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MEDIATING ROLE OF EMPLOYEE RELATIONSHIP MANAGEMENT BETWEEN PERCEIVED TRAINING AND DEVELOPMENT AND EMPLOYEES PRODUCTIVITY

Dr. D.S. CHAUBEY
DEAN (RESEARCH & STUDIES)
UTTARANCHAL UNIVERSITY
DEHRADUN

NAVITA MISHRA
RESEARCH SCHOLAR
PACIFIC UNIVERSITY
UDAIPUR

Dr. RAJAT PRAVEEN DIMRI
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
SWAMI RAMA HIMALAYAN UNIVERSITY
JOLLY GRANT

ABSTRACT

In today's fast changing business environment, sustaining employee's performance is becoming increasingly important for organizational growth and performance. Employees training become vital for maintaining their performance and future challenges. A positive employee relations climate creates a social atmosphere, which improve training outcome and encourages high employee involvement and an employee-centered culture for better productivity. In response, employees feel comfortable and contribute positively to organizational performance. Present research work tries to explore the mediating effect of employee relationship management practice on employees training and their perceived outcome. In a survey of 217 employees engaged in some selected organization in Dehradun, it was observed that ERM practices mediates between employees training and their perceived outcome. Some of the suggestions based on the study is also presented in the study.

KEYWORDS

employees relationship management, employee training, organisational performance, business environment social atmosphere.

INTRODUCTION

In the fast changing business scenario, the employee job performance has become one of the most important factors for firm productivity. In the current economic and financial crisis knowing the factors that generate success and the ways in which it can be measured has a critical importance for the management. Each performance indicators are designed to provide information on the quality of processes performed within an organization offering support to achieve the objectives on time and within a predetermined budget. But, to fulfill this role is necessary to understand their full and proper use. No business scenario can guarantee economic stability, and the ability to control organizational performance during a financial crisis becomes more difficult. An organization in difficulty must be able to identify those measures that enable it to respond effectively to new problems to adapt as quickly as possible to changes in the business environment. In the last one decades, Indian industrial organization is witnessing a new dimension of relationship in the employer and employee ecosystem. The employee has become a more informed customer. Employee is driven by his perception of a specific brand/organisation. But the organisation is driven by reality. Their interaction reaches realization when individual aspiration helps the organisation's perception. The Knowledge regarding the possible association between employer-employee relationship and job performance would help management in designing the system for better productivity for the company through increased job performance.

REVIEW OF RELATED LITERATURE AND HYPOTHESIS DEVELOPMENT

An organization is really a complex system that has no physical body of its own, so if an employee is to feel a sense of support, it will result from interactions with other individuals within the company. Supervisors act as the face of the organization, giving employees feedback and advocating on behalf of their company. Effective managing involves the managing relationship with the employees through effective communication so that employees understand instructions and management intentions. In the absence of understanding intentions, managerial efforts can become ineffective, or even counterproductive. Brown and May (2012) shows training sessions in series by leaders of the groups in which they explain how action plans should be implemented. He says that this development program must not be done to anyone but for everyone. One must not expect radical overnight changes through training but one must give their best effort in its adoption. In a large manufacturing setting, training results in productivity. An intensive yearlong development and training program resulted in significant increase in job satisfaction and productivity which leads to an overall effect in organizational performance. The extent to which T&D contributes in developing the good managers, it will positively impact the performance of the organization (Nikandrou et al., 2008). Previous literature also highlights that whenever HR practices are used in conjunction with each other their results are more fruitful. But this study is more focusing on impact of training on firm performance. The global competition intensified the importance of training and development which is a key process of ensuring employee skill, knowledge, behavior, attitude and enhancing employee performance for achieving organizational goals (Nikandrou et al., 2008). It is also found that training and development lead to superior knowledge, skills, abilities, attitudes, and behavior of employees that ultimately enhance excellent financial and nonfinancial performance of the organizations (Thang and Buyens, 2008). Better employer and employer relationship make the training and development more effective in achieving higher employee's satisfaction and contribution toward higher firm performance.

TRAINING AND DEVELOPMENT AND EMPLOYEES PRODUCTIVITY

Organizational performance and its growth and sustainability is dependent on the skills and knowledge of the employees which is considered as the assets of the firm. The knowledge, skill development, and abilities are some of the dimensions of the process of training and development for building human resource capital and human resource capital of any organization plays an important role, thus training and retraining helps in fortifying employees (Khan, Khan and Khan, 2011). In contrast to this Mourdoukoutas (2012) found out that some of those organizations that neglect employee training do so because of the huge cost of training and the fear of losing those employees after training them. Trained employees perform well as compared to untrained and so is very necessary for any organization to give its employees training to get overall goals of the organization in a better way (Heras, 2006). Further many study supports that training and development

increase the overall performance of the organization (Shepard, Jon et al., 2003). Training opportunities may, therefore, serve a general purpose in making the employees feel important and taken care of, in terms of having opportunities to develop. Similar arguments were recently presented by Kuvaas (2008), who found a strong negative relationship between perception of developmental HR practices (including training opportunities) and turnover intention. However, the results of training impart major contribution in the better performance therefore, considered at strategic level in the organizations. The performance of the organization refers to those attitudes' that have been assessed or measured as to their contribution to organizational goals (Cook and Hunsaker, 2001).

Debra L. (2011) The Effect of Training and Development on Employee Attitude as it Relates to Training and Work Proficiency explores the relationships between training experiences and attitudes and attitudes about perceived job proficiency finds a direct relationship between one's positive training experiences and attitudes and one's proficiency. The behavior or attitude indicated the approach and skills of the management specially line management that helps them to use the resources' successfully and professionally with competency. However, this competency is enhanced with the help of training and development. The discussion thus far leads to the following hypothesis:

H1: Training and development program of the organization have significant impact on Employees Productivity.

EMPLOYEES RELATIONSHIP AND ORGANIZATIONAL PERFORMANCE

In an organization, every individual as a human being shares a certain relationship with his fellow workers at work place. These relationships need to be managed to make the people comfortable with each other and work together as a single unit towards a common goal. The emerging employment relationship in India is best viewed through the lens of psychological contracts. Psychological contract has significant influence on valuable workplace outcomes. Pawan S. Budhwar, (2003) "Employment relations in India", examines the employment relations (ERs) scenario in Indian organisations. His investigation is based on a questionnaire survey of 137 Indian firms in the manufacturing sector. The analysis of existing literature highlights the role of three key actor's management, unions, and the state in the management of ERs in Indian organisations. Hence it is understood that for the growth of organization it becomes necessary to have good employee-employer relationship and it is possible only then when employers understand the different importance of different stakeholders and their effectiveness on building employees relationship. There is paradigm shift of employee and employer relationship, which was based on mutual understanding among employee and employer, in which employee is supposed to do work hard without any destruction and fails in duty whereas employer is supposed to pay for what employee has contributed and job security (Meuse et al., 2001). Today the situation has changed as a result of downsizing, merger & acquisition, rapid change in technology. This has affected employee employer relationship. Employment relationship have changed with the involvement of women and changing technology, however, these changes have certain outcomes like changing workforce and changing employee-employer relationship, and became the cause of decreasing trust in the employer and reason of increased government regulation, lawsuits, and the general animus between employers and employees which continued to grow incrementally (Karnes, 2009). According to Karnes good employment relationship results in increase in employee satisfaction hence business success, as high and sustainable level of business performance have to be based on effective community. To ascertain these, we have developed the following hypothesis

H2: Employee Relationship Management practices of the organization have significant impact on organizational performance.

EMPLOYEES RELATIONSHIP MANAGEMENT, TRAINING & DEVELOPMENT AND ORGANIZATIONAL OUTCOME

The relationship between an employer and an employee is a key deciding factor because it is very important to have mutual trust. As the trust between employee and employer increases this helps in building a relation between both the parties. Once this trust factor is built then it helps to maintain the relationship and helps both the parties to understand each other well so that both can contribute to the development of the organization and personal development. It helps in maintaining the satisfaction level of both the parties which is very important for both the employer and employee as if any of the party is not satisfied the growth of the organization is not possible. Now it can become moral obligation and helping from protecting the welfare of employees, to treating them respectfully, providing good working conditions and not abusing their power or discriminating against them. And in turn helpful in enhancing employees loyalty and professionalism. Building of mutual trust helps in knowing the strengths, weaknesses, way of living etc. it helps in delegating responsibilities, avoiding misconceptions. When an employer knows the strengths of his employees he/she know the potential of every employees and hence delegate responsibilities accordingly. This helps to maintain the motivation level among the employees.

Employees relationship influences their behaviors at work. Employees' attitude and behavior are influenced by the nature of relationship with the supervisor, management and with peers which are subjected to the expectations of each other, perceptions of the intentions of either, distributions of assignments, readiness to conform and enthusiasm to contribute etc. Poor relationships with co-workers and management can cause many people to fear going to work each day. A recent study shows this dread is probably happening more than most people may realize. In fact, according to a recently released survey conducted by Tinypulse on employee engagement and organizational culture, nearly half of all employees surveyed indicated they were dissatisfied with their direct supervisors. This friction between management and staff not only manifests itself in poor attitudes and morale, it can have a poisonous effect on a company's productivity and revenue. On the other hand, a positive relationship between managers and employees can transform a workforce - improving loyalty, productivity, engagement, and as a result employee retention. Employee relations also take care of grievances and the problems of the employees and let them know all about their rights and what to do in case of discrimination. Therefore "new employment relationship" goes beyond the collective bargaining level to include non-union organizations where dialogue might be between employers and their employees, although with alternative bargaining structures. (Salamon, 1998). Business publications, such as Fortune, devote annually special issues with the "best places to work", grading the performance of large corporations in terms of the satisfaction of their employees (Fortune, 2006). Shore et al. (2009) and Song et al. (2009) investigated the role of social exchange relationships in explaining employee behavioral consequences in EOR context in different cultural settings. Both conceptual and empirical articles examined the relationship between perceived EORs and exchange related constructs of employee behaviors and attitudes (e.g., Tsui et al., 1997; Shore and Barksdale, 1998; Masterson and Stamper, 2003; Shore and Coyle-Shapiro, 2003; Shore et al., 2004; Kuvaas, 2008; Shen, 2009; Audenaert et al., 2012). More specifically, EOR literature provides evidences regarding the EORs impact on individuals' behavioral outcomes of job performance and turnover intention. Although the relevant literature offers a lot of insight into the relationship between HR practices and job satisfaction, as well as the relationship of job satisfaction with performance (Bowling, 2007), there are hardly any studies addressing specifically the relationship between employees relationship management, training effectiveness and organizational performances. The discussion thus far leads to the following hypothesis:

H3: Employee Relationship Management practices of the organization mediates the relationship between Training and development practices and perceived organizational performance

OBJECTIVES OF THE STUDY

By way of exploring the mediating role of employee relationship management in the relationship between training and development practices and perceived performance of organization in Uttarakhand, present study is taken up with the following objectives:

1. To examine the influence of Training and Development practices on employees productivity and perceived performance of organization in Uttarakhand.
2. To examine the influence of ERM practices on perceived performance of organization in Uttarakhand.
3. To explore the mediating role of employee relationship management between Training and development activities and employees productivity and perceived performances.

RESEARCH METHODOLOGY

The present research work was Descriptive in nature. Data for the study was collected from the employees associated with small and medium organization in Dehradun (India). A total of 250 employees participated in the study, with a final valid 217 questionnaires being used in this study, excluding 33 responses that

were unreliable or insincerely answered. The existing literature helped in the design of the questionnaire and construct related to employees relationship management, training and development program and organizational performances were selected based on studies related to employees relationship management and their role in training and development and firm performances. A structured questionnaire was designed in two part. The first section of the questionnaire contained questions to examine surveyed employees' demographic profile. The second section of the questionnaire was concerned with attributes related to employee relationship management practices, training and development activities and different outcome related to organizational performance. Respondents were asked to indicate their level of agreement in a five-point Likert-scale ranging from 1 (strongly disagree) to 5 (strongly agree). In order to ensure the validity of survey instrument, the initial questionnaire was given to a panel of experts to review its content's validity, the precision of its items meaning and to ensure its linkages with the objectives of the study. In order to validate the reliability, the questionnaire was pilot tested using 25 respondents, representing almost 10% of the total sample size, who were considered the representatives of the study population. The value of Cronbach's alpha was found 0.918, which suggested a highly acceptable level of reliability of the questionnaire. The data thus received was systematically arranged, tabulated and analyzed using SPSS and regression analysis was carried out to analyse the nature of relationship and mediating role of ERM practices on training and development and organizational performances.

TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

	Categories	Count	Percentage
Age Wise Classification	18-25 Years	9	4.1
	26 to 35 Years	151	69.6
	36 to 45 Years	35	16.1
	46 to 55 years	20	9.2
	56-65 Years	2	.9
Gender Wise Classification	Male	179	82.5
	Female	38	17.5
Marital status	Married	104	47.9
	Unmarried	113	52.1
Family Size Wise Classification	Upto 3 members	84	38.7
	4-6 members	100	46.1
	More than 6 members	33	15.2
Educational Qualification	Graduate	39	18.0
	Post-Graduate	131	60.4
	Professional qualification, if any.....	47	21.7
Income Wise Classification	Below Rs. 10000 PM	27	12.4
	Rs. 10001 to Rs. 15000 PM	25	11.5
	Rs. 15001 to Rs. 25, 000 PM	81	37.3
	Rs. 25, 000 To Rs. 40000PM	60	27.6
	Rs 40000 to 60000 PM	20	9.2
	Above Rs. 60000	4	1.8

The information presented in the above table reveals that sample is dominated by the respondents of age group 25-36 years of age as 69.6% respondents falls in to this age group. Another 16.1% respondents belong to the age group of 36-45 years. Sample is dominated by the respondents of Male category as 82.5% respondents falls in to this category and remaining 17.5% respondents fall into female category respondents. Majority of the respondent (47.9%) were from unmarried category. Survey indicates that sample is dominated by the respondents having 4-6 members in their family as 46.1% respondents indicated this. However, it is witnessed that more than one third (38 %) respondents indicated their family size upto 3 only. Most the respondents are well education as more than three fourth respondents indicated their education either post-graduation or having professional degree to their credit. The information related to income level of respondents indicated that 37.3% respondents indicated their income level ranging from Rs. 15000 –Rs. 25000 PM. More than one fourth 27.6% indicated that they earn upto 40000 PM. This signifies that sample is the composition of respondents having mix demography.

TABLE 2: NATURE OF ORGANIZATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Health care organization	46	21.2	21.2	21.2
	Hospitality organization	29	13.4	13.4	34.6
	Telecom service providing organization	44	20.3	20.3	54.8
	Banking and Insurance service organisation	59	27.2	27.2	82.0
	Educational organization	26	12.0	12.0	94.0
	other organization	13	6.0	6.0	100.0
	Total	217	100.0	100.0	

Employees engaged in different sectors of industry have different values, career aspirations, salary expectation, work environment, task complexity job requirements, etc. Employees Relationship management strategies may not work effectively for employees of various sectors of industry. The skill level, knowledge job complexity, the nature of professionalism and professional competencies differs from organization to organisation as well as industry to industry. the survey reveals that 27.2% employees belong to banking and insurance sector organisation. 20.3% employees were from Telecom service providing organization. 21.2%, 13.4%, 12.0% and 6.0% employees are from Health care organization, Hospitality organization, Educational organization and other organizations.

TABLE 3: IMPORTANCE OF STAFF RELATIONSHIP TO EMPLOYEES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Important	113	52.1	52.1	52.1
	Important	86	39.6	39.6	91.7
	Important to some extent	16	7.4	7.4	99.1
	Important to little extent	2	.9	.9	100.0
	Total	217	100.0	100.0	

It is old saying that Employer and Employees are the two wheels of the engine of the organization, a good and healthy relationship between these two wheels will only take the organization forward. It is essential for the management to know the nature and importance of staff relationship in conforming the statement. The study indicates that majority of the employees in the organisation are of the opinion that staff relationship is either very important or important for the smooth function of the organisation. This was combined together indicated 92% (52.1% and 39.6%) respondents in the sample. Very few i.e. 7.6% and .9% employees in the sample indicated that it is Important to some extent or Important to little extent.

TABLE 4: IMPORTANCE OF STAFF RELATIONSHIP TO THE ORGANISATIONAL PERFORMANCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It is vital to meeting the goal of organization	26	12.0	12.0	12.0
	It is essential for meeting the operation requirement	49	22.6	22.6	34.6
	It is desirable for smooth functioning of the organisation	100	46.1	46.1	80.6
	In the age of technological goal can be achieved without it	41	18.9	18.9	99.5
	Do not know	1	.5	.5	100.0
	Total	217	100.0	100.0	

In today's complex business world, maintaining a sound employer-employee relationship is essential for the ultimate success of any organization. A strong relationship in the organization motivate the employees and certainly it will improve their efficiency in work and hence the company's productivity will increase. With this into consideration, an effort was directed to know from the employees about **Importance of Staff Relationship to the organisational performance**. Survey indicates that 46.1% employees are of the opinion that employees relationship is desirable for smooth functioning of the organization. 22.6% employees in the organization are of the opinion that It is essential for meeting the operation requirement. 12% employees are of the opinion that It is vital to meeting the goal of organization. In comparison to this 18.9% employees indicated that in the age of technological goal can be achieved without it. Very few.5% employees indicated their inability to comment on the subject.

TABLE 5: ATTENDED ANY TRAINING PROGRAMME FOR MANAGING RELATIONSHIP IN THE ORGANISATION

	N	Mean	Std. Deviation
Briefing from senior management	217	3.8157	.52979
Outdoor communication training	217	3.7650	.56525
In-house communication training	217	3.8664	.53196
Counseling session for creating importance of relationship in the organization	217	3.9171	.54648
Simulation training for employees relationship	217	3.9539	.55084
Others	217	3.48	.624
Valid N (list wise)	217		

Training is essential for maintaining healthy employee relations in an organization. Strong employee relations are required for high productivity and human satisfaction. Strong employee relation depends upon healthy and safe work environment which is achieved through better training of the employees. With this in mind an attempt was made to know whether employees have attended any training programme for managing relationship in the organization. Survey indicates that most of the respondents (88.5) have attended some training programme for managing relationship in the organization. This include: Simulation training for employees relationship with mean 3.95 and SD .5508, Counseling session for creating importance of relationship in the organization with mean =3.9171 and SD .54648, In-house communication training with mean =3.8664 and .53196, Briefing from senior management with mean=3.8157 and SD .52979 and Outdoor communication training with 3.7650 and SD=.56525.

TABLE 6: EMPLOYEE RELATIONSHIP MANAGEMENT PRACTICES FOLLOWED IN THE ORGANIZATION

Employee Relationship Management Practices	N	Mean	Std. Deviation
Counseling the employees	217	2.7696	.57122
Informal meeting	217	2.5530	.59954
Organizing quality circles	217	2.5945	.57861
Creating team spirit among members	217	3.5207	.73332
Establishing open and two way communication	217	3.6267	.59615
Involving team members	217	2.8065	.56055
Facilitating Career Development programs	217	2.7834	.52184
Sharing the companies vision with employees.	217	2.8710	.54597
Gratitude and Appreciation	217	3.0691	1.14253
Valid N (listwise)	217		

Employee relationship management (ERM) constitutes an emerging trend of managing human resources by building and maintaining individualized and mutually valuable relationships with employees through different practices. Employees were asked to rate different ERM practices like Counseling the employees, Informal meeting, organizing quality circles, creating team spirit among members, establishing open and two-way communication, involving team members, Facilitating Career Development programs, Sharing the companies vision with employees., Gratitude and Appreciation on a scale of 1 to 5 based on their preferences. Descriptive statistics mean and Sd) was calculated using SPSS software and it was found that Gratitude and Appreciation has scored highest mean of 3.0691 and SD =1.14. it was followed by Establishing open and two-way communication with mean =3.6267 and SD=.59615.

TABLE 7: PERCEIVED OUTCOME OF ERP PRACTICES IN THE ORIGINATION

	N	Mean	Std. Deviation
My absenteeism has reduced	217	3.7696	.57122
Quality of work has improved	217	3.5530	.59954
My fault rate is reduced	217	3.5622	.62142
My interest in job has improved	217	4.6452	.58404
My morale and motivation has improved	217	4.6682	.53624
My presence is felt in the organization	217	3.8065	.56055
I treat other with respect	217	3.7742	.56082
Mutual trust among member has improved	217	3.8664	.53196
Valid N (listwise)	217		

REGRESSION ANALYSIS

Regression analysis is used to model the relationship between a response variable and one or more predictor variables.

TABLE 8: REGRESSION ANALYSIS

Dependent Variable : Perceived outcome			
Independent Variable : Employee Training Practices	Beta	t- Value	P Value
	.946	25.406	.000
R=.855 ^a R ² .750 F= 645.487 P=.000			
Dependent Variable : Perceived Outcome			
Independent Variable : Employee Relationship Management	Beta	t- Value	P Value
	.976	38.978	.000
R=.936 ^a R ² .876 F= 1519.264 P=.000			
Dependent Variable : Perceived Outcome			
Independent Variable : ERP & TRPG	Beta	t- Value	P Value
	.704	20.349	
	.358	9.882	
R= .956 ^a R ² .915 F= 1149.914 P=.000			

Although there is general discussion in the literature that training improves a employees performance, and employees relationship management practices also bring positive effect on employees outcome. With the help of regression analysis an attempt was made to know the relationship between training on employees perceived outcome, employees relationship management practices and its perceived outcome and further combined effect of training and employees relationship management practices on employees perceived outcome. The value of R square is 75% indicates that employees training practices explain 75% variance in outcome. The relationship between training practices as independent variable and perceived outcome as dependent variable is indicated by standardized coefficient beta with a value of .946. The significance of beta is tested using t-test and value found is 25.406 which is significant at 0 level of significance indicating strong positive relationship between Employee Training Practices and Perceived outcome.

Further the relationship between Employee Relationship Practices and its Perceived outcome was tested using regression analysis. The value of R square is 87.6% indicates that Employee Relationship Management practices explain 87.6% variance in their outcome. The relationship between ERM practices as independent variable and perceived outcome as dependent variable is indicated by standardized coefficient beta with a value of .976. The significance of beta is tested using t-test and value found is 38.978 which is significant at 0 level of significance indicating strong positive relationship between Employee Relationship Management practices and perceived outcome.

The regression analysis of combined effect of training practices and employees relationship management practices on employees perceived outcome was tested. The result indicates that the value of R square is .915 % indicates that combined effect of training practices and employees relationship management practices explain .915 % variance in improving employees outcome. The relationship between combined effect of training practices and employees relationship management practices as independent variable and Employee perceived outcome as dependent variable is indicated by standardized coefficient beta with a value of .704. The significance of beta is tested using t-test and value found is 20.349 which is significant at 0 level of significance indicating strong positive relationship combined effect of training practices and employees relationship management practices on employees perceived outcome. The significant improvement in the R² indicates that ERM practices mediates between Training practices and employees perceived outcome and thus supports the hypothesis.

DISCUSSION AND CONCLUSION

This paper has focused on the relationship between training, employees relationship management and employees performance. Despite the strong relationship between training on performance, empirical findings do not always provide evidence to support it. This paper explores whether ERM practices improves the effect of training on employees performances. The purpose of this paper was to fill this gap in the literature and to analyze the relationship between training, and performance and the mediating role of ERM practices in that relationship. In terms of the relationship between training and employees performance, our results are also consistent with previous theoretical and empirical research (Shepard, Jon et al., 2003, Kuvaas 2008, Cook and Hunsaker, 2001 Heras, 2006) and show a positive relation between them. Thus, our findings provide more evidence of the importance of training for firm performance. Our findings also provide evidence that there is a positive relation between a employees training and their outcome. Previous studies demonstrated the relationship between SHRM practices and organizational high level outcomes (either individual or system base), for example flexibility, productivity, financial and non-financial performance (Abdulkadir, 2009; Collins & Clark, 2003; Dimba & K'Obonyo, 2009; Ichniowski, Shaw, & Prennushi, 1997; Mendelson & Pillai, 1999; Pfeffer, 1998; Youndt, Snell, Dean, & Lepak, 1996). Our study confirms the previous finding of the researcher and support the hypothesis that ERM practices have positive influence on employees performance. Furthermore, our findings suggest how training should be designed in order to contribute to organizational performance. The combined effect of training practices and employees relationship management practices on employees perceived outcome indicates significant improvement in R² from .855 to .915 % indicating strong positive relationship between combined effect of training practices and employees relationship management practices on employees perceived outcome. The results revealed that all variables of research model had significant relationships between each other. The regression analyses reported that employees training and Employee Relationship Management practices has significantly positive relationship with employees outcome in comparison to the relationship between Employee Relationship Management practices and outcome as well as ERM practices and its impact on their outcome. And thus it can be concluded that ERM practices mediate the relationship between Employees training practices and their performance.

LIMITATIONS AND FUTURE IMPLICATION

The present study is based on the data collected from the employees working in different services sector organisation in Dehradun only, that may suffer and in the generalization of the results of this study. The research model includes employees perceived performance mediated by ERM practices. Some other factor can also affect the relationship between ERM practices with other dimensions of Employees performance by analyzing varied mediation mechanism. Future research may include more performance factors with different mediation variables from different regions of India, and introduce more deep analysis with multiple factors and mediation mechanism in other sectors as well.

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A STUDY ON THE CONSUMER AWARENESS TOWARDS GREEN PRODUCTS WITH SPECIAL REFERENCE TO BANGALORE CITY

SUCHETHA HOSAMANE
RESEARCH SCHOLAR
TUMKUR UNIVERSITY
TUMKUR

Dr. P. V. PADMAJA
PRINCIPAL
MLA ACADEMY OF HIGHER LEARNING
INSTITUTE FOR MANAGEMENT AND RESEARCH
BANGALORE

ABSTRACT

For the last few decades, concerns over the different environmental issues are gaining attention of various groups of the society. Consumers are becoming more aware about the environmental problems and have started realizing that majority of issues are because of increasing population, our consumption habits and are the consequences of technological advancements. These awakened consumers are now ready to change their preferences from mainstream products to greener products which have least impact on the environment. Changing consumption habits and rising preferences of consumers for green products are proving to have greater influence on the corporate world also. This paper tries to investigate the awareness of consumer about green products and practices grouping green products as Agricultural green product, green electrical equipment, green services, green consumer durables and environmental issues and activism.

KEYWORDS

green marketing, green products, environmental issues, green awareness.

INTRODUCTION

With accelerate economic development and coupled with uncontrolled urbanization the world is now experiencing severe environmental problem of air, land water and urban ecosystem climate change, enhanced green-house gases emission unplanned solid waste. These are some environmental issues are most talked about issues now a day. A study established that 69% of the general public believes that pollution and other environmental damage are impairing their everyday life. There are only a few who accept that the Earth is no longer a resource at the disposal of human beings to make use of and dispose after, rather it is believed to be a "collective custodial trust" that is to be preserved, enhanced and passed on to the next generation in a healthier state than we found it.

National Geographic ranked Indians at the bottoms of the list of 14 Nationalities in environmental awareness. (May, 2008) The World Health Organization Reported air pollution in India causes 5,27,700 deaths every year. 21% of communicable diseases in India are related to polluted water. (Mannarswmy, 2011)

Consumers now have worries about the future of the world and as result of this mostly prefer environment-friendly products. In return to these attitudes of the consumers, companies have started to form their marketing strategies so as to appeal increasing awareness of this environment-friendliness. These marketing strategies, names as Green Marketing, have caused companies to adopt green policies in their pricing, promotion, product features and distribution activities.

GREEN MARKETING

Green marketing includes the developing and marketing such products and services that the customer requirement for quality, reliable price and easy availability of the products without having a harmful impact on the environment (Polonsky, 1994). In business the term – Green product and environmental product are used commonly to describe those that strive to protect or enhance the natural environment by conserving energy and/or resources and reducing or eliminating use of toxic agents, pollution and waste (J. Ottman, 1997). Put simply, Green marketing companies all those marketing activities which the firms undertaken to create a positive impact or lessen the negative impact of their products on the environment.

STATEMENT OF THE PROBLEM

Awareness about environmental issues is growing day by day. Product choice and buying behaviour of products are changing every day. But awareness of consumer towards different categories of green products like Agricultural green products, green electrical equipment, green services, green consumer durables and environmental issues and activism and level of awareness are to be known, and what is the awareness level of the respondent are to be studied that is main intention of the study.

LITERATURE REVIEW

Ottman et al, (2006, p 24) who states "although no consumer product has a zero impact on the environment, in business the terms "green products "or 'environmental product 'are used to describe those that strive to protect or enhance the natural environment by conserving energy and /or resources and reducing or eliminating use of toxic agents, pollution and waste"

A study Elham Rahbar et all., 2011 In his study A survey was carried out on 250 Malaysians and result revealed that customer's trust in eco-brand and their perception of eco-brand show positive and significant impact on their actual purchase behaviour.

Pickett et al., evaluated the attitude and demographic factors, the results showed that the influence of psychological and social factors are more powerful than demographic factors on consumer's green behaviour. In addition, they believe that by affecting these factors, people show different behaviour, and therefore have a positive effect on developing marketing strategies.

Cherian and Jacob (2012) found in their" A study of consumer's Attitude towards environment Friendly products" that consumers lack green knowledge and because of this low awareness, organisations are still not focusing towards development of green products.

RESEARCH METHODOLOGY

A structured questionnaire is used and random sampling method was adopted by the researcher and selected the samples from Bangalore urban and suburban region representing both the genders, different age groups, education level, marital status and monthly income. The data collected from the respondents and are coded, tabulated and analyzed and hypothesis is tested. Secondary data was collected from the available literature. In total data collected from 212 samples. The study has been carried out with following objectives.

RESEARCH OBJECTIVES

1. To investigate the awareness of consumer about green products and practice grouping green products as Agricultural green products, green electrical equipment, green services, green consumer durables and environmental issues and activism.
2. To measure the levels of awareness of the consumer for the green products.
3. To find the source for getting awareness of eco-friendly products.

HYPOTHESES

Based on the above objectives and literature review following hypotheses were to be verifying with statistical analysis.

- H1: There is significant relationship between education level and awareness of eco-friendly products.
- H2: There is no significant difference in mean awareness across four categories of age group.

