyalty and satisfaction, profile customer loyalty segments, identify key drivers of satisfaction and loyalty, and take action on the key drivers.

According to Tom Breur (2006) a carefully chosen customer value proposition (CVP) is essential to create customer value. Both value creation from the customer and the corporate viewpoint, gain from consistent and deliberate focus on key market segments and core competences. The result is a mutual exchange of value, thus stabilizing and strengthening the competitive position in the market.

Behram Hansotia's (April, 2004) paper discusses customer equity scorecards for tracking new and veteran customers' performance and recommends a marketing organisational structure where marketing is charged with maximising customer equity.

According to Roland T. Rust, Katherine N. Lemon, & Valarie A. Zeithaml (January, 2004), the change in the firm's customer equity is the change in its current and future customers' lifetime values, summed across all customers in the industry.

According to Laurent Tournois (2004), an integrated approach to customer value creation is stressed upon. The article gives the outlines of a strategic and marketing reasoning based on environmental intelligence and stresses a dynamic conception of the process of customer value creation.

According to Frank Huber, Andreas Herrmann, Robert E. Morgan (2001), a model integrating consumer values, product benefits, and various costs of consumption can be presented. In the proposed model, benefits and costs are defined in terms of consumers' perceptions in the activities of acquisition, consumption, and maintenance, as well as consumers' expectation of value satisfaction before buying.

According to Katherine N. Lemon, Roland T. Rust, and Valarie A. Zeithaml (2001), company's current customers provide the most reliable source of future revenues and profits. They developed a new strategic framework, the Customer Equity Diagnostic, that reveals the key drivers increasing the firm's customer equity.

According to Robert C. Blattberg, Gary Getz and Mark Pelofsky (August 2001), if you want to build your business, grow customer equity. Most companies would say they are working hard to become more customer centric but very few are actually taking an asset management approach to build relationships. According to authors whether you are managing a start-up, launching a new business within a larger corporation or enhancing performance of core enterprise, you can measure, manage and maximize the value of your customer assets.

According to Terry Clark (April, 2001) review of the book written by Roland T. Rust, Valarie Zeithaml, and Katherine N. Lemon - Driving Customer Equity: How Customer Lifetime Value Is Reshaping Corporate Strategy, the central thesis is that firms should work to maximize customer equity by addressing its three key drivers:

OBJECTIVES OF STUDY

The main objectives of the study are as follows:

1. To study parameters which account for customer value in purchase intention to automobile customers.
2. To find out the significance of customer value in purchase intention in enhancing the customer equity.

RESEARCH HYPOTHESIS

Following research hypothesis was developed

H₀: The customer equity is not correlated with the customer value in purchase intention.

H_a: The customer equity is correlated with the customer value in purchase intention.

METHODOLOGY

To identify key factors which enhance customer equity through customer value in purchase intention, primary research was carried out. A questionnaire was prepared which was filled by 250 potential automobile customers in UAE. Data collected was analyzed and interpreted with the help of statistical methods. The various attributes were measured on Likert scale rating from 1 to 5 with 5 being the most favourable.

RESULTS AND DISCUSSION

Karl Pearson coefficient (r) is calculated as

$$\frac{\sum (X_i - \bar{X})(Y_i - \bar{Y})}{n \cdot \sigma_x \cdot \sigma_y} \quad (1)$$

Where X_i = ith value of X variable

\bar{X} = mean of X

Y_i = ith value of Y variable

\bar{Y} = Mean of Y

n = number of pairs of observations of X and Y

σ_x = Standard deviation of X

σ_y = Standard deviation of Y

Here we can measure the Karl Pearson's coefficient of correlation between percentage of respondents preferring a brand (X) and other variable as the average value of customer value in purchase intention (Y) from Table 1.

$$r_{yx} = .727 \quad (2)$$

Positive value of r (as per table 2) indicates positive correlation between the two variables. Since the value of 'r' is nearer to 1, it indicates high degree of correlation between the two variables. Thus it can be inferred that higher the customer value in purchase intention, higher is the customer equity.

To statistically examine the significance of customer value in purchase intention, the following hypothesis was developed:

H₀: The customer equity is not correlated with the customer value in purchase intention.

H_a: The customer equity is correlated with the customer value in purchase intention.

Further we are interested in knowing whether the correlation coefficient that we calculate on the basis of sample data is indicative of significant correlation. For this purpose we use the t-test and calculate the test static with n-2 degrees of freedom and r_{yx} being coefficient of simple correlation between x and y. The calculated value of t is then compared with its table value.

$$t = r_{yx} \sqrt{\frac{n-2}{1-r_{yx}^2}} \quad (3)$$

The primary data, as analysed in Table 1, was put to hypothesis testing process by applying the t- test (table 3) to examine the association of the customer value in purchase intention with customer equity.

$$r_{yx} = .727$$

n = 10

Table value of t = 2.228

Calculated value of t = 7.606

The table value of t is 2.228 at the 5% significance level. Since the calculated value is more than the table value, we reject the null hypothesis and may infer that there is relationship of statistical significance between the two variables.

RECOMMENDATIONS

Based on the results above, it can be recommended that in order to gain higher customer equity, the firms should focus on increasing the customer value in purchase intention through improving the time frame within which the overall value is being offered by a particular brand of product and by focusing on whether the customers are looking for economic value, esteem value, functional value or emotional value in making purchase decision for a particular brand of product.

REFERENCES

- Behram Hansotia (2004), "Company activities for managing customer ", Database Marketing & Customer Strategy Management, Vol.11, pp.319–332.
- Dag Naslund, Annika Olsson and Sture Karlson (2006), "Operationilizing the concept of value-an action research based model", The Learning Organisation, Vol.13, pp. 300-332.
- Dominique M. Hanssens, Daniel Thorpe, and Carl Finkbeiner, (2008), "Marketing when customer Equity matters", Harvard Business Review, pp. 117–123.
- Frank Huber, Andreas Herrmann, Robert E. Morgan (2001), "Gaining competitive advantage through customer value oriented management", Journal of Consumer Marketing, Vol. 18, pp. 41-53.
- Giuliano Tirenni, Abderrahim Labbi, Cesar Berrospi, Andre Elisseeff, (2007), "Customer Equity and Lifetime Management (CELM)", Marketing Science, Vol. 26, pp. 553-565.
- Injazz J. Chen and Karen Popovich (2003), "Consumer equity in relationship marketing", Journal of Consumer Marketing, Vol.15, pp. 544-557
- James Mckay (May,2008), "Creating Customer Value", CMA Management, pp. 22-25.
- Julian Villanueva, Shijin Yoo, and Dominique M. Hanssens (2008), "Impact of Marketing-induced versus Word-of-mouth customer acquisition on customer equity growth", Journal of Marketing Research Vol. 15, pp.48-59.
- Katherine N. Lemon, Roland T. Rust, and Valarie A. Zeithaml (2001), "What drives customer Equity", Marketing Management, pp. 20-25.
- Ken Powaga (2006), "Four steps up profits using customer equity", Marketing News, pp. 48.
- Lanning, M.J. (1998), Delivering Profitable Value: A Revolutionary Framework to Accelerate Growth, Generate Wealth, and Rediscover the Heart of Business, Perseus Books, Reading, MA.-BOOK
- Laurent Tournois (2004), "Creating customer value- bridging theory and practice", Marketing Management Journal, Vol. 14, pp. 13-23.
- Lynette J. Ryals and Simon Knox (2005), "Measuring risk adjusted customer lifetime value and its impact on relationship marketing strategies and shareholder value", European Journal of Marketing, Vol. 39, pp. 456-472.
- Michael J. Valos, David H.B. Bednall and Bill Callaghan, (January 2007), "The impact of Porter's strategy types on the role of market research and customer relationship management", Marketing Intelligence and Planning, Vol. 25, pp. 147-156.
- Mitsuru Kodama, (2001), "Customer value creation business through learning processes with customers: case studies of venture businesses in Japan", Managing Service Quality, Vol. 11, pp. 160-174.

16. Rintamaki and Hannu Kuuselaa, (2007), "Identifying competitive customer value propositions in retailing", *Managing Service Quality*, Vol. 17, pp. 621-634.
17. Robert C. Blattberg and Gary Getz (2001), "Customer Equity: Building and Managing Relationships as valuable assets", *Harvard Management update*, pp. 4-5.
18. Robert C. Blattberg and John Deighton (1996), "Manage Marketing by Customer equity Test", *Harvard Business Review*, pp.136-143.
19. Robert W. Palmatier, (2008), "Interfirm relational drivers of customer value", *Journal of Marketing*, Vol. 72, pp. 76–89. American Marketing Association.
20. Roland T. Rust, Katherine N. Lemon, & Valarie A. Zeithaml (2004), "Return on Marketing: Using Customer Equity to Focus Marketing Strategy", *Journal of Marketing*, Vol. 68, pp. 109–127.
21. Thayne Forbes (May, 2007), "Valuing customers", *Journal of Database Marketing & Customer Strategy Management*, Vol. 15, pp. 4–10.
22. Thorsten Wiesel, Bernd Skiera, & Julián Villanueva, (2008), "Customer Equity: An Integral Part of Financial Reporting", *Journal of Marketing*, Vol. 72, pp.1–14. American Marketing Association.
23. Timo Rintamaki and Hannu Kuuselaa (July, 2007), " Identifying competitive customer value propositions in retailing", *Managing Service Quality*, Vol. 17, pp. 621–634.
24. Tom Breur (2006), "The importance of focus for generating customer value", *Journal of Financial Services Marketing*, Vol. 11, pp. 64–71.
25. Verena Vogel, Heiner Evanschitzky, & B.Ramaseshan, (2008), "Customer equity drivers and future sales", *Journal of Marketing*, Vol.72, pp.98–108. American Marketing Association.

TABLES

TABLE 1

BRAND	NUMBER OF RESPONDENTS PREFERRING THIS BRAND	PERCENTAGE (X)	AVERAGE VALUE OF CUSTOMER VALUE IN PURCHASE INTENTION (Y)
TOYOTA	81	32%	5
NISSAN	32	13%	4
HONDA	28	11%	4
MITSUBISHI	45	18%	5
MAZDA	12	5%	3
VOLKSWAGEN	5	2%	1
GM	12	5%	2
FORD	8	3%	2
KIA	10	4%	2
HYUNDAI	12	5%	3
OTHERS	5	2%	

Source: Researcher's Survey

TABLE 2: CORRELATIONS

	VAR00002	VAR00001
VAR00002 Pearson Correlation	1	.727 [*]
Sig. (2-tailed)		.017
N	10	10
VAR00001 Pearson Correlation	.727 [*]	1
Sig. (2-tailed)	.017	
N	10	10

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

Source: Calculations through SPSS Package

TABLE 3: ONE-SAMPLE STATISTICS

	N	Mean	Std. Deviation	Std. Error Mean
VAR00002	10	3.0000	1.24722	.39441

TABLE 4: ONE-SAMPLE TEST

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
VAR00002	7.606	9	.000	3.00000	2.1078	3.8922

Source: Calculations through SPSS Package

EGO-WHAT MAKES EGO OUR GREATEST ASSET**COL. (RETD.) DR. R.M. NAIDU****PROFESSOR****SIVA SIVANI INSTITUTE OF MANAGEMENT****SECUNDERABAD****ABSTRACT**

Ego is neither an entity nor a process. It is only a notion of I-anness which exists in the mind. The process of reducing the ego is for the mind and not for the ego itself, although we talk about the ego as separate. It never exists without the mind. If a person is senseless, the person doesn't know about his or her state. I-anness is dormant. It's not our choice to have the ego or not. We are born with it. It is the nature of the mind to experience its individuality. All our desires, attachment, experiences in the world are due to the ego based in the mind. When all worldly experiences appear as pain, then the ego-based mind seeks for liberation. When we say liberation, we mean the experience within us, the ego of individuality, starts seeking for its own liberation from all the memories of past experiences.

KEYWORDS

Ego, senses.

INTRODUCTION

Ego is the invisible line item on every company's profit and loss statement. It is the unseen-but not unfelt –force that ultimately decides whether a team is held back by performance that's 'good enough' or breaks through that barrier to reach great. But despite the negative reputation of ego, it is not purely a loss. On the profit side, ego sparks the drive to invent and achieve the nerve to try something new and the tenacity to conquer adversities that inevitably come. Surprising as it may sound, many people do not have enough ego and that leads to insecurity and apathy that paralyze teams and leaders. If we manage ego wisely, we get the upside it delivers followed by strong returns. But when that intense, persistent force inside manages us, we suffer real losses. At a macro level, business performance suffers when ego negatively impacts the way we produce. Over one third of all failed business decisions are driven by ego. Research has revealed that nearly two third of executives never explore alternatives once they make up their mind and eighty one percent of managers push their decisions through by persuasion or edict and not by the value of their idea.

The word ego comes from Latin, where it means 'I, Myself'. What people usually mean when they talk about 'ego' is that someone else is so me-myself and I absorbed, that the person can't see anything else. To get a clear understanding of the way ego works, picture the way our bodies work. To keep our body health, our immune system creates molecules called free radicals that fight viruses and bacteria. However, when environmental factors such pollution and pesticides cause free radical production to become excessive, the molecules attack not only viruses and bacteria but good cells and vital tissue as well, causing illness, premature ageing, cancer and other diseases. Similarly, ego is a free radical. Ego's power is pervasive and relentless but never neutral in how it affects our performance. When the intense power of ego is not managed effectively, it damages our strengths and turns them into weakness. Through ego's overconfidence, over ambition, insecurity or I-centered agenda, our talents take on a slightly different appearance but have a significantly different impact. For example assertive becomes pushy, flexible-pushover, decisive-hasty, dedicated-stubborn, loyal-blind, independent-detached etc. Most of us don't lose our lives when we momentarily lose control of ego-but we lose a lot of trust, respect, relationships, influence, talent, careers, clients and market share. Each of us has occasionally perhaps unknowingly let ego weaken our talents despite our qualifications, expertise, charisma, track record and remarkable ability. When ego works against us there are early warning sign that indicate we are losing value.

EARLY WARNING SIGN I-BEING COMPARITIVE

Being too competitive makes us less competitive. By fixating on someone else, we lose unrecoverable time that could be devoted to becoming uniquely great; we give up our potential in the name of becoming 'better than' or at least 'as good as' someone else. Better than is a strategy for the ordinary. "The competitor to be feared is one who never bothers about you at all," said Henry Ford "but goes on making his own business better all the time" Excessive comparison also turns colleagues into competitors and competitors aren't effective collaborators. When we are too comparative, the goal we reach for is for someone else's standard of success. While under the influence of comparison we don't discern whether we are barely tapping our potential or are so unrealistic that we fail and become discouraged trying to achieve something we can't, isn't the best use of talents. In any case, we accomplish less. Unfair or inaccurate comparison not only steals credit from the person we're comparing against when they deserve credit, it interferes with the opportunity to make the most of our situation-independent of anyone or anything. Comparison often clouds the clarity of our vision. When comparison blurs our focus then comparison gets personal-'you versus me' or 'us versus them'. Constantly looking over our shoulders at what others are doing takes our eyes off what's ahead of us. Then our goals are set not by what's possible or relevant but by what someone else is doing. In that case, we are not even setting our goals: someone else is. Competition whose motive is merely to compete, to drive some other fellow out, never carries very far. The competitor to be feared is one who never bothers about you at all, but goes on making his own business better all the time. Businesses that grow by development and improvement do not die. But when a business ceases to be creative and it believes it has reached perfection and needs to do nothing but produce-no improvement, no development, it is done. Not only can comparisons hurt the creativity that leads to uniqueness they may spur us to prematurely abandon the truly unique creation. The search for uniqueness compels us to innovate not impersonate.

EARLY WARNING SIGN II-BEING DEFENSIVE

When the power of ego surges, our intent switches from honestly defending our point to proving our case exclusively; we refuse to be influenced, regardless of gaps in logic or inaccuracies. In the relentless effort to 'right', we make excuses, find fault with others, even if our faultfinding is unrelated to the discussion at hand. To justify our switch from defending to defensiveness, we may feel righteously indignant or that we are the innocent victim. And when a simple acknowledgement of being wrong would move everyone toward openness, oddly we use apology as another weapon of defensiveness. The point is, our defensiveness, often seen as evasiveness, only serves to indict us, regardless of the truth of the accusation, the sincerity of the question or the nature of the feedback. Holding an overly flattering view of one's personality, abilities and other attributes is often a recipe for disaster. Success in life comes largely from matching one's abilities, interests and inclinations to appropriate situations, jobs and relationship. To the extent they misperceive who or what they are really like, people are more likely to make bad decisions. How many people are in jobs, relationships and lives for which they are unsuited simply because they perceived themselves inaccurately? When self-serving illusions blind people to their shortcomings and weakness they are unlikely to try to improve. If hearing feedback from someone is painful, the alternative-ignoring it-appears even worse. Being defensive does not erase the truth; instead, it only protects our illusions that block progress. One of the flaws we should examine that may help us to stay open to feedback is the logic underlying our defensive. We resist feedback because we want and need to hold a positive image of ourselves. Anything counter to that positive image can be seen as a threat. The wheel of defensive spin has four major spokes that lead to bias and error-1. Exaggerate: inflate information beyond its actual significance, 2. Understate: filter, minimize or block out certain information, 3. Manipulate: twist and re-form information and 4. Fabricate: create information that has no basis in reality.

EARLY WARNING SIGN III-SHOWCASING BRILLIANCE

Showcasing/showing off brilliance is an early warning sign that ego is eroding the bottom line. The more we expect people to recognize, appreciate or be dazzled by our brilliance the less they listen, even if we do have better ideas. When others stop listening, we isolate ourselves not only from their interest in our ideas but from their brilliance in making ideas better. Then we are left less informed and have less influence-opposite of what we thought we were getting by showcasing. That is why showcasing is the ultimate irony; whether we dominate a conversation, name drop to dazzle, choose words or phrases to impress, pontificate to promote ourselves or pay only superficial attention to what others say, the more we showcase the less brilliance surfaces-and less brilliant we are likely to be. There is nothing wrong with being brilliant or capitalizing on our talents. After all, what is the value of having brilliance if we don't use it. But we cross the line from sharing to showcasing when we use it to feed our ego. When ego is out of balance, there is an inverse relationship between amassing knowledge and learning; the more we know the more confident we become. When our confidence in what we know increases to the point where we think there is little left to learn, we are less open. That's the point of danger; the lid to our box of knowledge begins to close. As it closes, new ideas have a harder time getting in, flawed ideas have a tough time escaping and we slide down the other side of the curve. The faster the lid closes, the faster our descent.

EARLY SIGN IV-SEEKING ACCEPTANCE

There is a vast difference between wanting respect and recognition and being desperate for it, even momentarily. When too little ego deprives us of a healthy sense of self, getting approval from others is our primary motive and a consuming distraction to making a contribution. Ironically, the less we are worried about maintaining an ideal self image and being endorsed by others, the more genuine acceptance and real confidence come our way. When our ego is not managed well, we do not grow out of the school level mentality of high need for acceptance, we grow into it as 'grown ups'. Whether we are on the receiving or giving end of acceptance, comments or artificial information. We are prone to say whatever we think will get is the acceptance we need, which ironically increases the chances we will get rejected. What value is someone adding if a leader is personally craving acceptance? If a person wants to be told only what makes him or her feel good, how close to reality could that person possibly be in making decisions. Most people think that when people have a problem with ego, they have too much. Seeking acceptance can be an early warning sign we have too little ego, which is equally ineffective.

REMEDY

Humility-for each of us, there is a continuum of ego. At one end of the continuum, we have too little ego; at the other, too much. Humility is equilibrium and keeps ego balanced between the two extremes. Humility is intelligent self-respect that keeps us from thinking too highly or too meanly of ourselves. It makes us modest by reminding how far we have come and how far short we are of what we can be. For most people, tradition holds that the opposite of excessive ego is humility when in fact having too little ego is as just as dangerous and unproductive as having too much. The properties of humility exist only at the equilibrium. When we are on the centre, our talents stay true to form and we make our greatest contributions. But since there is a natural tendency to deviate from the equilibrium, when we move just right or left of the centre, we begin to lose the power of humility. As a result, our strengths morph into weakness that parade as strengths. The closer we move to the extremes of humility's equilibrium the harder it is to make our way back to the centre. The longer we stay off centre the more comfortable we become off centre. If we don't quickly recover, we are more likely to develop an egotistical reflex in the way we work. When humility does not manage the power of ego, comparison, defensiveness, showcasing and seeking acceptance paint us into a corner of contentment-the feeling that we are finished, that we are complete. While pure ego fights tell us we are finished, humility reminds us we never are. The realization we are unfinished from humility's three unique properties-1. We, then me (devotion to progress), 2. I am brilliant and I am not (duality) and 3. one more thing (constructive discontent). The intersection of the three properties is humility.

Curiosity-there are two types of curiosity, 'state' and 'trait'. State curiosity the kind most people have-waits on something to spark it. State curiosity is temporary. Quickly after we are removed from the state that sparked our curiosity, it is finished. Trait curiosity, on the other hand, does not wait it be sparked: it does the sparking. People with trait curiosity have a rare blend of order and openness. When order overrides openness, curiosity loses freedom to explore. If left to openness alone, curiosity loses structure and purpose. Trait curiosity requires equal parts of both. People do not lack the ability to build or courage to try. Research suggests we don't lack imagination, ambition or ideas. We do not lack pre-build, pre-launch, pre-execution curiosity. It's not the only factor but it is a major one. When we use discipline and patience to resist our impulse to run with an idea at first glance, we give curiosity time to breathe. Four ways to raise the level of curiosity is by combining openness and order include-What do we mean? What are we seeing? What are we assuming? and What does that lead to?

Veracity-its Latin root, VERITAS means 'truth'. Truth refers to facts or reality. Truth is a destination. Veracity does not differ from truth in its destination but it differs in action. Veracity implies the habitual pursuit and adherence to truth. Both pursuit and adherence matter immensely, pursuit in arriving at truth and adherence in making a change once truth is discovered. Veracity is the pursuit of reality-the difference between what we think is happening and what is actually happening. The barrier to veracity is not that people are incapable of seeing the truth or even expressing it. The reaction to hard to hear truth when revealed is not usually favorable. As a result of the typical reaction to candor most people believe truth telling is risky. There are three steps to veracity-establish permission, make your intentions clear and be candid. The second half of veracity's meaning is adherence to truth. That usually means change. While it is true that knowledge is power, there is a clear difference in the power of knowing versus the discipline of becoming.

CONCLUSION

Most of us are influenced by more than one of the early warning signs of ego. We may have tendencies toward on sigh, like being defensive but everyone has experienced more than one sign at differed t times. The signs show up in the moment and turn our strengths into counterfeits. Since we make decisions based on beliefs, breaking the habit of any early warning sign-even momentarily-requires thorough thinking. We need to examine beliefs that drive our tendencies. Our beliefs are based on an equation-a series of 'this plus this equals this' or 'if-then logic'. But the math we do in our heads does not always add up: the beliefs we have may be anything but true.

REFERENCES

1. Marcum David & Smith Steven, *Egonomics- What Makes Ego Our Greatest Asset*, Simon & Schuster UK Ltd., 2008.
2. Viera Thomas & Sanchez Nouk, *Take Me to Truth: Undoing the Ego*, John Hunt Publishing Ltd., 2007.
3. Nuckols Cardwell, *The Ego-Less Self*, Health Communications, Inc., 2010.
4. Baron Dov, *Don't Read This-Your Ego Won't Like It*, Baron Mastery Institute, 2009.
5. Edinger Edward, *Ego & Archtype*, Shambhala Publication, 1972.
6. Metzinger Thomas, *The Ego Tunnel-The Science of the Mind and the Myth of the Self*, Basic Books, 2009.
7. Yeshe Lama, *Ego, Attachment & Liberation*, Kindle Edition, 2007.

IMPACTS OF MICROFINANCE ON POVERTY ALLEVIATION AND THE EMPOWERMENT OF WOMEN WITH SPECIAL REFERENCE TO RURAL WOMEN EMPOWERMENT AND ENTREPRENEURSHIP DEVELOPMENT IN INDIA

ANIL KUMAR.B.KOTE
RESEARCH SCHOLAR
DEPARTMENT OF ECONOMIC
KARNATAK UNIVERSITY
DHARWAD

DR. P. M. HONNAKERI
PROFESSOR
DEPARTMENT OF ECONOMIC
KARNATAK UNIVERSITY
DHARWAD

ABSTRACT

Under the trickledown theory in the planning process it was expected that women will equally benefit along with men. This has been belied by actual development. The ninth plan document recognizes that in spite of development measures and constitutional legal guarantees- women have lagged behind in almost all sectors. Empowerment can be viewed as a means of creating a social environment in which one can take decisions and make choice either individually or collectively for social transformation. It strength innate ability by way of acquiring knowledge power and experience. In India, the emergence of liberalization and globalization in early 1990's aggravated the problem of women workers in unorganized sectors from bad to worse as most of the women who were engaged in various self employment activities have lost their livelihood. Despite in tremendous contribution of women to the agriculture sector, their work is considered just an extension of household domain and remains non-monetized. Microfinance is emerging as a powerful instrument for poverty alleviation in the new economy. In India, Microfinance scene is dominated by Self Help Group (SHGs)-Bank Linkage Programme as a cost effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self help capacities of the poor ,leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country. Economic empowerment results in women's ability to influence or make decision, increased self confidence, better status and role in household etc. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure. This paper puts forward how micro finance has received extensive recognition as a strategy for economic empowerment of women. This paper seeks to examine the impact of Micro finance with respect to poverty alleviation and socioeconomic empowerment of rural women. An effort is also made to suggest the ways to increase women empowerment.

KEYWORDS

Microfinance, Micro credit, Women empowerment, Poverty alleviation.

INTRODUCTION

You can tell the condition of a nation by looking at the status of its women"

- Jawaharlal Nehru.

Microfinance programs have the potential to transform power relations and empower the poor—both men and women. In well run microfinance programs, there is relationship of respect between the provider and the client that is inherently empowering. This is true regardless of the methodology or approach (whether the institution takes a minimalist approach of delivering financial services only or a more holistic or integrated approach). As a consequence, microfinance has become a central component of many donor agencies' and national governments' gender, poverty alleviation, and community development strategies. Several studies and the experiences of a number of MFIs have shown, however, that simply putting financial resources in the hands of poor women is not enough to bring about empowerment and improved welfare.

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 1990s. Women entrepreneurs need to be lauded for their increased utilization of modern technology, increased investments, finding a niche in the export market, creating a sizable employment for others and setting the trend for other women entrepreneurs in the organized sector. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. Women's entrepreneurship needs to be studied separately for two main reasons. The first reason is that women's entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and also by being different. They also provide the society with different solutions to management, organization and business problems as well as to the exploitation of entrepreneurial opportunities. The second reason is that the topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do.

Women's entrepreneurship is both about women's position in society *and* about the role of entrepreneurship in the same society. Women entrepreneurs faced many obstacles specifically in market their product (including family responsibilities) that have to be overcome in order to give them access to the same opportunities as men. In addition, in some countries, women may experience obstacles with respect to holding property and entering contracts. Increased participation of women in the labour force is a prerequisite for improving the position of women in society and self-employed women. Particularly the entry of rural women in micro enterprises will be encouraged and aggravated. Rural women can do wonders by their effectual and competent involvement in entrepreneurial activities. The rural women are having basic indigenous knowledge, skill, potential and resources to establish and manage enterprise. Now, what is the need is knowledge regarding accessibility to loans, various funding agencies procedure regarding certification, awareness on government welfare programmes, motivation, technical skill and support from family, government and other organization. More over Formation and strengthening of rural women Entrepreneurs network must be encouraged. Women entrepreneur networks are major sources of knowledge about women's entrepreneurship and they are increasingly recognized as a valuable tool for its development and promotion. This network helps to give lectures, printed material imparting first hand technical knowledge in production, processing, procurement, management and marketing among the other women.

Development of the society is directly related with the Income Generation Capacity of its members with agriculture, as the key income generation activity the entrepreneurship on farm and home can directly affect the income of a major chunk of our population. The growth of modernization processes such as

industrialization, technical change; urbanization and migration further encourage it. Entrepreneurship on small scale is the only solution to the problems of unemployment and proper utilization of both human and

The micro finance is agenda for empowering poor women. Micro enterprises are an integral part of planned strategy for securing balanced development of the economy of the poor women. Rural women's participation in agro-based activities is much more than what statistics reveal. This is mainly due to the fact that most of the work done by the women at farm and home is disguised as daily chores. Mechanization and easy availability of labour provide more time to energetic women to engage themselves in self-employment or entrepreneur ventures. Rural women are having human and non-human resources to take up an enterprise need one an innovative mind and motivation. Entrepreneurship is the only solution to the growing employment among rural youth. It helps to generate employment for a number of people within their own social system. This is more beneficial for women in rural areas as it enables them to add to the family income while taking care of their own home and livestock centered task. Rural women possess abundant resources to take up enterprises. She has the benefit of easy availability of arm and livestock based raw materials and other resources.

Hence, she can effectively undertake both the production and processing oriented enterprises. Entrepreneurship development among rural women helps to enhance their personal capabilities and increase decision-making status in the family and society as a whole.

CONCEPT AND FEATURES OF MICRO FINANCE

The term micro finance is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro entrepreneurs, gender development etc. There is, however, no statutory definition of micro finance. The taskforce on supportitative policy and Regulatory Framework for Microfinance has defined microfinance as "Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards". The term "Micro" literally means "small". But the task force has not defined any amount. However as per Micro Credit Special Cell of the Reserve Bank Of India, the borrowable amounts up to the limit of Rs.25000/- could be considered as micro credit products and this amount could be gradually increased up to Rs.40000/- over a period of time which roughly equals to \$500 – a standard for South Asia as per international perceptions.

The term micro finance sometimes is used interchangeably with the term micro credit. However while micro credit refers to purveyance of loans in small quantities, the term microfinance has a broader meaning covering in its ambit other financial services like saving, insurance etc. as well.

The mantra "Microfinance" is banking through groups. The essential features of the approach are to provide financial services through the groups of individuals, formed either in joint liability or co-obligation mode. The other dimensions of the microfinance approach are:

- Savings/Thrift precedes credit
- Credit is linked with savings/thrift
- Absence of subsidies
- Group plays an important role in credit appraisal, monitoring and recovery.

Basically groups can be of two types:

Self Help Groups (SHGs): The group in this case does financial intermediation on behalf of the formal institution. This is the predominant model followed in India. Grameen Groups: In this model, financial assistance is provided to the individual in a group by the formal institution on the strength of group's assurance. In other words, individual loans are provided on the strength of joint liability/co obligation. This microfinance model was initiated by Bangladesh Grameen Bank and is being used by some of the Micro Finance Institutions (MFIs) in our country.

WOMEN ENTREPRENEURS

Empowering Women has become the key element in the development of any economy. It is been found that there are various forums and NGOs that are working hard towards this direction. There is lot of research studies supporting this view. The Indian Economy has been substantially liberalized in recent years with an increasing role for small-scale private enterprise. Alongside economic liberalization has come a drive to enhance the role of women with moves towards that women have at least 30% of seats in local councils and many other elected bodies (though not as yet in the national parliament). As a result women are playing a more important economic role. There has always been a tradition of education for middle class women in India and increasingly there is a strong and growing group of professional women holding positions in Indian Universities and Government service. However, there are no sex discrimination laws within the labour market. Women have also traditionally been involved in the informal economy, working in family businesses without formal position or pay.

Thus their economic contribution is often undervalued or just not mentioned at all. The Indian Government and the state governments have taken some steps to encourage women to set up small businesses. For example the Karnataka State Government was offering help to widows to set up knitting businesses in 1997. However, whilst some statistical information is available (e.g. Singh, 1991) this focuses on work participation, unemployment, work seekers, wage rates, differentials and trades union membership. There is some information available on women entrepreneurs in the UK. Johnson and Storey (1994) suggest that women entrepreneurs are less likely to be married or have a professional qualification or to start self-employment under 30. Whereas Vokins (1994) study of successful women entrepreneurs suggested they had a different approach: an ability to do several things at once; ability to admit mistakes; keen to develop the workforce; less concerned with outward trappings. Women also faced different problems. Simpson (1991) found that their partners do not help with domestic chores or the business, whilst the reverse is true for men. Simpson also suggested that women have to work harder to gain credibility. Truman (1994) found that the advice services for entrepreneurs do not gear themselves for women. They also have problems with childcare and raising finance. However the Microcredit Programme run by the India Government does help provide finance for small businesses. Rajasekhar in his study of NGOs has produced some research on the effects of the Micro Credit Programmes on Poverty, Wellbeing and Gender Equality. This study would therefore focus on the different Motivation of women entrepreneurs in India and their contribution to the local Economy for which there does not appear to be specific research.

Women comprise half of human resources they have been identified as key agents of sustainable development and women's equality is as central to a more holistic approach towards establishing new patterns and process of development that are sustainable. [Birendra Kumar Jha, 2009]. The contribution of women and their role in the family as well as in the economic development and social transformation are pivotal. Women constitute 90 per cent of total marginal workers of the country. Rural women who are engaged in agriculture form 78 per cent of all women in regular work [Harendar Kumar, 2009]. Experience of NIRD action research projects reveal that, the operational aspects, such as the extent of enabling that goes into the community self help processes and sharpening the mind set of women.

Men and the project administrators are low or critical components that determine their extent to which empowerment may or may not take place. The role of micro-credit is to, improve the socio and economic development of women and improve the status of women in households and communities. The micro entrepreneurship are strengthening the women empowerment and remove the gender inequalities. Self Help Group's micro credit mechanism makes the members to involve in other community development activities. Micro credit is promoting the small scale business enterprises and its major aim is to alleviate poverty by income generating activities among women and poor. Therefore, they could achieve self-sufficiency.

Now-a-days economic development is one of the factors that have changed the entire scenario of social and cultural environment within the country especially for the women. The rural women are engaged in small-scale entrepreneurship programme with the help of Self Help Groups. Through that they were economically empowered and attaining status in family and community.

Rural women play a vital role in farm and home system. She contributes substantially in the physical aspect of farming, livestock management, post harvest and allied activities. Her direct and indirect contribution at the farm and home level along with livestock management operation has not only help to save their assets but also led to increase the family income. She performs various farm, livestock, post harvest and allied activities and possesses skills and indigenous knowledge in these areas. The women were empowering themselves technically to cope with the changing times and productively using their free time and existing skills for setting and sustaining enterprises. They were engaged in starting individual or collective income generation programme with the help of self-help group. This will not only generate income for them but also improve the decision-making capabilities that led to overall empowerment.

SHG-BANK LINKAGE

India has the world's extensive banking infrastructure. There are about 60,000 retail credit outlets of the formal banking sector comprising 12,000 branches of district-level cooperative banks, over 14,000 branches of Regional Rural banks and over 30,000 rural and semi-urban branches of commercial banks; in addition to 1,12,000 cooperative credit societies at village level. There is at least one retail credit outlet on an average for about 5,000 rural people or every 1,000 households. This is an extensive and remarkable network that is present nowhere in the world and is capable of meeting the financial needs of the entire rural population. However, poor credit-deposit ratios (except in PACSs), unsustainable lending and high levels of NPAs, often cripple much of this infrastructure. Under the SHG-Bank linkage programme, In 2004, 16.7 million poor households were accessing credit through 35,000 branches of 560 commercial and cooperative banks. The Goal made linking SHGs with banks a national priority from 1999 and NABARD continues to nurture the expansion of the outreach of the programme by providing umbrella support to various stakeholders. The programme is growing at a pace of about 2.5 million households annually. It is the largest and fastest growing microfinance programme in the world in terms of its outreach and sustainability. The credit linked rural entrepreneurial development programme of NABARD is gaining in rural Karnataka and has helped promote entrepreneurship, particularly among women.

During 2003, of 75000 SHGs that received financial assistance, 3628 have become micro-entrepreneurs (< 5%). Of 3628 micro-entrepreneurs, 2476 were women (68%). Almost all the people involved in various activities were earning over Rs.10,000 per month and had enhanced their business and marketing skills. To provide financial assistance to artisans and small entrepreneurs in investment and working capital requirement, NABARD had formulated a special credit card scheme called Swarojgar Credit Card (SCC). Under the scheme, Rs.25000 could be borrowed. There is a long way to go and a very conservative estimate suggests that, in India, at most, just 20% of all the eligible low-income people have access to financial services from formal financial institutions, MFIs and other such stakeholders. Considering the increased competition in micro-credit and the pressure to reduce interest rates, it is time to move to considering moving beyond group lending. The primary reason for group lending are the inability of the takers to offer collateral, and hence the group mechanism was looked as collateral.

The commonly stated advantages of group lending are that the problems of adverse selection, moral hazard and enforcement are sufficiently addressed. In India, there are primarily two group lending models, one the Grameen Bank type and the other the SHG model. In the case of sparsely populated areas and the areas where groups could not be formed, individual loans can be offered by taking non-traditional collaterals like the borrower's degree certificate, driving license and such others (Bank Rakyat Indonesia, BRI uses this technique effectively). Another way is to insist the borrowers to demonstrate habitual savings for a certain period before sanctioning the loan (the SHG-Bank linkage model, uses this technique). Other means is to give dynamic incentives and disincentives in the case of repayment. In the Grammen bank, the recent change being removal of joint liability of a group forth loan taken by one member of the group, though the group meeting regimen follows.

MICROFINANCE AND WOMEN EMPOWERMENT

Links between microfinance and women's empowerment are viewed as optimistic, limited by design, cost effective in eliminating poverty, and a misplaced diversion of resources. Microfinance programs range from small scale self-help groups to large poverty-targeted banks. One model may vary in delivery, group functions and structures, and complementary services. There could be 3 contrasting approaches to microfinance and women's empowerment: the financial sustainability approach, the integrated community development approach, and the feminist empowerment approach. However, program evaluations revealed the need to question the assumptions underlying all 3 approaches. In most programs, women benefited to a limited degree. Many women did not control the loan use. Most women were engaged in low paid, traditionally female activities, and increases in income were small. Resources and time invested in economic activity were limited by responsibility for household consumption and unpaid domestic work. Microfinance programs sometimes created domestic tension between spouses and loss of spousal income and support. Group repayment pressures sometimes created pressures between women. Many women focused on personal rather than social objectives.

AREAS OF MICRO-ENTERPRISE DEVELOPMENT

Depending on number of factors ranging from landholdings, subsidiary occupations, agro climatic conditions and socio-personal characteristics of the rural women and her family member the areas of micro-enterprises also differ from place to place. The micro enterprises are classified under three major heads:

1. **Micro Enterprise development related to agriculture and allied agricultural activities** like cultivating to organic vegetables, flowers, oil seeds and seed production are some of the areas besides taking up mushroom growing and bee – keeping. Some more areas can be like dehydration of fruits and vegetables, canning or bottling of pickles, chutneys, jams, squashes, dairy and other products that are ready to eat.
2. **Micro-Enterprise development related to livestock management activities** like dairy farming, poultry farm, livestock feed production and production of vermi composting using the animal waste can be an important area in which women can utilize both her technical skills and raw materials from the farm and livestock to earn substantial income and small scale agro-processing units.
3. **Micro – Enterprise development related to household based operations** like knitting, stitching, weaving, embroidery, bakery and flour milling, petty shops, food preparation and preservation.

ADVANTAGES OF ENTREPRENEURSHIP AMONG RURAL WOMEN

Empowering women particularly rural women is a challenge. Micro enterprises in rural area can help to meet these challenges. Micro – enterprises not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women. Following are some of the personal and social capabilities, which were developed as result of taking up enterprise among rural women.

- Economic empowerment
- Improved standard of living
- Self confidence
- Enhance awareness
- Sense of achievement
- Increased social interaction
- Engaged in political activities
- Increased participation level in gram sabha meeting
- Improvement in leadership qualities
- Involvement in solving problems related to women and community
- Decision making capacity in family and community

Economic empowerment of women by micro entrepreneurship led to the empowerment of women in many things such as socio-economic opportunity, property rights, political representation, social equality, personal right, family development, market development, community development and at last the nation development.

CONCLUSIONS AND SUGGESTIONS

There are many studies that provide insights into the impacts of Micro-credit and/or Microfinance on poverty alleviation and the empowerment of women. Empowerment is a multi-dimensional social process that helps people gain control over their own lives communities and in their society, by acting on issues that they define as important. Empowerment occurs within sociological psychological economic spheres and at various levels, such as individual, group and community and challenges our assumptions about status quo, asymmetrical power relationship and social dynamics.

Empowering women puts the spotlight on education and employment which are an essential element to sustainable development. Collective strategies beyond micro-credit to increase the endowments of the poor/women enhance their exchange outcomes is-à-vis the family, markets, state and community, and socio-cultural and political spaces are required for both poverty reduction and women empowerment. Even though there were many benefits due to micro-finance towards women empowerment and poverty alleviation, there are some concerns. First, these are dependent on the programmatic and institutional strategies adopted by the intermediaries, second, there are limits to how far micro-credit interventions can alone reach the ultra poor, third the extent of positive results varies across household headship, caste and religion and fourth the regulation of both public and private infrastructure in the context of LPG to sustain the benefits of social service providers.

A conclusion that emerges from this account is that micro finance can contribute to solving the problems of inadequate housing and urban services as an integral part of poverty alleviation programmes. The challenge lies in finding the level of flexibility in the credit instrument that could make it match the multiple credit requirements of the low income borrower without imposing unbearably high cost of monitoring its end use upon the lenders. A promising solution is to provide multipurpose lone or composite credit for income generation, housing improvement and consumption support. Consumption loan is found to be especially important during the gestation period between commencing a new economic activity and deriving positive income. Careful research on demand for financing and savings behavior of the potential borrowers and their participation in determining the mix of multi-purpose loans are essential in making the concept work.

The organizations involved in micro credit initiatives should take account of the fact that:

- Credit is important for development but cannot by itself enable very poor women to overcome their poverty.
- Making credit available to women does not automatically mean they have control over its use and over any income they might generate from micro enterprises.
- In situations of chronic poverty it is more important to provide saving services than to offer credit.

A useful indicator of the tangible impact of micro credit schemes is the number of additional proposals and demands presented by local villagers to public authorities. Ongoing exchange of experience and innovation between practitioners

- Constant awareness and questioning of 'bad practice'
- Lobbying donors for sufficient funding for empowerment strategies bringing together the different players in the sector to develop coherent policies and for gender advocacy.

India is the country where a collaborative model between banks, NGOs, MFIs and Women's organizations is furthest advanced. It therefore serves as a good starting point to look at what we know so far about 'Best Practice' in relation to micro-finance for women's empowerment and how different institutions can work together.

REFERENCES

1. **Albino, Mary and Subramanian, Sarita. 2008.** 'Reaching out to the Unbanked in Jharkhand', Institute of Financial Management and Research- Centre for Micro Finance, Case Study, October.
2. **Anthony, Denise and Horne, Christine. 2003.** 'Gender and Cooperation: Explaining Loan Repayment in Micro Credit- Groups', *Social Psychology Quarterly*, 66(3): pp. 293-302.
3. **Bhatnagar, A. (2008)** "Rural Microfinance and Microenterprise", Concept Publishing Company, New Delhi.
4. **BL Centre for Development, Research and Action. 2005.** 'Micro Finance and Empowerment of Scheduled Caste Women: An Impact Study of SHGs in Uttar Pradesh and Uttaranchal', Conducted by Planning Commission of India, Final Report.
5. **Mishra .S.P.(1996) Report** "Factors Affecting Women Entrepreneurship in Small and Cottage Industries in India" International labour Organization, Swedish International Development cooperation Agency.
6. **Donald F. Kuratko, Richard M. Hodgetts. (1997)** "Entrepreneurship". Dryden Press Series in Entrepreneurship, Hardcover, USA. Bhatia Anju (2000) "Women Development and NGOs". Rawat Publication, New Delhi.
7. 2nd OECD conference of *Ministers Responsible for Small and Medium-Sized enterprises promoting entrepreneurship and innovative SMEs in a Global Economy* (2004) Organisation for Economic cooperation and development, Istanbul, Turkey
8. **Lalita .N, (2005)** "Micro Finance and Rural Development", Gandhi gram Rural Institute, Gandhigram, Dindigal, Tamilnadu.
9. **Meenu Agrawal, Shobana Nelasco (2009)** "Empowerment of Rural Women in India" Kanishka Publishers, New Delhi
10. **Ram Naresh Thakur (2009).** "Rural Women Empowerment in India" in *Empowerment of Rural Women in India* Kanishka Publishers, New Delhi.
11. **Shobana Nelasco & Junofy Antorozarina (2009)** "Rural women empowerment through Self Help Groups" in *Empowerment of Rural Women in India* Kanishka Publishers, New Delhi.
12. **Prabha Singh (2009)** "Rural Women and Development of Entrepreneurship with special reference to Punjab" in *Empowerment of Rural Women in India* Kanishka Publishers, New Delhi.
13. **Lipi (2009)** "Women Empowerment: Globalization and Opportunities" in *Empowerment of Rural*

GENDER DIFFERENCE IN OCCUPATIONAL STRESS AND COPING STRATEGIES AMONG MIDDLE LEVEL MANAGERS IN PRIVATE SECTOR ORGANIZATIONS

D. CHITRA
ASSOCIATE PROFESSOR
PANIMALAR ENGINEERING COLLEGE
CHENNAI

DR. V. MAHALAKSHMI
DEAN & HEAD
PANIMALAR ENGINEERING COLLEGE
CHENNAI

ABSTRACT

This study examines gender difference in occupational stress and coping strategies among Middle level managers in private sector organizations and data were collected through five point Likert scale questionnaire. Result of the survey analyzed by using independent t-test. Female middle level managers reported sources of stress as mistakes at the job, less recognition from superior, lack of career and achievement and lack of personal level development at the job than male middle level managers. Male middle level managers reported higher stress for personality clashes with others. With respect to coping strategies, female middle level managers tend social support when they experience stress, while men tend to suppress their emotions and deal with problems in a logical and unemotional manner, and they cope stress with organizing works than females.

KEYWORDS

Coping Strategies, Gender, Occupational Stress,

INTRODUCTION

Stress is a measure of the internal acting within a deformable body. Quantitatively, it is a measure of the average force per unit area of a surface within the body on which internal forces act. These internal forces are a reaction to external forces applied on the body. Stress is defined as any condition or characteristics of the work environment which threatens the individual's psychological and physiological homeostasis (Vivaen, Thompson, 1996). End of the twentieth century women's participation of work force has increased by significant way compared with men. According to census and statistical departmental statistics, labour force has contend 66.7% male employees and 31.5% female employees. Private sector has provided 46.9% jobs for male employees and 45.1% for female employees and public sector has provided 11.9% for male and 15.5% for female employees from the overall job market. Women's entering to the job market is a critical point to discuss various matters. From various aspects occupational stress is important matter to discuss among male and female employees

LITERATURE REVIEW

WOMEN, MEN, WORK AND OCCUPATIONAL STRESS

Many researches on gender differences in occupational stress have done by western researchers. Most occupational stresses are more conducive to men's success than women's (Tharenou et al., 1994). Women's minority managerial status and male-dominated company policies have been used to claim that female managers are subjected to a greater number of work related pressure than male managers (Davidson and Cooper, 1983). With the growing no of women in management, future productivity may depend on an organization's ability to integrate women in to the mainstream of organizational life (Offermann and Gowring, 1990). Female HR professionals reported significantly more pressure and reported a greater no of stress manifestations than their male counterparts (Davidson and Cooper, 1983). Previous research has examined the degree of occupational stress and gender difference which indicates females occupational stress is bigger than males occupational stress. Former researchers has indicated that female managers suffer from role conflicts and role ambiguity (terborg, 1985), which brings with it pressure felt from tokenism (Rosen, 1982; Davidson and cooper, 1983; Offermann and Armitage, 1993) isolation (Nelson and Quick, 1985; Davidson and Cooper, 1985) and not feeling fully accepted by their peers (kanter, 1977). Female managers are also more likely than male managers to suffer from a lack of support, be this lack of encouragement from superiors (Davidson and Cooper, 1983), absence of mentors (Jick and Mitz, 1985; Terborg, 1985) or lack of social support (Davidson and Cooper, 1983 ; Offermann and Gowring, 1990).

OBJECTIVES OF THE STUDY

Find out the gender difference in occupational stress among middle level managers in a private sector organization

RESEARCH METHODOLOGY

SAMPLE AND QUESTIONNAIRE

The sample consisted of middle level managers in private sector organizations. Private organizations were selected as the sample. A total no of 120 questionnaires were distributed .110 were well completed. This constitutes a response rate of 98 per cent. The questionnaire designed as 5 point Likert scale (5=Strongly agree to 1=Strongly disagree) and questionnaire depend on Cooper's Occupational Stress Indicators and Coping Strategies. 57 Male managers and 53 Female managers who were responded to the survey. Data analyzed by using independent t-test through SPSS software.

MEASURES

SOURCES OF STRESS

Sources of stress adopted from Cooper et al's Occupational Stress Indicator (OSI). Sources of stress were assessed with 61 items adopted from Cooper et al.'s Occupational Stress Indicator (OSI). The psychometric properties of the OSI have been established in previous studies. Items were scored from 1 (very definitely is not a source of stress) to 6 (very definitely is a source of stress). The OSI consists of six subscales which tap six dimension of Stress as follows;

1. Factors intrinsic to the job define sources of stress start from aspects of the job. This included three areas which could influences to the stress: satisfaction of working environment, new technology, innovations & challenges and position of routine works.
2. Managerial role measures how individuals perceive the expectations that relating to the managerial works. These expectations define as the risk factor of the job, how could avoid mistakes of the job and the decision making power of the job as a Middle level manager
3. Relationships with others define as stress originating from personal contacts at work such as lack of social support from superiors, subordinators and other worker and office politics.

4. Career and achievement measures the middle level managers' perceptions of their future career development, promotion prospects and perceived threats of job obsolescence.
5. Organization structure and climate define how stress starting from the bureaucratic nature of the organization, employee performance structure, organizational resources and training and development programs for middle level managers to the organization.

COPING STRATEGIES

Coping strategies were assessed with 28 items adopted from the OSI. Items were scored from 1 (never) to 5 (very often). These items comprise six subscales which show six types of coping strategy:

- 1) Social support assesses the middle level managers' connections with employees and formal and informal social networks.
- 2) Task strategies measures the individual's planning and organizing ability for their tasks to manageable chunks.
- 3) Logic measures coping strategy which measured emotional and rational approach to stressful situations.
- 4) Home-work relationships assesses coping which involves work-family balance to dissipate stress.
- 5) Time management focuses as coping strategy to work priority setting and delegation of works to achieve the tasks.
- 6) Involvement assesses coping which involves the individual's job commitment, responsibility and acceptance of the situation in which they worked.

RESEARCH FINDINGS

DEMOGRAPHIC CHARACTERISTICS

Of the 110 respondents, 51 per cent are male (N = 57) and 49 per cent are female (N= 53). The mean age of respondents is 33 with range from 27 to 40. Middle level managerial positions used as assistant managers, senior executives, engineers and accountants. Sixty-six per cent of the respondents are single (N = 73), While 34 per cent are married (N = 37).

GENDER DIFFERENCES IN SOURCES OF STRESS

Analyses of independent t-test were used to test whether gender differences in occupational stress and coping strategies exist. Three covariates - job title, marital status, and age group were controlled. This is to ensure that any significant gender differences found in experienced stress and coping are attributed to gender and not to any of the covariates. Results of independent t-test are presented in Table I and show that only five sources of stress (factors intrinsic to the job; managerial role; relationships with others; career and achievement; and organization structure and climate) remained statistically significant after the three covariates were introduced.

To examine further gender differences in specific aspects of the job, t-tests were performed for male and female middle level managers on various items in each dimension of the OSI. Items on which significant gender differences occur are reported in Table.

TABLE 1: RESULTS OF INDEPENDENT T-TEST ON INDIVIDUAL STRESS ITEMS BETWEEN MALE AND FEMALE MIDDLE LEVEL MANAGERS

Question no	Dimension of Stress	MEAN		Significant (2-tailed test)
		Male	Female	
Factors intrinsic to the job				
1	Satisfaction of working environment	4.02	3.64	0.01
2	Working with new technology, innovation and challenges	3.75	3.51	0.09
3	Normal routine work than different task	3.23	3.06	0.43
Managerial role				
4	Take the risk of job	3.42	3.68	0.21
5	Afraid to do mistakes at job	2.60	3.74	0.00
6	Make decision influence to organisation	3.74	3.91	0.23
Relationship with others				
7	Lack of subordinate support	2.68	3.15	0.06
8	Hurts from office politics	2.95	3.23	0.06
9	Not recognized from superiors	2.21	3.00	0.00
10	Personality clashes with others	3.44	2.30	0.00
Career and achievement				
11	Promoted by Organization at correct time	3.16	2.60	0.02
12	Achieved personal level development of the job	3.89	3.08	0.00
13	Lack of opportunity to career development	2.79	2.77	0.94
Organisation structure and climate				
14	No adequate guidelines and backup from superiors	2.60	2.38	0.30
15	No training and development structure for the job	2.32	2.68	0.12
16	Not receiving feedback from top level	2.79	2.55	0.29
17	Resources not enough to work	2.51	2.28	0.24

FACTORS INTRINSIC TO THE JOB

Male managers reported significantly higher scores on three questionnaire items relating to factors intrinsic to the job. These items are: "satisfaction of working environment", "working with new technology, innovation and challenges", "normal routine work than different tasks". Results of Sig. (2-tailed) t-tests on these items are shown in Table I.

Males have satisfied with working environment, but working with new technology, innovation and challenges they have little bit of pressure than females as well as they are working under normal routine works than female workers in the work place. However as an overall dimension which factors intrinsic job factor which does not have a significant difference among male and female middle level manager in the work place.

MANAGERIAL ROLE

Female middle level managers scored significantly higher on the following items relating to the managerial role: "Afraid to do mistakes at the job", "Make decisions influence to the organization" "Lack of subordinate support". Results of Sig. (2-tailed) t-tests on these items are shown in Table I. Female managers were more afraid to do mistakes the job and they does not have the subordinates support like male counterparts. Those were major source of job stress than male counter parts. However they reported their influencing rate to decision making was higher than male managers to the work.

RELATIONSHIPS WITH OTHERS

Women reported a significantly higher score several items on this subscale of the OSI: "Hurts from office politics", and "Not recognize from superiors" were significantly higher than male managers. Other hand males scored higher for the "Personality clashes with others "at the office. Results of Sig. (2-tailed) t-tests on these items are shown in Table I. Generally, Middle level managers have extensive interactions with others in the organization as they need to deal with many different parties and fulfill the expectations of users, customers, clients, managers and departments. In this case female managers are rich with personal relationships without clashes. According to the research female managers has showed a considerable amount of stress originating from office politics and on lack of superior recognition in the office. While organizational politics also plague male managers, female managers may be more stressed by this as they are often excluded from political networks in the organizations.

CAREER AND ACHIEVEMENT

The following items related to career and achievement: "Promoted by the organization at correct times", "Achieved personal level development of the job", "Lack of opportunities to career developments". Results of Sig. (2-tailed) t-tests on these items are shown in Table I. Lack of opportunities for career development and lack of personal level development at the job often results in female managers perceptions that they are undervalued, thereby leading to much frustration and stress.

Another plausible explanation why female were show lower level promotion at the work place this was higher scores as a source of stress than their male counterparts. Freedman and Phillips suggest that the absence of career mentors and role models may lead women to recognize the lack of opportunities in their workplace and consequently adjust their aspiration levels downwards to match the career paths or jobs that appear to be available to them.

ORGANIZATION STRUCTURE AND CLIMATE

Organizational structure and climate indicate the following factors: "no adequate guidelines and backups from superiors", "lack of training and development structure for the job", "not receiving feedback from top level", "Resources are not enough to work ". Results of t-tests on these items are shown in Table I. Male managers indicated inadequate guidance and support from superiors, as well as organizational resources not sufficient to perform tasks, may be construed as a loss of control, thereby resulting in stress reactions. On the other hand, Female managers perceive a lack of feedback from top level and lack of training and development from the organization. However there were no significant difference of stress among male and female mangers regarding the organizational structure and climate.

COPING STRATEGIES**TABLE 2: RESULTS OF INDEPENDENT T-TEST ON INDIVIDUALS COPING STRATEGIES ON JOB STRESS BETWEEN MALE AND FEMALE MIDDLE LEVEL MANAGERS**

Question no	Individual Item	MEAN		Significant (2-tailed test)
		Male	Female	
18 19	Social Support			
	Can easily understand subordinates	4.04	4.06	0.88
	Can seek social support for any issue	2.77	3.81	0.00
20 21	Task strategies			
	Plan work as much as manageable	4.21	3.92	0.00
	Good team player	3.88	3.85	0.76
22 23	Logic			
	Emotional when fallen in to stressful situation	2.60	3.34	0.00
	Rational my managerial decision	3.40	3.49	0.50
24 25	Homework Relationship			
	Successfully balance work and family	3.68	3.94	0.07
	No family affected problems to work	3.25	3.23	0.91
26 27	Time management			
	Delegate task and finish on time	3.35	3.34	0.95
	Good practice to priority setting	3.68	3.77	0.35
28 29	Job Involvement			
	Good individual job commitment	4.00	3.98	0.87
	Accepts work under any pressure	3.81	3.64	0.33

GENDER DIFFERENCES IN COPING STRATEGIES

To examine whether gender differences exist in coping strategies Sig. (2-tailed)-t test procedures were performed. The results in Table 2 show that gender differences exist for only three of the six coping strategies subscales. Female managers reported significantly higher scores on social support than their male counterparts while male managers reported significantly higher scores on logic (less emotional when fallen in stressful situation.) as a coping strategy than their female counterparts. And male managers plan work as manageable then female managers. No significant gender difference was found for task strategies, homework relationships, and job involvement. To examine further gender differences in specific aspects of coping strategies, t-tests were performed for male and female middle level managers on various items in the social support, time management and logic subscale of OSI. Items on which significant gender differences occur are reported in Table 2.

SOCIAL SUPPORT

Female managers reported significantly higher scores on questionnaire items relating to social support for any issue as a coping strategy. Results of t-tests on these items are shown in table 2

These results are also consistent with the findings of previous studies. For example, McDonald and Korabik found that females were more likely to talk to others about their problems and seek social support when they experienced stress in a similar way, Burke and Belcourt found that women tended to talk to their friends and family about Work-related problems more than men did. These findings seem to suggest that women are more willing to articulate their problems than men.

LOGIC

Female managers reported significantly higher scores on questionnaire items relating to emotional when fallen in to stressful situation as a coping strategy. Results of t-tests on these items are shown in Table 2. Generally, the results show that men may find it more difficult to articulate their problems and may suppress their emotions and not let their stress show possibly because such behaviours are in line with societal norms and expectations. This is particularly so in an Asian culture where articulation of problems by men is perceived as a sign of weakness.

TASK STRATEGIES

Male manger were more manageable when plan the works. There were significant differences among male and female mangers. Results of t-tests on these items are shown in Table 2. Rationally of this would be, their mind freedom and less responsibilities from the home- work balance.

CONCLUSION

The objective of this study is to investigate gender differences in occupational stress and coping strategies among middle level manager. Results of independent t-tests reveal that gender differences exist in five of the OSI sub-dimensions, namely: Satisfaction of working environment ,Afraid to do mistakes at job, Achieved personal level development of the job, Personality clashes with others and Career promotions and achievement. Other sub-dimensions relating to the ISO (Occupational Stress Indicator) were not reported significant difference between male and female middle level managers job related stress.

Gender differences were found for three coping strategies, namely social support, Time management and Logic. Female middle level managers were more likely to seek social support than male middle level managers in dealing with stress. On the other hand, male middle level managers were more likely to engage in "logic", i.e. suppress their emotions and deal with stress in an objective and unemotional manner.

The results of the study are instructive in that they seem to suggest that some factors has changed since Davidson and Cooper's influential study on occupational stress among male and female managers more than a decade ago. Consistent with Davidson and Cooper's study, this results suggest that most of the factors which generate stress among female managers with gender discrimination from organizational policies and other colleagues at the workplace. The results of this study suggest that one of the source of stress for female middle level mangers arises from fear of making mistakes. This fear may stem from their lack of

confidence or lack of knowledge and skills in performing work tasks or nature of gender as psychological effect. In fact, Freedman and Phillips noted that women who are in male-dominated professions generally tend to lack confidence in their ability to excel in their jobs compared with their male colleagues.

Female middle level managers also scored significantly higher than their male counterparts on stress stemming from "Hurts with office politics". Nelson et al. attribute this to the marginalization of women from the organizational political networks. And the managerial position has traditionally been a male dominated one. Female middle level managers in the study scored significantly higher than their male colleagues on stress originating from inadequate support from their superiors and others at work. To the extent that supervisor support, encouragement and guidance are crucial in assisting the female middle level managers to get ahead in her profession, managers should make a conscientious effort to ensure that their female staff receive the support and guidance they need from their superiors.

Both male and female managerial positions exist and both parties are giving considerable contribution to the productivity. According to the research stress factor has change when relevant to the gender not like earlier time. It would be the development of physical facilities to do work for the female, social support for them as well as changing the attitudes of females for the balance career life as well.

REFERENCES

1. Arnold H.J., & Feldman, D.C. (1982), A multivariate analysis of the determinants of job turnover, *Journal of Applied Psychology*, 67, 350-360.
2. Adeline Broadbridge, (2000), Stress and the Female Retail Managers, *Women in Management Review*, volume 15, November 2000, University of Stralene.
3. Baumeister, R.F., & Scher, S.J. (1988), Self-defeating behavior patterns among normal individuals: Review and analysis of common self-destructive tendencies, *Psychological Bulletin*, 104, 3-22.
4. Caplan, R.D., & Jones, K.W. (1975), Effects of workload, role ambiguity, and Type A personality on anxiety, depression and heart rate, *Journal of Applied Psychology*, 60, 713-719.
5. Carayon, P. (1994), Stressful jobs and non-stressful jobs: A cluster analysis of office jobs, *Ergonomics*, 37, 311-323.
6. Chemers, M.M., Hayes, R.B., Rhodenault, F., & Wysocki, J. (1985), A person-environment analysis of job stress: A contingency model explanation, *Journal of Personality and Social Psychology*, 49, 628-635.
7. Cobb, S., & Rose, R.M. (1973), Hypertension, peptic ulcer, and diabetes in air traffic controllers, *Journal of the American Medical Association*, 224, 489-493.
8. Davidson, M., Cooper, C., (1983), *Stress and the Woman Managers*, Martin Robertson & Company publication, Oxford,.
9. Gender differences in Occupational Stress and Coping Strategies among IT Personnel, *Women in Management Review*, Volume 11 Number 1, pp. 20-28, MCB University Press
10. Jick, T.D., Mitz, L.F., (1985), Sex differences in Work Stress, *Academy of Management Review*, No. 10, pp. 408-20. Vivien K.G. Lim ,Thompson S.H. Teo, (1996),
11. Sandra L .Fieelden ,Cary L.Cooper, *Women Managers and Stress: A Critical Analysis*, Volume 20,Manchester school of Management, UK

CUSTOMER VALUE OF HAIR CARE PRODUCT (WITH SPECIAL REFERENCE TO SHAMPOO) IN TIRUCHIRAPALLI DISTRICT

V P T DHEVIKA

ASST. PROFESSOR

**P G & RESEARCH DEPARTMENT OF COMMERCE
SRIMAD ANDAVAN ARTS & SCIENCE COLLEGE
TIRUCHIRAPPALLI**

DR. N SUBRAMANI

HEAD

**P G & RESEARCH DEPARTMENT OF COMMERCE
URUMU DHANALAKSHMI COLLEGE
TIRUCHIRAPALLI**

ABSTRACT

In today's highly competitive markets, business is more challenged to increase, or even maintain market share. With the globalization and continual technology innovations, consumers have greater access and more purchase alternatives, and opportunities to be less store and product loyal. As a result, customer value becomes paramount to being competitive in the market place. Customer Value is a topic of growing interest to managers and researchers in business marketing. Traditionally, research on Value in business markets have been oriented towards the assessment of how suppliers create value for their customers and how customers perceive superior value in a suppliers offering compared to competition (the buyers perspective). In recent years both academics and managers have increasingly emphasized the need to consider customers as a key asset of the firm. Only very few studies are focused on products. The purpose of this article is to introduce the reader on Customer value of shampoo. This issue takes a look at Value from Customers perspectives taking into account benefits perceived and sacrifices perceived.

KEYWORDS

customer value, perceived benefits, perceived sacrifices, shampoo.

INTRODUCTION

Marketing concepts are rapidly changing due to the developments in business environment in the 21st century that is also called as the age of information and technology. Companies are able to increase their production capabilities and consumers meet new products and brands with different qualities, prices and alternatives by developing technologies. Reaching wide audiences becomes more difficult with media fragmentation. Success of companies is no more directly related with their production capabilities. Graining customers and creating loyalty, in other words customer oriented working, become more crucial in almost every sector in order to survive in highly competitive markets. However, it is not easy to gain new customers or keep good relations with current customers who are bombarded with millions of new products and messages every day. While choosing a product or service, current conscious customers wants not only to satisfy his needs, but also to know the product differentiates itself from the competitors and what kind of benefits it supplies. For that reason today, marketing specialists try to find out what customer names as value, how this value can be transferred to product/ service, and how well value-added product can communicate with customers. In the modern customer-centered era, customer value is a strategic weapon in attracting and retaining customers.

REVIEW OF LITERATURE

Customer Value is a topic of growing interest to managers and researchers in business marketing. Traditionally, research on Value in business markets have been oriented towards the assessment of how suppliers create value for their customers and how customers perceive superior value in a suppliers offering compared to competition (the buyers perspective) **Anderson & Narus (1999)**, **Ulaga and Chacour (2001)**. In recent years both academics and managers have increasingly emphasized the need to consider customers as a key asset of the firm **Rust & Lemon (2000)**

From the customer's perspective, products are viewed as a bundle of benefits, not attributes. In other words, 'Customers are less Interested in the technical features of a product /service than in what benefits they get from buying, using or consuming the product. Customers Perceived Value is defined as "the customers overall assessment of the utility of a product based on perceptions of what is received and what is given (**Zeithaml 1988**). Two essential conceptions are established with customer Perceived Value (CPV). First, CPV is a result from the consumers pre-purchase perception (expectation), evaluation during the transaction (expectation versus received), and post-purchase (after-use) assessment (expectation versus received). Second, CPV involves a divergence between the benefit received and sacrifices given. These benefits include customer's desired value, e.g., quality **Monroe, 1990**. Sacrifices on the other hand, include monetary (price) and non-monetary (time, effort) consideration **Cronin etal 2000, Dodds, Monroe, & Grewall 1991**, **Monroe 1990**. **Monroe** observes buyers, 'Buyers perceptions of value represent a tradeoff between the qualities of benefits they perceive in the product relative to the sacrifice they perceived by paying the price. Furthermore, non-monetary sacrifices include customer's time and effort in acquiring products (**Cronin etal 2000**). Therefore to maximize customers perceived value, the firm must either increase the customer perceived value e.g. quality and or decrease their sacrifice. e.g., price paid, time and effort to purchase

STATEMENT OF THE PROBLEM

Hair has always been considered as an important part of the body with strong social and cultural significance. As a part of the body, it is unique in that it can be readily manipulated to change an individual's appearance – even radically. In the current liberalized environment, the shampoo market is undergoing significant changes. These changes are witnessed due to the changing demands of customers, increasing disposable income, growth in fashion conscious consumers, and rise in organized retail, increase in awareness and global brands. It becomes important to explore and understand the changes which affect the buying pattern of customers.

Since a number of producers have entered the Fast Moving Consumer Goods industry, there is a desperate need to figure out whether the customers are really enjoying their shampoo, what benefits they perceive and what sacrifices they perceive. Hence an attempt is made to find out the dimensions affecting customer value of shampoo.

The Indian Fast Moving Consumer Goods sector is valued 133,876 crores (USD29.8 bn). The share of Hair Care market is Rs.10, 243 crores (USD 2.3 bn) ie. 8%, in which shampoo occupies highest market share of with Rs.3277 crores (USD 728 mn) ie. 32.0% among hair care segment. The other sector constitutes perfumed

oil Rs.3175 crores (USD 705 mn) (31%). Coconut oil Rs.2151 crores (USD 478 mn) (21.0%), hair conditioners Rs.204 crores (USD 45 mn). ie. (2.0%) and hair dyes Rs. 1434 crores (USD 319 mn) 14.00 %.

The penetration level of rural is 37% and that of urban is 66.3%. The per capita consumption of India for shampoo is 0.3 US \$ which is lower than when compared to other emerging economies. This provides a room for growth of shampoo industry in India.

In today's busy and machine-like life, traditional method of taking oil bath and use of shikakai is gradually disappearing. Due to pollution and hot weather condition daily hair wash is essential sometimes for hair maintenance, arresting hair fall and strengthening of hair conditioning. Shampoo plays a vital role in hair coloring, preventing hair fall, and hair dye and hair styles. The main requisites of shampoo is to clean scalp and hair. Leave the hair lustrous, rinse off easily and pleasing odor. To achieve these properties many popular brands of shampoo are being introduced in the market.

Two sets of data collection were made. First set of data collection was made for the purpose of obtaining a list of hair care products with a sample of 50 respondents. The respondents were asked to give a list of hair care products that came to their minds when they think of hair care products. Shampoo, hair oil and hair coloring were mentioned by the respondents. Shampoo was mentioned by all the respondents and it was the product that came to their mind first. Hence the product shampoo was selected. The second pretest was conducted with the basic questions of buying behavior like why, what, when, where and how with the same respondents to know the variables, influencing factors and brand preference.

Hair care is more in the age group of 20+ and girls in this age group are ready for their marriage and work life for which appearance is must. Hair always is an important part of the body, with strong and cultural significance. As a part of the body, it is unique in that it can be readily manipulated to change in individual appearance- even radically. Research has found that virtually all societies from less advanced to highly advanced cultures, have dealt with the hair as a form of expression. College going girls were considered and taken for study as they fall under this category. Science students know the biological aspects of shampoo than when compared to arts students. Hence a comparison has been made between science and arts respondents.

SCOPE OF THE STUDY

The study covers only shampoo in hair care under Fast Moving Consumer Goods sector. It includes only college going girls doing Post Graduate course in Arts & Science Colleges in Tiruchirappalli District. Customer value is measured from the point of view of customers only.

OBJECTIVES OF THE STUDY

1. To find out the benefits perceived in customer Value of Shampoo.
2. To know the sacrifices perceived in customer Value of Shampoo

METHODOLOGY

PILOT STUDY

Before the final draft of the questionnaire, three stages of pilot study were done. In the first stage the basic questions of buying behavior like why, what, when, whom, where and how was carried out with a sample of 25 respondents. In the second stage, along with the first stage variables, brand preference and influencing factors were found with the same above said respondents. In the third stage based on the conceptual model, original pilot study was carried out with a sample of 60 respondents. After making certain additions, deletions and modifications, the final draft of the questionnaire was tested on.

RELIABILITY & VALIDITY

Both are two necessary features for every measuring material such as questionnaire because these materials should analyze data and provide final conclusions for researchers. To sum up, validity means that a measuring material is used to measure the characteristics. Cronbach's alpha coefficient was used to measure reliability. The average of Cronbach's alpha for 8 variables of this research are more than 0.7. Which is more than the mean acceptable alpha (0.70) Hence, the questionnaire is reliable.

QUESTIONNAIRE DESIGN AND CONSTRUCT MEASUREMENT

A structured questionnaire was developed to obtain the responses from shampoo users about their opinions on various research variables. The questionnaire consists of five benefits perceived (Quality value, Emotional Value, Epistemic value, Social Value and Conditional Value) and three sacrifices perceived (monetary cost, health risk cost and Time & Effort cost). So total eight variables mentioned above are used in current research with the measurement items totally adapted based on previous researches. The measurement items are then rephrased so that all items can be applied to shampoo user's context. Likert's 5 point scale is used to measure customer value of shampoo from 1 to 5 where 1 indicates strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 being strongly agree.

DATA COLLECTION

Both primary and secondary data were used in the study. Primary data were collected through questionnaire following Likert's 5 point scale. Secondary data were collected through books, journals, magazines, newspaper, and websites.

SAMPLE SIZE

The sample size consists of 200 respondents.

SAMPLING METHOD

Convenient Random Sampling Method was used for the study.

STATISTICAL TOOLS USED

T - Test was used in the study.

LIMITATIONS AND FURTHER STUDY

1. The study is limited to one product so it can be extended to other products of same hair care or other personal care segments.
2. The present study investigates products only, while it can be extended to services also.
3. Customer Value and its antecedents and consequences should be scrutinized by different models proposed by various studies. It can be helpful to combine different models.
4. Research is also necessary to delineate boundary conditions.

RESULTS AND DISCUSSION

Table-1 shows that 50% of the respondents are in the age group of less than 30 years, who are 50%, each male and female respondents. 70% of the respondents are married and are qualified upto (55%) undergraduate level with 95% being private employee earning a monthly income of between Rs 10,000 – 20,000 (40%)

Table-2 shows strong internal consistency & its constructs indicated by values of Cronbach's alpha value are higher than 0.700 as suggested by Hairer, etc. Al (1998). This suggests that the items concerned adequately measure a single construct for each tested variable. Cronbach Alpha is used to test the reliability of the study used in the research: Table-2 shows a strong support for the reliability of five benefits received and three sacrifices made. The reliability tells that the parameter set up in the questionnaire to measure is reliable as all the Cronbach alpha value exceeds the threshold value of 0.7.

Table-3 shows the mean and standard deviation for the research variables of quality value, emotional value, epistemic value, social value, conditional value under benefits and sacrifices cover monetary cost, time/effort cost and health risk cost. The results shown are the summation of all the items the five-point Likert Scale. The mean score of quality value is 3.85, (26.93/5) conditional value is 3.82, epistemic value is 4.18 showing that epistemic value, conditional value and Quality value are the most important benefits received from shampoo users. The mean score of monetary cost is 3.67 indicating that monetary cost is the most important sacrifice made from the shampoo users.

Table-4 shows that there is a significant relationship between quality value, epistemic value, time & effort cost and health risk and age group because p-value is less than 0.05. There is no significant relationship between emotional value, social value and monetary cost and age group because p-value is greater than 0.05

TABLE – 1: PERSONAL PROFILE OF THE RESPONDENTS

Variables		Frequency	Percentage
Age	Less than 30 Years	100	50
	30-45 Years	60	30
	Above 45 Years	40	20
	Total	200	100
Sex	Male	100	50
	Female	100	50
	Total	200	100
Marital Status	Married	140	70
	Unmarried	60	30
	Total	200	100
Educational Qualification	Up to UG	110	55
	P G	10	05
	Technical	60	30
	Professional	20	10
	Total	200	100
Occupation	Government Employee	10	05
	Private Employee	190	95
	Total	200	100
Monthly Income	Up to Rs 10,000	40	20
	10,000 - 20,000	80	40
	20,000 - 30,000	30	15
	Above 30,000	50	25
	Total	200	100

TABLE - 2: RELIABILITY MEASUREMENT

VARIABLES	NO. OF ITEMS	ALPHA VALUE
Quality Value	7	0.753
Emotional Value	8	0.743
Epistemic Value	5	0.745
Social Value	5	0.752
Conditional Value	4	0.762
Monetary Cost	3	0.777
Time/effort Cost	3	0.774
Health risk Cost	5	0.786

TABLE - 3: DESCRIPTIVE STATISTICS

VARIABLES	MEAN	SCORE MEAN	STD. DEVIATION
Quality Value	26.93	3.85	4.503
Emotional Value	26.03	3.25	4.503
Epistemic Value	20.88	4.18	4.199
Social Value	15.43	3.09	3.209
Conditional Value	15.27	3.82	3.209
Monetary Cost	11.00	3.67	2.471
Time/effort Cost	8.10	2.70	3.456
Health risk Cost	14.44	2.89	5.008

TABLE – 4: T-TEST TABLE SHOWING THE RELATIONSHIP BETWEEN AGE AND DIMENSIONS OF CUSTOMER VALUE

Hypothesis	Hypothesis Description	T –test	P-Value	Result
H1	Quality Value of shampoo is same for all age group	2.379	0.018	Significant
H2	Emotional Value is same for all age group	0.736	0.463	Not-Significant
H3	Epistemic Value is same for all age group	5.415	0.000	Significant
H4	Social Value is same for all age group	-.281	0.779	Not-Significant
H5	Conditional Value is same for all age group	4.045	0.186	Not-Significant
H6	Monetary cost is same for all age group	1.070	0.089	Not-Significant
H7	Time & Effort cost is same for all age group	4.907	0.000	Significant
H8	Health Risk cost of Shampoo is same for all age group	10.903	0.000	Significant

FINDINGS

1. 'Quality consistent' is the highest factor and 'performs as described' is the lowest factor among Quality Value.
2. 'Satisfied with my brand' is the highest factor and 'packaging' is the lowest factor among Emotional Value.
3. In Epistemic Value 'ingredients' is ranked first and 'color' is ranked least.
4. With regard to Social Value the highest factor is 'compliments from others' and the least important factor are 'people giving importance
5. The most important factor is 'till it is available in the market' and the least important factor is 'continue to buy if the price is same or it decreases' in Conditional Value.
6. The most important factor is 'makes hair and scalp dry' and the least important factor is 'causes eye irritation' in Health Risk Cost.
7. The most important factor is 'reasonable priced' and the least important factor is 'good product for the price' under monetary cost.
8. 'Spend more time to purchase' is the most important sacrifices and 'spend more effort to purchase' is least important sacrifices perceived under Time & Effort Cost

9. Of the five benefits perceived in the study, the most important benefit perceived is Quality Value with a mean score of 26.93 and the least important benefits perceived is conditional Value with a mean score of 15.27.
10. Of the three sacrifices perceived in the study, the most important sacrifice perceived is Health Risk Cost with a mean score of 14.14 and the least important sacrifices perceived is time & effort cost with a mean score of 8.10.
11. Emotional value is higher for PG arts students than PG science students.
12. Monetary cost is higher PG arts students than PG science students.
13. Customer value of shampoo is not significant between PG arts and PG science students.
14. Brand 'Santinique' of Amway has the highest customer value with a mean score of 79.73 and brand Nyle has the lowest customer value with a mean score of 54.75.

CONCLUSION

The study identifies seven components of customer value of shampoo namely (benefits) Quality Value, Emotional Value, Epistemic Value, Social Value ,and (sacrifices) Monetary Cost, Time & Effort cost and Health Risk cost .Today as services and products are becoming increasingly intertwined and the competition increasingly global, delivering customer value is not as simple as it used to be. So the firms should take steps to increase the benefits and decrease the sacrifices in order to retain and acquire the customers.

REFERENCES

1. Anderson, James A., and Narus, James A., Business Market Management: "Understanding, Creating, An Delivering Value" prentice Hall. New Jersey, 1999.
2. F.M. Bass and W.W. Talarzyk. "Attitude Model for the study of Brand preference." Journal of Marketing Research, 9, February 1972, 93-76.
3. Cronin, J.J. Brady, M.K. & Hult, G.T.M (2000)." Assessing the effects of quality of quality, value, and customer satisfaction on consumer behavioral intentions in service environments." Journal of Retailing, 76 (2), 193-218.
4. Dick, A.S. & Basu, K. (1994). "Customer Loyalty: Toward an integrated conceptual framework". Journal of the Academy of Marketing Science, 22(2), 99-113.
5. Dodds, W.B. Monroe, K.B., & Grewall, D. (1991)." Effects of price, brand and store information on buyers product evaluations", Journal of Marketing Research, 28(3), 307-319.
6. M. Fishbein and I Ajzen, Belief, Attitude, International and Behaviour: A Introduction to Theory and Research (Reading, Mas: Addison-Wesley, 1975).
7. Kanagal, N. (2009)." Role of relationship marketing in competitive marketing strategy". Journal of Management and Marketing Research, 2(May), 1-17.
8. Rust, Roland T., Zeithaml, Valarie A., and Lemon, Katherine N.: Driving Customer Equity: How Customer Lifetime value is reshaping corporate strategy. The press, York, 2000.
9. Monroe, K.B. (1990). Pricing: Making Profitable Decisions (2nd.ed). New York: Mc Graw- Hill.
10. . Rust, R.T. Lemon, K.N., & Zeithaml, V.A.(2001)." Where should the next market " (dollar goes? Marketing Management, 10(3), 24-28.
11. Ulaga, W., Chacour, S.:" Measuring customer perceived value in Business Markets: A Prerequisite for Marketing strategy Development and Implementation Markets" Industrial Marketing Management forthcoming (2001).
12. Zeithaml, V. (1988), "Consumer perception of price, quality and Value: A means –end model and synthesis of evidence", Journal of Marketing, 52 (July) 2-22.

INVESTING IN GOLD: A FUTURE PERSPECTIVE (WHY AND HOW TO INVEST IN 'GOLD' WITH SPECIAL REFERENCE TO COMMON INVESTOR)

DR. RITU KOTHIWAL
ASSOCIATE PROFESSOR
DEPARTMENT OF M.B.A.
BHARAT INSTITUTE OF TECHNOLOGY & SCIENCE FOR WOMEN
HYDERABAD

ANKUR GOEL
ASST. PROFESSOR
DEPARTMENT OF MBA
IIMT PROFESSIONAL COLLEGE
MEERUT

ABSTRACT

With the range of options that an investor can choose from at the present moment, making an investment decision can be truly overwhelming. From the entire gamut of investments, ranging from stocks, bonds, real estate, Govt. securities to rare metals like gold and silver, an investor must create a portfolio that can effectively help him meet his or her short, medium and long term financial goals. With gold prices at an all time high right now, many investors are diverting their attention continuously towards "GOLD" as an investment avenue. This paper presents the advantages, features, benefits, pros and cons, common myths and ways for investing in gold which acts as a positive catalyst for them to take fast investment decision.

KEYWORDS

finance, gold investment.

INTRODUCTION

In the last few years the role of gold has increased not only as a store of value but also as an important alternative asset class providing investment (risk vs. return) benefits. As far as India is concerned, India's savings rate continues to be high, just behind China's. Also, NRI's continue to send money back home - either to their parents and relatives or for further investment. This is same as China and this is what is driving Gold prices to go up in both the countries. Both the countries have taken steps to firm up interest rates to cool off gold prices. Also observing the very high volatility in stock markets and inflationary pressures investors today requires a medium term return oriented products for an investment. Gold as a resultant came out to be a very effective investment instrument (As compared to other investment options) for a common investor as indicated by Graph 1, Graph 2 and Table 1.

The yellow metal is still the most preferred for countering inflation, deflation or currently devaluation. With the gold price hovering around Rs28, 000 per 10 grams the highest ever, investors are worrying whether or not to buy the metal at this rate. The demand for gold has already started dipping as a result.

Traditionally in India gold is purchased not only for trading but also for use. Bought mainly by women to tide over rainy days, gold has never disappointed those who invested in it. It has rescued many households and countries at the time of crisis. Equities have depreciated, real estate price have gone down but the price of gold has always remained firm. Many doubts were raised when the RBI bought 200 tones of gold in 2009, Critics then pointed out that prices were very high and the RBI should have waited for them to moderate.

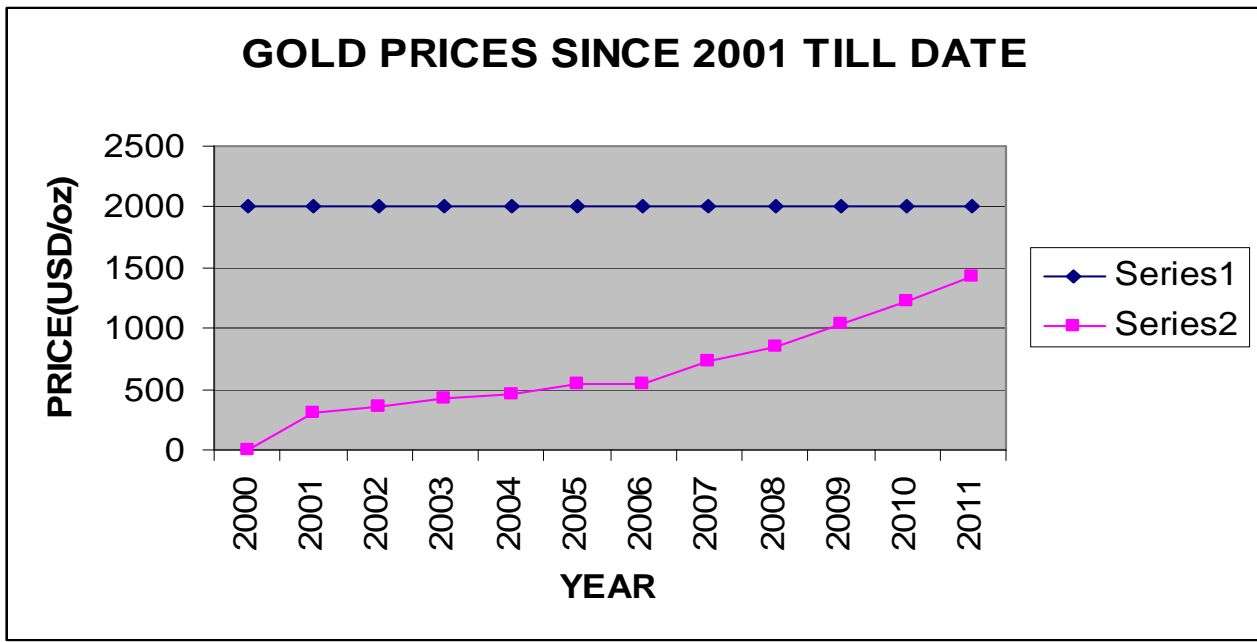
They were, however proved wrong. The RBI has seen a 50% appreciation on its investment of \$6.7 billion to buy gold from the IMF just 23 months ago. The RBI had then spent Rs 31,490 crore to buy 200 tones of gold at an average price of \$ 1,045 an ounce. With international prices of gold now around \$ 1600 an ounce the worth of the RBI purchase stands at \$10 billion. It is for no reason that countries like China and India have begun shifting their reserves from dollar and other fore in currencies to gold. With global economies failing and the faith in their currencies eroding, the yellow metal looks very reliable.

History has repeatedly shown that investment in gold has never been a wrong bet. Gold came to the rescue of the country in 1991 when India faced its worst ever balance of payment crisis. Not only countries even the IMF is resorting to selling gold to shore up its resources. Investments made by IMF in gold are helping it tide over the financial crisis while other currencies have failed to bail it out. In September 2009, the IMF decided to sell 400 tones of gold every year for the next five years to shore up its resources.

KEY FACTORS INFLUENCING FOR LIKING THE GOLD

1. Symbol of Security.
2. Signs of Prosperity.
3. Hedge against inflation and rupee depreciation.
4. Storage value in rural areas due to lack of banking facilities.
5. Market/Economic uncertainty.
6. Low real interest rates.

GRAPH 1: GOLD CONTINUES TO TOUCH NEW HIGH SINCE 2001, TILL DATE



GRAPH - 2: THE CAGR PERFORMANCE OF GOLD (USD/OZ) AS ON DEC 2010

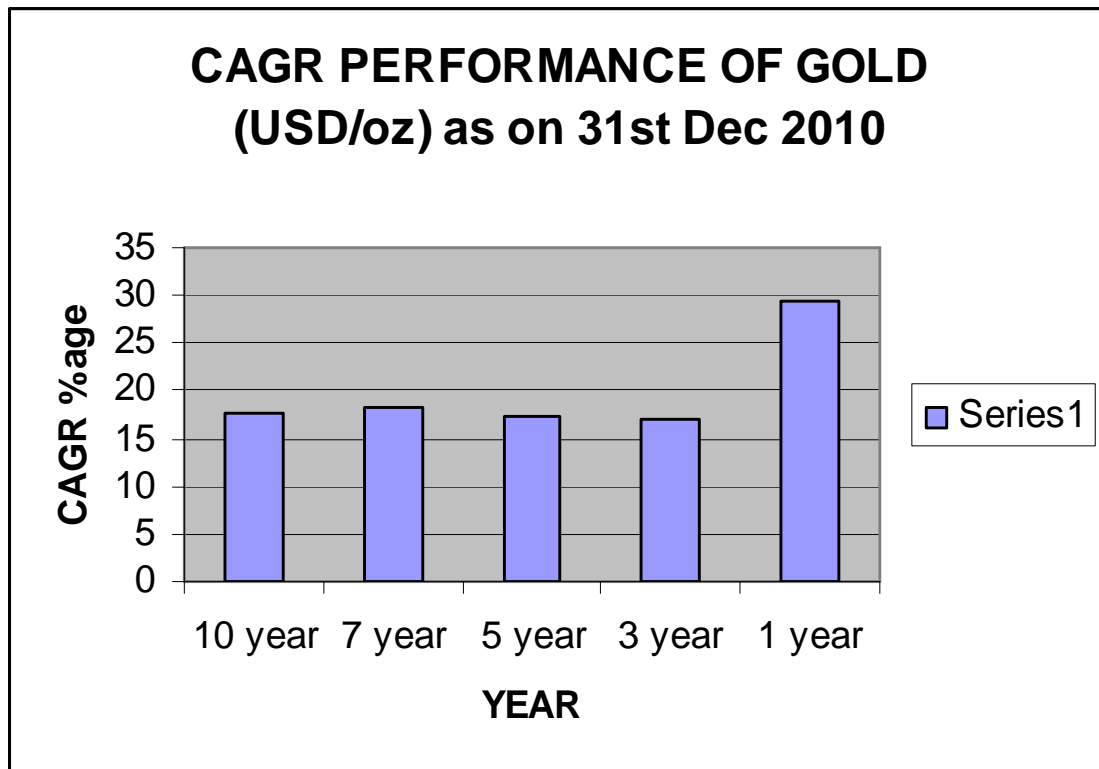


TABLE - 1: YEARLY RETURN OF GOLD VIS-À-VIS OTHER ASSET CLASSES

Year	Equity	Bond	Gold
2010	18.0	6.3	24.5
2009	75.8	-6.0	18.9
2008	-51.8	27.1	30.6
2007	54.8	6.9	16.6
2006	39.8	6.0	21.0
2005	36.3	6.3	22.2
2004	10.7	-1.4	0.5
2003	71.9	12.4	13.5
2002	3.3	23.0	24.1
2001	-16.2	25.3	5.9

THE KEY ADVANTAGES IN INVESTING IN GOLD

1. **Diversification Benefit.** Overall portfolio risk can be potentially reduced by adding "Gold" to investor portfolio because "Gold" has a very low or negative correlation with other asset classes. Hence it offers a maximum diversification benefit.

- Inflation Hedge.** It has been noticed that gold has consistently beaten the inflation rate and helps to preserve purchasing power over the past .Gold has over many centuries , maintained its value against inflation.
- Low volatility asset.** Gold is comparatively less volatile to other securities over a long period of time. It has been noticed that investment in gold has contributed to stability in the overall portfolio.
- Protection against currency weakness.** Gold helps to protect value of money against currency weakness especially against US dollar. Since gold is denominated internationally in US dollars, US interest rates have a great impact on prices.
- Hedge against event risk.** Gold has always been tended to be the best against event risk.

DIFFERENT WAYS OF INVESTING IN GOLD

The various options /ways to invest in gold are as under. Table: 2 indicated the comparative analysis of different options of investing in gold.

- Direct ownership.** It is buying physical gold like coins, jewelry or gold bars from the bullion market or the jewelry shops at the market prices. There are many security, safety and impurity concerns of holding gold physically.
- Gold Exchange Traded Fund.** Gold ETF's are the passively managed mutual fund schemes that track the benchmark index and reflect the performance of that index. The return of these funds corresponds to the return of physical gold.
- Gold Mutual Fund.** These are the funds managed by the professional fund managers that invest in the stocks of companies that mine precious metals like gold. But here the risk is same as of equity, since ultimately it amounts to having equity exposure in a listed company.
- Gold Fund of Funds.** These are the mutual Funds that typically invest in gold ETF's. There are two main advantages of this being investor can opt for systematic approach for investment and secondly investor need not to open or hold a demat or a trading account for this.
- Stocks of Gold Mining Companies.** Directly buying the stocks of the companies that mine for gold. For this investor should have adequate knowledge of such companies.
- Gold options and Futures.** These are investment products which use gold as an underlying asset. This is mainly for more sophisticated, experienced and high risk appetite investors.

TABLE 2: COMPARISON OF DIFFERENT OPTIONS OF INVESTING IN GOLD

Benefit	Physical Gold	Commodity exchange	Gold ETF	Gold Mutual fund.	Banks
Impurity Risk.	Yes	No	No	No	No
Theft Risk.	Yes	No	No	No	Yes
Available on small Denominations.	Yes	Yes	Yes	Yes	No
Wealth tax	Yes	No	No	No	Yes
Long Term Investment.	Yes	Speculation or Trading	Yes	Yes	Yes
Long Term capital gain tax	After 3 years	No	After 1 year	After 1 year	After 3 yrs.
Denomination	Physical	Demat	Demat	Electronic Form	Physical

PROS AND CONS OF INVESTING IN GOLD

PROS OF INVESTING IN GOLD

- The basic pros of investing in gold are that it provides easy liquidity compared to other investment options. Gold can be bought and sold through banks and jewelry outlets any time.
- Although gold prices have fallen in the past, the rarity of the metal and limited supply ensures that it will never suffer from total devaluation, though it may go through ups and downs. In times of recession, gold is invested in heavily, which invariably leads to a rise in valuation. This makes it one of the best investment options to hedge against inflation, though better options like 'TIPS (Treasury Inflation-Protected Securities)' exist now.
- You can benefit from the price rise in gold that is expected to continue in the near future.

CONS OF INVESTING IN GOLD

- One of the cons of gold investing is the fact that it's a speculative investment and predicting its future value is difficult. The price is entirely dependent on market demand and supply, as well as investor expectations all over the world.
- As an investment, gold cannot provide you with any returns in the form of dividends, which securities like stocks may provide. Storing gold involves additional costs, which the investor must bear. However, options like gold certificates and exchange traded funds exist that do not require you to physically store the gold.
- The most basic disadvantage of investing in gold lies in the fact that it freezes your investment and cannot provide periodic returns, besides being subject to a high degree of speculation.

EIGHT COMMON MYTHS ABOUT NOT TO INVEST IN GOLD

- Gold is an emotional instrument.
- Gold prices can be manipulated easily.
- Gold has no cash flow.
- Gold can never become currency again.
- Gold bugs just rely on historical performance of gold.
- Commissions on gold are very high.
- Physical gold has a wide risk of impurity.
- Physical gold investment has safety and security measures.

CONCLUSION

Higher demand for gold has been expected from emerging market economies like India, China etc. as well as inflation related concerns due to high oil prices, support gold prices in the short to medium term. One needs to have at least 5 to 10% allocation to gold as part of their long term asset allocation. Finally, gold is certainly a good investment to have as a small part of your as its value has been continuously rising for many months now. Strategy underlying investing in gold should be very systematic in approach - one can invest a small percentage of savings in it, hold till the price appreciates substantially and then sell it for a considerable profit, before it starts falling in value, However, this course of action is only recommended if you are ready to take the inherent risk of price fall. If you are a defensive investor, a period of rising prices is certainly not the best time to buy. Overall it depends upon the end investor analysis and degree of willingness to take risk in any investment avenue.

Gold is considered the most preferred metal for hedging against inflation, deflation or currency devaluation. If the returns on bonds, equities & real estate are not adequately compensating for risk and inflation then the demand for gold and other alternative investments (such as commodities) increase. The phenomenal rise in the value of gold has been a by-product of global recession as investors are looking for safe products to place their funds in. International prices are hitting historic highs. At Rs 28,000 per 10 grams the gold value for India has risen 40% this year, in contrast to the fall in equities and real estate, prices, countries and investors who placed their faith in gold have reason to celebrate.

The expectations that gold prices may moderate from these record levels may hence prove to be unfounded. The yellow metal which has seldom lost its glitter & rescued households and countries in the time of crisis is expected to only appreciate. Several commodity experts are expecting gold to climb to Rs 40,000 by the end of 2012. With these returns it is felt that investing in gold might give sufficient shelter to protect against inflation. While it is true that when prices climb steeply, the demand for the commodity falls and results in price correction, it is the demand-supply mismatch that affects gold prices.

An analysis by Standard Chartered Bank suggests that gold prices will triple due to shortages in production. The bank's research team looked at the production levels of 345 gold mines & concluded that they would rise by a mere 3.6% over the next 5 years.

REFERENCES

1. An Asset for all times.(2011) "Do More Money Talk" , Priority Pages , Vol 37 , Apr - June 2011 , pages 5-7
2. Bhalla, V.K. , "Investment Management - Security Analysis and Portfolio management", 15th Edition(2009) ISBN 81-219-1248-2
3. "Best Investment options" retrieved on Dec 3, 2011 from <http://www.myfamilyinvestment.com/2010/12/best-investment-options-for-2011.html>
4. Dash, A.P., "Security Analysis and Portfolio management" Second Edition (2009), ISBN 9789380026107.
5. Hayness, Ron retrieved on Dec 3, 2011 from <http://www.buzzle.com/articles/is-gold-a-good-investment.html>
6. "How to invest in Gold" retrieved on Dec 3, 2011 from <http://www.wisdomtimes.com/how-to-invest-in-gold-in-india/>
7. Pilgrim Gray retrieved on Dec 3, 2011 from <http://www.buzzle.com/articles/is-gold-a-good-investment.html>
8. Rustagi , R.P., "Financial Management" , Third edition (2006) ISBN 81-85989-28-1



CELEBRITY ENDORSEMENT: DOES IT MAKE ANY IMPACT ON CONSUMER BUYING BEHAVIOR?

SUBEER BANERJEE
RESEARCH SCHOLAR
JIWAJI UNIVERSITY
GWALIOR

DR. RICHA BANERJEE
ASST. PROFESSOR
PRESTIGE INSTITUTE OF MANAGEMENT
GWALIOR

DR. MANOJ PATWARDHAN
ASSOCIATE PROFESSOR
ATAL BIHARI BAJPAI INDIAN INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT
GWALIOR

ABSTRACT

The world is fascinated for the celebrity and in country like India celebrity is treated as god the best example of influence of celebrity in India is Rajnikant. To adore Rajnikant temples have been built in southern area. This fascination of celebrity the marketers have started using them in endorsement of their products. The celebrity endorsement is "use of celebrity status in society to promote a product or communicate message or charity". The basic purpose of the study was to find out the impact of celebrity endorsement on the consumer buying behavior with special reference to the motor bike. The data was collected with the help of self-designed questionnaire (likert scale) the data was collected from Gwalior region. The data was then analyzed with the help of reliability analysis, item to total correlation, exploratory factor analysis, regression analysis and anova. The test shows that the celebrity is making impact on the behavior of the consumer. One of the major limitations of the study is that the data is collected from Gwalior region and hence results cannot be generalized for whole of India, to generalize the result the data should be collected from larger area and larger sample.

KEYWORDS

celebrity endorsement, consumer behavior, motor bike, factors analysis, item to total correlation.

CELEBRITY ENDORSEMENT

In this modern age, people tend to ignore all commercials and advertisements while flipping through the magazines and newspapers or viewing TV. But even then, the glamour of a celebrity seldom goes unnoticed. Thus, celebrity endorsement in advertisement and its impact on the overall brand is of great significance. In this process, the companies hire celebrities from a particular field to feature in its advertisement campaigns. The promotional features and images of the product are matched with the celebrity image, which tends to persuade a consumer to fix up his choice from a variety of brands. Although this sounds pretty simple, but the design of such campaigns and the subsequent success in achieving the desired result calls for an in-depth understanding of the product, the brand objective, choice of a celebrity, associating the celebrity with the brand, and a framework for measuring the effectiveness.

Celebrities are people who enjoy public recognition and who often have distinctive attributes such as attractiveness and trustworthiness (McCracken, 1989; Silvera and Austad, 2004). Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary life style are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness (Schlecht, 2003). Anonymous, Business Standard (2003) It can be said that within a society, celebrities generally differ from the common people and enjoy a high degree of public awareness. Among the classic forms of celebrities, actors (e.g., Shahrukh Khan, Amitabh Bachhan, etc.), models (e.g., Malaika Arora, Bipasha Basu, etc.), sports-persons (e.g., Sachin Tendulkar, Sania Mirza, etc.) are significant.

There are various This is true for classic forms of celebrities like actors (ex Sharukh khan, Amitabh Bachhan), models (John Abraham, Malaika Arora, Diya Mirza) Sports athletes (ex. Sachin Tendulkar, Sania Mirza) entertainers (Barkha Dutt, Shekhar Suman) And Pop Stars (Mika, Dailer Mehndi) but also for less obvious groups like businessmen (ex Dhirubhai Ambani) or politicians (Laloo Prasad Yadav) Besides these there are fictional celebrities like Ronald McDonald, Fido dido, Gattu, Amul Girl, Pillsbury doughboy and the like. Celebrities appear in public in different ways. First, they appear in public when fulfilling their profession ex Sachin Tendulkar is loved by millions for his wonderful performance in the cricket fields. Furthermore, celebrities appear in public by attending special celebrity events ex. Filmfare star awards, Videocon screen awards etc. In addition they are present in News, Fashion magazines and tabloids, which provide second source of information on events and private life of celebrities through mass media channels. Last but not the least celebrities act as spokes people in Advertising to promote products and services (kambitis et.al., 2002)

According to Friedman and Friedman, a "celebrity endorser is an individual who is known by the public (...) for his or her achievements in areas other than that of the product class endorsed". Compared to other endorser types, famous people always attach a greater degree of attention, recall and loyalty.

In this age of intense competition, where capturing a position in the consumers' mind space is extremely tough, celebrity endorsements give an extra edge to the companies for holding the viewers' attention. Celebrities can catalyze brand acceptance and provide the enormous momentum that brands require by endorsing the intrinsic value to the brand (Chakraborty and. Agrawal, 2010), The consumer tries to consume a brand which has the maximum fit with his/her own personality/image. The celebrity endorser fits in between these.

Celebrity branding is a type of branding, or advertising, in which a celebrity uses his or her status in society to promote a product, service or charity. Celebrity branding can take several different forms, from a celebrity simply appearing in advertisements for a product, service or charity, to a celebrity attending PR events, creating his or her own line of products or service, and/or using his or her name as a brand. The most popular forms of celebrity brand lines are for clothing and fragrances. Many singers models and film stars now have at least one licensed product or service which bears their name.

The product endorsement started in about late in last century when bollywood people and TV artist started appearing in advertisements later on sports person also made their advent in the field of product endorsement. One of the first sports endorsements in India was when Farokh Engineer became the first Indian cricketer to model for Brylcream. There was a surge of advertising, featuring stars like Tabassum (Prestige Pressure Cookers), Jalal Agha (Pan Parag), Kapil Dev (Palmolive Shaving Cream) and Sunil Gavaskar (Dinesh Suitings).

BUYING BEHAVIOUR

Customer or buyer is king for all those organization who are offering their products or services for consumption Buyer is person who purchases the thing as a intermediary as well as consumer for direct or indirect consumption. Buying Behavior is the decision processes and acts of people involved in buying and using products. Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. Consumer buying behavior refers to buying behavior of final consumers—individuals and households who buy goods or services for personal consumption. **Kotler, (2008)** .

The buying behavior is a term which includes both final and intermediate users. The final user is consumer and the intermediate user are industrial who do not consume the goods and services but add further value before they are consumed by the final users. The phrase buyer behavior means the reference made to both the end users and intermediate users **Sontakki (2002)**.

Buying behavior can also be described as the decision process and actions of people involved in buying and using products. The buying behavior of individuals and households who buy goods and services for personal consumption. A number of different people, playing different roles, have been identified in the decision to make a specific purchase: • initiator, the person who first suggests or thinks of the idea of buying a particular product or service; • influencer, a person whose views or advice influences the buying decision; • decider, the person who ultimately makes the decision to buy (or any part of it); this decision includes whether to buy, what to buy, how to buy, and where to buy; Buyer, the person who makes the actual purchase; user, the person who uses the product or service.

LITERATURE REVIEW

It is believed that when an endorser is used in an ad, the indirect information inferred by the consumer becomes more credible and more relevant. The result is that the consumer has the perception of a higher quality for the advertised product. Since consumers prefer high quality over low quality, the endorsed product is more likely to be purchased. This addresses the questions of why and how consumer behavior is affected Through the use of these endorsers; the firm's intention is to affect consumer behavior so that their product is purchased. But does advertising effect consumer behavior? And what impact do these endorsers have on the consumer? Researchers have attempted to answer these questions for several decades. For example, (Chandy et. al 2001) point out that to date the research can be broadly classified into two streams: 1) experimental studies on the effect of ads on buying intentions, and 2) econometric studies on the effects of advertising intensity on purchase behavior. In the marketing literature, experimental seminal studies have examined a variety of advertising elements including emotional cues (Holbrook and Batra 1987), types of arguments (Etgar and Goodwin 1982), humor (Sterthal and Craig 1973), endorser effectiveness (Friedman and Friedman 1979) and music (MacInnes and Park 1991). The dependent variables most often used include attitude toward the ad, attitude toward the brand, memory and purchase intent.

Here credibility refers to the extent to which the source is perceived as possessing expertise pertinent to the communication topic and can be trusted to give an objective opinion on the subject (Belch and Belch, 1994; Ohamian 1990) for expertise is derived from the knowledge of the subject. Trustworthiness refers to honesty and believability of the source (McMannas and Ward, 1980). These dimensions of source expertise and trustworthiness are important to conceptualizing credibility and have been shown to be influential in persuading consumers (Harmon and Coney, 1982; Moore, Haulknict and Tham, 1988) and also in influencing attitudes (Craig and McCamm, 1978; MacGinnies and Ward, 1980). The endorser's credibility certainly can be enhanced by properly matching with the products being endorsed. Indeed there have been a number of studies that have examined whether and under what conditions celebrities make appropriate endorsers for products (Till and Busler, 1998, 2000; Agriwall and Kamakura, 1995; Caymans, et al., 1989; Ohanian, 1991; Tripp, et al., 1994; Till and Shimp, 1998) found that negative information about the celebrity tended to lower consumers' brand evaluations. Celebrity shadow effect is said to occur when advertising focuses too much on the celebrity him/herself at the expense of the advertised brand (Lee, Paek, and Kim 2004). Among the concerns shared by advertising researchers and practitioners, multiple product endorsements by the celebrity have been a major issue. Research has shown that this tactic might have negative effects on celebrities themselves as well as advertising evaluation, brand evaluation, and purchase intentions (Mowen and Brown 1981; Tripp 1990; Tripp, Jensen, and Carlson 1994)

Celebrity endorsement enhance consumer recall and/or valuation of the product, we show that the celebrity endorsements arise either because they are a low (average) cost means of communicating or because a celebrity message coordinates well when in competition with a non-celebrity mess.

To understand how consumers associate celebrities to brands is well documented by a research study by Anderson (1976); Collins & Loftus (1975); Rumelhart, Hinton & McClelland (1986). In their study, associative learning principles were based on a conception of memory as a network consisting of various nodes connected by associative links. In the research context, celebrities and brands both represent nodes, which initially are unconnected but become linked over time through the endorsement process.

When a consumer thinks about a brand, the link with the celebrity node is animated to a certain level through spreading activation (Anderson 1983a). The joint activation of brand and celebrity provides a path over which one's evaluation of the celebrity has an opportunity to transfer to the brand. The key to the process is the simultaneous activation of the brand and celebrity nodes. Negative information about the celebrity activates the celebrity node, which then activates the brand node to some degree and allows reduced evaluation of the celebrity to transfer to the brand. Studies by Noffsinger et al. (1983) and Judd et al. (1991) provide empirical evidence demonstrating that attitudes can be affected in such a way.

It is also important to view the consumer in their social and cultural setting to further see how celebrity endorsements increase sales and impact brands over time. Celebrities usually form a very good example of a reference group appeal. This is particularly beneficial to a marketer and a brand that can cash in on the success of the star and, hence, push his brand. People who idolize their celebrities, hence, have a biased affinity to the brand their favorites endorse. As time passes on, they believe that they by adopting the brand that their celebrity endorses are becoming more like them. Celebrities can be used in four ways namely: testimonial, endorsement, actor and spokesperson.

Right now the current hot favorite in India is roping in celebrities for social causes like pulse polio, etc. This has shown to be having a positive effect on the people. In India, Bollywood and sport personalities rule the mind-space and airwaves.

OBJECTIVE OF STUDY

1. To develop and standardize a measure to evaluate motor bike buying behaviour.
2. To develop and standardize a measure to evaluate celebrity endorsement.
3. To measure the effect of celebrity endorsement on motor bike buying behaviour.
4. To open new vistas for further research.

THE STUDY

The study was exploratory in nature with survey method being used to collect data from the population.

For the purpose of this study non- probability judgmental sampling technique was used and the people who were using products of the brands under study were selected for collecting data, then responses were collected from individual respondents. The sample was collected from Gwalior region from different age groups and total respondents were 215.

The sample consists of 88% male while 12% female respondents, 21% were of age between 18 to 21, 49% were of age between 22 to 26 while 30% were of age between 27 to 30. The data was collected mostly from educated people purposively and hence Out of total respondents 32% of respondents had bachelor's degree while 68% had professional degree Self-designed questionnaires were used to solicit responses from the respondents. The responses were taken on the Likert- type scale of 1-7 where 1 represents minimum importance and 7 represents maximum importance.

HYPOTHESIS

The data which was collected was tested to check following three null hypothesis:

H₀₁: there is no impact of celebrity endorsement on consumer buying behavior related to motor bike

H₀₂: there is no difference between the buying behaviors related to different brands of motor bike considered for study

H₀₃: there is no difference between the celebrity endorsements related to different brands of motor bike considered for study

TOOLS

Various tests were applied on the collected data. To standardize the questionnaire reliability analysis was done. Reliability was assessed through cronbach’s alpha and split half. Validity was checked through face validity, content validity, criterion validity and construct validity. Construct validity was established through item to total correlation and exploratory factor analysis. Factor analysis was also applied to find out the underlying factors underlying buying behavior of motorbike. For inferential statistics linear regression was applied. One way anova was applied to find out the difference between means of buying behavior for three brands of bike

RESULTS AND DISCUSSION

ITEM TO TOTAL CORRELATION

To know the consistency of item included in the questionnaire, item to total correlation was applied. On the basis of correlation value and comparing it with the cut of value (i.e. 0.1331). Computed value is found less than cut off value than whole factor / statement is dropped and was termed as inconsistent.

RELIABILITY TEST

Various reliability methods have been applied to calculate reliability of all items in the questionnaire .reliability test using SPSS software and the reliability test measure are given below.

TABLE 1: SHOWING RELIABILITY

S.No	Variables	Number of items	Cronbach’s alpha reliability
1	Bike buying behavior	29	0.936
2	Celebrity endorsement for bike	29	0.938

FACTOR ANALYSIS

Exploratory factor analysis is to determine the underlying factors structure of a data or a construct. This helps in identifying the number and nature of underlying factors. It is a means of examining the interrelationships among the items of a scale that were used to reveal the cluster of items that have sufficient common variation to justify their grouping together as a factor. This process condenses a group of items in to a smaller set of composite factors with a minimum loss of information.

All items of celebrity endorsement were subjected to factor analysis. In that in all 8 factors were extracted in which 7 items were under first factor celebrity persuasion, 6 items were converged under second factor trustworthy celebrity , in third factor 4 items were there Celebrity And Competition, Celebrity Credibility fourth factor in which 3 items were there, Celebrity Reputation was fifth factor in which 2 items were there, the sixth factor was Celebrity’s Public Image in which 3 items were there, the next factor Celebrity Attractiveness got 3 items, factor Cultural Similarity converged 1 item .

All items of Motor bike were subjected to factor analysis. In that in all 8 factors were extracted in which 7 items were under first factor motor bikes features, five items converged under this factor Visible features and offers, Brand value and latest trends is the third item in which four items are converged five items are converged under the factor Price and recommendation which is the fourth factor , fifth factor is Reference in which two items are converged ,sixth factor is Celebrity and sound of the vehicle in which couple of items are converged , seventh is comparative cost in which three items are converged and eighth item is self-start in which only one item is converged.

REGRESSION ANALYSIS

The regression analysis is done to find out impact of celebrity endorsement on motorbike buying behavior

Ho= there is no impact of celebrity endorsement on motor bike buying behaviour

TABLE 2: SHOWING COEFFICIENTS

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	28.009	3.717		7.535	.000
Celebrity endorsement	.802	.040	.778	20.089	.000

a. Dependent Variable: buying behavior

From the table

Y=a+bx

Y = 28.009 + 0.802x

Y =28.009 + 0.802 celebrity endorsement

The statistic shows that the beta value (0.778) is significant even at 0 significant level. The slope of line (0.802) means that 1% increase in celebrity endorsement results in 80.2 % increase in buying behavior related to motor bike. so it can be concluded that the null hypothesis is rejected which states that there is no significant impact of celebrity endorsement on motor bike buying behavior. Hence, the celebrity endorsement is significantly making an impact on bike buying behaviour. The effectiveness of using a celebrity to endorse a firm’s product can generally be improved by matching the image of the celebrity with the personality of the product and the actual or desired self concept of the target market, **Gupta (2007)**.

ANOVA ANALYSIS

In statistics, **analysis of variance (ANOVA)** is a collection of statistical models, and their associated procedures, in which the observed variance in a particular variable is partitioned into components attributable to different sources of variation. In its simplest form ANOVA provides a statistical test of whether or not the means of several groups are all equal, and therefore generalizes t-test to more than two groups

Ho2= there is no difference in buying behavior related to different brands of bike.

TABLE 3: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	181.766	2	90.883	.637	.530
Within Groups	35940.759	252	142.622		
Total	36122.525	254			

This is the table that shows the output of the ANOVA analysis and whether we have a statistically significant difference between our group means. In the table, the significance level is 0.503 (P = 0.503), which is above 0.05 and, therefore, there is a statistically no significant difference in the buying behavior of consumers among different behavior of different brands of bike. Hence null hypothesis is accepted.

TABLE 4 : TUKEY HSD SHOWING MULTIPLE COMPARISONS

(I)	(J)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
TVS	yamaha	2.48185	2.21018	.501	-2.7290	7.6927
	Hero honda	1.46843	1.89217	.718	-2.9926	5.9295
Yamaha	TVS	-2.48185	2.21018	.501	-7.6927	2.7290
	Hero honda	-1.01342	1.83618	.846	-5.3425	3.3156
Hero	TVS	-1.46843	1.89217	.718	-5.9295	2.9926
	yamaha	1.01342	1.83618	.846	-3.3156	5.3425

The multiple comparison tables signify the difference between the brands when compared with each other. The test when compared buying behavior of TVS and YAMAHA, it gave no difference as the value of test was 0.501 which is above the significant level $p=0.05$ which we are considering to be acceptable level of significant value. The test when compared the buying behavior of TVS and HERO HONDA, it is again concluded that there is no significant difference between the consumer buying behavior of these two brands as the significant level of the comparison was 0.05 and the result was significant at 0.718 which is much more than the acceptable level. The test made the third comparison between YAMAHA HERO and HONDA the consumer buying behavior results were found to be significant at 0.846 and again which is above the acceptable significant level which is 0.05. Hence we can conclude that there is no significant difference among the buying behavior related to different brands of bike.

Ho3= there is no difference in the celebrity endorsement related to different brands of bike.

TABLE 5: ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3540.786	2	1770.393	10.754	.000
Within Groups	41484.445	252	164.621		
Total	45025.231	254			

The table that shows the output of the ANOVA analysis and whether we have a statistically significant difference between our group means. In the table, the F value 10.754 is significant at the significance level is 0.000 ($P = 0.000$), which is below 0.05 and, therefore, there is a significant difference in the celebrity endorsement related to different brands or models of motor bike. Hence null hypothesis is not accepted.