A BRIEF ANALYSIS ON THE AWARENESS OF GREEN PRODUCTS**PROFILE OF THE RESPONDENTS****TABLE 1: GENDER OF THE RESPONDENT**

Sr. No.	Gender	No. of Respondent	Percentage
1	Male	235	57
2	Female	177	43
Total		412	100

TABLE 2: AGE GROUP OF THE RESPONDENTS

Sl.No	Age	No. of Respondent	Percentage
1	Less than 30 Years	218	52.91
2	31-40 Years	121	29.37
3	41-50 Years	54	13.11
4	50 Years & above	19	4.61
Total		412	100

TABLE 3: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Sl.No	Education Qualification	No. of Respondent	Percentage
1	Higher primary	33	8
2	Below Graduation	86	21
3	Graduates	107	26
4	Post-Graduation	137	33.33
5	Professional Courses	49	12
Total		412	100%

TABLE 4: OCCUPATION OF THE RESPONDENTS

Sl.No	Employment Status	No. of Respondent	Percentage
1	Student	136	33.01
2	Homemaker	60	14.56
3	Business	43	10.44
4	Services	115	27.91
5	Government Employee	58	14.08
Total		100	100

TABLE 5: MONTHLY INCOME OF THE RESPONDENTS

Sl.No	Monthly Income	No. of Respondent	Percentage
1	<Rs 15000	150	36.41
2	Rs 15000- Rs 30000	107	25.97
3	Rs 30000- Rs 50000	78	18.93
4	Rs 50000- Rs 75000	41	9.95
5	>Rs 75000	36	8.74
Total		412	100

TABLE 6: FAMILY MEMBERS OF THE RESPONDENTS

Sl.No	Family Members	No. of Respondent	Percentage
1	<3	23	5.58
2	3-5	334	81.07
3	6-8	47	11.41
4	Above 8	8	1.94
Total		100	100

The data shows that 57% of the respondents were males and rest 43% were female, 52.91% of the respondents falls under the age group of <30 years, 23.37% falls in 31-40 years, 13.11% falls in 41-50 years, and rest were falls in >50 years of age, 8% of the respondents have higher primary education level, 21% of the respondents were below graduation, 26% of the respondent have graduates, 33% were post graduates and 12% were professional courses, 33.01% were students, 14.56 % includes homemakers, 16.44% were engaged in business activities, 27.91% were in services and rest of 14.08% were government employees, 44.9% in middle income group and 18.69 belong to higher income group and rest belong to lower income group, and 86.65% belong to small and medium size family rest belong to big family.

I. AGRICULTURAL GREEN PRODUCTS

TABLE 7: AWARENESS ABOUT GREEN PRODUCTS [MULTIPLE RESPONSE]

	Responses		Percent of Cases
	N	Percent	
Organic farm products	281	27.8	68.1
Bio fuel	220	21.8	53.4
Biodegradable packaging	197	19.5	47.9
Herbal products	311	30.8	75.5
None of these	2	.2	0.6
Total	1011	100.0	

Table 7 depicts the awareness of the respondents about the green products. Firstly, it is observed that 68.1 percent of the respondents [representing 27.8 percent of the responses] are aware of Organic farm products. Similarly, 53.4 percent of the respondents [representing 21.8 percent of the responses] are aware of the use of *Bio Fuel* while 47.9 percent of the respondents [representing 19.5 percent of the responses] are aware of Biodegradable Packaging. Interestingly and perhaps which look obvious is that fact that more than three fourth (75.5 percent) of the respondents [representing 30.8 percent of the responses] are aware of Herbal products.

Now, with regard to awareness level of agricultural green products, it is observed that 39 percent [see Fig 1] that only one third [33 percent] of the respondents are completely aware and another 39 percent of them are moderately aware about agricultural green products. Cumulatively, about 70 percent of the respondents under the study are aware of agricultural green products to a considerable extent. Yet, about 19 percent of them were somewhat aware and another eight percent were not much aware of the existence or usage of agricultural green products.

II. GREEN ELECTRICAL EQUIPMENTS

TABLE 8: AWARENESS ABOUT GREEN ELECTRICAL EQUIPMENTS

	Responses		Percent of Cases
	N	Percent	
Energy saving equipments	281	22.3	61.0
CFL&LED lighting bulbs	300	26.5	72.7
Electric vehicles	257	22.7	62.3
Solar and wind energy	316	28.0	76.6
None of these	5	.5	1.3
Total	1159	100.0	

Furthermore, Table 8 depicts the awareness of the respondents about green electrical equipments to the sample respondents. Accordingly, it is observed that 72.7 percent of the respondents [representing 26.5 percent of the responses] are aware of *CFL&LED lighting bulbs*. Similarly, 61.0 percent of the respondents [representing 22.3 percent of the responses] are aware of the use of *Energy saving equipments* while 62.3 percent of the respondents [representing 22.7 percent of the responses] are aware of *Electric Vehicles*. Interestingly and perhaps which look obvious is that fact that more than three fourth (76.6 percent) of the respondents [representing 30.8 percent of the responses] are aware of *Solar and wind energy*.

Now, with regard to awareness level of green electrical equipments, it is observed that 39 percent [see Fig 1] that nearly half [49 percent] of the respondents are completely aware and another 34 percent of them are moderately aware about agricultural green products. Cumulatively, about three fourth [75 percent] of the respondents seems to be aware of agricultural green products to a considerable extent. Yet, about 11 percent of them were somewhat aware and another six percent were not much aware of the existence or usage of green electrical equipments.

III. GREEN SERVICES

TABLE 9: AWARENESS ABOUT GREEN SERVICES

	Responses		Percent of Cases
	N	Percent	
Car pooling/e-books emission testing	205	18.8	49.7
Rain water harvesting	310	28.5	75.2
Waste separation	286	26.3	69.4
ATM	286	26.3	69.4
None	0	0	0
Total	1087	100.0	

In continuation, Table 9 depicts the awareness of the respondents about Green Services to the sample respondents. Accordingly, it is observed that 75.2 percent of the respondents [representing 28.5 percent of the responses] are aware of *Rain water harvesting*. Similarly, 49.7 percent of the respondents [representing 18.8 percent of the responses] are aware of concept of Car Pooling and e-books emission test and another 69.4 percent of the respondents [representing 26.3 percent of the responses] are aware of the process of *Waste Separation*. Interestingly and perhaps which look obvious is that fact that nearly 70 percent of the respondents [representing 26.3 percent of the responses] are aware of *ATMs* which fall under Green Services category.

Now, with regard to level of awareness of Green Services, it is observed that 41 percent [see Fig 2] of the respondents are completely aware and another 38 percent of them are moderately aware about Green Services. Cumulatively, about 70 percent of the respondents seem to be aware of Green Services to a considerable extent. Yet, 12 percent of them were somewhat aware and another seven percent were not much aware of the concept of Green Services.

IV. GREEN CONSUMER DURABLES

TABLE 10: AWARENESS ABOUT GREEN CONSUMER DURABLES

	Responses		Percent of Cases
	N	Percent	
Recycled products	308	33.3	74.7
Rechargeable batteries	281	30.4	68.2
Ozone friendly products	193	20.9	46.8
Low fumes paints/ water efficient soaps	129	13.9	31.2
None of these	13	1.4	3.2
Total	924	100.0	

Likewise, Table 10 depicts the awareness of the respondents about **Green Consumer Durables** to the sample respondents. Accordingly, it is observed that 74.7 percent of the respondents [representing 33.3 percent of the responses] are aware of *Recycled products*. Similarly, 68.2 percent of the respondents [representing 30.4 percent of the responses] are aware of *Rechargeable batteries* and another 46.8 percent of the respondents [representing 20.9 percent of the responses] are aware of the process of *Ozone friendly products*. On the other, 31.2 percent of the respondents [representing 13.9 percent of the responses] are aware of Low fumes paints/ water efficient soaps which fall under Green consumer durables category. Surprisingly, about three percent of the respondents were not aware of any of the green consumer durables.

Now, with regard to level of awareness of Green consumer durables, it is observed that 25 percent [see Fig 4] of the respondents are completely aware and another 44 percent of them are moderately aware about Green Durables. Cumulatively, about 65 percent of the respondents seem to be aware of Green Durables

to a considerable extent. Yet, 18 percent of them were somewhat aware and another eight percent were not much aware of the concept of Green Consumer Durables.

TABLE 11: AWARENESS OF ENVIRONMENTAL ISSUES AND ACTIVISM

	Responses		Percent of Cases
	N	Percent	
Green Consumerism	126	13.3	30.5
Swach Bharat Abhiyan	324	34.3	78.6
Environment day	265	28.0	64.2
Global warming	201	21.3	48.7
None	29	3.0	7.0
Total	945	100.0	

Answering to the query on the having awareness about environmental issues and activities, the responses of the response from the selected citizens of Bengaluru is depicted in Table 11. Accordingly, it is observed that 78.6 percent of the respondents [representing 34.3 percent of the responses] are aware of Swach Bharat Abhiyan initiated by Government of India. Similarly, 64.2 percent of the respondents [representing 28.0 percent of the responses] are aware of *Environment day* and another 48.7 percent of the respondents [representing 21.3 percent of the responses] are aware of the impact of *Global Warming*. Furthermore, 30.5 percent of the respondents [representing 13.3 percent of the responses] are aware of the concept of Green Consumerism. Surprisingly, about three percent of the respondents were not aware of any of the above mentioned environmental issues and activism.

TABLE 12: OVERALL AWARENESS OF RESPONDENTS TOWARDS GREEN PRODUCTS

Response	Frequency	Percent
Yes	364	88.35
No	48	11.65
Total	412	100

Above table showing that the percentage of responses the awareness of responses about the awareness of green products. The result shows that 88.35% of the respondents said that they are aware of green products, rest of 11.65% of the respondents said no to the question. On the basis of above categorized green products it came to understand that consumer might be aware of the term green product (88.35%) but they are not aware of with the concept of green products because in green services almost all the respondents are aware of green products. The consumer who said no are found to be involved in using green products which means that they don't know that what they are buying/using is a green product, they are buying/using green products unknowingly.

Finally, answering to the question on the source of information for getting aware of eco-friendly products, the responses is shown in the form of bar graph in Fig 5. It clearly emerges that the major source of information is the print media – especially the Newspaper and Magazines to which 63.2 percent of the respondents exclusively opting for this source. Similarly, in case of 57.2 percent of respondents, it was the Television that emerged as the primary source of getting awareness about eco-friendly products. Interest was the major source of information in case of 40.3 percent of the respondents acknowledging it. Furthermore, 28.4 percent of the respondents disclosed that they got to know about the eco-friendly products through word of mouth and similar percentage of respondents exclusively through their friends. Another 21.4 percent of the respondents acknowledge the fact the source for awareness about eco-friendly products is through Radio. Interestingly, for 18.9 percent of the respondents, it was the government agency and through other means of sources for getting awareness about eco-friendly products.

HYPOTHESIS 1

H₁: There is significant relationship between education level and awareness of eco-friendly products [such as agricultural green products, green electrical equipment, Green Services & Green Durables]

TABLE 13: CROSS TABULATION BETWEEN LEVEL EDUCATIONAL QUALIFICATION AND AWARENESS LEVEL ABOUT ECO-FRIENDLY PRODUCTS

	Awareness about eco-friendly products				Total
	Slightly Aware	Somewhat	Moderately	Completely aware	
Higher Primary	4 (12.5)	18 (56.2)	6 (18.8)	4 (12.5)	32 (100.0)
Under Graduate	6 (7.0)	20 (23.3)	48 (55.8)	12 (14.0)	86 (100.0)
Graduate	6 (4.0)	24 (16.0)	88 (58.0)	34 (22.0)	152 (100.0)
Post Graduates	5 (5.7)	9 (10.0)	58 (64.3)	18 (20.0)	90 (100.0)
Professional courses	2 (3.8)	6 (11.5)	28 (53.8)	16 (30.8)	52 (100.0)
Total	23 (5.6)	77 (18.7)	228 (55.3)	84 (20.4)	412 (100.0)

Pearson Chi-Square Value (table 13) = 49.974

Asymptotic significance (p-value) = 0.000*

* Significant at 5 % level.

From the Chi-square test result (see Table 13), it is observed that p-value is 0.000 (chi-square = 49.974) which is less than the significant alpha level of 0.05 (at 95 percent confidence level). Hence, the hypothesis (H₁) that there is an association between the levels of awareness and education level of the respondents is accepted. In other words, it can be concluded as there is an increase in the level of education (from Primary to Post graduate and professional courses) of the respondents, there is an increase in the percentage of respondents about the awareness about eco-friendly products. This is supported by the percentage of respondents across each level of awareness and each level of education. Accordingly, the percentage of the respondents with complete awareness increases with the increase in the level of education of the respondents.

Finally, we intend to test whether there is any significant difference in the perception about the level of awareness across the age group with an intention on whether younger generation are better equipped with high awareness about eco-friendly products as compared to higher age group or vice-versa. This is statistically tested using ANOVA.

HYPOTHESIS 2

H₀: There is no significant difference in mean **Awareness** across **four categories of age group**. In a sense, the mean Awareness score do not significantly differ between the respondents with less than 30 years of age group and respondents with 31 to 40 years of age group, between the respondents with 31 to 40 years and 41 – 50 years of age group and so on.

TABLE 14: ONE-WAY ANOVA BETWEEN AGE GROUP AND AWARENESS OF ECO-FRIENDLY PRODUCTS

	Sum of Squares	df	Mean Square	F	p-value
Between Groups	1.176	3	0.392	0.628	0.597
Within Groups	2552.216	409	0.624		
Total	2553.392	207			

It is seen from one-way ANOVA result (Table 14), that there is no significant (statistically) difference in overall mean score of **Awareness of eco-friendly products** [$F_{(3,204)} = 0.628$, $p=0.597$, $p>0.05$] dimension among four age group categories. Hence, we accept null hypothesis and reject the alternative hypothesis. In other words, mean **Awareness level** rating score do not differ significantly between respondents with less than 30 years of age group and respondents with 31 to 40 years of age group, between the respondents with 31 to 40 years and 41 – 50 years of age group.

CONCLUSION

Results of the study indicate that the majority of the respondents appeared to be aware of green products and practices, yet they appeared to have little understanding of the terms involved. The core idea of green marketing is to create awareness among people on the environmental issues and how consumers would be helping the environment if they switch over to green products. Women are often more concerned about the environment, and increasing levels of awareness among the female population might provide leverage to promote green and environment ideas and products. And it is necessary younger people also motivated though Govt. and NGO campaigns that raise awareness for environmental sustainability and encourage positive behavioural change among youngster and children. The government should strengthen its efforts in informing the public about safety issues and policies related green products and practices by exploiting the services of mass media.

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PERCEPTION OF TOURISTS TOWARDS ECOTOURISM - WITH REFERENCE TO SELECT DESTINATIONS IN TAMIL NADU

Dr. A. ELANGO VAN
PROFESSOR & HEAD
DEPARTMENT OF COMMERCE
PERIYAR UNIVERSITY
SALEM

K. SIVAPERUMAL
Ph. D. RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
PERIYAR UNIVERSITY
SALEM

ABSTRACT

Ecotourism supports the objectives of sustainable development. Ecotourism refers to sustainable development of environment, local community and visitor of within the tourism destination. This study is useful to the government to generate the income and it also helps to create employment opportunities. Nowadays, ecotourism management has provided insufficient infrastructure facilities in the destination which has encounter many challenges such as lack of quality of air, water and food facilities, inadequate entertainment facilities, improper disposal recyclable wastage, lack of transportation, misconceptions of natural resources, technological advancement, pollution problems, etc. The objective of the study was to identify the factor influencing of infrastructure facilities in ecotourism destination among the tourist and to measure the expectation and satisfaction of tourists towards infrastructure facilities in ecotourism destination. The analysis of the study was reveals that tourist is satisfied at all the variable of the ecotourism destination with infrastructure facilities. This study finally concluded that ecotourism management provided good facilities to tourists who have visited in the destination. Infrastructure facilities of ecotourism has maintained properly.

KEYWORDS

infrastructure facilities, ecotourism management, sustainable development.

INTRODUCTION

Whenever we go green thinking's comes to our mind. The source of green thinking is under threat for feasible living of people due to man made things. There are so many recreation facilities available which are created by human beings and charged by the service provider. Recreation provide by the nature is available at free of cost which cannot be estimated. Human yet to develop machines to calculate the value of recreation or pleasure given by the nature created place. This ecotourism has delighted the concepts of preservation and conservation of nature by responsible travel.

Ecotourism supports the objectives of sustainable development. Ecotourism refers to sustainable development of environment, local community and visitor of within the tourism destination. Hence, ecotourism depends on these categories, which helps to sustainable development of recreation because of ecotourism provides to an effective economic incentives for conserving and enhancing bio-cultural diversity to environment and helps protect the natural and cultural heritage of our beautiful planet, its supports to local society which is increasing local capacity building and employment opportunities. Ecotourism is an effective vehicle for empowering local communities around the world to fight against poverty or alleviating poverty and to achieve sustainable development as well as the UNWTO (United National World Tourism Organization) has given the node to adopt the resolution which recognized ecotourism as a key to fight against poverty, the protection of the environment and the promotion of sustainable development under the title 'Promotion of ecotourism for poverty eradication and environment protection'. Finally, ecotourism support to visitor for emphasis on enriching personal experiences and environmental awareness through interpretation, ecotourism promotes greater understanding and appreciation for nature, local society, and culture.

This success of an ecotourism depends to a great extent on its awareness about its surrounding environment and adaptability to change in the environment. This achievement can get only through tourist knowledge and awareness about ecotourism. Tourists must perceive environment awareness and knowledge about ecotourism because it will create a chance for sustainable development to protect the environment and helps the Mother Nature to serve the infinite generation yet to come. Tourist perception will be promoted to generate income source in ecotourism destination and construct and operate low impact ecotourism facilities. The present study will make an attempt to work on constructs which helps to build a strong positive perception on ecotourism and pass the less impacted tourism destination to the future generation.

REVIEW OF LITERATURE

Phan Quoc Dung (2016) has conducted a study titled "Factors affecting the attractions of foreign tourists to community ecotourism destinations in the Mekong Delta Vietnam" investigated tourists towards attraction of ecotourism. Specifically, the study is related five factor groups were affected such as Attraction, Behavioral Control Perception, local residents, Natural ecological conditions, Facilities - infrastructure. The study framed the objective after analyzed the data that identify the factors affecting the attractions of foreign tourists to community ecotourism destinations in the Mekong Delta, determine the priority order of the impact degree of factors influencing the attractions of foreign tourists to community ecotourism destinations in the Mekong Delta and propose solutions to enhance the attractions of foreign tourists to community ecotourism destinations in the Mekong Delta.

R Rajesh (2013), researched on "Impact of Tourist Perceptions, Destination Image and Tourist Satisfaction on Destination Loyalty: A Conceptual Model" aims at understanding the tourists perception towards tourism destination. It has four models constructs such as Historical and Cultural Attractions, Destination Affordability, Travel Environment, Natural Attractions, Entertainments and Infrastructure. The study result reveals that tourist perception, destination image and tourist satisfaction directly influence destination loyalty. The outcomes of the study have significant managerial implications for destination marketing managers.

Syamsul Herman Mohammad Afandi (2013), in this study analyzed the "Visitors' Satisfaction towards Service and Facilities in Kilim Karst Geoforest Park, Langkawi". The main objective of this study is to measure the level of visitors' satisfaction towards quality of services and facilities at KKGP. This study uses the ECOSERV dimension that has been adapted from SERVQUAL for accessing the quality of environment, services, and facilities provided in ecotourism site. The study uses the expectation-performance analysis that has been adapted from Importance Performance Analysis (IPA) to identify the attributes in services, facilities and environment that are need priority for improvement. The result of the study found the level of visitors' satisfaction towards quality of environment, services and facilities in the park is low. The results also suggest that there are some opportunities for improving the services and facilities in KKGP especially for management, planner and service provider.

M. Ramdas, B. Mohamed (2014), have presented a research paper "Visitor Perceptions on the Impacts of Tourism Activities, Development and Infrastructure on the Environment of Perhentian Islands". The aims of the study were find out the tourists' perception on the impact of tourism activities, development and infrastructure to the environment of Perhentian Islands. The results indicate that there is a significant number of moderate and high levels of agreement that tourism activities, development and infrastructure are effecting the island's environment. It was also found that foreign tourist had significantly higher level of agreement for both variables than local tourist. However, it was found that there was no significant difference among gender for both variables. Establishing carrying capacity and embedding environmental education in sustainable tourism management would help broaden the perception of tourists.

IMPORTANCE OF THE STUDY

Ecotourism destination plays an important role in the development of Indian economy. It earns more income to government. Tamil Nadu ecotourism has variety of natural resources like beautiful hills station, graceful forests, wonderful beaches, lakes, waterfalls and sanctuaries of flora and fauna are significant in attracting tourist. The main aim of the study is to find out the tourists perception towards ecotourism destination in Tamil Nadu. Ecotourism has been contributing to the overall improvement of tourist's perception. Infrastructure facilities has always been considered as an essential to ecotourism development because it was bring in its wave a spurt of positive perception directly and indirectly to tourists. Infrastructure facilities of the ecotourism destination would likely to create attitudes of revisiting the destination in future, to minimize all the lacking facilities of destination, and to be satisfied to ecotourism destination. Hence there is a need to study focus on infrastructure facilities of ecotourism destination in Tamil Nadu. This study is useful to the government to generate the income and it also helps to create employment opportunities. In the near future, this kind of study is essential to provide policy input to the Ministry of Tourism, Government of India and Tamil Nadu Tourism Development Corporation. Therefore, this study made an attempt to analyse the perception of tourists towards selected ecotourism destination in Tamil Nadu.

STATEMENT OF THE PROBLEM

Ecotourism is a great blessing for the nation as well as it plays a vital role in the economic development of the country. The perception of the tourists depends to a great extent of infrastructure facilities such as the availability and quality of good ecotourism facilities, basic management in ecotourism destination, improvement in environmental resources, and upgrading the entertainment facilities in place of interest. These are encouraging the tourist to revisit the destination, lead to be satisfaction, and influence the stay for a long period. Nowadays, ecotourism management has provided insufficient infrastructure facilities in the destination which has encounter many challenges such as lack of quality of air, water and food facilities, inadequate entertainment facilities, improper disposal recyclable wastage, lack of transportation, misconceptions of natural resources, technological advancement, pollution problems, etc. These are making negative impact of destination and discourage the destination image and provide negative perception of tourists. Based on the above problem, the present study will try to evaluate the perception of tourists in the context of the ecotourism destination in Tamil Nadu.

OBJECTIVES OF THE STUDY

1. To identify the factor influencing of infrastructure facilities in ecotourism destination among the tourist.
2. To measure the expectation and satisfaction of tourists towards infrastructure facilities in ecotourism destination.

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research design is empirical and analytical in nature.

SAMPLE SIZE

Through used the Z score formula the sample size has framed. 666 ecotourists are selected in the selected destination of Tamil Nadu.

SAMPLING METHOD

The study adopted judgment sampling method adopted of non-random sampling technique.

DATA COLLECTION

The data collected through survey of 666 tourists of different destination of Tamil Nadu such as Marina beach, Hogenakkal, Kodaikanal, Ooty and Vedanthangal. A well structured interview schedules was prepared to record responses.

DATA ANALYSIS

Collected data was analyzed through SPSS. The simple percentage, one sample t-test and paired t test was used for analysis.

RESEARCH FINDINGS

1. DEMOGRAPHIC VARIABLES OF THE RESPONDENTS

TABLE 1

Factors		Frequency	Percentage
Gender	Male	439	65.90
	Female	227	34.10
Residential Place	Urban	162	24.30
	Semi Urban	90	13.50
	Rural	414	62.20
Marital Status	Married	309	46.40
	Single	124	18.60
	Unmarried	227	34.10
	Widow	6	0.90
Age	Below 20 years	57	8.60
	21-30 years	412	61.90
	31-40 years	65	9.80
	Above 41 years	132	19.80
Monthly Income	Below Rs. 10000	269	40.40
	Rs. 10001 – 20000	75	11.30
	Rs. 20001 – 30000	201	30.20
	Above Rs. 30001	121	18.20
Education level	SSLC	71	10.70
	HSC	98	14.70
	Degree	232	34.80
	Professional Course	222	33.30
	Other	43	6.50
Occupation	Student/ Researcher	199	29.90
	Private Employed	138	20.70
	Unemployed	152	22.80
	Govt. Employed	111	16.70
	Professionals	66	9.90
Total		666	100.00

(Source: Primary data)

The finding of the study revealed that the majority of the tourists were belonged to the age group of 21-30 years. The gender details of the tourists out of 666 tourists, only 66 per cent of the tourists were male members and 34 per cent of the tourists were female members. Hence, the majority of the tourists were belonged to the males group. Educational qualification of the tourists reveals that 39 per cent of the tourists had the degree level qualification. Of the total tourists 30 per cent of the tourists were students/ researcher. Out of the 666 tourists 46 per cent of the tourists were married and the monthly income of the tourists revealed that 40 per cent tourists earn below Rs. 10000 as their monthly income. Majority of the tourists were belonged to rural area.

2. EXPECTATION AND SATISFACTION LEVEL OF THE TOURISTS OF INFRASTRUCTURE FACILITIES IN ECOTOURISM DESTINATION

HYPOTHESIS

H₀: There is no significant difference between expectation level and satisfaction level of tourist towards infrastructural facilities provided at the eco-tourism destination.

TABLE 2

Particulars		Mean	Std. Deviation	Correlation	t value	p value
Easy accessibility of Hotels and Restaurant	Expectation	3.24	1.18	0.179	-9.55	<0.001**
	Satisfaction	3.74	0.90			
Availability of Bank / ATM facilities	Expectation	3.16	1.11	0.186	-6.04	<0.001**
	Satisfaction	3.48	1.02			
Availability of first aid facilities	Expectation	3.46	1.13	0.382	-2.44	<0.001**
	Satisfaction	3.58	1.01			
Availability of tourist guide	Expectation	3.14	1.14	0.024	-7.46	0.543
	Satisfaction	3.60	1.13			
Recycler of renewable resources	Expectation	3.26	1.17	0.394	3.23	<0.001**
	Satisfaction	3.10	1.14			
Quality and availability of frequent transportation	Expectation	3.60	1.20	0.540	-1.89	<0.001**
	Satisfaction	3.68	1.04			
Quality of air, water and food facilities	Expectation	3.49	1.15	0.104	2.01	<0.007**
	Satisfaction	3.37	1.08			
Interaction with local people	Expectation	3.39	1.07	0.123	2.29	<0.001**
	Satisfaction	3.26	1.16			
Dustbin for proper disposal recyclable wastage	Expectation	3.35	1.05	0.284	2.43	<0.001**
	Satisfaction	3.23	1.17			
Hygienic atmosphere of the tourist location	Expectation	3.46	1.03	0.097	2.20	<0.001**
	Satisfaction	3.34	1.05			

** denoted that significant at 1%

* denoted that Significant at 5%

From the above table shows the results reveal that the most of the facilities given at the eco-tourism destination has met the expectation level of the tourists who visited the place. The infrastructural facilities provided at the destination are satisfying the tourists to the expected levels. The results are giving the view that the tourists know what to expect from these destinations with regards to the infrastructural facilities.

The infrastructural facilities that was as expected are Easy accessibility of Hotels and Restaurant (0.000), Availability of Bank / ATM facilities (0.000), Availability of first aid facilities/ safety equipments (0.000), Recycler of renewable resources (0.000), Quality and availability of frequent transportation (0.000), Quality of air, water and food facilities (0.007), Interaction with local people (0.001), Exclusive dustbin for proper disposal recyclable wastage (0.000), Hygienic atmosphere of the tourist location (0.013). All the facilities are statistically significant at one percent level. These facilities have been able to satisfy the tourists to the expected level based on the analysis.

3. FACTOR INFLUENCING OF INFRASTRUCTURE FACILITIES TOWARDS ECOTOURISM DESTINATION

HYPOTHESIS

H₀: There is no significant relationship between factor influencing levels towards infrastructure facilities of ecotourism destination.

TABLE 3

Particulars	Mean	Std. Deviation	t value	p value
Easy accessibility accommodation	3.72	1.00	19.89	<0.001**
Accessibility of destination transportation	3.46	1.03	12.91	<0.001**
Availability of hygienic food	3.19	1.02	6.05	<0.001**
Suitable climate conditions	3.19	1.10	5.77	<0.001**
Waste management practice	3.49	1.06	13.10	<0.001**

** denoted significant at 1%

The above table explicates the influencing level of the tourists towards the infrastructure facilities of the eco-tourism destination of Tamil Nadu. Based on the results the null hypothesis was rejected all five variables that are selected for the study. The tourists highly influenced towards the infrastructure facilities of eco-tourism destination.

The eco-tourism destination infrastructure facilities that was as influenced are easy accessibility accommodation, accessibility of destination transportation, availability of hygienic food, suitable climate conditions and waste management practice in ecotourism destination. From having above, the analysis of results revealed that tourists were known about the feature of the ecotourism destination. In this context with factor of infrastructure facilities are highly influenced among the tourists.

The tourists are highly influenced regards with all variables of infrastructure facilities of ecotourism destination given in the interview schedule explains that ecotourism destination has successful maintained infrastructure facilities. Finally, tourists also well have known about the ecotourism infrastructure facilities.

FINDINGS

- Majority of the tourists were belonged to the age group of 21-30 years. The gender details of the tourists out of 666 tourists, only 66 per cent of the tourists were male members. The majority of the tourists were belonged to the males group. 39 per cent of the tourists had the degree level qualification. Of the total tourists 30 per cent of the tourists were students/ researcher. 46 per cent of the tourists were married and 40 per cent tourists earn below Rs. 10000 monthly incomes.
- Based on the paired t-test of infrastructure facilities of ecotourism destination that tourist is satisfied at all the variable of the ecotourism destination.
- The one sample t-test revealed that the entire infrastructure variables are highly influenced in ecotourism destination among the tourists.

SUGGESTIONS

- In the destination inadequate tourists guide so ecotourism destination management should increase tourist guide.
- The tourists are feel that ecotourism management must have concentrated on hygienic food providing to tourists in destination and based on the climate condition ecotourism management should show the natural scenery.

CONCLUSION

Analysis and survey results revealed that the tourists are well known of ecotourism basic principles. Ecotourism destination not only enhanced eco-friendly attitudes to tourists and also improved the positive experience to tourists. From the point of the study it clearly shows that ecotourism management provided good facilities to tourists who have visited in the destination. Infrastructure facilities of ecotourism has maintained properly. In this connection with ecotourism fulfilled the tourist's satisfaction and highly influenced to tourists towards infrastructure facilities. Finally, the study concluded the tourists have positive perception towards ecotourism destination in selected destination of Tamil Nadu.