TABLE 6: TUKEY HSD SHOWING MULTIPLE COMPARISONS

(I)	(J)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
TVS	Yamaha	6.76025 [*]	2.37452	.013	1.1620	12.3585
	Hero Honda	-2.37862	2.03287	.472	-7.1714	2.4142
Yamaha	TVS	-6.76025 [*]	2.37452	.013	-12.3585	-1.1620
	Hero Honda	-9.13887 [*]	1.97272	.000	-13.7898	-4.4879
Hero Honda	TVS	2.37862	2.03287	.472	-2.4142	7.1714
	Yamaha	9.13887 [*]	1.97272	.000	4.4879	13.7898

The multiple comparison tables signify the difference between the brands when compared with each other. The test when compared celebrity endorsement of TVS and YAMAHA, it gave significant difference as the value of test was 0.013 which is below the significant level $p=0.05$ which we are considering to be acceptable level of significant value. The test when compared the buying behavior of TVS and HERO HONDA, it is concluded that there is no significant difference between the consumer buying behavior of these two brands as the significant level of the comparison was 0.05 and the result was significant at 0.472 which is much more than the acceptable level. The test made the third comparison between YAMAHA HERO and HONDA the consumer buying behavior results were found to be significant at 0.000 and again which is below the acceptable significant level which is 0.05. Hence we can conclude that there is significant difference among the celebrity endorsement related to different brands of bike.

SCOPE FOR FURTHER RESEARCH

Any research or study conducted is not complete in itself, it always leave some scope for further research. Same is the case with this study. This study was conducted in Gwalior (Madhya Pradesh, India) and is limited in its application; further research can be conducted by increasing the area of study and by adding more variables and products.

CONCLUSION

The celebrity endorsement is now a days playing an important role in advertisement the existing literature and researches also support this fact. This makes a significant impact on buying behavior related and one can increase the sales of product by many folds by using celebrity in the promotion of their product. The celebrity for the product must be chosen by keeping the features of product in mind as the real results can be seen only when celebrity and product fit, celebrity culture fit multiple endorsement of same type of product is not done by a celebrity. The present study also revealed this that the endorsements made by the celebrity is having a significant impact on buying behavior of motor bike. The results of the study can be generalized by increasing the sample size. By collecting data by using open ended questionnaire the more aspects of celebrity endorsement and its impact on buying behavior can be revealed.

REFERENCES

1. Agrawal And Kamakura (1995) July, "The Economic Worth Of Celebrity Endorsers: An Event Study Analysis", Journal Of Marketing, Vol 59, 56-62
2. Anderson, J. R. 1983. *The architecture of cognition*. Cambridge, MA: Harvard University Press. 345 pages. 0674044258. Location: Dallas Public Library 153 A547A.
3. Belch, George E., And Belch, Michael A (1993), "Introduction To Promotion And Advertising," Richard D. Irwin Co., New York, NY
4. Chandy, Rajesh K., Tellis, Gerard J., Macinnis, Deborah J. and Thaivanich, Pattana, (2001), "What to say when: Advertising appeals in evolving markets," Journal of Marketing Research, Vol 38, Iss. 4, pg 399-414.

- C. M. Judd, E. R. Smith and L. H. Kidder (1991) *Research Methods in Social Relations*, (International Edition), Fort Worth, Holt, Rinehart and Winston. ISBN 0-03-031149-7.
5. Etgar, Michael And Goodwin stephen A., (1982), "One-Sided Versus Two-Sided Comparative Message Appeals For New Brand Introductions," *Journal Of Consumer Research*, Vol 8, Iss 3, 460-465.
6. FRIEDMAN, H. AND L. FRIEDMAN 1979. Endorser Effectiveness By Product Type. *Journal Of Advertising Research* 19 (5), 63-71.
7. Gupta Dinesh Kumar (2007), Impact Of Celebrity Endorsement On Consumer Buying Behavior And Brand Building, Available At [Http://Ssrn.Com/Abstract=1203322](http://Ssrn.Com/Abstract=1203322)
8. Harmon, Robert R., And Coney, Kenneth A. ,1982 , The Persuasive Effect Of Source Credibility In Buy And Lease Situations, *Journal Of Marketing Research* 19
9. Holbrook, Morris B. And Batra, Rajeev, (1987), Assessing The Role Of Emotions As Mediators Of Consumer Responses To Advertising", " *Journal Of Consumer Research*, 14 (December) Pg 404-20 *International Journal* 7(3)
10. Kambitis Chris, Yvonne. Harahousou, Nicholas Theodorakis, And Giannis Chatzibeir (2002), "Sports Advertising In Print Media: The Case Of 2000 Olympic Games," *Corporate Communication* :An International Journal, 7(3), 155-161.
11. Kotler Philip And Gary Amstrong Principles Of Marketing 2007, Printice Hall Of India Private Limited, New Delhi
12. Lee, B. K., H.J. Paek And B.C. Kim 2004. The Third-Person Effect Of Celebrity Endorsers' Negative Information From Advertisers' Perspectives. *Advertising Research* 65, 147-169.
13. Macinnis, D. J., & Park, C. W. (1991). The Differential Role of Characteristics Of Music On High- And Low-Involvement Consumers' Processing Of Ads. *Journal Of Consumer Research*, 18, 161-173. *Marketing News* (2000)
14. McGinnies, E. & Ward, C. (1980) Better Liked Than Right: Trustworthiness And Expertise As Factors In Credibility. *Personality And Social Psychology Bulletin*, 6(3), Pp. 467-472.
15. MCCRACKEN, G. 1989. Who Is The Celebrity Endorser? Cultural Foundation Of The Endorsement Process. *Journal Of Consumer Research* 16 (3), 310-21.
16. MOWEN, J. C., AND S.W. BROWN 1981. On Explaining And Predicting The Effectiveness Of Celebrity Endorsers. *Advances In Consumer Research* 8.
17. OHANIAN, R. 1990. Construction And Validation Of A Scale To Measure Celebrity Endorser's Perceived Expertise, Trustworthiness And Attractiveness. *Journal Of Advertising* 19 (3), 39-52.
18. Ohanian, Roobina, (1991), "The Impact Of Celebrity Spokespersons' Perceived Image On Consumers' Intention To Purchase," *Journal Of Advertising Research*, Vol. 31, Iss. 1, Pg. 46-55.
19. Silvera D.H. And Austad B., "Factors Predicting The Effectiveness Of Celebrity Endorsement Dvertisements", *European Journal Of Marketing*, 2004, Vol. 38, 1509-1528.
20. Schlecht, c (2003). Celebrities' impact on branding. Center on global brand leadership. columbia business school: New York
21. Suman Kalyan Chakraborty & Mayank M. Agrawal , impact of Celebrity Endorsements on Overall Brand, Thursday, June 17, 2010
22. Sontakki C.N. 2002, *Marketing Management: In Indian Background*, 2002, Kalyani Publishers, New Delhi.
23. Sternthal, Brian, & Craig, C. Samuel. (1973). Humor in advertising. *Journal of Marketing*, 37, 12-18.
24. TILL, B. D., AND M. BUSLER 1998. Matching Products with Endorsers: Attractiveness Versus Expertise. *Journal Of Consumer Marketing* 15 (6), 576-86.
25. TRIPP, C., T.D. JENSEN, AND L. CARLSON 1994. The Effect of Multiple Product Endorsements By Celebrities On Consumer Attitudes And Intentions. *Journal of Consumer Research* 20 (4), 535-47.
26. Till, B.D. & Shimp, T. (1998) Endorsers In Advertising: The Case Of Negative Information. *Journal of Advertising*, 27(1), Pp. 67-82.
27. TRIPP, C. 1990. Assessing The Effects Of Single Versus Multiple Product Endorsements (Doctoral Dissertation, University Of Arkansas, 1990) *Dissertation Abstracts Internationals* (UMI No.9204783)

CREDIT ANALYSIS IN INDIAN BANKS: AN EMPIRICAL STUDY

DR. SUNITA JINDAL
ASSOCIATE PROFESSOR
GIBS
G.G.S INDRAPRASTHA UNIVERSITY
DELHI

AJAY KUMAR
FINANCIAL ANALYST
APTARA INC
NEW DELHI

ABSTRACT

The banks not only accept the deposits of the people but also provide them credit facility for their development. Indian banking sector has contributed immensely in developing the business and service sectors. Commonly banks are facing the problem of credit risk in an acute manner around the world. It is found that many general people and business people borrow due to some genuine or non genuine reasons are not able to repay in time the amount owed to the banks. The amount not returned/ repaid to the banks is known as bad debts or the non performing assets. In present study we have analyzed the positive impact of effective analysis of income & repayment history of applicants in accessing credit worthiness of applicant borrower. This analysis is done through questionnaires and that is tested with the help of statistical tool F test.

KEYWORDS

finance, credit analysis, banks.

INTRODUCTION

The Indian banking sector came into the developing nature mostly after the 1991 government policy. The banking sector has really helped the Indian people to utilize the single money in the best manner as they want. People now have started investing their money in the banks and banks also provide good returns on the deposited amount. The people now have at the most understood that banks provide them good security to their deposits and so excess amounts are invested in the banks. Thus, banks have helped the people to achieve their socio economic objectives.

The banks not only accept the deposits of the people but also provide them credit facility for their development. Indian banking sector has contributed immensely in developing the business and service sectors. Commonly banks are facing the problem of credit risk in an acute manner around the world. It is found that many general people and business people borrow due to some genuine or non genuine reasons are not able to repay in time the amount owed to the banks. The amount not returned/ repaid to the banks is known as bad debts or the non performing assets. Lending which was the primary function of banking has gained lot of importance as it determines the profitability of the bank. A bank can lend successfully only when a borrower's credit worthiness is accurately assessed. This method of analysis required varies from borrower to borrower. It also varies in function of the type of lending being considered. The lending can differ in the way credit given to retail customers or corporate customers, secured or unsecured, long term or short term etc.

For financing a project, bank would look at the funds generated by the future cash flows to repay the loan, for asset secured lending, bank would look at the assets and for an overdraft facility, it would look at the way the account has been run over the past few years.

When, borrowers are applied for loan from bank. The banker passes the loan on the basis of his credit analysis (credibility and capacity to repay). The capacity to repay loaned amount and interest is highly depend on future cash inflow i.e. future income. A borrower became defaulter due to two reasons: shown income to bank is not realistic and lower cash flow than expected. So, the banker can reduce rate of defaulter by scientifically analysis the expected cash inflow of applicant borrowers.

In this paper we found the impact of two independent variables i.e. income & repayment history of borrower and one dependent variable i.e. effectiveness of credit analysis. We collected primary data by survey through structured and non-disguise questionnaire from the employees of four banks.

FORMATION OF HYPOTHESIS

In order to investigate the effect of Future Income of applicant and repayment history of applicant on determine creditworthiness of applicant by credit analysis; which factor have strong effect on creditworthiness of applicant? Also the set of related hypothesis have been formulated to link these factors on creditworthiness in credit analysis.

HYPOTHESIS 1

$H_0 =$ Income of the applicants is a significance factor for credit analysis.

$H_a =$ Income of the applicants is a not significance factor for credit analysis.

HYPOTHESIS 2

$H_0 =$ Repayment history of the applicants is a significance factor for credit analysis.

$H_a =$ Repayment history of the applicants is a not significance factor for credit analysis.

RESEARCH DESIGN

The research design tells about the mode with which the entire project is prepared. My research design is as follows:

Research Type	Descriptive Research
Data Type	Primary data
Sampling Units	Bank Employees
Target Population	Bank Employees in India
Sample Size	40
Sampling Method	Convenient Sampling
Research Tools	Questionnaire
Data Presentation	Pie & Bar Diagrams
Statistical Test	Correlation with 95% degree of confidence

DATA COLLECTION

The data is collected primary sources by using multiple choice questionnaires. It consisted questions that cover bank employee's (credit/ loan department) views about credit analysis of applicant borrowers. Sample unit of survey is Bank Employees (Credit / Loan Department) of SBI, PNB, HDFC, ICICI. Size of the sample is 40 bank employees Method of sampling is convenient sampling.

HYPOTHESIS TESTING

Hypothesis 1

- H₀ = Income of the applicants is a significance factor for credit analysis.
- H_a = Income of the applicants is a not significance factor for credit analysis.

TABLE-1 CALCULATION OF GRAND MEAN

	SBI	PNB	HDFC	ICICI
S. No.	X ₁	X ₂	X ₃	X ₄
1	4	5	5	5
2	5	5	5	5
3	5	5	4	5
4	5	5	5	5
5	5	5	5	5
6	3	5	5	5
7	5	5	5	5
8	5	5	5	3
9	4	5	4	5
10	4	5	5	4
Total	45	50	48	47
Mean	4.5	5	4.8	4.7

Grand Mean = (4.5+5+4.8+4.7)/ 4
= 4.75

TABLE-2 CALCULATION OF VARIANCE BETWEEN SAMPLES

S. No	SBI (M-GM) ²	PNB (M-GM) ²	HDFC (M-GM) ²	ICICI (M-GM) ²
1	0.0625	0.0625	0.0025	0.0025
2	0.0625	0.0625	0.0025	0.0025
3	0.0625	0.0625	0.0025	0.0025
4	0.0625	0.0625	0.0025	0.0025
5	0.0625	0.0625	0.0025	0.0025
6	0.0625	0.0625	0.0025	0.0025
7	0.0625	0.0625	0.0025	0.0025
8	0.0625	0.0625	0.0025	0.0025
9	0.0625	0.0625	0.0025	0.0025
10	0.0625	0.0625	0.0025	0.0025
Total	1.25	1.25	0.05	0.05

Sum of square = 1.25 + 1.25 + 0.05 + 0.05
= 1.3

Degree of Freedom = 4-1
= 3

Means of Squares = Sum of square / Degree of freedom
= 1.3 / 3
= 0.43333

TABLE-3 CALCULATION OF VARIANCE WITHIN THE SAMPLE

S. No	SBI		PNB		HDFC		ICICI	
	X ₁ - M	(X ₁ - M) ²	X ₂ - M	(X ₂ - M) ²	X ₃ - M	(X ₃ - M) ²	X ₄ - M	(X ₄ - M) ²
1	-0.5	0.25	0	0	0.2	0.04	0.3	0.09
2	0.5	0.25	0	0	0.2	0.04	0.3	0.09
3	0.5	0.25	0	0	-0.8	0.64	0.3	0.09
4	0.5	0.25	0	0	0.2	0.04	0.3	0.09
5	0.5	0.25	0	0	0.2	0.04	0.3	0.09
6	-1.5	2.25	0	0	0.2	0.04	0.3	0.09
7	0.5	0.25	0	0	0.2	0.04	0.3	0.09
8	0.5	0.25	0	0	0.2	0.04	-1.7	2.89
9	-0.5	0.25	0	0	-0.8	0.64	0.3	0.09
10	-0.5	0.25	0	0	0.2	0.04	-0.7	0.49
Total	4.5	0	0	0	1.6	1.6	4.1	4.1

Sum of square within sample = 4.5 + 0 + 1.6 + 4.1
= 10.2

Degree of freedom = N - No. of sample
= 40-4
= 36

Mean of sum of square within sample = 10.2/ 36
= 0.28333

All the above results can be tabulated as follows in Table-4

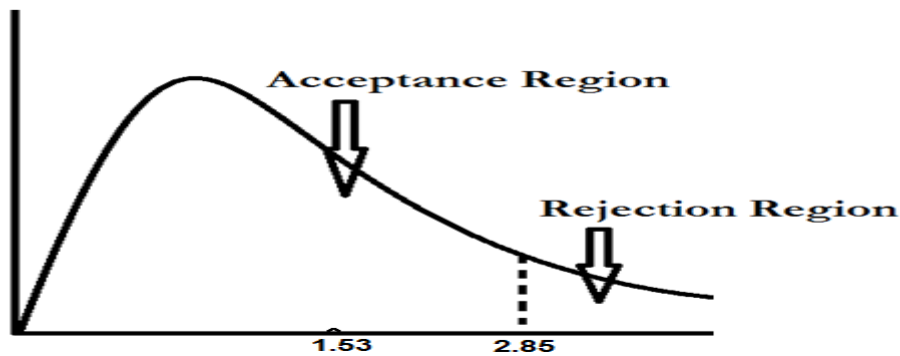
Source of Variation	Sum of square	Degree of freedom	Mean of square
Between Sample	1.3	3	0.433333333
Within Sample	10.2	36	0.283333333

Analysis of Variance (H₁)

F = Variance between Samples / Variance within Samples
 = 0.43333 / 0.28333
 = 1.529412

Critical Value of F for $V_1 = 3$ and $V_2 = 36$ at 5% level of significance = 2.85

FIGURE: 1 ACCEPTANCE & REJECTION REGION OF HYPOTHESIS 1



The Calculated F is lies under acceptance region. Hence Null Hypothesis is accepted.

Hypothesis 2: Repayment History

Hypothesis 2

$H_0 =$ Repayment history of the applicants is a significance factor for credit analysis.

$H_a =$ Repayment history of the applicants is a not significance factor for credit analysis.

TABLE-5 CALCULATION OF GRAND MEAN

	SBI	PNB	HDFC	ICICI
S. No.	X_1	X_2	X_3	X_4
1	5	5	5	5
2	5	5	5	5
3	5	5	5	5
4	4	5	5	5
5	5	5	4	5
6	3	5	4	4
7	5	4	4	4
8	4	4	5	4
9	5	4	5	5
10	5	3	5	5
Total	46	45	47	47
Mean	4.6	4.5	4.7	4.7

Grand Mean = $(4.6 + 4.5 + 4.7 + 4.7) / 4$
 = 4.625

TABLE-6 CALCULATION OF VARIANCE BETWEEN SAMPLES

S. No	SBI	PNB	HDFC	ICICI
	$(M-GM)^2$	$(M-GM)^2$	$(M-GM)^2$	$(M-GM)^2$
1	0.000625	0.015625	0.005625	0.005625
2	0.000625	0.015625	0.005625	0.005625
3	0.000625	0.015625	0.005625	0.005625
4	0.000625	0.015625	0.005625	0.005625
5	0.000625	0.015625	0.005625	0.005625
6	0.000625	0.015625	0.005625	0.005625
7	0.000625	0.015625	0.005625	0.005625
8	0.000625	0.015625	0.005625	0.005625
9	0.000625	0.015625	0.005625	0.005625
10	0.000625	0.015625	0.005625	0.005625
Total	0.00625	0.15625	0.05625	0.05625

Sum of square = $0.00625 + 0.15625 + 0.05625 + 0.05625$
 = 0.275

Degree of Freedom = $4-1$
 = 3

Means of Squares = Sum of square / Degree of freedom
 = $0.275 / 3$
 = 0.0916671

TABLE-7 CALCULATION OF VARIANCE WITHIN THE SAMPLE

S. No	SBI	PNB	HDFC	ICICI				
	$X_1 - M$	$(X_1 - M)^2$	$X_2 - M$	$(X_2 - M)^2$	$X_3 - M$	$(X_3 - M)^2$	$X_4 - M$	$(X_4 - M)^2$
1	0.4	0.16	0.5	0.25	0.3	0.09	0.3	0.09
2	0.4	0.16	0.5	0.25	0.3	0.09	0.3	0.09
3	0.4	0.16	0.5	0.25	0.3	0.09	0.3	0.09
4	-0.6	0.36	0.5	0.25	0.3	0.09	0.3	0.09
5	0.4	0.16	0.5	0.25	-0.7	0.49	0.3	0.09
6	-1.6	2.56	0.5	0.25	-0.7	0.49	-0.7	0.49
7	0.4	0.16	-0.5	0.25	-0.7	0.49	-0.7	0.49
8	-0.6	0.36	-0.5	0.25	0.3	0.09	-0.7	0.49
9	0.4	0.16	-0.5	0.25	0.3	0.09	0.3	0.09
10	0.4	0.16	-1.5	2.25	0.3	0.09	0.3	0.09
Total		4.4		4.5		2.1		2.1

Sum of square within sample = 4.4 + 4.5 + 2.1 + 2.1 = 13.1

Degree of freedom = N - No. of sample = 40-4 = 36

Mean of sum of square within sample = 13.1 / 36 = 0.363889

All the above results can be tabulated as follows:

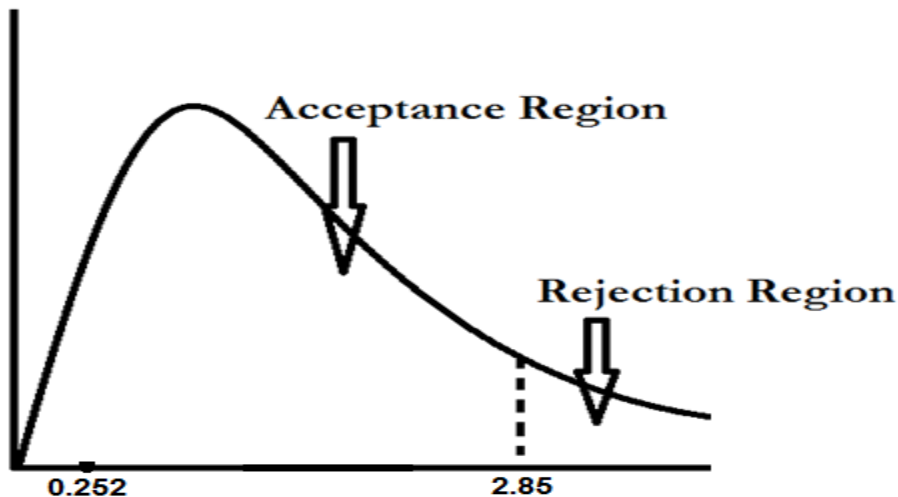
TABLE 8: ANALYSIS OF VARIANCE (H)

Source of Variation	Sum of square	Degree of freedom	Mean of square
Between Sample	0.275	3	0.091666667
Within Sample	13.1	36	0.363888889

F = Variance between Samples / Variance within Samples = 0.091667 / 0.363889 = 0.251908

Critical Value of F for $V_1 = 3$ and $V_2 = 36$ at 5% level of significance = 2.85

FIGURE 2: ACCEPTANCE & REJECTION REGION OF HYPOTHESIS 2



The Calculated F is lies under acceptance region. Hence Null Hypothesis is accepted.

FINDINGS AND CONCLUSIONS

Conclusion and Finding of this analysis is that the repayment history of the applicants a significance factor for credit analysis. As result, we find out that there is positive impact of effective analysis of income & repayment history of applicant with effectiveness of credit analysis or effectiveness in accessing credit worthiness of applicant borrower. Status of previous credit record is a major concern to assess credit worthiness of borrower. If anyone repays his all previous loan installments in time; then he will considered as credit worthy and vise-versa. So we can conclude that credit Analysis is positively correlated with effectiveness of analysis of expected future income and repayment history of applicant borrower.

REFERENCES

- Shafiq Afsheen, Mohamad Nasr(2009) "Risk Mgmt practices followed by commercial Banks in Pakistan", International Review of Business Research Papers, Vol.6 No.2 July 2010, ISSN: 1832-9543
- Dam Dan Luy (2010), "Evaluation of credit risk management policies and practices in a Vietnamese joint-stock Commercial Bank's transaction office"
- Lai Kuang-Erh and Kuo Chau-Jung (2010), How to Gauge the Credit Risk of Bank Loans: Evidence from Taiwan" International Research Journal of Finance and Economics.
- Sharma Koirala Satish Bhim Narayan (2009), "Consumer Credit Scoring: An empirical study involving home loans within the Nepalese banking sector"
- Banerjee Anoop J, Francis Prasun and Vigil (Jan 2007), "Modeling and Empirical Validation of Revised Altman's Credit Risk Model for Indian Banks"
- Patricia Jackson and William Perraudin (2010), "Regulatory implications of credit risk modeling"
- Dr. S.S. Satchidananda (2006), "Multi-Step Method for Analysis of Credit Risk of Bank Loans" CBIT-IIITB Working Paper
- Ayaz Haider (Friday October 9, 2009), "The Basic Components of Credit Analysis"
- Lacoma Tyler & VanBaren Jennifer (2010), "Business Credit Analysis"
- Feschijan Daniela (2008), "Analysis of the creditworthiness of bank loan applicants" Economics and Organization, Vol. 5, pp. 273 - 280

BOOKS

11. S.P Gupta (2005), Statistical Methods, Sultan Chand & Sons (34th Ed)

WEBSITES

12. <http://mpr.ub.uni-muenchen.de/20107/> (Last accessed on Jan 15 2011)
 13. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=960213 (Last accessed on Jan 21 2011)
 14. <http://www.credit-risk-measurement.com/risk-evaluation-is-easy-with-balanced-scorecard-system.htm> (Last accessed on Jan 29 2011)
 15. <http://papers.ssrn.com> (Last accessed on Feb 13 2011)
 16. <http://www.termpaperwarehouse.com/> (Last accessed on Feb 19 2011)
 17. <http://www.quickmba.com/marketing/research/> (Last accessed on March 10 2011)
 18. <http://www.sussex.ac.uk/Users/grahamh/RM1web/F-ratio%20table%202005.pdf> (Last accessed on April 25)

ANNEXURE

QUESTIONNAIRE

I am conducting a survey on the **Credit Analysis in Banks**. You are requested to fill out the questionnaire. Information collected in this survey will be kept confidential and being used for research purpose only.

Name :
 Bank Name :
 Department :
 Designation :

Section A: Applicant Credit Analysis: Issues and implications.

(Please tick the appropriate answer.)

- | | | |
|---|-----|----|
| 1. Does your bank have a customer credit policy? | Yes | No |
| 2. Is the policy different for corporate and personal credit? | Yes | No |
| 3. Does the policy define hierarchy and authority? | Yes | No |
| 4. Does the banking culture determine the rate and means by which credit policy alters? | Yes | No |
| 5. Are credit decision based on profitability profiles, rather than the risk profile? | Yes | No |
| 6. Do you price the credit according to the risk profile if the applicant? | Yes | No |
| 7. Do you think that adequate collateral/ guarantor minimize credit risk? | Yes | No |
| 8. Does your bank have risk management department? | Yes | No |
| 9. Have you been trained in area of risk management? | Yes | No |
| 10. Are the credit decisions based on future income of borrower applicant? | Yes | No |
| 11. Are the future income of applicant is verified from source? | Yes | No |
| 12. Are the credit decision based on repayment history of applicant? | Yes | No |

Section B: While assessing the applicant's application for loan, what weight does u give to following variables? (Please tick the appropriate answer.)

Variables	Very important	Important	Moderately important	Of little important	Unimportant
13. Employment status	5	4	3	2	1
14. Year of employment	5	4	3	2	1
15. Total Assets	5	4	3	2	1
16. Monthly Income	5	4	3	2	1
17. Monthly Expenditure	5	4	3	2	1
18. Repayment history	5	4	3	2	1
19. Status of pervious credit	5	4	3	2	1

Section C: Rate the statement.

20. Effectiveness of credit analysis of credit applicant is depending on analysis of his/her future income and repayment history.

Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
5	4	3	2	1

ROLE OF SELF HELP GROUPS ON THE DEVELOPMENT OF WOMEN ENTREPRENEURS - A STUDY OF MYSORE DISTRICT, KARNATAKA STATE

SAVITHA.V
RESEARCH SCHOLAR
DOS IN COMMERCE
UNIVERSITY OF MYSORE
MYSORE

DR. H. RAJASHEKAR
ASSOCIATE PROFESSOR
DOS IN COMMERCE
UNIVERSITY OF MYSORE
MYSORE

ABSTRACT

Self Help Groups have emerged as an alternative development strategy to promote the common interest of the weak particularly the rural poor. This research study has been undertaken to study the role of self help groups on the development of women entrepreneurs in Mysore District. The present study is an attempt to analyse the role of SHGs in promoting women entrepreneurs in Mysore District of Karnataka. The main objective of the study is to evaluate the role and working of self Help Groups in women entrepreneurship and also to assess the perception of beneficiaries about the role of SHGs. This study is based on both primary and secondary data. Primary data have been collected by conducting a survey among 160 sample respondents from 20 Self Help Groups in different areas of Mysore District. Eight respondents were selected from each Self Help Group. Random sampling technique was used to select the respondents. Percentage method was used to analyse the data. Secondary data have been collected from books, journals, newspapers, internet and periodicals. While selecting self help groups the criteria adopted here is that the SHG should have a linkage with banks. The structured questionnaire was personally administered by direct contacts with members. Special care has been taken to avoid bias in their answers to various questions and encouraging them to answer queries. Thus, SHGs have served the cause of women empowerment through their own enterprises by getting support.

KEYWORDS

Beneficiaries, Development, Empowerment, Entrepreneurs, Self Help Groups.

INTRODUCTION

In India, women produce 30 percent of all food commodities consumed but get only 10 percent of the property or wealth of the country. There is a growing realization that rural women have been underestimated and discriminated against all walks of life, despite their substantial contribution to the household economy and in turn, the national economy as such. As it is clear that the rights and protection of women from social inequalities in statute books are not good enough, some practical solutions are to be acknowledged and most importantly, implemented. Women have been deprived of economic independence. The empowerment of women and improvement of their status and economic role needs to be integrated into economic development programs, as the development of any country is inseparably linked with the status and development of women.

Micro Finance institution started in India in 1980s through Self Help Groups (SHGs) model. It is the Grameen replication model of Bangladesh. Micro Finance Institutions in India have historically been heavily depended on donor funding for financing both their portfolios and their operations. Self Help Groups have emerged as an alternative development strategy to promote the common interest of the weak particularly the rural poor. The self help group is the dominant Microfinance methodology in India. The operations of 15 to 25 member SHGs are based on the principle of revolving the members own savings. External financial assistance by MFIs or banks augments the resources available to the group operated revolving fund. Savings thus precede borrowings by the members. Micro Finance Institutions in India have historically been heavily depended on donor funding for financing both their portfolios and their operations.

REVIEW OF LITERATURE

Singh (1995) conceptualized an SHG as an informal association of individuals which comes together voluntarily for promotion of economic and social objectives.

Dwaraki et al. (1996) described an SHG as an unregistered body of people, preferably the disadvantaged who willingly contribute an agreed sum of money which would be lent at a price for a short period, as fixed by the group itself.

Krishnamurthy (1996) conceptualized SHG as an organization formed by people for pooling their resources to help each other.

Roul (1996) defined an SHG as an institutional frame work for individuals or households who have agreed to cooperate on a continuing basis to pursue one or more objectives.

Kurtz (1997) stated that the SHG concept got extended to areas in which emphasis was upon emotional and physical disabilities rather than social problem alone. Federation of small group oriented to assisting fellow of sufferers of diseases, compulsions and interpersonal problems in the United States.

Karmakar (1998) indicated SHG as an informal group of people where members pool their savings and re-lend within the group on informal basis.

Thomas (1998) described SHG as a homogenous group of rural poor voluntarily formed to save small amount out of their earnings which is convenient to all the members and agreed upon by all to form a common fund corpus for the group and to its members for meeting their productive and emergent credit needs.

From the above definitions, it is clear that basically SHG is a small group of people gathered on voluntary basis with the objective to save money and utilize it to meet out their requirements and/or take up small Income Generating Activities in order to empower themselves

OBJECTIVES OF THE STUDY

The study was conducted with the following specific objectives

1. To evaluate the role of self Help Groups in women entrepreneurship in Mysore District.
2. To assess the perception of beneficiaries about the role of SHGs.
3. To evaluate the working of the SHGs in Mysore District.

RESEARCH METHODOLOGY

The present study is based on both primary and secondary data. Primary data have been collected by conducting a survey among 160 sample respondents from 20 Self Help Groups in different areas of Mysore District. Eight respondents were selected from each Self Help Group. Random sampling technique were used to

select the respondents. Percentage method was used to analyse the data. Secondary data have been collected from books, journals, newspapers, internet and periodicals. While selecting self help groups the criteria adopted here is that the SHG should have a linkage with banks. The structured questionnaire was personally administered by direct contacts with members. Special care has been taken to avoid bias in their answers to various questions and encouraging them to answer queries.

LIMITATIONS

In carrying out the present study the following limitations were evidenced.

1. It is a micro level study covering only limited self help groups in Mysore District
2. Survey is a time consuming process but the time to collect the data for research was very less.
3. The validity of certain data provided by the SHG members is at the best only moderate as many of them are illiterates or unaware of the purpose of existence of SHGs.

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Sl.No	Classification based On		Number of Respondents	Percentage
1	Age	Less than 30	31	19.38
		30-40	72	45.00
		40-50	43	26.87
		50 and Above	14	8.75
		Total	160	100.00
2	Education	Illiterate	30	18.75
		Primary	35	21.87
		Matriculation	78	48.75
		Graduation	17	10.63
		Total	160	100.00
3	Marital Status	Married	109	68.12
		Unmarried	51	31.88
		Total	160	100.00
4	Family Structure Before Joining SHGs	Nuclear	63	39.37
		Joint	97	60.63
		Total	160	100.00
5	Occupation	House Wife	60	37.50
		Un Employed	39	24.38
		Daily Wage Labourers	34	21.25
		Employees in Private Factory	27	16.87
		Total	160	100.00

Source: Field Survey

1. Age: Out of 160 respondents 19.38 percent of the respondents are below 30 years of age. Those who are between 30 and 40 years of age and between 40 and 50 years are 45 percent and 26.87 percent respectively. Women Entrepreneurs who are above 50 years of age are 8.75 percent. Majority of the women entrepreneurs are the age group of 30 to 40 years.

2. Education: Out of 160 respondents 18.75 percent of the respondents Illiterates. Those who have studied upto primary school are 21.87 percent. Those who are possessing matriculation and graduation are 48.75 percent and 10.63 percent respectively. Majority of the respondents have studied only upto matriculation.

3. Marital Status: Out of 160 respondents 68.12 percent are married and 31.88 percent are unmarried.

4. Family Structure: Out of 160 respondents 39.37 percent are from single family and 60.63 percent of the respondents are from joint family before joining SHGs.

5. Occupation: Out of 160 respondents 37.50 percent are house wife and 34.38 percent are unemployed. Those who are daily wage labourers and employees in private factory are 21.25 percent and 16.87 percent respectively. Majority of the respondents are house wife.

TABLE 2: TYPE OF OWNERSHIP

Type	Number of Respondents	Percentage
Sole Proprietary	123	76.87
Partnership	37	23.13
Total	160	100.00

Source: Field Survey

Table 2 reveals that 76.87 percent of the sample units are functioning as Sole Proprietorship and 23.13 percent are Partnership firms. Majority of the sample units run by women entrepreneurs belong to the sole trader type.

TABLE – 3: NATURE OF BUSINESS PREMISES

Nature	Number of Respondents	Percentage
Own	137	85.62
Rent	23	14.38
Lease	Nil	Nil
Total	160	100.00

Source: Field Survey

Table 3 reveals that 85.62 percent of the sample respondents have their own house utilizing a part of the house as business premises ,Where as 14.38 percent had taken building on rent and none of the respondents had taken building on lease. Majority of the respondents running their business in their own shed.

TABLE – 4: CAPITAL INVESTMENT INTO THE BUSINESS

Capital Investment	Number of Respondents	Percentage
Less than 5000	86	53.75
5000-10000	45	28.12
10000-15000	29	18.13
15000 and Above	Nil	Nil
Total	160	100.00

Source: Field Survey

Table 4 reveals that 53.75 percent of the sample respondents were invested Rs less than 5000/-.Where as 28.12 percent and 18.13 percent of the respondents invested capital of Rs5000/- to 10000/- and Rs 10000 to 15000 respectively.None of the respondents have invested capital above Rs 15000 /-.

TABLE – 5: MONTHLY TURNOVER FROM THE BUSINESS

Turnover	Number of Respondents	Percentage
Less than 2000	21	13.12
2000-3000	41	25.63
3000-4000	85	53.12
4000 and Above	13	8.13
Total	160	100.00

Source: Field Survey

Table 5 reveals that 13.12 of the respondents said that their monthly turnover was less than Rs 2000/-.Where as 25.63 percent and 53.12 percent of the respondent’s monthly turnover was Rs 2000 to 3000 and 3000 to 4000 respectively. Only 8.13 percent of the sample respondents monthly turnover was above 4000/-.

TABLE – 6: PROFIT MARGIN FROM THE BUSINESS

Profit Margin	Number of Respondents	Percentage
5% to 10%	22	13.75
10% to 15%	50	31.25
15% to 20%	73	45.63
20% and Above	15	9.37
Total	160	100.00

Source: Field Survey

Table 6 reveals that 13.75 percent of the sample respondents said that profit margin is within 5 percent to 10 percent. Whereas 31.25 percent and 45.63 percent of the respondents said that the profit margin is within 10 percent to 15 percent and 15 percent to 20 percent respectively. Those who are more than 20 percent profit margin are 9.37 percent.

TABLE – 7: FINANCIAL IMPROVEMENT

Financial Improvement	Number of Respondents	Percentage
Increases the savings habit	54	33.75
Increases the family income	79	49.38
Provides the finance for various purposes	27	16.87
Total	160	100.00

Source: Field Survey

Table 7 reveals that 33.75 percent of the sample respondent’s opinion about financial improvement through SHG has increased the savings habit. Whereas 49.38 percent and 16.87 percent of the sample respondent’s opinion is that SHG has increased their family income and SHG provides finance for various purposes.

TABLE 8: REASON FOR ENTERING INTO THE PARTICULAR FIELD

Reason	Number of Respondents	Percentage
Less Competition	32	20.00
Growing Area	63	39.38
Previous Experience	46	28.75
High Profitability	19	11.87
Total	160	100.00

Source: Field Survey

Table 8 reveals that 20 percent of the sample respondents were entered this field because of less competition in the area, 39.38 percent are because of growing area. Whereas 28.75 percent and 11.87 percent of the sample respondents were entered this field because of previous experience and high profitability.

TABLE 9: OPINION ABOUT PERFORMANCE OF SHGs

Opinion	Number of Respondents	Percentage
Good	103	64.38
Moderate	57	35.62
Bad	Nil	Nil
Total	160	100.00

Source: Field Survey

Table 9 reveals that 64.38 percent of the sample respondents opinion about performance of SHGs are good and 35.62 percent of the respondents opinion are moderate. None of the respondents have bad opinion about the performance of SHGs.

TABLE 10: SUGGESTIONS TO IMPROVE THE PERFORMANCE OF SHG

Suggestions	Number of Respondents	Percentage
Provide more Loan	56	35.00
Provide loan at right time	79	49.37
Provide loan at lesser rate of interest	25	15.63
Total	160	100.00

Source: Field Survey

Table 10 reveals that 35 percent of the sample respondent’s suggestions to improve the performance of SHGs are to provide more loan. Whereas 49.37 percent and 15.63 percent of the sample respondents suggestion is to provide loan at right time and to provide loan at lesser rate of interest.

FINDINGS

- 76.87 percent of the sample respondents were running their units under sole proprietary, because less risk and less capital investment
- 85.62 percent of the sample respondents were running their business in their own houses
- 53.75 percent of the sample respondents invested less than Rs5000/- as capital into their business
- 53.12 percent of the sample respondents monthly turnover from their business is Rs 3000/- to 4000/-
- 45.63 percent of the sample respondents profit margin from their business is 15% to 20%
- 49.38 percent of the sample respondents opinion about financial improvement is that it increased their family income

- 39.38 percent of the sample respondents have entered the particular field because of growing area
- 64.38 percent of the sample respondents opinion about the performance of SHGs are good
- 49.37 percent of the sample respondents suggestion is to provide loan at right time
- SHG helps its members to improve their economic background mainly by way of lending loan.
- SHG increases the savings habit and also family income of members

SUGGESTIONS

- SHGs should provide more loan to their employees.
- There should be more vocational training programme for women, introducing new skills and technical knowledge.
- Creating opportunities for young entrepreneurs so that they grow and take business ideas.
- There is need of special numerical skill development programmes to avoid financial mistakes, record keepings, interest computation, depositing etc.
- SHGs to become more meaningful and purposeful should be constantly guided by NGOs with regard to their activities, especially the purposes for which the loans are sanctioned.

CONCLUSION

Microfinance has been one of the few effective tools for poverty reduction over the past years. Through the creation of self help groups, poor people can safely deposit money and accumulate funds for future investments or emergencies as well as access loans for productive purposes leading to higher incomes. Women are participating in all the productive activities and are at par with men. Government, banks and other financial institutions should come forward to offer loans for rural women, so that women entrepreneurs' movement in India will work on right direction to empower more and more women in social, economical, cultural and in political matters.

REFERENCES

1. Das Rimjim Mousumi(2001),"Micro finance through SHGs: A boon for the rural poor",Kurukshestra,February,p.43.
2. Della-Guista, M and Philip,C(2006)"Women entrepreneurs in Gambia: Challenges and opportunities."Journal of International Development, 18(8), 1051-1064
3. Dr. Santhosh Singh bais, "Development of Women Entrepreneurship in Hyderabad Karnataka Region in Karnataka", Journal of IPM Meerut,2010
4. Entrialgo, M.Fernandez, E.,&Vazquez,C.J (2000).Psychological characteristics and process: The role of entrepreneurship in Spanish SMEs. European Journal of Innovation Management,3(3),137-151.
5. Ganapathi R and Sannasi.S (2008)Women Entrepreneurship The Road Ahead, Southern Economist, Volume 46 No.18 pp 36-38
6. Kiggundu, M.N(2002). Entrepreneurs and entrepreneurship in Africa: What is known and what needs to be done ,Journal of Developmental Entrepreneurship, 7(3),239-258
7. Vaidyanathan.R "Successful of unorganized services" The Hindu Business Line, July 1,2004
8. Yusuf, A. (1995), Critical Success factors for small business: Perception of South Pacific Entrepreneurs", Journal of Small Business Management, 33(2),68-73

BOOKS

9. M.S.Subhas, Entrepreneurship and business Development in India-Excel India Publishers
10. Pooja,"Micro,Small and Medium Enterprises in the Indian Economy"-Business Development Strategies, New Century Publication, India
11. Vasanth Desai, Small Scale Industries and Entrepreneurship-Himalaya Publishing House

WEBSITES

12. www.entrepreneur.com
13. www.myownbusiness.org

A STUDY ON CUSTOMERS SATISFACTION OF SELECTED NATIONALISED BANKS WITH SPECIAL REFERENCE TO COIMBATORE CITY

M. PRAKASH

HEAD

**DEPARTMENT OF COMMERCE CA
KONGUNADU ARTS & SCIENCE COLLEGE
COIMBATORE**

A. PRABHU

ASST. PROFESSOR

**DEPARTMENT OF COMMERCE CA
KONGUNADU ARTS & SCIENCE COLLEGE
COIMBATORE**

ABSTRACT

Satisfaction of the customers is invaluable asset for the modern organizations, providing unmatched competitive edge. It helps in building long-term relationship as well as brand equity. The best approach to customer retention is to deliver high level of customer satisfaction that result in, strong customer loyalty. Satisfaction being a judgment, that a product or service feature or the product or service itself, provides a pleasurable level of consumption related fulfillment, is dynamic in nature. It is the result of interplay of a number of factors, which vary from one product/service category to another. In this study we focused on the customer's satisfaction of selected nationalized banks in Coimbatore city. Overall findings are not reinforced universe.

KEYWORDS

Customer's satisfaction, Nationalised banks.

INTRODUCTION

Bank constitutes an important segment of the financial segment of the financial infrastructure of any country. Economic development and growth of financial infrastructure go hand in hand. The development of an economy necessitated the use of money, in its turn cannot do without the institution of banking. Banks have contributed greatly to the development of the banking habit the people through extensive branch banking and better services to customers.

A bank is also a social organization and has to play a critical development role in the new dimensions of social and economic changes. "Once, a Bank was just a trust for a man's wealth. Today a bank steps out to meet the people to guide and to aid them. Because today banks respond to society's wellbeing, not out of charity, but out of a realization of its role as an agent for change, a catalyst of progress". Therefore without the development of sound banking, development countries can never hope to join the ranks of development countries.

"A Bank is an institution whose debts (bank deposits) are widely accepted in settlement of other people's debts to each other".

R. S. Sayers

REVIEW OF LITERATURE

Aggarwal (1979), conducted a study on nationalized banks with special reference to their social obligations. The main recommendations of the study were: (i) providing more branches of face to the public particularly in the semi urban & rural areas in the lead districts (ii) Providing greater credit facilities to the public as to the priority neglected sectors (iii) helping generation and maintenance of employment opportunities in the country. (IV) financing the Government securities and (v) popularizing the bill form of credit

Bill Garni, (1982), conducted a study on the banking growth imbalances over a decade since nationalization in branch expansion, deposit mobilization, credit disbursement and priority sector coding. The study concedes that although region and state wise disparities in terms of Banking Services still exist, some healthy trends were developed significantly and if continued in future would further help in minimizing the widening gaps.

Prabhakar, (1986) has analyzed the nature and range of customers service provided by Indian Banks. He has brought out the fact that in case of complaints is from depositors. With the mass banking practice a different treatment is neither possibilities of dividing customers may be of some better service to important customers. The teller system partially brought out that in India there is a growing size of current and saving account holders who do not maintain the statutorily required minimum balance. The defaulter is high and growing which would cause additional work to bankers

IMPORTANCE OF THE STUDY

In Coimbatore city there are more than 10 nationalised banks actively functioning with their respective branches. Apart from these we focused only four nationalised banks namely, State Bank of India, Canara Bank, Bank of India and Indian Overseas Bank. The importance of the study is confined to customers satisfaction about the services rendered by the selected Nationalized Banks in Coimbatore City. The scope of the study is extended to the following related aspects VIZ., to find out customers awareness about banking services, and the problems faced by the customers and by giving valuable suggestions for Improvement in banking services.

RESEARCH METHODOLOGY

This study is based on an exploratory analysis and the required data for analysis were collected through a well structured questionnaire.

STATEMENT OF THE PROBLEM

The banking sector has been playing a vital role in the development of Indian Economy till the Advent of Nationalization of commercial Banks in 1969, commercial Banks in India were, know to be working purely on the commercial pattern. During era of the Past nationalization. Indian commercial banking shifted from "Class banking". To "Mass Banking" and consequently, Social banking, perhaps eclipsed the Importance of the profitability aspects of banks.

Customers have faced many problems. While rendering services to the customers in rural areas, Because most of the rural customers are low Income earners low level of literacy, low level of awareness about banking transactions and lack of awareness about latest technologies like communication ATM cum Debit cards, Credit cards, Cheque, Challan, Demand Draft, etc facilities of the banking transaction.

In the modern world, India has been witnessing a sea change. In the standard of living, life styles, Advertisement in the satellite television channels have created customers awareness about the various services provided by the nationalized banks. Trend indicates that banking services are developing massively and growing manifold.

At present the customers are more dynamic. Their tastes, needs, preference are changing as per the current scenario. The customers now look for services differentiation and the convenience offered. The customers have certain expectation from banks in terms of its quality of services, technical knowhow, commission charges, savings and deposits schemes, loan schemes, cheque leaf, DD, Challan, payment and collection cheques. The Increasing Money spent on Advertisement make the customer's awareness of the latest technologies and services in the banks. The customers are finding various problems to select the banking transactions.

It is identified that there is a need for research work in the field of banking customer's satisfaction about the selected Nationalized Banks with special reference to Coimbatore City. The research deals with following questions like.

1. What is the level of awareness of the customers regarding banking services?
2. Whether the customers are satisfied with banking services?
3. What are the problems faced by the customers of Nationalized Banks?

OBJECTIVES OF THE STUDY

1. To know the socio economic characteristics of the customers of selected banks
2. To study the awareness of the customers regarding banking services
3. To analyze the satisfaction of customers about banking services
4. To examine various problems faced by the customers of selected nationalized banks
5. To suggest relevant measures to improve customers satisfaction based on the results of the study

HYPOTHESIS OF THE STUDY

1. There is no significant relationship between the age group and the level of satisfaction for the customers satisfaction
2. There is no significant relationship between the gender and the level of satisfaction for the customers satisfaction
3. There is no significant relationship between the income status and the level of satisfaction for the customers satisfaction

AREA OF THE STUDY

The study covered the customers of selected nationalized banks in Coimbatore city. They are State Bank of India, Canara Bank, Indian Overseas Bank and Bank of India.

SAMPLING TECHNIQUE

This study is an empirical research based on the survey method. The information collected from the sample respondents with the help of an interview schedule prepared and pre-tested for its suitability through pilot study. The primary data were collected by taking 150 sample respondents.

STATISTICAL TOOLS

The tabulated data were formulated using the statistical tools of simple percentage analysis, ranking and chi square to interpret the data.

ANALYSIS AND INTERPRETATION

The collected data were analyzed using the appropriate statistical tools mentioned in the research methodology. The objective-wise analysis and their interpretations are presented in this section.

PERCENTAGE ANALYSIS

The various socio-economic characteristics considered for this study are respondent's age group, gender, educational qualification etc.

TABLE 1: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR AGE

S.No	Age in Group (In years)	Respondents	Percentage
1	Up to 25	70	47
2	Between 26-50	62	41
3	Above 50	18	12
	Total	150	100

Source: Primary Data

From the above table 1 it is clear that 47% of the respondents belong to up to 25 years, 41% of the respondents belong to between 26-50 years and 12% of the respondents are in the age group of above 50 years.

TABLE 2: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR GENDER

S.No	Gender	Respondents	Percentage
1	Male	76	51
2	Female	74	49
	Total	150	100

Source: Primary Data

From the above table 2 it is clear 51% of the respondents belong to Male group and 49% of the respondents belong to female group.

TABLE 3: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR MARITAL STATUS

S.No	Marital status	Respondents	Percentage
1	Married	100	67
2	Unmarried	50	33
	Total	150	100

Source: Primary Data

From the survey the above table 3 reveals that 67% of the respondents are married and 33% of the respondents are unmarried.

TABLE 4: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR EDUCATIONAL QUALIFICATION

S.No	Educational qualification	Respondents	Percentage
1	Illiterate	23	15
2	School level	19	13
3	College level	64	43
4	Professional	36	24
5	Diploma	8	5
	Total	150	100

Source: Primary Data

From the above table 4 out of 150 respondents, it is clear that 15% of the respondents are illiterate, 13% of the respondent's educational qualification is school level and 43% of the respondent's educational qualification is college level and 24% of the respondent's educational qualification is professionals and 5% of the respondent's educational qualification is diploma.

TABLE 5: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR OCCUPATION

S.No	Occupation	Respondents	Percentage
1	Employee	11	7
2	Business	43	29
3	Agriculture	23	15
4	Professional	29	19
5	Student	44	29
	Total	150	100

Source: Primary Data

From the above table 5 it is clear that 7% of the occupational status of respondents are belong to employee, 29% of the respondents belonging to business, 15% belonging to agriculture, 19 % belong to professional 29% belonging to student.

TABLE 6: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR INCOME

S.No	Income	Respondents	Percentage
1	Up to Rs.1,00,000	90	60
2	Rs 1,00,001 to Rs3,00,000	44	29
3	Above Rs 3,00,000	16	11
	Total	150	100

Source: Primary Data

From the above table 6 it is inferred that 60% of the respondents income levels are up to Rs.1,00,000, 29% of the respondents are Rs 1,00,001 to Rs3, 00,000 and 10% respondents are belonging to Above Rs 3, 00,000.

TABLE 7: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR SIZE OF THE FAMILY MEMBERS

S.No	Number of family members	Respondents	Percentage
1	Up to 3	65	43
2	3 - 5	52	35
3	Above 5	33	22
	Total	150	100

Source: Primary Data

From the above table 7 inferred that 43% of the respondents are belonging to up to 3 members in family and 35% of the respondents are belonging to 3 – 5 members in family and 22% of the respondents are belonging to above 5members.

TABLE 8: DISTRIBUTION OF SAMPLE RESPONDENTS ACCORDING TO THEIR NATURE OF THE FAMILY

S.No	Nature of family	Respondents	Percentage
1	Nuclear family	97	65
2	Joint family	53	35
	Total	150	100

Source: Primary Data

From the above table 8 inferred that 65% of the respondents are belonging to nuclear family and 35% of the respondents are belonging to joint family.

TABLE 9: THROUGH WHICH SOURCE SAMPLE RESPONDENTS COME TO KNOW ABOUT THE NATIONALISED BANKS

S.No	Sources	Respondents	Percentage
1	Friends and relatives	102	68
2	Advertisement	28	19
3	Agents	7	5
4	Bank officials	9	6
5	Others	4	3
	Total	150	100

Source: Primary Data

From the above table 9 inferred that 68% of the respondents are belonging to know from friends & relatives and 19% of the respondents are belonging to know from advertisement and 5% of the respondents are belonging to know from agents and 6% of the respondents are belonging to know from bank officials and 3% of the respondents are belonging to know from other sector.

RANKING ANALYSIS

In this section simple rank analysis is used to measure the factors influencing the bank services by the respondents.

TABLE 10: RANKING OF THE FACTORS

S.No	Factors	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	Total	Rank
1	Location of the Bank	18	7	8	5	8	11	20	17	8	17	9	17	882	VIII
2	Working Hours	13	4	8	24	6	14	18	19	7	11	13	7	939	VII
3	Low Interest of Rate on deposits	14	12	30	23	17	17	8	7	9	3	2	6	1200	II
4	High Commission	8	6	9	18	36	22	19	6	7	8	4	4	1064	V
5	Non availability of ATM	4	6	2	8	2	8	12	17	18	17	23	21	625	XI
6	Limit on ATM	5	15	0	8	4	11	15	15	21	22	23	9	776	IX
7	Formalities	4	9	11	15	19	23	10	19	8	10	7	10	946	VI
8	Undue delay on loans & advances	37	48	11	7	10	7	2	6	9	6	5	3	1383	I
9	High Rate of Interest on borrowings	11	16	26	17	23	14	10	5	12	5	6	3	1166	IV
10	Demanding more securities for loan	19	20	27	15	12	3	7	6	5	8	13	7	1119	III
11	Poor Accommodation	1	4	9	2	9	8	9	12	17	17	19	42	605	XII
12	Non-Response of Staff	4	5	9	7	3	9	17	21	22	17	25	11	750	X

Source: Interview Schedule

From the above table 10 find out the maximum respondents selected the first rank in Undue delay in getting loans and advances (1383). Second rank is to be low interest of rate on deposits (1200). Then the third rank is to be demanding more securities for loan (1119). Fourth rank is safety high rate of interest on borrowings (1166) Fifth rank is to be high commission charged on outstation cheques (1064). Sixth rank is formalities in getting credit or debit cards (946). Seventh rank is to be working hours (939). Eighth rank is to be location of the bank (882). Ninth rank is to be limit on ATM withdrawals (776). Tenth rank is to be non-response of staff (750). Eleventh rank is to be non availability of ATM facilities (625). Twelfth rank is to be poor accommodation and parking facilities (605).

CHI-SQUARE ANALYSIS

CHI-SQUARE VALUE OF THE RESPONDENTS AGE GROUP VS LEVEL OF SATISFACTION

HYPOTHESIS

H_0 : There is no significant relationship between the gender and the level customers satisfaction

H_1 : There is significant relationship between the gender and the level customers satisfaction

TABLE 11: CHI-SQUARE VALUE OF THE RESPONDENTS AGE GROUP VS LEVEL OF SATISFACTION

S.No	Age	Favorable	Unfavorable	Total
1	Up to25	59	1	60
2	26-50	67	5	72
3	Above50	17	1	18
	Total	143	7	150

Source: Interview Schedule

S.No	Calculated value	Table value	Degree of freedom	Result
1	2.0854	5.991	3	No significant

Source: Interview Schedule

From the above table 11 shows that the calculated value is less than the table value. Null hypothesis is accepted. There is no significant relationship between the age group and the level of satisfaction for the customer's satisfaction.

CHI-SQUARE VALUE OF THE RESPONDENTS GENDER VS LEVEL OF SATISFACTION

HYPOTHESIS

H_0 : There is no significant relationship between the gender and the level customer's satisfaction

H_1 : There is significant relationship between the gender and the level customer's satisfaction

TABLE 12: CHI-SQUARE VALUE OF THE RESPONDENTS GENDER VS LEVEL OF SATISFACTION

S.No	Gender	Favorable	Unfavorable	Total
1	Male	73	2	75
2	Female	70	5	75
	Total	143	7	150

Source: Interview Schedule

S.No	Calculated value	Table value	Degree of freedom	Result
1	1.349	3.841	1	No significant

Source: Interview Schedule

From the above table 12 shows that the calculated value is less than the table value. Null hypothesis is accepted. There is no significant relationship between the gender and the level of satisfaction for the customer's satisfaction.

CHI-SQUARE VALUE OF THE RESPONDENTS INCOME STATUS VS LEVEL OF SATISFACTION

HYPOTHESIS

H_0 : There is No significant relationship between the income status and the level customer's satisfaction.

H_1 : There is significant relationship between the income status and the level customer's satisfaction.

TABLE 13: CHI-SQUARE VALUE OF THE RESPONDENTS INCOME STATUS VS LEVEL OF SATISFACTION

S.No	Income	Favorable	Unfavorable	Total
1	Up to Rs.1,00,000	89	1	90
2	Rs.1,00,000 to 3,00,000	42	3	45
3	Above Rs.3,00,000	12	3	14
	Total	143	7	150

Source: Interview Schedule

S.No	Calculated value	Table value	Degree of freedom	Result
1	11.527	5.991	2	Significant

Source: Interview Schedule

From the above table 13 shows that the calculated value is greater than the table value. Null hypothesis is rejected. There is significant relationship between the income status and the level of satisfaction for the customer's satisfaction.

MAJOR FINDINGS

Based on the above analysis, the following are the major findings of the study

1. Majority of the respondents (47%) are belongs to the age group between up to 25 years.
2. Majority of the respondents 51% are belongs to male group.
3. Majority of the respondents are married that is 67%.
4. Majority 43% of the respondents are college level.
5. Majority of the respondents 29% of the respondents are Business.
6. Majority of the respondents 60% of the respondents income level up to Rs.1,00,000.
7. Majority 43% of the respondents are belonging up to 3 members in a family.
8. Majority of the respondents 65% are belonging to nuclear family.
9. Majority of the respondents 68% are known about the nationalized bank through friends & relatives.
10. Find out the maximum respondents selected the first rank in Undue Delay in getting loans and advance (1383).
11. There is No significant relationship between the age group and the level of satisfaction for the customers satisfaction.
12. There is No significant relationship between the gender and the level of satisfaction for the customers satisfaction.
13. There is significant relationship between the income status and the level of satisfaction for the customers satisfaction.

SUGGESTIONS

With regard to banking products and services, customers respond at different rates, depending on the customers characteristics. Hence all these four banks should try to bring their new product and services to the attention of potential early adopters.