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IMPACT OF CELEBRITY ENDORSEMENT ON BUYING DECISION: A STUDY IN BHUBANESWAR**SOMABHUSANA JANAKIBALLAV MISHRA****Ph. D. SCHOLAR & SR. LECTURER****SCHOOL OF MANAGEMENT****CENTURION UNIVERSITY OF TECHNOLOGY & MANAGEMENT****RAMACHANDRAPUR****Dr. MUNMUN MOHANTY****ASSOCIATE PROFESSOR****RAVENSHAW BUSINESS SCHOOL****CUTTACK****Dr. S. C. SAHOO****RETD. PROFESSOR****UTKAL UNIVERSITY****VANI VIHAR****ABSTRACT**

Celebrity endorsement has been established as one of the most popular tools of advertising in recent time. It has become a trend and perceived as a winning formula for product marketing and brand building. It is easy to choose a celebrity but it is tough to establish a link between the brand and the endorser. The topic of celebrity endorsements and its elements are heavily documented in academic literature, but what makes this research interesting is that it enables us to understand the celebrity endorsement process from a consumers' point of view. Not much work has been seen in the Indian light despite the fact of it being perceived as a potential market for celebrity endorsed brands. Indian consumer attitudes are changing at a rapid pace and they are becoming more aware of the brands that they use to define themselves. The research is carried out to obtain a view amongst consumers on buying decision in Bhubaneswar, the capital of state Odisha, about celebrity endorsement. The study is mainly based on primary data which is collected through a structured questionnaire (the question are closed ended with multiple choices). A sample of 170 respondents was taken on the basis of convenience. Impact of celebrity endorsement is studied in respect of different attributes of consumers such as age, occupation, income, domicile and qualification using chi-square analysis. It was found that celebrity endorsement has a significant impact on consumers buying decision in response to their age, occupation, income, domicile and qualification. But the impact is not the same through various demographics such as age, occupation, income, domicile and qualification.

KEYWORDS

brand, celebrity endorsement, consumer attitude.

INTRODUCTION

In today's competitive world, consumers are exposed to a number of voices and images in magazines, newspapers, and on billboards, websites, radio and television. Advertisers attempt to steal at least a fraction of a person's time to inform him or her of the amazing and different attributes of the brand at hand. Because of the constant media saturation that most people experience daily, they eventually become numb to the standard marketing techniques. The challenge of the marketer is to find a hook that will hold the consumer's attention. The hooks that can hold the consumer's attention are the celebrities. Celebrity endorsement if used effectively makes the brand stand out brand recall and facilitates instant awareness. To achieve this, the marketer is really disciplined in choice of a celebrity. Hence the right use of celebrity can escalate the Unique Selling Proposition of a brand to new heights; but a cursory orientation of a celebrity with a brand may prove to be fruitful for a brand. A celebrity is a means to an end, and not an end. Celebrity Endorsement is a way to get the brand noticed amidst the rush that is there in the market place.

There is a huge Impact of Celebrity Endorsements among the consumers through TV commercials in India as Indians like the celebrities a lot and there is a huge fan following. Television is something which is watched all over India by the people of all class whether the people belong to lower class or middle class or upper class, all of them watch television to entertain themselves. In India, celebrity power can rightly be assessed by their successful endorsements. Here, celebrities like film stars and cricketers have not only been successful in gathering huge public attention, but also in increasing sales volume.

REVIEW OF LITERATURE

The practice of using celebrities in advertisements to promote brands dates back to more than a hundred years and continues till date. The extensive and persistent use of celebrities in advertising suggests that they are worth the costs associated with hiring them (Agrawal & Kamakura, 1995). A celebrity's approval can create an emotional bond between the endorser and the consumer, if the fit is right (Bradley, 1996). Some studies have found out that as much as 25 percent of the total advertisements aired use celebrity endorsements (Shimp, 2000).

Celebrity Endorsement is viewed as a billion dollar industry in today's era. (Kambitsis et al, 2002). Celebrity endorsement is increasingly being employed across various industries regardless of the product type. It is known to be playing the role of a signaling strategy (Mustafa, 2005). Various companies are signing deals with celebrities in the hope that by using celebrities they can accomplish a unique and relevant position in the minds of the consumers (Temperley & Tangen, 2006).

Celebrities from the field of sports and movies have a string of endorsements under their belt. Products ranging from cement to pens use celebrities for communication. A successful and popular endorser has the capability to increase consumer's purchase intentions and preference towards brands either directly or indirectly. (Liu et.al 2007). Marketers spend enormous amounts of money annually on celebrity endorsement contracts based on the belief that celebrities are effective spokespeople for their brands (Katyal, 2007).

Celebrities like film stars and cricketers have not only been successful in gathering huge public attention, but also in increasing sales volume. For example, Cadbury used Amitabh Bachchan to promote the brand when it went through a bad phase in India. Soon the ad recreated people's love for the brand and increased Cadbury's sale. Aamir Khan is used by Titan to communicate the message that Titan watches are as trustworthy as the actor is for his films. This celebrity endorsement has also been quite effective in influencing consumers buying decision. Similarly, various endorsements by Sharukh Khan, Sachin Tendulkar and others have been found to be successful in affecting consumers buying decision (Joshi & Ahluwalia, 2008).

There is a huge Impact of Celebrity Endorsements among the consumers through TV commercials in India as Indians like the celebrities a lot and there is a huge fan following. A consumer that observes messages for two different firm's brands, one brand's message containing a celebrity endorsed and the other not believes the celebrity endorsed brand will have more purchases and so be of higher value (Balakrishnan & Kumar, 2010).

IMPORTANCE OF THE STUDY

Nowadays in India the use of celebrity advertising for companies has become a trend and also become a winning formula of corporate image building and product marketing. Associating a brand with a top-notch celebrity can do more than perk up brand recall. It can create linkages with the stars appeal, thereby adding refreshing and new dimensions to the brand image. Thus, the current study attempts to analyze the impact of celebrity appeal on purchase intention of people. It is believed strongly that the current study will provide clear understanding to the concept with target market characteristics, and the other elements of the marketing mix such as product design, branding, packaging, and pricing and effective usage of celebrity in product promotions.

STATEMENT OF THE PROBLEM

In none of the above mentioned literature have studied the impact of celebrity endorsement on consumer's buying decision with respect to demography. We have attempted here to find out how consumer's buying decision is affected by celebrity endorsement with respect to different demographics. The opinions of consumers differ or homogeneous with respect to age, domicile, income, occupation and qualification.

OBJECTIVES

1. To understand the consumer's profile with respect to various demography
2. To find out whether the opinion of the consumers is homogeneously affected by celebrity endorsement with respect to demography

HYPOTHESIS

Ho: Opinion of all the consumers is homogeneously affected by celebrity endorsement with respect to age, occupation, income, domicile and qualification.

RESEARCH METHODOLOGY

The study is mainly based on Primary data which is collected through a structured questionnaire (the question are closed ended with multiple choices). A sample of 170 respondents were taken on the basis of convenience. Impact of celebrity endorsement is studied in respect of different attributes of consumers such as age, occupation, income, domicile and qualification through chi-square analysis.

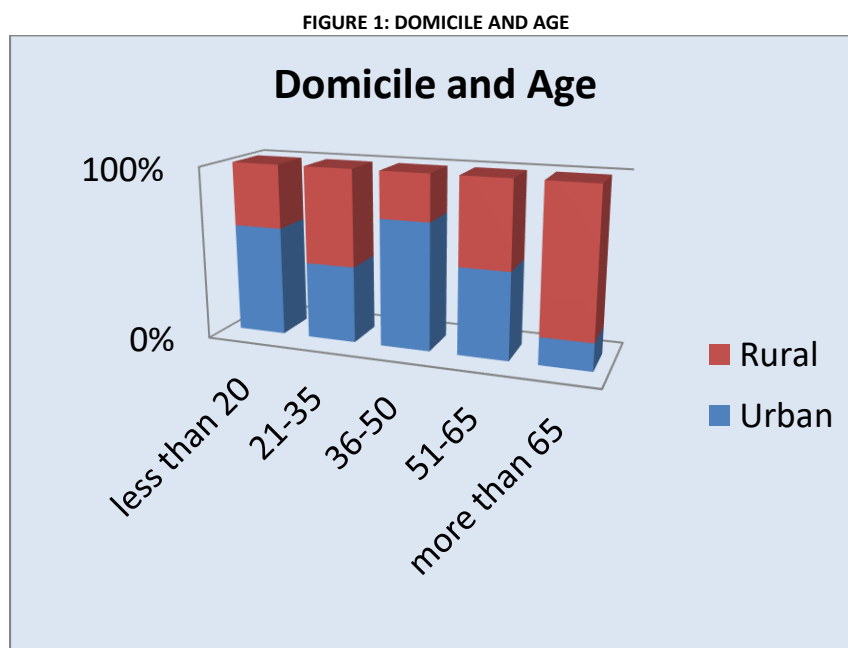
CHI-SQUARE TEST: Chi-square test is applied to test the statistical significance of the observed associations. It assists in determining whether a systematic association exists between the two variables including Cross Tab. It also assists in testing homogeneity of the opinions of consumers.

- A very small chi square test statistic means that your observed data fits your expected data extremely well. In other words, there is a relationship or there is a homogeneity.
- A very large chi square test statistic means that the data does not fit very well. In other words, there isn't a relationship or there is no homogeneity.
- The formula for the chi-square test statistic used in the test of chi-square is mentioned below

$$\chi^2_c = \sum \frac{(O_i - E_i)^2}{E_i}$$

RESULTS & DISCUSSION

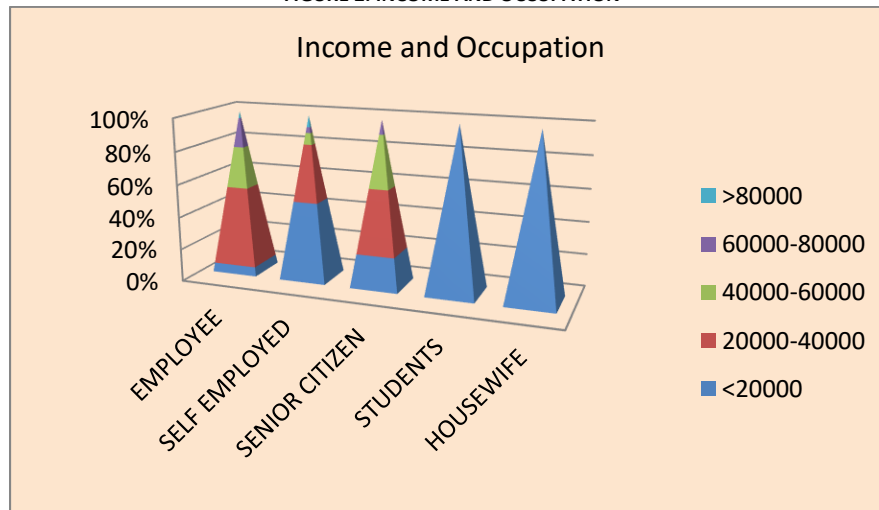
To understand the consumer's profile with respect to age and domicile is shown in the table below.



Source: Own Compilation from Collected data

Figure 1 indicates percentage of urban respondents is more in less than 20 and 36-50 age groups than percentage of rural respondents. Percentage of rural respondents is more in 21-35 and more than 65 age group.

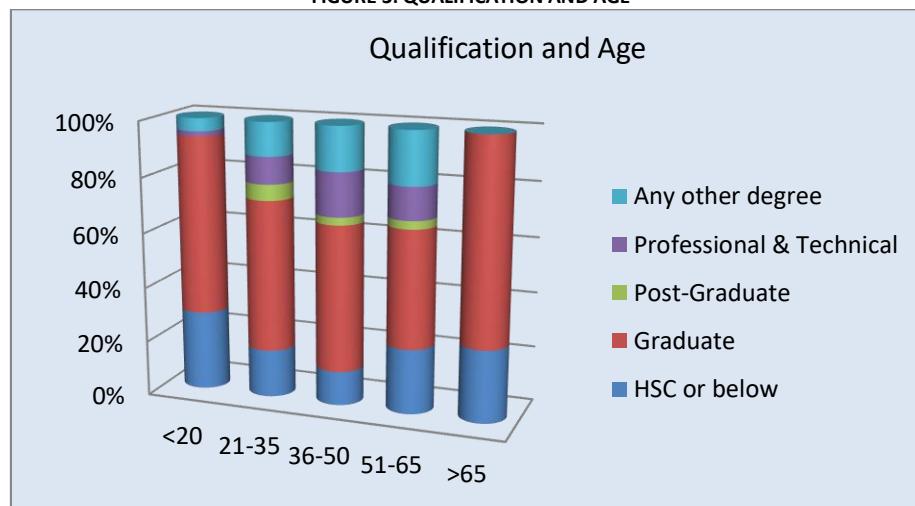
FIGURE 2: INCOME AND OCCUPATION



Source: Own Compilation from Collected data

Figure 2 shows maximum percentage of employee and senior citizens have an income of Rs. 20000 – Rs. 40000. In self-employed category maximum percentage of respondents have income less than Rs. 20000.

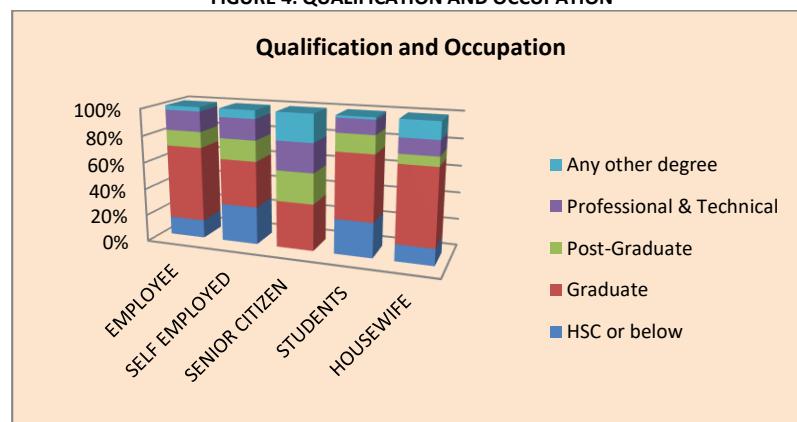
FIGURE 3: QUALIFICATION AND AGE



Source: Own Compilation from Collected data

Figure 3 shows maximum percentage of respondents are graduate across all age groups followed by HSC or below.

FIGURE 4: QUALIFICATION AND OCCUPATION



Source: Own Compilation from Collected data

Figure 4 shows maximum percentage of respondents across all occupational categories are graduate.

To measure the “level of influence from celebrity endorsement on buying decision, in response to their age”, the following table has been prepared. The influence of celebrity endorsement has been measured through 5 point scale i.e. very strong, strong, ok, weak and very weak.

TABLE I: SHOWS THE CROSS MATRIX RESULTS OF AGE AND INFLUENCE OF CELEBRITY ENDORSEMENT ON RESPONDENTS

Influence	Age					Total
	less than 20 years	21-35 years	36-50 years	51-65 years	more than 65 years	
V. strong	23	17	10	4	4	58
Strong	20	15	5	4	2	46
Ok	8	7	2	5	1	23
Weak	3	5	7	5	5	25
V. weak	4	4	3	4	3	18
Total	58	48	27	22	15	170

Pearson Chi-Square 18.941^a df=16
sig=.003

Source: Own Compilation from Collected data

It has been found that maximum of 58 respondents responded "very strong" followed by "strong" i.e; 46 and "Ok" 23. Also maximum of 23 respondents belong to "less than 20" age group have "very strong" opinion followed by 20 respondents of same age group have a strong opinion that celebrity endorsement influences them. It is found that 'p' value is 0.003. So, it is concluded that there is a difference in opinion across age groups. Impact of celebrity endorsement is quite strong in younger age groups whereas among elder people it is not so.

To measure the "influence of celebrity endorsement on respondents with respect to their occupation", the following table has been prepared.

TABLE II: SHOWS THE CROSS MATRIX RESULTS OF OCCUPATION AND INFLUENCE OF CELEBRITY ENDORSEMENT ON RESPONDENTS

Influence of celebrity endorsement	Occupation					Total
	Employee	Self employed	Senior Citizen	Students	House wife	
Very strong	13	4	8	28	11	64
Strong	14	5	9	17	9	54
Ok	10	1	11	9	1	32
Weak	2	1	2	2	1	8
Very weak	4	1	2	2	3	12
Total	43	12	32	58	25	170

Pearson Chi-Square 15.098^a df=16 sig=.001

Source: Own Compilation from Collected data

It has been found that maximum of 64 respondents responded "very strong" followed by "strong" i.e; 54 and "ok" 32. Also maximum of 28 respondents belong to "students" class have "very strong" opinion followed by 17 respondents of same group have a strong opinion that celebrity endorsement influences them. It is found that 'p' value is 0.001. So, it is concluded that there is a significant difference in opinion among consumers across different occupational categories. Students are more attracted towards celebrity endorsement than anyone else.

To measure the "influence of celebrity endorsement on respondents with respect to their income", the following table has been prepared.

TABLE III: SHOWS THE CROSS MATRIX RESULTS OF INCOME AND INFLUENCE OF CELEBRITY ENDORSEMENT ON RESPONDENTS

Influence of celebrity endorsement	Income					Total
	Less than Rs.20,000	Rs.20,000 –40,000	Rs.40,000 - 60,000	Rs. 60,000 - 80,000	Rs.80,000 & above	
very strong	47	12	9	4	1	73
strong	29	18	8	4	1	60
Ok	10	1	1	1	1	14
Weak	8	3	3	1	1	16
Very weak	3	2	1	1	0	7
Total	97	36	22	11	4	170

Pearson Chi-Square 17.822^a df=16 sig=.006

Source: Own Compilation from Collected data

It has been found that maximum of 73 respondents responded "very strong" followed by "strong" i.e; 60. Also maximum of 47 respondents belong to "Less than Rs. 20,000" class have "very strong" opinion followed by 29 respondents of same group have a strong opinion that celebrity endorsement influences them. It is found that 'p' value is 0.006. So, it is concluded that there is a significant difference between the opinion among various income categories. Impact of celebrity endorsement is more in low income groups.

To measure the "influence of celebrity endorsement on respondents with respect to their domicile", the following table has been prepared.

TABLE IV: SHOWS THE CROSS MATRIX RESULTS OF DOMICILE AND INFLUENCE OF CELEBRITY ENDORSEMENT ON RESPONDENTS

Influence of celebrity endorsement	Domicile		
	Urban	Rural	Total
Very strong	35	44	79
Strong	31	27	58
Ok	12	1	13
Weak	7	3	10
Very weak	6	4	10
Total	91	79	170

Pearson Chi-Square 12.052^a df=4 sig=.012

Source: Own Compilation from Collected data

To measure the "influence of celebrity endorsement on respondents with response to domicile" in the above table, it has been found that maximum of 79 respondents responded "very strong" followed by 58 responded "strong". Also maximum of 44 respondents belong to "Rural" class have "very strong" opinion followed by 35 urban respondents have a very strong opinion that celebrity endorsement influences them. It is found that 'p' value is 0.012. So, it is concluded that there is a significant difference in opinion among different domicile. Impact of celebrity is more on urban consumers than rural consumers.

To measure the "influence of celebrity endorsement on respondents with respect to their qualification", the following table has been prepared.

TABLE V: SHOWS THE CROSS MATRIX RESULTS OF QUALIFICATION AND INFLUENCE OF CELEBRITY ENDORSEMENT ON RESPONDENTS

Influence of celebrity endorsement	qualification					Total
	HSC or below	Graduate	Post-Graduate	Professional & Technical	Any other degree	
very strong	13	48	6	10	4	81
strong	7	20	10	8	5	50
Ok	3	7	5	3	1	19
Weak	2	4	1	1	2	10
Very weak	2	4	2	1	1	10
Total	27	83	24	23	13	170

Pearson Chi-Square 9.662^a df=16 sig=.011

Source: Own Compilation from Collected data

To measure the “influence of celebrity endorsement on respondents with response to qualification” in the above table, it has been found that maximum of 81 respondents responded “very strong” followed by “strong” i.e; 50. Also maximum of 48 respondents belong to “graduate” class have “very strong” opinion that celebrity endorsement influences them. It is found that ‘p’ value is 0.011. So, it is concluded that there is a difference in opinion among various qualification categories.

CONCLUSION

It is observed that in all the tables above the p values were less than 0.05. That means the null hypothesis “Opinion of all the consumers is homogeneously affected by celebrity endorsement with respect to age, occupation, income, domicile and qualification” is rejected. So, it can be concluded that celebrity endorsement has a significant impact on consumers buying decision in response to their age, occupation, income, domicile and qualification. But the impact is not the same through various demographics such as age, occupation, income, domicile and qualification.

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APPENDIX

QUESTIONNAIRE

Dear Sir/ Madam,

I am pursuing PhD on the topic titled “*Impact of Celebrity Endorsement on selected FMCG Products: A Study in Odisha Market*” and request you to provide your free opinion on this topic. The present work is purely for academic purpose and the information provided by you will not be disclosed at any point of time. Please give your rating for each statement according to the strength or disagreement with the statement.

Thanking you,

Somabhusana Janakiballav Mishra
Research Scholar

1. Respondent's Profile:

A. Name (if you please):

B. Occupation: (please put \checkmark mark)

a. Employee []; b. Self-Employed []; c. Senior Citizen [];

d. Student []; e. House wife []

C. Age Group: (In Years) (please put \checkmark mark)

a. below 20 []; b. 21-35 []; c. 36-50 []; d. 51-65 []; e. above 65 []

D. Gender: a. Male [] b. Female [] (please put \checkmark mark)

E. Monthly Income: (please put \checkmark mark)

- i. Less than Rs.20,000 []
- ii. Rs.20,000 – Rs.40,000 []
- iii. Rs.40,000 –Rs.60,000 []
- iv. Rs. 60,000 –Rs.80,000 []
- v. Rs.80,000 & above []

F. Educational Qualification: (please put \checkmark mark)

- i. HSC or Below []
- ii. Graduate []
- iii. Post Graduate []
- iv. Professional/Technical []
- v. Any Other Degree []

G. Domicile: (please put \checkmark mark) a. Rural []; b. Urban [].

2. Express the presence of advertisement of products by celebrity that you are presently using?

a. Very strong , b. Strong , c. Ok , d. Weak e. Very Weak

3. How readily do you use celebrities to evaluate yourselves ? a. catchy advertisements , b. lifestyle of the celebrity c. age , d. gender e. Glamour f. Familiarity g. popularity h. integrity i. multiple endorsement j. multiple celebrity endorsement .

4. You are presently using the FMCG products from motivation by celebrity (Product type preference) :

- | | | |
|----------------|-------------------|----------------------|
| 1. Soft drinks | 5. Washing Powder | 9. Perfumes and deos |
| 2. Cosmetic | 6. Toilet Soaps | 10. Hair Colour |
| 3. Biscuits | 7. Tooth Paste | 11. Hair Oil |
| 4. Chocolate | 8. Shampoo | 12. Packaged Foods |

5. Physically Attractive Celebrities have a direct impact on the brand: a. Strongly agree , b. Agree , c. Can't say , d. Disagree , e. Strongly Disagree

6. Do you think of celebrities endorsing products in general are using them ? a. Strongly agree , b. Agree , c. Can't say , d. disagree , e. Strongly Disagree

7. Do you think in Celebrity endorsements there is perfect celebrity-brand image match? : a. Strongly agree , b. Agree , c. can't say , d. disagree , e. Strongly Disagree

8. Do you think in Celebrity endorsements there is perfect celebrity-target audience match? : a. Strongly agree , b. Agree , c. can't say , d. disagree , e. Strongly Disagree

9. Do you think in Celebrity endorsements there is perfect celebrity-product match? a. Strongly agree , b. Agree , c. cant say , d. disagree , e. Strongly Disagree

10. Your option at the purchase strongly depends upon the company you prefer as influenced by celebrity.

IMPACT ASSESSMENT OF FACTORS ON PRODUCT PREFERENCE

VARIABLES	FACTORS RESPONSIBLE FOR PRODUCT PREFERENCE	Strongly agree	Strongly Disagree
A1	PRODUCT POPULARITY		
A2	SAFE TO USE		
A3	POWER TO INFLUENCE		
A4	RELIABILITY		
A5	AVAILABILITY		
A6	BEST FEATURES		
A7	BEST PRICE		
A8	BEST FIT		
A9	WIDE RANGE		
A10	VALUE ADDITION		

11. Impact of celebrity on changing Purchase Behaviour for selecting a product: (Put TICK Mark in the appropriate box) ranges from 1...5 from strongly agree to strongly disagree.

Sl. No.	Factors/Indicators	(Put TICK Mark in the appropriate box)				
A.	PRODUCT CHARACTERISTICS	1	2	3	4	5
1	PRODUCT POPULARITY					
2	SAFE TO USE					
3	POWER TO INFLUENCE					
4	RELIABILITY					
5	AVAILABILITY					
6	BEST FEATURES					
7	BEST PRICE					
8	BEST FIT					
9	WIDE RANGE					
10	VALUE ADDITION					
B.	INFLUENCE OF ADVERTISING & MARKETING MEDIA					
1	funny and attractive					
2	Quality and frequent designed advertisement					
3	Advertisement campaign at local level					
4	targeting all segments					
5	Mantra of effective use					
6	Effectiveness of brand ambassador (celebrity)					
7	Influence of emotion in advertisement.					
8	Effectiveness of personality of celebrity in advertisement					
9	fulfilling the criteria of a brand,					
10	action targeted towards teens					
C.	CUSTOMER ORIENTATION					
1	publicity endorsing products is effective					
2	celebrities aids this remembrance					
3	lifestyle changes as per the celebrity endorsement					
4	heartthrob for one segment					
5	common between the product/brand					
6	common link with the celebrity and believable					
7	Product features and designs along with celebrity good looks to you					
8.	Competitive pricing					

12. What parts of the "look and feel" of a product, that are important to you when choosing one ? a. Size , b. Appealing , c. Colour , d. design , e. packaging f. price
13. Celebrity endorsed product you prefer because of: a. Wide range b. Best fit , c. Best price , d. Availability e. Reliability
14. Functionality of endorsement you prefer to have on your motivation depends upon? (Feel free to select more than one option.)
1. News paper Ads
 2. TV Ads
 3. Internet
 4. Boardings/Hoardings
15. You mostly prefer to purchase within the range of (Annually): a. < Rs 20000 , b.< Rs 40000 , c. <Rs.60000 , d. < Rs.80000 , and e. > Rs.80000
16. Your rate of satisfaction on your present using of product effectiveness through celebrity endorsements is : a. Low, , b. Moderate , c. High
17. Do you feel any gap in between the expectation and the satisfaction you get?
- Yes [] No []

Date**Signature**

FACTORS INFLUENCING CONSUMER SATISFACTION AND THEIR PREFERENCES TOWARDS ICE CREAMS

ANUPAMA SUNDAR D

ASST. PROFESSOR

JSS CENTRE FOR MANAGEMENT STUDIES

SRI JAYACHAMARAJENDRA COLLEGE OF ENGINEERING

JSS SCIENCE & TECHNOLOGY UNIVERSITY

MYSORE

Dr. D G KANTHARAJ

PROFESSOR

NAGARJUNA COLLEGE OF ENGINEERING

BANGALORE

ABSTRACT

Consumer behavior research is the scientific study of the processes consumer use to select, secure and dispose of product and service that satisfy their needs. Firm can satisfy those needs only to the extent that they understand their customer. The objective of this paper is to study consumer satisfaction and their preferences towards ice creams and to understand the various factors that influence the customer satisfaction and preference. From the study, it can be inferred that there is a significant relationship between variable such as age, monthly income and frequency of purchase and the amount spent to the customer in single purchase. Also the study revealed the relationship that factors such as quality of ice creams, number of variants and the availability/reach of the showroom have towards customer satisfaction.

KEYWORDS

consumer satisfaction, consumer preferences, ice creams.

1. INTRODUCTION

Customer behavior is study of how individuals, groups, organization selects, buys, use and dispose of goods or services to satisfy their need and wants. A customer's buying behavior is influenced by cultural, social, and personal factors include reference groups, opinion leader, and family while the personal factor includes age occupation etc. the measure of behavioral aspect of consumer can be done on various parameters such as occasion of purchase, benefits of using the product, consumer status towards usage of the product, the rate at which the consumer consumes the product. The demographic variable includes age, family size, gender, income, occupation, education. The buying behavior is the impact of buyer's decision making process. The buying decision process involves 5 stages. The first stage is the problem recognition. At this stage a need is triggered by internal or external stimuli. The second stage is information search. The source of information may be personal, commercial, public, experimental. The next stage is evaluation of alternatives and then the purchase decisions and the final stage is post-purchase behavior. Overall the study on buying behavior of the product will help oneself to understand the degree of involvement of consumer towards the product. Ice-creams of many varieties, flavors and in different forms (cones, cups, slices, bulk packing, candies, etc.) are served with different brand (Joy, Amul, Arun, Vadilal, Kwality-Walls, Baskin-Robbins etc.) round the year and demand is going up year after year. Possibly the most popular mode of serving is in cones as it is neat & clean, easy to store and there is no disposal need. With continuous increase in sale of ice-creams, demand for cones is increasing. It is a mass consumption item.

2. LITERATURE REVIEW

Shomnath Dutta (2015), in the "Study on Product Awareness and Brand Image of Amul Ice-Creams in and around Siliguri Subdivision of North Bengal" studied marketing and promotion strategies adopted by Amul for its ice-creams and understand the perception of the customers regarding brand Amul and evaluating its image.

The findings of the study indicated satisfied customer also plays an important role in brand awareness as they recommend others to purchase and such referral brings new customers and promotes positive brand image whereas dissatisfied customers may lead negative brand image which hinders successful brand awareness activity.

I. J. Patel & C. N. Dharaia & S. V. Pinto (2014), in the study "Development of technology for manufacture of ragi ice cream" studied the development and commercially manufacturing of reduced fat ice cream that can fit easily into the dietary guidelines for persons suffering from CVDs. It was found that acceptable quality medium fat (6 % milk fat) ragi ice cream can be prepared using pretreated malted ragi flour.

M. Selvalakshmi, Anurani R R (2013) in the study "Customer tastes and preferences towards ice cream with special reference to arun icecream", studied preferences and loyalty of customers towards Arun icecreams and the factors influencing the satisfaction. Cross tabulation, weighted average method, chi-square analysis and regression analysis was used. It was found that Factors such as television advertisement and word of mouth are the major influences in the purchasing decision of Arun ice creams. Consumers prefer to buy ice cream during evenings and majority of them are found to buy ice creams once in a month with an average spending of about Rs.30-70.

William J. Allender *, Timothy J. Richards (2012), in the study "Brand Loyalty and Price Promotion Strategies: An Empirical Analysis" studied how brand loyalty influences retail price-promotion decisions in two highly differentiated, frequently-purchased CPG categories: carbonated soft drinks (CSD) and ice cream.

The results showed retail price promotion model are consistent with existing theory on the relationships between brand loyalty and the depth and frequency of price promotion.

Yavuz TOPCU* and Ahmet Semih UZUNDUMLU (2011), titled "Turkish consumers' purchase attitude and behaviors towards Kahramanmaraş type ice cream as a local branded product" focused on the sensorial food attributes with regard to how the consumers perceive common ice creams. Using standardized coefficients, Chi-square found intrinsic and extrinsic product attributes play a major role.

Philippe Aurier and Gilles Se'ré de Lanauze (2010), in the study "Impacts of perceived brand relationship orientation on attitudinal loyalty" using Standardized coefficients, using exploratory and confirmatory factor analyses and R-squares, model and hypotheses validated the relationship marketing model in the case of strong national brands positioned in the frequently purchased packaged goods sector. The authors proved that perceived quality impacts relationship quality (trust and affective commitment), which in turn influences attitudinal loyalty. Second, in addition to the effects of perceived quality, the authors proved that perceived brand relationship orientation has direct positive impacts on trust and affective commitment and, in turn, has an indirect impact on attitudinal loyalty.