1. Need for more ATM centers
2. Due to the intense competition in the financial market, these banks should adopt better strategies to attract more customers
3. The bank should ask for their customer's feedback to know whether the customers are really satisfied or dissatisfied with the service and product of the bank. If they are dissatisfied, then the reason for dissatisfaction should be found out and should be corrected in future
4. The bank should try to increase the brand image through performance and service then, only the customers will be satisfied
5. Majority of the people find banking important in their life, so they should employ the strategies to convert the want into need which will enrich their business
6. Improving the Email banking facilities
7. More awareness about the new schemes should be provided
8. Any customer opening new account pleases help and gives good guidance's for bank procedures
9. Waiting in the bank for cash/cheque /deposits is more. It this is short out, more customers will come
10. Have to increases the number of counters for depositing the amount (or) a specified counter for the current account holder

CONCLUSION

The banking industry like many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate has presented an unprecedented set of challenges (1). Banking is a customers oriented services industry, therefore, the customers is the focus and customers service is the differentiating factors (2).The banking industry in India has undergone sea change since post independence. More recently, liberalization, the opening up of the economy in the 90s and the government's decision to privatize banks by reduction in state ownership culminated in the banking reforms based on the recommendations of Narasimha Committee (3). The prime mover for banks today is profit, with clear indications from the government to 'perform or perish'. Banks have also started realizing that business depends on client service and the satisfaction of the customers (4) and this is compelling them to improve customers service and build up relationship with customers.

REFERENCES

1. Kothari C.R. (1990) Reprint Research methodology - Wishwa prakashan, New Delhi.
2. Philip Kotler - Marketing-Management-13th-edition, Prentice Hall, India.
3. Panneerselvam, R. (2004), Research Methodology, Prentice-Hall of India, New Delhi.
4. Aggarwall, H.N (1979), A portrait of Nationalized Banks – A study with reference to their social obligations.
5. Bill garni, S.A.R. (1982) Growth of public sector – A Regional Growth Analysis, (New Delhi: Deep and Deep publication.
6. Prabhakar T. (1986) "Customers Services" Economic Times, May.
7. Modern banking- P.Ambiga Devi & Malarvizhi.
8. Banking theory law & practice – sultan chand& sons.

RETAILING BOOM: A CASE STUDY OF A TYPICAL SHOPPING MALL OF AURANGABAD CITY**AMOL MURGAI****HEAD****DEPARTMENT OF M.B.A.****AMRUTVAHINI COLLEGE OF ENGINEERING****SANGAMNER****ABSTRACT**

Retailing is one of the most important industries in any country employing major share of workforce. Selling whether in store or at doorstep requires many people, in other words retailing is labour intensive. Probably many more people are needed to sale most products than to manufacture them. Retailing accounts for about 15-20% of the organized workforce in any developed economy. It is second largest employer in India after agriculture. There are about 6 Million retail establishments in India of which 4.1 Million (70%) sell food products and related items. In India private final expenditure is taken as a indicator the total retail trade in India. Could be about Rs. 70000-80000 Crores or US \$160 -180 billion in US the annual sales of Wal-mart (words largest retailer) K-mart and sears are much greater than the annual sales of proctor and gamble, PepsiCo, and RJR Nabisco the three largest consumer products manufacturer. Investments in the retail sector are estimated at between \$400 million and \$ 500 million over the next 2 to 3 years and over 4 billion dollar by end 2010. With total sales going up to 6.6 trillion in the world the industry today is the world's largest private industry and accounts for 8% of GDP in western countries. Retailing is also important as it is an important tax collection point for government. In last 5 years Aurangabad has seen lot of organized retail outlets like "Subhiksha" ,Maniyar" More Mega Mart, Sapana, Mega-mart, Spencers, N mart, Vishal Mega mart And many more. A price war has started between these malls and hyper markets, which leads to cost reduction, discounts, shopping festivals, and SALE. In this backdrop, the researcher tried to find out the benefits of shopping mall reaching to people of Aurangabad.

KEYWORDS

retailing, shopping mall, Aurangabad.

RETAIL IN INDIA: INTRODUCTION

Indian retail business values at around US\$ 550 billion as of now and about four per cent of it accounts for the organized sector. A report by Boston Consulting Group (BCG) has revealed that the country's organized retail is estimated at US\$ 28 billion with around 7 per cent penetration. It is projected to become a US\$ 260 billion business over the next decade with around 21 per cent penetration.

Another report by Business Monitor International (BMI) suggests that enhancing middle and upper class consumer base has set vast opportunities in India's tier-II & tier-III cities. The greater availability of personal credit, improved mobility, better tourism et al, are all small, but significant contributors to the growth of Indian retail industry. Also, more and more companies are willing to invest in India due to significant growth forecasts on gross domestic product (GDP) (BMI predicts average annual GDP growth of 7.6 per cent through 2015).

Over the last Decade the Indian retail Landscape has witnessed a dramatic change owing to the changes in demographics, Attitudes, Values and life styles of consumers. Though the sector is at an embryonic stage in its evolution with around 2% of total retail business in the organized sector it still appears to be growing at a pace of around 25% P.A. and pegged at above Rs. 10 Lac Crores. Surging consumer expectation has compelled retailers to take sharp look at their approach towards shoppers.

Retailing includes all activities involved in selling goods or services directly to final consumer for personal or non-business use where as marketing according to American marketing Association refers to "The process of planning and executing the conception, pricing, promotion and distribution of Ideas, goods and services to create exchanges that satisfy individual and organizational objectives. Middle class Indian have broken off their love of traditional stand alone kirana stores that have no air conditioning, organize parking and other public facilities

An interesting research in this area has shown that grocery stores (56% of all retail outlets) and general stores (13%) dominate rural Indian. Approximately 6.6% of urban adults in India are shop owners. There are about 21% outlets in urban area engaged in service retailing though no official data is available the given above figure indicate that this sector may be employing about 15-20% of the organized work force which is in line with global averages. Retailing accounts for an impressive part of gross domestic product (GDP). The year 1997-1999 has been a slowdown in economic growth. The GDP growth rate pegged at 4 to 5%. Total retail sales in India reached Rs. 5793/- billions in 1996 representing around 53% of GDP and 69% of consumer expenditure. Retail sales per capita were 6297 in 1996. In 2007 share of retail trade in GDP was 8-10% It is currently 12% and likely to reach 32% by 2012.

CURRENT SCENARIO OF RETAILING IN AURANGABAD

- Globalization of the economy has impacted the historical city of Aurangabad.
- In last decade, almost all brands of banks and financial services entered Aurangabad.
- Employment in all industries in Aurangabad almost doubled (mostly the white collared jobs).
- The saturation in these sectors in tier-1 cities like Pune, Mumbai, has given the opportunity to Aurangabad.
- The feel good factor is in the economy is making the individuals psychologically ready to spend.
- This city has now become the major educational hub of the region leading to high youth population enrolling in new courses.
- Moreover, there is a gradual shift in the lifestyle. There is a change in customers' focus from just buying to experience shopping. The advent of big malls like Prozone, Spencer's, Big Bazaar, Vishal etc have changed the definition of shopping for the people of Aurangabad.

PRESENCE OF MAJOR RETAIL PLAYERS IN AURANGABAD

- PROZONE
- BIG BAZAAR
- MORE MEGA MART
- SPENCERS PLAZA
- VISHAL MEGA MART
- GLOBUS
- SAPNA SUPER MARKET
- MANIYAR HYPER MARKET

STUDY OF LITERATURE

Mall throughout the country are getting bigger as they are now being positioned as a one stop shop for shopping, entertainment, Leisure and eating out needs rather than place only for shopping for fashion products introduction of Malls have definitely added a new adventure to shopping experience. (Retail management, Arif & Kaniz, 2008)

Retail trade in us account for nearly \$3 trillion. Retailing in U.S has changed dramatically in last 20 years. The number of shopping center in U.S. has more than tripled from 10000 to 37000. Retailers in U.S are compacting in one of the toughest business environment ever. India has lowest percentage of retailing 2% in South Asian Countries compared to Malaysia 50%, Thailand 40% Phillipines 35%, Indonesia 25%, South Korea 15%, and China 20%. (Retail management, V.V.Rao 2005)

In India organized retailing is a relatively new concept. Still organized retailing accounts for approximately Rs 13300 Crores. It is expected to grow at 28% rate becoming Rs. 45000 Crores by 2005. (Retail management, Arif & Kaniz 2008)

REASON FOR SELECTION OF TOPIC

This research paper aims to measure the effectiveness of various promotion and offers which is given by Vishal Mega Mart to the customer and thereby measuring the effect over the total sales of the organization. At the same time focus on the consumer buying behavior, factor affecting buying decision of customer.

Vishal Mega Mart, a Vishal enterprise initiative, is a chain of retail departmental stores, spread across India and has 1 Megastore in Aurangabad city.

Vishal Mega Mart retail store have with the following sections,

HOMES, LADIES, KIDS, FORMALS, LIFESTYLE & CASUALS. The brand of each section some of them are in house brands and some are popular brands for example Men’s casual section in house Brands like BOSTON CLUB, VENTI UNO The Popular brand like Color plus, Van-Heusen, Parx, Arrow, Peter England, etc.

During my research, i found number problems faced by the Vishal Mega Mart. The problem are summarized as -

- Low Sales Productivity
- Lower Conversion
- Unimproved Self Management
- Lack of Customer Relations
- Gap in Communication
- Low Morale in sales staff

So a primary research has been conducted to identify the vital few problems faced by pyramid retail store.

OBJECTIVES OF THE STUDY

The main objectives of this study are as under:

1. To understand the various parameters of importance for retail malls in Aurangabad.
2. To understand the consumer psyche for their purchases
3. To understand whether the availability of mall options changed their purchase pattern
4. The study has the major objectives to find the challenges which are the obstacle in increasing the conversion ratio.
5. Study about the opportunity & scope in future for Promotional offers and schemes.

Study about the Consumer perception towards the Vishal Mega Mart

RESEARCH METHODOLOGY

Research has been done by the way of analysis to identify the need and the potential in the market. Survey has been done by the way of own efforts, in which I had covered and scanned the whole topic through the books, magazine, journals, newspaper. I have collected the data from the Internet, Magazines and the newspapers.

- Data Collection** : Primary data & Secondary data.
- Sample Size** : 250 customers visiting Vishal Mega Mart
- Sample Technique** : Simple Random Sampling.
- Type of Research** : Descriptive Research.
- Analysis** : Analysis of this report will be based on the pie-chart.

SAMPLING PLAN FOR THE IDENTIFICATION OF PROBLEM

- Data Collection** : Primary data & Secondary data.
- Sample Size** : 35 staff of Vishal Mega Mart, Station Road, Aurangabad
- Analysis** : Analysis of this report will be based on Pareto analysis using BAR chart.

ANALYSIS & INTERPRETATION OF PROBLEM

GRAPH: ANALYSIS OF THE PERCENT RATING OF THE PROBLEMS FACE BY VISHAL MEGA MART

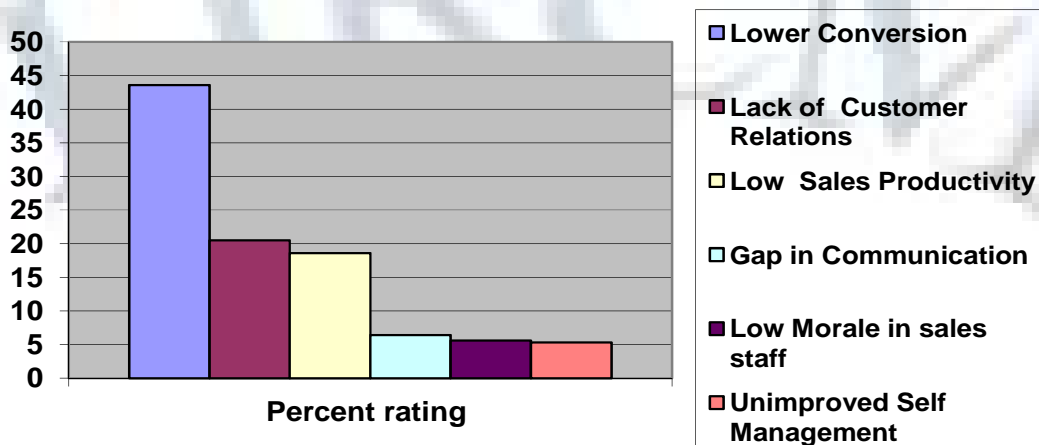


TABLE: PERCENT RATING OF PROBLEM FACE BY VISHAL MEGA MART

Problem. Rating	Problems	%age rating
2	Lower Conversion	43.60
4	Lack of Customer Relations	20.50
1	Low Sales Productivity	18.60
5	Gap in Communication	06.40
6	Low Morale in sales staff	05.60
3	Unimproved Self Management	05.30

FINDINGS

From the analysis carried out for the identification of the root cause or the most effective problem which contribute more toward the goal of the organization. These are

Lower Conversion	43.60
Lack of Customer Relations	20.50

CONVERSION

Conversion means If the customer does not find exactly what he is looking for the system must have sufficient provisions to suggest alternative so that the consumer is not lost (According to Lewi and Witz autor of Retail management)

So, as per the definition if the Vishal Mega Mart has sufficient provision to suggest alternative so the consumer will satisfied with service and purchase merchandise. This will help to improve the Conversion

CONVERSION RATIO

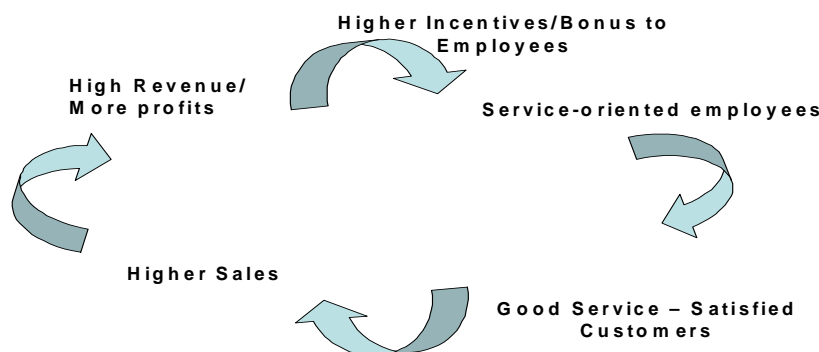
Conversion ratio is the measuring term use to judge the performance of the Vishal Mega Mart; this ratio helps top management to take important decision

CONVERSION RATIO FORMULA

$$\text{CONVERSION RATIO} = \frac{\text{NO.OF CASH MEMO IN A DAY}}{\text{WALKINS (FOOTFALLS IN A DAY)}}$$

RELATION BETWEEN GOOD SERVICE AND HIGH SALE

Looking toward the major problem of low conversion ratio and the Lack of Customer Relations this to problem are co-related the following figure shows the relation between the good customer service and Higher sale. Service oriented employees gives good service which convert this to customer satisfaction which again lead to higher sale so ultimately generates high Revenue and also gets Higher incentives and bonus to employees.



DATA COLLECTION

The data was collected by getting the questionnaires filled form the customers when they are shopping. The main motive in doing this study was to get the feedback from the customers to give them better service by knowing how they rate the store in all the parameters. The project was to check feasibility of the services offered using primary data. The primary data was obtained through observation, direct communication with the people and filling up of questionnaires, also enormous help was obtained from staff and colleagues working there.

FIELD WORK PLAN

The field work was carried according to the sampling plan formed and time constraints. The main motive for these was to identify the potential customers or the future prospects. A two-way discussion was done with the customers and they were made aware of the product & services offered by Vishal Mega Mart. The questionnaires are either directly filled up or indirectly filled up by the people and through the prospect of the respective people.

DATA COLLECTION TOOL

The data collection tool which is being used is Questionnaire. The questionnaire is been selected as a data collection tool primarily because of descriptive nature of sampling & secondly it was the most suitable tool that could help in achieving all the objectives of the study & to do the analysis deeply and effectively.

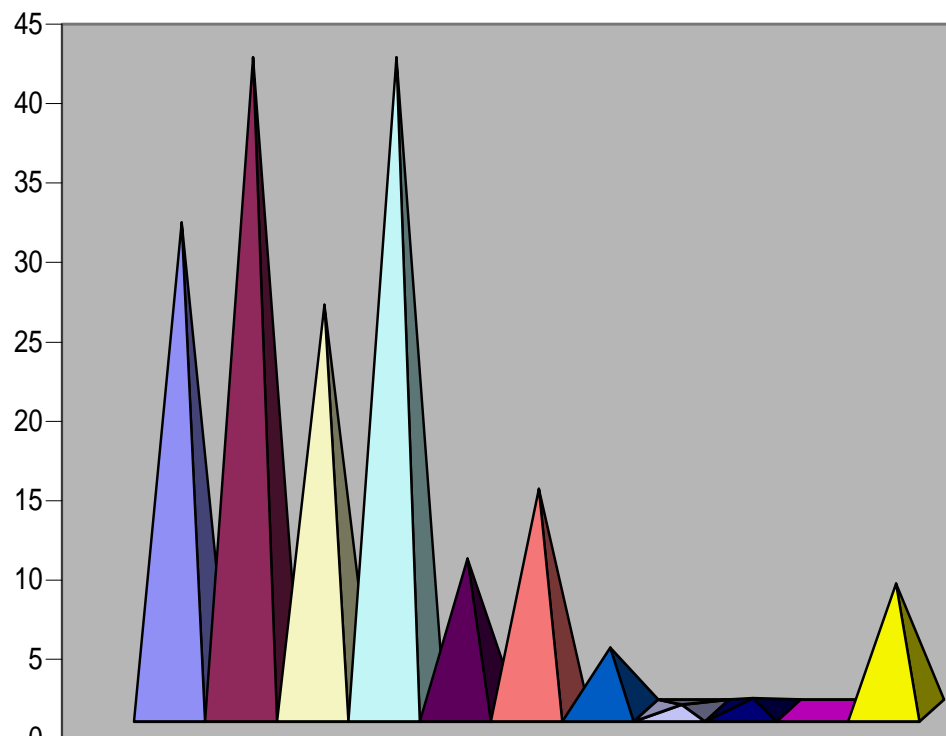
FINDINGS BASED ON SURVEY

Reasons for Low footfalls of customers In Vishal Mega Mart

The following are the findings based on the above pyramid shape graph.

- In Vishal Mega Mart, 30.8% of the customers said that they did not find the product that they wanted to buy.
- In Vishal Mega Mart, 41.2% of the customers said that they did not find the good range of the product that they wanted to buy.
- In Vishal Mega Mart, 25.6% of the customers said that they did not find the size of the Merchandise.
- In Vishal Mega Mart, 41.2 % of the customers said that the price was very high.
- In Vishal Mega Mart, 9.6 % of the customers said that they did not find the good service while selection of Merchandise.
- In Vishal Mega Mart, 14% of the customers said that billing process was very time consuming.
- In Vishal Mega Mart, 4 % of the customers said that they did not like the promotional offers.
- In Vishal Mega Mart, 0.4% of the customers said that they did not like store Ambience like VM & Lighting.
- In Vishal Mega Mart, 0.8% of the customers said that they did not like Store Music.
- In Vishal Mega Mart, all customers find it comfortable to move around in the store while shopping.

- In Vishal Mega Mart, 8% of the customers said that they did not like the facility like Drinking water, toilets, Trial rooms etc.



Reasons for not shopping in Piramyd	
product	30.8
range	41.2
size	25.6
price	41.2
service	9.6
Billing time	14
Promotional Offer	4
Store Ambience	0.4
Music	0.8
Comfort	0
Facility	8

CONCLUSIONS

To be successful in the Indian Market, multinational companies need to be innovative and culturally sensitive while Multi-brand retail marketing strategies. These successful marketing techniques be applied to large emerging markets.

Despite if all diversities and challenges, the really for a marketer is that they have to explore integrated unique product strategies, promotion strategy.

India remains one of the last frontiers of modern retailing. Various business houses have already planned for few investment in coming 2-3 years. It is very much clear that the retailers will have to face increasingly demanding customers and intensely competitive rivals. More investments will keep following in an organized retailing in India is surely poised for a take off and will provide many opportunities both to existing players as well as new entrants. The following are some of the aspects which Indian retailers need to focus upon a more proactive basis.

- Retail marketing efforts have to improve in the country advertising.
- Promotion and campaigns to attract customers.
- Building loyalty by identifying regular shoppers and offering benefit to them.
- Efficiently managing high-value customers
- Monitoring customer needs constantly, are some of the aspects which Indian retailers need to focus upon a more proactive basis.

SCOPE FOR FURTHER RESEARCH

TABLE SHOWING PROGRESS OF SHOPPING MALLS IN MARATHWADA

SR. NO	DISTRICTS	SHOPPING MALLS	HYPER MARKETS/ SUPER MARKETS
1	Aurangabad	6	16
2	Nanded	2	7
3	Latur	2	6
4	Jalna	-	3
5	Parbhani	-	4
6	Beed	-	4
7	Hingoli	-	2
8	Osmanabad	-	3
	Total	10	45

A) Retail sector offers opportunities for exploration and investment in rural area. Major portion of the organized retail will be developed in small cities. So there is a very good scope for research study that will focus on malls spread across Marathwada. Also it has tremendous scope in research on Branding, CRM and channels of Distribution, which could be studies firther..

B) The topic has benefits of globalization in retail sector. Shopping malls are becoming phenomena because of time spent by single consumer in getting maximum no of items. So referring to the above table, an intensive research could be undertaken for entire Marathwada region, especially by Phd. Students.

BIBLIOGRAPHY

1. Retail management; Arif sheikh and kaneez Fatima, Himalaya Publishing House, 2008
2. Retail Management, (Perspective and cases), V V Gopal, ICFAI University Press, 2005
3. Consumer Behaviour in Indian perspective, Suja Nair, Himalya Publishing House, 2005
4. Essentials of Marketing, S A Surelekar, Dr V.P Michael, Himalya Publishing house, 2006
5. Marketing Management; Ved Park ash, Anmol Publications, 2005
6. Retail Management, Suja Nair, Himalya Publishing House, 2006
7. Retail Management:- A strategic approach, B Berman & J Evans, MacMillan publications

IMPACT OF MEDICAL TOURISM IN INDIA**MAULIK C. PRAJAPATI****ASST. PROFESSOR****V. M. PATEL COLLEGE OF MANAGEMENT STUDIES****GANPAT UNIVERSITY****GANPAT VIDHYANAGAR****VIPUL B. PATEL****ASST. PROFESSOR****V. M. PATEL COLLEGE OF MANAGEMENT STUDIES****GANPAT UNIVERSITY****GANPAT VIDHYANAGAR****ABSTRACT**

The aim of this research paper is to analyze the impact of medical tourism in India. As strange as this may sound, India receives hundreds of thousands of tourists that come in to the country to undergo medical treatments, then leaving the country and going back home. It is called "Medical Tourism" and it is a blooming global industry as India has become a main medical tourism hub. India's healthcare sector has made impressive strides in recent years and the country is increasingly projected as a 'healthcare hub'. Several features have positioned India as an ideal healthcare destination, like cost effective healthcare solutions, availability of skilled healthcare professionals, reputation for successful treatment in advanced healthcare segments, increasing popularity of India's traditional wellness systems and rapid strides made in information technology. Medical tourism is directly and indirectly affected on different areas of Indian economy. The rise of medical tourism emphasizes the privatization of health care, the growing dependence on technology, uneven access to health resources and the accelerated globalization of both health care and tourism. Medical tourism is highly affected to travelers, hospitals, insurance companies, hotels etc. This research study will be helpful to Government for short term and long term strategic planning to resolve some problems like unemployment, currency flow, inflation and some other problems.

KEYWORDS

Inflation, medical tourism, medical tourism hub, strategic planning.

INTRODUCTION

Almost two decades ago, Goodrich & Goodrich (1987:217) defined health-care tourism as "the attempt on the part of a tourist facility (for example a hotel) or destination (in Baden, Switzerland) to attract tourists by deliberately promoting its health-care services and facilities, in addition to its regular tourist amenities".

Today authors such as Connell (2006:2) define medical tourism as a popular mass culture "where people travel often-long distances to overseas destinations (India, Thailand, Malaysia) to obtain medical, dental and surgical care while simultaneously being holidaymakers, in a more conventional sense..." Another recent definition is made in the report Medical Tourism: a global analysis (2006), where medical tourism is described as any form of travel from one's normal place of residence to a destination at which medical or surgical treatments is provided or performed.

With general tourism on the rise (UNWTO 2009), it is estimated that the volume of medical tourists could reach 4 million per annum by 2012 (Deloitte 2008a). Medical tourism has become a major force for the growth of service exports worldwide, while concentrating on a selective number of recipient countries – with India and Thailand as major markets.

MEDICAL TOURISM DESTINATIONS

India is one of the countries that have deliberately set out to be a dominant medical tourism destination. According to Connell (2006:1), "India is capitalizing on its low costs and highly trained doctors to appeal to these medical tourists".

The outcome of this deliberate policy show that in 2004 India had 1.8 million inbound medical tourists, making the industry's contribution to the economy an estimated USD333million. The growth of medical tourism is a growing phenomenon in other south Asian countries such as Singapore and Thailand where medical tourism is used boost the arrivals to their beach resorts.

According to reports India's medical tourism business operations are growing at 30 per cent per year with projected revenues of at least US\$2.2 billion a year by 2012. Other significant medical tourism destinations include Singapore, Malaysia and Thailand. Singapore's medical tourism marketing campaign is targeted to attract one million foreign patients annually thus increasing the GDP contribution of this sector above US\$1.6 billion, and Malaysia expects medical tourism receipts to be approximately US\$590 million in five years' time. Most of the dominant medical tourism destinations in terms of global revenues reside in the Asian region. Other well-established medical tourism markets contributing to regional Asia's dominance are Thailand and South Korea, whose contributions are predicated to set the medical tourism industry past the US\$4 billion mark by 2012 (Asia's Growth Industry, 2006).

The established players in this sector in the current economic scenario are Apollo Group of Hospitals (India), Fortis-Escorts Heart Institute (India), Bumrungrad Hospital (Thailand), Sunway Medical Centre (Malaysia) and the Raffles Hospital (Singapore) (Gopal, 2008). Ironically, the emerging trend implies 'first world health care at third world prices' wherein the under-insured and un-insured consumers from industrialized nations seek first world care and quality at developing country prices (Turner, 2007).

WORLD SCENARIO OF MEDICAL TOURISM

In the last decade the medical tourism industry has become large. Deloitte (2008) estimated that the world medical tourism market in 2008 was around US\$ 60 billion and that it is expected to grow to US\$ 100 billion by 2010. It is also estimated that around 6 million people a year worldwide will travel for medical care by 2010 (Herrick, 2008). Medical tourism' can contribute Rs 5,000-10,000 crore additional revenue for up market tertiary hospitals by 2012, according to a Confederation of Indian Industry (CII)-McKinsey joint study.

The healthcare industry is the world's one of the largest industry with global revenues estimated at US \$ 2.8 trillion. The Indian Healthcare Delivery market is estimated at US \$ 18.7 billion, of which nearly 65 per cent has been captured by the private sector. The industry is growing at about 13 percent annually and is expected to grow at 15 percent over the next four to five years. According to a recent study by Confederation of Indian Industry & McKinsey, the industry would grow at 8.5 percent of GDP by 2010, to around US \$ 45 billion. Private healthcare is expected to account for 75 percent of this spending.

MEDICAL TOURISM IN INDIA

Firstly, India has been chosen as a target country due to the favorable estimates provided by leading consultants like McKinsey which revealed that medical tourism in India could become a US \$2 billion industry by 2012 (from US \$350 million in 2006). Likewise, a study by Credit Suisse, FICCI-Ernst and Young, estimates medical tourism to be growing at 25-30% annually primarily due to: the low treatment cost in India (20 % of the average cost incurred in the US, Singapore, Thailand and South Africa); rising consumerism; globalization and changing lifestyles (AHEL, 2009).

India, Malaysia, Singapore, and Thailand are well-established destinations for medical tourists seeking cardiac surgery and orthopedic surgery (Kher, 2006; Macready, 2007). Medical services in India are particularly affordable, with prices as low as 20% of those in the United States with the medical tourists availing elective procedures such as: cosmetic surgery; dental procedures; bariatric surgery (for weight loss); assisted reproductive technology; ophthalmic care; orthopedic surgery; cardiac surgery; organ and cellular transplantation; gender reassignment procedures; executive health evaluations along with alternate therapies like yoga, ayurveda, aromatherapy and acupuncture (Kher, 2006; Konzept Analytics, 2008).

Additionally, Medical Tourism may be categorized as: *outbound* where patients travel abroad for medical care; *inbound* where foreign patients travel to the host country for care and *inbound* where patients travel domestically for medical care (Deloitte, 2009).

The difference in treatment costs can be considerable; for example, the cost of an elective coronary artery bypass graft surgery is about \$60,400 in California, \$25,000 in Mexico, \$15,500 in Bumrungrad, Thailand , \$10,000 in Wockhardt, India and only \$6,500 in Apollo, India (Milstein, 2006b). Hence, cost-conscious patients choose to accept the inconvenience and uncertainties of offshore healthcare to obtain service at prices they can more comfortably afford (Lancaster, 2004; Arnold, Appleby and Kher, 2006).

Consequently, Bookman (2007) considers medical tourism to be a component of export-led economic growth, with the foreign currency earnings from international patients translating into output, jobs and income for developing countries, with the added bonus of improving their public health systems. Supplemented by other factors such as: low cost of administrative and medico-legal expenses; medical visas being issued in lieu of travel visas for patients allowing an extended stay for medical reasons; favourable economy; English being widely spoken due to India's history as a British colony and enjoying a favourable Government support, MTI seems to be a promising sector for India (Economic Times, 2005).

TOURIST ATTRACTIONS IN INDIA

India is a country known for its lavish treatment to all visitors, no matter where they come from. Its visitor-friendly traditions, varied life styles and cultural heritage and colourful fairs and festivals held abiding attractions for the tourists. The other attractions include beautiful beaches, forests and wild life and landscapes for eco-tourism; snow, river and mountain peaks for adventure tourism; technological parks and science museums for science tourism; centres of pilgrimage for spiritual tourism; heritage, trains and hotels for heritage tourism. Yoga, ayurveda and natural health resorts and hill stations also attract tourists.

The Indian handicrafts particularly, jewellery, carpets, leather goods, ivory and brass work are the main shopping items of foreign tourists. It is estimated through survey that nearly forty per cent of the tourist expenditure on shopping is spent on such items.

Despite the economic slowdown, **medical tourism** in India is the fastest growing segment of tourism industry, according to the market research report "Booming Medical Tourism in India". The report adds that India offers a great potential in the medical tourism industry. Factors such as low cost, scale and range of treatments provided in the country add to its attractiveness as a medical tourism destination.

FUTURE PROSPECT OF MEDICAL TOURISM IN INDIA

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) has predicted that medical tourism from 2009-10 would grow at annual rate of 30% and reach a size of Rs.9500 crore by 2015 and enhance health sector contribution to national GDP at over 8%.

Currently, the size of medical tourism in India is measured at Rs.1500 crore with health sector contribution to national GDP close to 6%. The ASSOCHAM estimates that since India is poised to become an epicenter for medical tourism from throughout the world, its contribution to national GDP will rise by at least 2% and this is how the health sector share to national GDP would increase from 6% to over 8%.

Releasing the assessment of Medical Tourism, the Chamber has said that at least 6 fold increase is anticipated in the size of medical tourism by 2015 as from 2009-10, the worldwide patients would make India as a preferred choice for medical treatment because of cost and competitive factor. The Chamber has estimated that approximately 1,80,000 foreigners visited India for treatment from various parts of the world in the first 8 and half months of current fiscal and their number in subsequent times would increase by 22-25% in subsequent times.

The ASSOCHAM has said that India provides world class medical facilities with hospitals and specialized multi speciality health centres providing their expertise in areas of cosmetic surgery, dental care, heart surgeries, coronary bypass, heart check up, valve replacements, knee replacements, eye surgeries, Indian traditional treatments like ayurvedic therapies and much more, practically covering every aspect of medicine combining modern treatments with traditional experience.

The cost of surgery in India can be one tenth of what it is in the United States and Western Europe and sometimes even less. A heart-valve replacement that would cost \$ 200,000 or more in the US for example, goes for \$ 10,000 only in India and that includes round-trip airfare and a brief vacation package. Similarly, a metal free dental bridge worth \$ 5,500 in the US costs \$ 500 in India, a knee replacement in Thailand with six days of physical therapy costs about one-fifth of what it would be in the US.

Indian corporate hospitals excel in cardiology and cardiothoracic surgery, joint replacement, orthopedic surgery, gastroenterology, ophthalmology, transplants and urology to name a few. The various specialities covered are Neurology, Neurosurgery, Oncology, Ophthalmology, Rheumatology, Endocrinology, ENT, Pediatrics, pediatric surgery, pediatric neurology, urology, nephrology and general surgery.

The various facilities in India include full body pathology, physical and gynecological exams., dental checkup, eye checkup, diet consultation, audiometry, spirometry, stress and lifestyle management, pap smear, digital chest x-ray, 12 lead ECG, 2D echo colour Doppler etc.

Year	Size
2008	Rs. 1500 crore
2009	Rs. 1950 crore
2010	Rs.2535 crore
2011	Rs.3295.5 crore
2012	Rs.4284.15 crore
2013	Rs.5569.39 crore
2014	Rs.7240.21 crore
2015	Rs.9412.28 crore

Source: ASSOCHAM

IMPACT OF MEDICAL TOURISM IN INDIA**THE TRAVELER**

The traveler is the initial link who triggers the other linkages of the network. The foreign traveler comes to India earning the country valuable foreign exchange. On arrival in India, the tourist engages in discussions with the hospital where he is to be treated or informs the hospital of his arrival and puts up in the nicely done up rooms of the hospitals where he has all the comforts and luxuries of a five or seven star hotel as well as the attention of specialist doctors.

FOREIGN TOUR OPERATOR

If the traveler has done his booking through a tour operator of his native country, the tour operator also earns commission for the services offered to the customer. Many foreign travelers realizing the potential of medical/health tourism offer attractive packages to the traveler wishing to undertake the journey but with the popularity of online and electronic bookings most of the people wishing to travel prefer doing the bookings themselves according to their convenience and budget.

INDIAN HOSPITALS

The popularity of Indian hospitals as providing First world medical treatment at Third world prices is known the world over. The availability of qualified medical practitioners and world class hospitals in India is a great asset for the medical tourism industry. Indians, NRIs and tourists from around the world are beginning to realize the potential of modern and traditional Indian medicine. Indian hospitals and medical establishments have also realized the potential of this niche market and have begun to tailor their services for foreign visitors. Several Indian state governments have realized the potential of this 'industry' and have been actively promoting it. Visitors, especially from the west and the middle-east find Indian hospitals a very affordable and viable option to grappling with insurance and National medical systems in their native lands. Many prefer to combine their treatments with a visit to the 'exotic east' with their families, killing two birds with one stone.

Leading hospitals in India offering medical tourism facilities are:

- _ Apollo Hospitals, Chennai
- _ All India Institute of Medical Sciences (AIIMS), New Delhi
- _ Arvind Eye Hospitals, Madurai
- _ B. M. Birla Heart Research Centre, Kolkata
- _ Breach Candy Hospital, Mumbai
- _ Escorts Heart Institute and Research Centre Limited, New Delhi
- _ Fortis Hospital, Chandigarh
- _ Indraprastha Apollo Hospital, New Delhi
- _ Jaslok Hospital, Mumbai
- _ Mallya Hospital, Bangalore
- _ Manipal Heart Foundation, Bangalore
- _ Narayana Hrudayalaya, Bangalore
- _ PD Hinduja National Hospital and Medical Research Centre, Mumbai
- _ Sankara Nethralaya, Chennai
- _ Tata Memorial Hospital, Mumbai
- _ Wockhardt Chain of Hospitals,

With an estimated 1.7 lakh foreigners already flying to India for medical treatment annually, the country is poised to capture the fast-growing market for off-shore health care and help solve the crisis of surging medical costs in the developed world. Just as Indian computer whizkids can now match US and European software analysts at any level of sophistication, its army of doctors and nurses can offer comparable care, at minimal cost, a media report said in London.

Mumbai's Jaslok Hospital has a floor devoted to Gulf patients, which are among the 1.7 lakh foreigners flying to India each year for knee, hip, spine and heart surgery at bargain prices, The Daily Telegraph reported. The Indian hospitals have all the latest Western kit with machines identical to those in top US and British hospitals but the prices are not. A study by the Confederation of Indian Industry forecast that medical tourism will reach \$2.3 billion dollars a year by 2012 and could further rise significantly.

INSURANCE COMPANIES

The insurance companies are a vital link in the medical/health tourism network, especially in case of medical interventions that are of major type. The patients prefer getting himself insured before undergoing the operation to be on the safe side considering the high cost of the major operations. While companies specializing in arranging trips for medical tourists are flourishing, insurers have been slow to adapt to this new market. Insurance companies in India are offering cover to the patients who need major medical interventions and the doctors too are supportive to their cause. The processing of the papers is also done quickly by the insurance companies. But it is the settlement of the bills of the doctors by the insurance companies that is presently very slow, with delays of over six months and more.

In certain cases, the medical tourist needs to check with their insurance provider whether treatment at an internationally recognized hospital in India is covered by their policy. If not, the patient will have to bear the expense of their treatment. The cost of treatment will however be much less than the equivalent treatment in a hospital in the West.

INDIAN TRAVEL AGENTS

The travel agents are contracted by the major hospitals that treat the medical tourist and then send him to recuperate in some serene, quite and picturesque locale which many times help in the early recuperation. This also helps the medical tourist to visit beautiful locations rather than convalescing inside the hospital.

However, it is only some of the travel agents who have got strong networks with the reputed hospitals that offer medical/health tourism package. Travel line India is one such travel agency. Most of the travel agencies do not deal in medical tourism mostly due to the big liability issue involved. Therefore, despite the strong market indicators, however, medical tourism appears to be off the radar screen for travel agents.

TOURIST DESTINATION/PLACE

India is one of the world's most amazing tourist destinations. India offers a range of tourism options to every tourist who travels to India. From culture and history, adventure and wildlife, beaches and mountains, meditation and festivity, Ayurveda to modern medical treatment, busy cities and quiet backwaters, India has on offer all this and much more! The State governments of tourist hot spots have an important role to play in ensuring that tourism in their region receives a boost. This can be done by making suitable policy changes, providing better infrastructure and upgrading the already existing tourist facilities to world standards.

LOCAL TOUR OPERATOR

The local tour operators come into play when the medical tourist visits the local tourist destinations. They provide facilities like the vehicles for the safari ride and guest house/resort facilities. As they are conversant with the place, they also offer a day or half a day trips to the scenic locales of the local tourist regions. Besides, they also offer facilities of a local guide and in some cases, facilities of translators/interpreters. For providing the facilities of translators/interpreters, the tour operator has to be a major player as he will need to specially recruit people who are conversant with the foreign languages.

LOCAL GUIDE

The guide can be an independent person who has taken up this profession as a means of livelihood or he can also be attached to the local tour operator or be an employee of the state government, because in many tourist places, the governments have introduced the facility of local government guides, to accompany the tourist and preventing him from being duped by miscreants who often cause harm to the tourist financially and sometimes even physically.

The local guide is of great help to the foreign tourist as he tells them tales associated with the monuments, place, etc, which makes the entire experience very enriching than what would have been without the local guide. The guide can also be of help to the tourist in making local purchase by suggesting the speciality of

the place to take back home as well as help him in getting a good bargain and prevent him from paying more. These things may seem trivial, but can make a big difference in the entire experience of the tourist being enjoyable to unpleasant.

LOCAL HOTELS

The local hotels play an important part in providing accommodation and other hospitality to the foreign tourist, including food. India's cuisine is as diverse as its culture, languages, regions and climate. India is probably the one land that boasts of as wide a variety of vegetarian cuisine as non-vegetarian cuisine. And as expected every region of India has its own unique dish as well as subtle variations to popular dishes. The local hotels play an important role in generating secondary employment in the local region as they employ many people for the various chores of the hotel from good housekeeping, room attendants, cooks, etc. The telecommunication facilities available in the hotels help the foreign tourist to be in touch with the happenings in his native place. Thus, from employment generation point of view, the role of the local hotels assumes importance as well as due to the fact that it also triggers small business set-ups to flourish like the supply of essential commodities to the hotel, laundry facilities, etc.

LOCAL MARKET

The local markets in the important tourist destinations are famous for selling the specialty of the region be it handicrafts, textiles, jewelry, decorative articles made out of marble, wood, etc. Most of the foreign tourists who visit these markets buy these articles to take home as fond memories of their trip to India. In some instances, if the tourist is a regular visitor to India, he/she takes home such Indian products in bulk to sell them in their own country and earn a profit. Such foreign entrepreneurs provide the incentive which helps such cottage industries to flourish. The local market of a tourist region is a vibrant area characterized by great activity with nicely done up shops showcasing their collection of various articles, small food joints offering mineral water and packaged snacks, etc. These markets do brisk business in the holiday season as the foreigners do not seem to mind paying a high price for the articles that they take a liking for.

INDEPENDENT MEDICAL REFERRAL COMPANIES

A most recent entrant in the field of medical tourism are the independent medical referral companies that review the individual's medical history and then recommend a doctor and hospital best suited for that particular patient. These medical referral companies use their knowledge of the medical community and institutions to ensure that the patient goes to a reliable medical facility with a proven track record of treating foreign patients. They also provide a complete service offering: visa and ticketing assistance, local transfers, complete coordination of treatment and recuperation, holidays in India, etc. Aarex India in Mumbai is one such agency. Aarex India has received and treated patients from USA, Europe, Africa and Asia.

GOVERNMENT & POLICY MAKERS

The Government of India has recognized the economic potential of medical tourism. The Ministry of Tourism (MOT), Government of India, has further enhanced the Mvisa and MXvisa, which it had introduced in January this year. Mvisa or medical visa was introduced specifically to facilitate inbound medical tourism. Mvisa was earlier valid for six months but now the validity has been extended to three years, provided the tourist can furnish a recommendation and sanction for the same from the doctor.

According to an official from the MoT, the ministry of external affairs (MEA) has communicated to the embassies of 18 countries informing them of this new development and also stated that the Mvisa procedures will now be completed within 48 hours. The Mvisa and MXvisa which is for attendant / family members accompanying the patient were introduced to provide further impetus to the inbound medical tourism sector. MXvisa is granted to the spouse/children or blood relations of the patients. However, not more than two attendants will be granted miscellaneous visas at a time. Tourists availing this visa are also required to get themselves registered with the local FRROs/FROs within 14 days of arrival.

In addition, the Government has also introduced policy measures such as the National Health Policy which recognizes the treatment of international patients as an export, allowing private hospitals treating international patients to enjoy the benefits of lower import duties, an increase in the rate of depreciation (from 25 per cent to 40 per cent) for life-saving medical equipment and several tax sops. The Health Ministry has agreed to give fast track visa clearance (within 48 hours) to the medical patients on arrival in India. Efforts are also being made to launch campaigns in the overseas markets that further project India as the attractive medical tourism destination.

But while helping to strengthen medical tourism, the Indian government is coming under increasing pressure to use these foreign exchange revenues to benefit the ailing and under resourced public health system. Healthcare is an essential service and, therefore, the government can interfere to impose constraints on healthcare tourism since it takes away capacity from the local population and imposes costs on the entire population. But, it then raises counter arguments. Where should the government impose constraints? Should the government prevent doctors and nurses from leaving the country? Since there is a severe shortage of teachers and professors, should the government prevent teachers from leaving the country? However, is it prudent for the government to support healthcare tourism? Should government allow unlimited medical tourism? Should the government impose taxes on medical tourism dollars?

Medicine is called a noble profession since it directly impacts people's lives. However, healthcare tourism is about providing access to those who can afford it. These actions can lead to severe negative outcomes. The entrepreneurs, the medical profession, and all the enablers such as industry associations and State governments need to tread carefully.

Experts are of the opinion that the government should increase the health expenditure from less than one per cent of the GDP to at least two per cent. They believe that once the government increases expenditure, the primary healthcare of the country will get a boost. The government should also play the role of facilitator to position the private players in the global arena besides promoting Ayurveda and other forms of traditional Indian medicinal systems in foreign countries.

GOVERNMENT SUPPORT

Till now, only a few big private healthcare providers such as Apollo, Fortis, Wockhardt and Max were creating their individual brand awareness in overseas markets through tie-ups with insurance companies and patient facilitation centres.

Now a number of smaller healthcare providers are working in collaboration with the government to launch a comprehensive programme to promote medical tourism. These include putting in place an accreditation system for domestic hospitals and healthcare providers, drawing up a price band for superspecialty services offered by Indian hospitals, adoption of country-specific marketing strategies, opening of overseas facilitation centres and tie-ups with overseas insurance companies.

The National Accreditation Board for Hospitals and Healthcare Providers (NABH) set up by the Ministry of Health under the aegis of the Quality Council of India is currently finalizing the guidelines for accreditation of hospitals and other healthcare service providers.

CONCLUSION

Medical Tourism industry in India is growing and it has vast potential for generating employment and earning large amount of foreign exchange besides giving a fillip to the country's overall economic development.

Medical tourism is a multi-dimensional activity, and basically a service industry, it would be necessary that all wings of the Central and State governments, private sector and voluntary organizations become active partners in the endeavor to attain sustainable growth in tourism if India is to become a world player in the medical tourism industry.

The medical tourism industry offers high potential for India primarily because of its inherent advantages in terms of cost and quality. However the competition is getting heated up and the success in future will largely be determined by development and implementation of a joint strategy by various players in the industry. Medical tourism is highly affected to travelers, hospitals, insurance companies, hotels etc. considering direct and indirect impact of medical tourism it could be concluded that with short term & long term strategies planning and using the specific abilities and tourism products of developing countries, which suffer from some indices as unemployment, limits in earning and currency flows, inflation and other problems most of their economic problems can be solved.

REFERENCES

1. Apollo Hospital Enterprise Ltd. (AHEL) (2009), Executive Summary. Available from: <http://im.sify.com/sifycmsimg/dec2009/Finance/14925051_Apollo_Hospitals_Sep09_results.pdf> [Accessed: 12th Dec 2011].
2. Appleby, J. and Schmidt, J. (2006). Sending patients packing. *USA Today*. Available from: <http://www.usatoday.com/money/industries/health/2006-07-26-travel-surgery-usat_x.htm> [Accessed: 21st November 2011].
3. Arnold, K. (2006). Going under the knife abroad: Medical tourism industry booms as health costs rise. *The Monitor*. McAllen: Texas.
4. Bookman, M.Z. and Bookman, K.R. (2007). Medical tourism in developing countries. Available from: <<http://utmj.org/ojs/index.php/UTMJ/article/viewFile/373/355>> [Accessed: 29th Dec.2011].
5. Connell, J. (2006) Medical tourism: Sea, sun, sand and surgery. *Tourism Management*, 27, 1093–1100.
6. Deloitte(2008), Medical Tourism – Consumers in Search of Value, Deloitte Center for Health Solutions, Washington, D.C.
7. Deloitte. (2009). *Medical Tourism: Update and implications*. Available from: <http://www.deloitte.com/assets/DcomUnitedStates/Local%20Assets/Documents/us_chs_MedicalTourism_102609.pdf> [Accessed: 2nd December 2011].
8. Deloitte (2008a) Deloitte Medical Tourism: The Asian Chapter
9. Economic Times, 29 July. (2005). *Great Indian Hospitality Can Be Biz Too*. Available from: <<http://economictimes.indiatimes.com/articleshow/1185175.cms>> [Accessed: 10 November 2011].
10. Goodrich, G. & Goodrich J., (1987) "Health care tourism – an exploratory study. *Tourism Management*" September. P217-222
11. Herrick, Devon M. (2008) "Medical tourism: health care free trade", National Center for Policy Analysis Brief Analysis No. 623, August.
12. Honey, Martha and Gilpin, Raymond, Special Report, 2009, "Tourism in the Developing World - Promoting Peace and Reducing Poverty"
13. Krishna, A.G., 1993 "Case study on the effects of tourism on culture and the environment:India; Jaisalmer, Khajuraho and Goa"
14. Indian Medical/Health Tourism Service Sector Network Report. (accessed 29th Nov. 2011)
15. Kher, U. (2006). Outsourcing your heart. *Time*, 44–47.
16. Koncept Analytics. (2008). Medical Tourism Market in Asia: Focus on Thailand, Malaysia, Singapore and India. Available from: <http://www.researchandmarkets.com/reportinfo.asp?report_id=602413> [Accessed: 28th Nov 2011].
17. MacReady, N. (2007). Developing countries court medical tourists. *Lancet*, 369, 1849–1850.
18. Market Research Division, Ministry of tourism, GOI, 2009 "Tourism Statistics 2008"
19. Milstein, A. (2006b). Statement at the hearing before the U.S. Senate Special Committee on Aging, June 27, Exhibit A.
20. Turner, L. (2007). First World Health Care at Third World Prices: Globalization, Bioethics and Medical Tourism. Available from: <<http://journals.cambridge.org/action/displayFulltext?type=1&fid=1316748&jid=BIO&volumeId=2&issueId=03&aid=1316740>> [Accessed 29th Dec. 2011].

WEB REFERENCES

21. www.ibef.org
22. www.incredibleindia.org
23. www.gdrc.org/uem/eco-tour/envi/index.html
24. www.garamchai.com/MedicalTourism.htm
25. www.chillibreeze.com/articles/MedicaltourisminIndia.asp
26. www.garamchai.com/MedicalTourismArticle2.htm
27. www.forbes.com/business/2006/10/25/health-medical-tourism-biz-cx_1026oxford.html
28. www.indiaprofile.com/medical-tourism/medical-insurance-and-legal-aspects.html
29. www.indiatravel.creativewebcorp.com/medical-health-tourism-india.html
30. www.tourismofindia.com/exi/cuisine.htm
31. www.travelagewest.com/articles.aspx?article=5841

A STUDY ON CUSTOMER BUYING BEHAVIOUR OF DTH SERVICES IN PALAYAMKOTTAI

T. SAMSON JOE DHINAKARAN
ASST. PROFESSOR
ST. JOHN'S COLLEGE
PALAYAMKOTTAI

ABSTRACT

DTH Services are in a nascent stage in our country. However, there is a stiff competition among the present 6 Service providers. Most of the people are confused with which Service connection can be obtained. Moreover, DTH Service providers are also perplexed with what channel should be given free of cost and what channel should be offered at a price. This study aims at with these.

KEYWORDS

Buying behaviour, service providers, price, channel etc.

INTRODUCTION

DTH stands for Direct-To-Home television. DTH is defined as the reception of satellite programmes with a personal dish in an individual home. DTH does away with the need for the local cable operator and puts the broadcaster directly in touch with the consumer. Only cable operators can receive satellite programmes and they then distribute them to individual homes. A DTH network consists of a broadcasting centre, satellites, encoders, multiplexers, modulators and DTH receivers. A DTH service provider has to lease Ku-band transponders from the satellite. The encoder converts the audio, video and data signals into the digital format and the multiplexer mixes these signals. At the user end, there will be a small dish antenna and set-top boxes to decode and view numerous channels. On the user's end, receiving dishes can be as small as 45 cm in diameter. DTH is an encrypted transmission that travels to the consumer directly through a satellite. DTH transmission is received directly by the consumer at his end through the small dish Antenna. A set-top box, unlike the regular cable connection, decodes the encrypted transmission.

OPERATIONAL DEFINITIONS**BUYER BEHAVIOR**

Buyer behavior is defined as "all psychological Social and Physical behaviour as potential customers as they become aware of, evaluate purchase. Consume, and tell others about products and Services".

FAMILY

Most consumers belong to a family group. The Family can exert considerable influence in shaping the pattern of consumption and indicating the decision - making roles. Personal values, attitudes and buying habits have been shaped by family influences.

REFERENCE GROUP

The concept of reference group is borrowed from sociology and psychology Buyer behaviour is influenced by the small groups to which the buyer belongs.

SOCIAL CLASS

Sociology points out the relationship between social class and consumption patterns. As a predictor of consumption patterns, marketing management is familiar with social classes.

CULTURE

Culture represents an overall social heritage, a distinctive form of environmental adaptation by a whole society of people, It includes a set of learned beliefs, values, attitudes, morals, customs, habits and Forms of behaviour that are shared by a society and transmitted from generation to generation within that society.

OBJECTIVES OF THE STUDY

India faces an acute increase in DTH service connections. Present study is based on the major objective that to identify the various factors which determine the preference of DTH service. The following are some other objectives of present study.

- To find the level of brand loyalty
- To know the problems faced by the DTH customers and
- To suggest remedial measure to solve the problems.

METHODOLOGY

The present study is an empirical research based on survey method. Primary data were collected directly from the respondents by using questionnaire. The relevant secondary data have been collected from the Journals, and Internet. The researcher has made the convenient random sampling of 120 Respondents in his report. The Collected data were coded, calculated and analyzed with the help of statistical tools like measures of central tendencies, Ranking, chi-square test, percentiles, and tabulation were used. A master table has been prepared to sum up all the information contained in the questionnaire, with the help of the master table, Classification tables have been prepared. Classification tables were taken directly for the analysis.

DIRECT TO HOME (DTH) – AN OVERVIEW

DTH stands for Direct-To-Home television. DTH is defined as the reception of satellite programmes with a personal dish in an individual home. DTH does away with the need for the local cable operator and puts the broadcaster directly in touch with the consumer. Only cable operators can receive satellite programmes and they then distribute them to individual homes.

SUPERIORITY OF DTH OVER CABLE TV

DTH offers better quality picture than cable TV. This is because cable TV in India is analog. Despite digital transmission and reception, the cable transmission is still analog. DTH offers stereophonic sound effects. It can also reach remote areas where terrestrial transmission and cable TV have failed to penetrate. Apart from enhanced picture quality, DTH has also allows for interactive TV services such as movie-on-demand, Internet access, video conferencing and e-mail. But the thing that DTH has going for it is that the powerful broadcasting companies like Star, Zee, etc are pushing for it.

HISTORY OF DTH

While today's hot DTH marketplace makes for an exciting story, this is an industry with a history unknown to most. It is a story of an industry which was never supposed to exist. An industry born out of the genius of a Stanford University college professor and publicized by ham radio conversations. An industry that defied all odds to grow from the backyards of techies and early adapters to today's multi-billion dollar first-line competitor to the cable monopoly in America. And, it is the story of an industry comprised of thousands of entrepreneurs who kept the dream alive during long periods of traumatic political and marketplace upheaval. Come with us now as we look at the people, the events, and the evolution of the technology.

DTH SERVICE PROVIDERS IN INDIA

DTH services were first proposed in India in 1996. But they did not pass approval because there were concerns over national security and a cultural invasion. In 1997, the government even imposed a ban when the Rupert Murdoch-owned Indian Sky Broadcasting (ISkyB) was about to launch its DTH services in India. Finally in 2000, DTH was allowed. The new policy requires all operators to set up earth stations in India within 12 months of getting a license. DTH licenses in India will cost \$2.14 million and will be valid for 10 years. The companies offering DTH service will have to have an Indian chief and foreign equity has been capped at 49 per cent. There is no limit on the number of companies that can apply for the DTH license. In India till December 2008 there are 7 DTH service Providers are there, they are as follows

- Dish TV
- DD Direct +
- Tata Sky
- Sun Direct
- BIG TV
- Airtel Digital TV
- Videocon d2h

AREA PROFILE

Palayamkottai "Oxford of South India" - is a town in the Tirunelveli district in the South Indian state of Tamil Nadu. It is a part of Tirunelveli Municipal Corporation. It is on the eastern bank of the Thamirabarani River, while its twin city Tirunelveli is on the western bank. The archaic word Palayam in Tamil, means a small administrative region or district. A Kottai is a fort. The word Palayamkottai was hence derived historically from an ancient fort that was in the centre of the region. Today, the fort lies in ruins and is almost camouflaged by its surrounding old residential edifices. To anyone who reads about Palayamkottai for the first time, it may be surprising to see that atlases and other books refer to the city with both, an M or an N (Palayamkottai or Palayankottai). This uncertainty is because the actual Tamil word for the city uses an alphabet that is phonetically between M and N, and sometimes even completely substituted by G (pronounced Palayangkottai in colloquial Tamil). Natively speaking, it is hence correctly pronounced as Palayamkottai. Even historically, during the British Raj, the area was referred to as Palancottah and also Palamkottah. The anglicization of the word was dropped by the locals immediately after independence, and the city is now called both Palayamkottai and Palayankottai according to official government documents and records. For disambiguation, the city is referred to as Palayamkottai in this article. Popularly called the Oxford of South India, Palayamkottai is indeed a splendid little student city. A typical midweek morning traffic jam would be because of thousands of school and college students rushing to their classes. However, traffic jams are rare because the quiet little city does not have too many vehicles on the roads in comparison to the much bigger metropolises of Chennai and Bengaluru (Bangalore).

RESULTS & DISCUSSION**DTH SERVICE WIDELY PREFERRED**

The following table shows the data collected for the purpose of knowing what type of DTH the people prefer the most.

Sl. No.	Name of the DTH Service	No. of respondents	Percentage
1	Sun Direct	64	54
2	Dish TV	26	22
3	Airtel Digital TV	17	14
4	Big TV	8	6
5	DD Direct Plus	5	4
	Total	120	100

Source: Primary Data

The Table shows that among the respondents chosen study 54% are using Sun Direct, 22% respondents are using Dish TV, 14% of the Respondents preferred Airtel Digital TV, 6% have preferred Big TV, 4% of sample DTH users preferred DD Direct Plus. In the study Area of Palayamkottai TATA SKY has not been mostly preferred by the people. In short majority of the respondents have preferred Sun Direct DTH Service.

REASON FOR PREFERRING DTH SERVICE

Next survey is based on the preference of the respondents i.e. what is the main reason for them to watch the DTH connection. The respondents are classified on that basis and tabulated as below:

Sl. No.	Reason for preference	Weighted Average Score	Rank
1	To avoid the cable network monthly charges.	4.08	I
2	To watch more no. of TV channels.	3.40	II
3	As I have no cable Network service in my Area, I preferred DTH	3.00	III
4	To have clear picture as I can have good telecasting.	2.70	IV
5	To watch channels which cable networked does not provide.	1.82	V

Source: Primary Data

The Table shows that out of the selected respondent's majority of the respondents preferred DTH Service in order to avoid monthly charges as it Ranked First among all other reasons. The Second Rank goes to the reason 'to watch more number of TV channels' Third Rank goes to 'Having not Cable Network in the respondents Area', the reason 'To have clear transmission' secured the Fourth Rank and the reason 'To watch channels which other cable network do not provide' secured the Fifth Rank. In short mostly DTH Service was availed mainly due to avoid monthly charges as DTH Service provider collects money for a fixed period of either six months or one year, which is not possible in cable network where the respondents have to pay regularly.

OPINION ON DTH SERVICE PREFERRED

The following table indicates the opinion of the candidates about their DTH service and is show below:

OPINION ON DTH SERVICE REFERRED

Sl. No.	Opinion	No. of respondents	Percentage
1	Highly satisfactory	48	40
2	Satisfactory	62	52
3	Neither satisfied Nor dissatisfied	0	0
4	Dissatisfactory	10	8
5	Highly dissatisfactory	0	0
	Total	120	100

Source: Primary Data

The above table shows that out of the respondents selected for survey 40% of the respondents are highly satisfied with the DTH Service preferred by them, 52% were satisfied with the DTH they have, 8% of the respondents were dissatisfied with the DTH connection they have. However, there is no respondent having high level of Dissatisfaction. In short majority of the respondents are satisfied with the DTH Service they preferred.

CHI – SQUARE TEST

For the calculation of the chi-square test the researcher considered the factors that motivated to prefer DTH on which advertisement, magazines, friends, relatives, salesman and self decision **and for gender male and female**

	Calculated value	Tabled value
Chi-square	4.81	9.48

Hence the Researcher **Accepted** the Hypothesis because the calculated value is **Less** than the table value.

MAJOR FINDINGS

Majority of the respondents who had availed DTH Service were Educated having educational qualification of atleast an under graduate degree

1. Majority of DTH users were in the income group of between 5,000 and 10,000 i.e., DTH service was availed mostly by middle and high income group people. Low income group people did not avail this service widely.
2. Sun Direct DTH Service was the widely preferred DTH Service among all 7 DTH services in Palayamkottai Area.
3. Majority of the respondents opined that Advertisement was an effective factor in making a decision to prefer DTH Service.
4. DTH Service is a recent concept among the people of Palayamkottai as majority of the respondents had the DTH Service only for the past 3 to 6 months.
5. Majority of the respondents are having the DTH service with above 120 channels.
6. Among all the programs available on the DTH service, majority of the respondents 42% select music programs, 16% select serials, 8% choose news, 14% select sports / games, 12% choose movies, 4% select comedy and the remaining 4% selected religious programs.

SUGGESTIONS

DTH Service provider should offer more channels with minimum price, when a new comer enters into market with low price the position of present service providers may be critical. If the DTH Service providers are offering different channels for different prices, they should not charge any money for Music Channel as this was widely watched Channel. They may collect money for other channels. Clarity in service much expected therefore DTH Service providers should try to enhance their clarity through latest Technology.

REFERENCES

1. www.thehindubusinessline.com
2. www.airtel.in/digitaltv
3. www.sundirect.in
4. www.dishTV.in
5. www.tatasky.com
6. www.bigTV.co.in
7. www.indiadh.in
8. Business World
9. Business Today
10. 'Product Management' by Ramanuj Majumdar

TARGET AND ACQUIRER'S FEATURES ANALYSIS IN VOLUNTARY AND FIAT DRIVEN MERGERS IN INDIAN BANKING SECTOR

DR. SAVITHA G.LAKKOL
ASST. PROFESSOR
JSS CENTRE FOR MANAGEMENT STUDIES
SJCE
MYSORE

ABSTRACT

Merger studies in Indian Banking sector mainly focus on the financial performance or the event studies focusing on shareholders' return. The present aims at comparing the features of target firms and acquiring banks in Indian banking sector, considering the two unique type of merger experienced by the sector. The fiat driven mergers are initiated following the moratorium issued by the Reserve Bank of India, voluntary mergers are few strategy driven acquisitions. Based on the data availability of both target and acquirers 4 fiat driven mergers and 5 voluntary targets and acquirers were considered for comparison. The data of acquirers in both the mergers was drawn from the financial statements at the time of merger and compared with their respective target group. The key factors considered for comparison are profitability, size and regulatory indicators. The acquirer's values were divided by the target values and are expressed in terms of times of the target. It is found that in Fiat driven acquisitions the targets were too small compared to their acquirers and had less profitability and non compliance to regulatory measures. In case of business driven mergers the mergers and acquisitions happened between comparatively equal size firms and there existed no difference between the features of the acquirers and targets. It is an indication that the business driven acquisitions can consider their targets based on their acquisition motive and suitability of the target to the same.

KEYWORDS

acquirers, banking, features, targets, mergers.

INTRODUCTION

Mergers and acquisition are strategic decisions to increase the value to the share holders and the firm. As an inorganic growth strategy M&A is used across many sectors. Essentially mergers are pathways to gain efficiency and to create value. However in the Indian context banking sector experiences two distinct type of mergers, one driven by the fiat (also referred as forced mergers) and another as voluntary mergers (also referred as business driven mergers). The Indian banking sector is much written area and well researched considering the prominence of the banking sector in the developmental activities in the Indian economy. The Indian Banking sector is unique due to the fact that it is dominated by the state owned banks. Though Indian banking sector experienced many mergers during 1960s due to bank failures, the regulator RBI did not permit the bank mergers unless the sick bank was identified.

'Narasimham Committee Report 1991',¹ the first report of the committee suggested 3 to 4 large banks which could compete globally. The report favored 8 to 9 national banks with large branch network and universal banking concept. The committee opined that the way to the recommended banking system is through market driven mergers and acquisitions based on profitability considerations.

'Narasimham Committee Report 1998', the second report on Banking sector on the structural issues made the following recommendations. Mergers between banks and Developmental Financial Institutions and Non Banking Finance Companies need to be based on synergies and business specific benefits. It identifies the necessary business focus mergers for PSBs and also states that mergers should not be a bailout plan of weak banks. It also recommended improvement in the supervisory system and changes in the disclosure of bank performance. They favored the strengthening of the RRBs to cater to agriculture and allied activities and recommended the budgetary provisions to strengthen the priority sector instead of burdening the banks.

Considering the above distinct characteristics of the bank mergers in India, the present study titled "Target and Acquirer's Features Analysis in Voluntary and Fiat Driven mergers in Indian Banking Sector" is proposed.

LITERATURE REVIEW

A plenty of literature exists on the merger gains (to the Financial Statements, to the share price, efficiency gains) in the developed markets context. As the industrialization started in the west, in the post war period these markets experienced different restructuring activities. There were several studies on premerger characteristics of targets and acquirers.

Hunter, William, Wall, Larry (1989)² study the key target bank characteristics of 559 US mergers between 1981-1986 and find that most of the target had above average profitability, faster deposit and asset growth, a higher ratio of loan to earning assets and better leveraged. These findings were consistent with some of the previous studies. It also focuses on strategic acquirer's profile. They analyze the data using cluster analysis.

Dario, Fabio and Carmelo (2002)³ study the efficiency of Italian Banks' distinguishing mergers from Acquisitions, before and after striking the deal. They use the balance sheet data and ratios. The determinants of M&A are estimated multinomial logit regression.

Another post merger study is carried out by Morris and Alan(2004)⁴ for 579 US bank merger between 1986 and 1998, testing the hypothesis that the post merger performance is driven by the targets asset quality, cost control and revenue and whether overall profitability of the buyer is predictive? They mainly analyze ROE and ROA regression analysis and conclude that post merger returns can be predicted depending on the base year data of the buyer and buyer characteristics dominate the prediction.

Mergers and acquisitions and bank performance in Europe considering the strategic similarities between merging banks was carried out by Yener and David (2004)⁵. The study compares pre-and post-merger performance in comprehensive sample of European Banks from 1992-2001. It also understands the strategic fit between merging companies based on similarity in resource allocation patterns measured from their balance sheet data. They have included various indicators of financial measure such as capital structure, Asset and liability composition, liquidity, risk exposure, financial innovation and efficiency. Weighted average ROE of merging banks two years before and after acquisition is computed and compared and it shows an improvement in the post merger period.

Few merger studies observed in the Indian banking context were focusing on the efficiency by many studies by Geetha, Tom and Jones⁶ 2006, Chinmoy Ghosh (2006)⁷, Jay Mehta and Ram Kumar(2006)⁸ using Data Envelopment Analysis (DEA). The impact of merger announcements on stock performance considering cumulative abnormal returns were carried out by M.Jayadev and Rudra Sen sharma 2007)⁹, Manoj and Jagandeep(2008)¹⁰. A study focusing on the financial performance post merger was carried out by K Srinivas(2010).¹¹

The analysis of the features of merging firms were not focused by the researchers. Hence the present study focuses on analysing the features of the target and acquiring firms.

The trend and motivators of consolidation in the banking industry worldwide and in India are explored by Dr.Meera Sharma.¹² The Indian merger possibilities are evaluated based on scale efficiency study and relates cost-output. Scale efficiency can be estimated based on two approaches- production approach (Producing customer accounts), intermediation approach (deposits and loans). The study follows the second approach using Ray Scale economies. The very small size banks are identified as potential targets using the scale and mostly these banks are from old private sector and foreign banks. The study identifies that capital

adequacy, market expansion, cost cutting, technology, diversification etc as the major rationales for merger. The paper concludes that Indian banking sector would witness more M&As and calls for forward looking approach from the regulators to ensure growth and stability.

Prakash Singh¹³ considers 6 bank mergers post 2000 and undertakes a DEA. The study tests cost and profit efficiency of the acquiring banks post merger. These efficiency scores were calculated for the banks not involved in merger, both from public and private sector to understand the future trends in consolidation.

MERGER STUDIES IN OTHER INDIAN SECTORS

Nagesh (2000)¹⁴ opines that although the bulk of the M&A deals have taken place in manufacturing, deals in services sector have gradually become important in the recent years. Banking and financial services, advertising, other business services and travel agencies account for a significant number of deals in the recent years especially in the 1999-2000. It is in tune with the worldwide trend of growing international trade and investment in services.

Mergers in private corporate sector in India is observed by Beena (2000).¹⁵ The study tracks the merger cases between 1990 and 1995. The acquiring firms were distinguished based on manufacturing and others, total asset size and some selected ratios. The study focuses on different type of mergers such as horizontal, vertical etc and the impact on assets and size of the acquiring firms. The growth rates in selected financials are presented.

A study on mergers in Indian Aviation industry is carried out by Sudhir Warier (2007)¹⁶. The author identifies increasing competition and cost concerns are the major drivers of mergers in Indian aviation sector.

Kale (2009)¹⁷ focuses on overseas acquisitions of the Indian firms and examines the primary reasons driving this trend. Indian companies are engaging in overseas acquisition to primarily gain access to new markets, advanced technologies or products, and to acquire management talent that has the mind-set and skills to operate businesses in more advanced or competitive conditions. Data show that thus far, Indian companies have also fared reasonably well in their acquisitions, both in terms of meeting their acquisition objectives and creating value for shareholders.

Another study on cross border acquisition was carried out by Sougata and others (2009)¹⁸. They also try to understand the distinctive features of Indian multinationals as acquiring firms in cross border acquisitions.

The merger cases in Indian Banking Sector can be classified into fiat driven mergers and business driven mergers. The present study attempts to compare the target features under the same considering a few parameters used Yener and David to compare the merging European Banks.

RESEARCH DESIGN

This section explains the objectives of the study, data sources and the analysis plan along with the explanations to the variables used for the analysis. It is an exploratory study which tests the hypothesis.

The features of the targets and the acquiring banks in the Indian Banking sector based on the selected financials is presented. The financials are drawn from the financial statements. The time period identified for the merger study is 8/4/1997 to May 2008. There were 15 mergers between the stated periods which involve only commercial banks. Based on the data availability of the targets, 4 fiat driven mergers and 5 voluntary mergers are considered for the purpose of analysis. The same is presented in Table 1, below.

TABLE 1: BANKS CHOSEN FOR THE ANALYSIS OF TARGETS AND ACQUIRING BANK'S FEATURES

Fiat Driven mergers – 4			Business driven mergers -5		
Date of Merger	Acquirers	Targets	Date	Acquirers	Targets
3/6/99	Bank of Baroda	Bareilly Corp Bank Ltd,	26/2/00	HDFC Bank	Times Bank
1/2/03	Punjab National Bank	Nedungadi bank Ltd	10/3/01	ICICI Bank	Bank of Madura
14/8/04	Oriental Bank of Commerce	Global Trust Bank Ltd	29/6/05	Centurion Bank	Bank of Punjab
31/3/07	Indian Overseas Bank	Bharath Overseas Bank Ltd	29/8/07	Centurion Bank	Lord Krishna Bank
			May 08	HDFC Bank	Centurion Bank of Punjab

The comparison of Target and Acquiring companies were undertaken based on the following ratios and financials presented in Table 2. These indicators were used in several studies (B Rajesh Kumar and Prabina Rajib)¹⁹. Moreover these are the drivers of the mergers. Mergers in the banking sector are observed to improve the profitability, size and thereby the compliance to regulatory norms.

TABLE 2: RATIOS AND FINANCIALS CONSIDERED FOR THE TARGETS AND ACQUIRERS FEATURES ANALYSIS

Profitability ratios	Net profit, EPS, ROA, RONW
Regulatory ratios	NPL, CAR
Size of the firms	Deposits, Advances, Net worth, Total Income, Book Value Per Share

The ratios and the financials of the acquiring bank and the targets are drawn from the pre merger financial statements of the respective banks. The data is analyzed and presented as follows.

HYPOTHESIS FOR TARGETS AND ACQUIRERS FEATURES ANALYSIS

Ho1 There is no significant difference in the target and acquirers features among Fiat driven and voluntary bank mergers

Ha2 There is significant difference in the target and acquirers features among Fiat driven and voluntary bank mergers

DATA ANALYSIS AND PRESENTATION

These mergers occurred at different years. In order to equalize the data the size is compared by computing how many times the acquiring firm is bigger and better compared to their targets in the selected parameters (Times=Value of the acquirer/value of the target). The average of times in the selected parameters is computed for fiat driven group and the voluntary group separately.

The mean value of the selected indicators of the targets and acquirers are presented separately for fiat driven mergers and voluntary mergers and then the group averages are presented in Table 3, 4, 5 and 6.

Finally Table 7 and 8 presents average of times of fiat driven groups' acquirers and target is presented, followed by the comparison of voluntary groups' acquirers and targets. Testing hypothesis is presented in Table 9 and 10.

COMPARISON OF FIAT DRIVEN ACQUIRERS AND THE TARGETS (TABLE 4)

Except in the case of Bharath overseas Bank all other targets had very low profitability indicators. The same observation can be made in case of Capital adequacy ratio and other indicators of size. Bharath Overseas Bank's NPA levels are high compared to the acquirer.

All other targets financials are very low compared to their targets. Though GTB had accumulated loss and high NPA, the size was comparatively bigger. Its deposits and advances were 20% to 25% of the acquirer. The average times of the acquirer indicates that the profitability of the group and size is comparatively very high than other parameters.

COMPARISON OF VOLUNTARY ACQUIRERS AND THE TARGETS (TABLE 4)

Amongst 5 targets Bank of Madura and Centurion Bank of Punjab indicate strong financial compared to other targets. At the time of merger Bank of Madura (Target) indicated better EPS, ROA, Book value, RONW etc than ICICI bank (acquirer).

Bank of Punjab's financials in terms of accumulated loss, high NPA and zero earnings indicate that the bank had weak financials at the time of merger. The overall average indicates that the disparity between the acquirers and the targets of the acquirers is not as high as in case of fiat driven group.

COMPARISON OF ACQUIRES TO THEIR TARGET BASED MEAN VALUE OF TIMES

(How many times bigger the acquirer is compared to the target, expressed in times)

Average of times for the 4 acquirers in fiat driven mergers and 5 acquirers in voluntary mergers are summarized the following box drawing the values from Table 3.

TABLE 3: MEAN VALUES OF TIMES (ACQUIRERS VALUES/TARGET VALUES)

Particulars	Comparison of fiat driven acquirers to their target in terms of times	Comparison of voluntary acquirers to their target in terms of times	Remarks
Profitability			
Net profit	223.57	31.50	The profitability of acquirers in fiat driven mergers are much higher than their targets.
EPS	13.30	12.14	
ROA	8.00	2.48	
RONW	7.56	10.22	
Regulatory ratios			
NPL	0.13	0.32	The NPA lesser times of the target is better, CAR higher is the better. Considering both fiat driven acquirers are comparatively better than voluntary acquirers' position.
CAR	9.48	1.45	
Size			The Acquirers in fiat driven mergers are comparatively very big in size than their targets.
Net worth	13.92	3.77	
Deposits	144.91	6.20	
Advances	388.55	4.41	
Total Income	19.08	3.23	
BVPS	24.83	3.51	

The comparison of acquirers and target in fiat driven and voluntary mergers. The ratios of the acquirer's is divided by the targets ratios. The acquirer's profitability ratios in fiat driven mergers are much higher compared to their target. It is an indication that the acquirers are profitable than the targets. Comparatively the acquirer's in voluntary merger acquirers and the target had more comparable values.

Comparison of the NPAs and CAR of the acquirers and the targets indicates that the fiat driven acquirers had much lesser NPA and higher CAR. Whereas the acquirers in voluntary mergers are not much different from their target.

In terms of 'size indicators', the acquirers appeared to be huge in fiat driven mergers.

TABLE 4: COMPARISON OF ACQUIRERS TO THEIR TARGETS IN TERMS OF TIMES & COMPUTATION OF MEAN VALUES OF TIMES

Particulars	Comparison of fiat driven acquirers to their target in terms of times				Mean of times	Comparison of voluntary acquirers to their target in terms of times					Mean of times
	Bharath Overseas Bank With IOB	Nedungadi bank with PNB	Barelli Corp bank Ltd with Bank of Baroda	GTB merger with OBC		Lord Krishna Bank merger with Centurion Bank of Punjab	Bank of Punjab merged with centurion bank	Times Bank with HDFC Bank	Merger of CBOP with HDFC Bank	Merger of Bank of Madura with ICICI	
Net profit	1.86	442.52	448.34	1.57	223.57	32.81	1.41	82.40	9.40	2.30	31.50
EPS	0.98	21.20	7.87	23.16	13.30	1.97	0.25	1.47	44.87	0.14	12.14
ROA	1.32	9.63	19.70	1.37	8.00	4.94	1.50	1.89	1.58	0.78	2.48
RONW	1.75	2.85	1.12	24.51	7.56	4.93	7.71	26.41	1.84	0.69	10.22
NPL	0.09	0.17	0.20	0.07	0.13	0.41	0.54	0.00	0.33	0.33	0.32
CAR	1.08	10.70	12.10	14.04	9.48	1.09	2.32	1.19	1.18	1.24	1.45
Total Income	14.51	34.31	1.55	5.31	13.92	8.11	0.79	1.36	4.82	1.82	3.77
BVPS	0.64	18.43	12.82	547.75	144.91	0.51	0.26	0.99	23.02	0.32	6.20
Net worth	1.18	186.20	502.34	864.48	388.55	8.41	2.54	1.98	4.69	5.33	4.41
Deposits	7.96	44.59	19.48	4.31	19.08	6.52	0.82	0.97	4.59	2.72	3.23
Advances	11.65	44.64	38.26	4.79	24.83	7.90	0.91	1.07	4.18	2.20	3.51

**COMPUTATION OF MEAN VALUES OF THE FINANCIALS AND RATIOS FOR ACQUIRERS AND TARGETS IN FIAT DRIVEN GROUP AND VOLUNTARY GROUP
FIAT DRIVEN GROUP**

The difference in the values of the acquirers and targets are analyzed using the mean value of selected financials and ratios of the group. The following tables present the computation of mean value of the financials and ratios of the acquirers and targets

TABLE 5: ACQUIRERS IN FIAT DRIVEN MERGERS – MEAN VALUES OF THE FINANCIALS AND RATIOS

Particulars	BOB	IOB	PNB	OBC	Mean of Acquirers
Net profit	421.44	783	562	465.95	558.10
EPS	14.33	14.01	26.5	23.16	19.50
ROA		1.32	0.77	1.3	0.85
RONW	16.29	28.55	21.63	24.51	22.75
NPL	6.95	0.65	5.32	1.4	3.58
CAR	12.1	13.04	10.7	14.04	12.47
Net worth	2587.05	3054	2878	2109.34	2657.10
Deposits	6350	50529	64123	29809	37702.75
Advances	2984	34756	34369	15677	21946.50
Total Income	53.99	783.34	7733.76	3887.68	3114.69
BVPS	87.95	56.08	265.6	109.55	129.80

TABLE 6: TARGETS IN FIAT DRIVEN MERGERS MEAN VALUES OF THE FINANCIALS AND RATIOS

Particulars	Bareilly Corp Bank	Bharath Overseas Bank	GTB	Nedungadi Bank	Mean of targets
Net profit	0.94	5.57	-824.15	1.27	-204.093
EPS	1.82	3.37	0	1.25	1.61
ROA	0	0.15	-3.56	0.08	-0.8325
RONW	14.51	2.76	0	7.59	6.215
NPL		1.87	19.77	31.05	17.56
CAR	0	11.24	0	0	2.81
Net worth	5.15	204.55	2.44	-15.54	49.15
Deposits	326	3327	6920.92	1438.05	3002.99
Advances	78	2235	3276.11	769.88	1589.75
Total Income	34.74	278.1	732.18	225.38	317.60
BVPS	6.86	129.87	0.2	-15.24	30.42

Above tables 5 and 6 compares the mean values of acquirers and targets in fiat driven bank mergers. The Tables indicate that in all the selected indicators the acquirers are more profitable, regulatory compliant and huge in size compared to the targets.

VOLUNTARY MERGER GROUP

The difference in the values of the acquirers and targets are analyzed using the mean value of selected financials and ratios. The following tables present the computation of group mean of the selected financials and ratios

TABLE 7: ACQUIRERS IN VOLUNTARY MERGER – MEAN VALUES OF THE FINANCIALS AND RATIOS

Particulars	Centurion Bank	ICICI Bank	CBOP	HDFC Bank	HDFC Bank	Mean of acquirers
Net profit	25.11	105	121.38	82.4	1141.45	295.07
EPS	0.25	5.21	0.77	3.99	34.55	8.95
ROA	0.64	0.87	0.84	1.89	1.33	1.11
RONW	7.71	14.75	10.6	26.41	19.46	15.79
NPL	2.49	1.53	1.26	0	0.42	1.14
CAR	21.42	19.64	11.05	11.86	13.08	15.41
Net worth	468.56	1149	1371.59	338.93	6433.15	1952.25
Deposits	3530	9866	14863.78	2915	68297.94	19894.54
Advances	2193	3657	11221.35	1400	46944.78	13083.23
Total Income	346.09	852.87	1710.66	444.15	8242.52	2319.26
BVPS	4.62	58.4	8.75	16.95	201.42	58.03

TABLE 8: TARGETS IN VOLUNTARY MERGER - MEAN VALUES OF THE FINANCIALS AND RATIOS

	BOP	BOM	LKB	Times Bank	CBOP	Mean of targets
Net profit	-61.24	45.58	3.7	0	121.38	21.88
EPS	0	37.51	0.39	2.71	0.77	8.28
ROA	-1.29	1.12	0.17	0	0.84	0.17
RONW	0	21.35	2.15	0	10.6	6.82
NPL	4.64	4.7	3.11		1.26	2.74
CAR	9.23	15.83	10.11	9.97	11.05	11.24
Net worth	184.26	215.71	163.14	170.79	1371.59	421.10
Deposits	4306	3631.04	2278.88	3011.18	14863.72	5618.16
Advances	2416	1665.43	1420.86	1311.96	11221.35	3607.12
Total Income	435.36	468.93	210.97	327	1710.66	630.58
BVPS	17.54	183.27	17.27	17.08	8.75	48.78

Above tables 7 and 8 compares the mean values of acquirers and targets in voluntary bank mergers. The Tables indicate that unlike the fiat driven group in all the selected indicators the acquirers and targets are comparable in terms of profitability, regulatory compliance and size. The targets are much better than the targets in the fiat driven group.

HYPOTHESIS TESTING

TABLE 9: COMPARISON OF MEAN VALUES OF ACQUIRES AND TARGETS IN FIAT DRIVEN ACQUISITIONS

	Mean of Acquirers μ_1	Mean of targets μ_2	$\mu_1 - \mu_2$	't' value	df-6 5% level of significance Table value – 2.447
Net profit	558.09	-204.09	762.193	3.00	Reject
EPS	19.5	1.61	17.89	4.84	Reject
ROA	0.8475	-0.8325	1.6825	1.37	Accept
RONW	22.745	6.215	16.535	3.53	Reject
NPA to Net Assets	3.58	17.56	-13.98	-1.62	Accept
CAR	12.47	2.81	9.66	2.91	Reject
Net worth	2657.09	49.15	2607.95	10.70	Reject
Deposits	37702.75	3002.99	34699.76	2.39	Accept
Advances	21946.5	1589.74	20356.75	2.29	Accept
Total Income	3114.69	317.6	2797.09	1.39	Accept
BVPS	129.79	30.42	99.38	1.51	Accept

(Note: The degree of freedom is 6 $df = n_1 + n_2 - 2$; $df = 4 + 4 - 2$. The level of significance is 5%. The table value for 5% significance, degree of freedom 6, the table value for two tailed test is 2.447)

In profitability indicators there is difference between the targets and acquirers except in case ROA. Null hypothesis is rejected for net profit, EPS and RONW and accepted in case of ROA

Considering NPA to net advances μ_2 is greater than μ_1 , which indicates that NPAs of targets is higher than the acquirers. As the 't' value is less than the table value H_0 is accepted. CAR shows significant difference between the means hence null hypothesis is rejected. Net worth indicates huge difference between

acquirers and the targets hence H_0 is rejected. The 't' values of deposits and advances is slightly less than the table value hence H_0 is accepted. In other indicators also H_0 is accepted.

TABLE 10: COMPARISON OF MEAN VALUES ACQUIRERS AND TARGETS IN VOLUNTARY MERGERS

	Mean of voluntary acquirers	Mean of targets	$\mu_1 - \mu_2$	't' value	df-8 5% level of significance Table value – 2.306
Net profit	295.06	21.88	273.18	1.28	Accept
EPS	8.95	8.27	0.68	0.07	Accept
ROA	1.11	0.16	0.95	2.01	Accept
RONW	15.78	6.82	8.96	1.70	Accept
NPL to Net Assets	1.14	2.742	-1.60	-1.90	Accept
CAR	15.41	11.238	4.17	1.72	Accept
Net worth	1952.24	421.09	1531.15	5.11	Accept
Deposits	19894.54	5618.16	14276.38	1.24	Accept
Advances	13083.22	3607.12	9476.10	1.33	Accept
Total Income	2319.25	630.58	1688.67	1.07	Accept
BVPS	58.02	48.78	9.24	0.17	Accept

(Note: The degree of freedom is 8 $df = n_1 + n_2 - 2$; $df = 5 + 5 - 2$. The level of significance is 5%. The table value for 5% significance, degree of freedom 6, the table value for two tailed test is 2.306)

In all the ratios and financials the calculated 't' value is less than the table value. It indicates that there is no significant difference between the mean values of the acquirers and targets. Thus null hypothesis is accepted.

FINDINGS

The analysis is carried out based on the classification of bank mergers into two groups namely fiat driven mergers and voluntary mergers. The analysis of targets and acquirers features amongst fiat driven acquisitions and voluntary acquisitions reveals that the acquirers in fiat driven group is much stronger and bigger than their targets. The comparison of mean value of acquirers and targets (Table No.5 and 6) in all the selected indicators suggest that the targets profitability, size and other indicators have much lesser value than their acquirers. Voluntary acquirers and targets were comparable in terms of the selected indicators which are indicated in table No. 7 and 8.

If the acquirers in two groups are compared considering Net profit, EPS, ROA and Return on Net Worth the fiat driven acquirers were comparatively stronger than the acquirers in Voluntary acquirers. Even in case of Non Performing Loans and CAR the position of fiat group acquirers was much stronger. Size indicators also indicated that the fiat driven acquirers are huge.

If the targets in two groups are compared the targets in the fiat driven mergers are too small and left insignificant affect on the acquiring banks. Whereas the targets in voluntary mergers the targets had an impact on the size of the acquirers.

The statistically significant difference was observed in profitability (Net profit, EPS, RONW), CAR and Net Worth between mean value of fiat driven targets and acquirers. The acquirers and targets in voluntary mergers, compared to targets and acquirers in fiat driven mergers, were found more comparable. Statistically also there was no significant difference found between the mean values of the two. Since both are similar in selected parameters the considerations and philosophy behind merger is different.

CONCLUSION

Overall the concern of fiat driven mergers is to absorb a sick bank following the moratorium issued by the Reserve Bank of India. On the other hand growth is the driving factor for the voluntary mergers. If the size is the concern then voluntary merger may be considered to obtain faster growth in size. The merger of sick banks does not impact the big acquiring banks in any way. If there is no change then merger is a wasteful exercise. This distinction of bank mergers into fiat driven mergers and voluntary mergers need to be avoided by having prudent system to identify the weak banks. Targets feature analysis suggests that the performance and size can be considered as major factors while identifying the targets in banking sector. To grow in size and to reach out to different markets the merger is the best strategy for the new banks.

REFERENCES

1. Sayuri Shirai, "Assessment Of India's Banking Sector - Reforms From The Perspective Of The Governance Of The Banking System," Paper was presented at the ESCAP-ADB Joint Workshop on "Mobilizing Domestic Finance for Development: Reassessment of Bank Finance and Debt Markets in Asia and the Pacific", Bangkok, 22-23 November 2001.
2. Hunter, William C.; Wall, Larry D.(1989), "Bank Merger Motivations: A Review Of The Evidence And An Examination of key target bank characteristics", *Economic Review - Federal Reserve Bank of Atlanta*; Sep/Oct 1989; 74, 5;
3. Dario Focarelli; Fabio Panetta; Carmelo Salleo, "Why do banks merge?" *Journal of Money, Credit, and Banking*; Nov 2002; 34, 4; ABI/INFORM Global
4. Morris Knapp; Alan Gart, "Predicting Post-Merger Returns In The Banking Industry", *Corporate Finance Review*; Mar/Apr 2004; 8, 5;
5. Altunbas and David Marques Ibanez, "Mergers and acquisitions and Bank Performance In Europe – The Role of Strategic Similarities", Working paper NO. 398 / OCTOBER 2004
6. Adrian Gourlay, Geetha Ravishankar, Tom Weyman-Jones, "Non-Parametric Analysis of Efficiency Gains From Bank Mergers in India", WP 2006-17- Department of Economics-Loughborough university Discussion Paper Series.
7. Chinmoy Ghosh, John Harding, B.V.Phani, "Does liberalization reduce agency costs? Evidence from the Indian Banking Sector". *Journal of Banking & Finance Amsterdam*, March 2008 Vol.32 Issue-3
8. Jay Mehta and Ram Kumar Kakani, "Motives for Mergers and Acquisitions in the Indian Banking Sector – A Note on opportunities & Imperatives", SPJCM Working Paper: 06-13 (November 2006.)
9. M.Jayadev and Rudra Sensarma, "Mergers in Indian Banking: An Analysis", *South Asian Journal Of Management* Oct-Dec 2007: 14, 4 ABI Inform global
10. Manoj Anand, Singh Jagandeep "Impact of Merger Announcements on Shareholders' Wealth: Evidence from Indian Private Sector Banks", *Vikalpa: Journal for Decision Makers*, Vol. 33, No. 1, pp. 35-54, January-March 2008
11. K Srinivas, 'Pre and post Merger Financial Performance of Merged Banks in India – A Select Study', *Indian Journal of Finance* January 2010, pg 3 -19
12. Dr.Meera Sharma, "Bank Mergers – possibilities and preparation", Birla Institute of Technology and Science, Anonymous source
13. Prakash Singh, 'Mergers in Indian Banking: Impact Study Using DEA Analysis', *South Asian Journal of Management*; Apr-Jun 2009; 16, 2
14. Nagesh Kumar, "Multinational Enterprises and M&As in India: Patterns and Implications", *Economic and Political Weekly*, 35, 5 August 2000: 2851-8
15. P.L.Beena, 'Analysis of Mergers in the Private Corporate Sector in India', Working Paper No-301Centre for Development Studies, Tiruvananthapuram
16. Sudhir Warier, 'Mergers & Acquisitions in Indian Aviation industry – A Strategic Perspective', ISSN – 108 Year June 2007, Volume 1, Issue 2/4
17. Prashant Kale, "The Global Indian Firm: Growth & Value Creation through Overseas Acquisitions", *The Indian Journal of Industrial Relations*, Vol. 45, No. 1, July 2009
18. Sougata Ray & Sathyajit R. Gubbi, "International Acquisitions by Indian Firms: Implications for Research on Emerging Multinationals", *The Indian Journal of Industrial Relations*, Vol. 45, No. 1, July 2009
19. B Rajesh Kumar and Prabina Rajib, "Characteristics of Merging Firms in India: An Empirical Examination", *VIKALPA • VOLUME 32 • NO 1 • JANUARY - MARCH 2007*

A STUDY OF STRATEGIC HUMAN RESOURCE MANAGEMENT IN MANUGRAPH

DEEPALI SAMBHAJIRAO KADAM.
ASST. PROFESSOR
VENKATESHWARA INSTITUTE OF MANAGEMENT
PETH

ABSTRACT

The research paper highlights "A Study of Strategic Human Resource Management in Manugraph". The field of HR is continually changing and expanding, and an HR professional must be able not only to manage change but also, to some extent, forecast it. A comprehensive HR strategy should be supported by HR system extending right down to the lowest cadres of employees. Absence of an HR strategy for the organization leads to a mixed bag of individual motivation or alienation, growth or regression. Effective implementation of strategy is possible only with motivated people. Two primary reasons for an efficient HR strategy are the certainty that change will occur, and the need for it to be directed in an or An organization has to identify appropriate ways to deal with these trends so that it can remain as competitive in the current and future situations. These trends reflect some significant concerns to be dealt by an organization through their HR strategy. In India, MANUGRAPH ranks as no.1 in the manufacturing and supply of web offset presses. With a whopping 70% market share, our presses are present in nearly all-major publication houses. With presses having speeds ranging from 35000 - 55000 copies per hour, we can meet their production needs efficiently. Customers count on us to give them a product of superior quality at the lowest cost of ownership. Technical expertise and unrelenting thrust towards continuous quality improvement are the principal strengths of MANUGRAPH. This research study covers the manufacturing area of Kolhapur district of Maharashtra state.

KEYWORDS

Effectiveness, Human Resource, Role, SHRM.

INTRODUCTION

The concept of strategy is central to understanding the process of strategic management. The term 'strategy' is derived from a Greek word strategies, which means generalship, also the concept of strategy has its applications from military connection, which means generalship i.e. the tactful direction of military force of defeat the enemy. Thus the world strategy relates to the military activities or the art of warfare. But presently the concept of strategy has become more significant in management. Strategy & strategic mgmt have emerged as a critical input to organizational success. They are the most powerful tools of an organization today, to face successfully the business uncertainties. Strategic management as a theory has helped to provide strong base to identify the variables operating in organizational context.

According to Alfred D. Chandler, strategy is the determination of basic long-term goal is & objective of an enterprise and the adaptation of courses of action & allocation of resources for carrying out these goals.

William F. Glueck is of the opinion that strategy is a unified, comprehensive & integrated plan designed to assure that the basic objectives of enterprise are achieved.

Strategic mgmt is the art & science for formulating, implementing & evaluating cross-functional decisions that will enable an objective to be achieved its objectives.

REVIEW OF LITERATURE

Dr. Suman Pathak, Dr. Vibhuti Tripathy, Udyog Pragati (Oct 2011) HR is most vital asset in any organization and managing it is the greatest challenge. Insurance Co. are basically human intensive and HR act as undoubted differentiator. In India booming stage and growing rate of 15-20% together with banking services contribute 7% of countries GDP.

Dr. Amarnath Ananthanarajana. (2009) Bharati AXA General Insurance Co. Ltd., regards its human capital as a key resource for achieving the goals and its commitment the company has initiated a HR policy under the name "Power of ideas" which involves collection, evaluation and implementation of ideas by the employees. This is mainly for save costs and improve the business performance. It is for employees to know that their suggestions are taken seriously and their suggestions can make a difference to the organization. Irrespective of position and department in organization one can achieve excellence through small things also. This is done through good HR practice by appointing a core team of 6 top executives to evaluate the ideas and rewards accordingly.

Vivekananda faculty member, IBS, Bengaluru, HRM Review - To a great extent, organization have started realizing that effect Induction program helps avoid confusion in mind of new hires and on other develop healthy working environment with known expectations. New people hired at different level for different in different branch size, level and fun in different branch size. Induction pro should be able to work with such origin realities of varying size, level and fun. It is an effect tool motivate new hires towards higher level of performance and create emotional bond with organization which should result in retention level. "The laborer is worthy of his hires" - Holy Bible

Dr. Chandan Kumar Shoo and Dr. Santhosh Tripathy, Personnel Today (April - June 2011) Due to economic turbulence, acute competition, pressure for increased productivity has led to need HR manager to adopt strategic approach. For this they focused on Motivation and Empowerment.

Y. Mohan Babu - U. B. Raju, A.V.S. Raj, Udyog Pragati July Sept 2010. - Performance measurement indicate that there is need for proactive measurement & safety issues are having impact on productivity, quality & environment & performance measurement system is adequate & there is need for having holistic approach toward OHS performance

Sattiraju Veeravenkata Prasad. - Conflict between labor and management is inevitable because of their opposing interest. CB is preferred way of determining new work of rules at work place. It can be considered as means there which, both parties explore each other's problems and view point and develop a framework to sustain mutual gains and also win-win sol.

SELECTION OF RESEARCH TOPICS

The nature of problems which would be addressed in the present study relates to a Study of strategic human resource management with special reference to Manugraph Company, which is located at Shirol MIDC, Kolhapur. The present study will highlight the impact of human resource practices adopted by the Manugraph company. The organized manpower their work performance and the analysis of their opinions and attitudes towards the human resource practices are considered for the study. The proposed study is an attempt to highlight the study of implemented HR strategy and views about the implemented HR strategies.

The study has conducted in the period of 2009-10.

OBJECTIVES

The objective of the study will be as follows.

1. To evaluate the corporate strategy of Manugraph India, Ltd. Unit No. 1 Kolhapur.
2. To study the HR strategy of Manugraph India Ltd. Unit No. 1 Kolhapur.

3. To evaluate effect of HR strategies which are implemented at Manugraph India, Ltd. Unit No. 1 Kolhapur.
4. To suggest measures for the betterment of functioning at HR Dept. in Manugraph India, Ltd. Unit No. 1 Kolhapur.

RESEARCH METHODOLOGY

PRIMARY DATA

The sources of primary data were as follow;

SOURCE OF PRIMARY DATA

- Personal discussions
- Structured interview.
- Observation method.
- Questionnaire method.

SECONDARY DATA

When the researcher does not collect data originally for the research inquiry but uses data already collected and available in published or unpublished form then this data is called secondary data. Secondary data is not original in nature.

SOURCE OF SECONDARY DATA

For collecting the secondary data, the researcher had referred different literatures, books various journals, magazines, publications and through internet related to the HR policies and practices as well as memorandum of settlement between Manugraph India Ltd., and Manugraph Employees Association form the period 01.04.2007 to 31.05.2011.

SAMPLE DESIGN

The different levels of employees working in the organization were considered and taken into account for this task. The managerial level and workers were identified as a respondent by discussing, consulting with the concerned authorities in the organization as well as the experts and the persons who are in the field of management. Since the study related to the SHRM, the samples were drawn from both the categories i.e. managerial level and Non-Managerial level (workers).

The above study is conducted at Manugraph India, Ltd. Unit No. 1 Kolhapur. In order to fulfill the objective of study the survey is conducted. Total number of employees in the organization were 560 which includes 183 nonbargain able & 377 bargain able. Further it is decided to take up 25% of the total employee as a sample, for the present study.

Therefore the total size of the study was 140 employee.

TOOLS OF DATA COLLECTION

HR STRATEGY SCALE

The HR strategy scale was developed in a 5 point scale. These points were arranged in an ascending order from negative response to positive response. e.g. i) Strongly disagree ii) Disagree iii) Undecided iv) Agree v) Strongly Agree

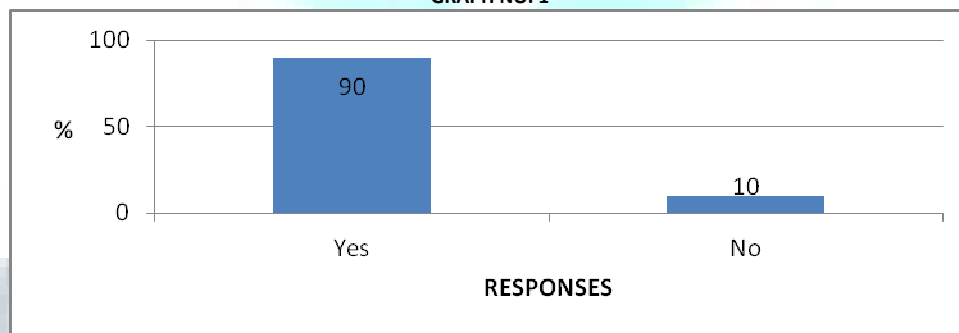
The questionnaire was be prepared on strategy. These statements were related to such important area of Human resource management like formulation & implementation of HR strategy, values of HR professionals, Development of HR practices, support of top management to HR activities, motivation of employees, leadership, delegation of authority, team spirit, and barriers of effective strategic HRM, performance appraisal, employee reward, and accountability of HR Department etc. This questionnaire was be administrated to senior executives of management.

DATA INTERPREATION

TABLE NO. – 1: OPINION ABOUT THE RECRUITMENT STRATEGY

Sr. No.	Responses	No. of Respondent	Percentage
1	Yes	126	90
2	No	14	10
Total		140	100

GRAPH NO. 1



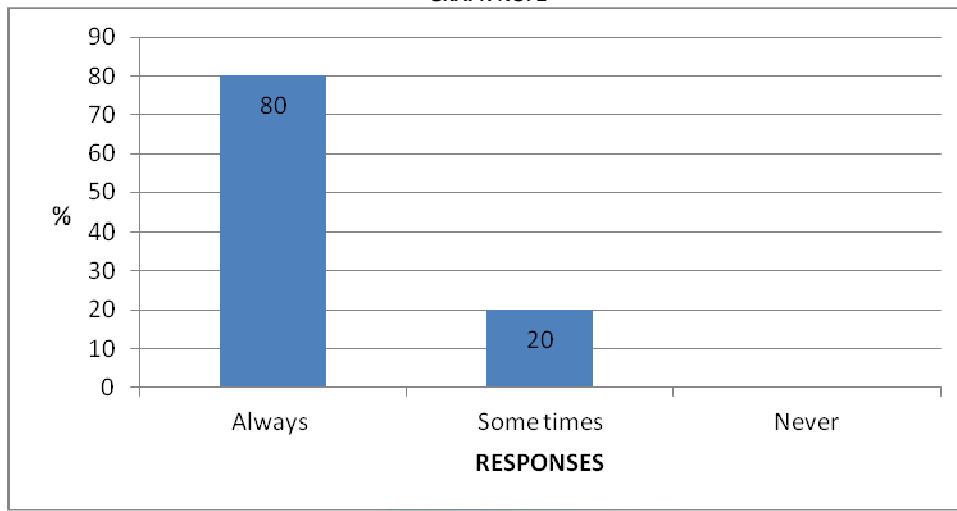
Source-survey

It is found that, the recruitment strategy of this company is overall good, i.e. they are using internal as well as external sources, , i.e employees referrals, consultancies, present temporary employee, permanent disabled employee, Trade union member etc, in all levels of management. As per the need, the company uses various sources, to fulfill their vacant post and the employee of the company is satisfied with this strategy, and they are happy with the techniques followed by the company.

TABLE NO. – 2: OPINION ABOUT THE SELECTION STRATEGY

Sr. No.	Responses	No. of Respondent	Percentage
1	Always	112	80
2	Some times	28	20
3	Never	0	0
Total		140	100

GRAPH NO. 2



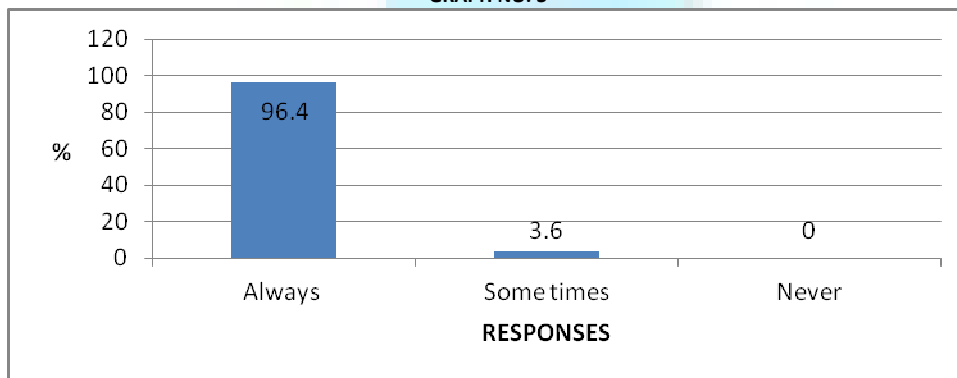
Source- Survey

The company uses exclusive selection process as per need and designation, i.e it includes Application blank, Preliminary interview, Test, Medical check up, Final interview, Appointment letter..., Also company has selection panel, that include line manager, HR manager, (as per need).

TABLE NO. – 3: AVAILABILITY OF CAPABLE MANPOWER IN THE COMPANY

Sr. No.	Responses	No. of Respondent	Percentage
1	Always	135	96.4
2	Some times	5	3.6
3	Never	0	0
Total		140	100

GRAPH NO. 3



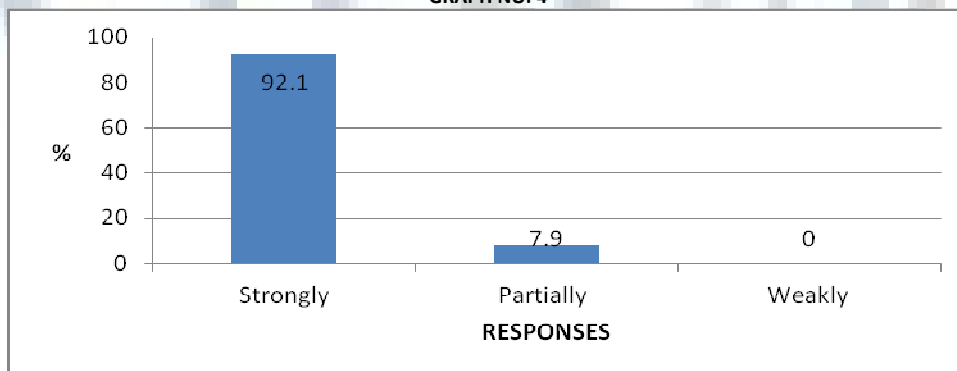
Source-Survey

It is found that available employees has that much potential to carry the organizational goal as per the external & internal environment, i.e market need, technological changes, management expectations related to productivity etc.

TABLE NO. – 4: EMPLOY SPECIFICATION MATCHES WITH ORIGINATION REQUIREMENT.

Sr. No.	Responses	No. of Respondent	Percentage
1	Strongly	129	92.1
2	Partially	11	7.9
3	Weakly	0	0
Total		140	100

GRAPH NO. 4



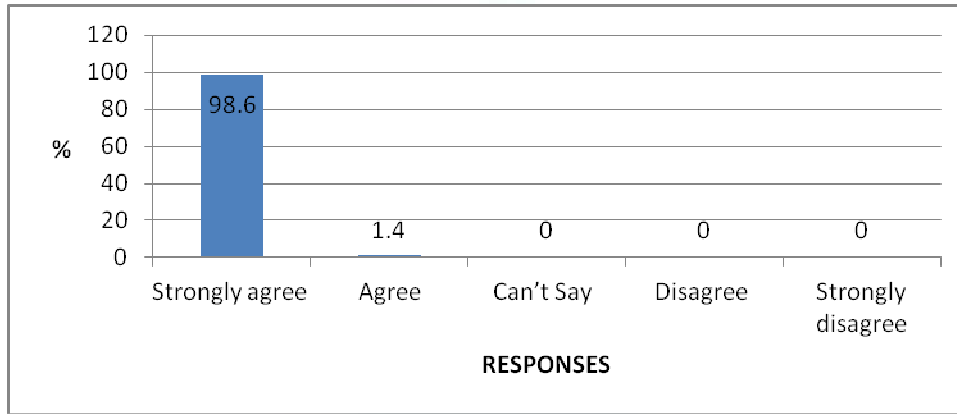
Source- Survey

The table shows that the selected employees and their qualifications are really matching with the company's requirement. The selected employees has caliber to carry out their responsibilities at their working place, i.e the manpower selected by the company are efficient & effective to fulfill the requirement.

TABLE NO. – 5: ROLE OF INDUCTION STRATEGY.

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	138	98.6	X=32	138	R=2.98
2	Agree	02	1.4			
3	Can't Say	0	0			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 5



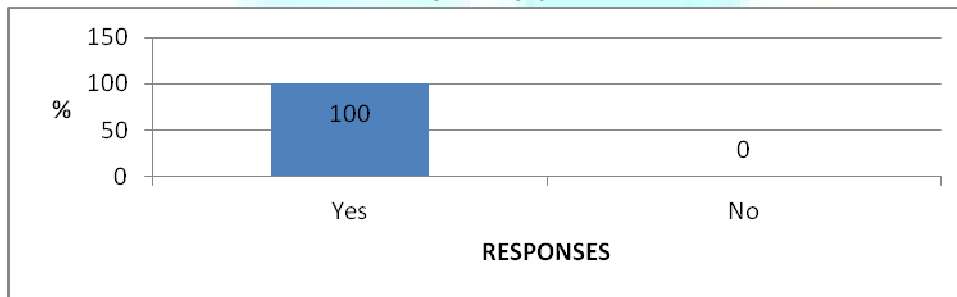
Source- Survey

Induction strategy has vital role in HR and it is provided by the management to fresher or new comer employee at the time of joining the company. Induction program includes the introduction of company, tradition, organizational & departmental goal, his duties, responsibilities and authority, his superior, subordinate etc. It helps to reduce the nervousness or burden of his mind, & feel familiar with the company. It makes best image behind the fresh employee.

TABLE NO. – 6: OPINION ABOUT USE OF TRAINING

Sr. No.	Responses	No. of Respondent	Percentage
1	Yes	140	100
2	No	0	0
Total		140	100

GRAPH NO. 6



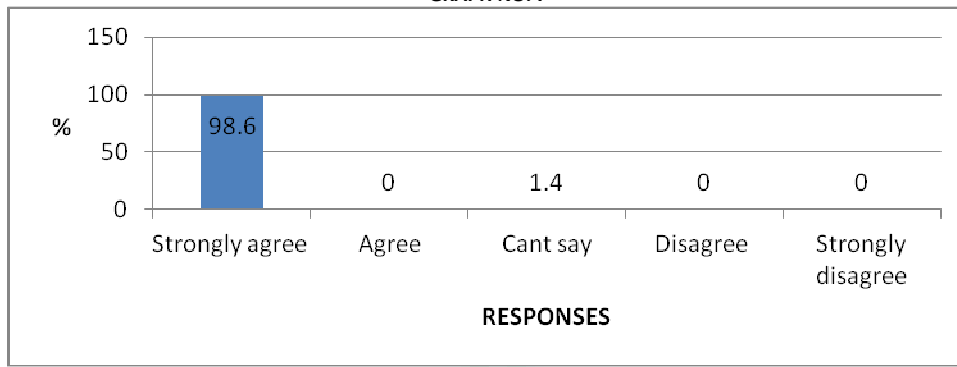
Source- Survey

It is found that all sampled employees are happy from the company's training strategy i.e external & internal training method, trainer, training manner, evaluation etc. Company provides technical training as per the need and training on soft skills like communication, personality development, managerial skill etc. This provided training helps employee to avoid obstacles at working place, also helps their personal life to survive in this competitive world.

TABLE NO. – 7: OPINION ABOUT THE TRAINING NEED IDENTIFICATION

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	138	98.6	X=32	138	2.98
2	Agree	0	0			
3	Cant say	2	1.4			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 7



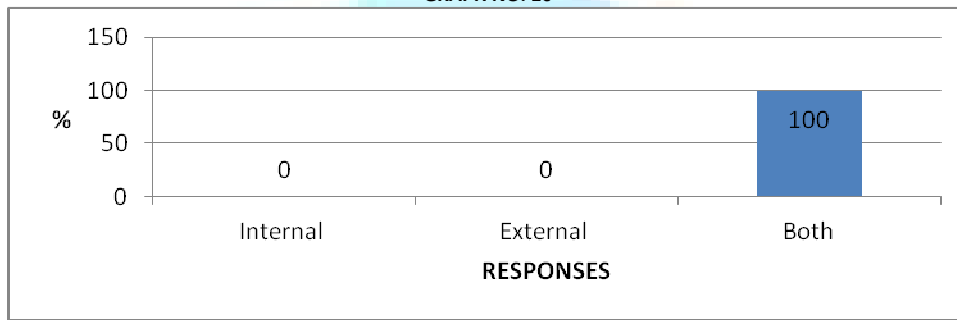
Source- Survey

Training need identification is done by the superiors of that employees, & employees are strongly agree about the training need identification of them is done properly and as per the need of internal & external environment. It helps to take exact training as per need & avoid problems, which come at working place.

TABLE NO. – 10: OPINION ABOUT THE TRAINING METHOD

Sr. No.	Responses	No. of Respondent	Percentage
1	Internal	0	0
2	External	0	0
3	Both	140	100
Total		140	100

GRAPH NO. 10



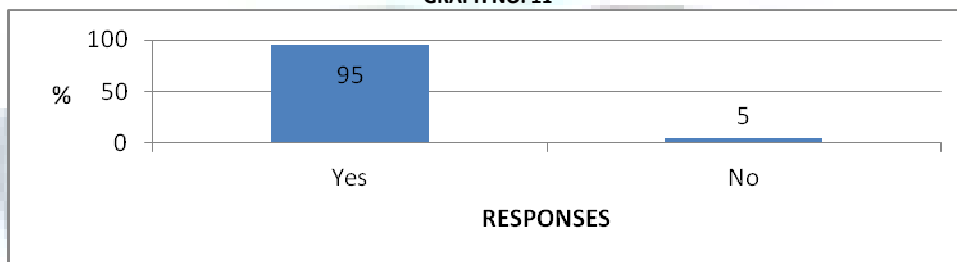
Source- Survey

It is found that the company is using internal & external methods, as per the need. Internal method i.e on the job include job rotation, job coaching, committee assignment also external method i.e off the job include lecture method, demo method, books, magazine etc. The sampled employees are satisfied from both the methods.

TABLE NO. – 11: OPINION ABOUT THE PERFORMANCE APPRAISAL STRATEGY

Sr. No.	Responses	No. of Respondent	Percentage
1	Yes	133	95
2	No	7	5
Total		140	100

GRAPH NO. 11



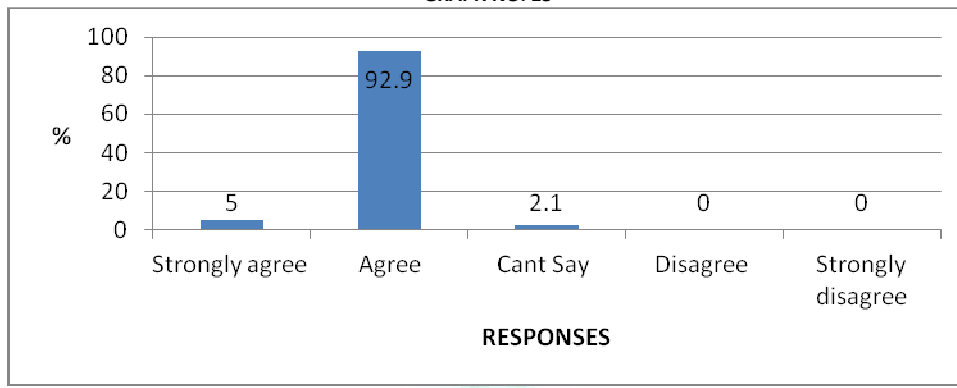
Source- Survey

This feedback is informed to the employee, & sampled employees are happy with this strategy, it will help them for further improvement at work place. Performance appraisal is done by some methods, that include several different parameters, some of that parameters are displayed & some of them are kept secret. But, finally that evaluated performance is shown or informed superior to subordinate.

TABLE NO. – 12: OPINION ABOUT THE COMPENSATION AS PER LAWS

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	7	5	X=32	130	3.97
2	Agree	130	92.9			
3	Cant Say	3	2.1			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 15



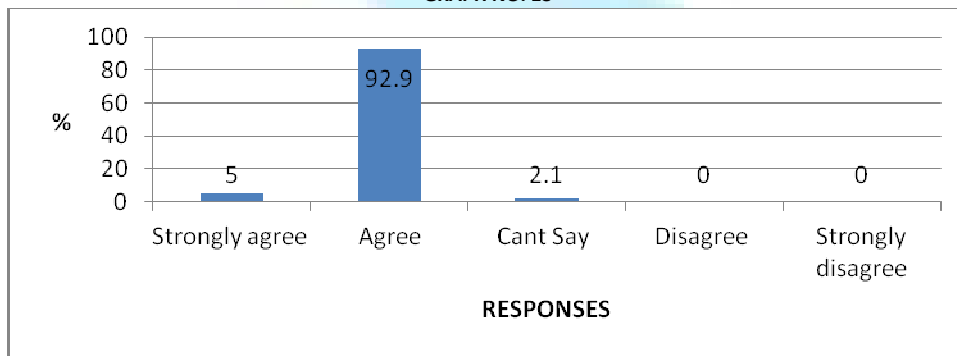
Source- Survey

Compensation includes job evaluation, wages, salary, incentive, fringe benefits, bonus, social security measures etc. Sampled employees are selected from different department, some of them are seniors, some are juniors. The company has provided possible & required compensation. It found that majority of employees are agree about the provided compensation, & some of them are strongly agree about them.