Ying Huang, Patricia Huddleston (2009), titled "Retailer premium own-brands: creating customer loyalty through own-brand products advantage", found retailers who have higher degree of customer participation, innovation, and brand orientations are likely to have a stronger own-brand product advantage. In turn, those retailers are more likely to have loyal customers and superior own-brand financial performance.

J. Grobler and V.S.S. Yadavalli (2008), titled "MANAGING THE COLD CHAIN: A CASE STUDY AT A SOUTH AFRICAN ICE CREAM COMPANY", investigated the effect of different distribution scenarios. The paper concluded with an investigation into information technology (IT) as the enabler for improved supply chain performance.

Eugene Y. Roh, Ji-Hwan Yoon (2008), in the study "Franchisor's ongoing support and franchisee's satisfaction: a case of ice cream franchising in Korea" identified franchisees' satisfaction and their intention to renew their contracts utilizing the ice cream franchise in South Korea. It was found the franchisees learned about their business opportunities through friends and relatives. The brand recognition by the consumer is the major motive for franchisees to engage in franchising. While franchisees are least satisfied with their franchisors' ongoing business support, they are most satisfied with central purchasing support from the franchisor.

Patrali Chatterjee (2007), in the study "Advertised versus unexpected next purchase coupons: consumer satisfaction, perceptions of value, and fairness" studied how consumers differ in their interpretation of advertised and "surprise" (or unexpected) next-purchase coupons as delayed rewards or immediate losses based on promotion context and coupon start date restrictions. Findings indicate that unexpected next-purchase coupons lead to higher purchase satisfaction but lower perceptions of retailer fairness compared to advertised coupons. Study 2 indicates that consumer predisposition toward effortful thought (NFC) amplifies the impact of unrestricted start date on perceptions of retailer unfairness.

Gülden Baoyifit · Hakan Kuleaoan · Aynur G. Karahan. (2006) in the study "Viability of human-derived probiotic lactobacilli in ice cream" investigated the survival of probiotic bacteria in ice cream during 6 months of storage.

Found the survival rate of added human-derived probiotic cultures during storage of ice cream manufactured with sucrose and aspartame was high.

Paurav Shukla, (2004) in the study titled "Effect of Product Usage, Satisfaction and Involvement on Brand Switching Behavior", studied the effect of product usage, satisfaction and involvement level on the brand switching behavior in several categories of products associated with different product usage, performance and satisfaction levels. The results of the study lend some support to previous findings that a moderate relationship exists between product satisfaction, involvement and brand switching. The study did find common ground with the findings of Iwasaki and Havitz (1998) who argued that highly loyal people tended to exhibit high levels of involvement. Findings of a study by Traylor (1983) stated that brand commitment is generally not directly related to product involvement.

3. PURPOSE OF THE STUDY

To understand the customer satisfaction and loyalty on ice cream.

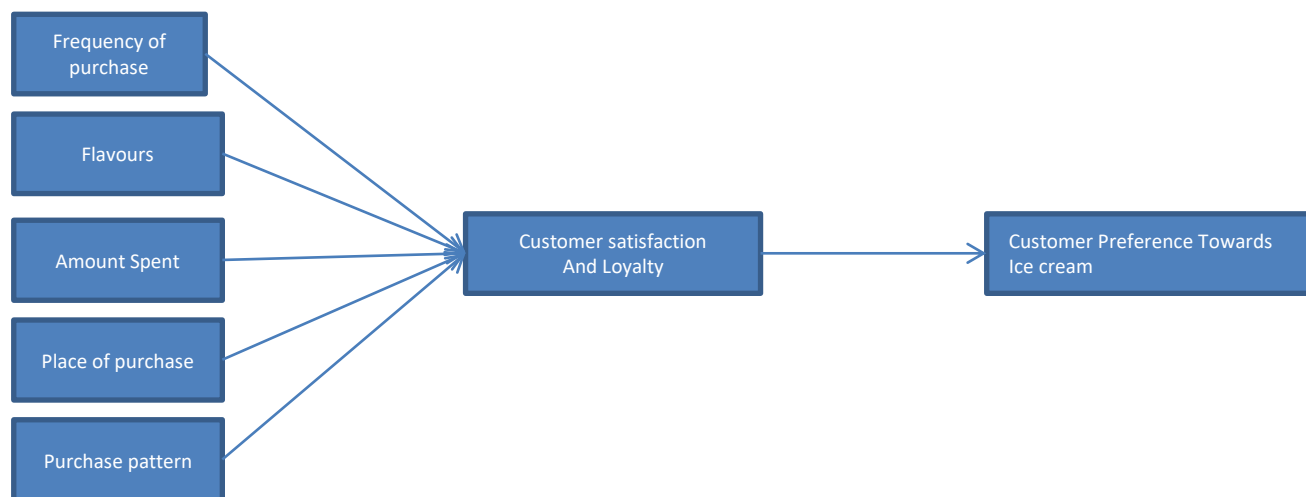
4. OBJECTIVES

1. To know about the consumer behavior and their preferences towards ice cream.
2. To analyze the customer perception based on their demographic profile.
3. To check the loyalty of customer towards ice cream variants.
4. To understand the factors influencing the satisfaction of customer towards ice cream.

5. LIMITATION OF THE STUDY

Understanding the key outcomes of own-brand product advantage will facilitate management's evaluation of current retail product development strategies. If outcomes of the current own-brand strategy are not satisfactory, an assessment of customer participation, innovation, and brand orientation effectiveness may be warranted.

6. CONCEPTUAL MODEL



7. HYPOTHESIS

- H1. Perceived brand quality has a direct effect on consumer trust in the brand.
- H2. Perceived brand quality has a direct effect on consumer affective commitment to the brand.
- H3. Trust has a direct positive impact on consumer affective commitment to the brand.
- H4. Trust has a direct positive effect on consumer attitudinal loyalty.
- H5. Affective commitment has a direct positive impact on consumer attitudinal loyalty toward the brand.
- H6. Perceived brand relationship orientation has a direct positive impact on consumer trust in the brand.
- H7. Perceived brand relationship orientation has a direct positive impact on the consumer's affective commitment to the brand.

8. METHODOLOGY

The respondents are college student; the city where the study was conducted was Mysore. The product considered for the study is ice cream. The questionnaire was distributed among 250 students; out of this 200 completed questionnaires have been received. As such, the total sample size is 200. The collected data has been processed using Descriptive and Factor analysis.

DATA COLLECTION: Use of questionnaires for retailers and customer.

TYPE OF DATA COLLECTED

- Primary data through questionnaires for customer.
- Secondary data through internet and company's report.

SAMPLING: The population unit of the study comprises of customers who visit ice cream parlor or who buy the ice cream. The sampling method used for the study is convenience sampling. Complete responses are collected from 200 samples with the use of a structured questionnaire in JSSCMS compose Mysore and were considered for further analyses.

SAMPLE SIZE: 200 respondents.

QUESTIONNAIRE DESIGN: A structured questionnaire with multiple choice question, having of 5-point likert scale ranging from 'strongly disagree' to 'strongly agree' through can't say options was developed.

STATISTICAL TOOL USED

Descriptive statistics was conducted to check for the kurtosis and skewness of data. The data collected was subjected to preliminary descriptive analysis to adjourn the normality assumption. The descriptive statistics are shown in table, and the statistics of each measurement item reveals that none of the skewness statistics exceeds 4 points and kurtosis' 10 points. Therefore, by generally accepted criteria the data meets the assumptions of normality.

9. ANALYSIS

TABLE 1: ROTATED COMPONENT MATRIX

	Component									
	1	2	3	4	5	6	7	8	9	10
Brand	-.823									
Enjoy	.768									
Stores	.768									
Like	.738									
purchase3		-.842								
Eat		.768								
amount1		-.700								
amount2			.840							
Alone			.769							
Parlor			-.681							
Coupons				.860						
Strawberry				.708						
Pistachio				.536						
Combo					.850					
Seasional					.845					
Chocolate						.858				
Approach						.833				
Distribution							.939			
Money							-.683			
purchase5								.863		
Exclusive								.720		
Winter									.853	
purchase4									.726	
Offer										.773
Widespread										.697

INTERPRETATION

- The most number of customer prefers to purchase or eat more than 10 ice cream in month.
- The customer preference towards chocolate is higher than that of the other flavor, the next higher preferred flavor is strawberry.
- The customer prefers to spend an amount between 30-70Rs but there is low consistent of spending amount below 30Rs.
- The customer wants to purchase the ice cream in coupon base with contain a combo, seasonal, offer time.
- The more number of customer want to purchase ice cream in distribution center and the customer like to eat ice cream in winter season.

10 FINDINGS

The respondents were found to be mostly in the age category of 15-30 years. Factors such as television advertisement and word of mouth are the major influencers in the purchasing decision of ice creams. Consumers prefer to buy ice cream during evenings and majority of them are found to buy ice cream more than 10 in a month with average spending of about Rs. 30-70. Consumers prefer to buy ice cream seasonally. Among all the facilities, proper seating place makes the first preferred facility. The quality and variants offered are the major strengths of ice cream and customer tends to be hard core loyal to the variance of their preference. The most preferred flavor is found to be chocolate. However, the respondents are not much aware of the recently introduced variants of ice creams. The buy 1 get 1 free and combo offer is found to be the widely preferred promotional activity. Males prefer the exotic and no added sugar variants than female. And females are found to prefer cups, bars, l-cones. There is a significant relationship between the age group, frequency of purchase, monthly income of the respondents and the amount spent on single purchase by the consumer level. It is found that higher the income of the respondents, higher the amount spend on single purchase of ice cream by the consumers. Regression analysis revealed that the satisfaction of the customers towards ice cream is influenced by parameters like ambience of the parlor, salesman approach, and salesman approach, value for money, quality taste packaging and availability.

11. CONCLUSION

As every individual have their own opinion and also have different views, the attributes that affect the selection of flavor, amount purchase, purchase place, purchase pattern, by customer also differs from customer to customer. As per the feedback of the respondents given and the results of the study the conclusion that can be drawn is that ice cream is now growing vastly and becoming popular among people. The attributes that customers look for usually are the taste of ice cream, comfort, quick service, satisfaction as well as environment of parlor. Therefore, in order to experience good service, selection of good parlor is important where one can feel relaxed, satisfied and at the same time can enjoy also.

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GROWTH TRENDS, COMPOSITION AND CHANGING BEHAVIOR OF MPCE IN MADHYA PRADESH: WITH REFERENCE OF INDIA

PRABHA BHATT
PROFESSOR
DEPARTMENT OF ECONOMICS
HAMIDIA ARTS & COMMERCE COLLEGE
BHOPAL

TRISHA SINGH TOMAR
RESEARCH SCHOLAR
DEPARTMENT OF RPEG
BARKATULLAH UNIVERSITY
BHOPAL

ABSTRACT

Present study focused to know the behavior of Madhya Pradesh in marginal propensity to consumption expenditure with reference of India. MPCE has lowered than the national average in Madhya Pradesh in rural as well as in urban areas. The growth rate of consumption expenditure has lower than the nation during 1993-94 to 2004-05. Nevertheless, due to agricultural revelatory growth in Madhya Pradesh has changed the marginal propensity to consumption expenditure and state MPCE has high growth than national average. Cumulative distribution of population according to consumption expenditure has better behavior in urban areas of Madhya Pradesh than national behavior. On the other side its worst in rural areas in the state.

KEYWORDS

Madhya Pradesh, growth, trend, $MPCE_{URP}$.

INTRODUCTION

Generally, Indian policymakers have always been concerned with the reduction of poverty and inequality. However, between the first five year plan after independence in 1947 and the turn of the century, Indian economic policy making went through a sea of change. After independence and for a period of about forty years, India followed a development strategy based on central planning. One of the reasons for adopting an interventionist economic policy was the apprehension that total reliance on the market mechanism would result in excessive consumption by upper-income groups, along with relative under-investment in sectors essential to the development of the economy (Chakravarty, 1987). Policymakers in India adopted a middle path, in which there was a tolerance towards income inequality, provided it was not excessive and could be seen to result in a higher rate of growth than would be possible otherwise. In this context however, the macroeconomic sensitivity to inflation as fallout from growth reflected government concerns regarding the redistributive effects of inflation, which typically affected workers, peasants and unorganized sectors more.

India has witnessed significant progress in food production and income growth during the past two decades. The food production has increased by 69 per cent with positive implications on food security. The economic development is evident from the substantial increase in real per capita from Rs. 1388 to Rs. 3554, and reduction in poverty levels from 45 per cent to 22 per cent between 1993-94 and 2011-12 (Radhakrishna, 2005; Chand and Jumrani, 2013). A wide variation in food consumption pattern of poor and rich households also exists (Shariff and Mallick, 1999; Kumar et al., 2007; Srivastava et al., 2013). However, these developments are not preformed across all states in the country.

There is some of states are struggling with the serious problems like poverty and undernourishment. During the development process, change in consumption pattern is a common phenomenon. The existing literature however, lacks in evidence on the changes in relative consumption pattern in Madhya Pradesh as well as rural areas of the state also. So the present mainly focused on the studied of objects: to study the changing pattern and growth performance of MPCE in Madhya Pradesh and to analyses the Changing pattern in food verses nonfood MPCE in the state with reference to India.

DATA AND METHODOLOGY

The National Sample Survey Organization releases data on 'consumption expenditure' on quinquennial basis. Data of Madhya Pradesh and all India level for the years 1993-94, 2004-05 and 2011-12 have been used for the present analysis. This data collected from the reports on "Key indicator of consumption expenditure survey" for different period published by Central Survey Organization. To convert MPCE in constant prices, we have collected consumer prices index with the base of 2004-05. Ratios are estimated from current data and growth trends fitted after convert data in constant prices.

GROWTH RATE ANALYSIS

The compound growth rate of $MPCE_{URP}$ is calculated for selected periods of time. Compound growth rate was estimated with the following exponential model.

$$Y = ((MPCE_t / MPCE_{t-n})^{(1/n - 1)} - 1) * 100$$

Where,

Y= compound Annual Growth rate,

$MPCE_t$ = Marginal propensity to consumption expenditure at 't' time,

$MPCE_{t-1}$ = Marginal propensity to consumption expenditure at 't-1' previous time, and

$1/n-1 = 1/$ no of gap year.

RESULTS AND DISCUSSION

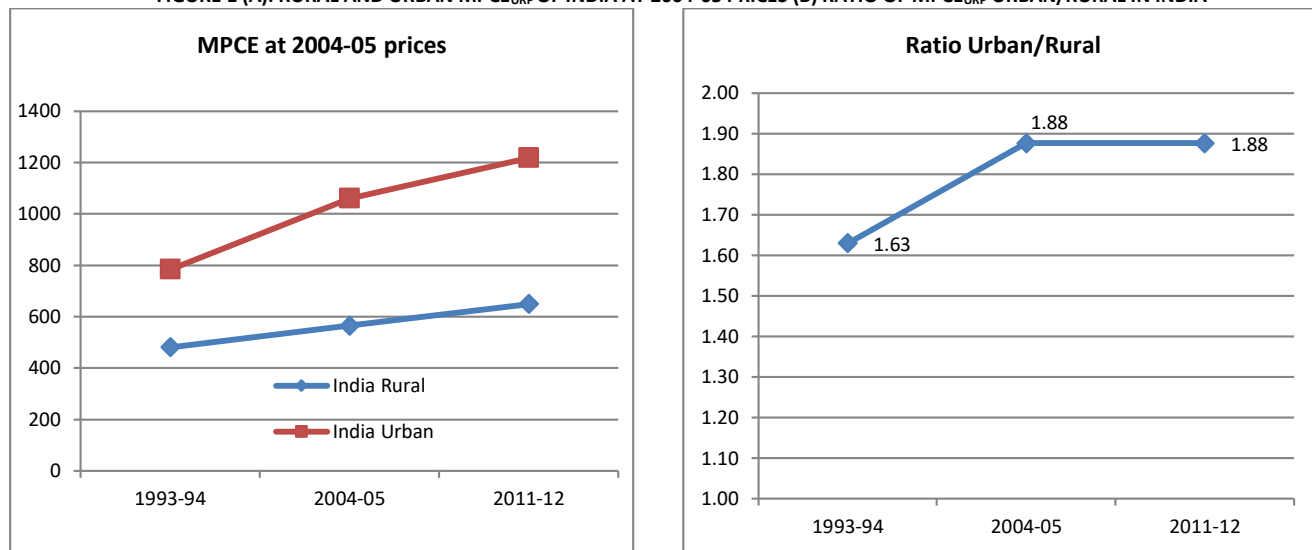
Agriculture growth in Madhya Pradesh (MP) during the decade long period of 2005-06 to 2014-15 was around 9.7 per cent per annum, which is the highest growth rate registered in agriculture by any major state of India over a ten year period. The last five years have been even more spectacular: agricultural GDP grew at 14.2 per cent per annum. Many people therefore see this growth rate even with skepticism. Nonetheless, agriculture growth is critical for easing poverty, as is indicated by earlier research by the World Bank. MP has high poverty levels, and much of that is concentrated in rural areas. Therefore, high growth in agriculture must result in substantial reduction in rural poverty. The poverty numbers do suggest that rural poverty has declined from 53.6 per cent in 2004-05 to 35.7 per cent in 2011-12. And when poverty numbers of later years come about, one should expect even faster reduction in rural poverty in MP. Such improvement had happened due to agricultural development of the state, state agriculture grows at a very high growth rate (9.7 per cent) during the 2000-011 to 2014-15 (Gulati et al. 2017).

TABLE 1: MPCE_{URP} OF RURAL AND URBAN AREA IN MADHYA PRADESH AND INDIA AT 2004-05 PRICES

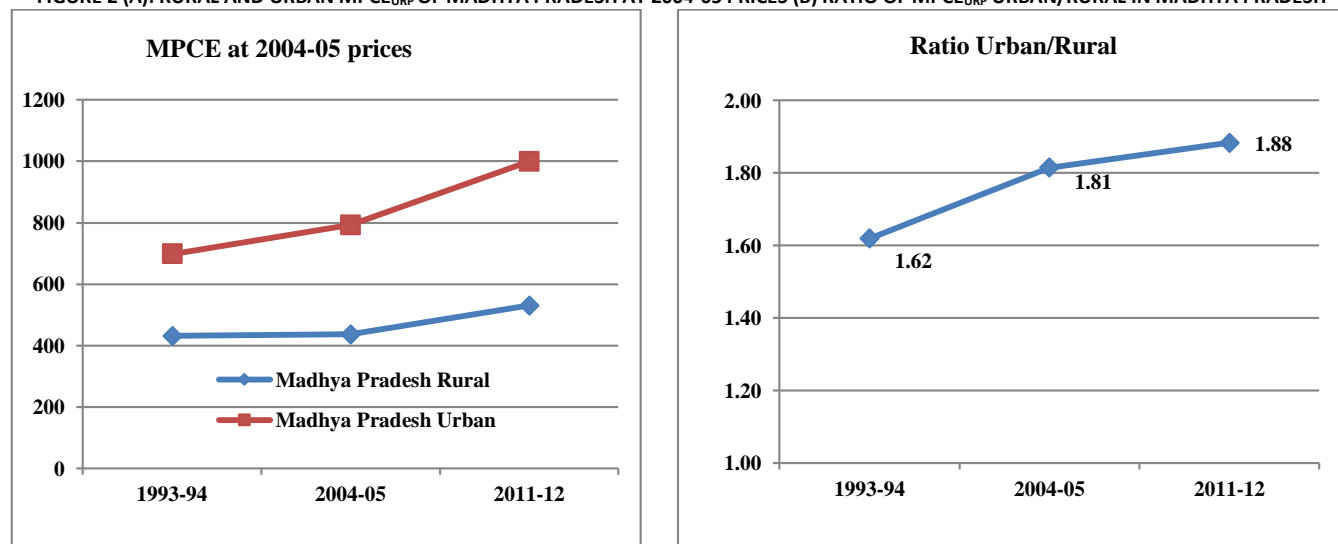
Year	India		Madhya Pradesh	
	Rural	Urban	Rural	Urban
1993-94	481	784	431	698
2004-05	565	1060	437	793
2011-12	649	1218	531	999

Source: Author's estimation based on survey data by NSSO.

It is clear from the table 1 that MPCE in Madhya Pradesh has less than national average in rural as well as in urban areas in selected times. Gap between MPCE in Madhya Pradesh and India has highest in 2004-05 and it was trending to reduce after 2004-05. Rural areas of Madhya Pradesh are about 10.3 percent, 22.7 per cent and 18.3 per cent less expenditure in 1993-94, 2004-05 and 2011-12, than national average. Similar trends are also found in urban area during the same periods.

FIGURE 1 (A): RURAL AND URBAN MPCE_{URP} OF INDIA AT 2004-05 PRICES (B) RATIO OF MPCE_{URP} URBAN/RURAL IN INDIA

Marginal propensity of consumer expenditure at 2004-04 prices of India in rural and urban area are presented in figure 1 (penal A) and ratio of urban expenditure in terms of rural areas are presented in the same figure (penal B). It is clear from the figure that gap in MPCE between rural and urban areas were increased during the 1993-94 to 2004-05. MPCE in urban areas in India are about 1.63 times more than rural areas in 1993-94 and it will have increased in 2004-05 (reached at 1.88 times). After that it has stable at the same rate.

FIGURE 2 (A): RURAL AND URBAN MPCE_{URP} OF MADHYA PRADESH AT 2004-05 PRICES (B) RATIO OF MPCE_{URP} URBAN/RURAL IN MADHYA PRADESH

Marginal propensity of consumer expenditure at 2004-04 prices of Madhya Pradesh in rural and urban area are presented in figure 2 (penal A) and ratio of urban expenditure in terms of rural areas are presented in the same figure (penal B). It is clear from the figure that gap in MPCE between rural and urban areas were increased during the 1993-94 to 2004-05. MPCE in urban areas in India are about 1.62 times more than rural areas in 1993-94 and it will have increased in 2004-05 (reached at 1.81 times). This gap in rural and urban areas less than national average, but it presented as national behavior in 2011-12.

TABLE 2: GROWTH RATE OF MPCE OF MADHYA PRADESH AND INDIA AT 2004-05 PRICES

Period	India		Madhya Pradesh	
	Rural	Urban	Rural	Urban
1993-94 to 2004-05	1.62	3.06	0.13	1.28
2004-05 to 2011-12	2.35	2.35	3.28	3.92
1993-94 to 2011-12	1.89	2.79	1.30	2.26

Source: Author's estimation based on survey data by NSSO.

Growth trend of MPCE has very slower than national growth rate during the 1993-94 to 2004-05 in rural as well as urban areas in Madhya Pradesh. MPCE has grows at 3.28 per cent and 3.92 per cent per annum, rate in Madhya Pradesh during the 2004-05 to 2011-12 in rural and urban areas. But growth rate in rural

areas are slower than urban areas of the state during same period. On the other side growth rate MPCE has lower than Madhya Pradesh. This happened due to revolutionary growth in agricultural development in Madhya Pradesh during the same period.

TABLE 3: AVERAGE EXPENDITURE ON FOOD AND NON FOOD COMMODITIES IN INDIA AND MP AT 2004-05 PRICES

Year	Rural		Urban	
	Food	Non food	Food	Non food
Madhya Pradesh				
1993-94	264	167	369	329
2004-05	234	203	336	457
2011-12	253	278	352	647
India				
1993-94	305	178	428	356
2004-05	305	260	441	619
2011-12	316	316	469	750

Source: Author's estimation based on survey data by NSSO.

Table 3 has presented the food and non food expenditure in Madhya Pradesh and India at selected points of time. Food expenditure lowers than the national average in rural as well as in urban areas. Non food expenditure in rural areas of Madhya Pradesh is in comparable position with national average in 1993-94 and 2004-05, in 2011-12 MPCE has lagging behind the national sanitation. In urban areas MPCE has been lower side in 2004-05 and 2011-12 than national average.

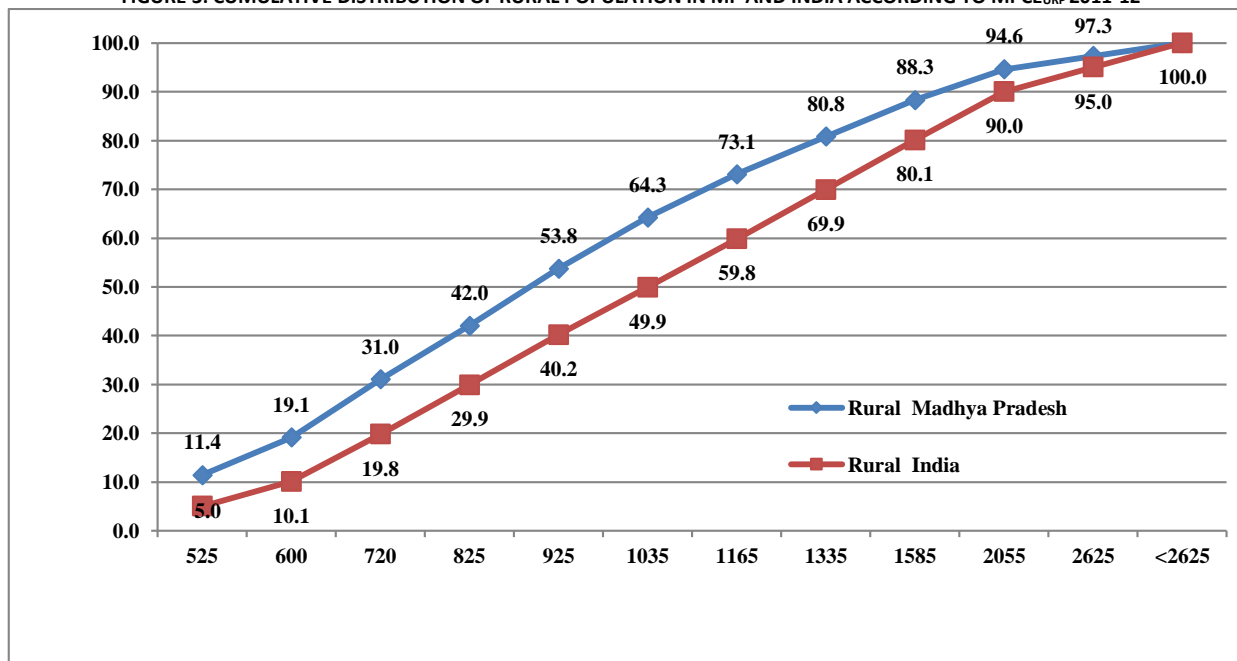
TABLE 4: CHANGE THE RATIOS OF FOOD VERSES NON FOOD EXPENDITURE IN MP AND INDIA

Year	MP		India	
	Rural	Urban	Rural	Urban
1993-94	1.58	1.12	1.71	1.20
2004-05	1.16	0.73	1.17	0.71
2011-12	0.91	0.54	1.00	0.63

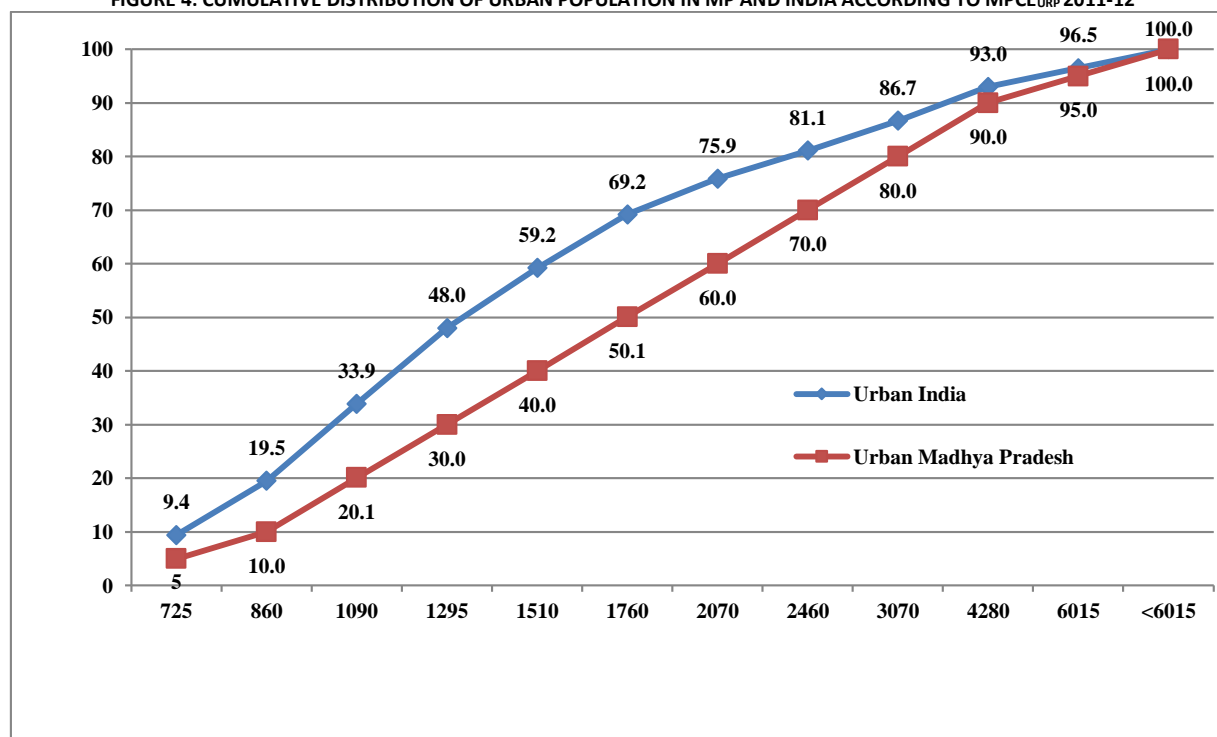
Source: Author's estimation based on survey data by NSSO.

Ratio on food verses non-food shows that how much expenditure on food more than non food expenditure. Table 4 presented that expenditure on food will reduced in terms of non food expenditure over the period of time in Madhya Pradesh as well as in India in rural and urban areas. Food expenditure in rural in terms of non food expenditure in Madhya Pradesh are less than the national average. During 2011-12 non food expenditure is increased than food expenditure in Madhya Pradesh and also in India. Now in urban areas of the state has almost half portion on food than non food.

FIGURE 3: CUMULATIVE DISTRIBUTION OF RURAL POPULATION IN MP AND INDIA ACCORDING TO MPCE_{URP} 2011-12



Cumulative distribution of rural population according to MPCE_{URP} in Madhya Pradesh and India has been presented in the figure 3. It is clear from the figure that cumulative curve of Madhya Pradesh has above the National curve and this presented more population of rural areas in Madhya Pradesh has spent less amount than national behavior. In Madhya Pradesh 64.3 percent of rural population spent less than 1035 rupee per month. On the other side, in nation average about 49.9 per cent of rural population has below the same expenditure range. So this is clear the figure that marginal propensity of consumption expenditure has less than the national average in rural areas of Madhya Pradesh.