TABLE NO. – 13: OPINION ABOUT THE LAB OUR WELFARE FACILITIES

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	7	5	X=32	130	R=3.97
2	Agree	130	92.9			
3	Cant Say	3	2.1			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 13



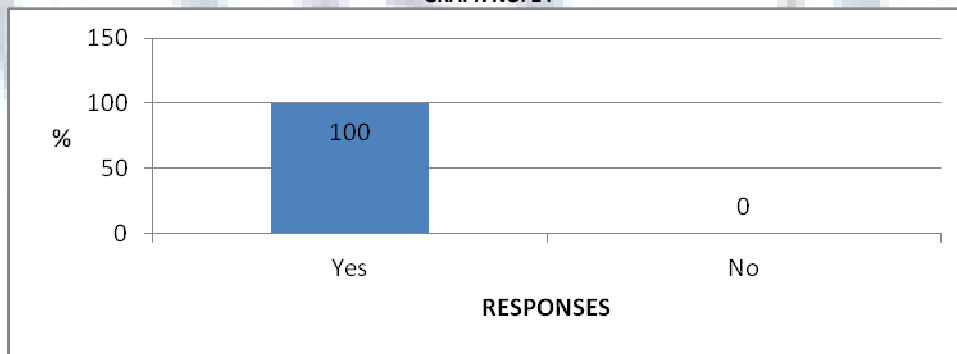
Source- Survey

Labour welfare facility includes washing facilities, canteen, first aid appliance, lunch room, clean water, Latrines etc, leave, HRA allowance, insurance, weekly off, uniform etc. The company was provided adequate facilities. Majority of employees are satisfied from this strategy. Facilities help to make more enthusiastic at work place & indirectly helps to increase satisfaction level of the employee.

TABLE NO. – 14: COMPANIES CARE ABOUT YOU

Sr. No.	Responses	No. of Respondent	Percentage
1	Yes	140	100
2	No	0	0
Total		140	100

GRAPH NO. 14



Source- Survey

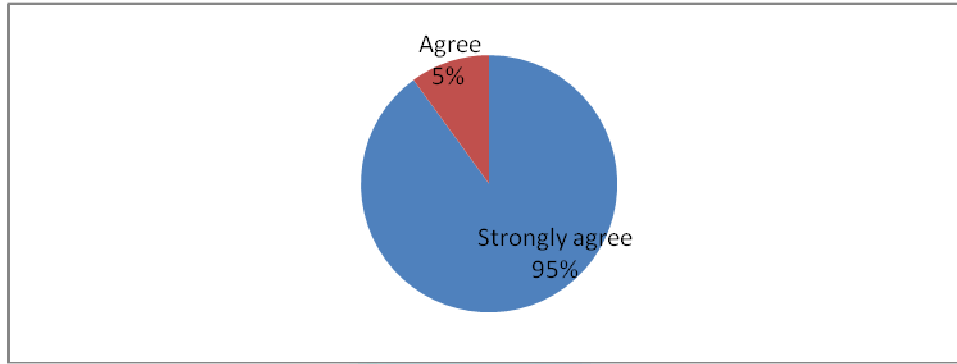
This opinion is collected from sampled employees, all i.e 100 % employees are highly satisfied from the overall environment i.e the availability of emergency provision in the company and care about their employee provided by facilities, health, safety measures etc. also the company has taken well care of their

employees by organizing medical camp, safety measures, healthy food, sound industrial relation etc. These factors help the employee to enjoy their work & complete their work & other responsibility.

TABLE NO. – 15: CELEBRATION OF SAFETY WEEK

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	133	95	X=32	133	7.94
2	Agree	7	5			
3	Cant say	0	0			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO.15



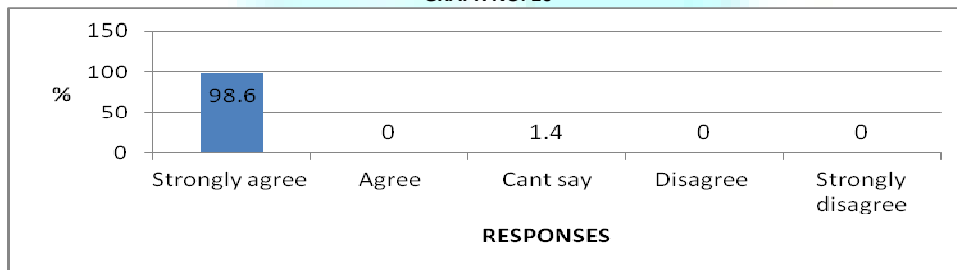
Source- Survey

The various activities are carried out during the safety week such as demo on fire fighting, safety training, slogans and poster competition, lectures on safety related aspects etc. Celebration of safety week is with the objective of creating safety awareness, enhance the safety knowledge based on the employee, reduce the unsafe working in the organization, to the maximum possible extent to know the importance of safety in human life. Also company provided equipments are good qualities.

TABLE NO. – 16: REVIEW OF SAFETY ASPECTS IN MEETINGS

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	138	98.6	X=32	138	R=2.98
2	Agree	0	0			
3	Cant say	2	1.4			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 16



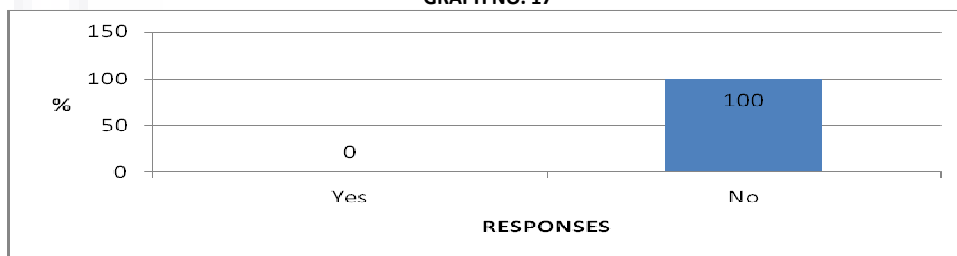
Source- Survey

All the matters related to safety aspects are discussed well for improvement purpose and to avoid major accidents etc. in future. The safety related aspects discussed in the meeting, such as causes of accidents, analysis of accidents, planning, implementation, and review of corrective actions, discussions on preventive actions, to study the new requirements of safety equipments, planning and review of safety audit etc.

TABLE NO. – 17: IMPLEMENTATION OF CAREER PLANNING & SUCCESSION PLANNING

Sr. No.	Responses	No. of Respondent	Percentage
1	Yes	0	0
2	No	140	100
Total		140	100

GRAPH NO. 17



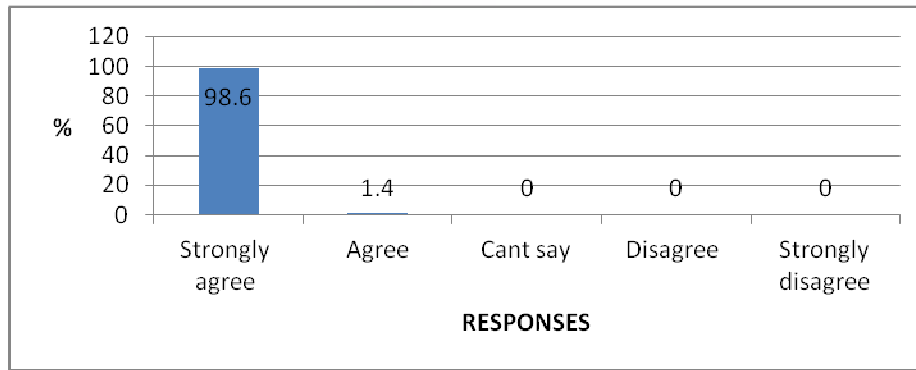
Source- Survey

It is found that, 100% respondents indicated that, there is no career planning & succession planning systems followed in the organization.

TABLE NO. –18: CONTRIBUTION OF HRM STRATEGIES FOR DEVELOPMENT OF COMPANY& EMPLOYEES

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	138	98.6	X=32	138	R=2.98
2	Agree	2	1.4			
3	Cant say	0	0			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 18



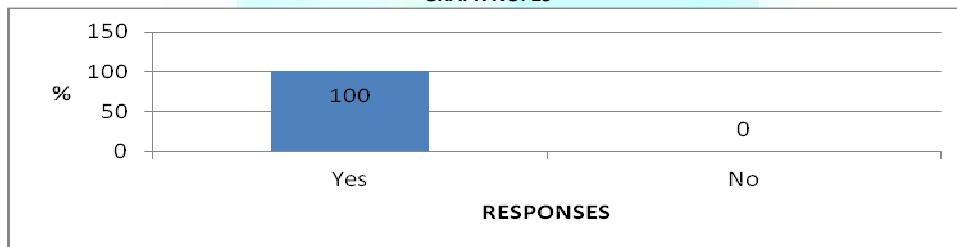
Source- Survey

A proper system is being followed in the organization for in-time execution of these strategies. This is mainly with the objective of smooth working in organization, to improve work efficiency and productivity, faith and positive Impact on the employees H.R. strategies adopted by the company such as death fund, leave bank, medical aid, quality life program, cultural and social activities, birth-day gifts, various loans to the employees, marriage gifts as well as all the facilities as per factory act. 1948 etc. This has also created the harmony, intimacy, and increase the motivation level of the employees.

TABLE NO. – 19: CULTURAL PROGRAMS

Sr. No.	Responses	No. of Respondent	Percentage
1	Yes	140	100
2	No	0	0
Total		140	100

GRAPH NO. 19



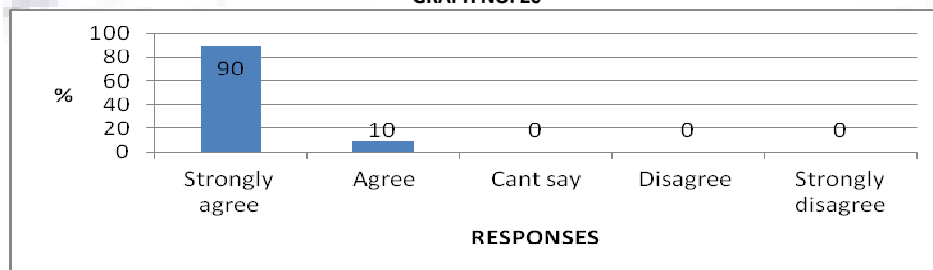
Source- Survey

This program helps to make & maintain familiar relation with the employee’s families. Also family members knows, about his family member and where & which environment, he is working. It is observed that all 100% respondents show that, they are satisfied with organized cultural program followed in the organization.

TABLE NO. – 20: BENEFITS OF QUALITY LIFE PROGRAMS FOR THE EMPLOYEE

Sr. No.	Responses	No. of Respondent	Percentage	Mean	Mode	Range
1	Strongly agree	126	90	X=32	126	R=14.8
2	Agree	14	10			
3	Cant say	0	0			
4	Disagree	0	0			
5	Strongly disagree	0	0			
Total		140	100			

GRAPH NO. 20



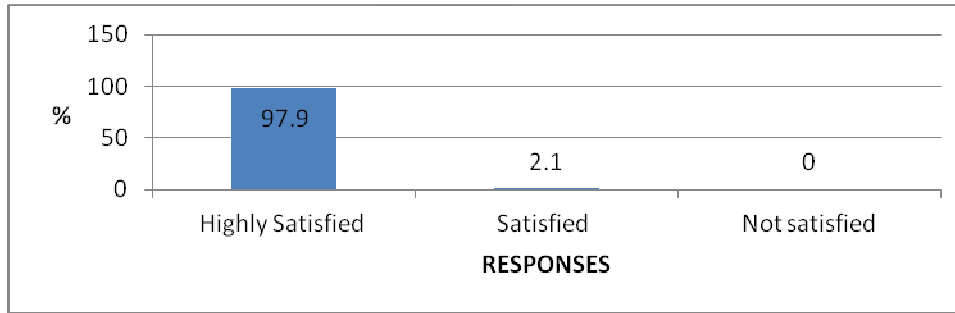
Source- Survey

The said table suggests about the "Quality Life Program" arranged for the employees & their family members, The various subjects were discussed related to social, cultural, financial, family problem, medical problem etc. in this program. The lectures, personal discussions, group discussions etc. were also conducted during this program me. Due to this type of social approach by the company which has helped to create the intimacy and belongingness towards the organization.

TABLE NO. – 21: QUALITY OF FOOD& RATES CHARGED

Sr. No.	Responses	No. of Respondent	Percentage
1	Highly Satisfied	137	97.9
2	Satisfied	3	2.1
3	Not satisfied	0	0
Total		140	100

GRAPH NO. 21



Source- Survey

The above table gives the information about the quality of food & rates provided & occurred by the company. It is observed that, almost all the respondents i.e. 97.9% are highly satisfied with the quality of the food provided by the company to them. This is due to the fresh, healthy, nutritious, and hot food provided at the scheduled time to them.

FINDINGS

BASED ON DATA COLLECTED

RECRUITMENT

The recruitment strategy of this company is overall good, i.e. they are using internal as well as external sources, and the employee of the company is satisfied with this strategy, who uses various recruitment sources. i.e employees referrals, consultancies, present temporary employee, permanent disabled employee, Trade union member etc, in all levels of management. As per the need, the company uses various sources, to fulfill their vacant post.

SELECTION & PLACEMENT

- The company uses exclusive selection process as per need and designation, i.e it includes Application blank, Preliminary interview, Test, Medical checkup, Final interview, Appointment letter..., Also company has selection panel, that include line manager, HR manager, (as per need).

- It is found that available employees has that much potential to carry the organizational goal as per the external & internal environment, i.e market need, technological changes, management expectations related to productivity etc.

INDUCTION

- Induction strategy has vital role in HR and it is provided by the management to fresher or new comer employee at the time of joining the company. Induction program includes the introduction of company, tradition, organizational & departmental goal, his duties, responsibilities and authority, his superior, subordinate etc. It helps to reduce the nervousness or burden of his mind, & feel familiar with the company. It makes best image behind the fresh employee.

TRAINING

It is found that all sampled employees are happy from the company's training strategy i.e external & internal training method, trainer, training manner, evaluation etc. company is using internal & external methods, as per the need. Internal method i.e on the job include job rotation, job coaching, committee assignment also external method i.e off the job include lecture method, demo method, books, magazine etc. Company provides technical training as per the need and training on soft skills like communication, personality development, managerial skill etc. This provided training helps employee to avoid obstacles at working place, also helps their personal life to survive in this competitive world.

PERFORMANCE APPRAISAL

The performance appraisal system is transparent and sincerely implanted every year by observing the following ways- Performance appraisal is a systematic evaluation of an employee, and this is done by the superior to subordinates. The form includes parameters of evaluations & as per the parameters. Evaluation is done. This evaluated feedback form is submitted towards HRM department. And as per the rating, evaluation is done & again rating is informed to the Head of each department. This feedback is informed to the employee, & sampled employees are happy with this strategy, it will help them for further improvement at work place.

COMPENSATION

-Sampled employees are selected from different department, some of them are seniors, some are juniors. The company has provided possible & required compensation. The provided facilities include Canteen, Traveling facility, Medical facility, Loan facility, Lab our welfare facility, Retirement benefit, & some other benefit etc. Company providing compensation as per the compensation Act 1948, Minimum wages act 1948.

HEALTH AND SAFETY

-Health is an vital factor, some of the related activities; Employees are highly satisfied with the quality of the food provided by the company to them. This is due to the fresh healthy, nutritious, and hot food provided at the scheduled time to them, also the rate charges for the food is very reasonable and economical from their point of view.

-Majority of employees agreed that, Company has taken well care of their employee by providing essential facilities , also company has its first aid appliance, also company has its own ambulance if any emergency occurs, also company has provisions of ambulance at the time of emergency.

- The various activities are carried out during the safety week such as demo on fire fighting, safety training, slogans and poster competition, lectures on safety related aspects etc Celebration of safety week is with the objective of creating of safety awareness, enhance the safety knowledge base of the employee, reduce the unsafe working in the organization, to the maximum possible extent to know the importance of safety in human life.

CAREER PLANNING

-There is no career planning & succession planning systems followed in the organization. The company is facing some of the problems due to this like, smooth functioning in some critical functional areas, internal mobility (Transfers, Job rotation, deputation etc.) cannot be implemented smoothly and easily. It creates a problematic situation in case of sudden external mobility also.

OTHER

-The HR Strategies are playing a vital role in overall development of organization as well as development of employees, by implementing various innovative strategies. A proper system is being followed in the organization for in-time execution of these strategies.

-The employees of all the levels are involved in respondents are always involved in the decision making and improvement project related to productivity, efficiency, safety, health etc. & some respondents are involved on need basis in decision making process.

-The "Quality Life Program" arranged for the employees & their family members, The various subjects were discussed related to social, cultural, financial, family problem, medical problem etc. in this program. Due to this type of social approach by the company which has helped to create the intimacy and belongingness towards the organization.

FINDING BASED ON PERSONAL DISCUSSION AND OBSERVATION

-For attracting talented and efficient HR toward company, company provides better facility with healthy and proper work environment, conducive for discipline and productivity, also taking care of their employees by implementing fair and adequate HR practices like- Recruitment, Selection, Placement, Induction, Training, Performance Appraisal, Health and Safety, Compensation, Motivation, Leadership etc

-Reducing labour turnover compare to last year, they are thinking over feedback received from employee's interview, and improving various HR practices respectively. Also respondent told that there is no any affect of competitors SHRM on their SHRM, and there is integration of corporate social responsibility is important at the firm's strategic management level.

-HR departments today's goals

-HR should contribute to organizational goal e.g- No.1 world in printing. For which it has to play a strategic role and the role of mentor,. HR develops and establishes culture in company.

-Targets in next 2-3 years-

Reduction in non value added activity, conduct more orientation program, significant and sizable contribution in corporate, social responsibility, use the most technology etc.

-Integration of HR with other function-Vigorous and continuous as well as transparent communication, involvement of people in various functions, public committees, projects etc.

SUGGESTIONS

-The company should kindly consider to modify the present rest room for workers by providing the additional facilities like furniture, and some other entertainment things like T.V., Radio and A.C . etc.

-Review of performance appraisal activity should be taken periodically (Two times in a year). This will help to strengthen as well as become a more meaningful and realistic system than the present performance appraisal system which is followed on yearly basis

-Career planning and development- This can be implemented through declaring the career path of an individual (For every three years), which will be the motivational factor and a best strategy to retain the employees.

-Succession planning- This concept is not in existence and there is good scope to introduce the same through HR policies. This will also help to employee and organization for its smooth functioning. This will also take care of, in case there is sudden external mobility as well as internal mobility i.e. promotions, job rotations, transfers of the employee.

-The company may think to increase the amount of financial aid towards the higher education by submitting a separate proposal to the top management. Considering the present reality of heavy expenses required for higher education, **HRM** dept. to convince the management and should try to increase the financial aid towards the higher education.

-The facilities provided as well as the bonus and incentive amount should be paid according to the category of the employees, i.e. differentiation should be made such as management staff .supervisory staff, workers etc.

REFERENCES

1. B. Mamoria. - Dynamics of Industrial Relations-
2. C.B.Mamoria: Personnel Management, Himalaya Publishing House, Bombay, 1997
3. Drucker, Peter, "Practice of Management." Mercury Books, London, 1965,p.14.
4. Economic of Labour & Social Welfare - Dr. T.N. Bhagolival, Sadhitya Bhavan
5. Edwin B. Flippo, 'Personnel Management,' McGraw-Hill Kogakusha Co. Ltd., New Delhi, 1980,p. 131.
6. Edwin B. Flippo. 'Personnel Management' McGraw-Hill Kogakusha Co. Ltd., Tokyo, 1976, p.84 Factories act 1948.
7. Human Capital - Vol 10 No. 8 June, 2006
8. Vol 8 No. 12 July, 2008
9. Vol 12 No. 3 January,2009
10. Vol 11 No. 9 September, 2009
11. HRM Review Dec. 2006- The ICFAI University Press.
12. Industry Nov. 2009 Vol. No. 5
13. Memorandum of settlement between MIL & Manugraph Employees Association - Period 01 -04-2007 to 31 -05-2010.
14. K. Ashwathappa - Human Resources & Personnel Management, Himalaya Publication- 6th edition-2005.
15. Scoot, Clotheir and Spriegel, ' Personnel Management Principles, Practices and point of view,' 1977,p.85.
16. Scoot, Clotheir and Spriegel, ' Personnel Management Principles, Practices and point of view,' 1977,p.85.

WEBSITES

17. www.human capital online.com
18. www.icfaipress.org.
19. www.manugraph.com

REAL TIME OBSTACLES IN SUCCESSION PLANNING

MEHULKUMAR G. THAKKAR

ASST. PROFESSOR

ASPEE AGRIBUSINESS MANAGEMENT INSTITUTE

NAVSARI AGRICULTURAL UNIVERSITY

NAVSARI

ABSTRACT

Since long, it has been a widely accepted truth across the business organizations that absence of succession plan can seriously hamper the growth prospects of an organization. Despite its far reaching importance, many organizations are not really able to implement succession planning in its real spirit. Most companies fail to think about succession planning until disaster strikes – suddenly a vacuum at the top, and no one has been pre-selected or prepared, considering such eventuality. Is it only because of lethargy, negligence or something beyond that? This empirical research paper, by adopting the Communication Approach of Descriptive Research Design, attempts to find out major reasons – the real time obstacles – for failure of succession planning in the organizations. Based on the analysis of the data collected from 100 experienced HR professionals from various sectors; the obstacles – reasons of failure have been found out. The awareness of these obstacles and suggested remedial measures can be of great help to HR heads trying to equip the organization with the ability to fill a void at any time, by removing the succession taboo of people from CEO on down, and that too without affecting the morale and motivation of those presently working well.

KEYWORDS

Potential Appraisal, Replacement Charts, Succession Plan, Succession Taboo.

INTRODUCTION

Great companies can neither be built nor their greatness sustained without great leaders. Again, no leader is considered good unless he/she develops and nurtures future leaders under his/her tutelage or otherwise. In other words, a leader's prime role is to create leaders, and not merely the followers, if he/she is interested in the long term survival and growth of the organization he/she belongs to. Choosing a right successor is one of the important responsibilities of the existing key people. And here comes the biggest challenge for Human Resource Professionals to make the senior / key people believe in creating "Second Line Leadership" in the organization and thereby ensuring that the risk associated with the sudden loss of key human resource can be mitigated. The whole idea of creating second line leadership is actually pointing out towards the most inevitable HR function in today's ever changing business environment to ensure continued existence, survival and growth of any organization, that is, Succession Planning. Survival, growth and efficient continuous existence of any organization require a succession of people to fill various important jobs (Subba Rao, P., 2010).

Today, the business world has realized the importance of succession planning and incorporated this in their strategic plan also, which is certainly a welcome sign. Some of the Indian corporates like Infosys, Reliance, the houses of Tatas and Birlas, Ranbaxy, and the host of others have been writing success stories with their succession plans. However, in general, the picture is very disappointing. Succession planning, as it is constituted today, is a hotly debated but generally ignored practice in corporations and businesses. Suddenly there is a void at the top and nobody has been primed to fill it. Despite its far reaching impact and importance, most of the organizations are not really able to implement succession planning in its right spirit. A surprising fact of corporate life is that most companies fail to think about succession planning until disaster strikes in the form of an unannounced or announced, expected or unexpected void at the top; and there is no one to steer the ship. The reason being no one has been pre-selected or prepared to fill such void. Suitable candidates may not be available internally, as no one has been groomed in the past, keeping such eventuality in mind. Bringing in outsiders may mitigate the crisis temporarily but the long-term impact is bound to be negative. At the same time, internal forces may start a rebellion and create tug-of-war situations with frustrating regularity (Rao, VSP; 2010). In short, the absence of a succession plan can have deadly dangerous impact on the organization.

In the present paper, the researcher has tried to unearth some pitfalls associated with the implementation of succession planning programme in the organizations.

CONCEPT & MEANING OF SUCCESSION PLANNING

Succession Planning is a crucial part of an organization's human resource strategy. It has to do with the upward movement of the staff in the hierarchy of organizations (Saiyadain, M. S., 2006).

It is actually a proactive strategy on the part of an organization to mitigate the loss of any key personnel for any reason whatsoever. It is a deliberate and systematic effort by an organization to ensure leadership continuity in key positions. It is mainly concerned with identifying, developing and making people ready to occupy higher level / key jobs as and when they fall vacant (Pattanayak, B., 2009).

According to VSP Rao (2010), Succession Planning is,

"the process of ensuring a suitable supply of successors for current and future senior or key jobs arising from business strategy, so that the careers of individuals can be planned and managed to optimize the organization's needs and the individuals' aspirations."

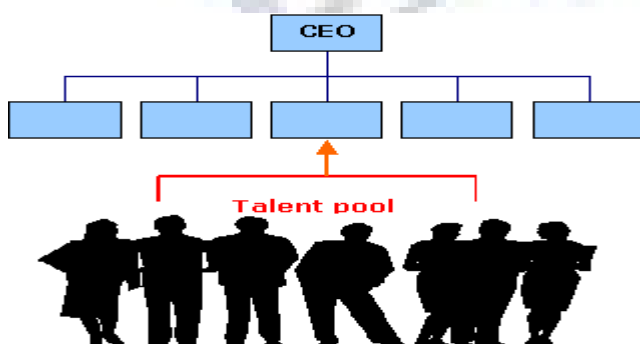
The prime purpose of this process is to identify particular individuals and develop them as possible successors to replace current jobholders at least in key positions. Through this, companies can assure a steady flow of internal talent to fill important vacancies, and thereby it is assured of continuity of operations and

better-qualified incumbents.

Succession Planning is a process of development of future leaders with the help of present leaders for the profitable survival and growth of an organization. It is a process, which helps the organizations to develop structured career development programme for the most talented individuals and align this with the needs of the organization.

WHAT EXACTLY A SUCCESSION PLAN IS?

Succession Planning in an organization actually takes place through Succession Plan. A Succession Plan is a plan for identifying who is currently in post and who is available and qualified to take over in the event of planned or unplanned, anticipated or unanticipated dissociation of those particular personnel. A typical succession plan shows the details of key personnels and brief references to their possible successors (Rao, VSP, 2010).



It will be much more than an organization chart which merely shows the reporting relationships among the personnel's at different levels. It is a perfect representation of "who succeed whom".

A Succession Plan can also be termed as Replacement Chart, as it is a visual representation of who will replace whom if there is a job opening. The Replacement Chart indicates likely replacements for each key job and shows their relative strengths and weaknesses. It reveals the status of likely candidates who could be considered on the basis of performance and potential, and the opinions by immediate superiors of future success in a new job.

Here, it is very much necessary to associate the succession plan with the annual appraisal process, both performance and potential, then only it can at least ensure that it is given a serious detailed attention at such time of the year when management is more predisposed to long term thinking.

Again, a succession plan should not be rigid and fixed at a point of time. It should cope with the changes in business plans.

SUCCESSION PLANNING – WHY INDISPENSABLE?

The concept of succession planning has become almost indispensable now-a-days for the organizations. In these days, where words like globalization, M & As, attrition, headhunting, poaching, job hoping etc. have become the buzz words, every organization invariably goes through situations where it is struck with a sudden movement of a senior executive; disaster strikes its key personnel making them unable to contribute further; constant challenges are thrown by a competitive and robust market making the availability of rightly skilled professionals a challenge; competition comes swooping down on its critical star performers; or a department head leaves taking his/her team along. These situations which if an organization has not planned and provided for well in advance, can impact the business in a manner which can hinder the life cycle of the business, be it sales, production, development or any other function as well as seriously hamper the overall growth prospects of the organization. A well thought out plan to mitigate these risks is what a meticulously designed succession planning programme in an organization can bring about.

In the book "Built to Last - successful habits of visionary companies", Jim Collins has identified 18 companies that had been at the forefront of their industries for at least 50 years. He found that one of the key reasons behind their success was their history of strong focus on succession and leadership planning, ensuring leadership excellence and continuity. This process involves more than merely finding a deputy; instead it is a conscious process of ensuring a seamless handover at a time when the business has the strength to anticipate this type of eventuality.

Long back, Henry Fayol (1841-1925) also recognized and signalled the need for management to take on the responsibility of ensuring stability of their personnel in their organizations. Fayol believed that ignoring this need would pave way for ill-prepared personnels making their way to key positions in the management, thereby affecting performance which is the fuel for growth.

The example of General Electric is a good one where CEO Jack Welch and the Board of Directors engaged in a lengthy and systematic review of the potential successors prior to his retirement. General Electric (GE) CEO, Jack Welch articulated this reality when he proclaimed well before his retirement, "From now on, choosing my successor is the most important decision I will make. It occupies a considerable amount of thought almost every day."

Similarly, when Orin Smith became president and CEO of Starbucks in 2000, he made it a top priority to plan his own succession. He established an exit date – in 2005, at age 62 – which helped him push his business agenda. Then, he started focusing attention on emerging leaders throughout the company. But, when he realized that the internal contenders would be too unseasoned for the CEO position by his exit date, he even did not hesitate to bring in an outsider, Jim Donald, as a promising successor.

And how can we forget the most recent and inspiring example of Infosys' Founder and Chairman, NR Narayana Murthy? As all know, Infosys would not have been possible without Murthy, but in August 2006, at the age of 60, when NR Narayana Murthy retired as the company's Chief Mentor and Executive Chairman, Infosys Technologies Ltd. was not really chewing its nails anxiously. A succession plan had long been put in place and a smooth transition of authority and leadership ensured. Although Murthy will continue as the Non-Executive Chairman of Infosys for another five years, he will not be involved in the day-to-day management of the company. Of the seven original founders of Infosys, one of India's greatest corporate success stories, only four remained at the helm of affairs of the company from August 2006. And yet, Infosys continues to be in very good hands to take on any challenge. The reason is a strong conviction in the philosophy of succession planning.

We have illustrations of GE, Infosys and such other corporate on one hand, while corporate like Thermax on the other. When Thermax's chief died suddenly, his wife Anu Aga had to step in without any previous experience. Thermax had to pay a heavy penalty for not finding a suitable successor, as in less than 5 years time, Thermax's sales declined from 990.45 crore in 1996 to 185.88 crore in 2000 (Rao, VSP, 2010).

So, we can say that the CEOs need to embrace succession planning to achieve their own legacies and financial success of the organizations they leave behind. In short, in the current cut-to-throat and highly turbulent business scenario, the need to devise a succession plan for key positions in the organization has only multiplied. The multiple needs served by succession planning can be summarized as follows:

Succession Planning – Why Indispensable?



➤ **Ensuring Leadership Continuity**

Imagine the disastrous consequences when there is a sudden vacuum at the top level, and the organization remains headless and consequently directionless for a while. The impact of a shaken leadership structure on an organization is tremendous. Too often organizations address the succession challenge through the rearview mirror. They wait for someone to step down or even worse, be removed. Then and only then do they entertain thoughts of who or what should happen next? If leadership transition is managed in this way, and not as a planned process, it will be done reactively, which almost always is inadequate and can create complications. An effective succession plan provides a healthy pipeline to ensure that leadership continuity in the organization will not be hindered at any cost. Aggressive succession planning is one of the best ways to ensure the long term success of the organization and help to build a steady, reliable leadership talent. Good succession planning builds a long "talent runway" – one that extends deep into the organization.

➤ **Recruit and Retain Star Performers**

Attracting and retaining star performers – one of the biggest challenges that today's HR managers face, can also be cope up with succession planning. At times, we need to keep in mind the 80-20 rule. If only 20% of the employees are the Star Performers in any organization then it would minimize the adverse impact of the remaining 80% not-so-good performers. And for this reason, it makes complete business sense to focus 80% management efforts in attracting and retaining such 20% key performers. But, being cosmopolitan in their outlook, these professionalized employees are known for organizational rootlessness and job hopping. So, an organization always runs the risk of losing these key people as their ability to find greener pastures by virtue of their service offering is undoubted. These fast trackers' development as potential leaders (successors) through succession planning initiative is complimentary – it's all about getting the right skills at the right place at the right time. Companies which fail to prioritize succession planning and subsequent leadership development end up either experiencing a steady attrition in talent or retaining people with outdated skills (the remaining 80%). Such organizations become extremely vulnerable when they have to cope with inevitable organizational upheavals.

➤ **Knowledge Management**

In this competitive era, the significance of knowledge management can hardly be underestimated. It is becoming a key differentiator and a source of competitive edge in many cases. Succession Planning can be effectively utilized as a tool to identify and tap the underlying intellectual capital in the organization. This certainly refers to the intellectual talent that an organization holds to funnel its growth opportunities and provide a niche for itself in the market.

➤ **Strategic Imperative**

Succession planning is becoming a distinct strategic imperative deserving the same attention as other strategic programmes, such as brand building; and an increasingly important factor in an ever-changing economy. Now, any initiative in the direction of succession planning in an organization can definitely act as a strong catalyst in the process of strategic planning at two ends. At the beginning of strategic planning, succession planning incorporated as an integral part of Human Resource Planning, provides a set of inputs into the strategy formulation process in terms of deciding whether the types and numbers of people are available to pursue a given strategy. At the end of the process, succession planning is relevant in terms of implementation concerns. To successfully implement and roll the growth strategy, the human resource pool plays a critical role and demand-supply gap in this pool can be efficiently addressed by succession planning to support the overall growth strategy. So, it is necessary to figure out the talent required to implement the business strategy and constantly strengthen the talent pool. In a sense, as HR is inching its way to claim a seat at the strategic table, the responsibility of making a proper succession plan to facilitate the formulation of the best-fit strategy for an organization and finally its successful implementation falls in their lap.

➤ **Right Sizing the Organization**

A constant challenge that the HR manager faces in any organization is to manage the headcount to an extent that the organization is neither understaffed nor overstaffed, but at any point is rightly staffed. Succession Planning ensures that there is neither the need for downsizing the organization nor the need for extensive and emergency recruitment. This ensures that there are no surprises in staffing and at any point of time, the organization has adequate buffer in the employee pool. Effective implementation of succession planning promises that the management will have the right person with the right skills at the right time in the right place to do the right things; and the headcount is managed.

➤ **Risk Combating Mechanism**

As pointed out earlier, an organization always runs the risk of losing its key personnel for many different reasons, ranging from retirement, and pursuit of new challenges, illness, death, decision to relocate to a new geographic region or position, head hunting by your competitor etc. It is not an easy task dealing with the ever-changing equations of the key people pipeline. In this era, the costs of hiring, training, and developing the employees can at times constitute to as much as 20-40% of an organization's operating costs. Again, one needs to consider the Time Lapsed Data (TLD) for filling up the key positions with suitable people at the right time. A key factor to combating this sort of crisis lies in identifying and developing internal talent. So, succession planning can act as a proactive approach to human resource staffing solutions than reactive. It is a risk combating mechanism to mitigate the business risks associated with the loss of key human resources. It can certainly act as a panacea of corporate risk or key man insurance. After all, it is more than just the passing of power and responsibility – it is about survival and continuity of the organization.

➤ **Removing the Succession Taboo**

Succession Planning should drive future leadership development in an organization with the help of present leaders. This sounds reasonable enough but is hard for many managers to accept and digest the logic of planning for their own exit. Psychologically, no body prefers to think about their mortality. Executives/Leaders are no exception to this rule.

Even when NR Narayana Murthy stepped down as the Chief Mentor and Executive Chairman of Infosys in August 2006, at the age of 60, he said, "It is not easy to let go. I will be less than honest if I say it was easy even for me. The reason why most people don't give up is that we all become victims of power, fame and it is not easy to give all that up."

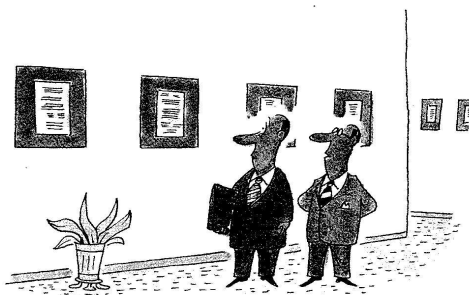
So, it's no secret that senior executives, especially those new to the position, see themselves as bulletproof. In their minds, talk of succession is analogous to talk about potential failure – they will be there forever – so they have little appetite for developing their successors. This is because many people, from the CEO on down, consider the word "succession" a taboo. Planning your own exit is like scheduling your own funeral; it evokes fears and emotions long hidden under the layers of defense mechanisms and imperceptible habits. Perversely, the desire to avoid this issue is strongest in the most successful CEOs. Their Standard Operating Procedure (SOP) is to always look for the next mountain to climb, not to step down from the mountain and look for a replacement. They have a deep rooted apathy and aversion towards creating second line leadership – the potential threats for their own status and power. But, systematic efforts in the

direction of succession planning involving the key people and ensuring their fullest commitment will definitely help to remove this succession taboo.

➤ **Keeping them on their toes**

Out of the many risks facing companies; one major risk is what is known as key people survival dependence. This is particularly the case with some key personnel whose association with the organization is pivotal in the securing of deal flow and ongoing revenue stream. But, one needs to understand that while strong leadership provides energy, drive, trust, credibility, personality and passion, reliance to the point of survival is risky and unhealthy. Added to this, due to a feeling of indispensability, the key personnel can become complacent and gradually non-responsive to the needs and demands of the organization in the changed scenario. This can be a killer for any organization. Succession Planning can be used to keep these key people on their toes to ensure the best performance under a bit of pressure of ready-to-serve second line leaders. This ensures that while executives within the organizations are building on their confidence to perform their roles better, they are at the same time not getting complacent in their roles.

Being conscious that the organization has a plan to build and support a position by strengthening and



Dave Coverly

"Those are our motivational posters. They're résumés of people who can replace us."

enabling more than one person to occupy a position will provide the required challenge within the organization for the executives to ensure that they are continuously making efforts to improve and deliver. This will definitely keep the required heat on.

SUCCESSION PLANNING STATUS

With some really amazing success stories and a strong body of evidence in favour of succession planning, there should be no surprise that organizations are taking a serious look at succession planning and more and more companies are making an effort to establish succession plans. But, only taking interest in succession planning is not enough.

The National Association of Corporate Directors found that forty-five per cent of companies worth over 500 million US dollars still did not have a clear succession plan.

In the year 2000, a Retention Practices Survey conducted by the Society for Human Resource Management reported that the highest rate of resignations occurred within professional ranks. As well, the 2001 Russell Reynolds survey, CEO Turnover in a Global Economy, interviewed three hundred institutional investors in Australia, Canada, France, Japan, the UK and the US. Fifteen per cent had called for a CEO's termination in the past year, and as much as twenty-seven per cent of the UK investors and thirty-seven per cent of Australian investors had "contributed" to a CEO's departure with an overall eighty-one per cent indicating that succession planning was a major concern.

Top 20 Companies for Leaders, a 2002 Hewitt Associates Study of 240 major U.S. companies, revealed that 73% of responding organizations had a defined succession planning process in place. However, only 13% said that their organizations always use succession plan well when making selection decisions. According to Marc Efron, Hewitt's Leadership Consulting Practice Leader, "This statistic really highlights the implementation challenge. Organizations need to focus on what will enable their plans to actually work."

There are also issues regarding the retiring baby boomer generation as the baby boomers continue to depart the workforce in increasing numbers, and the decreasing population of younger talent to replace them. By 2005, one in five executives will be eligible for retirement and according to Development Dimensions International, a significant number of companies will see forty to fifty per cent of their executives leave in the next five years. Occurring immediately after the economic conditions that caused the delay of previous retirement plans and the downsizing of talent pools that could have been developed, the mass exodus of a huge retirement population has many companies preparing for a talent war.

Investigating best business practices in this area, Beverly Kaye and Sharon Jordan-Evans studied twenty-five global talent leaders and found that the engagement and retention of talent has become a mission-critical priority for sustaining leadership in the marketplace. In addition, the 2002 Hackett Best Practices Survey of two thousand global companies cited succession management and planning as the single most successful strategy for reducing voluntary turnover. According to the Hackett survey, companies that practiced this approach reduced turnover by an average of sixty-five per cent.

According to a report by US-based business research firm Cutting Edge, while many companies have succession plans, very few follow through with the rigorous implementation required. In fact, 70 percent of succession plans fail due to bad execution.

Despite the growing awareness that succession planning is an essential process with numerous benefits, a recent study titled Effective Succession Management found that only one per cent of surveyed organizations rated their succession-management plans as "excellent" and as much as two-thirds described them as "fair or worse".

Now, as per the 2002 Hewitt Associates Study of 240 major U.S. companies and the report by US-based business research firm Cutting Edge, almost 70 percent of succession plans fail due to bad execution. Thus, organizations need to focus more on what will enable their plans to actually work, because ultimately, you can win by execution, not by having artful design only. So, are there any standard guidelines for making succession planning really work? When does succession planning succeed?

To have an insight into this, let's try to know,

why do traditional succession plans often fail?

In this research paper, based on the survey of 100 HR professionals across various sectors like Textile, Diamond-Jewellery, Chemical, Pharmaceutical, Insurance and Share Trading (Broking) Firms; the researcher has tried to find out the major reasons for the failure of succession planning.

RESEARCH METHODOLOGY

RESEARCH OBJECTIVES

- To study the spread and implementation of succession planning in selected organizations.
- To study the opinions of HR Professionals regarding the implementation of Succession Planning Programme in their organizations.
- To find out the major pitfalls / reasons for the failure of Succession Planning Programme in organizations.
- To suggest remedial measures for overcoming the obstacles and successfully implementing Succession Planning in the organizations.

RESEARCH DESIGN

Descriptive – Cross Sectional Research Design is used in this study.

DATA SOURCES

(i) Primary Data

Primary data regarding perceptions/opinions of HR Professionals about the implementation issues and concerns in Succession Planning Programme have been collected from 100 HR Professionals selected on the basis of convenience through a well designed structured questionnaire.

(ii) Secondary Data

Secondary data sources like the Internet, books, magazines, related research papers, etc. have been greatly used for Literature Review.

SAMPLING DESIGN AND SAMPLING METHOD

The respondents (100 HR Professionals) were selected by using Convenience Sampling method – One of the methods of Non-Probability Sampling Design Approach.

LIMITATIONS

- The time period being too short, the scope of the study had to be narrowed down.
- As samples were selected on the basis of convenience of the researcher, they may not be the representative of the total population.
- Sample size being too less compared to the total population, the findings cannot be directly generalized. Further research is expected.

DATA ANALYSIS AND INTERPRETATION (FINDINGS OF THE STUDY)

RELIABILITY ANALYSIS OF THE MEASUREMENT INSTRUMENT

Reliability Analysis of the Measurement Instrument used (the structured questionnaire) for this study has given the following finding:

Cronbach's Alfa	N of Items
0.802	40

Here Alpha is 0.802. According to thumb rule of Alpha, here instrument reliability is very good.

FREQUENCY ANALYSIS OF THE DEMOGRAPHICS

The Frequency Distribution of the Demographics of the 100 respondents – the HR professionals is presented in Table 1.

TABLE 1: CLASSIFICATION OF RESPONDENTS BASED ON DEMOGRAPHIC PARTICULARS

Sr. No.	Demographic Particulars	No. of Respondents
(1)	Age Group	
	21 – 30 years	19
	31 – 40 years	43
	41 – 50 years	07
	> 50 years	31
(2)	Industry Sector	
	Textile	15
	Diamond – Jewellery	25
	Chemical	10
	Pharmaceutical	22
	Insurance-Share Broking	28
(3)	Experience	
	2 – 5 years	37
	6 – 10 years	21
	11 – 15 years	18
	> 15 years	24
(4)	Gender	
	Male	79
	Female	21

Source: Primary Data

• **Factor Analysis**

Factor Analysis has been used as a tool for data reduction through the use of SPSS.

COMMUNALITIES

	Initial	Extraction
Top Mgt. Clarity	1.000	.911
Employee Rootlessness	1.000	.959
Belief in Delegation	1.000	.997
Progress Tracking	1.000	.997
No One Within	1.000	.952
Chain Preference	1.000	.961
No Link with Performance Appraisal	1.000	.994
Line Mgt. Role Clarity	1.000	.983
No Grooming of Rising Stars	1.000	.919
Managers' Insecurity	1.000	.984
Belonging To HR Only	1.000	.870
Abuse of Power	1.000	.950
No Openness and Fairness	1.000	.955
Subjective Judgments	1.000	.985
Puppet Development	1.000	.929
Competencies Not Identified	1.000	.990
Trade Union Interference	1.000	.986
Managers Weed out Threats	1.000	.966
Top Mgt.'s Privilege	1.000	.962
No Thought of Stepping Down	1.000	.931
No Recognition And Rewards	1.000	.986
Second Line of Command	1.000	.902
Ad-hoc Activity	1.000	.978
No Involvement of Managers	1.000	.997
No Strategic Alignment	1.000	.974
No Integration among HR, Line And Top Mgt.	1.000	.993
Planning Own Funeral	1.000	.982
No Alignment with Recruitment	1.000	.934
No Encouragement to Stars	1.000	.966
Secret Agenda	1.000	.905
Reliance on Performance Appraisal Data	1.000	.989
Not Considered a Strategic Imperative	1.000	.968
Stand Alone Activity	1.000	.977
No Potential Appraisal	1.000	.990
Failure of HR	1.000	.961
No Alignment With Trg. & Devt.	1.000	.998
Easy To Fill	1.000	.892
No One Accountable	1.000	.974
Managers Always Look For Next	1.000	.973
No Integration of Individual And Organization	1.000	.968

COMPONENT MATRIX (a)

	Component									
	1	2	3	4	5	6	7	8	9	10
Top Mgt. Clarity	.260	-.750	.296	.191	-.155	-.177	-.263	-.068	-.161	.037
Employee Rootlessness	.398	-.692	-.376	-.086	.160	.003	.209	-.140	.290	-.024
Belief in Delegation	.890	-.164	.258	.102	.036	.083	-.222	.027	-.197	-.055
Progress Tracking	.755	-.128	-.350	-.154	-.229	.131	-.068	-.370	-.090	-.213
No One Within	.244	.786	-.013	-.324	-.067	-.188	.159	.031	.279	.162
Chain Preference	.322	.699	-.459	.155	.249	-.144	.119	.097	-.157	.055
No Link with Performance Appraisal	.342	.049	.382	.657	.358	.176	.060	-.274	-.117	-.214
Line Mgt. Role Clarity	.058	.113	-.015	.794	.138	-.118	.513	-.191	-.055	.018
No Grooming of Rising Stars	.533	-.347	.212	.078	-.608	-.270	.129	.048	-.039	-.017
Managers' Insecurity	.630	.509	.111	-.491	.069	-.089	.123	-.148	-.137	.079
Belonging To HR Only	-.102	-.181	.664	-.280	.303	.078	.147	-.410	.124	-.068
Abuse of Power	.234	.479	.096	-.347	-.202	.555	.021	-.372	.068	-.209
No Openness and Fairness	.742	.243	-.330	-.299	.122	.050	.030	-.118	-.303	.152
Subjective Judgments	.150	-.073	.610	-.508	-.027	.454	.326	.053	-.078	.069
Puppet Development	.701	-.347	.000	-.397	-.210	-.043	.179	-.001	.279	.056
Competencies Not Identified	-.054	-.236	.522	.586	-.286	.126	.324	.294	-.146	.066
Trade Union Interference	.284	.104	.812	.001	.233	-.060	-.273	.091	.043	.306
Managers Weed out Threats	-.078	-.007	.144	.036	-.153	.911	.142	.022	-.237	.084
Top Mgt.'s Privilege	.648	-.607	.119	.275	.146	.147	-.096	.130	-.124	.022
No Thought of Stepping Down	.701	-.264	-.176	.372	.269	-.214	.202	.129	-.152	.053
No Recognition And Rewards	.380	.516	-.059	.446	.237	.247	-.137	-.342	.336	.077
Second Line of Command	.272	.058	.204	-.185	.778	.224	-.011	.212	.214	-.054
Ad-hoc Activity	.324	.204	.499	-.106	.398	-.107	.014	.530	.092	-.334
No Involvement of Managers	.715	.006	-.510	-.088	-.335	-.229	-.032	.063	.145	-.162
No Strategic Alignment	.679	.166	.085	.060	-.540	.071	.402	-.049	.082	.086
No Integration among HR, Line & Top Mgt.	.517	.188	-.087	.689	-.049	.166	.121	.130	.364	.119
Planning Own Funeral	.647	-.035	.183	-.007	.549	-.398	.081	-.235	.054	-.074
No Alignment with Recruitment	.337	.079	-.542	.271	.468	.332	-.208	-.057	-.060	-.261
No Encouragement to Stars	.667	-.423	.218	-.310	-.175	-.222	-.302	-.011	.146	.077
Secret Agenda	.593	-.335	-.563	-.079	-.183	.120	.177	-.074	-.146	.108
Reliance on Performance Appraisal Data	.663	-.441	.052	-.138	.168	.379	-.110	.034	.156	.353
Not Considered a Strategic Imperative	.783	.209	.114	.037	-.149	.238	-.280	.313	-.177	.106
Stand Alone Activity	-.244	-.404	-.442	-.337	.167	.401	.332	.295	.112	-.217
No Potential Appraisal	.556	.185	.179	-.229	-.065	-.132	.400	.467	-.082	-.393
Failure of HR	-.054	.722	.131	-.341	.208	-.195	.066	-.071	-.449	.107
No Alignment With Trg. & Devt.	.333	.726	.301	.234	-.304	-.086	.281	-.114	.108	.107
Easy To Fill	-.416	-.443	.075	-.197	.437	-.117	.431	-.039	.173	.237
No One Accountable	.077	.304	-.656	.012	.261	.144	-.061	.453	.025	.383
Managers Always Look For Next	.516	.558	.220	.119	-.236	.075	-.364	.154	.290	-.176
No Integration of Individual & Organization	.723	-.235	-.065	-.171	.494	-.209	.118	-.143	-.184	.035

Extraction Method: Principal Component Analysis
 10 components extracted.



We can reduce these factors and club them into 3 as follows:

1. **Managers' Insecurity**
2. **Stand-alone and Ad-hoc Activity**
3. **Lack of commitment on the part of top management**

Let us understand the aforesaid real time obstacles in succession planning programme:

- (1) **Managers' Insecurity:** The managerial level staff is not comfortable when it comes to delegation of power and authority to a lower ranking subordinate. And this has been the prime obstacle in succession planning which requires a manager to substantially share his/her powerbase with the identified successors and groom him/her. So, they have a deep rooted apathy and aversion towards creating second line leadership – the potential threats for their own status and power. In absence of inner urge on the part of higher ranking managers to whole heartedly strive for developing the future leaders through succession planning, the succession planning remains on paper only.
- (2) **Stand-alone and Ad-hoc Activity:** The succession planning function should be an integrated HR function having close links with Manpower Planning, Performance Appraisal, Potential Appraisal, Career Planning & Development, Assessment & Development Centre and such other HR functions. But, ironically, in most of the organizations, it is carried out as a Stand-alone function leading to failure. Further, the whole process of succession planning is not a one-shot affair. It's an ongoing process. Further, it should not be carried out only with "as and when needed" attitude. It should be an integral part of top management's strategic plans itself.
- (3) **Lack of commitment on the part of top management:** Every HR initiative requires continued blessings from the top management. And Succession Planning is not an exception to this general rule. On the contrary, in order to nurture the philosophy of cultivating future leaders with the help of present leaders and create non-threatening professional culture; the top management should go beyond "leap service". They should openly support it as such leadership identification and development initiatives would be fruitless if it does not enjoy consistent support, backing, and blessings from the top.

RECOMMENDATIONS

As such, there is no "one size fits all" framework for succession planning as every organization is different and so would be its plans for succession at various levels. Yet, some broad guidelines can be given. Based on the findings of the research study in terms of the major reasons for the failure of succession planning programme, I would like to suggest the following remedial measures for successfully designing and implementing succession planning programme in organizations. These steps will certainly ensure success in filling up a void at any time without affecting the morale and motivation of those presently working well.

- ☞ In the beginning itself, it is necessary to clarify the responsibility and accountability of the concerned parties. This is crucial as many executives believe that leadership development is a job of the HR department – the single biggest misconception. Companies that are good at growing leaders, operating managers, not HR people, are at the front line of planning and development.
- ☞ There should not be any secrecy in implementation of succession plans. All employees should be aware that such a process exists and how the process works.
- ☞ The succession planning programme must be given strategic importance and linked to major subsystems of HR.
- ☞ The line managers should be made responsible for mentoring the emerging leaders, passing on important knowledge, helping them to cultivate new skills, and providing helpful evaluations and feedback. They must come out of their so called feeling of insecurity and succession taboo; and assist in the process of nurturing and grooming the future talent to serve the organization. They should not treat them as potential threats to their own status and power. This becomes possible only when HR devises some mechanisms for recognizing and rewarding managers for building great leaders and seeding the company with this talent. HR should make the line managers understand that their own evaluations, development plans, overall success etc. depend on how successfully they nurture their subordinates; and thereby grow potential leaders. This will probably remove the 'succession taboo' among them.
- ☞ The CEO / Board / top management has a major role to play in succession planning. The board should assume high-level ownership of the overall system. The success of succession planning programme depends much on the support, backing, and continued blessings of the board. Their support should go beyond leap service, as they have a key part to play in building a culture of coaching and mentorship and upliftment throughout the organization. Here, the HR expert is responsible for explaining the underlying goals of the whole process to business leaders, conveying accountability, and training the concerned people on company's succession planning programme. HR should also focus on creating a culture wherein managers feel comfortable in identifying high potentials and developing them, rather than being threatened by them.

REFERENCES

- 1) Aswathappa, K. (2006), Human Resource and Personnel Management – Text and Cases, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, pp. 97-98.
- 2) Cespedes, F. V. and Galford, R. M. (2004), "HBR Case Study – Succession and Failure", Harvard Business Review.
- 3) Cohn, J. M., Khurana, R. and Reeves, L. (2005), "Growing Talent as if Your Business Depended on It", Harvard Business Review.
- 4) Dessler, G. (2006), Human Resource Management, Pearson Education, New Delhi, pp.163-164.
- 5) Devaguptapu, U. (2006), "Succession Management", HRM Review, Vol.-VI, Issue-12.
- 6) Groysberg, B., McLean, A. N. and Nohria, N. (2006), "Are Leaders Portable?", Harvard Business Review.
- 7) Hewitt People News Online (2003), "After Me, Who?", Headstart.
- 8) Pattanayak, B. (2009), Human Resource Management, Prentice Hall of India Pvt. Ltd., New Delhi, pp. 140-143.
- 9) Prasad, VRK (2006), "Succession Planning", HRM Review, Vol.-VI, Issue-12.
- 10) Priestland, A. and Hanig, R. (2005), "Developing First-Level Leaders", Harvard Business Review.
- 11) Ramani, V. V., "Succession Planning – Insights and Experiences", The ICFAI University Press, Hyderabad.
- 12) Rao, V.S.P. (2010), Human Resource Management – Text and Cases, Excel Books, New Delhi, pp. 306-314.
- 13) Reddy, D. A. (2004), "How to Grow Great Leaders", Harvard Business Review.
- 14) Reddy, M. (2006), "Why Succession Planning and Management Makes Greater Business Sense Today?" HRM Review, Vol.-VI, Issue-12.
- 15) Saiyadain, M. S. (2006), Human Resource Management, Tata McGraw-Hill Publishing Co. Ltd., New Delhi, pp. 61.
- 16) Sheth, P. and Sheth, T. (2005), "Reshuffle in the corner office", Indian Management, Vol.-44, Issue-8.
- 17) Skaria, G. (2006), "Leadership – A New Era", Indian Management, Vol.-45, Issue-12.
- 18) Snell, S. and Bohlander, G. (2007), Human Resource Management, Thomson Learning, pp. 65-66.
- 19) Subba Rao, P. (2010), Essentials of Human Resource Mgt. & Ind. Relations – Text, Cases & Games, Himalaya Pub. House Pvt. Ltd., Mumbai, pp. 241-242.
- 20) Thakkar, M. G. (2007), "Succession Planning – Not Really Successful in India", Proceedings (in CD format) of the National HR Conference on HR in a Changing Work Culture, IES Mgt. College & Research Centre, Mumbai.
- 21) www.bdc.ca/en/my_project/projects/articles
- 22) www.deccanherald.com/may312006
- 23) www.expresscomputeronline.com
- 24) www.galtglobalreview.com/business/succession.html
- 25) www.leadersdirect.com/succession.html
- 26) www.successionwizard.com
- 27) www.themanager.org/strategy
- 28) www.transitionguides.com/eds/succession.html
- 29) http://en.wikipedia.org/wiki/succession_planning

CONTEMPORARY ISSUES IN STRATEGIC MANAGEMENT FOR BUSINESS

K. AMUTHA
ASST. PROFESSOR IN COMMERCE
VIDYASAGAR COLLEGE OF ARTS AND SCIENCE
UDUMALPET, TAMIL NADU

ABSTRACT

The study shows that the success of business is based on decide goals and objectives. And also determine the correct status of the further business projects, provide the correct focus for the attention and action of the management, evolve, decide and determine the mix of the strategies and generate the standard norms, the ratio and yardsticks for measurement and control. The Integrated resource management is improving the business strategy. Supply chain management reducing the cost of business and its operations. Customer Relation Management gaining loyalty and repeat business. The Product Life Cycle of management enabling the product improvement and maintenance.

KEYWORDS

strategic management, business projects.

INTRODUCTION

Planning means taking a deep look into future and assessing the likely events in the total Business environment is taking a suitable action to meet any eventuality. Planning is a dynamic process. The essence of planning is to see the opportunities and the threats in the future and predetermine the course of action to convert the opportunity into a business again, and to meet the four threats to avoid any business loss. Planning, in terms of future, can be long-range or short range. Long-range planning is for a period of five years or more, while short-range planning is for one year at the most. The long-range planning is more concerned about the business as a whole, and deals with subjects like the growth and the rate of growth, the direction of business, establishing some positions in the business world by way of a corporate image, a business share and soon. On the other hand, short range planning is more concerned with the attainment of the business results of the year. It could also be in terms of action by certain business tasks, such as launching of a new product, starting a manufacturing facility, completing the project, achieving in terminate milestone on the way to the attainment of goals.

OBJECTIVES OF THE STUDY

The present study is undertaken with the following objectives:

1. To understand the different dimensions of planning of an organization.
2. To study the essentials of strategic planning of an organization.
3. To examine the contemporary issues in business management and
4. To develop new strategies for addressing these contemporary issues'

METHODOLOGY

Since the planning is the first and foremost function of a business management, the top management has to face a lot of issues from time to time. It is essential that the top management has to understand clearly the contemporary issues in order to find out the ways of addressing these issues. In this regard, the present study makes an attempt to enable the management to understand the various dimensions of planning and essentials thereof. The contemporary issues in the current scenario have been analyzed and the new strategies developed for addressing these issues have also been dealt with in this paper.