FIGURE 4: CUMULATIVE DISTRIBUTION OF URBAN POPULATION IN MP AND INDIA ACCORDING TO MPCE_{URP} 2011-12

Cumulative distribution of urban population according to MPCE_{URP} in Madhya Pradesh and India has been presented in the figure 4. It is clear from the figure that cumulative curve of Madhya Pradesh has below the National curve and this presented more population of urban areas in Madhya Pradesh has spent more amount than national behavior. In India 69.2 per cent of urban population spent less than 1760 rupee per month. On the other side, in Madhya Pradesh about 50.1 per cent of urban population has below the same expenditure range. So this is clear the figure that marginal propensity of consumption expenditure has more than the national average in urban areas of Madhya Pradesh.

CONCLUSION

Madhya Pradesh success to change their position in agricultural production, productivity in last decade and it will help to change the per capita food availability, poverty and malnutrition of the state. One decade ago Madhya Pradesh is counting in the group of high poverty and malnutrition states. Present study highlights the growth achievement of marginal propensity to consumption expenditure of Madhya Pradesh with special reference of India. We found in the study marginal propensity to consumption expenditure in Madhya Pradesh has less than the national average in rural and urban areas. Growth trend of MPCE has very slower than national growth rate during the 1993-94 to 2004-05 in rural as well as urban areas in Madhya Pradesh. MPCE has grows at 3.28 per cent and 3.92 per cent per annum, rate in Madhya Pradesh during the 2004-05 to 2011-12 in rural and urban areas. This happened due to revolutionary growth in agricultural development in Madhya Pradesh during the same period. We also found that expenditure on food will reduced in terms of non food expenditure over the period of time in Madhya Pradesh as well as in India in rural and urban areas. Food expenditure in rural in terms of non food expenditure in Madhya Pradesh are less than the national average. But in the recent time, non food expenditure is increased than food expenditure in Madhya Pradesh and also in India. Now in urban areas of the state has almost half portion on food than non food.

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IMPORTANCE OF CROSS CULTURE SKILLS IN MANAGEMENT

Dr. SUBASH SINGH
ASSOCIATE PROFESSOR
JAGATPUR P.G. COLLEGE
VARANASI

Dr. MANJU KHOSLA
ASST. PROFESSOR
GARGI COLLEGE
UNIVERSITY OF DELHI
DELHI

ABSTRACT

In today's globalized era, where businesses are totally dependent on internet, no one can refuse the importance of cross cultural skills. In order to avoid business failure because of cultural misunderstanding, the need for cultural awareness and sensitivity has become increasingly important. Cross culture is the interaction of people of different backgrounds and tries to understand the cultural values of others, so they can easily provide services as per their needs and expectations. This cross culture skill is important not only in marketing of goods and services but also in tourism, hospitality, IT sectors and so many other businesses. In the international business this cross culture is a vital issue because the success of international business depends upon the smooth interaction of employees with different cultures and values. This paper aims at emphasizing the importance of cross-cultural skills in management for successful business.

KEYWORDS

cross cultural awareness, cultural values, hospitality.

INTRODUCTION

Cultural factors are very important in the formulation of pragmatic business strategies. It is not prudent for business firms to ignore customs, traditions, taboos, tastes and preferences of people. Such ignorance can cause considerable financial loss in addition to waste of time and energy. Due to economic liberalization and globalization, the world has become a "global village". There is increasing interaction between people of different countries. As a result, food habits, dress habits, lifestyles and views are being internationalized. It is crucial for today's business personnel to understand the impact of cross cultural differences on business, trade and internal company organization. The success or failure of a company, venture, merger or acquisition is essentially in the hands of people. If these people are not cross culturally aware then misunderstandings, offence and a break-down in communication can occur. The need for greater cross cultural awareness is heightened in our global economies. Cross cultural differences in matters such as language, etiquette, non-verbal communication, norms and values can, do and will lead to cross cultural blunders. Terpstra has defined culture as "The integrated sum total of learned traits that are manifest and shared by members of society". Culture, therefore, according to this definition, is not transmitted genealogically. It is not, also innate, but learned. Facets of culture are interrelated and it is shared by member of a group who define the boundaries.

The term on which we interact with business have a profound influence on our lives. Work is a central aspect of our lives and the vast majority of employees work in the private sector. We also depend very largely on the private sector to supply the goods and services we consume on a daily basis. It is not surprising, then, that business has major impact on culture. Culture is that which distinguishes life in one group from life in another group, including language, belief, morality, norms, customs, institutions, and physical objects, among other qualities. Culture creates people, when people with different cultural background promote, own and manage organisations, organizations themselves tend to acquire distinct cultures. As business unit go international, the need for understanding and appreciating cultural differences across various countries is inertial. Work motivation, profit motivation, business goods, negotiating styles, attitudes, towards the development of business relationships, gift-giving customs, greetings, significances of body gestures, meaning of colours and numbers and the like vary from country to country.

FIG. 1



THE NEED FOR UNDERSTANDING DIFFERENT CULTURES

It is necessary as Cultures have their own way of interpreting things and what is good for one may be bad for others. And what is believed to be an essential for one group may not be necessary for others.

E. B. Taylor defines culture as follows: "Culture of civilization is that complex whole which includes knowledge, belief, cult, morals, law, custom and other capabilities and habits acquired by a man as a member of society." The need for understanding cultural differences across countries is increasing due to globalization of business. Awareness and understanding of the local culture can help business managers like – they can better understand the behavior and conduct of employees

as these are governed by their culture, by observing the cultural backgrounds of people, their response to new products can be predicted, they are able to take quick and better decisions by developing culture sensitivity., they can improve their strategies and business practices through understanding of culture.

FIG. 2



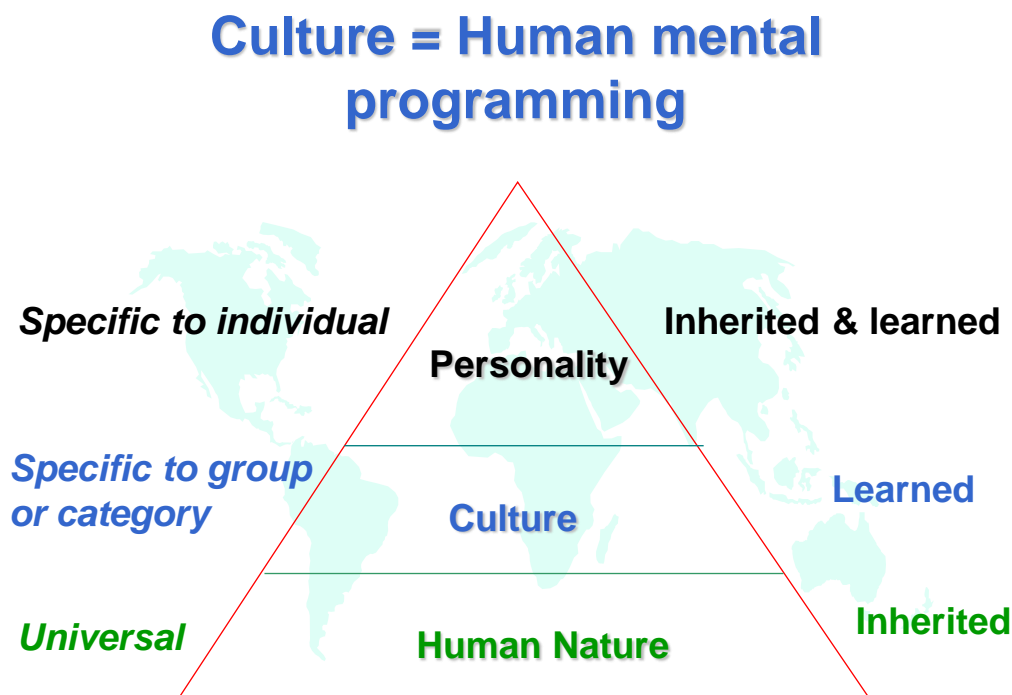
13

KEY BENEFITS TO GET BETTER CROSS CULTURE MANAGEMENT SKILLS

- Improve your communication across different cultures
- Build the confidence to influence clients, suppliers and colleagues from a variety of countries
- Benchmark your individual management style against preferences from around the world – and
- learn to adapt accordingly Learn how to lead across international matrix systems and other organizational structures•

According to the Geert Hofstede, "Culture is the software of the mind – the social programming that runs the way we think, act and perceive ourselves and others. In other words, your brain is simply the hardware that runs the cultural programming."

FIG. 3



Source: G. Hofstede 5

BARRIERS TO CROSS CULTURAL COMMUNICATION

Some common cross-cultural issues for those entrepreneurs developing relationships with individuals or businesses from different cultural backgrounds:

- Not being proactive and adapting to different cultural business expectations. It's all too easy to get off on the wrong foot and become reactive.
- Not understanding how formality, hierarchy and timing can affect business. These things have a tremendous impact on negotiations and decision-making.
- Being perceived as too aggressive or even impatient in your business approach. Business often takes longer with different cultures and countries, so plan accordingly.
- Many cultures are more team-focused or "we" oriented. This can really impact your business style and marketing material. Also, avoid being egocentric or "I" oriented.
- A big taboo is unintentionally offending someone with your body language. This can be very difficult to recover from. A basic guideline is to use "opened-handed" gestures. Don't point with your index finger, use the OK sign or thumbs up and thumbs down.
- Lack of cultural understanding
- Ways to improve cross cultural communication
- Know yourself and your culture
- Know your audience
- Be open to new ideas and appreciate cultural differences
- Avoid using difficult idioms
- Pay attention to body language
- Be a learner

TIPS FOR EFFECTIVE CROSS CULTURAL COMMUNICATION

1. Be proactive. Start by focusing on creating trustful partnerships, not on the business at hand.
2. Use some cultural rapport. Adapt your marketing material and business approach as needed.
3. Organize productive interactions that ensure a "win-win" for all parties.
4. Develop strategies for relationships and business cycles based on appropriate levels of formality, business hierarchy and timing.
5. Learn the "do's and don'ts" of the country and cultures with which you're partnering. In short, be well prepared.
6. Slow down and speak clearly
7. Listen actively without interrupting the other party
8. Avoid misunderstandings and misinterpretations
9. Show respect for each other

HOW CAN YOU PROACTIVELY PREPARE FOR MULTI-CULTURAL BUSINESS?

- Awareness is the first step! Observe how people communicate with you in person, on the phone and by e-mail. Notice if they are more formal and expressive or more direct and to the point.
- Know your facts. Be aware of relevant historical data, economic issues, major industries, cities and geography, to name a few. There is nothing more embarrassing than not knowing your geography while working in a new country!
- Hone your cultural rapport. For example, when Saudi Crown Prince Abdullah visited then-US President George Bush at his ranch, they were photographed strolling hand in hand through the bluebonnets. This was an important sign of their friendship and trust. Sometimes when managing international business relationships, you need to go beyond your personal comfort zone!
- Keep in mind that we are homogenizing as a global culture, so we can't ever take cultural tendencies for granted.

CONCLUSION

Each culture has a different way of looking at things and it is indeed a challenge for managers who work cross-culturally. It is very essential for managers to be conscious of cultures with whom they interact. Organisations believe in diversity as it helps them to tackle diverse set of problems. People from different cultures bring in different skill sets to table. This diversity in turn brings in competencies to compound present skills to be more competitive and flexible in finding solutions. And the best way to make these cultural issues work for Manager's benefit is by building a strong relationship through personal rapport and reputation, being motivated and caring for others. Cultural differences need to be seen as an asset, not a liability. Managers need to be culturally aware and flexible in their leadership styles. Cross cultural communication can be effective when people are sensitive to different cultural backgrounds.

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THE EFFECT OF DEMONETISATION ON THE INDIAN ECONOMY AT DIFFERENT TIME INTERVAL

AMISH BHARATKUMAR SONI
ASST. PROFESSOR
GLS UNIVERSITY
AHMEDABAD

KOMAL BHAGWANDAS SIDHNANI
ASST. PROFESSOR
GLS UNIVERSITY
AHMEDABAD

ABSTRACT

As per the recent Government decision of demonetisation, we would like to do research on the topic "The effect of demonetisation on the Indian economy at different time interval." because it is the decision which affect not only the Individuals but the Indian economy as a whole. The papers' concentration is on the effect of demonetisation on the Indian economy at different time interval. To understand Indian economy, we selected Indian sectors indices, stock indices and commodity indices and tries to see the fluctuation, correlation and overall effect at different time interval such as a week, month and a quarter. In this paper, the main focus is on the last week, quarter and month effect from the declaration dates on the indices such as small capital market, mid capital market, large capital market, sectors such as bankex, reality, finance, IT and in commodity gold and silver. In the past few months it was observed that at the time of declaration the market shrinks as it starts up with high expectations. With the help of this paper, know the overall effect after the demonetisation and before the demonetisation on the selected sectorial indices, stock indices and currency indices.

KEYWORDS

demonetisation, market indices, sectorial indices, commodity indices, demonetisation effect on stock indices, demonetisation effect on Indian economy.

1. INTRODUCTION

As per the recent Government decision of demonetisation, we would like to do research on the topic "The effect of demonetisation on the Indian economy at different time interval." because it is the decision which affect not only the Individuals but the Indian economy as a whole. The papers' concentration is on the effect of demonetisation on the Indian economy at different time interval. To understand Indian economy, we selected Indian sectors indices, stock indices and commodity indices and tries to see the fluctuation, correlation and overall effect at different time interval such as a week, month and a quarter. In this paper, the main focus is on the last week, quarter and month effect from the declaration dates on the indices such as small capital market, mid capital market, large capital market, sectors such as bankex, reality, finance, IT and in commodity gold and silver. In the past few months it was observed that at the time of declaration the market shrinks as it starts up with high expectations. With the help of this paper, know the overall effect after the demonetisation and before the demonetisation on the selected sectorial indices, stock indices and currency indices.

2. LITERATURE REVIEWS**2.1 (2016, November 9). Industry fears liquidity crunch. Times of India, Ahmedabad, p.g. No. 2.**

The surprising and sudden announcement of Rs. 500 and Rs. 1000 currency notes will not be a legal tender created a huge chaos and panic among the common people and industries alike. Many sectors are expected to affect by this move, especially those sectors who are dealing in cash are expected to see hectic dealings in coming days. Banks will also have affected by the demonetization because of the mad rush for replacing the currency notes. Diamonds, garments, gems and jewellery, real estate, building materials, cottage, handicrafts and MSMEs among other sectors are expected to feel a major heat. Over the next month, there will be a slowdown in many industries because most of the industries make their deals in cash and due to demonetization they will face payment related issues. Not only the angadias but also the retailers are going to face harsh issues of liquidity. Especially the small retailers will have to face a lot of problems in day to day dealings. Besides the angadias and retailers, gems and jewellery sector will also be adversely affected as there are high values of transactions take place in the gold market which are driven by high value currency notes. However, the courier service business will not be affected as they get their commission from the payment made by the customers.

2.2 Sinha Prabhakar (2016, November 9). Realty sector, where cash is king, May see black days. Times of India, Ahmedabad, p.g. No.6.

Demonetization will severely impact the real estate sector as real estate and land purchases are one of the most prominent segments of the cash economy. There will significant impact on the secondary market transactions where 60:40, the ratio of legal to black money had become a norms of sort. Due to black money the value of the real estate has appreciated in many markets.

2.3 Times News Network (2016, November 10). Retailers reel as cash dries up. The Times of India, Ahmedabad, p.g. No.4.

The government's decision to withdraw existing currency notes of Rs. 500 and Rs. 1000 from circulation has adverse effect on the retail industry and neighbourhood stores. According to industry players, the government's move was too surprising and abrupt. The government is targeting the black money hoarders but the government did not consider the difficulties and problems face by the small scale traders and traders of perishable goods, who are heavily dependent on cash transactions. A day after the demonetization, due to the worse situation and liquidity crunch the traders shut down their shops in the afternoon. Besides the traders, the small kirana store owners and milk shop owners were also affected by the demonetization.

2.4 Times News Network (2016, November 10). Cash-loaded patients beg helplessly for tests, treatment. Times of India, Ahmedabad, p.g. No.3.

The PM had promised that there is no inconvenience at hospitals but there is exact opposite situation seen at the hospitals. The people are stranded at private hospitals due to demonetization. The private hospitals authorities were struggling with patients as government has barred them from accepting invalid currency. Due to this many people didn't receive treatment. In many cases hospitals turned a tidy profit by refusing unless payment was made in lower denomination notes- which was unavailable to patients. A twenty six year old lady named Jyotsna Parmar was also faced problem at hospital. As she had 1000Rs. note and she wanted to do a sonography and Echo-2D test of her one year old son Meet who was suffering from pneumonia but the staff of UN Mehta hospital declined to perform the tests because they refused to accept the old currency notes of Rs. 500 and Rs. 1000. Similar helplessness of patients was visible at major private hospitals where cash loaded.

2.5 (2016, November 12). Demonetization would only affect common man

Chidambaram says people are facing difficulties in buying medicines, bus and train tickets and paying for auto rickshaws because of demonetization. Central board of direct taxes (CBDT) in 2012 had advised the centre to avoid issuing Rs.2000 currency noted, saying it would bring more harm to the public than benefit. P. Chidambaram said it would only adversely affect the common man. He said there were currency notes worth about rs17 lakh crore in circulation across the country, and according to the RBI, about Rs. 400 crore of this was believed to be fake currencies, "just to destroy Rs. 400 crore fake currencies, why the circulation of total Rs. 17 lakh crore was needed to be blocked."

2.6 Chakraborty Pathikrit, Khan Urooj (2016, November 13). New Rs. 2000 note as useful as invalid currency. Times of India, November 13, 2016.

The banks are handing some of the new Rs. 2000 notes to the people in the exchange of invalid notes of Rs. 500 and Rs. 1000. The people are facing difficulty in spending the new currency notes of Rs. 2000 because most of the vendors are unable to return the balance in smaller currency which they are short of. Therefore, Rs. 2000 is worthless as just like the invalid Rs. 500 and Rs. 1000 notes, no one is accepting these either. On the fourth day of demonetisation move, the struggle at bank continued as the large number of people are stood in long queues at bank still evening. Because of the sudden announcement of demonetization by prime minister, the banks have not been able to update their systems accordingly and due to this the people are facing many difficulties. A major problem faced by the people on Saturday was that as ID proof was demanded only from those not holding account in the bank but on Saturday even account holders of a bank were asked to bring their ID proof for transaction. This is causing the people inconvenience.

2.7 By R. Jagannathan (Nov 14, 2016), demonetization seems like deflation for many people; danger single for PM Modi.

For, the first time in independent India's history, we are getting a life demonstration of what deflation may look like. Deflation is more dangerous for governments in power than inflation. People who used autos and taxis are travelling by bus and so the average auto vala's and cabs have seen a drastic fall in earnings; the Karana guys and vegetable vendors are finding it tough to sell enough to service are daily needs, and their turnover is down; people are putting off every day small-ticket FMCG purchases to conserve cash. The poor and non-poor live and work in the shadow of black money, and they are not amused by the demonetization. It is time for enchasing the JAM dividend JAN DHAN, Aadhaar and mobile money, if not, Modi sarkar will be in a jam.

2.8 (2016, November 14). Retail, wholesale trade affected due to demonetisation: CAIT.

The Economic Times, New Delhi.

"The commercial markets wore a gloomy and deserted look. Since demonetization, consumer footfall is very less. Not only is the retail activities but even the wholesale trade affected severely because of very low volume of transaction of goods." Post demonetisation, trade in markets across the country has reduced to 25% in comparison to normal days. The move has caused hardships to people who have to wait for their turn in long, unending queues to change the money. Several cash based businesses have been witnessed a slowdown.

2.9 (November 17, 2016), common people most affected by demonetization: Ram Gopal Yadav, Indian expresscom, New Delhi.

The former leader said the situation in the rural areas is very bad as the banks have failed to transport the stock of the new currency in the ATM and branches in rural and semi urban areas. He said that demonetization of the high value currency notes did not affected the rich people or the business class but majorly to the people from the villages and women. "People are very much disturbed by this demonetization. Farmers are not getting seeds and fertilizers.

And the biggest problem facing are the women of our country. Prime minister should thing that when even his mother is being forced to stand in queue than what about others, it's a crisis".

2.10 Renjhen Pankaj. (2016, November 22). The impact of demonetisation on Indian retail.

The government's recent demonetization move has definitely impacted the India retail industry in the short term due to lack of liquidity in the economy. As Indian retail segment generates a lot of cash transaction, there might be reduction in the sales over the next one or two quarters. Some sectors like jewellery and the luxury segment have been impacted more than much longer to receive. Demonetization has resulted in visibly reduced low footfalls in shopping malls, but this effect is temporary and will turn around in few weeks as more currency circulated in the system and improves the purchasing power and appetite of the consumers. The long term growth story of the Indian retail sector continues to be one of resilience and growth.

2.11 (2016, December 2). I-T recovers Rs. 58cr assets in 22 days. Ahmedabad mirror, p.g. No. 5.

Gujarat income tax department has recovered Rs. 58 crore in unaccounted cash and wealth from multiple raids conducted across Gujarat since announcement of demonetization on November 8, as part of the exercise to tighten screw on money lenders, money exchangers and black money hoarders. 11 person were found exchanging new legal tenders against scrapped currency notes in Rs 500 and Rs 1000 demonetization. In the past few days multiple cases of people trying to exchange cash through commission agents and black money launderers have been reported from all over the state.

2.12 (2016, December 2), US: Demonetisation crucial to fight graft, Ahmedabad, pg no.8.

The US supported India's move of demonetization Rs. 500 and Rs. 1000 currency notes, saying that it was on "important "and "necessary" step to address corruption. According to mark toner, demonetization is an important step to crack illegal action. The American citizen who are working and living in India may also find inconvenience nut they are having proper information in regard to exchange of notes.

2.13 (2016, December 4). Go digital, even beggars using swipe machine: PM. Ahmedabad Mirror, p.g. No. 10.

Prime minister Narendra Modi on Friday referred to a whatsapp video showing a beggar using a swipe machine to persuade people to shift to digital monetary transactions, but Indian people do not accept new things if known the intension behind an action is right. People who live in villages they do not have electricity power after independence. They want to see TV serials but they can't because of electricity. The government has said that demonetization exercise would be used for people welfare like infrastructure development opposition party said that farmers are very much affected from this step. Modi said that "I especially want to thank farmers who despite all problems have not allowed showing to be affected it has rather gone up from last time.

2.14 Patadiya, vishal (2016, December 5). Demonetisation dries up tips earned by waiters. Ahmedabad mirror, p.g. No.7.

The demonetisation drive has grinded gears of many businesses across the spectrum. One of the sectors that has been a negative impact of the current monetary policy is the hotel and restaurant business, especially waiters who earn a substantial chunk of their pay through tips. The all-encompassing liquidity crunch has brunt a hole through the pockets of the waiters as their customers have run out of change. Bhavanisinh, has been working in a fast food restaurant near HL commerce college area of the city. He said, "Earlier only 30% of our customers paid with card. Due to this income i earn out of tips has come down by 25%.

2.15 Chakravorti Bhaskar. (2016, December 14). India's Botched War on cash.

In the meantime, retail and wholesale markets have stalled around the country. Supply chain transactions, real estate deals, and even weddings and funerals have been frozen. Consumers are coping with lines that are frustrating even for Indians used to standing in lines or waiting for basic services, people up and down the income spectrum are dealing with changing cash withdrawal policies and empty ATMS. The leading digital payments players have experienced a bump since the demonetization experiment began

2.16 Qureshi, Zahid. (2016, December 16). Spare some change for the beggars. Ahmedabad, Mirror, pg. No. 4.

The union government's move to curb black money through demonitization has affected all the sections of the society from last few months. Not only farmers, business men and daily wage labourers, beggars all are affected from this decision. The daily earned through charity has plummeted by 80 to 90 percent after Rs 500 and Rs 1000 notes were declared illegal. One beggar she begs near Bhardra mandir she said," since the currency issue has started, our situation has worsened. Earlier, we used to earn more than enough to eat food as well as save some. Now it's even difficult to manage two square meals". And other one is Yusuf sheikh begs near teen darwaza and ali masjid while carrying his 80 years old funny things on his back.He said earlier people gave us Rs 50 or Rs 100 note. But now we are getting small notes and coins like Rs 1, Rs 2 or at most Rs 10. Funny things are people ask me for change, where do I got change from. So that they all are very much affected from this demonitization.

3. OBJECTIVES

3.1 PRIMARY OBJECTIVE

Primary objective of the paper is to see the effect of demonetisation on Indian economy at different time interval.

3.2 SUBSIDIARY OBJECTIVES

1. To observe the fluctuation in the different indices at the time of demonetisation in the last week, month and quarter before and after the event.
2. To see the trend in the different indices on that date, after and before the demonetisation declaration.
3. To find out any correlation in the indices (i.e. small cap, mid cap and large capital market) within a week time, month and a quarter before and after the demonetisation.
4. To find out any correlation in the selected sectors (i.e. banking, finance, IT & reality) before and after the demonetisation
5. To find out any correlation in the commodity indices (i.e. gold and silver) before and after the demonetisation.

4. RESEARCH DESIGN**4.1 RESEARCH DESIGN**

Descriptive to causal Research because in this paper it is the cause and effect analysis shown, the effect of demonetisation on the different indices we are try to check.

4.2 POPULATION

The population of our research is taken from Indian stock indices.

4.3 SAMPLING FRAME

Indian Stock Indices which are registered on the Indian Stock Exchanges mainly BSE.

4.4 SAMPLING UNIT

Sampling unit will be primarily consisting of the nine indices from sectors, market and commodity for before and after demonetisation.

4.5 SAMPLE SIZE

Sample size will be of last week i.e. 5 days from the implementation of the decision, month i.e. 20 days and a quarter i.e. 65 days before and after demonetisation, of nine indices i.e BSE large capital market, mid cap and small cap fluctuations, of sectors bankex, finance, reality and IT and of commodity gold and silver on the day of Demonetisation & after and before declaration of Demonetisation.

4.6 SAMPLING METHODS

Non probability sampling - judgemental sampling method.

5. RESEARCH TYPE**5.1 PRE DEMONETISATION & POST DEMONETISATION PERFORMANCE**

Pre demonetisation & Post demonetisation, 3 days moving average prices all nine selected indices to see the fluctuation before and after declaration of demonetisation.

5.2 IMPACT OF DEMONETISATION

To see the effect R square, paired T test and correlation used with the help of values after and before the week, month and quarter of the declaration of the demonetisation.

6. DATA SOURCE**6.1 SECONDARY DATA**

- BSE website
- Government of India Website
- News Paper Articles

7. HYPOTHESIS**7.1 PRICE FLUCTUATION BEFORE DEMONETISATION AND AFTER DEMONETISATION****7.1.1. MARKET INDICES VALUE**

H0: There is no difference in the moving average market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a difference in the moving average market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.1.2. SECTOR INDICES VALUE

H0: There is no difference in the moving average sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a difference in the moving average sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.1.3. COMMODITY INDICES VALUE

H0: There is no difference in the moving average commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a difference in the moving average commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.2 R SQUARE TEST**7.2.1. Market indices value**

H0: There is no effect in the market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is an effect in the market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.2.2. Sector indices value

H0: There is no effect in the sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is an effect in the sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.2.3. Commodity indices value

H0: There is no effect in the commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is an effect in the commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.3 PAIRED T TEST**7.3.1. Market indices value**

H0: There is no difference in the market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a difference in the market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.3.2. Sector indices value

H0: There is no difference in the sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a difference in the sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.3.3. Commodity indices value

H0: There is no difference in the commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a difference in the commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.4 CORRELATION**7.4.1. Market indices value**

H0: There is a negative relation between the market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a positive relation between the market indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.4.2. Sector indices value

H0: There is a negative relation between the sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a positive relation between the sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

7.4.3. Commodity indices value

H0: There is a negative relation between the commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H1: There is a positive relation between the commodity indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

8. FINDINGS AND ANALYSIS**8.1 MOVING AVERAGE**

8.1.1 Three days moving average for quarter before and after the demonetisation implemented for the BSE large capital market, small capital market and mid capital market.

TABLE 1: 3 DAYS MOVING AVERAGE A QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED MARKET INDICES

Particulars	3 Days Moving Average of Quarter			
	Before	After	Difference	% Change
BSE_Large Cap	3,394.11	3,138.24	-255.87	-7.54
BSE_Small Cap	12861.64	11959.12	-902.52	-7.02
BSE_Mid Cap	13218.79	11950.17	-1268.62	-9.60

From the above findings we can say that BSE indices value are showing negative effect after the decision had taken by the government and it is significant in the three months after the decision. BSE mid capital market value shows the highest effect up to 9.6 % negative.

8.1.2 Three days moving average for quarter before and after the demonetisation implemented for the BSE bankex index, finance index, IT index and reality index.

TABLE 2: 3 DAYS MOVING AVERAGE A QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR SELECTED SECTORIAL INDICES

Particulars	3 Days Moving Average of Quarter			
	Before	After	Difference	% Change
Bankex	22,626.74	20596.48	-2,030.26	-8.97
Finance	4,493.92	4,025.52	-468.40	-10.42
IT	10293.28	10011.08	-282.20	-2.74
Reality	1545.67	1273.99	-271.68	-17.58

From the above findings we can say that BSE all sectorial indices value is showing negative effect after the decision had taken by the government and it is significant in the three months after the decision. BSE reality sector shows highest negative up to 17.58% and IT sectorial indices shows the minimum but negative effect.

8.1.3 Three days moving average for quarter before and after the demonetisation implemented for the gold index and silver index. (All Moving Averages tables found with the help of Micro Soft Excel)

TABLE 3: 3 DAYS MOVING AVERAGE A QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR SELECTED COMMODITY

Particulars	3 Days Moving Average of Quarter			
	Before	After	Difference	% Change
Gold	2,837.43	2,493.86	-343.57	-1.21
Silver	41.24	35.11	-6.11	-0.15

From the above findings we can say that Commodity indices value are showing negative effect after the decision had taken by the government but it is the indices which shows minimum percentage of negative effect in official market compare to BSE indices.

8.2 R SQUARE

8.2.1 R square for a week, month & quarter before and after the demonetisation implemented for the BSE large capital market, small capital market and mid capital market.

TABLE 4: R SQUARE FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED MARKET INDICES

Particulars	R square		
	Quarterly	Monthly	Weekly
BSE_Large Cap	0.1528379	0.0201974	0.665851
BSE_Small Cap	0.4383101	0.0631235	0.8422395
BSE_Mid Cap	0.0299614	0.1201397	0.9068003

R square shows the percentage of movement due to its own and due to the demonetisation.

For example in large cap quarterly it shows 0.1528379, it mean index effected 15 percent due to demonetisation and remaining 85 percent on its own. So, higher percentage shows the effect of demonetization on that index.

From the above findings we can say that BSE indices values are effected highest with in the week time then it's reduce. As we observed in moving average its effect is highest here also in mid capital indices but its quarterly effect here it shows weekly stronger than after month and quarter it reduces faster than other indices.

8.2.2 R square for a week, month & quarter before and after the demonetisation implemented for the BSE bankex index, finance index, IT index and reality index.

TABLE 5: R SQUARE FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED
SECTORIAL INDICES

Particulars	R square		
	Quarterly	Monthly	Weekly
Bankex	0.1608453	0.1745222	0.0397259
Finance	0.050653	0.0996115	0.6163288
IT	0.2657858	0.5020727	0.1928709
Realty	0.2962781	0.0050806	0.8855665

From the above findings we can say that BSE sectorial indices values are effected differently sector wise also and time interval wise. As we observed in majority indices except in realty it shows highest effect after and before the month. But in reality it reduces after month and then it tries to stabilize the effect. The special sector to see the effect is finance which shows highest n week time but it reduces significantly and reaches to almost no effect.

8.2.3 R square for a week, month & quarter before and after the demonetisation implemented for the gold index and silver index.

TABLE 6: R SQUARE FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED
COMMODITY INDICES

Particulars	R square		
	Quarterly	Monthly	Weekly
Gold	0.0525915	0.5880751	0.0122985
Silver	0.077408	0.0286572	0.0553711

From the above commodity indices, we can see that in week and quarter time in gold there is not much effect of demonetisation and in silver at different time interval it is almost no effect of the demonetisation. But the special effect shows in the Gold commodity index after month time which is very significant.

8.3 T TEST

8.3.1 T test for a week, month & quarter before and after the demonetisation implemented for the BSE large capital market, small capital market and mid capital market.

TABLE 7: T TEST (p VALUE) FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED
MARKET INDICES

Particulars	T Test		
	Quarterly	Monthly	Weekly
BSE_Large Cap	4.66359E-15	7.942E-11	0.0289805
BSE_Small Cap	6.40591E-14	4.186E-11	0.0046039
BSE_Mid Cap	2.07651E-19	2.742E-10	0.0057031

Here T test vale shows majority like 4.66359E-15 in excel, which means 0. 14 times zero than 455359. Which is less than 0.05 p value. Now if it shows more than 0.05 it means there is no effect of demonetization and if it's less than 0.05 p value it means there is an effect of demonetisation.

In indices values, at all after different time interval it shows the effect of demonetisation.

8.3.2 T test for a week, month & quarter before and after the demonetisation implemented for the BSE bankex index, finance index, IT index and reality index.

TABLE 8: T TEST (p VALUE) FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED
SECTORIAL INDICES

Particulars	T Test		
	Quarterly	Monthly	Weekly
Bankex	4.13061E-08	0.0002896	0.4271529
Finance	3.53121E-14	6.133E-09	0.0824297
IT	1.82925E-12	1.351E-05	0.0002776
Realty	4.70123E-28	5.164E-16	0.0002578

Here T test vale shows majority like 4.13061E-08 in excel, which means 0. Than 07 times zero than 413061 which shows (0.0000000413061). Which is less than 0.05 p value. Now if it shows more than 0.05 it means there is no effect of demonetization and if it's less than 0.05 p value it means there is an effect of demone-tisation.

In sectorial indices we show again the same p value to all the indices at different time interval.

Except weekly Bankex and finance sector indices all indices at different time interval shows significant effect of demonetisation on sectorial indices.

8.3.3 T test for a week, month & quarter before and after the demonetisation implemented for the gold index and silver index.

TABLE 9: T TEST (p VALUE) FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED
COMMODITY INDICES

Particulars	T Test		
	Quarterly	Monthly	Weekly
Gold	3.9341E-24	5.691E-06	0.0096997
Silver	8.84272E-18	0.0001081	0.0452896

In commodity index all the p values as per t test shows that there is an effect of the demonetisation at different time interval, because all values are less than 0.05.

8.4 CORRELATION

8.4.1 Correlation for a week, month & quarter before and after the demonetisation implemented for the BSE large capital market, small capital market and mid capital market.

TABLE 10: CORRELATION FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED
MARKET INDICES

Particulars	Correlation		
	Quarterly	Monthly	Weekly
BSE_Large Cap	-0.39094483	-0.142117	0.3235738
BSE_Small Cap	0.66204996	-0.251244	0.894494
BSE_Mid Cap	0.17309369	-0.346612	0.9460537

Correlation result varies weekly to monthly drastically. As weekly it shows positive relation than after a month it shows negative relation in all the three indices. In quarterly there is only negative index in large capital market but other shows positive relation in other two indices, i.e. small capital and midterm capital index.

8.4.2 Correlation for a week, month & quarter before and after the demonetisation implemented for the BSE bankex index, finance index, IT index and reality index.

TABLE 11: CORRELATION FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED SECTORIAL INDICES

Particulars	Correlation		
	Quarterly	Monthly	Weekly
Bankex	-0.4010552	-0.417759	-0.394129
Finance	-0.22506227	-0.315613	0.4242476
IT	-0.5155442	-0.708571	0.4692272
Realty	-0.54431435	-0.071279	0.8908317

Correlation result varies weekly to monthly drastically in sectorial index also. As weekly it shows positive relation, except in bankex, then after a month and quarter it shows negative relation in all the four indices.

8.4.3 Correlation for a week, month & quarter before and after the demonetisation implemented for the gold index and silver index.

TABLE 12: CORRELATION FOR A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE ANNOUNCEMENT OF DEMONETIZATION IN 2016 FOR THE SELECTED COMMODITY INDICES

Particulars	Correlation		
	Quarterly	Monthly	Weekly
Gold	-0.22932839	-0.718343	0.0230959
Silver	-0.27822297	-0.316382	0.6417655

Correlation result varies weekly to monthly and quarterly drastically in commodity index also. As weekly it shows positive relation after a month and quarter it shows negative relation in both the indices.

9. HYPOTHESIS TESTING

9.1 THREE DAYS MOVING AVERAGE OF A WEEK, MONTH AND QUARTER BEFORE AND AFTER THE DEMONETIZATION

Three days moving average of a quarter shows negative percentage changes from table 1, 2 and 3, in all the indices i.e. BSE market indices, BSE sectorial indices and Commodity indices.

So, in **all the three hypothesis H₀ is rejected** means there is a difference in the moving average sector indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

9.2 R SQUARE

H₀: The indices having no effect of the demonetisation and its moves on its own.

H₁: The indices having an effect of demonetisation and its moves due to the effect.

R square for **BSE market indices** it shows very significant effect of demonetisation in a week time but after a month and quarter it reduces.

So, out of 9 different result of three indices from table 4 only three weekly result shows effect due to demonization and remaining six shows the value less than 0.5 which means after a week it moves on its own than demonetisation.

So, in BSE market indices we can say **H₀ is accepted**.

R square for **BSE Sectorial indices** it shows very significant effect of demonetisation in a week time but after a month and quarter it reduces.

So, out of 12 different result of three indices from table 5 only two weekly result shows effect due to demonization and remaining 10 shows the value less than 0.5 which means after a week it moves on its own than demonetisation.

So, in BSE sectorial indices we can say **H₀ is accepted**.

R square for **Commodity indices** out of 06 different result of two indices from table 6 only one monthly result shows effect due to demonization and remaining 5 shows the value less than 0.5

So, in commodity indices also we can say **H₀ is accepted**.

9.3 T TEST

H₀: There is no difference in the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H₁: There is a difference in the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

In T test from table 7, 8 and 9 we can say as the p value is less than 0.05 in all the 09 indices at different time interval i.e. week, month and quarter. We can say **H₀ is rejected for all the three T test hypothesis** for all the indices at different time interval which means there is a difference in the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

9.4 CORRELATION

H₀: There is a negative relation between the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

H₁: There is a positive relation between the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval

Correlation are for **BSE market indices** it shows positive relationship after a week, negative relationship after a month and majority indices shows positive relationship after a quarter also.

Out of 9 different result of three indices from table 10 four shows negative result which mostly from monthly results of all the indices but majority five shows positive relation.

So, in BSE market indices we can say **H₀ is rejected**. Which means there is a positive relation between the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

Correlation for **BSE Sectorial indices** shows from table 11 positive relation due to demonetisation in a week time but after a month and quarter it shows negative result for all the sectorial indices.

In BSE sectorial indices we can say **H₀ is accepted**. Which means there is a negative relation between the indices value before the announcement of Demonetisation and after the announcement of Demonetisation at different time interval.

Correlation for **Commodity indices** shows from table 12 same as sectorial indices does. In a week time it shows positive result than after a month and a quarter time it shows negative results. Which proves in majority indices after a week its negative correlation. So, **H₀ is accepted** here.

10. CONCLUSION

In this paper we observe that after the decision of the Government for the currency withdrawal or demonetisation. Not only it effected the Indian people but also it effected significantly to the Indian economy at different time interval.

We selected Indian sectors indices, stock indices and commodity indices and tries to see the fluctuation, correlation and overall effect at different time interval such as a week, month and a quarter. It shows the different result at different time interval which signifies as a whole the effect of demonetisation is there on Indian economy.

11. SUGGESTION

As the demonetisation is a one of the decision that Government had taken which shows the significant effect on different indices at different time interval. So, in future any Government decision is taken investors need to invest carefully.

12. SCOPE FOR FURTHER RESEARCH

From the research it clearly shows that it is a short term perspective, we can go for long term perspective after a year or two and see the effect is same or different. We can consider some more sectors and currency from the economy and see there is any change in or not.

13. ACKNOWLEDGEMENT

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DEMONETISATION IMPACT ON ELECTRONIC FUND TRANSFER**JITIN SHARMA****ASST. PROFESSOR****BABA FARID COLLEGE OF MANAGEMENT & TECHNOLOGY****BABA FARID GROUP OF INSTITUTIONS****BATHINDA****SANDEEP SEHGAL****ASST. PROFESSOR****BABA FARID COLLEGE****BABA FARID GROUP OF INSTITUTIONS****BATHINDA****ABSTRACT**

Demonetisation is a very big initiative taken by the government of India. Under this step a government of India banned the 500 and 1000 Rs note to control over the black money. Demonetisation can be said as a „Surgical Strike“ against the Black Money, Terrorism, Fake Currency, Unorganized trading, Share market and real estate etc. on the other hand if we talk about the Indian industry on a broader way it can be categories in three parts Manufacturing sector, Service sector and Agriculture sector. After demonetization only Agriculture sector shows some positive growth while if we talk about the other hand manufacturing and service sector both were crashed down and these will affect the whole Indian market in 2017 also. Demonetizing is growing step towards the cashless economy with a greater focus on electronic transactions is being envisaged. Rising use of credit/debit cards, net banking and other online payment mechanisms will be another positive effect of demonetization, as these would not only lower transaction costs but some of these could help earn some fee income as well. The present paper on “Impact of Demonetisation on Electronic Fund Transfer” has carried out the knowledge about the impact of demonetisation. This paper carried out the data of last nine months. The paper has been done by analyzing the impact of demonetisation on different electronic fund transfer methods available in India.

KEYWORDS

demonetization impact, electronic transaction system.

1. INTRODUCTION

This demonetisation is Prime Minister Narendra Modi's attempt to reduce bribery and the black economy so that India may shift towards digitalized money transfers, which are more traceable and taxable. Only 2.89% of Indians filed any income taxes in 2013, compared with 45% of US citizens. Although the majority of Indian's incomes are probably below the tax threshold in the first place, there is no doubt that India's black market is huge: the World Bank estimated it to be 23.2% of the total economy in 2007.

It's unsurprising that scrapping the 500 and 1,000 rupee note overnight was a huge shock to India. Nearly 87% of transactions in India use cash, meaning the country are more cash driven than Russia, Brazil and Mexico. A huge government push for financial inclusion drove up bank account holdings from 35% to 53% (an extra 175 million Indians became account holders) between 2011-2014, but the majority of these new bank accounts are empty and only 15% of adults reported using their account to make or receive payments. Crucially, only 39% of account holders in India own a credit or debit card, meaning the remainder would require a bank teller to carry out each transaction. Even online shopping in India is done with cash: about 70% of online commerce is paid with cash on delivery.

Although the government was primarily targeting wealth tax evaders in an attempt to redistribute income, the poor, and particularly women and those living rurally, have perhaps suffered the most. Lower income Indians are unlikely to have their own bank account, and even given 50 days to do so, would struggle with limited education and resources to open one. They might even not be able to reach a bank in the first place, as only 27% of Indian villages have one within 5km. Women also have been particularly effected, as most do not already own a bank account – according to the UN, 80% of women in India did not have access to one as of 2014.

2. LITERATURE REVIEW

Harris and Spence (2002), in their paper, explored the ethics of business to business electronic commerce with focus on banking sector. The researchers had chosen a case study of online foreign exchange developments at an investment bank. The important areas include freedom of choice, trust and transparency of business-to-business transaction and limits to responsibility with regard to facilitation of fraud. The authors found that e-banking had forced the banking sector to recognize, restructure and reconsider its institutional arrangements. The challenges of e-banking services would be successful for banks only if fraudulent activities could be controlled, transparency in transaction could be maintained, ethical rules and regulation to be followed so that e-banking could be widely acceptable among customers.

NPFP (2016) Tax Research Team Report - The argument posited in favor of demonetisation is that the cash that would be extinguished would be “black money” and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy. While the facts are not available to anybody, it would be foolhardy to argue that this is the only possibility. Therefore, it is imperative to evaluate the short run and medium-term impacts that such a shock is expected to have on the economy. Further, the impact of such a move would vary depending on the extent to which the government decides to remonetize. This paper elucidates the impact of such a move on the availability of credit, spending, and level of activity and government finances.

3. OBJECTIVE OF THE STUDY

To study the impact of Demonetisation on Electronic Fund Transfer.

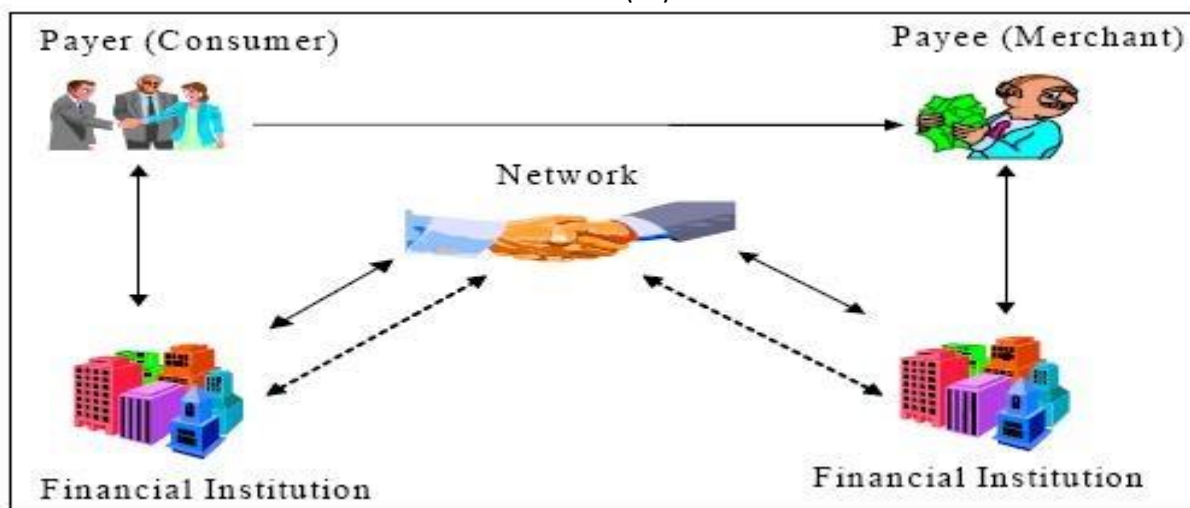
4. RESEARCH METHODOLOGY

The study was mainly based on secondary Data based. All the date regarding this research collects from journals, Research paper and different websites. To Study the impact of demonetisation on electronic fund transfer the data were obtaining from the Website of National Payment Corporation of India.

5. ELECTRONIC FUND TRANSFER

Electronic funds transfer is a much more preferred money transfer options it allows customers to make money transfers at the comfort of their homes using integrated banking tools such as internet and mobile banking.

IMAGE: 1 (EFT)



Besides being convenient, electronic transfer modes are considered to be safe, secure and make transferring money much simpler. Electronic transfers are processed immediately with the transferred amount being deducted from one account and credited to the other in real time, thus saving time and effort involved in physically transferring a sum of money. Opting for electronic transferring system also reduces the possibilities of any mistakes as a transaction is only authorized with complete details which include the correct account number of the beneficiary and the target bank's specific IFSC code.

HOW DO YOU TRANSFER FUNDS?

Transferring funds via electronic gateway is much simpler than the conventional methods. You can choose to:-

- ✓ Transfer funds into your own linked accounts of the same bank network.
- ✓ Transfer funds into different account of the same bank.
- ✓ Transfer funds into different bank's accounts using NEFT.
- ✓ Transfer funds into other bank accounts using RTGS
- ✓ Transfer funds into various accounts using IMPS.

TYPES OF ELECTRONIC FUNDS TRANSFER?

- ✓ NEFT or National Electronics Funds Transfer
- ✓ RTGS or Real Time Gross Settlement
- ✓ IMPS or Immediate Payment Service.

IMPACT OF DEMONETISATION ON ELECTRONIC FUND TRANSFER

Only 10% of transactions are cashless in our economy on daily basis. The government in order to divert some of the blame for the poor and weak implementation of this demonetization activity announced mid-way that making India a cashless or less cash economy was one of the major goals of this demonetization drive. Towards this end, the Finance ministry, RBI and NITI Aayog announced a host of benefits to boost cashless transactions. This was also done to simple some of the problems that have resulted due to acute shortage of cash in the economy.

Some of these incentives include:

- ✓ No Service Tax on online transactions below Rs 2000
- ✓ Providing cash backs ranging from 0.25-0.75 percent on various Electronic transactions like paying for fuel, govt. utility bills, stamp papers, property registrations etc.
- ✓ For improving the use of Point-of-Sale (PoS) machines and mobile wallets like PayTM by businesses and individuals
- ✓ Decreeing the self-assessment tax from 8% to 6% on businesses with annual turnover of less than Rs 2 crores
- ✓ Announcing monthly jackpots and incentives for people using cashless transactions in govt. services

6. ANALYSIS AND INTERPRETATION

TABLE 1

Electronic Payment Systems - Representative Data (Updated as on July 25, 2017)																							
Volume in million, Value in Rs. billion																							
Data for the period	RTGS		NEFT		CTS*		IMPS*		NACH*		UPI*		USSD**		Debit and Credit at POS &		PPI #		Mobile Banking		Total		
	vol- ume	value	volume	value	vol- ume	value	vol- ume	value	vol- ume	value	vol- ume	value	volume (in thou- sand)	value (in Rs. thou- sand)	vol- ume	value	vol- ume	value	vol- ume	value	volume	value	
Nov-16	7.9	78479.2	123.0	8807.8	87.1	5419.2	36.2	324.8	152.5	606.6	0.3	0.9	7.0	7302.6	205.5	352.4	59.0	13.2	72.3	1244.9	671.5	94004.2	
Dec-16	8.8	84096.5	166.3	11537.6	130.0	6811.9	52.8	431.9	198.7	626.8	2.0	7.0	102.2	103718.4	311.0	522.2	87.8	21.3	70.2	1365.9	957.5	104055.3	
Jan-17	9.3	77486.1	164.2	11355.1	118.5	6618.4	62.4	491.2	158.7	541.4	4.2	16.6	314.3	381760.2	265.5	481.2	87.3	21.0	64.9	1206.7	870.4	97014.1	
Feb-17	9.1	74218.8	148.2	10877.9	100.4	5993.9	59.7	482.2	150.5	592.0	4.2	19.0	224.8	357055.2	212.3	391.5	78.4	18.7	56.2	1080.0	763.0	92594.5	
Mar-17	12.5	123375.8	186.7	16294.5	119.2	8062.8	67.4	564.7	182.1	829.4	6.2	23.9	211.2	337962.4	229.7	416.2	90.0	21.5	60.8	1499.9	893.9	149589.1	
Apr-17	9.5	88512.2	143.2	12156.2	95.3	6990.6	65.1	562.1	212.6	905.2	6.9	22.0	188.9	301650.5	231.1	431.4	89.2	22.3	61.0	1443.8	853.1	109602.2	
May-17	10.4	90170.5	155.8	12410.8	97.1	6745.9	66.7	585.6	194.4	692.4	9.2	27.7	192.6	316723.7	233.4	450.8	91.3	25.3	64.9	1940.7	858.5	111109.3	
Jun-17	9.8	92812.6	152.3	12694.2	91.9	6409.9	65.8	596.5	197.3	708.6	10.2	30.7	198.9	313277.0	232.4	468.2	84.7	24.1	77.1	1584.7	844.7	113745.2	
Jul-17																							
1	0.3	1454.6	11.4	598.5	3.5	304.0	2.5	25.3	6.4	52.0	0.4	1.5	8.2	13500.0	7.8	16.3	2.8	0.8	3.3	51.1	35.3	2453.0	
2	h	h	h	h	h	h	h	1.8	15.0	h	h	0.3	1.0	6.7	11400.0	7.8	13.3	2.6	0.7	2.2	16.4	12.5	30.0
3	0.4	5022.0	8.1	680.7	3.7	277.9	2.8	27.2	5.4	32.8	0.4	1.4	7.6	13304.0	8.0	14.8	2.8	0.8	3.0	41.9	31.6	6057.6	
4	0.4	4013.5	6.9	515.0	3.9	274.4	2.6	24.4	6.8	25.0	0.4	1.4	7.9	13500.0	7.8	14.0	3.0	0.8	2.8	37.9	31.8	4868.7	
5	0.4	3444.1	6.8	498.6	3.9	291.1	2.4	22.8	10.3	73.5	0.4	1.4	7.7	13100.0	8.0	15.9	3.0	0.8	2.7	33.9	35.2	4348.3	
6	0.4	4144.9	6.3	514.9	3.9	245.6	2.5	23.2	5.0	10.8	0.4	1.3	7.5	12225.0	7.0	12.8	2.9	0.8	2.6	39.7	28.2	4954.4	
7	0.4	4146.8	7.3	527.7	3.8	253.3	2.4	23.4	7.6	35.9	0.4	1.4	7.7	12705.5	7.6	14.3	2.9	0.8	2.6	37.4	32.5	5003.6	
8	h	h	h	h	h	h	h	2.2	18.3	h	h	0.3	1.0	6.4	10500.2	7.6	14.0	2.8	0.8	2.1	15.8	13.0	34.1
9	h	h	h	h	h	h	h	1.5	10.4	h	h	0.3	0.8	5.7	9002.3	7.7	12.8	2.6	0.7	1.7	10.8	12.1	24.6
10	0.5	4547.0	8.6	628.8	5.4	339.9	2.8	25.1	16.5	68.9	0.3	1.1	5.2	9390.9	9.3	18.5	2.9	0.9	2.6	49.3	46.3	5630.1	
11	0.4	3835.7	6.6	451.0	4.7	281.8	2.6	22.7	5.1	18.4	0.4	1.3	6.9	11932.3	7.4	14.2	2.9	0.8	2.4	33.0	30.0	4625.9	
12	0.4	3457.5	5.9	438.2	4.1	251.7	2.5	21.5	8.4	18.3	0.4	1.2	7.0	11773.5	7.6	15.1	2.9	0.9	2.2	32.0	32.2	4204.2	
13	0.4	3964.7	5.5	453.4	3.8	253.2	2.4	20.4	8.8	15.9	0.4	1.1	6.5	10905.0	6.6	11.7	2.9	0.8	2.1	31.0	30.7	4721.4	
14	0.4	3662.9	5.1	452.7	3.6	240.6	2.4	19.8	10.8	14.7	0.3	1.0	4.6	7760.5	7.4	14.3	2.9	0.9	2.1	31.8	32.9	4407.0	
15	0.3	943.0	4.4	290.9	3.5	224.4	2.2	18.5	9.0	51.0	0.3	0.8	4.6	7013.3	7.5	13.3	2.9	0.9	2.1	30.2	30.0	1542.7	
16	h	h	h	h	h	h	h	1.5	9.1	h	h	0.2	0.5	3.8	5694.3	7.7	13.9	2.6	0.7	1.5	8.4	12.0	24.3
17	0.4	3654.0	5.1	392.4	3.8	252.2	2.5	20.5	6.4	14.6	0.4	1.2	7.0	10701.5	8.8	16.8	2.9	0.9	2.1	37.3	30.3	4352.6	
18	0.4	3479.0	5.2	411.1	3.7	251.9	2.3	19.1	6.9	14.7	0.4	1.1	6.3	9966.9	6.9	13.2	2.9	0.9	1.7	25.3	28.6	4191.0	
19	0.4	3249.4	4.9	484.4	3.6	238.2	2.2	18.9	5.7	15.4	0.4	1.1	6.3	9289.5	7.1	13.3	2.9	0.9	1.8	26.2	27.2	4021.5	
20	0.4	3935.2	4.9	420.4	3.7	243.5	2.2	18.7	6.4	21.6	0.4	1.1	6.3	9306.7	7.5	13.7	3.2	0.9	1.8	26.9	28.6	4655.2	
21	0.4	4032.3	5.5	456.9	3.5	240.1	2.1	19.3	4.9	15.3	0.4	1.1	5.8	8660.9	6.3	11.8	3.0	0.9	1.7	26.7	26.1	4777.6	
22	h	h	h	h	h	h	h	1.9	14.6	h	h	0.3	0.8	5.0	7703.1	6.0	10.5	3.0	0.8	1.5	10.8	11.2	26.7
23	h	h	h	h	h	h	h	1.3	7.5	h	h	0.3	0.6	4.4	6497.8	2.9	5.8	2.7	0.7	1.3	6.5	7.2	14.6

Date Source: NPCI

National Payment Corporation of India is to announce that a huge growth in Electronic fund transfer after the demonetization in India. In Nov – 2016 the RTGS transaction is 7.9 lacs but the effect of demonetisation the transaction rate is increased and in July - 2017 9.8 lacs.

The highest impact of demonetisation in on the UPI transaction that is Unified Payment interface a main thing behind the impressive growth of UPI is the system of UPI is very simple and that required only two things first is Smart phone with internet connection and second is Bank account in Nov – 2016 the transaction rate of UPI is only 0.3 Lacs but after the impact of demonetisation the rate of UPI is 10.2 lacs. Demonetisation is also effect the plastic money like Credit card/Debit Card. Internet banking/Online fund transfer is also affected by the demonetisation and the impact is double in IMPS services provided by all the banks. If we talk about the total impact of demonetisation on electronic fund transfer so we can see that in Nov – 2016 the total transaction is 671.5 lacs but in July – 2017 is 844.7 lacs. So this is a very impressive growth in 8 to 9 months.

Mr. A P Hota MD and CEO of NPCI said that the overall impact of demonetisation on electronic fund transfer is very impressive and this is the great achievement of our country. The statics of this table shows the growth map of our cashless economy and this is a very important step towards the digital India.

7. CONCLUSION

In order to study the concept of Demonetisation we should note that it's positive and negative impact on our country. But due to demonetisation the growth of electronic fund transfer has increased greatly in very short period so this is a very good thing. The electronic fund transfer system is not only requirement but also a need of the market. All the online market is depending on the electronic fund transfer.

The electronic fund transfer is not only the safer than the cash transaction but it less time consuming and not a trouble carrying and trouble of wear and tear of paper money. By adopting this system our economy will sound in coming time and Indian economy will get benefit of early and trouble free transactions. There have been over 697 million card holder in our country but the usages of card is very low but after the demonetisation user are being pushed to complete the transaction via their cards. In the end, I can only say that the upcoming trend will be the electronic fund transfer only.

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PERFORMANCE MEASUREMENT: A CASE STUDY FOR INDIAN MUNICIPALITIES

DEBASIS BANDYOPADHYAY

ASST. PROFESSOR

DUMKAL COLLEGE

PO – BASANTAPUR

Dr. BISHWAMBHAR MANDAL

ASST. PROFESSOR

UNIVERSITY OF KALYANI

NADIA

ABSTRACT

This paper attempts to assess the performances of the Municipalities in the state of West Bengal, India, in service delivery and resource utilization in an integrated manner. They have used a nonparametric frontier (Data Envelopment Analysis-DEA) as the tool to measure technical efficiencies of the said municipalities applying the familiar Banker, Charnes & Cooper model to derive the efficiency level of the municipalities. The result shows that the municipalities on an average can reduce 27 to 30 percent of their expenditure to maintain present level of services. The paper finds that the problem of unproductive spending and under-provision of services is more pronounced in small size class municipalities. The input-output combination shows that the larger municipalities have a greater flexibility of using different efficiency combination than the smaller municipality. Thus, the chance of the larger inefficient municipalities to become efficient is higher than the smaller municipalities in future even with the same input-output combination. The only requirement is to change the proportion.

KEYWORDS

municipalities, data envelopment analysis (DEA), performance measurement, nonparametric efficiency analysis, efficiency score, benchmarking, municipal finance.

INTRODUCTION

As established by the Constitution of India the ULBs are mandatorily required to perform some basic services to its citizens. Such services include the supply of drinking water, providing street lights, maintaining drainage and sewage system, construction and maintenance of road, managing the solid waste of the towns etc. In order to provide such services, they are offered the power of collecting some revenue and taxes other than levied by the respective state governments. The quality and the performance of the ULBs are depending up on the basic necessary services that are provided by them in their jurisdiction. The performance level of the Municipalities can be compared and judged on the basis of the service they provide and on the factors which are required for providing and maintaining these services. The service they are offering to the citizens are termed as the output factor and depending on which factors they are delivering such services are termed as inputs when we are considering the performance level of the Municipalities in an input-output framework. In order to derive the physical performance level of the ULBs on the basis of the service delivery by them the technique of Data Envelopment Analysis is applied.

Measurement of efficiency is not an easy task. Attempts to do so have been going on since 1920s (Ridley, 1927), but the growth in the number of literature over the last few years is a testimony to the overwhelming increase in the interest in measuring performance and, consequently, it has been promoting improvement. In the last decades, measuring efficiency in local governments has become widespread particularly within individual European countries.

Research on efficiency of municipalities and local government services provision may be assembled into two main streams. The first stream includes research studies that focus on the assessment of efficiency of single service delivered by municipalities, i.e. Water management (Storto C. 2013, Nag T. and Garg A. 2013, Tiwari P. & Gulati M. 2011, Byrnes *et al.*, 2010, Picazo *et al.*, 2009, Gupta *et al.*, 2011), solid waste and sewage disposal (Worthington & Dollery, 2001), urban public transportation (Boame, 2004, Walter and Cullmann, 2008), public health services (Mbonigaba J. & Oumar B. 2014, Nakayama, 2004).