DIMENSIONS OF PLANNING**TIME**

The plan is made on a rolling basis. The rolling plan provides an opportunity to correct or revise the plan in the light of any new information the planner may receive.

ENTITY

The plan entity is the thing on which the plan is focused. The entity could be the production, the finance, the marketing, the capacity, the manpower or the research and development. The goals and the objectives would be stated in terms of these entities.

ORGANISATION

The breaking of the corporate business plan into smaller organisational units helps to fix the responsibility for execution. The corporate plan, therefore, would be master plan and it would comprise several subsidiary plans.

ELEMENTS

One important element of the plan is a budget stipulated for achieving certain goals and business targets. The budgets are provided for sales, production, stocks, resources, expenses which are monitored against the time in execution period. The budget and performance provide meaning full measure about success and failure of the plan designed to achieve certain goals.

CHARACTERISTICS

The choice of Characteristics is a matter of convenience helping to communicate to everybody concerned in the organisation. The plan is based on rational assumption of the future, it provide weightage to the past achievements and corporate strength and weaknesses. The typical Characteristics of a corporate plan are the goals, resources, the important milestones, the investment details and variety schedules.

MEANING OF STRATEGY

The strategy means the manner in which the resources, such as the men, the material, the money and the know-how will be put to use over a period to achieve the goals. The resources of an organisation are deployed based on its goals and its business strategies but also the competition being faced by it. The game is of evolving strategies and counter strategies to win.

ESSENTIALS OF STRATEGIC PLANNING

The various reasons make planning an essential management process to keep the business in a good shape and conditions. They are given below.

MARKET FORCES

The market forces affect the sales, the growth and the profitability with the problems arising out of market forces; it is difficult to reorient the organisations quickly to meet the eventualities adversely affecting the business unless the business is managed through a proper business plan.

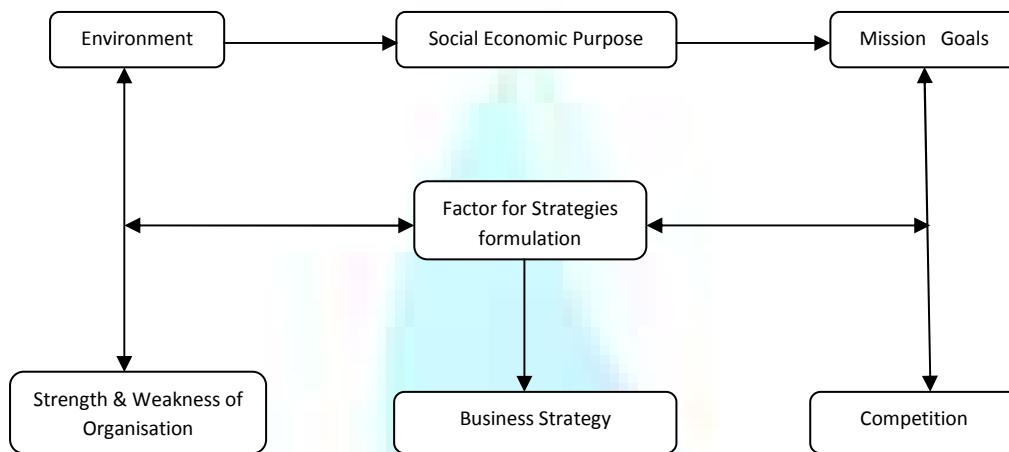
TECHNOLOGICAL CHANGE

The Technological changes have affected not only the business prospects for the managerial and operational styles of the organisations. In the absence of any corporate plan, such a technological change can bring the organisation into some difficult problems and in some cases, can pose a threat to its survival. The corporate plan is expected to ensure the recovery of the business investment before such a technological change takes over.

COMPLEX DIVERSITY OF BUSINESS

The scope of business is wide, touching many fronts. The variety of products, the different market segments, the various methods of manufacturing the multiple locations, the dependence on the external factors, such as the transport, the communications and the manufacturing resources brings complexity in the management of business. Many factors are controllable only when there is a plan prepared with due consideration to the diverse and complex nature of business, handling these papers is not possible. This might lead to the loss of business opportunity.

FIGURE NO 1: LONG TERM BUSINESS STRATEGY



COMPETITION

Competition could be direct or indirect it may share the market or create a new product which will shift a market affecting your business. Competition natural phenomenon in business and it has to be dealt with in a proper manner to protect business interest. It forces the management to look for new products, new markets and new technologies to keep the market share intact, the process controlled and the quality improved. The competition should never be underestimated and has to be met squarely through corporate planning.

ENVIRONMENT

The Environment is beyond the control of management. Depending upon the organisation’s business and its propose, different environment have bearing on the fortunes of business. It includes social, business, economic, industrial, technological environments affecting the business. Forecasting the probable environment changes are population changes, population mix, consumer preferences and their behaviour Government policies, new opportunities etc., are the major task under corporate planning.

DEVELOPMENT OF THE BUSINESS STRATEGIES

LONG RANGE STRATEGIC PLANNING

Planning also has a process and methodology. It goes without any extra emphasis that the corporate planning is a top management responsibility. It begins with deciding the social responsibility, and proceeds to spell out the business mission, goals, and the strategies to achieve them. After determining the mission and the goals, the next task is to set various objectives for the organization. The objectives are described the terms of business results to be achieved in a short duration of a year or two. The objectives are measurable and can be monitored with the help of business tools and technologies. Objectives may be profitability, the sales, the quality standard, the capacity utilisation, etc. When achieved, the objectives will contribute to the accomplishment of the goals and subsequently the mission. The success in achieving the goals and objectives is directly dependent on the management’s business strategies.

The development of the strategy also considers the environmental factors such as the technology, the markets, the life style, the work culture, the attitudes, the policies of the government and so on. A strategy helps to meet the external forces affecting the business development effectively and further ensures that the goals and the objectives are achieved. The development of the strategy considers the environmental factors such as technology, the market, the life style, the work culture, the attitudes, the policies of the government and so on. A strategy helps to meet the external forces affecting the business development effectively and further ensures that the goals and objectives are achieved. The development of the strategy considers the strength of the organisation in deploying the resources and at the same time it compensates for the weaknesses.

TYPES OF STRATEGIES

The right strategy beats competition and ensures the attainment of goals. If strategies consider a single point of attack by a specific method is known as **pure strategy**. If a strategy act on many front by different means is called **mixed strategy**. The strategy may be pure or mixed. It can be classified into four categories.

OVERALL COMPANY STRATEGY

This strategy considers a very long term business perspective deals with the overall strength of the entire company and evolves the policies of the business which will dominate the course of business movement. It is the most protective strategy.

GROWTH STRATEGY

It means the selection of a product with very fast growth growth potential. It means choice of industries such as Electronics, communication, transport, textile, plastic ect., were the growth potential exists for expansion, diversification and integration.

PRODUCT STRATEGY

A growth strategy, where the company chooses a certain product with particular characteristics, becomes a product strategy. A product strategy means choice of a product which can expand as a family of products and provide the basis for adding associated products. It can be positioned into the expanding markets by way of model, type and price.

MARKET STRATEGY

The marketing strategies act as an expediting and activating force for the product and the growth strategy and as a force which accelerates business development. They are generated to create loyalty and preference, for holding market share, for communicating consumer needs and also explaining how the product satisfies it. Marketing strategies are generally centered on one of the factors such as quality, price, services, and availability.

SHORT RANGE PLANNING

Short-range planning deals with the targets and the objectives of the organization. Based on the goals and the objectives, a short-range plan provides the scheme for implementation of the long-range plan. Short-range plans are made for one year in terms of the targets which are to be achieved with in the given budgets. The organisation translates long-range plans into the target covering all the critical areas of the business, to be achieved by the organization on a time scale.

THE ADVANTAGES OF SHORT RANGE PLANNING WITH THE HELP OF BUDGETS ARE AS FOLLOWS:

- ✓ It gives the manager a clear target of achievement
- ✓ It specifies to the manager the resource allocation for a given task and the freedom to use it.
- ✓ It provides the manager with information on the performance; whether it is under or over the budget.
- ✓ It helps the management assess the overall performance of the business in the light of short term targets and long term goals.
- ✓ It provides an efficient tool to coordinate all the efforts within the organization.
- ✓ It provides the management selective information on the shortfalls and overruns, for immediate action
- ✓ It provides all the information in monetary terms for comparison between any two business entities in the organization.
- ✓ The budgeting, as a tool of short range plans, forces the manager to set the targets and to access the resources requirement to meet the targets.

STRATEGIC ANALYSIS OF BUSINESS

The business today is competitive. The competitive advantage is not a natural result of a management process. It has to be built through a systematic approach through manipulation of leveraging factors. Michel Porter’s five forces model suggest how to go about building the approach. The fives forces, which drive an organisation in competitive tussle, are

- * Business Rivalry
- * Threat from substitute product or service
- * Threat of new entrants
- * Bargaining power of suppliers
- * Bargaining power of customers

These forces are handled effectively by analysing business of the organisation in different manner, and building strategies, which offer a competitive advantage. The manner in which such advantage can be built is to use one or a combination of following five strategic options are:

CREATE BARRIERS OF ENTRY

A fundamental concept of business to survive and grow is creating barriers for new entrants so that birth of competition itself is prevented. Apart from other strategic initiatives, organisation resorts to IT applications in mission critical areas, which raises the value of product or service offered. IT applications are possible in manufacturing, distribution, post – sales service, customer relations, improving quality of product and service. It also generates quick response to customer order or query, short cycle time and reduction in resource costs. If an organisation successfully implements these applications it becomes strength making barrier for a newcomer to enter with similar matching strength.

REDUCTION IN PROCESS COST

IT application reduces the cost of business operations by reducing the use of resources and cutting down the process cycle time. IT contributes significantly to the goal of becoming a low cost production of goods and services. Transaction processing with the use of automated data captures tools reduces the operative overheads. IT enabled inventory management and supply chains reduce interest cost due to reduction of inventory holding.

DIFFERENTIATING PRODUCT FUNCTIONS, FEATURES AND FACILITIES

The product and /or services differentiation can be achieved first through technology, adding innovative better functions and features, and facilities in product or service. The technology is used to innovate functional side of the product or service through better design, customisation and variety of features. IT applications help monitor, tract and post sales activities helping customer to solve the problems. In manufacturing process, more online real time intelligent support is provided to improve the output of the process.

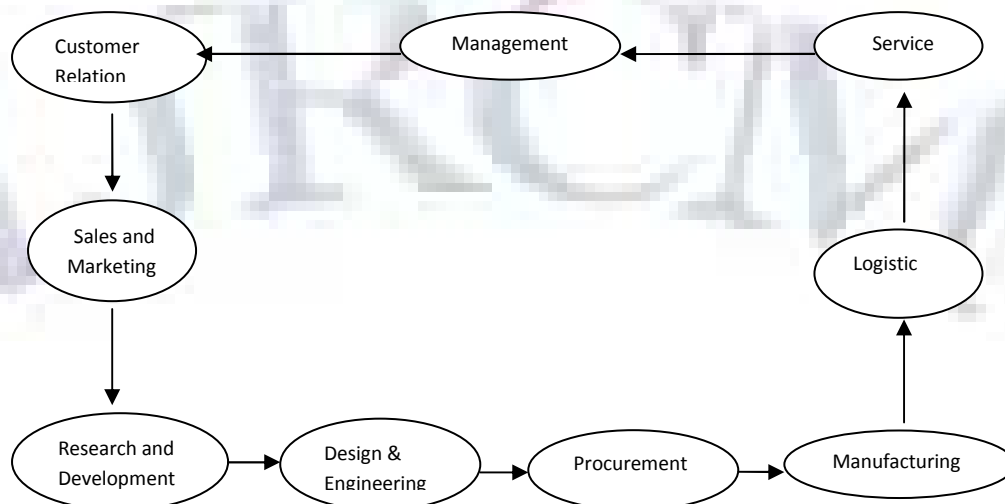
SCORING THROUGH QUALITY ASSURANCE OF PRODUCT OR SERVICE

Technology has ability to address this issue across the scope of system i.e. Input-Process-Output. It is capable of checking quality of input, controlling the process of input conversion so that process defects are removed and ensures quality of the output. It based IS solutions are capable of providing decision making support through expert systems, control systems and AI systems. The statistical quality control (SQC), Total Quality Management (TQM), Quality Assurance system, Knowledge Management Systems use IS and IT tools and techniques to improve quality of the product or service. It is to be noted that next to price, quality is the most attractive proposition to customer giving strategic benefit and competitive advantage to the organisation.

MOVING UP ON VALUE CHAIN

Improving value chain proposition works on six dimensions of the product or service namely, functional quality, service and product features, customer problem solving, delivery and continuous innovation.

FIGURE NO. 2: VALUE CHAIN AND SIX DIMENSIONS OF IMPROVEMENT



Improving value chain means improving communications to one and all, reducing costs of each aspects of business, reduce cycle time of transaction or operation, monitor and meet customer expectations, assess rivals moves, and improve customer service and relations. The value chain is made up of all entities

(process, tasks, individual, and company) that participate in the production of product or service. Each entity adds value to product or service. It encompasses all processes, tasks and stages between suppliers and customers.

CONCLUSION

The success of business is based on decide goals and objectives. And also determine the correct status of the further business projects, provide the correct focus for the attention and action of the management, evolve, decide and determine the mix of the strategies and generate the standard norms, the ratio and yardsticks for measurement and control. The Integrated resource management is improving the business strategy. Supply chain management reducing the cost of business and its operations. Customer Relation Management gaining loyalty and repeat business. The Product Life Cycle of management enabling the product improvement and maintenance.

REFERENCES

1. James,A.,O.Brien (2005), "Introduction to Information System" ,Tata McGraw Hill, New Delhi.
2. Jawadekar,W.S. (2004), "Management Information System", Tata McGraw Hill, New Delhi.
3. Turban,E., McLean,E.And Wetherbe,J,(2001) "InformationTechnology for Management" Making Connections for Strategic Advantage, John Wiley and Sons.



ANALYSING THE SIGNALING EFFECTS ON ICICI BANK'S SHARE PRICE – EMPIRICAL STUDY

V. PRABAKARAN
ASST. PROFESSOR
KPR SCHOOL OF BUSINESS
COIMBATORE

D. LAKSHMI PRABHA
LECTURER
KPR SCHOOL OF BUSINESS
COIMBATORE

ABSTRACT

The purpose of this study is to analyze the signaling effect (stock dividends, Revision of Bank Rate & SLR Rate by RBI) on ICICI's share price and to study whether this information is interpreted independently of other simultaneously published new information. The study analyzed the changes happened in share price and trading volume between pre & post dividend announcement periods (130 working days) and between pre and post revision of bank rate & SLR rate by RBI (60 working days) were considered and analyzed. For this analysis statistical tools are used to find the significant difference between pre and post event announcement. The study found the statistical difference in share price and traded volume in some event.

KEYWORDS

Corporate Event Announcements, Share price Trend, Dividend Declaration, Signaling effect.

INTRODUCTION

Dividend is commonly defined as the distribution of firms profit among the shareholders firm in a proportionate to their ownership. Dividend announcement, revision of bank rate and SLR rate has more implication investors, managers, depositors and others stake holders. For investor dividend declaration is a profit of their investment which motivates them to buy and hold a particular share. Similarly revision of bank rate and SLR rate has more implication on investing and lending. Revision of the bank rate and SLR rate is the best tool to attract investor to trade on its share price which leads to significant difference in share price before and after announcements. The study aims to analyze the impact of event announcements on its share price & traded volume.

REVIEW OF LITERATURE

Venkatesh.P.C (2004) has done his study on "The impact of dividend initiation on the information content of earnings announcements and returns volatility" (Journal of Business, Vol 62 Issue 2). The results indicate that the average price reaction to earnings announcement is generally smaller after the introduction of dividends. The results are stronger when earnings precede dividends; that is, earnings announcements that follow dividends. Dividend initiation has an impact on the characteristics of daily returns and the volatility of daily returns, falls after dividend initiation

"Asquith, Paul; Mullins Jr., David W (2004) has done his study on "The impact of initiating dividend payments on shareholders' wealth" (Journal of Business, Vol-53 Issue 1). The results suggest that subsequent increases of dividend may produce a larger positive impact on shareholders' wealth. The results also indicate that other studies may have underestimated the effect of dividend increases.

Yilmaz, Mustafa Kemal, Gulay, Guhzan (1999) has done his study on "Dividend Policies and Price-Volume Reactions to Cash Dividends on the Stock Market" (Emerging Markets Finance & Trade; Vol. 42 Issue 4). The results showed that the trading volume shows a considerable upward shift before the payment date and, interestingly, is stable after. The findings support price-volume reaction discussions on the dividend payment date and the significant effect of cash dividends on the stock market

Liljeblom, Eva (2000) has done his study on "The information impact of announcements of stock dividends and stock splits" (Journal of Business Finance & Accounting, Winter89, Vol. 16 Issue 5) The results indicate that the unexpected EPS change as well as the stock dividend/stock split announcement are the most important reasons for significant price reactions following the announcement

David and Garrison (1989) examined the impact of common stock repurchasing firms common stock returns. They have many other studies undertaken in the past on the usage of event study methodology to measure the likely impact of buyback announcements on share prices and their returns, however, this was a first study undertaken in Indian scenario.

OBJECTIVES OF THE STUDY

1. To analyze the impact of corporate event (dividend) announcements on share price
2. To study the impact of change in Bank rate and SLR rate on share price
3. To analyze the share price & trading volume trends

HYPOTHESIS**CASE 1: ANALYZE THE IMPACT OF EVENT ANNOUNCEMENT ON SHARE PRICE**

Ho: There is no significant difference between the share price of ICICI Bank before and after corporate event announcements

Ha: There is a significant difference between the share price of ICICI Bank before and after corporate event announcements

CASE: 2 ANALYZE THE IMPACT OF EVENT ANNOUNCEMENT ON TRADED VOLUME

Ho: There is no significant difference between the traded volume of ICICI Bank before and after corporate event announcements

Ha: There is a significant difference between the traded volume of ICICI Bank before and after corporate event announcements

CASE: 3 ANALYZE THE IMPACT OF REVISION OF BANK RATE ON SHARE PRICE

Ho: There is no significant different between the share price of ICICI Bank before and after revision of bank rate

Ha: There is no significant different between the share price of ICICI Bank before and after revision of bank rate

CASE 4: ANALYZE THE IMPACT OF REVISION OF SLR RATE ON SHARE PRICE

Ho: There is no significant different between the share price of ICICI Bank before and after revision of SLR rate

Ha: There is no significant different between the share price of ICICI Bank before and after revision of SLR rate

METHODOLOGY

The study intended to analyze impact of the corporate event announcements on company's share price whose stock is listed in National Stock Exchange during the period 01.01.2006 to 31.12.2010 comprising of 6 corporate event announcements and to analyze the impact of change in bank rate and SLR rate on share price during the year 1997 to 2002 comprising of 6 and 5 event announcement respectively.

SOURCES OF DATA

The information regarding closing share price, dividend announcements, dates of dividend declaration and values of Bank Index were obtained from website of NSE (www.nseindia.com) & from India Info line (www.indiaonline.com). The revision of bank rate and revision of SLR rate announced by RBI are taken from Reserve Bank of India (www.rbi.gov.in). Other relevant information's are also obtained from books and journals.

ANALYSIS & INTERPRETATION**TABLE NO. 1: STATISTICAL STUDY OF DIVIDEND ANNOUNCEMENTS 1, 2 & 3**

S.No	Particulars	Event 1		Event 2		Event 3	
1	Dividend Record Date	04/08/2005		06/07/2006		14-06-2007	
2	Period of study	Before Announcement	After Announcement	Before Announcement	After Announcement	Before Announcement	After Announcement
3	Correlation	0.019		-0.73		-0.45	
4	Mean Value (Share Price)	427.78	523.26	558.01	587.41	885.39	918.93
5	Beta	0.14	0.15	0.11	0.12	0.0717	0.105
6	Mean Value (Traded Volume)	716033	1382683	966376	1164949	1358975	2223093
7	Return	38.74	-1.51	-18.54	44.67	6.44	-2.40
8	Standard Deviation (Share Price)	40.58	39.35	56.15	66.42	41.41	46.85

INTERPRETATION

From the above table it is cleared that, event 2 & 3 shows a negative correlation between before announcements and after announcements which indicate the movement of share price in the opposite directions. Beta value during the event 1, 2 & 3 are lesser than 1 which indicates the defensive stock. In the entire three events after announcements the traded volume level has gone up and the company showed a highest rate of return during the post declaration period of event 2.

TABLE NO. 2: STATISTICAL STUDY OF DIVIDEND ANNOUNCEMENTS 4, 5 & 6

S.No	Particulars	Event 4		Event 5		Event 6	
1	Dividend Record Date	10-07-2008		11-6-2009		10/06/2010	
2	Period of study	Before Announcement	After Announcement	Before Announcement	After Announcement	Before Announcement	After Announcement
3	Correlation	0.71		0.13		-0.80	
4	Mean Value (Share Price)	796.33	624.14	388.22	711.37	913.8	924.58
5	Beta	0.108	0.144	0.023	0.028	0.11	0.09
6	Mean Value (Traded Volume)	4655447	10580574	17050706	9940650	4203435	3563454
7	Return	-18.68	-27.12	36.64	41.03	-10.73	23.94
8	Standard Deviation (Share Price)	100.11	84.80	67.80	59.13	48.22	57.95

INTERPRETATION

From the above table it is cleared that, event 6 shows a negative correlation between before announcements and after announcements which indicate the movement of share price in the opposite direction of market movement. Event 4 shows a high level of correlation between before announcements and after announcements which indicate the movement of share price in almost same direction. Beta value during the event 4, 5 & 6 are less than 1 which indicates the defensive stock. In the event 5 & 6 after announcements the traded volume level has decreased slightly. The company showed a highest rate of return during the post declaration period of event 5

TABLE NO. 3: STATISTICAL STUDY OF REVISION OF BANK RATE – 1, 2 & 3

S.No	Particulars	Event 1		Event 2		Event 3	
1	Revision date	17-02-1998		02-03-1999		02-04-2000	
2	Revised value	11%		8%		7%	
3	Period of study	Before Announcement	After Announcement	Before Announcement	After Announcement	Before Announcement	After Announcement
4	Correlation	-0.23		-0.69		-0.35	
5	Mean Value (Share Price)	42.76	46.23	24.62	26.05	161.41	215.26
6	Daily average return	-0.24	0.40	-0.03	0.14	2.46	-0.20
7	Standard Deviation (share price)	3.97	4.19	1.83	1.83	54.49	9.97

INTERPRETATION

From the above table it is cleared that, the RBI has decreased the bank rate continuously from 1998 which influenced the share price to move drastically, the evidence from negative correlation between the pre and post declaration period confirmed the share price movement. The mean value of share price increased after announcements. The stock price fluctuates highly before announcements during the year 2000 (event 3) which indicated by higher value of standard deviation and higher level of daily average return.

TABLE NO. 4: STATISTICAL STUDY OF REVISION OF BANK RATE – 4, 5 & 6

S.No	Particulars	Event 4		Event 5		Event 6	
1	Revision date	17-02-2001		23-10-2001		30-10-2002	
2	Revised value	7.5%		6.5%		6.25%	
3	Period of study	Before Announcement	After Announcement	Before Announcement	After Announcement	Before Announcement	After Announcement
4	Correlation	-0.35		0.90		0.03	
5	Mean Value (Share Price)	157.74	168.04	98.67	96.55	137.92	135.69
6	Daily average return	0.28	0.003	-0.44	-0.08	-0.10	0.17
7	Standard Deviation (share price)	12.04	14.07	19.38	6.71	4.86	8.96

INTERPRETATION

It is clear from the above table, the value of bank rate is decreased over the period and the correlation value during the year 2001 (event 5) showed almost perfect correlation between pre and post announcements. In the event 4 & 6, the volatility of share price after announcements are higher than before announcements which shows in the value of standard deviation.

TABLE NO. 5: STATISTICAL STUDY OF REVISION OF SLR RATE 1, 2 & 3

S.No	Particulars	Event 1		Event 2		Event 3	
1	Revision date	17-01-1998		29-08-1998		20-11-1999	
2	Revised value	10.5%		11%		9%	
3	Period of study	Before Announcement	After Announcement	Before Announcement	After Announcement	Before Announcement	After Announcement
4	Correlation	-0.47		0.12		0.26	
5	Mean Value (Share Price)	36.39	31.43	35.22	86.46	210.74	170.36
6	Daily average return	-0.02	-0.56	0.03	2.93	-0.05	-0.78
7	Standard Deviation (share price)	2.08	5.10	1.42	44.82	6.88	34.34

INTERPRETATION

The above table shows that, the RBI has revised decreased the SLR rate since Jan, 1998 which results in the drastic changes in share price after announcements. The evidence from increased value of correlation and increased value of standard deviation confirmed the volatility of share price is high after the announcement.

TABLE NO. 6: STATISTICAL STUDY OF REVISION OF SLR RATE 4 & 5

S.No	Particulars	Event 4		Event 5	
1	Revision date	19-05-2001		01-06-2002	
2	Revised value	7.5%		5%	
3	Period of study	Before Announcement	After Announcement	Before Announcement	After Announcement
4	Correlation	0.29		-0.41	
5	Mean Value (Share Price)	167.78	132.18	126.41	142.67
6	Daily average return	-0.08	-0.35	0.06	0.05
7	Standard Deviation (share price)	14.35	10.96	8.29	6.73

Interpretation

From the above table it is cleared that, the event 4 and 5 shows the inverse relationship, In which the correlation for event 4 shows positive relation but in event 5 it is negative relation and the value of share price, standard deviation and daily average return depreciate in the event 4 which is appreciate in event 5.

TABLE NO. 7: CALCULATIONS OF TEST OF SIGNIFICANCE (LARGE SAMPLE)

S.No	Event No	Case 1	Case 2	Case 3	Case 4
		Ho	Ho	Ho	Ho
1	Event 1	Accept	Accept	Accept	Accept
2	Event 2	Accept	Reject	Accept	Accept
3	Event 3	Accept	Accept	Accept	Accept
4	Event 4	Accept	Accept	Accept	Accept
5	Event 5	Accept	Accept	Reject	Accept
6	Event 6	Reject	Accept	Reject	-

Note: Tabulated value for LOS @ 5 % is 1.96

INTERPRETATION

From the above table it is cleared that, the dividend announcements has made an impact on share price and traded volume for event 6 & 2 respectively, but the revision of bank rate has made 2 impacts on its share price. There is no evidence to prove the impact of revision of SLR on its share price.

TABLE NO. 8: CALCULATIONS OF HIT RATIO

S.No	Particulars	Ho Accepted		Ho Rejected	
		Count	%	Count	%
1	Case 1	5	83.3	1	16.7
2	Case 2	5	83.3	1	16.7
3	Case 3	4	66.6	2	33.4
4	Case 4	5	100.0	0	0

INTERPRETATION

The above table states that, the impact of corporate announcement on share price and traded volume exist only 16.7% and the impact of revision of bank rate on its share price exist 33.4% but there is no impact of revision of SLR rate on its share price.

FINDINGS

- The study found that, the existence of impact of dividend announcements on share price and traded volume at a range of 16.7% out of the selected events
- The revision of bank rate has more impact on the bank's share price which has 33.4% impact on the selected events
- When the market outperform, the signaling effect/event announcement has positive effect on the company's share price which reverse when the situation change.

SUGGESTIONS

This study suggested that event announcements were mainly aimed at restoring stock prices to a normal range. Many studies done on stock dividend announcements in other markets found that majority of the time markets reacted positively to stock split. In many of the studies, announcements elicited positive results in support of the signaling, market maker and trading range hypotheses. Finally this study suggest that, in an institutional environments where signaling effects exists, announcement excess return have been found to be positive. Conversely, in capital markets where stock dividends are deprived of signaling effects, announcement excess returns are insignificant.

CONCLUSION

This study has empirically examined the informational efficiency of ICICI Bank with regards to dividend announcements, revision of bank rate and revision of SLR rate. This study also analyzed the changes in trading volume, share price with such distributions between the pre-post announcement years. The market reactions test showed that the existence of statistically significant adjustment of prices over and beyond what one would expect as a result of the stock dividend.

REFERENCES

1. Chowdhry, B. and Nanda, V. (1994), "Repurchase Premia as a Reason for Dividends: A Dynamic Model of Corporate Payout Policies," *The Review of Financial Studies*, Vol. 7 pp.. 321- 350.
2. Dann, L., (1981), "Common Stock Repurchases: An Analysis of Returns to Bondholders and Stock Holders", *Journal of Financial Economics*, Vol. 9, No. 2, pp. 113-138.
3. Davidson, W.N., and Garrison, S.H., (1989), "The Stock Market Reaction to Significant Tender Offer Repurchase Of Stock", *The Financial Review*, Vol. 24, pp. 93-107.
4. Garcia de Andoain, C., and Bacon, F.W. (2009), "The Impact of Stock Split Announcements on Stock Price: A Test of Market Efficiency", ASBBS Annual Conference: Las Vegas, Vol. 16 No. 1.
5. Ikenberry, D., Lakonishok, J., and Vermaelen, T., (1995), "Market Under reaction to Open Market Share Repurchases", *Journal of Financial Economics*, Vol. 39, pp. 181-208.
6. Kaur, K., and Singh, B., (2003), "Buyback Announcements and Stock Price Behaviour: An Empirical Study", *The ICFAI Journal of Applied Finance*, Vol. 9, No. 5, pp. 24-29.
7. Mishra, A.K., (2005), "An Empirical Analysis of Share Buyback in India", *The ICFAI Journal of Applied Finance*, pp. 5-23.
8. Nadarajan, S., Ahmad, Z., and Chandren, S., (2009), "The Effects on Earnings from Announcement of Open Market Malaysian Corporate Share Buyback", *European Journal of Social Sciences*, Vol. 11, No. 3, pp. 378-390.
9. Pavabutr, P., and Sirodom, K. (2008), "The Impact of Stock Splits on Price and Liquidity on the Stock Exchange of Thailand", *Euro Journals Publishing*, No. 20, pp. 123-131.
10. Stephens, C., and Weisbach, M., (1998), "Actual Share Re-acquisitions in Open- Market Repurchase Programs", *Journal of Finance*, Vol. 53, No.1, pp. 313-333.
11. Vermaelen, T., (1981), "Common Stock Repurchases and Market Signaling: An Empirical Study", *Journal of Financial Economics*, Vol. 9, pp. 139-183.

A PRAGMATIC EXPLORATION OF HRD CLIMATE PRACTICES IN STATE AND CENTRAL UNIVERSITIES

DR. PARVEZ ABDULLA
ASST. PROFESSOR
SCHOOL OF MANAGEMENT STUDIES
BABA GHULAM SHAH BADSHAH UNIVERSITY
RAJOURI

GAURAV SEHGAL
ASST. PROFESSOR
SCHOOL OF MANAGEMENT STUDIES
BABA GHULAM SHAH BADSHAH UNIVERSITY
RAJOURI

ASIF A. KHAN
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
C. V. RAMAN UNIVERSITY
KOTA, BILASPUR

ABSTRACT

The reforms in education sector is imposing rapid pressures on the employees of education sector as a whole and in particular the employees of the Universities. To perform and excel in the present competitive world, demands posed on the employees of the universities is colossal. The present study is carried in the prestigious State and Central Universities of north India to analyze the prevailing HRD climate to which the employees are exposed to. The study attempts to identify the perception of employees towards the existing setup of the HRD facilitators and mechanisms operational in these universities. The sample is based on 300 employees who include teaching and non-teaching officers from two state and two central universities of north India. Further based on the responses of the employees of these universities the present study comes out with a set of policies and procedures in the form of suggestion so as to improve HRD climate in these Universities. Further in the study it is seen the HRD climate existing in these universities differs significantly.

KEYWORDS

HRD Climate, Universities, OCTTAPACe.

INTRODUCTION

The significance of humans in operating an organization is being considered and recognized so long. Organizations have been providing people/employees working for them, the necessary requisites for work. They have a propensity to motivate their employees by providing them the salaries and the modest comforts at work in regulation to satisfy them. In earlier times, the organizations gave little attention to the welfare of the people working for them, were only concerned in providing the necessary optimal working conditions. The conventional concept of human resource management was based on much narrower spectrum of human motivation supported up by salary and other monetary benefits. Human resources plays significant role in shaping the future of the organization, as to achieve superior performance and long term effectiveness. It becomes imperative that human resources are exposed to elaborative development programmes through formulating and implementing better human resources development procedures and policies. This leads to conversion of human liabilities into assets (valuable human resource) in the organization. Thus, the human resource development forms to be most important and essential requisite for development and growth of the organization.

The concept of human resource development is of recent origin. It was first used in 1969 in American Society for Training and Development Conference. After being formally used in USA, the term HRD gained impetus and the area of HRD became of much concern to the researchers, academicians and organizations throughout. As evident from researches Human resources are the energies, skills, talent and knowledge of people which should be potentially applied to production of goods and services in the organization. To arrive at better services, the human resources need to be groomed accordingly through a well designed HRD system. The human resources development system stages, a crucial role in achieving the organizational goals through channalized and scientific development of an employee (human resource). The organization needs to focus and identify the needs, potential and capabilities of employees, and in consonance to these factors provide them the adequate opportunities to grow in due course of time through a well designed HRD mechanism/system. The proper HRD, implementations can prove to be highly effective for achieving the individual and organizational objectives.

HRD may be defined as a development of people by providing them the desired environment, wherein an individual grows exceptionally well by recognizing his fullest structure and potentiality and results into accomplishment of organizational objectives and goals. Narayanan (1990), argues that HRD attempts to enable people to overcome productive potential so that they are able to contribute to the ethical and harmonious growth of the society. This all tends to fulfill the individual needs and wants besides leaving a feeling of pleasure. Rao (1982) envisages HRD as integrated system aimed at generating positive climate/environment, in an organization in the form of various components of HRD i.e. the climate of mutuality, trust and openness in the organization. The HRD is a planned and continuous process in which employees are helped to acquire and sharpen their capabilities to perform functions associated with the present and expected future. The HRD aims to develop general capabilities of individuals and exploit their inner potential to the fullest for their own and organizational development.

HRD is hence, associated with organizational culture in which superior-subordinate relationship, team work and interrelation among individuals and sub-units are strong. All these factors are found to contribute to the professional well-being, motivation and self-importance of an employee in an organization. HRD is concerned with creating a climate of work culture, productive efficiency, and integration. HRD enables to build the capabilities of an individual, secondly preparing the individuals for a change in the future. Lastly it helps in improving productivity with quality development keeping organizational goals and global competition in view. The focus of HRD should be to build a positive climate by addressing work culture, behavioural changes, productive efficiency quality and amalgamation. Human resource development therefore leads to skill development, knowledge acquisition, attitudinal and behavioural changes as demanded by the organizational setup. HRD not only develops individuals but it develops groups and teams together which make things to happen in an organization. Therefore, the ultimate goal of HRD is to develop overall competencies among individuals, groups and teams in accordance with the changing scenario. Thus HRD forms to be a continual and never ending methodical process.

HRD CLIMATE

HRD tends to accomplish certain specified objectives in terms of development of an individual continuously by recognizing and developing the potential and skills of an individual in regard of his present, future expected roles, positive development of boss-subordinate affiliation (dyadic), development of teams, team work, inter-term collaboration and development positive environment and health of an organization as a whole. To achieve mentioned objectives, HRD system, uses certain specified HRD tools in order to create a positive climate termed as HRD climate around in order to dapper its employees and attain high level of organizational effectiveness. HRD Climate is thus, a perception of the employees towards the procedures, policies and practices followed by the organization in order to achieve the ultimate organizational goals. HRD Climate creates a positive work environment in which the employees are subjected to work, and are made better performers. The HRD Climate is attained through HRD tools or instruments that tend to create a congenial environment in an organization for employees. The outcome of these HRD tools if implemented as required is reflected as such in an organization. The reflection and perception towards the outcome of the implementation of HRD instruments is referred to as HRD climate.

The main objective of HRD is the development of individuals, exploiting employees to their maximum potential, and ends up with the accomplishment of the individual and the organizational goals besides attaining a proper HRD climate. To attain a congenial HRD climate, a proper HRD instruments/tools needs to be adopted and practiced by the organization.

THE PRESENT STUDY

The literature pertaining to human resource development (HRD) reveals that human resources are given most importance, as it proves to be the dynamic medium for major development and progress of organizations all over. In other words the organizations have realized that the success or the failure of their enterprise is highly dependent on the human resources available to it. Pareek and Rao (1992), argue that the main concerns of human resource management are the development of people, their competencies, and the process of development of the total organization. This stress on human resources has compelled the world to increase the application of varied principles of human resources development in the organization. The quality of human resource is of immense importance in the service sector and particularly in the Universities which acts as catalysts in developing humans. Today's students in the Universities are tomorrow's preachers, the education system over the years have academically changed in India throughout. Receiving higher education has nowadays become an aspiration of almost every student passing intermediate in India. The universities cater to almost every segment of the society and play a significant role in developing the nation as a whole by providing the better workforce for better tomorrow. Therefore educational enterprises require optimal utilization of human capabilities available to the system, in form of teachers and the allied staff. To develop and come to the expectation level at individual and national level there needs to be a continual, periodic assessment and review in the universities so as to provide them (teachers and supporting staff) congenial environment. They need to acquire new skills, up gradation of existing skills (high ethical values) and better climate so as to impart it accordingly besides academic knowledge. Imparting knowledge to student pertaining to subject matter is not only part of teaching, but it is his duty to make their product, the assets of tomorrow by developing them socially, morally and ethically. To do that and reach to the expectations, it is imperative that Universities are provided with the better working climate, so that they perform their duties efficiently and effectively. This elucidates that 'education is HRD', meaning that both sides are equal in function and valued. Education provides an individual adequate skill, knowledge, etc, while HRD is viewed as a co-operative function. According to Dare (1996) a strategic blend between the two (education and HRD) can enhance the effectiveness of both (education system and HRD system) and we can move towards resolving the dual problem of reforming the education system and thus restructuring the HRD system. It is the education system especially the Universities who cater to the organizational demands besides the social demands` in providing them the better human resources to run their organizations systematically. To deliver in consonance with demands posed, it is imperative that university employees work in coordination with their supporting staff. The present study has been taken up to access the HRD climate prevalent in the Universities. To check the HRD climate of the Universities, a proper research methodology is used, so as to arrive at a more authentic and reliable findings.

OBJECTIVES OF THE STUDY

The main objectives of the study are as per following:

1. to explore the HRD climate as perceived by the employees of the universities
2. to compare and contrast HRD climate accessible in different state and central universities;
3. to analyze the perception of university employees towards different dimensions of the HRD climate;
4. to formulate certain policies and procedures in form of suggestions for improving the HRD climate in state and central Universities

HYPOTHESES

1. The overall HRD climate as perceived by the employees of the universities is poor
2. The HRD climate of central universities is significantly better than the HRD climate of state universities

METHODOLOGY

To study the HRD `climate in Indian universities, two state and two central universities were taken up for the study. These universities include Jawaharlal Nehru University and Jamia Millia Islamia, central universities from Delhi and University of Kashmir and University of Jammu, the state universities from Jammu and Kashmir. Around 308 employees belonging to these universities were taken as sample respondents belonging to teaching and non-teaching cadre selected through random sampling. The teaching staff includes all the three cadres, while the non-teaching includes the administrative officers including section officers, Assistant Registrars, Deputy Registrars and equal ranks.

To measure HRD climate in Universities a instrument developed by Rao (1989) comprising of 38 statements is used. These thirty eight statements are categorized as General Climate, OCTAPACE Culture and HRD Mechanism. The general climate deals with the importance given by the management to the human resource development in general. The OCTAPACE deals with the level to which openness, confrontation, trust, autonomy, pro-activity, authenticity, collaboration and experimentation are valued and promoted in the organization. Further in present study team spirit an important constituent of HRD facilitators is studied separately thus instead of OCTAPACE culture OCTTAPACE Culture is studied. HRD mechanisms deals with measuring the extent to which the components of general climate and the OCTTAPACE culture are put into practice in organization, and the seriousness of the management in implementing these components or HRD mechanisms. The questionnaire of Rao uses five point likert scale. To make interpretation easier, the mean score is converted into percentage mean scores by applying a formulae given by Rao (1986; 1991)

%age Score = (Mean score- 1) x 25

As per guidelines provided this is done on an assumption that a mean score of one represents 0% existence of that factor in an organization while two represents 25%, three 50% and so on.

ANALYSIS OF HRD CLIMATE

The HRD climate in state and central universities was analyzed on the bases of 38 statement questionnaire. The table 1 reveals that thirteen items of HRD climate have scored a percent mean score of less than 50% suggesting that perception on these items is poor. Further least is scored on item no 1 suggesting that there is least informal emotional support provided to the employees by the top management. In contrast twenty five items have scored have percent mean score of more that 50% with item no 24 followed by item no 38 scoring high, ranking 1 and 2 respectively. It portrays that employees within the universities have reasonably good agreement with the importance given to training and job rotation in the universities. The overall HRD climate prevalent in the universities was seen to 3.07 on a five point likert scale with a standard deviation of 0.77 and percentage score of 51.75. This suggests that HRD climate in universities as

whole is just an average and steps need to be taken in order to improve the climate in the universities. Within the universities it was evident as seen from table 2 that existing HRD climate in state universities is far below average scoring a mean of 2.93 and % mean of 48.3 as compared to central universities where HRD climate is favourable with a score 3.17 and % mean of 54.3 at significance level of .01. In context with the sixteen items of HRD climate a significance difference was found in the employees of central universities and the state universities, with the staff of central universities more satisfied. In case of the rest of the items no significant difference was found in the perception of employees suggesting scope for further development on these items.

TABLE 1: HRD CLIMATE IN UNIVERSITIES (N=308)

Item No	Mean Score	Std. Dev.	%Mean Score	Rank
1	2.68	1.11	42.0	38
2	3.11	1.10	52.8	15.3
3	3.03	1.19	50.8	23.3
4	3.13	1.08	53.3	14
5	2.94	1.14	48.5	30
6	3.09	1.12	52.3	19.5
7	2.90	1.16	47.5	33.5
8	3.04	1.11	51.0	22
9	3.29	1.10	57.3	5
10	3.06	1.09	51.5	21
11	3.30	1.13	57.5	3.5
12	3.20	1.10	55.0	7.5
13	2.87	1.09	46.8	35
14	3.17	1.23	54.3	10
15	2.84	1.21	46.0	36
16	3.01	1.12	50.3	26.5
17	3.10	1.22	52.5	18
18	3.03	1.10	50.8	23.3
19	2.95	1.22	48.8	28.5
20	3.14	1.12	53.5	12.5
21	3.11	1.20	52.8	15.3
22	2.95	1.10	48.8	28.5
23	2.72	1.14	43.0	37
24	3.37	1.12	59.3	1
25	3.01	1.22	50.3	26.5
26	3.09	1.23	52.3	19.5
27	3.15	1.12	53.8	11
28	3.18	1.09	54.5	9
29	3.24	1.08	56.0	6
30	2.90	1.22	47.5	33.5
31	2.92	1.18	48.0	32
32	3.30	1.14	57.5	3.5
33	3.11	1.19	52.8	15.3
34	2.93	1.11	48.3	31
35	3.14	1.15	53.5	12.5
36	3.20	1.21	55.0	7.5
37	3.03	1.09	50.8	23.3
38	3.32	1.12	58.0	2
Overall HRD Climate	3.07	0.77	51.75	

Note: Rank 1 assigned highest mean score value and rank 38 assigned to lowest mean score value. Mean score 1.00 signifies not at all present, 2.00 rarely present, 3.00 sometimes present, 4 mostly present and 5 always present (Ideal condition)

TABLE 2: ITEM WISE PERCEPTION OF EMPLOYEES TOWARDS HRD CLIMATE IN STATE AND CENTRAL UNIVERSITIES

Item Nos	Central Universities (N=176)			State Universities(N= 131)			Z Value	Sig.
	Mean Score	Std. Dev.	%Mean Score	Mean Score	Std. Dev.	%Mean Score		
1	2.80	1.03	45.0	2.51	1.19	37.8	2.23	.02
2	3.20	1.02	55.0	2.99	1.19	49.8	1.60	.10
3	3.15	1.16	53.8	2.86	1.22	46.5	2.07	.03
4	3.23	1.01	55.8	3.00	1.16	50.0	1.79	.07
5	3.09	1.07	52.3	2.75	1.21	43.8	2.53	.01
6	3.17	1.06	54.3	2.98	1.19	49.5	1.42	.16
7	3.02	1.03	50.5	2.74	1.30	43.5	2.05	.04
8	3.10	1.02	52.5	2.96	1.23	49.0	1.02	.31
9	3.30	0.95	57.5	3.27	1.28	56.8	0.26	.80
10	3.18	0.92	54.5	2.90	1.26	47.5	2.15	.03
11	3.43	1.03	60.8	3.13	1.22	53.3	2.28	.02
12	3.25	1.00	56.3	3.13	1.22	53.3	0.92	.36
13	2.98	0.93	49.5	2.71	1.25	42.8	2.15	.03
14	3.27	1.19	56.8	3.05	1.27	51.3	1.55	.12
15	3.07	1.14	51.8	2.54	1.25	38.5	3.79	.01
16	3.09	1.05	52.3	2.92	1.20	48.0	1.29	.20
17	3.30	1.10	57.5	2.82	1.31	45.5	3.33	.01
18	3.10	0.99	52.5	2.93	1.22	48.3	1.36	.18
19	3.15	1.07	53.8	2.68	1.35	42.0	3.32	.01
20	3.18	1.05	54.5	3.10	1.21	52.5	0.58	.56
21	3.27	0.98	56.8	2.89	1.42	47.3	2.63	.01
22	3.01	0.98	50.3	2.87	1.24	46.8	1.07	.28
23	2.77	1.09	44.3	2.65	1.21	41.3	0.88	.38
24	3.28	1.07	57.0	3.50	1.17	62.5	1.67	.09
25	3.06	1.12	51.5	2.95	1.35	48.8	0.71	.48
26	3.18	1.16	54.5	2.95	1.30	48.8	1.59	.11
27	3.28	0.96	57.0	2.98	1.29	49.5	2.29	.02
28	3.31	0.92	57.8	3.00	1.26	50.0	2.39	.01
29	3.31	0.90	57.8	3.14	1.28	53.5	1.38	.17
30	3.22	1.11	55.5	2.47	1.23	36.8	5.46	.01
31	3.09	1.08	52.3	2.69	1.26	42.3	2.84	.01
32	3.43	1.03	60.8	3.12	1.25	53.0	2.26	.02
33	3.19	1.10	54.8	3.02	1.29	50.5	1.23	.22
34	3.08	1.02	52.0	2.72	1.20	43.0	2.78	.01
35	3.14	1.04	53.5	3.14	1.28	53.5	0.01	.99
36	3.23	1.10	55.8	3.15	1.34	53.8	0.61	.54
37	3.06	0.92	51.5	2.98	1.29	49.5	0.59	.56
38	3.29	0.99	57.3	3.35	1.28	58.8	0.41	.68
Overall HRD Climate	3.17	0.68	54.3	2.93	0.85	48.3	2.52	.01

To assess the climate for the implementation of HRD in Universities, the study further studied the three dimensions of HRD climate, firstly the General Climate, HRD Facilitators or OCTTAPACE Culture and HRD Mechanisms. The General climate comprises of the belief of top management towards implementation of HRD, overall perceived superior subordinate relationship, personnel policies of the universities and the commitment of the line management in developing the employees through HRD climate. OCTTAPACE culture, deals in openness, collaboration, trust, team spirit, authenticity, pro-activity, autonomy, confrontation and experimentation. Finally the use of HRD mechanisms prevalent in the universities was assessed.

I. GENERAL CLIMATE

The top management attitude towards HRD climate in the universities was reasonably on the lower side as evident from table 3 with a mean score of 2.93 and %age mean score of 48.3. The attitude of the top management towards HRD in the central universities was found to be more positive as compared to the state universities as reflected from table 4 (Significance level .02).

TABLE 3: OVERALL CREDECE OF TOP MANAGEMENT TOWARDS HRD CLIMATE IN STATE AND CENTRAL UNIVERSITIES

Dimension	Dimension			
	Mean	SD	%Score	Rank
Item 1	2.68	1.11	42.0	5
Item 2	3.11	1.10	52.8	1
Item 5	2.94	1.14	48.5	3
Item 13	2.87	1.09	46.8	4
Item 37	3.03	1.09	50.8	2
Overall Belief	2.93	0.87	48.3	

TABLE 4: TOP MANAGEMENT BELIEF IN HRD IN STATE AND CENTRAL UNIVERSITIES

Dimension	Central universities N= 176			State Universities N=131			Z Value	Sig
	Mean	SD	%Score	Mean	SD	%Score		
Item 1	2.80	1.03	45.0	2.51	1.19	37.8	2.23	.02
Item 2	3.20	1.02	55.0	2.99	1.19	49.8	1.64	.10
Item 5	3.09	1.07	52.3	2.75	1.21	43.8	2.53	.01
Item 13	2.99	0.93	49.8	2.71	1.25	42.8	2.15	.03
Item 37	3.06	0.92	51.6	2.98	1.29	49.5	0.59	.56
Overall Belief	3.03	0.77	50.8	2.79	0.96	44.8	2.33	.02

This reflects that management in the central universities provides least emotional support to the employees as compared to state universities (item no 1, the top management in state universities is found to be reluctant in utilizing the potential of employees as compared to central universities for a particular task (item no 13). Further as reflected from tables 3 and 4 top management is seen to spend considerable amount of time in developing the employees as compared to the state universities (item no 5). In both the universities equal prudence is given by top management in treating employees as important human resources (item 2) and ensuring employee welfare (item 37). Within the universities it is seen that superior subordinate relationship was found to be average, but more prominent in central universities when compared to state universities. This suggests an affirmative relationship in (formal and informal communication) between head of the departments/ officers and the subordinates in central universities in comparison to state universities (tables 5 and 6)

TABLE 5: OVERALL PERCEIVED SUPERIOR- SUBORDINATE RELATIONSHIP

Dimension	Mean	SD	%Score	Rank
	Item 3	3.03	1.19	50.8
Item 6	3.09	1.12	52.3	6
Item 20	3.14	1.12	53.5	5
Item 28	3.18	1.09	54.5	4
Item 29	3.24	1.08	56.0	2
Item 31	2.92	1.18	48.0	9
Item 32	3.30	1.14	57.5	1
Item 35	3.20	1.21	55.0	3
Item 36	3.03	1.19	50.8	7.5
Overall Perception	3.13	0.84	53.3	

TABLE 6: OVERALL PERCEIVED SUPERIOR- SUBORDINATE RELATIONSHIP ACROSS UNIVERSITIES

Dimension	Central universities N= 176			State Universities N=131			Z Value	Sig
	Mean	SD	%Score	Mean	SD	%Score		
Item 3	3.15	1.16	53.8	2.86	1.22	46.5	2.07	.03
Item 6	3.17	1.06	54.3	2.98	1.19	49.5	1.42	.16
Item 20	3.18	1.05	54.5	3.10	1.21	52.5	0.58	.56
Item 28	3.31	0.92	57.8	3.00	1.26	50.0	2.39	.01
Item 29	3.32	0.90	58.0	3.14	1.28	53.5	1.38	.17
Item 31	3.09	1.08	52.3	2.69	1.26	42.3	2.84	.01
Item 32	3.43	1.03	60.8	3.12	1.25	53.0	2.26	.02
Item 35	3.14	1.04	53.5	3.10	1.30	52.5	0.27	.79
Item 36	3.23	1.10	55.8	3.15	1.34	53.8	0.61	.54
Overall Perception	3.22	0.763	55.5	3.01	0.930	50.3	2.08	.03

The perception of the employees of central universities in response to state universities was seen to be more adequate, thus seem to influence employees of central universities moderately as reflected from tables 7 and 8

TABLE 7: OVERALL PERCEPTION TOWARDS PERSONNEL POLICIES IN UNIVERSITIES

Dimension	Mean	SD	%Score	Rank
	Item 4	3.13	1.07	53.3
Item 11	3.30	1.12	57.5	2
Item 15	2.84	1.21	46.0	4
Item 38	3.31	1.12	57.8	1
Overall Perception	3.14	0.81	53.5	

TABLE 8: OVERALL PERCEIVED PERSONNEL POLICIES ACROSS STATE AND CENTRAL UNIVERSITIES

Dimension	Central universities N= 176			State Universities N=131			Z Value	Sig
	Mean	SD	%Score	Mean	SD	%Score		
Item 4	3.23	1.01	55.8	3.00	1.16	50.0	1.79	.07
Item11	3.43	1.03	60.8	3.13	1.22	53.3	2.28	.02
Item 15	3.07	1.14	51.8	2.54	1.25	38.5	3.79	.01
Item 38	3.29	0.99	57.3	3.35	1.28	58.8	0.41	.68
Overall Perception	3.25	0.72	56.3	3.00	0.90	50.0	2.60	.01

Further the tables 9 and 10 reflect that line management relationship among the employees of the universities, it is seen to be equally agreed upon in the state and the central universities. This depicts that the officers in the line management are equally committed towards the welfare and the development of the employees and tend to be more supportive in helping everybody around.

TABLE 9: OVERALL PERCEIVED LINE MANAGEMENT RELATIONSHIP

Dimension	Mean	SD	%Score	Rank
	Item 7	2.90	1.16	47.5
Item 8	3.04	1.11	51.0	3
Item 9	3.29	1.10	57.3	1
Item12	3.20	1.10	55.0	2
Overall Perception	3.11	0.83	52.8	

TABLE 10: OVERALL PERCEIVED LINE MANAGEMENT RELATIONSHIP ACROSS STATE AND CENTRAL UNIVERSITIES

Dimension	Central Universities N= 176			State Universities N=131			Z Value	Sig
	Mean	SD	%Score	Mean	SD	%Score		
Item 7	3.02	1.03	50.5	2.74	1.30	43.5	2.05	.04
Item 8	3.10	1.02	52.5	2.96	1.23	49.0	1.02	.31
Item 9	3.30	0.95	57.5	3.27	1.28	56.8	0.26	.80
Item12	3.25	1.00	56.3	3.13	1.22	53.3	0.92	.36
Overall Perception	3.16	0.73	54.0	3.02	0.93	50.5	1.44	.15

Thus the general climate in the universities is seen to be of average nature scoring a mean of 3.07 and %age mean score of 51.8 as reflected from table 11 and least is scored on the belief of top management towards HRD climate scoring a mean of 2.92. Moreover the general climate is seen to vary significantly in state and central universities as evident from table 12. The general climate is more congenial for HRD implementation in central as compared to state universities.

TABLE 11: EXISTING GENERAL CLIMATE IN THE UNIVERSITIES

Components of General Climate				
	Mean	SD	%Score	Rank
Top Management Belief	2.92	0.17	48.0	4
Superior subordinate relationship	3.13	0.84	53.3	2
Line Management	3.10	0.83	52.5	3
Personnel policies	3.14	0.81	53.5	1
Overall Perception Towards General Climate	3.07	0.75	51.8	

TABLE 12: OVERALL EXISTING GENERAL CLIMATE ACROSS STATE AND CENTRAL UNIVERSITIES

Components G. Climate	Central universities N= 176			State Universities N=131			Z- Value	Sig
	Mean	SD	%Score	Mean	SD	%Score		
Top Management Belief	3.03	0.77	50.8	2.79	0.96	44.8	2.33	.02
Boss subordinate relationship	3.22	0.76	55.5	3.01	0.93	50.4	2.08	.03
Line Management	3.16	0.737	54.0	3.02	0.93	50.5	1.44	.15
Personnel policies	3.25	0.72	56.3	3.00	0.90	50.0	2.60	.01
Overall Perception	3.16	0.66	54.0	2.95	0.84	48.8	2.35	.02

II. HRD FACILITATORS/OCTTAPACE CULTURE

The HRD Facilitators act as a lubricant in improving and enhancing HRD climate as whole and general climate in particular through proper implementation of HRD mechanisms. These HRD facilitators are described as openness, confrontation, trust, team spirit, autonomy, pro-activity, authenticity, collaboration and experimentation. Openness is unprompted expression of feelings and thoughts unprovoked, Confrontation deals with entering or facing inconvenience with positive mind set, Trust is maintaining concealment towards what is being shared formally as well as informally in an organization. Team Spirit deals with zeal to work together and accept positive as well as negative together. Authenticity means taking people at face value, Pro-activity deals with initiatives tactical moves to address uncertainties, Autonomy is delegation to handle tedious jobs, collaboration is seeking and taking help readily and experimentation deals with creativity, innovations, giving things a bigger eye.

The table 13 reflects the existing OCTTAPACE culture in the universities which is found to be in the middle scoring a mean of 3.06 and a % mean score of 51.5. This depicts that it needs to be improved significantly. While taking a look on the components of OCTTAPACE, Autonomy, Confrontation and experimentation score least, thus making it prominent that employees in the universities are not delegated authority(Autonomy), tend to hesitant in discussing issues with positive frame of mind (Confrontation) and finally the employees are not allowed to take initiatives of the own (Pro-activity) .To assess the existence of HRD facilitators further in state and central universities it is seen that the OCTTAPACE prevalent in central universities is far better than that of state universities depicting that the employees in central universities are more open in comparison to state universities employees are seen to differ significantly at p=.05 on all the components of HRD facilitators (Table 14).