The second stream includes studies that are aimed at assessing an overall municipal efficiency scores. In this field a number of empirical investigations cover several countries, i.e. Australia (Dollery *et al.*, 2008), Belgium (Geyes & Moesen 2009a, 2009b), Norway (Borgeet *et al.* 2008), Portugal (Afonso & Fernandes 2006, 2008), Finland (Loikkanen *et al.* 2011), Brazil (Scaratti D. *et al.* 2014, Sampaio de Sousa *et al.*, 2005), Germany (Geyset *et al.* 2010; Kalb 2010, Kalbet *et al.*, 2012), Italy (Storto C. 2013, Boettiet *et al.*, 2009), India (Bondyopadhyay, 2012), Japan (Nijkamp & Suzuki, 2009), Turkey (Kutlare *et al.*, 2012) and France (Nieswand M. & Stefan S. 2011) Spain (Arceluset *et al.* 2007; Gimenez, Prior 2007, M. T. Balaguer-Coll *et al.* 2004).

The efficiency analysis requires a detail data structure of selected parameters on which the analysis is to be carried on. The Indian data structure at the municipality levels are lacking in completeness and sufficiency and research relating to the efficiency of municipalities and local government service provision are also very limited. Furthermore, the fact about municipalities in West Bengal is worse than the standard level all over India. However, urban population density is the highest in West Bengal considering all India level and hence, the population pressure in these municipalities for this state is a major source of concern for the service providers, but there is no major research work done in the field of efficiency measurement of these municipalities. This paper is an attempt to fill up this research gap on the view of structural efficiency and in finding out the related causes of the low level of efficiency of the municipalities in West Bengal. The paper also attempts to build up an integrated framework for an analysis of performance in these municipalities bringing all the aspects of performance.

METHODOLOGY

Data envelopment analysis is a technique that can be used to assist in identification of best practice performance in the use of resources, highlight where the greatest gains may be made from improvements in efficiency, and help agencies achieve their potential.

Typically using linear programming, DEA calculates the efficiency of an organization within a group relative to observed best practice within that group. Here in this model we follow Charnes, Cooper and Rhodes (1978) model of DEA where set of linear equations are formed and a suitable weights are selected to solve them.

The basic efficiency concept is defined as the ratio of output and input. In case of multiple inputs and outputs accurate objective relative weights are necessary to determine the efficiency level.

The performance of DMUs (here the municipalities) are assessed in DEA using the concept of efficiency or productivity, which is the ratio of total outputs to total inputs. Efficiencies estimated using DEA are *relative*, that is, relative to the best performing DMU (or DMUs if there is more than one best-performing DMUs). The best-performing DMU is assigned an efficiency score of unity or 100 per cent, and the performance of other DMUs vary, between 0 and 100 per cent or 0 to 1 relative to this best performance.

GENERAL FORM OF CCR DEA MODELS

A general output maximization CCR DEA model can be represented as follows.

$$\text{Max } Z = \sum_j v_j y_{jm}, j=1, \dots, J$$

----- (2)

Sub. to;

$$\sum_i U_{im} X_{im} = 1, i = 1, \dots, I \quad n=1,2,K,N$$

$$\sum_j U_{jm} Y_{jn} - \sum_i U_{im} X_{in} \leq 0 \quad i=1,2,K,I$$

$$U_{jm}, U_{im} \geq \lambda \quad j=1,2,K,J$$

In matrix for m

$$\text{Max } Z = V_m^T Y_m$$

Sub. to :

$$U_m^T X_m = 1$$

$$V_m^T Y - U_m^T X \leq 0, V_m^T, U_m^T \geq \lambda.$$

Where X is the matrix of inputs and Y is the matrix of outputs.

The most important point regarding the DEA is:

When we focus on service organizations we generally cannot determine what the engineered, optimum or absolute efficient output-to-input ratio is. This is in contrast to the auto example where it was possible to determine the efficient engine performance. Consequently, we cannot determine whether a service unit is absolutely efficient. We can, however, compare several service unit output-to-input ratios and determine that one unit is more or less efficient than another benchmarking. The difference in efficiency will be due to the technology or production process used, how well that process is managed, and/or the scale or size of the unit.

The present model is build up with four inputs and six outputs, and two dummy variables that are given as follows:

The model is build up with three inputs and five outputs, variables that are given as follows:

Inputs:

1. No. of permanent employee in the municipalities, in per capita terms (PCEMPLY)
2. Per capita revenue expenditure (PCREVEXP)
3. Per capita expenditure on salary and wages (PCSLWGE)
4. Per capita revenue expenditure excluding salary and wages (PCREVEXS)

Outputs:

1. Daily per capita water supply in liter (PCWATL)
2. Per capita sewage disposal (PCSDDD)
3. Per Capita solid waste management service (PCSWM)
4. Per Capita road length, surfaced and un-surfaced in km. (PCRDNLN)
5. Per capita drain length in KM (PCDRNLN)
6. Per Capita watt consumption in street lights (PCWTC)

The efficiency level of the municipalities is judged on the basis of their financial capabilities, mainly from the point of view of revenue income and revenue expenditure. Here we analyse the financial data of the municipalities on the basis of the Class of the towns. The four different classes are discussed here separately. This will produce a clear picture about the factor lying behind the performance delivery by municipalities.

Dummy:

1. Population more than one lakh we take 1 and 0 otherwise. (DM1POP)
2. Established more than 50 years ago, we take 1 and 0 otherwise. (DM2ESTB)

RESULTS AND DISCUSSIONS

Table-1 given below shows the summary statistics of the input and output variables. We use the latest data available for the year 2008-09 and 2012- 2013. We have considered 125 municipalities in West Bengal i.e. all municipalities except Kolkata MC and Howrah MC. We have selected 30 samples out of these 125 through the stratified random sampling procedure. Out of 30 municipalities 14 are from Class-I towns, 8 municipalities from Class-II towns, 6 municipalities from Class-III towns and 2 from Class-IV towns.

TABLE 1: SUMMARY STATISTICS OF VARIABLES: INPUT ORIENT EFFICIENCY MODEL FOR 2008-09

2008-09		OUTPUTS						INPUTS				DUMMY	
Statistics		PCWATL	PCSDDD	PCSWM	PCWTC	PCRDNLN	PCDRNLN	PCEMPLY	PCREVEXP	PCASLWGE	PCREVEXS	DM1POP	DM2ESTB
N	Valid	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000
	Missing	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mean		25.942	91.235	0.366	2.908	0.001	0.001	0.001	440.367	212.284	228.083	0.467	0.733
Median		21.000	86.000	0.170	2.833	0.001	0.001	0.0014	436.135	195.570	193.636	0.000	1.000
Std. Deviation		22.510	37.775	0.213	1.439	0.001	0.001	0.001	192.591	112.692	159.348	0.507	0.450
Variance		506.700	1426.965	0.045	2.070	0.000	0.000	0.000	37091	12700	25392	0.257	0.202
Skewness		1.620	-0.276	0.141	0.819	2.012	0.970	0.606	1.873	0.478	2.104	0.141	-1.112
Std. Error of Skewness		0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427
Kurtosis		1.882	-0.421	-2.127	1.273	5.258	0.419	-0.039	6.940	0.205	6.389	-2.127	-0.824
Std. Error of Kurtosis		0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833
Minimum		2.800	11.200	0.170	0.743	0.000	0.000	0.000	171.363	11.584	71.030	0.000	0.000
Maximum		89.900	155.610	0.590	7.152	0.005	0.003	0.003	1186.157	503.784	837.282	1.000	1.000

TABLE 2: SUMMARY STATISTICS OF VARIABLES: INPUT ORIENT EFFICIENCY MODEL FOR 2012-13

2012-13		INPUTS						OUTPUTS				DUMMY	
statistics		PCWATL	PCSDDD	PCSWM	PCWTC	PCRDNLN	PCDRNLN	PCEMPLY	PCREVEXP	PCASLWGE	PCREVEXS	DM1POP	DM2ESTB
N	Valid	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000
	Missing	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Mean		50.682	94.068	0.366	3.260	0.002	0.002	0.002	919.460	490.366	429.094	0.467	0.733
Median		39.500	86.000	0.170	3.559	0.002	0.001	0.001	977.523	448.002	416.312	0.000	1.000
Std. Deviation		34.788	36.685	0.213	1.360	0.001	0.001	0.001	319.188	221.967	238.896	0.507	0.450
Variance		1210.176	1345.802	0.045	1.849	0.000	0.000	0.000	101881	49270	57071	0.257	0.202
Skewness		0.298	-0.515	0.141	-0.030	1.353	1.510	1.166	-0.067	0.661	0.086	0.141	-1.112
Std. Error of Skewness		0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427	0.427
Kurtosis		-1.306	0.055	-2.127	-0.269	1.596	1.961	2.248	-0.190	-0.200	-0.929	-2.127	-0.824
Std. Error of Kurtosis		0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833
Minimum		0.750	11.200	0.170	0.692	0.000	0.000	0.000	353.236	128.837	37.257	0.000	0.000
Maximum		109.000	155.610	0.590	6.309	0.005	0.005	0.004	1600.097	974.806	921.348	1.000	1.000

TABLES 1 and 2, show the summary statistics of the variables of the data collected as per the two study periods 2008-09 and 2012-13. We have selected 30 samples out of 125 municipalities in W.B. through simple random sampling procedure. Out of 30 municipalities 14 are from Class-I towns, 8 municipalities from Class-II towns, 6 municipalities from Class-III towns and 2 from Class-IV. Considering the input factor it is seen that the mean value for all the indicators of inputs have increased except PCEMPLY. The PCREVEXP, PCSALWGE and PCREVEXS have been doubled within this five year period. But in all cases the variance and SD value have increased a lot. This indicates that the overall average increase for the input factors is visible but this increase is not uniform. There are a lot of variations in the values of the inputs for the respective municipalities. The inequality of growth in the values of the inputs is the indicator of mal-distribution of resources of the municipalities.

The picture as depicted for the outputs tells a different story. For PCWATL the value has been doubled but with a more than double increase in variance i.e. water supply has increase on an average for the municipalities but this increase is happened at a greater degree of variances. The municipalities are doing better on an average in sewage disposal. In case of PCSWD there is no change in the mean value as well as for the SD value. The road length has increased and the SD value have decreased. But for the other two other output variables there is no remarkable change in mean value and the SD value.

Now we consider the efficiency score of the sample municipalities. According to the theory as stated earlier, the efficiency score value, θ ranges from 0 to 1. The 30 sample municipalities are arranged as per class for the two study periods in Table 3 and Table 4, Table 5 depicts the overall summary statistics of the efficiency score value.

TABLE 3: EFFICIENCY SCORE VALUE FOR THE YEAR 2008-09 AND 2012-13

SL. NO.	ULBS	CLASS	SCORE 2008-09	SCORE 2012-13	SL. NO.	ULBS	CLASS	SCORE 2008-09	SCORE 2012-13
1	Kamarhati	I	0.817	0.964	16	Jangipur	II	0.838	0.852
2	Maheshtala	I	1.000	1.000	17	Old Malda	II	1.000	1.000
3	Raiganj	I	1.000	1.000	18	Rampurhat	II	0.868	1.000
4	Baranagar	I	0.765	1.000	19	Suri	II	0.780	0.780
5	Madhyamgram	I	0.853	1.000	20	New Barrackpore	II	0.943	1.000
6	Kulti	I	1.000	1.000	21	Jaiaganj-Azimganj	II	1.000	0.725
7	South Dum Dum	I	0.936	1.000	22	Ghatal	II	0.918	0.855
8	North Barrackpore	I	0.838	0.922	23	Sainthia	III	0.822	0.853
9	Purulia	I	0.793	0.847	24	Dalkhola	III	1.000	1.000
10	Bansberia	I	0.780	0.827	25	Dubrajpur	III	0.871	0.824
11	Bongaon	I	1.000	1.000	26	Dainhat	III	1.000	0.901
12	Bhadreswar	I	0.769	0.889	27	Raghunathpur	III	0.908	0.898
13	Rishra	I	0.703	1.000	28	Murshidabad	III	0.810	1.000
14	Baidyabati	I	1.000	1.000	29	Khirpai	IV	1.000	1.000
15	Contai	II	0.807	0.793	30	Kupers camp	IV	1.000	1.000

The efficiency score value indicates that number of efficient municipalities have increased from 11 to 16. Out of these 9 remained efficient in both the years of the study, and in 2012-13 there are 7 new entrants, so 2 municipalities have shown a deterioration in the score value from 2008-09 to 2012-13, they are Jaiaganj-Azimganj and Dainhat. Among the 7 new entry, 4 are from Class-I, 2 from Class-II and 1 from Class-III. Suri is the only municipality from which there is no change in the score value over the two study periods. 12 municipalities remained inefficient in both the time periods. Among these, 5 from Class-I, 4 from Class-II, and 3 from Class-III towns. Furthermore, 3 inefficient municipalities in both the time periods have shown a decrease in score value, they are Contai, Ghatal and Dubrajpur, i.e. 2 from Class-II and 1 from Class-III towns on an overall study shows an increase in the score value of the efficiency score, from 0.7 to 0.73 and the SD value have decreased. Thus there is an equitable development has happened over the time frame analyzed. 36 percent of the Class-I municipalities were efficient in the year 2008-09 and it has been increased to 64 percent in the year 2012-13. In case of Class-II towns the percentage increase was from 25 percent to 37 percent and for the Class-III and Class-IV towns there was no change in the percentage of the efficient municipalities over the total number of samples there. Except the earlier stated two municipalities (Dainhat from Class-III and Jaiaganj-Azimganj from Class-II) all the efficient municipalities in the year 2008-09 also remained efficient in the year 2012-13. This result has an important interpretation that the deterioration in the performance level is not so remarkable and for Class-I the picture is good. This shows that mis-utilization of resources are much more evident in cases of small towns.

In Table 4 we find that the municipalities on an average can reduce 27 percent in 2012-13 of their expenditure to maintain present level of services and this performance have improved than that of 2008-09 by 3 percent.

TABLE 4: SUMMARY STATISTICS OF THE EFFICIENCY SCORE VALUE

Statistical summary of the Efficiency Scores of the ULBs.								
	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness	Kurtosis
score 2008-09	30	0.7	1	0.9	0.09658	0.01	-0.197	-1.383
score 2012-13	30	0.73	1	0.9	0.08531	0.01	-0.807	-0.674

FIG. 1: EFFICIENCY SCORE OF THE SAMPLE MUNICIPALITIES OF WEST BENGAL FOR THE YEARS 2008-09 AND 2012-13



TABLE 5: MUNICIPALITIES WITH SLACK IN INPUT-USED /OUTPUT-PRODUCED AMONG INEFFICIENT MUNICIPALITIES FOR 2008-09

	VARIABLES	INEFFICIENT IN CLASS-I			INEFFICIENT IN CLASS-II			INEFFICIENT IN CLASS-III&IV			ALL INEFFICIENT ULBs		
		NO ULB WITH SLACK	MEAN	SD	NO ULB WITH SLACK	MEAN	SD	NO ULB WITH SLACK	MEAN	SD	TOTAL	GRAND MEAN	GRAND SD
OUT PUT	PCWATL	9	92.692	37.714	6	179.318	55.031	4	223.893	82.635	19	165.301	77.710
	PCSDD	4	13.828	26.022	2	2.497	4.148	2	3.198	5.538	8	6.507	19.057
	PCSWM	2	0.004	0.013	5	0.080	0.055	4	0.070	0.017	11	0.051	0.049
	PCWTC	6	0.637	0.735	2	0.707	1.580	1	0.035	0.061	9	0.459	1.054
	PCRDNL	0	0.000	0.000	0	0.000	0.000	0	0.000	0.000	0	0.000	0.000
	PCDRNL	0	0.000	0.000	2	0.231	0.132	2	0.432	0.244	3	0.431	0.331
IN PUT	PCEMPLY	9	0.567	0.190	6	0.600	0.209	4	0.840	0.138	19	0.669	0.215
	PCREVEXP	9	0.484	0.143	6	0.638	0.183	4	0.555	0.105	19	0.559	0.164
	PCSALWAG	9	0.490	0.202	6	0.627	0.284	4	0.500	0.071	19	0.539	0.223
	PCRVEXS	9	0.520	0.218	6	0.724	0.127	4	0.632	0.166	19	0.625	0.204

TABLE 6: ULBs WITH SLACK IN INPUT-USED /OUTPUT-PRODUCED AMONG INEFFICIENT ULBs FOR 2012-13

	VARIABLES	INEFFICIENT IN CLASS-I			INEFFICIENT IN CLASS-II			INEFFICIENT IN CLASS-III&IV			ALL INEFFICIENT ULBs		
		NO ULB WITH SLACK	MEAN	SD	NO ULB WITH SLACK	MEAN	SD	NO ULB WITH SLACK	MEAN	SD	TOTAL	GRAND MEAN	GRAND SD
OUT PUT	PCWATL	2	1.984	3.622	4	20.795	28.895	1	11.697	16.542	7	10.831	22.160
	PCSDD	3	1.530	2.340	2	3.232	7.226	0	0.000	0.000	5	1.077	5.129
	PCSWM	2	0.182	0.258	6	0.212	0.278	3	0.157	0.053	11	0.123	0.250
	PCWTC	4	0.964	1.121	3	0.353	0.483	2	0.433	0.460	9	0.262	0.874
	PCRDNL	0	0.000	0.000	0	0.000	0.000	1	0.000	0.000	1	0.000	0.000
	PCDRNL	0	0.000	0.000	0	0.000	0.000	1	0.000	0.000	1	0.000	0.000
IN PUT	PCEMPLY	5	0.666	0.202	6	0.666	0.161	3	0.731	0.199	14	0.466	0.194
	PCREVEXP	5	0.740	0.081	6	0.468	0.146	3	0.633	0.130	14	0.367	0.174
	PCSALWAG	5	0.579	0.106	6	0.575	0.180	3	0.692	0.163	14	0.422	0.163
	PCRVEXS	5	0.912	0.087	6	0.390	0.220	3	0.686	0.251	14	0.359	0.302

From Table 5 and Table 6 it is seen that smaller towns have more slacks in Input than in outputs. In cases of Inputs highest slacks are recorded in all the inputs, in cases of class II it is 100 per cent, i.e. for all the Class II municipalities, they are mis- utilizing their resources, as well as there are scopes for reducing their input used to achieve the same level of output. Slack represents only the leftover portion of inefficiencies. After proportional reduction in inputs or outputs, if a municipality cannot reach the efficiency frontier, slacks are needed to push the municipality to the frontier target. The slack report describes the specific decrease in input or increase in output for each of the sample municipality. The slack values have reduced a lot from 2008-09 to 2012-13. It shows an improvement in the efficiency score. The average slack for class I is much lower than the other classes.

TABLE 7: SLACKS IN INPUT-USED/ OUTPUT –PRODUCES AMONG INEFFICIENT ULBs IN 2008-09 AND 2012-13

AVERAGE SLACKS		CLASS I		CLASS II		CLASS III & V	
		2008-09	2012-13	2008-09	2012-13	2008-09	2012-13
FACTORS	VARIABLES						
OUTPUTS	PCWATL	9.269	1.984	17.932	24.648	22.389	9.155
	PCSDD	13.828	1.530	2.497	3.878	3.198	0.000
	PCSWM	0.004	0.182	0.080	0.244	0.070	0.130
	PCWATC	0.637	0.964	0.707	0.414	0.035	0.338
	PCRDNL	0.926	1.022	0.735	0.897	0.684	0.748
	PCDRNL	0.875	2.435	0.543	0.783	0.342	0.231
INPUTS	PCEMPLY	0.567	0.666	0.600	0.655	0.000	0.000
	PCREVEXP	0.484	0.740	0.638	0.441	0.555	0.626
	PCSALWAG	0.490	0.579	0.627	0.569	0.500	0.670
	PCRVEXS	0.520	0.912	0.724	0.347	0.632	0.665

With a close investigation an interesting information can be derived from Table 7. The inefficient municipalities in Class-I category require much more increase their outputs and to decrease their inputs than the Class-II or Class-III towns, though the overall efficient number of municipalities are far more higher in Class-I towns. In other words, the inefficient municipalities in Class-I category have a greater degree of inefficiency than their counterparts in other two categories.

BENCHMARK ANALYSIS

Table 8 shows the efficiency score and the benchmark levels along with optimal Lambda. This is the most important contribution of the DEA. From this table the planner of inefficient municipalities can observe the benchmark municipalities that they need to catch up to. Obviously the efficient municipalities may consider themselves to be their own benchmark. So, benchmark for Kamarhati is Mohestola., Kulti, Baidyabati and Dainhat in the year 2008-09, but the benchmark level has changed to Maheshtala, Raiganj, Rishrah and New Barrackpore in 2012-13. These are Lambda weights obtained from the dual version of the linear programme that is solved to estimate these values. Here in our example Kamarhati is more likely to become Kulti than the others, in 2008-09 as the lambdas for Kulti is 0.79 and the lambdas for other benchmark municipalities for Kamarhati is less than that for Kulti.

From the bench mark analysis, we can derive the hypothetical DMU for an inefficient one to convert it in an efficient one. If the proportion of input used and output produced of the benchmarked DMUs of a specific inefficient DMU the later will transform itself into an efficient DMU in the group. From the Benchmark table it is clear that Kulti benchmarks for most of the inefficient municipalities, for 14 municipalities in 2008-09 and for 10 municipalities in 2012-13.

TABLE 8: EFFICIENCY SCORE WITH BENCHMARK

SL.NO.	DMU	Score 2008-09	Benchmarks 2008-09	Score 2012-13	Benchmarks 2012-13
1	Kamarhati	0.8174	2 (0.08) 6 (0.79) 14 (0.03) 26 (0.35)	0.964	2 (0.43) 3 (0.68) 13 (0.12) 20 (0.28)
2	Maheshtala	1.0000	7	1.000	8
3	Raiganj	1.0000	0	1.000	1
4	Baranagar	0.7649	6 (0.93) 26 (0.26)	1.000	0
5	Madhyamgram	0.8530	2 (0.90) 29 (0.36)	1.000	1
6	Kulti	1.0000	14	1.000	10
7	South Dum Dum	0.9364	2 (0.11) 6 (0.79) 29 (0.34)	1.000	0
8	North Barrackpore	0.8376	2 (0.03) 6 (0.75) 11 (0.02) 14 (0.15) 26 (0.15)	0.922	2 (0.15) 6 (0.70) 20 (0.28) 30 (0.24)
9	Purulia	0.7932	6 (0.87) 26 (0.46)	0.847	2 (0.11) 6 (0.81) 20 (0.10) 29 (0.18)
10	Bansberia	0.7800	2 (0.27) 6 (0.56) 14 (0.12) 26 (0.18)	0.827	2 (0.29) 6 (0.65) 29 (0.18)
11	Bongaon	1.0000	2	1.000	0
12	Bhadreswar	0.7692	6 (0.95) 24 (0.19) 26 (0.20)	0.889	2 (1.24) 6 (1.01)
13	Rishra	0.7028	2 (0.37) 6 (0.54) 24 (0.24) 30 (0.07)	1.000	1
14	Baidyabati	1.0000	3	1.000	1
15	Contai	0.8069	6 (0.41) 24 (0.16) 30 (0.22)	0.793	6 (0.34) 17 (0.33) 24 (0.35)
16	Jangipur	0.8383	2 (0.06) 24 (0.13) 26 (0.66)	0.852	2 (0.30) 17 (0.87) 24 (0.11) 29 (0.02)
17	Old Malda	1.0000	0	1.000	3
18	Rampurhat	0.8675	6 (0.17) 24 (0.35) 30 (0.43)	1.000	0
19	Suri	0.7797	6 (0.33) 24 (0.11) 26 (0.66)	0.780	6 (0.04) 30 (1.05)
20	New Barrackpore	0.9430	24 (0.65) 26 (0.51) 29 (0.10)	1.000	4
21	Jaiaganj-Azimganj	1.0000	0	0.725	24 (0.87) 30 (0.36)
22	Ghatal	0.9176	6 (0.16) 24 (0.52) 29 (0.22) 30 (0.09)	0.855	2 (1.08) 5 (0.11) 6 (0.48) 30 (0.03)
23	Sainthia	0.8220	11 (0.23) 24 (0.05) 26 (0.47)	0.853	6 (0.14) 24 (0.55) 30 (0.22)
24	Dalkhola	1.0000	11	1.000	4
25	Dubrajpur	0.8710	6 (0.23) 24 (0.00) 26 (0.64) 30 (0.16)	0.824	6 (0.35) 14 (0.14) 17 (0.62) 29 (0.01)
26	Dainhat	1.0000	13	0.901	2 (0.29) 20 (0.45) 30 (0.50)
27	Raghunathpur	0.9076	6 (0.11) 26 (0.97)	0.898	6 (0.29) 29 (0.55)
28	Murshidabad	0.8099	24 (0.08) 26 (1.27)	1.000	0
29	Khirpai	1.0000	4	1.000	5
30	Cooper's camp	1.0000	5	1.000	6

STATISTICAL MODEL WITH EFFICIENCY SCORE

Now we consider the relationship of the Efficiency Score with the indicators that are applied to derive the score. The relationship is supposed to be a linear one. The efficiency score is taken as dependent variable and all the ten indicators, (inputs and outputs) [mention the variables] along with the two dummy variables are treated as independent variables to derive the relations among them. Here we have the model summary for the two study periods. In Table 8, for the year 2008-09 the Adjusted R square value is 0.558, i.e. 58.8 per cent variations in the score value is explained by the independent variables considered. The Adjusted R square value for the year 2012-13 is calculated as 0.747, thus there is a higher level of prediction possibility than the earlier time period. In both the years the relationship is quite strong and dependable. Table 9 describes the summary statistics of the models selected for the two periods.

TABLE 9: SUMMARY STATISTICS OF THE MODELS

MODEL SUMMARY					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
2008-09	.855 ^a	0.73	0.588	0.061743	1.725
2012-13	.909 ^a	0.826	0.747	0.043053	1.825

Dependent Variable: EFFSCORE

Now consider the F-test for the model selected. The F-test is used to test the significance of the regression model as whole. The significant F-value tells us whether the r-square is greater than zero because of sampling error. The Null hypothesis of the F-test is that there is no linear relationship of the dependent variable to the independent variables. The F-test result is shown in the table 10 below.

TABLE 10: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
2008-09	Regression	0.196	10	0.02	5.142	.001 ^b
	Residual	0.072	19	0.004		
	Total	0.268	29			
2012-13	Regression	0.176	9	0.02	10.534	.000 ^b
	Residual	0.037	20	0.002		
	Total	0.213	29			

According to this table the F-value for the two study year are 5.142 and 10.534 respectively, and the p-values are .001 and .000, smaller than 0.05. Thus the null hypothesis of no linear relationship is rejected. Therefore, the regression model is significant at the 0.000 level as a whole for both the years.

Let us consider the significance of the testing parameters. t-test is used to examine the significance of the individual coefficients. The null hypothesis of the t-test is that the regression coefficient of an independent variable is 0 when the other predictors are present in the model. The unstandardized coefficients and the direction of the relationship of the individual variables were analyzed using a statistical significance of 10 percent. The table 11 below provides the information about the coefficient of each independent variable, t-statistics and p-values.

TABLE 11: COEFFICIENT OF EACH INDEPENDENT VARIABLE

	2008-09				2012-13			
	Unstandardized Coefficients		t	Sig.	Unstandardized Coefficients		t	Sig.
	B	Std. Error			B	Std. Error		
(Constant)	0.885	0.057	15.583	0	0.951	0.045	21.29	0
PCEMPLY	0.007	0.001	0.377	0.12	0.006	0	0.462	0.064
PCREVEXP	0.011	0	0.604	0.053	0.019	0.009	2.132	0.04
PCASLWGE	0.05	0.02	0.783	0.011	0.034	0.033	0.874	0.02
PCRVEXS	0.03	0.012	2.547	0.02	0.054	1.92	1.457	0.016
PCWATL	0.619	0.354	1.154	0.063	0.032	2.053	2.852	0.01
PCSDD	0.4312	0.251	1.077	0.095	0.0361	0.946	2.763	0.023
PCSWM	0.48	0.244	0.206	0.039	0.372	0.0766	2.126	0.046
PCWTC	0.223	2.123	0.146	0.022	0.332	0.182	0.342	0.032
PCRDNL	0.0034	0.002	1.646	0.116	0.011	0.035	1.84	0.056
PCDRLN	0.0023	0.001	1.894	0.001	0.082	0.023	3.525	0.002
DM1POP	0.059	0.036	1.65	0.015	0.058	0.026	1.509	0.014
MD2ESTB	-0.014	0.032	-0.442	0.064	-0.039	0.026	-1.509	0.064

Dependent variable: EFFSCORE.

Based on the coefficients in table 10 the regression equation for the two periods are:

$$1. \text{EFFSCORE08} = 0.885 + 0.007\text{PCEMPLY} + 0.011\text{PCREVEXP} + 0.05\text{PCASLWGE} + 0.03\text{PCRVEXS} + 0.619\text{PCWATL} + 0.4312\text{PCSDD} + 0.48\text{PCSWM} + 0.223\text{PCWTC} + 0.0034\text{PCRDNL} + 0.0023\text{PCDRLN} + 0.059\text{DM1POP} - 0.014\text{MD2ESTB}$$

$$2. \text{EFFSCORE12} = 0.951 + 0.006\text{PCEMPLY} + 0.019\text{PCREVEXP} + 0.034\text{PCASLWGE} + 0.054\text{PCRVEXS} + 0.032\text{PCWATL} + 0.0361\text{PCSDD} + 0.372\text{PCSWM} + 0.332\text{PCWTC} + 0.011\text{PCRDNL} + 0.082\text{PCDRLN} + 0.058\text{DM1POP} - 0.039\text{MD2ESTB}$$

The regression equations shows the linear relationship between the EFFSCORE and the independent variables, the factors affecting the efficiency scores of the ULBs. The population dummy (1 for population greater than 1 lakh, 0 otherwise) has a positive impact on the efficiency score of the municipalities, i.e. as the population size increases the revenue collection also increases and the this is reflected in the service delivered by the respective municipality which directly has appositve impact on the efficiency level of the municipalities.

On the contrary the dummy for the year of establishment shows a negative impact on the efficiency level of the municipalities. The coefficient of dummy 2 (1 for the municipalities established more than 50 years ago, and 0 otherwise) indicates that as the municipalities are getting older, the maintenance cost for the infrastructure are getting higher, so they are left with a lesser amount of resource for providing better services to its citizens. Thus combining these two it is concluded that the larger new municipalities are more efficient than the smaller and older municipalities.

CONCLUSION

This paper thus analyses the performance of the municipalities in the state of West Bengal in India. It throws light on different aspects of performance in Indian municipalities, be it the expenditure management or the service delivery. The paper has attempted to build up an integrated framework for interpreting the of performance in these municipalities bringing all the aspect of performance. Here we derive the technical efficiency scores of the municipalities. These scores can give us an indication of the possible overspending or under-provision of services by those municipalities in a benchmarking framework. We find that the municipalities on an average can reduce 27 per-cent in 2012-13 of their expenditure to maintain present level of services and this performance have improved than that of 2008-09 by 3 percent. The misutilization of resources in revenue expenditure is very common feature in the Indian context because of their administrative inefficiency. All misutilization issues have to be resolved through proper planning and monitoring. We also find that the problem of unproductive spending and under-provision of services is more pronounced in small size class municipalities. The overall misutilization of resources are higher in Class-II and Class-III towns, but the inefficient municipalities of Class-I towns misutilizes resources at a greater extent than their counterpart in Class-II and Class-III towns. The larger and the newer ULBs have a greater chance to become efficient in their performance than the smaller and the older ones.