TABLE 13: PERCEPTION OF EMPLOYEES TOWARDS HRD FACILITATORS (OCTTAPACE) IN UNIVERSITIES

HRD Facilitators(HF)	Sub-components	Mean	SD	% Score	Rank
Openness (O)	Item 9	3.28	1.10	57.0	3
	Item 10	3.06	1.09	51.5	
	Item 11	3.30	1.12	57.5	
	Item 30	2.89	1.21	47.3	
	Score on O	3.13	0.81	53.3	
Collaboration (CL)	Item 9	3.28	1.10	57.0	2
	Item 20	3.14	1.11	53.5	
	Score on CL	3.21	0.89	55.3	
Trust (TR)	Item 27	3.15	1.12	53.8	1
	Item 32	3.29	1.14	57.3	
	Score on TR	3.22	0.98	55.5	
Team Spirit (TS)	Item 9	3.28	1.10	57.0	6
	Item 10	3.06	1.09	51.5	
	Item 18	3.03	1.09	50.8	
	Item 23	2.71	1.14	42.8	
	Item 27	3.15	1.12	53.8	
	Item 33	3.11	1.18	52.8	
	Item 34	2.92	1.11	48.0	
Score on TS	3.04	0.82	51.00		
Authenticity(AU)	Item 18	3.03	1.09	50.8	4
	Item 21	3.11	1.19	52.8	
	Score on AU	3.07	0.95	51.80	
Pro-activity P	Item 11	3.30	1.12	57.5	5
	Item 19	2.95	1.21	48.8	
	Item 30	2.89	1.21	47.3	
	Score on P	3.05	0.96	51.30	
Autonomy (AM)	Item 19	2.95	1.21	48.8	8.5
	Item 31	2.91	1.17	47.8	
	Score on AM	2.93	1.04	48.30	
Confrontation (CN)	Item 22	2.95	1.10	48.8	8.5
	Item 34	2.92	1.11	48.0	
	Score on CN	2.93	0.96	48.30	
Experimentation (E)	Item 7	2.90	1.15	47.5	7
	Item 19	2.95	1.21	48.8	
	Item 25	3.01	1.22	50.3	
	Score on E	2.95	0.97	48.80	
Total Score on HF		3.06	0.79	51.50	

TABLE 14: PERCEPTION OF EMPLOYEES TOWARDS HRD FACILITATORS (OCTTAPACE) IN STATE AND CENTRAL UNIVERSITIES

HRD Facilitators(HF)	Sub-components	Central Universities		State Universities			Z Value	Sig.
		Mean	SD		SD	% Score		
Openness (O)	Item 9	3.30	0.95		3.27	1.28	0.26	.80
	Item 10	3.18	0.92		2.90	1.26	2.15	.03
	Item 11	3.43	1.03		3.13	1.19	2.28	.02
	Item 30	3.22	1.11		2.47	1.23	5.46	.01
Score on O		3.28	0.75		2.94	0.85	3.63	.01
Collaboration (C)	Item 9	3.30	0.95		3.27	1.28	0.26	.80
	Item 20	3.18	1.05		3.10	1.21	0.58	.56
Score on C		3.23	0.80		3.18	0.99	0.52	.52
Trust (Tr)	Item 27	3.28	0.96		2.98	1.17	2.29	.02
	Item 32	3.43	1.03		3.12	1.25	2.29	.02
Score on Tr		3.35	0.86		3.05	1.12	2.60	.01
Team Spirit (TS)	Item 9	3.30	0.95		3.27	1.28	0.26	.80
	Item 10	3.18	0.92		2.90	1.26	2.15	.03
	Item 18	3.10	0.99		2.93	1.22	1.36	.18
	Item 23	2.77	1.09		2.65	1.21	0.88	.38
	Item 27	3.28	0.96		2.98	1.17	2.29	.02
	Item 33	3.19	1.10		3.02	1.29	1.23	.22
	Item 34	3.08	1.02		2.72	1.20	2.78	.01
Score on TS		3.13	0.72		2.92	0.93	2.12	.03
Authenticity(AU)	Item 18	3.10	0.99		2.93	1.22	1.36	.18
	Item 21	3.27	0.98		2.89	1.42	2.63	.01
Score on AU		3.19	0.78		2.91	1.13	2.42	.01
Pro-activity P	Item 11	3.43	1.03		3.13	1.19	2.28	.02
	Item 19	3.15	1.07		2.68	1.35	3.32	.01
	Item 30	3.22	1.11		2.47	1.23	5.46	.01
Score on P		3.26	0.88		2.76	0.99	4.64	.01
Autonomy (AM)	Item 19	3.15	1.07		2.68	1.35	3.32	.01
	Item 31	3.43	1.03		3.12	1.25	2.26	.02
Score on AM		3.11	0.95		2.69	1.11	3.58	.01
Confrontation (CN)	Item 22	3.01	0.98		2.87	1.24	1.07	.28
	Item 34	3.08	1.02		2.72	1.20	2.78	.01
Score on AM		3.04	0.88		2.79	1.05	2.22	.02
Experimentation (E)	Item 7	3.02	1.03		2.95	1.35	3.32	.01
	Item 19	3.15	1.07		2.68	1.35	3.32	.01
	Item 25	3.06	1.12		2.95	1.35	0.79	.48
Score on E		3.07	0.87		2.79	1.09	2.47	.01
Total Score on HF		3.19	0.71		2.89	0.87	3.16	.01

III. HRD MECHANISMS

Research studies reveal that there are many HRD instruments that can be used to facilitate implementation of HRD in universities. Infact, the HRD mechanisms practiced by the organizations differentiate one organization from another. The important HRD mechanisms include **Performance Appraisal System** a process that involves communicating to the employees how well the person concerned is performing his duties in an organization assigned, **Potential Appraisal** a sort of exposing and developing latent positive abilities of an individual in order to occupy the higher positions in an organization., **Career Planning** which helps the employees to plan their career in an organization, in accordance to their capabilities, potential in relation to organizational requirements, and their inclination towards a particular trait, **Performance Rewards** an important task of HRD system is rewarding employees for their performance besides salaries and other monetary benefits. The effective and efficient reward systems designed by the organizations helps in motivating people to work effectively and makes them to contribute significantly for achieving the organizational goals. **Feed-back** it refers to communicating the individual of how his/her performance is regarded by the management , **Counseling** a process of discussing issues related to the employees and their associated work in the organization, **Training** is a process that involves the acquisition of skills, concepts, roles and attitude in order to increase the effectiveness of employees doing a particular job, **Acceptance to Initiatives** where in employees are given license to work without having to wait for instructions developed and trained to take initiatives, **Employee Welfare** it constitutes the working environment and the conditions provided by the organization to the employees is an important factor contributing to the employee-satisfaction, their performance and finally **job rotation** it means work rotation forms to be an important instrument for improving the efficiency of the employees at work. By rotating the work, the employees feel much more interested in performing their job effectively. Tables 15 and 16 reflect the perception of employees towards HRD mechanisms in universities. It seen from the table 15 that employees are not satisfied with potential appraisal with mean of 2.99 followed by the reward system and feed-back and counseling in the universities scoring as mean of 2.98 each followed by Acceptance to initiatives scoring mean of 2.94. This suggests that the employees in the universities are not developed to a greater extent, are not developed to take initiatives and are not provided the proper feedback. On rest of the components of HRD mechanisms the employees are seen to show moderate agreement. Further the overall HRD mechanism is seen to be more prevalent in the central universities (Mean of 3.15) as compared to state universities (Mean of 2.96) as evident from the table 16.

TABLE 15: EXISTING USE HRD MECHANISMS IN STATE AND CENTRAL UNIVERSITIES

Components	Subcomponents	Mean	SD	% Score	Rank
Performance Appraisal System (PAS)	Item 14	3.17	1.22	54.3	4
	Item 17	3.09	1.21	52.3	
	Item 35	3.13	1.14	53.3	
Overall Score on PAS		3.13	0.97	53.3	
Potential Appraisal (PO)	Item 13	2.86	1.08	46.5	7
	Item 16	3.01	1.12	50.3	
	Item 17	3.09	1.21	52.3	
Overall Score on PO		2.99	0.95	49.8	
Career Planning (CP)	Item 35	3.13	1.14	53.3	2
	Item 36	3.19	1.20	54.8	
Overall Score on CP		3.16	1.06	54.0	
Rewards (R)	Item 15	2.84	1.21	46.0	8.5
	Item 16	3.01	1.12	50.3	
	Item 17	3.09	1.21	52.3	
Overall Score on R		2.98	1.03	49.5	
Feed-Back and Counseling(FBC)	Item 20	3.14	1.11	53.5	8.5
	Item 21	3.11	1.19	52.8	
	Item 22	2.95	1.10	48.8	
	Item 23	2.71	1.14	42.8	
Overall Score on FBC		2.98	0.89	49.5	
Training (T)	Item 24	3.73	1.11	68.3	3
	Item 25	3.01	1.22	50.3	
	Item 26	3.08	1.22	52.0	
Overall Score on T		3.15	1.01	53.8	
Acceptance to Initiatives(AI)	Item 7	2.90	1.15	47.5	10
	Item 16	3.01	1.12	50.3	
	Item 19	2.95	1.21	48.8	
	Item 30	2.89	1.21	47.3	
Overall Score on AI		2.94	0.90	48.5	
Employee Development (ED)	Item 8	3.03	1.11	50.8	5
	Item 14	3.17	1.22	54.3	
	Item 17	3.09	1.21	52.3	
	Item 21	3.11	1.19	52.8	
	Item 22	2.95	1.10	48.8	
Overall Score on ED		3.07	0.84	51.8	
Employee Welfare(EW)	Item 37/ Overall Score on EW	3.02	1.09	50.5	6
Job Rotation (JR)	Item 38/ Overall Score on JR	3.31	1.12	57.8	1
Overall Score HRD Mechanism		3.07	0.81	51.8	

TABLE 16: EXISTING HRD MECHANISMS IN UNIVERSITIES(STATE AND CENTRAL)

Components of HRD Mechanisms	Sub-Components	Central Universities			State Universities			Z Value	Sig.
		Mean	SD	% Score	Mean	SD	% Score		
Performance Appraisal System (PAS)	Item 14	3.27	1.19	56.8	3.05	1.27	51.3	1.55	.12
	Item 17	3.30	1.10	57.5	2.82	1.31	45.5	3.33	.01
	Item 35	3.14	1.04	53.5	3.14	1.28	53.5	0.01	.99
Overall Score on PAS		3.23	0.88	55.8	3.00	1.07	50.0	2.01	.04
Potential Appraisal (PO)	Item 13	2.98	0.93	49.5	2.71	1.25	42.8	2.15	.03
	Item 16	3.09	1.05	52.3	2.92	1.20	48.0	1.29	.20
	Item 17	3.30	1.10	57.5	2.82	1.31	45.5	3.33	.01
Overall Score on PO		3.12	0.84	53.0	2.82	1.07	45.5	2.72	.01
Career Planning (CP)	Item 35	3.14	1.04	53.5	3.14	1.28	53.5	0.01	.99
	Item 36	3.23	1.10	55.8	3.15	1.34	53.8	0.61	.54
Overall Score on CP		3.18	0.95	54.5	3.14	1.19	53.5	0.34	.73
Rewards (R)	Item 15	3.07	1.14	51.8	2.54	1.25	38.5	3.79	.01
	Item 16	3.09	1.05	52.3	2.92	1.20	48.0	1.29	.20
	Item 17	3.30	1.10	57.5	2.82	1.31	45.5	3.33	.01
Overall Score on R		3.15	0.93	53.8	2.76	1.05	44.0	3.36	.01
Feed-Back and Counseling(FBC)	Item 20	3.18	1.05	54.5	3.10	1.21	52.5	0.58	.56
	Item 21	3.27	0.98	56.8	2.89	1.42	47.3	2.63	.01
	Item 22	3.01	0.98	50.3	2.88	1.28	47.0	1.07	.28
	Item 23	2.77	1.09	44.3	2.65	1.21	41.3	0.88	.38
Overall Score on FBC		3.05	0.81	51.3	2.88	0.99	47.0	1.69	.09
Training (T)	Item 24	3.28	1.07	57.0	3.50	1.17	62.5	1.67	.09
	Item 25	3.06	1.12	51.5	2.95	1.35	48.8	0.71	.48
	Item 26	3.18	1.16	54.5	2.95	1.30	48.8	1.59	.11
Overall Score on T		3.17	0.98	54.3	3.13	1.04	53.3	0.32	.75
Acceptance to Initiatives(AI)	Item 7	3.02	1.03	50.5	2.74	1.30	43.5	2.05	.04
	Item 16	3.09	1.05	52.3	2.92	1.20	48.0	1.29	.20
	Item 19	3.15	1.07	53.8	2.68	1.35	42.0	3.32	.01
	Item 30	3.22	1.11	55.5	2.47	1.23	36.8	5.46	.01
Overall Score on AI		3.11	0.82	52.8	2.70	0.95	42.5	4.01	.01
Employee Development (ED)	Item 8	3.10	1.02	52.5	2.96	1.23	49.0	1.02	.31
	Item 14	3.27	1.19	56.8	3.05	1.27	51.3	1.55	.12
	Item 17	3.30	1.10	57.5	2.82	1.31	45.5	3.33	.01
	Item 21	3.27	0.98	56.8	2.89	1.42	47.3	2.63	.01
	Item 22	3.01	0.98	50.3	2.88	1.28	47.0	1.07	.28
Overall Score on ED		3.18	0.73	54.5	2.91	0.95	47.8	2.70	.01
Employee Welfare(EW)	Item 37/ Overall Score on EW	3.06	0.92	51.5	2.98	1.29	49.5	0.59	.56
Job Rotation (JR)	Item 38/ Overall Score on JR	3.29	0.99	57.3	3.35	1.28	58.8	0.41	.68
Overall HRD Mechanism Score		3.15	0.72	53.8	2.96	0.91	49.0	1.96	.05

CONCLUSION

The HRD climate in the Universities in particular that of the state universities is relatively depressing. The overall HRD climate is seen to be existing at an average level in these universities (M=3.07, SD=0.77 and % m score of 51.75). HRD Climate in Central Universities (mean of 3.16; SD of .68) is better as compared to state universities (M of 2.93 and S.D of 0.85) (z-value= 2.52 P=0.01). The HRD climate as explained has three embedded dimensions the general climate, the OCTAPACE culture, and the HRD mechanisms. These components of HRD are seen to differ significantly, thus the perception of the employees towards these embedded dimensions of HRD climate is just averagely poised though on few of its factors the perception of employees is below average with central universities scoring high. Thus the satisfaction of employees towards existing HRD and its components in state universities is not satisfactory. To sum up the and the perception and satisfaction shown by the employees towards existing HRD climate in the universities, categorized under various dimensions/parameters forms to be exactly in the middle. Universities form the main source of providing competent work force (human resource) to the organizations world over thus the Universities tend to play an important role in developing nation economically as well as socially. Therefore to come to the expected levels of the individuals and that of nation as a whole there are great pressures on the employees of the universities. A need arises to provide the university employees the most favourable environment as to deliver in consonance with the expectations which can be attained through proper HRD intervention. Thus all the modules of HRD climate need to be dealt through a much balanced approach in order to improve the HRD climate of the universities in particular that of state universities

RECOMMENDATIONS

The existing HRD practices followed in the universities need an ample reformation and changes as all the modules of HRD climate are operational moderately. The HRD climate if not taken due care by the authorities and even the employees can deteriorate the present environment in the universities in particular that of state Universities. The HRD interventions and successful implementation is a responsibility of the administration as well as that of the employees. The positive HRD implementation which if not equally accepted by the employees cannot prove versatile in the genesis of positive HRD climate. It is imperative to design policies pertaining to HRD climate by keeping in view the profile of an employee i.e. his designation, age, experience and the faculty one works in. This explains at times while designing the HRD policy for an organization throughout homogeneity does not serve the purpose as expectations vary with the changing profile of an employee. Keeping in view the above facts the following suggestions can help the universities in particular the state universities to achieve the good-natured HRD climate for their employees,

- The top management in the universities needs to have frequent interactive sessions with employees and main thrust should be on pros and cons of their role in the organization. This will possibly cater to the employees in form of emotional enrichment and will enhance communication between with the duo.
- The top management should hold informal interactive sessions with the employees of the university and main thrust should be on pros and cons of their role in the organization. This will possibly cater to the employees in form of emotional enrichment.
- The top management and administration must be readily available to the employees for any kind of assistance.
- The immediate bosses i.e. H's in departments or in administration should try approach the employees and address their problems and make positive efforts to help them at the time of requirement.
- The officers and HOD's must have a balanced approach in dealing with their juniors and vice-versa. This will reciprocate into very cordial and un- hesitant relationship among the duo.

These form to be few suggestions which the top management and the HOD's need to take care of and this will lead to transparency between the employees and the management, Development of positive informal relationship between the duo. These implications from the point of view of the top-management and HOD's need to be homogenous in nature irrespective of the type of university, hierarchy of employees, gender, age, experience and the faculty of employee. The other suggestions given below need to be incorporated and designed as per the profile of an employee.

- The reformulation and redesigning of personnel policies especially for teaching staff of the state universities.
- The top management needs to develop an attitude of helping employees at all levels expressively
- Approach of HOD's towards the subordinates need to be addressed.
- The top management should make a positive effort in bridging the gap with the teaching and non teaching community of the university.
- The universities need to encourage employees to practice and tryout what is learnt in training programmes frequently.
- Redesigning performance appraisal system and reward mechanisms especially for the State Universities.
- Enhanced and effective communication between the officers and juniors.
- Developing training programmes as per the requirement of an employee besides keeping the profile of an employee in view
- The informal feed-back mechanisms should be introduced by the universities.
- The employee welfare schemes need to be redressed so that it caters to the wellbeing of the teaching and non teaching community.

REFERENCES

1. **Bansal, M. P. (1991);** "Human Resource Development in Public Enterprise". RBSA Publishers, Jaipur.
2. **Bhawdeep Singh and Prem Kumar(1995);** "Current Trends in HRD, Challenges and Strategies in Changing Scenario". Deep and Deep Publications
3. **Dare, D. (1996);** "Education and HRD: A Strategic Collaboration". A Journal of Industrial Teacher Education, 33(3), 91-95.
4. **Dayal, I (1989);** "HRD in Indian Organisations: Current Perspective and Future Issues". Vikalpa, 14, October-December.
5. **Garg, V.S. and Makkar, U. (2001);** "HR Strategies for Achieving Excellence: Total Employee Involvement for Transformational-Leadership Driven Management". Synergy- The Journal For Innovators- 1(1) January-March.
6. **Jain, V.K., Singhal, K.C. and Singh, V.C. (1981);** "HRD Practices at the Middle Management Level". Indian Journal of Training and development, March, 3-29.
7. **Krishna, P.M and Rao, P.S. (1997);** "Organisational and HRD Climate in BHEL-A Empirical Study". Indian Journal of Public Administration, XLIII (2,) April-June 209-216.
8. **Kumar, S. and Patnaik, S.P (2002);** "HRD Climate and Attributes of Teachers in JNV's". Indian Journal of Training and Development". XXXII (2), April-June 31-37.
9. **Mishra, P and Bhardwaj, G. (2002);** "HRD Climate - An Empirical Study among Private Sector Managers". Indian Journal of Industrial Relations, 32(2), July, 65-80.
10. **Murphy, P.E. (1989);** "Creating Ethical Cooperate Structures". Sloan, Management review, winter, 81-87.
11. **Pareek,U. and Rao, T.V (1992);** "Designing and Managing HR System". Oxford IBH, New Delhi
12. **Pattanaik, B. K. (1998);** "HRD in Women for Agricultural Development". Indian Journal of Training And Development XXXVIII(3)July- September 72-79.
13. **Patel, M.K. (1999);** "HRD Climate: A Comparative Study among Two Ends of Performance". Journal of Indian Management and Strategy, 4(3) July- September, 24-27.
14. **Rao.et al (1994);** "HRD in New Economic Environment" Tata Mcgraw Hill New Delhi
15. **Rao, T.V (1999);** "HRD Audit" New Delhi Response Books (A Division of Sage Publication).
16. **Rao, T.V., and Abraham. E. (1986);** "HRD Climate in Organizations: Readings in HRD". New Delhi, Oxford IBH Publishing Company Limited.
17. **Rao, T.V. and Pereira, D.F. (1986);** "Recent Experience in Human Resource Development". New Delhi, Oxford and IBH Publishing Company
18. **Rao, E. M. (1998);** "Human Resource Management, Fact, Fiction and Fallacy". Paradigm 2(1), July, 10-21.
19. **Rao, A.V (1998);** "Globalization of the Indian Cooperate Sector-Requirements of HRD". JIMS, 3(1), January- March, 37-44.
20. **Rao, T.V (1990);** "The HRD Missionary". Oxford IBH

21. Rao.T.V, Rao, R and Yadav, T. (2001); "A Study Of HRD Concepts, Structure of HRD Departments, And HRD Practices in India". Vikalpa, 26(1) January-March, 49-68.
22. Rohmetra, N, (1998); "Organisation Effectiveness through HRD Cultural Dynamics". Journal of Indian Management and Strategy 3 (4), October-December, 54-6.
23. Rohmetra, N, (1998); "Towards Creating Learning Organisation-The HRD Climate Focus". Paradigm 2(1) July, 56-63.
24. Shakeel, A. (1999); "HRD in Universities". ABH Publishing House, New Delhi.
25. Sharma, S and Purang, P (2000); "Value Institutionalization and HRD Climate: A Case Study of Navratna Public Sector Organisation". VISION, The Journal of Business Perspective, Spl. Issue 4, September, 11-17
26. Srinivas R. Kandula (1997); "The Impact of Liberalization on HRD Practices in Power sector: A Case Study". Journal Productivity 38(4) 255-256

ANNEXURE

ANNEXURE I: HRD CLIMATE SURVEY QUESTIONNAIRE

The Statements given below which tends to describe the climate of an organization, the respondents were asked to give their responses for each item on a scale of 5. 1 means not at all true, 2 means rarely true, 3 for sometimes true, 4 for mostly true and 5 for always true.

1	The University Administration goes out of its way to make sure that its employees enjoy their work.
2	The University Administration believes that the human resources are an extremely important resource and they have to be treated more humanly.
3	Development of subordinates is seen as an important part of their job by the authorities here.
4	The personnel policies in this University facilitate employee development.
5	The University Administration is willing to invest a considerable part of their time and other resources to ensure the development of the employees.
6	Senior Officials/HOD's in the University take active interest in their juniors and help them learn their job.
7	Employees lacking confidence in doing their job are helped to acquire competence rather than being left unattended.
8	Officials/ HOD's in the University believe that employee behaviour can be changed and the people can be developed at any stage of their life.
9	Employees in the University are helpful to each other.
10	Employees in the University are very informal and do not hesitate to discuss personal problems with their officers/ HOD's.
11	The psychological climate in the University is very conducive for the employee interested in developing himself by acquiring new knowledge and skills.
12	Seniors guide their juniors and prepare them for future responsibilities / roles that they are likely to take up.
13	The University Administration makes efforts to identify and utilize potential of the employees.
14	Promotion decisions are based on the suitability of the promotee rather than on favoritism.
15	There are mechanisms in this University to reward any good work done or any contribution made by employees.
16	When an employee does good work, his officer/ HOD takes special care to appreciate it.
17	Performance appraisal reports in this University are based on objective assessment and on adequate information and not on favoritism.
18	Employees in the University do not have any fixed mental impressions about each other.
19	Employees are encouraged to experiment new methods and try out creative ideas.
20	When any employee makes a mistake, his officer/HOD treats him with understanding and help him to learn from such mistakes rather than punishing him or discouraging him.
21	Weaknesses of the employees are communicated to them in a non-threatening way.
22	When behaviour feedback is given to the employees, they take it seriously and use it for development.
23	Employees in the University take pains to find out their strengths and weaknesses from their officers/ HOD's and their colleagues.
24	When employees are sponsored for training, they take it seriously and try to learn from the programme they attend.
25	Employees returning from training programmes are given opportunities to try out what they have learnt.
26	Employees are sponsored for training programmes on the basis of their genuine training needs.
27	Employees trust each other in this University.
28	Employees are not afraid to discuss or express their feelings with their superiors.
29	Employees are not afraid to discuss or express their feelings with their subordinates.
30	Employees are encouraged to take initiative and do things on their own without having to wait for instructions from their superiors.
31	Delegation of authority to encourage juniors to develop handling higher responsibilities is quite common in this University.
32	When seniors delegate authority to their juniors, the juniors use it as an opportunity for development.
33	Team spirit is of high order in this University.
34	When problems arise, people discuss these problems openly and try to solve them rather keep accusing each other behind the back.
35	Career opportunities are pointed out to juniors by senior officers/ HOD's in the University.
36	The University's future plans are made known to the administrators/ HOD's to help them develop their juniors and prepare them for future.
37	The University ensures employees welfare to such an extent that the employees can save a lot of their mental energy for work purposes.
38	Job rotation in this University facilitates employee development.

EVALUATION OF THE COMPATIBILITY OF THE BANK GUARANTEES ISSUED BY THE JK BANK LTD. WITH LAW AND POLICY - A CASE STUDY OF THE JK BANK LTD. IN SRINAGAR

MOHD YASIN WAN
RESEARCH SCHOLAR
FACULTY OF LAW
JAMIA MILLIA ISLAMIA
NEW DELHI

S. Z. AMANI
ASST. PROFESSOR
FACULTY OF LAW
JAMIA MILLIA ISLAMIA
NEW DELHI

ABSTRACT

The study examines the evaluation and compatibility of the bank guarantee issued by the Jammu and Kashmir Bank Ltd. with the law and policies. It makes the systematic evaluation of the law and the judicial approach relating to the bank guarantee system. The present study also evaluates the bank guarantees issued by the Jammu and Kashmir Bank Ltd. with the guidelines and the norms of Reserve Bank of India. The area of the study is confined to the Srinagar district of the State of Jammu and Kashmir. In order to gather information with respect to bank guarantees issued by the Jammu and Kashmir Bank Ltd. various bank officials at different branches had been interviewed. The sampling technique utilized in this study is random sampling. The analysis of the data reveals that the Jammu and Kashmir Bank Ltd. is following the law, rules and the policies while issuing the bank guarantees.

KEYWORDS

Bank guarantee, Jammu and Kashmir Bank Ltd. (J&K Bank Ltd.) and bank guarantee, Reserve Bank of India (RBI) on bank guarantee.

INTRODUCTION

We have moved along way from the time when a bank was a mere deposit-taking and money lending institution, veiled in conservatism and managed by people whose aim was to maximize profits and minimize risks. A banker then was a fair-weather friend, lending an umbrella on sunny days and withdrawing it when it rained. Banking in India had a thorough shake-up in the 50's particularly with the conversion of the Imperial Bank of India into the State Bank of India.

The word "Bank" owes its origin to a French word "Bancus" and the Italian word "Banca" both meaning benches. Some historians say that the word "bank" has been derived from the German word "Back" which means a joint stock fund. Later on, when the Germans occupied major part of the Italy, the word "Back" was Italianized into "Bank".

After the nationalization of banks, finance schemes for agriculture small industries and self employment schemes gathered considerable momentum and a number of special credit schemes were evolved for this purpose. The services offered by the bank may be classified into two types, viz; services to depositors and borrowers for providing credit to them and ancillary services. Bank guarantee has a dual place in the ancillary services provided by banks.

Guarantee is an undertaking given by the surety to be collaterally responsible for the debt default or miscarriage of another. In every contract of guarantee, there are three parties; the creditor, the principal debtor and the surety. There are also three contracts, in every contract of guarantee. Firstly, the principal debtor himself makes a promise in favor of the creditor to perform his promise. Secondly the surety undertakes to be liable towards the creditor if the principal debtor makes a default. Thirdly an implied promise by the principal debtor in favor of the surety that in case the surety has to discharge the liability on the, default of the principal debtor then the principal debtor shall indemnify the surety for the same.

By virtue of section 126 of the Indian Contract Act, 1872; every Bank guarantee is a tripartite contract between the banker the beneficiary and the person at whose instance the bank issues the guarantee.

The Jammu & Kashmir Bank Ltd. has been playing a great role for the growth and prosperity of trade and commerce. One of the most important services furnished to the business community is guarantee on behalf of its customers for the benefit of the third person, with whom the customer makes a business contract. These guarantees are generally furnished in favor of Govt. Deptts. such as; Railways, PWD; public undertaking, reputed companies, etc; who may require guarantees from their contractors in lieu of tender or earnest money or performance of contracts to supply goods etc.

OBJECTIVES

The purpose of my study is to achieve the following objectives:

1. To make systematic evaluation of Law and Judicial approach relating to Bank Guarantee.
2. To evaluate the compatibility of the bank guarantees issued by the JK Bank with the Law.
3. To evaluate the compatibility of the Bank Guarantees issued by JK Bank with the guidelines & norms of RBI
4. To assist the JK Bank in better implementation of the Law and Judicial Pronouncements related to bank guarantee system while issuing the bank guarantee.

HYPOTHESIS

The law and the Policies relating to Bank Guarantee has been followed by the JK Bank while issuing Bank Guarantees.

RESEARCH METODOLOGY

This present study is a non-doctrinal research with the purpose to evaluate the compatibility of the bank guarantees issued by the Jammu and Kashmir Bank Ltd. with the Law and policies. Interview schedule Method is selected as a research tool for collection of data from the field study.

The non-doctrinal part of my study is confined only to the Srinagar District of the State of J&K. In order to gather information or data with respect to bank guarantee furnished by the J & K Bank various bank officials particularly Branch Managers posted at different branches of J&K Bank have to be interviewed. Subsequently, the data collected is tabulated and analysed.

UNIVERSE/AREA OF WORK

The area of my work or universe is confined to district Srinagar of the state of Jammu and Kashmir. The reason for selecting Srinagar District is that most of the branches of J & K Bank (97 branches out of 590 branches) are situated in this district. Highest number of branches is situated in this district out of other districts of the state Jammu and Kashmir and other regions of India.

Second reason for selecting Srinagar district is that it is the capital city of Kashmir and the commercial hub of the state of Jammu and Kashmir, therefore, large number of business transactions and contracts are to be executed in this area which requires bank guarantees.

SAMPLING

The sampling technique utilized in present study is random sampling. It is that type of sample in which the units or items are selected from the population randomly or in such a way that every individual of the population is given chance of being selected. The reason for utilizing sampling technique is that it was not possible for me to collect the data from each and every branch of J & K Bank situated in Srinagar district of the state of Jammu and Kashmir in a short period of time. Secondly the reason for utilizing random sampling is that the sampling frame is uniform i.e., All the branches of the Srinagar district are situated in similar environment, because whole Srinagar district is commercial area.

ABOUT THE SURVEY CONDUCTED

The respondents were contacted for field research from 1st December, 2011 to 31st December, 2011. The respondents were interviewed for the purpose of collection of data from them. Personal interview method was used for this purpose. A schedule was used for conducting the interview. The various officials mostly the branch managers of 20 branches of the Jammu and Kashmir Bank Ltd. Located in Srinagar district of the state of Jammu and Kashmir have been interviewed in this field research.

NATURE AND SCOPE OF BANK GUARANTEE

In England there is no statutory law governing bank guarantees. Therefore, English courts are content by stating that the banks should be left free to perform their obligations under the agreements of bank guarantees, however in India courts necessarily have to keep in view the provisions of the Indian contract Act, 1872, applicable to the bank guarantees while dealing with such guarantees and those provisions have to be read into each, contract of bank guarantee.

By virtue of section 126 of the Indian contract Act 1872, every bank guarantee is a tripartite contract between the banker, the beneficiary and the person at whose instance the bank issues the guarantee¹.

Since the bank guarantee represents an independent contract between the bank and the beneficiary, both the parties would be bound by the terms thereof. In *Hindustan Construction Co. Ltd. V. State of Bihar*²; it was observed by the Apex Court that, a bank guarantee is the Common Mode of securing payment of the money in commercial dealing as the beneficiary, under the guarantee, is entitled to realize the whole of the amount under that guarantee in terms thereof respective of any pending dispute between the person on behalf of the guarantee was given and the beneficiary. In contracts awarded to private individuals by the government, which involve huge expenditure, e.g., construction contracts, bank guarantees are usually required to be furnished in favour of the government to secure payments made to the contractor as "Advance" from time to time during the course of contract, and also to secure performance of the work instructed under the contract. The bank giving such a guarantee is bound to honour its terms irrespective of any pending dispute, or dispute raised by its customers.

In *U.P. co-operative Federation Ltd. V. Singh consultants and Engineers (P) Ltd.*³ it was held by Subyasachi Mukherjee, J., that in order to restrain the operation of bank guarantee, there should be a serious dispute and a good Prima facie case of fraud and special equities in the form of preventing irretrievable in justice between the parties. It was observed that the commitments of the banks must be honoured free from interference by the courts and it is only in exceptional cases that that is in case of fraud or in cases of irretrievable injustice that the court should interfere as otherwise the very purpose of bank guarantee would be negative & the fabric of trading operations would be jeopardized.

RESERVE BANK OF INDIA NORMS FOR ISSUING BANK GUARANTEES

When guarantees are issued by the banks on behalf of the customers, the guidelines are to be required for the purpose of the, guarantee, its nature and duration. For this purpose, the RBI has laid down certain norms. These norms or guidelines are to be kept in view when sanctioning or recommending a guarantee or a guarantee limit, which are as follows:

- a) As regards the purpose of the guarantee, banks should as a general rule limit themselves to the provision of financial guarantees and exercise due caution with regard to their performance guarantee business.
- b) As regards maturity, as a rule, it would be advisable for banks to guarantee for shorter maturities and leave longer maturities to be guaranteed by other institutions. No bank guarantee should normally have a maturity of more than 10 yrs.
- c) As regards security, banks should limit their commitments by way of unsecured guarantees in such a manner that 20% of banks outstanding unsecured guarantees plus the total of its outstanding unsecured advances should not exceed 15% of its total outstanding advances.
- d) Whenever the guarantees are issued, the guarantor bank should obtain a counter guarantee from the principal debtor on whose behalf a guarantee is issued.
- e) A guarantee should before a definite period, ordinarily not exceeding one year for a specified amount.

BANK GUARANTEES ISSUED BY THE J&K BANK IN PRACTICE

The then, Maharaja of the state, Maharaja Hari Singh, conceived the idea to establish a bank to help the people particularly the people of Jammu and Kashmir State to come out of the economic backwardness. The scheme of framing the bank was formulated by an eminent banker Sir Sorobji N. Pachkanwall, the then Managing Director of Central Bank of India, With the result J&K Bank was the first banking institution incorporated in the state of J&K.

Although conceived in September, 1930 the bank could not be established as a Govt. Company till 1938. It was only on the first of October, 1938, that the bank was incorporated under the name, "The Jammu and Kashmir Bank Ltd." With registered office at residency Road, Srinagar and with the State Govt. contributing 65% of the banks paid up capital.

The bank opened its first branch at residency Road, Srinagar, encouraged by the support of the Public, it opened it's another branch at Jammu. By 1946, the number of branches of the bank went up to twelve. Since then the commercial banking in the state has expended considerable. The process of expansion, however, had been quite fast after nationalization of banks in 1969. During the financial year 2004-05, J&K Bank Ltd. has opened 25 new branches, increasing the number of branches to 500. Today on 1st of January, 2012 the total number of branches of Jammu and Kashmir bank Ltd. are 590.

The Jammu and Kashmir Bank has 97 branches out of 590 branches in district Srinagar. My field study is confined to Srinagar district. Practically it was possible for me to have recourse to each and every branch of the bank located in district Srinagar in short period of time. Therefore I have randomly selected 20 branches of the bank for the purpose of collection of data. The branches of bank that have been visited by me are as follows: -

1. J & K Bank Residency Road
2. J & K Bank Butmotoo
3. J & K Bank Dalgate
4. J & K Bank Khanyar

¹*Nangia Construction India Pvt. Ltd. National Building Construction Corp. Ltd. II (1999) B.C. 51:47 (1990) DLT 359*

²*AIR 1999 SC 3710 at 3712*

³*1988 1 SCR 1124*

5. J & K Bank Lalbazar
6. J & K Bank Hyderapora
7. J & K Bank Razwikadal
8. J & K Bank Bohrikadal
9. J & K Bank Hazratbal
10. J & K Bank Rambagh
11. J & K Bank Barzullah Baghat
12. J & K Bank Qamarwari
13. J & K Bank Rajbagh
14. J & K Bank Jowharinagar
15. J & K Bank Rangrate
16. J & K Bank Bemina
17. J & K Bank HMT
18. J & K Bank Noorbagh
19. J & K Bank Lasjan
20. J & K Bank Panthachock

COLLECTION AND ANALYSIS OF DATA

The data or responses gathered through interview method from the officials of the bank visited are tabulated and analysed.

01. Whether your branch is providing Bank Guarantee or not?

The above question aims to identify the awareness and power of the branches of the J&K Bank Ltd.

TABLE 1

S. No.	No. of Branches	Response	Total	%
01	20	yes	20	100%
02	nil	no	0	0%
Total	20		20	100%

The tabulation above indicates that all the branches of J&K Bank are empowered to furnish Bank Guarantee.

02. What is the maturity period of the Bank Guarantee in your bank?

The above question tries to identify whether the Jammu & Kashmir Bank Ltd. Is following the norm related to maturity or not while issuing the bank guarantees.

TABLE 2

S. No.	No. of Branches	Response	Total	%
01	12	10 years	12	60%
02	05	5-10 years	05	25%
03	03	7-10 years	03	15%
Total	20		20	100%

It is apparent from table 2 that out of 20 branches 12 responded that maturity period is 10 yrs., 5 branches responded that maturity period is 5-10 yrs. And rest 3 branches answered that maturity period are 7-10 yrs. In all the cases the maturity period does not exceed 10 years which is as per RBI norm.

03. How many types of guarantees can be furnished by your bank?

This question finds out whether the Jammu and Kashmir Bank is furnishing all those guarantees which are also provided by other banks or not.

TABLE 3

S. No.	No. of Branches	Response	Total	%
01	15	5	15	75%
02	05	04	05	25%
Total	20		15	100%

It is clear from Table 3 that out of 20 branches 15 branches respond that they are furnishing 5 types of guarantees i.e., performance, guarantee, financial guarantee, Advance Payment Guarantee, Continuing Guarantee and deferred payment guarantee, and the 5 branches responded that they are providing on 4 types of guarantees. i.e., Performance guarantee, advance payment guarantee, continuing guarantee and deferred payment guarantee but they are hesitating to provide what is known as financial guarantee.

04. To on behalf of whom you furnish guarantee?

TABLE 4

S. No.	No. of Branches	Response	Total	%
01	12	Account Holders only	12	60%
02	04	Customer	4	20%
03	4	Any one	4	20%
Total	20		20	100%

The study of Table 4 revealed that the J&K Bank branches are mainly furnishing guarantees on behalf of its customers. The only exception is that if non-customers will come with 100% cash margin then they will furnish guarantee in respect of that otherwise not.

05. Whether the guarantee furnished by your bank is conditional or unconditional?

This question aims to identify that what type of guarantees are furnished by J&K Bank Ltd.

TABLE 5

S. No.	No. of Branches	Response	Total	%
01	20	Unconditional	20	100%
02	Nil	Conditional	0	0%
Total	20		20	100%

It is clear from the Table 5 that J&K Bank furnishes unconditional guaranties.

06. If a dispute is pending between the party on behalf of whom guarantee is given and the beneficiary. Does your bank honour the guarantee or not?

This question tries to find out whether the J&K Bank honours the guarantee issued by it in all respects or not. Because the bank guarantee has been regarded and treated as a distinct and independent agreement from the underline principal contract and the obligations arised out of the contract of bank guarantee have been honoured by the banks irrespective of any dispute between the parties to the Principal contract.

TABLE 6

S. No.	No. of Branches	Response	Total	%
01	20	Honour	20	100%
02	Nil	Dishonor	0	0%
Total	20		20	100%

From the table 6 it is apparent that J&K Bank honours its guarantee irrespective of any dispute pending between the parties to the principal contract.

07. Is your bank furnishing secured or unsecured guarantee. If secured how you secure it?

The above question will find out whether J&K bank follows the guidelines of RBI regarding the security of the guarantees issued by it or not.

TABLE 7

S. No.	No. of Branches	Response	Total	%
01	15	Secured; Partly by cash and partly by other means	15	75%
02	05	Secured; fully by cash	05	25%
Total	20		20	100%

The analysis of the table 7 relating to security of the guarantee revealed that J&K Bank issues secured guarantees. The study revealed that some guarantees are issued on 50% cash margin and some on 25% cash margin and remaining guaranteed amount is secured by third party guarantee or by mortgage or hypothecation of the property of the customer. There are reported guarantees in some branches of the bank which are partly secured by cash and partly by counter guarantees, but the counter guarantees were only from scheduled institutions.

08. Should the guarantee furnished by your bank be oral or written?

This question will identify whether J&K Bank is following the essentials of Sec. 126 of the Indian Contract Act, 1872, that the guarantee may be either oral or in writing, while issuing the bank guarantee or not.

TABLE 8

S. No.	No. of Branches	Response	Total	%
01	20	Written	20	100%
02	Nil	Oral	0	0%
Total	20		20	100%

The study of the above table revealed that the J&K Bank furnishes only the written guarantees.

09. Can a guarantee issued by your bank be renewed latter on? If yes how many times?

TABLE 9

S. No.	No. of Branches	Response	Total	%
01	14	Yes; Many times	14	70%
02	06	Yes; As per the request of customer	06	30%
Total	20		20	100%

It is clear from the analysis of the table 9 that the J&K Bank can renew its guarantee. The renewal of bank guarantee depends upon the request of the customer. The study reveals that the bank can renew the guarantee as many times as the customer requests and situation allows.

10. On which basis your bank furnishes the guarantee?

TABLE 10

S. No.	No. of Branches	Response	Total	%
01	20	Commission; Which varies	20	100%
02	NIL	Any other basis	0	0%
Total	20		20	100%

The study related to the above question and table 10 revealed that the J&K Bank furnishes the guarantee on the basis of commission; so far as the rate of commission is concerned it varies. Normally the commission is 1% on the guaranteed amount, but if the cash margin is high it may be less. If there is 100% cash margin then the commissions is 0.15%, if cash margin is 70% the commission is 0.25% and if less than commission is more. The commission is also charged on quarter basis i.e., after every three months.

INFERENCES DRAWN

1. That all the branches of Jammu & Kashmir Bank Ltd. are empowered to furnish the bank guarantee.
2. The Maturity Period for bank guarantees in all case is not exceeding 10 yrs.
3. The Jammu & Kashmir Bank Ltd. is furnishing five types of guarantees viz; performance guarantee, financial guarantee, Advance payment Guarantee, continuing guarantee and deferred payment guarantee, but the bank generally hesitates to provide financial guarantees.
4. The Jammu & Kashmir Bank Ltd. is mainly furnishing guarantees on behalf of its customer. But it will not hesitate to provide on behalf of non-customer also if they will come up with 100% cash margin.
5. The branches of J&K Bank provide unconditional guarantees.
6. The J&K Bank treats guarantee as a distinct and independent agreement from the underlined principal contract and the obligations arises out of the contract is honoured by the bank irrespective of any dispute between the parties to the principal contract.
7. The Jammu & Kashmir Bank Ltd. Issues secured guarantees. The Guarantees are secured either fully by cash margin or partly by cash margin and partly by any another means.
8. The guarantees issued by J&K Bank Ltd. are always written.
9. The guarantee issued by J&K Bank can be renewed. It can be renewed as many times as the customer requests and situation allows.
10. The J&K Bank furnishes bank guarantee on the basis of commission, and the rate of the commission varies (Higher the cash margin, lower the commission rate and lower the cash margin, higher the commission rate).

HYPOTHESIS TESTED

The analysis of the data collected indicates that the Jammu and Kashmir Bank Ltd. is following the law, rules and policies while issuing the bank guarantees. Hence the hypothesis, "The law and the policies relating to Bank Guarantee has been followed by Jammu & Kashmir Bank Ltd. while issuing Bank Guarantees" Stands Proved.

REFERENCES

1. Gupta, S.N., Supreme court on Banking. (2007 Ed.). Universal Law publishing Co. Pvt. Ltd.
2. Gupta, S.N. Law relating to guarantee. (2006 Ed.). Universal Law publishing Co. Pvt. Ltd.
3. Handerson, Wade, Bank guarantee explained. <http://ezinerticles.com>. (Visited on 21-12-2011).

4. Moitra, A.C., Law of Contract and specific relief Act. (2005 Ed., 2006 reprint). Universal Law publishing Co. Pvt. Ltd.
5. Mir. M.A., The law relating to bank guarantees in India. (1992 Ed.). Universal Book Traders.
6. Prakash, Faq on bank guarantee. <http://www.calclubindia.com>. 6th Dec, 2009. (Visited on 12-12-2011)
7. Rajesh, Bank guarantee. <http://www.calclubindia.com>. 14th July, 2009. (Visited on 14-11-2011)
8. Ramachandram, Jessy, Bank guarantee. <http://www.american-charomical.com>. 14th July, 2009. (Visited on 10-11-2011)
9. Tannan, M.L., Tannan's Banking law and practice in India. (2005 Ed.). Wadhwa and Company Nagpur. Vol.II



WAYS TO HIRE AND RETAIN GENERATION Y EMPLOYEES

DR. NITASHA KHATRI
ASST. PROFESSOR
DEPARTMENT OF ACCOUNTING & TAXATION
ICG COLLEGE
IIS UNIVERSITY
JAIPUR

ABSTRACT

Generation Y's characteristics put them in high demand in today's job market, but managers and employers are having an extremely difficult time understanding how to incorporate them in the work environment. Following are some of their most unique characteristics, which are proving to be beneficial on one hand, yet extremely challenging on the other. Y'ers want fair and direct managers who are highly engaged in their professional development. Generation Y'ers are known for their ability to multitask. They seek out creative challenges and view colleagues as vast resources from whom to gain knowledge. It is important for employers to continue giving them challenging projects in order to prevent boredom and attrition. Y'ers are not eager to bury themselves in a cubicle and take orders from others in the workforce. They want ownership and control of their own fate. Y'ers want small goals with tight deadlines so that they can build ownership of tasks. They should be challenged to find technological solutions to everyday issues. They want to make an important impact immediately on projects they are involved with. They are looking for immediate gratification and an opportunity to excel. The more psychologists and social scientists study this generation, the more they realize that Generation Y members are most drawn to flexibility and balance in their day-to-day life, so it's important for employers to understand how to incorporate flexibility and work life balance into their recruiting strategies. Even in this time of lean staffing, Generation Y workers like to have a life outside work. Generation Y'ers don't want to repeat what they perceive to be the mistakes their parents made. Unlike the boomers, they don't want to work long hours at the expense of family, friends, and personal pursuits. Whereas the boomers put a high priority on career, today's youngest workers are more interested in making their jobs accommodate their family and personal lives. Money is important to them but maintaining work-life balance outranks money. In most cases, it's not the corner office or a large paycheck that drives.

KEYWORDS

Generation Y; Tick; Hiring; Retention; Mentor; Goals.

INTRODUCTION

The present study reveals with the very common problem of HR department of many employers who are trying to understand Generation Y. Who are they? What makes them tick? How do we recruit them—and more important, how do we retain them?

Generation Y (known to many as echo-boomers, boomer babies, millennials, the entitlement generation, or the digital generation), by the broadest definition, numbers more than 70 million Indians born between 1977 and 2000 and accounts for approximately 21 percent of the overall workforce. They are the fastest-growing segment of the workforce. Known for their optimism, education, collaborative ability, open-mindedness, and drive, Generation Y are the hottest commodities on the job market.

Generation Y'ers have always felt sought after, needed, and indispensable, and they are arriving at the workplace with higher expectations than any other generation before them. When Generation Y made their initial foray in the workforce, their positive reputation was built early because employers loved their energy, drive, and skills. However, many managers were a little taken aback by what they perceived as a short attention span and reluctance to perform tasks that lacked depth.

Today, as the demand for intelligent workers intensifies, employers need to understand what motivates and inspires the loyalty of these high-performing employees.

WHAT MAKES GENERATION Y SUSTAINED

Hiring Generation Y Employees: Generation Y is only one of four workforce generations. In addition, today's workforce includes the Traditionalists (pre-1946), Baby Boomers (1946-1964), and Generation X (1964-1977). Each group has its own distinct set of values, view of authority, and orientation to the world, loyalty, expectations of their leadership, and ideal work environment. Every generation is uniquely shaped by its own location in history, and this formative influence has enduring effects and brings something new and important to the workforce. That is why it is so important for high-level managers and executives to understand, respect, and regularly address generational differences that manifest themselves in the workplace.

Everyone desires a workplace and culture that not only allows, but also encourages, him or her to be a productive and influential contributor. The challenge facing employers in the public and private sectors is to create an environment that meets the needs and expectations of all employees, regardless of the generation to which they belong. Thus the following can be the important parameters for hiring or recruiting **Generation Y Employees**:-

- **Organizations get people with a good sales pitch**

Organizations that are the most successful in hiring young workers are willing to use high-level marketing tactics that include high-end company videos with good graphics, great editing and an exciting story line based on a fast track to success.

- **Use the promise of skill-building as a recruiting tool when organization interview Gen Y applicants**

Successful recruiters understand the "I want it all now" mentality of Gen Y and focus on **signing bonuses, perks and instant rewards** rather than long-term opportunity. (Workers under 30 have an idea that a good job last three to five years.) So armed with the information that their company may be viewed as stepping stone, they **load benefits on the front end** and let recruits know how bright the future is even if that future is with another company.

- **Create easy online job applications (Post available positions on your web site)**

Generation Y job seekers like the fact that they can fill out an application for employment from the comfort of their house at all hours of the day. However, don't leave out personal contact altogether. Generation Y expects to be able to interact with recruiters who are knowledgeable and skillful. They want specifics about the company and the opportunities.

- **Make organization green?**

More than two-thirds of Generation Y workers wanted to work for an environmentally responsible company as compared with 52 percent of baby boomers.

- **Work-life balance - Revisit your vacation policy.**

Some of America's largest businesses are experimenting with unconventional time-off rules and benefits. New Brunswick, N.J., health-care giant Johnson & Johnson has an ever-expanding stable of work-life balance programs, including an extra week's paid vacation for new moms and dads and for parents adopting. Read more about what Netflix has done. Similarly, Netflix has embraced an attitude of employee autonomy that, as the company describes it, "means leaving the office for as long as you want, as often as you want, if the work gets done."

Retaining Generation Y Employees: - Generation Y has always been familiar with the Internet, CDs, DVDs, cellular phones, and digital cameras. This generation is more affluent, more technologically savvy, better educated, and more ethnically diverse than any previous generation. They're always looking to develop new

skills and embrace a challenge. They strive for success, and therefore measure that success in terms of what they've learned and the skills they've developed from each experience. Generation Y often takes longer to find stable careers and settle into lifelong relationships. Though Generation Y'ers often take longer to emerge into the professional world, they are more likely to obtain graduate degrees than previous generations because of their high regard for education.

Generation Y's characteristics put them in high demand in today's job market, but managers and employers are having an extremely difficult time understanding how to incorporate them in the work environment. i.e **What Makes Generation Y Tick?**

Following are some of their most unique characteristics, which are proving to be beneficial on one hand, yet extremely challenging on the other.

High Expectation of Employers:- Y'ers want fair and direct managers who are highly engaged in their professional development.

- **Let them talk:** Meetings that allow innovative ideas and creative input prove that your company is a forward-thinking organization. If your young employees can see their input in company solutions, they have total buy-in for the mission.
- **Communicate:** Find out what they want. Communicate openly and give honest feedback on their performance and development. Corporate double-speak is a dead language. Train managers to address these new challenges and to acquire Generation Y employee management skills.
- **Give immediate feedback:** Having real-time feedback sessions and short performance-review cycles supported by coaching or mentoring will help them to fine-tune their behavior.
- **Instant recognition:** Do not save recognition for a year-end banquet, but show honest appreciation with a card, nomination for an award, movie tickets, dinner or even a simple "thank you" to make people feel valued. Avoid drive-by or insincere praise.
- **Provide developmental opportunities:** Offer opportunities for growth and development according to individual needs. Show them a path that will allow them to change jobs within the same company. Internal mobility programs that support movement should be encouraged.
- **Provide a fast track:** Make sure you have a performance-based fast track to success. It should at least be **possible** that if they perform very well, they can rapidly increase their position and pay.

Need for Ongoing Learning:- Generation Y'ers are known for their ability to multitask. They seek out creative challenges and view colleagues as vast resources from whom to gain knowledge. It is important for employers to continue giving them challenging projects in order to prevent boredom and attrition. Y'ers aren't eager to bury themselves in a cubicle and take orders from others in the workforce. They want ownership and control of their own fate.

- The big issue is **leadership**. Generation Y employees don't work for companies; they work for their direct supervisors. The importance of relationships and the quality of those relationships can't be stressed enough. Leadership styles that include a heavy dose of negative feedback or military-style management techniques are simply not working. In exit interviews of workers ages 19 to 29 people revealed they left their jobs because of their boss, not because they disagreed with company beliefs, philosophies or culture. **Young, talented employees will leave because they have options.** The young people who stink are with you for life. (The No.1 reason that people in this age group left their jobs was that "the boss doesn't pay enough attention to me and I don't get enough positive feedback.")

Goal, Goals, Goals:- Y'ers want small goals with tight deadlines so that they can build ownership of tasks. They should be challenged to find technological solutions to everyday issues.

- **Mentor them:** Don't just give orders; give the reasoning behind them. If you want Gen Y workers to do something, tell them why, in a way that lets them know the importance of the task to the company.
- **Green goals:** Company goals that are connected to causes like the environment and world peace attract and keep talented young workers, according to recent surveys.

Desire for Immediate Responsibility:- They want to make an important impact immediately on projects they are involved with. They are looking for immediate gratification and an opportunity to excel.

- **Encourage their values:** Any avenue to show appreciation for their individuality and let them be expressive will keep them around. Allow them to have input into the decision-making process. They want to be heard.
- **Don't be afraid to add responsibilities:** Generation Y workers want to take up more responsibility sooner. They like to explore a variety of different jobs and have a thirst for growth and knowledge. Give them new responsibilities and the right training programs and set them on their way.
- **Give more ownership:** Give them more ownership on the tasks they are doing and challenge them. Gen Y employees want small goals with tight deadlines so that they can build ownership of tasks.

Balance and Flexibility:-The more psychologists and social scientists study this generation, the more they realize that Generation Y members are most drawn to flexibility and balance in their day-to-day life, so it's important for employers to understand how to incorporate flexibility and work life balance into their recruiting strategies. Even in this time of lean staffing, Generation Y workers like to have a life outside work. Generation Y'ers don't want to repeat what they perceive to be the mistakes their parents made. Unlike the boomers, they don't want to work long hours at the expense of family, friends, and personal pursuits. Whereas the boomers put a high priority on career, today's youngest workers are more interested in making their jobs accommodate their family and personal lives. Money is important to them but maintaining work-life balance outranks money. In most cases, it's not the corner office or a large paycheck that drives.

- **Offer flexibility at work:** Be accommodating, both in terms of having flexible working hours and trusting them to work from home. Money is important to them, but maintaining work-life balance outranks money.

FINDINGS AND SUGGESTIONS

Generation Y will most likely prove, if capitalized on, to be one of the greatest assets of companies today; however, many organizations are failing to formulate strategies to recruit and especially to retain this talent. The challenge that lies ahead is to find a balance between a work environment that leverages the benefits of Generation Y but does not alienate the rest of the workforce. Generation Y employees accept that they cannot rely on their employers to take care of their careers, but they appreciate all the help they can get. In addition to required annual appraisals, feedback from managers is best when given frequently and in a constructive manner. This helps employees better understand what they're doing well and how they can improve upon their skills.

Generation Y is a powerful group of young individuals with unique attributes and a potential considered by most social scientists and researchers to be infinite. It is vital for organizations inside and outside government to take the necessary steps to better understand Y'ers. Above all, Generation Y wants to—and has what it takes to—balance workplace success with a healthy lifestyle. The challenge is now on organizations to provide the environment in which that can happen. **The key is for employers to work with these young employees, to listen to them, and to understand what makes them tick.**

REFERENCES

1. Armour, Stephanie. "USATODAY.com - Generation Y: They've arrived at work with a new attitude." 12 October 2007.
2. Bens, Ingrid. *Facilitating to Lead!: Leadership Strategies for a Networked World*. 1st ed. San Francisco: Jossey-Bass, 2006.
3. *Facilitating with Ease!: Core Skills for Facilitators, Team Leaders, and Members, Managers, Consultants, and Trainers*. New and rev. [ed. San Francisco, Calif.: Jossey Bass, 2005.
4. Blanchard, Kenneth H., Patricia Zigarmi, and Drea Zigarmi. *Leadership and the One Minute Manager: Increasing Effectiveness through Situational Leadership*. 1st ed. New York: Morrow, 1985.
5. Bridgeford, Lydell C. "The Young & Not so Restless: Helping Employers Understand, Retain Generation Y Workers." *Employee Benefit News* (2007): 1.
6. Chester, Eric. *Employing Generation Why? Understanding, Managing, and Motivating Your New Workforce*. Ed. Linda Carlson. Tucker House Books, 2002.
7. Deloitte Development LLC., "Who Are the Millennials." 2005. 16 October 2007
8. Dolan, Jenny. "Take a test on work-life generations." *Knight Ridder Tribune Business News*. 28 March 2007.
9. Earley, Christopher P., and Elaine Mosakowski. "Cultural Intelligence." *Harvard Business Review* 82.10 (2004): 139-146.

10. Howe, Neil, and William Strauss. "The Next 20 Years: How Customer and Workforce Attitudes Will Evolve." *Harvard Business Review* 85.7/8 (2007): 41-52.
11. Lancaster, Lynne C., and David Stillman. *When Generations Collide: Who They Are. Why They Clash. How to Solve the Generational Puzzle at Work*. New York: HarperCollins, 2002.
12. Martin, Carolyn A., and Bruce Tulgan. *Managing the Generation Mix: From Urgency to Opportunity*. Amherst, Mass.: HRD Press, 2006.
13. NAS. "Generation Y: The Millennials, Ready or Not, Here they Come." 2006. 15 October 2007.
14. Steiner, Julius. "Six steps for guaranteeing generation y productivity." *Supervision* 68.7 (July 2007): 6-7. *Business Source Elite*. EBSCO. Charles County Public Library, MD. 14 October 2007
15. Tulgan, Bruce. *Managing Generation Y: Global Citizens Born in the Late Seventies and Early Eighties*. Amherst, Mass.: HRD Press, 2001.
16. Tyler, Kathryn. "The Tethered Generation."
17. *HRMagazine* 52.5 (2007): 40. Zemke, Ron, et al. *Generations at Work*. New York: Amacom, 1999.



REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. **infoijrcm@gmail.com** or **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