LIMITATIONS OF THE STUDY

1. This study is based on only 30 sample municipalities out of the total 125 municipalities except Kolkata MC & Howrah MC.
2. It is only a few categories like water supply, toilets, solid waste management, road, street lights that we had relevant information. Availability of physical data from other various services like public health, education etc. would have enabled us to evaluate the performance of each of these services.
3. In this study, inefficiencies due to measurement errors, omitted variables, the presence of outliers and other statistical discrepancies were not taken into account.

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AN INQUIRY INTO IMPACT OF TQM IMPLEMENTATION ON CUSTOMER ORIENTED PERFORMANCE AT WORKING IRON AND STEEL FIRMS OF HYDERABAD-KARNATAKA REGION

K C PRASHANTH
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
VSK UNIVERSITY
BALLARI

ABSTRACT

Steel production is considered as the forefront indicator of the economy in the contemporary world. India has been fetching an impressive share in the steel market. However, techno-economic efficiency has been somewhere pro-castigating competitive advantage of Indian iron and steel sector over competitors like China. As proved by Japanese, the left option for enhancing competitive advantage is quality management through Total Quality Management. The present study focussed on extent of TQM practices and their impact on customer oriented performance at iron and steel firms in Karnataka region. The general objective of this research is to portray the picture of TQM at Iron and steel firms of India and it also intends to address the quality issues of the firms at the backward region like Hyderabad-Karnataka. In this regard, study emphasizes relationship between widely used TQM practices and customer oriented performance indicators using correlation and regression analysis.

KEYWORDS

TQM practices, customer oriented performance, customer oriented performance indicators.

1. INTRODUCTION

Steel besides alloy is referred as the backbone of human civilization, as it has been serving mankind for its social, cultural, political and economical needs. At modern times, it is considered to be crucial for the development of any economy. Steel is shining up to the extent that any country's socio-economic development and standard of living is also determined by its per-capita consumption. According to World Steel Association, the global steel demand is estimated to realize 3000 million tons in 2025. The past growth in production and consumption of steel has largely been at the cornerstone of the heightened economic activity in the emerging economies, especially China, whose demand remains a pivotal factor driving the global steel industry.

The steel industry in India has also carved a rapid rise in production over the past few years through capacity enhancement. This resulted India becoming the third largest producer of crude steel (after China and Japan) and the largest producer of sponge iron in the world. However, India needs to further concentrate and improve its share in the major import markets, there are import markets where India has export competitiveness, but the exports are at relatively at lower levels. These markets are the potential growth drivers for iron and steel exports of India, which need to be strategically targeted.

However, the preceding facts in terms of techno economic efficiency of operations reveal that our steel making units are nowhere near their global competitors. In order to improve the sectoral performance and competitiveness there is an urgent need to address its basic structural and operational constraints irrespective of equity size and nature of operations. Therefore, in the epoch of buyer's market, irrespective of nature of organizations opened themselves to understand, learn and formulate a road map for quality is the only strategy left behind. This paved the way for the surge of quality and become the integral part of blood stream of the enterprises. The manifold competition of quality has pulled firms to search nitty-gritty to stay competitive. Accordingly, many enterprises made an attempt to adopt and implement a set of management practices that help them to improve the efficiency of organizational operations. One of the popular and effective management practices is TQM.

Though a lot of research work has been carried out in the field of ISO and TQM, it gives still an obscured picture of Indian iron and steel firms. This holds true too in case of regional industrial sector of Hyderabad- Karnataka region, where sponge iron firms attrition rate is high. If no effort is made to assist the said firms especially at the Hyderabad- Karnataka region, attrition rate overtime can increase the casualties in the current business environment and make the region still weaker. Hence it is decided to carry out a detailed research with the help of a survey of iron and steel firms with a view to assess as to how are they managing the issue of Quality? And help firms to implement and practice TQM successfully and allow them to reap the benefits always been embraced by developed economies. At the outset, steel industry of Hyderabad- Karnataka region is having more than 30 registered units is competent with other developed regions of the country and have the capability to take away the tagline of backward region with the help of competitive advantage supplemented by implementing TQM in their systems of practice. Hence, the research was inception to address these problems.

2. NEED AND IMPORTANCE OF THE STUDY

After all, the issue in Indian steel industry is not the shortage of resources, rich scientific and technical manpower but quenching the thirst of assistance and nourishment of firms through understanding and implementing TQM and allowing them gain the sustainable competitive advantage as that of the developed economies. The following two needs of the study to be accomplished are presented.

- Upgrade the total quality aspect of iron and steel firms in terms of organizational effectiveness so as to improve the economy by meeting the growing demands of domestic and global markets, domestic consumption and exports.
- Provide quality impetus of quality to the iron and steel firms of the economically backward regions like the Hyderabad- Karnataka region so as to debug the economy oriented regional imbalance.
- Contribute to the knowledge of TQM effectiveness.

3. STATEMENT OF THE PROBLEM

The study makes an attempt to know the extent of TQM implementation in iron and steel firms. Accordingly, this study is embodied as 'Impact of TQM practices on customer oriented performance at Working Iron and Steel Firms of Hyderabad-Karnataka Region'

4. OBJECTIVES OF THE STUDY

- To perceive TQM perspective of Indian Iron and steel industry.
- To examine TQM impact on customer oriented performance at working iron and steel firms in the select districts of Hyderabad-Karnataka region.

5. HYPOTHESIS OF THE STUDY

H0: There is no significant impact of TQM practices on Customer oriented performance.

H1: There is a significant impact of TQM Practices on Customer oriented performance.

6. SCOPE OF THE STUDY

The scope of the study encompassed working steel industry, iron and steel firms, Total Quality Management, Implementation, Organizational Effectiveness, Respondents of all the twenty-one working firms (out of 38 firms registered, 17 were locked out) in Ballari and Koppal districts of Hyderabad- Karnataka region. It also included the environment and ecosystem of steel industry in general and iron and steel firms in particular. Going further the causal relationship between TQM implementation and customer oriented performance were measured by using established models and theories apart from scaling techniques. Specifically, the geographical region of the study was confined to Ballari and Koppal districts of Hyderabad- Karnataka region, as iron and steel firms are located in these two districts only.

7. METHODOLOGY

A. TYPE OF RESEARCH

The proposed study adopted descriptive study, survey and cause and effect study.

B. SAMPLING

Universe: i. Working iron and steel firms in Ballari and Koppal districts

Sample units:

i. Executives.

ii. Non executives.

COMPOSITION OF SAMPLES

Sl. No.	Categories of Respondents	Size	Sampling Technique
1.	Working iron and steel firms in Ballari and Koppal districts of Hyderabad Karnataka- region	21 firms	Purposive sampling
2.	Top Management and Executives. (05 respondents from each firm)	105	Judgemental Sampling
4.	Non- Executives (10 respondents from each firm)	210	

DATA COLLECTION

A. SECONDARY DATA.

The secondary data for the study included books, articles, reports, journals, magazines, newspapers, published and unpublished thesis, e-resources on the topic of the study.

B. PRIMARY DATA

The primary data was collected on the TQM implementation in the working iron and steel firms of Ballari and Koppal districts of Hyderabad Karnataka region under the study. It used the research instruments of questionnaire, schedule and personal interviewing of the respondents. E mail survey was also resorted to.

PLAN OF ANALYSIS

The collected data was analyzed with the help of statistical tools and techniques such as averages, percentages, dispersion, correlation, multiple regressions, factor analysis, cluster analysis, Cronbach alfa and the like. Wherever necessary, tables, charts, graphs, diagrams and figures were used. SPSS and AAR software were also used for statistical analysis.

LIMITATIONS OF THE STUDY

1. The validity and reliability assessment and analysis performed are based on 30 selected companies only.
2. For measuring TQM examination time tested and universally acceptable measurement tools are very rare. Therefore, the measurement results under the study are only approximate are not accurate.
3. At times "what is" (fact) is equated with "what should be" (value)

8. LITERATURE SURVEY

Zhihai Zhang (1993) in his research work investigated the effects of TQM implementation on overall business performance in Chinese manufacturing firms and obtained a TQM implementation model for Chinese manufacturing firms. The study was carried out by

- Developing TQM implementation constructs and TQM practices;
- Developing overall business performance constructs;
- Designing evaluation models, to measure the extent of TQM implementation, TQM practices and impact of TQM implementation on overall business performance.

The study found out that TQM implementation has positive effects on overall business performance and not necessarily all TQM elements to be present to ensure the success of the TQM programs and overall business performance

Shivraj kumar (2014) in his research work tried to determine the extent to which TQM and organizational effectiveness are correlated to each other and expounded how TQM impacts various phases of business planning. The study considered very general constructs of TQM implementation and organizational effectiveness in its way. TQM constructs encompass commitment, culture, continuous improvement, co-operation, customer focus and control. As per their nature, some do not confirm the characteristics of construct

Yogesh A Chauhan (2013) in his research work gave a detailed picture of quality management issue of manufacturing SMEs in terms of TQM apart from ISO 9000 and other off-record practices. It emphasized the exploration, development and ranking of constructs in TQM, benefits and difficulties and help the SMEs to grow in terms of their business, working system, employee satisfaction, customer satisfaction etc.

Darshana S Shiroya (2015) surveyed on "TQM practices and performance in ISO certified manufacturing facilities". The researcher was curious in exploring, developing and examining TQM practices/ critical factors and their impact on quality, business and organizational performances. Extensive literature was reviewed in exploring and developing the plausible 16 elements of 10 TQM practices.

Saraph et al. (1989) conducted a study on "A Instrument for Measuring the Critical Factors of Quality Management". They explored, examined and developed eight CSFs of quality management referring to twenty-two manufacturing and service organizations in the USA.

Shekoufeh Nekouezadeh et al. (2013) conducted a research on 'the impact of TQM on organizational performance of telecommunication industry in Iran'. The principal aim was to determine the correlation between TQM practices and the organizational, quality and innovation performances. Researchers explored, examined and developed TQM practices and variables of package of performances.

Flynn et al. (1994) conducted a research on "A framework for quality management research and an associated measurement instrument". They explored and developed six CSFs of TQM which encompasses of quality information system, process management, product design, workforce management, supplier involvement and customer involvement. They expounded that top management support creates a congenial environment for quality activities to surge.

Ali Bakhit Jaafreh. (2012) in his research work 'the effect of quality management practices on organizational performance on Jordan banking sector' set an aim to examine the extent to which quality management practices and organizational performance are correlated and to determine the impact of the practices on organizational performance.

Powell (1995) made a study on "Total quality management as competitive advantage: A review and empirical study". He revealed that the successful implementation of TQM is dependent on certain tactics, behaviour, features and TQM tools and techniques like top management commitment, effective communications, employee involvement, training in quality, flexibility in manufacturing, process management, benchmarking and performance measurements for realizing competitive advantage.

S D Kalpande et al. (2013) conducted a survey on 'Business performance of SMEs in Vidharabha and Khandesh region of India: A TQM implementation'. Researchers aimed at identifying importance of factors and sub-factors for successful implementation of TQM in SMEs. They explored and examined TQM components and factors influencing TQM implementation from the existing literature followed by using Analytic Hierarchy Process (AHP) for prioritization and operationalization. Fuzi Abusa (2011) conducted a study on 'TQM implementation and its impact on organizational performance: a case study of Libya'. He examined the correlation among TQM elements, TQM and organizational performance, Size & ISO 9000 and TQM implementation. The result showed that none of the six TQM elements have correlated with all organizational performance indicators, except Supplier quality management.

Antony Jiju, et al. (2002) conducted a research study on "Critical success factors of TQM implementation in Hong Kong industries". This is an empirical study on the identification of the critical success factors (CSFs) of TQM implementation in Hong Kong industries. Through a thorough and detailed analysis of the literature, 11 success factors with 72 elements were identified to develop a questionnaire.

Yogesh A Chauhan et al (2014) surveyed 'Perceptions of SMEs towards the key elements of TQM'. They focussed on examining and exploring the level of awareness and the importance SMEs have over key elements of TQM.

Bayazit (2003) conducted a study on "Total quality management practices in Turkish manufacturing organizations". He expounded that upper management support, employee involvement and commitment, customer focus, quality education and training, teamwork and use of statistical techniques are the most critical factors for the successful TQM implementation in Turkish manufacturing organizations.

A Al Nofal et al (2013) conducted a study on 'Critical factors of TQM: an update on the literature' with an objective to present the most important factors of TQM implementation often emphasized by researchers, supported by the discourses of quality gurus. A wide range of comprehensive elements of TQM have listed.

Z. Irani, et al. (2004) surveyed on "Total Quality Management and Corporate Culture: constructs of organizational excellence". In this effort, the researchers discuss the concept of corporate culture, place this social construct within the arena of TQM and highlight the relationships that exist among culture quality and competitiveness. T

Faisal Talib et al (2012) conducted a research on 'Pareto Analysis of TQM factors critical to success for service industries'. They made an attempt to sort out critical success factors of TQM according to frequencies of their occurrences by applying Pareto analysis tool and list out vital few critical success factors of TQM.

Phan Chi Anh & Yoshiki Matsui (2006) made a research on "An empirical analysis of Quality management practices in Japanese Manufacturing Companies". The aim was to investigate the utilization of quality management practices and its impact on quality performance and competitive performance.

Kanagi Kanapathy (2013) surveyed on 'Critical factors of quality management used in research questionnaires: a review of literature'. He opined that quality expounders and gurus have used different combinations of critical factors or constructs of TQM to design questionnaires and to measure quality management practices in different parts of the world.

9. RESULTS

a. Descriptive statistics on TQM Practices: The following table shows the distribution of the responses against the list of TQM practices.

TABLE 1: SHOWING FREQUENCY DISTRIBUTION OF RESPONSES AGAINST THE LIST OF TQM PRACTICES

ID	TQM Practices	Frequency (Yes)	Percentage	Frequency (No)	Percentage
A	Top Management Commitment	311	98.7	4	1.3
B	Customer Focus	299	94.9	16	5.1
C	Employee Empowerment/involvement	301	95.6	14	4.4
D	Supplier Partnership	247	78.4	68	21.6
E	Continuous improvement	269	85.4	46	14.6
F	Quality Management	302	95.1	13	4.1
G	Recognition and Reward	266	84.4	49	15.6
H	Education and Training	262	83.2	53	16.8
I	Process Management	279	88.6	36	11.4

CHART 1: SHOWING FREQUENCY DISTRIBUTION OF RESPONSES AGAINST THE LIST OF TQM PRACTICES

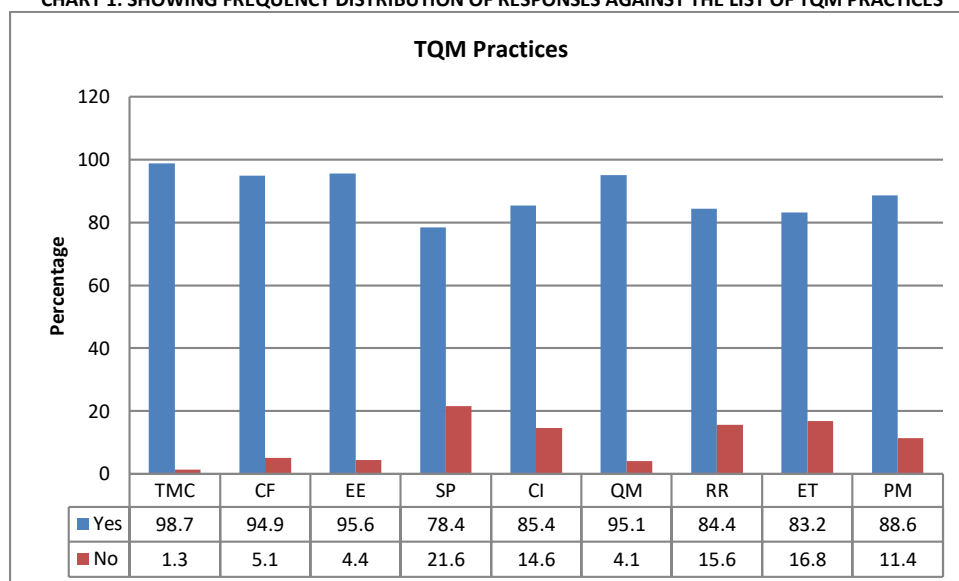


Table 1 illustrates the perception of respondents against list of TQM practices. On an average of approximately 90% of the respondents agreed that all the listed practices belonged to TQM. Among the practices, Top Management Commitment (TMC) led the response with 98.7% followed by Employee Empowerment (EE) and Quality Control (QM) with 95.6% and 95.1% respectively. The least response was given to Supplier Partnership (SP) with 78.4% followed by Education and Training (ET) and Recognition and Reward (RR) with 83.2% and 84.4% respectively. The remaining practices Customer Focus (CF), Process Management (PM) and Continuous Improvement (CI) placed in between with 94.9%, 88.6% and 85.4% respectively. This indicates most of the respondents are aware of TQM practices and have the ability to practically respond to the technicalities of TQM.

b. MEAN AND STANDARD DEVIATION OF TQM PRACTICES

TABLE 2

Variables	Maximum	Minimum	Mean	Standard Deviation
TQM Practices				
Top Management Commitment	5.00	3.14	4.24	0.35
Customer Focus	5.00	3.20	4.14	0.38
Employee Empowerment	5.00	2.25	4.07	0.42
Supplier Partnership	5.00	2.86	4.09	0.42
Continuous Improvement	5.00	3.00	4.18	0.40
Quality Control	5.00	3.00	4.34	0.52
Recognition and Reward	5.00	2.33	4.13	0.41
Education and Training	5.00	2.75	4.16	0.43
Process Management	5.00	2.71	4.08	0.36
TQM Practices (overall)	5.00	3.33	4.14	0.31

c. CORRELATION BETWEEN TQM PRACTICES AND QUALITY PERFORMANCE MEASURES

TABLE 3: CORRELATION BETWEEN TQM PRACTICES AND CUSTOMER PERFORMANCE MEASURES

TQM Practices (Independent Variables)	Employee Performance Measures			
	CP1	CP2	CP3	CP4
TMC	0.072	0.157**	0.145*	0.144*
CF	-0.039	-0.073	0.096	0.072
EE	0.051	-0.134*	0.050	-0.018
SP	0.070	0.006	0.136*	0.060
CI	-0.001	-0.161**	0.074	-0.018
QC	-0.074	0.158**	0.136*	0.326**
RR	-0.011	-0.200**	0.076	0.055
ET	0.089	0.033	0.086	0.185**
PM	0.075	-0.032	0.132*	0.116*

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

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

(CP1-Customer satisfaction, CP2-Brand Image, CP3-Customer base and CP4-Repeat purchase)

Table 3 expounds that CP2 led the preceding matrix by getting correlated with the five TQM practices followed by CP3 and CP4 with four TQM practices each. CP1 has not got correlated with any of the TQM practices. The Correlation matrix shows that highest correlation between variables is QC and CP4 with $r=0.326$. The second highest correlation is between ET and CP4 with $r=0.185$. The third highest correlation is between QC and CP2 ($r=0.158$). Among all independent variables TMC and QC got correlated with three dependent variables each followed by PM with two variables. EE, SP, CI, RR and ET got correlated with one variable each. CF was not correlated with any of the dependent variables. Among all independent variables CI and RR are correlated with CP2 each with negative correlation coefficients -0.161 and -0.200 respectively.

10. REGRESSION ANALYSIS

To test the hypothesis, first the researcher has tested over all regression model by taking all the dependent variables (i.e. Customer satisfaction, Brand Image, Customer base and Repeat purchase) and check that whether they are individually affected by conducting multiple regression analysis. The results are discussed below:

REGRESSION MODEL

H10: There is no significant effect of TQM practices on customer oriented performance.

TABLE 4: SIGNIFICANT RELATIONSHIP BETWEEN TQM PRACTICES AND ORGANIZATIONAL EFFECTIVENESS IN TERMS OF CUSTOMER PERFORMANCE MEASURES (OVERALL)

TQM Practices (Independent Variables)	Customer Performance Measure			
	B	Std. Error	B	t
Constant	3.013	0.402		7.498
Top Management Commitment (TMC)	.301	.110	.202	2.746**
Customer Focus (CF)				
Employee Empowerment (EE)				
Supplier Partnership (SP)				
Continuous Improvement (CI)	-.221	.109	-.170	-2.023***
Quality Control (QC)	.216	.069	.214	3.131**
Recognition and Reward (RR)				
Education and Training (ET)				
Process Management (PM)				
R	0.345			
R ²	0.119			
F	4.587			
Sign. (p value)	0.000			

Note: Significance: * $p < .001$; ** $p < .01$; *** $p < .05$.

Table 4 shows that customer performance is explained by the regression model as evident from R-square value of 0.119. The model indicates that 11.9% of the variations in customer performance can be explained using TQM practices. The p-value is less than 0.05; it can be argued that the model is valid for using linear regression. Since p-value is less than 0.05, the null hypothesis has been rejected and there exists the relationship between defects rate and TQM practices. The regression coefficient expounds that the TQM practices are having capacity to predict defects rate and the extent of the contribution power. Top Management Commitment, Continuous Improvement and Quality Control are statistically significant with p-value less than 0.05. So at 5% significance level of significance null hypothesis is rejected which shows that there is a relationship between these three practices and customer performance and alternative hypothesis is accepted which is as under.

H1: There is statistically significant impact of TQM practices on customer oriented performance.

11. FINDINGS WITNESSED BETWEEN TQM PRACTICES AND CUSTOMER ORIENTED PERFORMANCE

In this study Customer oriented performance improvement is measured by,

- a. Increased customer satisfaction (CP1)
- b. Improved brand image (CP2)
- c. Increased customer base (CP3)
- d. Increased repeat purchase (CP4)

Out of the nine TQM practices empirically identified in the study, the TQM practices which have influenced on customer performance are varied as discussed below:

TABLE 5: REGRESSION COEFFICIENT BETWEEN SIGNIFICANT TQM PRACTICES AND CUSTOMER ORIENTED PERFORMANCE

ID	Organizational Effectiveness Indicators	Regression coefficient (R Square)	Variance in%	Significant TQM Practices
CP	Customer oriented performance	0.119	11.9	TMC, QC
CP1	Customer Satisfaction	0.116	11.6	TMC, QC
CP2	Brand Image	0.200	20.0	TMC, QC
CP3	Customer base	0.151	15.1	EE, PM
CP4	Repeat purchase	0.171	17.1	QC, CI

1. TQM practice QC has an effect on customer oriented performance in terms of:
 - a. Increased customer satisfaction (CP1)
 - b. Improved brand image (CP2)
 - c. Increased repeat purchase (CP4)
2. TQM practice TMC has an effect on customer oriented performance in terms of:
 - a. Increased customer satisfaction (CP1)
 - b. Improved brand image (CP2)
3. TQM practice CI has an effect on customer oriented performance in terms of:
 - a. Increased customer satisfaction (CP1)
 - b. Increased repeat purchase (CP4)
4. TQM practices EE, ET and PM have an effect on customer oriented performance in terms of:
 - a. Increased customer base (CP3)
5. TQM practice RR has an effect on customer oriented performance in terms of:
 - a. Improved brand image (CP2)
6. TQM practices CF and SP have no an effect on customer oriented performance in terms of:
 - a. Increased customer satisfaction (CP1)
 - b. Improved brand image (CP2)
 - c. Increased customer base (CP3)
 - d. Increased repeat purchase (CP4)

The overall regression model showing relationship of TQM practices and customer performance (Table 5) shows that out of the above seven TQM practices TMC, CI and QC are significant. EE, RR, ET and PM are not statistically significant. They explain 11.9% variance ($F=4.587$, $t=7.498$ $p<.001$).

12. CONCLUSION

TQM is not confined to production process and production & quality departments only; instead it is beyond all these. The employees of Indian iron and steel industry are aware of the holistic and strategic nature of TQM and most of firms in the industry follow quality management practices, but with different natures. Among the contemporary TQM practices, Top management commitment and Employee empowerment are popular ones in the industry; but the firms have no idea of the impact of practices supplier partnership in quality management. Among the contemporary TQM tools and techniques, the firms still are fond of traditional tools such as cause and effect diagram, quality circles; but the modern and advanced techniques such as quality function deployment, failure mode effect analysis are remote in their knowledge base. The TQM practices namely TMC, CI and QC jointly helps to improvise organizational an effectiveness in terms of customer oriented performance by increased customer satisfaction thereby increased customer base and ultimately enhances brand image and repeated purchase.

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A STUDY ON SOCIO ECONOMIC CONDITION OF WOMEN WORKERS IN UNORGANISED SECTOR WITH REFERENCES TO CHENNAI CITY

Dr. R. SURESH BABU
ASST. PROFESSOR IN COMMERCE
SIR THEAGARAYA COLLEGE
CHENNAI

ABSTRACT

When Women move forward, a family moves, the village moves and the nation moves. Employment gives economic status to women. Economic status gives way to social status and thereby empowerment. Women workers engaged in the unorganized sector do not come under the benefits of several laws such as the Minimum Wages Act or the Factories Act. They were also not covered by statutory welfare measures such as maternity benefits, provident fund, gratuity, leaves etc., like workers in the organized sector.

KEYWORDS

Chennai, women empowerment, women employment, women workers.

INTRODUCTION

A large number of women are working in the unorganized sector and very often they are exploited on various terms. The study also analyses the role of social movements, targeting women, in improving the bargaining power of women workers. Though the topic has been touched by a number of scholars and academicians, the studies on social movements for women with a right-based approach is limited. The study is important as more and more women are entering the informal sector work force to support their families and trade unions, Non-Governmental Organizations (NGOs).

Illustrative categorize of unorganized labour for the research purpose are

1. Casual labour
2. Labour employed in small scale industry
3. Beedi and cigar workers
4. Sweepers and scavengers
5. Employees in shops and commercial establishments
6. Workers in tanneries

ACTS AND PROGRAMS FOR WOMEN IN UNORGANIZED SECTOR

Government of India has formulated some act and programs for women workers in unorganized sector-

1. Domestic workers and social security Act, 2010: Women and child are more vulnerable exploitation so government has formulated this act for providing them better working conditions including registration.
2. Unorganized sector workers Act 2008: The workers felicitation center (WFC) is responsible for implementing the act. Under this act, various schemes are
 - a) Janani Suraksha Yojna
 - b) National Family Benefit Scheme
 - c) Rastriya Swasthya Bima Yojna
3. Cooperative intervention: Cooperative provides employment and opportunities provided to women worker for earning income. Corporate tries to make balance in individual need and communing needs by empowering them.

REVIEW OF LITERATURE

This Review analyses the views and main findings of different authors on the economic conditions of unorganized laborers. The study of related literature implies locating, reading and evaluating reports of casual observation and opinions that are related to the individual's planned research work. Further, the concepts used in the present study have been discussed.

Punekar, Deodhar and Sankaran (2004) in their book, "Labor Welfare, Trade Unionism and Industrial Relations" stated that labor welfare is anything done for the comfort and improvement, intellectual and social - well-being of the employees over and above the wages paid which is not a necessity of the industry.

Deshkal society (2004) observed that contractors are in the domination position. The untimely payment of wages remain is a big challenge for labourers. Variety of issues like unregulated working hours, unhygienic working environment, lack of social security is the major concerns for the unorganized labourers.

Anthony P. D'souza (2013) focused the status and contribution of unorganized sector focused more on the challenges and problems faced by the youth in selecting job as self-employment. It is found that larger number of workers was getting their livelihood from this sector and entrepreneur plays a vital role in bringing up unorganized sector at the better position in the country.

STATEMENT OF THE PROBLEM

Majority of women in the unorganized sector work for low and highly unequal wages compared to male counterparts, the unorganized sectors as it is, characterized by no clear cut relationship between the employer and employee as most of the employees are contractors, casuals, migrants and home based. Because of this character of employees, the safeguard of the right of employees, social security protection, labour laws are not applicable in the unorganized sector. Thus the workers in the unorganized sector in general are outside the purview of protective labour laws and trade union organizations.

OBJECTIVES OF THE PRESENT STUDY

An attempt is made to understand the root causes of the exploring issues of women workers and role of social movements in unorganized in Tamilnadu in general and Chennai district in particular.

The broad objectives are as follows:

1. To profile the socio, economic condition of unorganized women workers in Chennai.
2. To find out the level of women workers in the unorganized sectors
3. To find out the various causes of women workers in the unorganized sectors.
4. To suggest the possible remedial measures for the women workers working in Unorganized sectors
5. To evaluate the economic empowerment of women workers.

STUDY AREA

Chennai as a city had its origins in the colonial past – the East India Company days. Chennai is the Capital of Tamilnadu and one of the oldest Municipal Corporations and fourth largest Metropolitan City in India. In the 20th Century with industrialization and especially after independence, the city has outgrown the limits into the border areas of the erstwhile Chegalpattu District which has been bifurcated to Kancheepuram and Tiruvallur Districts. Recognizing the expansion of the Metropolitan, Chennai Metropolitan Development Authority was created to monitor and aid development. Chennai Metropolitan Area comprises the city of Chennai, 16 Municipalities, 20 Town Panchayats and 214 village Panchayats in 10 Panchayat Unions. The extent of CMA is 1189 sq.km.

The city has a large migrant population with laborers living in slums and pavements. There are number of studies of the conditions of migrant workers living in slums and pavements. This study is focused on the new migrants, namely, the interstate migrant workers who according to Trade Union representatives, 'are swelling in numbers during this decade'. Chennai is divided into four broad regions: North, South, Central and West. North Chennai is primarily an industrial area, while Central Chennai is the commercial heart of the city. South Chennai and West Chennai, previously mostly residential, are fast becoming commercial, home to a growing number of IT firms, financial companies and call centers.

AREA OF THE STUDY

In this study an effort had been taken to examine the problems and prospects of women workers in unorganized sectors in Chennai city towards the 18 specific locations based on residential, commercial areas and socio-economic conditions.

ZONE LOCATION SELECTED FOR RESEARCH PURPOSES ARE AS FOLLOWS

Central Chennai	Chennai Central, Parrys, Egmore, Nungambakkam, Mount Road, Anna Square, T Nagar, Tambaram
South Chennai	Besant Nagar, Guindy, Koymabedu, Mylapore, Thiruvannamiyur
North Chennai	Red Hills, Royapuram, Thondiarpet
West Chennai	Anna Nagar, Vadapalani

METHODOLOGY

The study was based on a random and a convenient sampling method with a sample size of 400 women workers in unorganized sector. The outcome of the study is based on both the primary data and the secondary data. A questionnaire was prepared to gather the primary data. The secondary data was prepared by incorporating valuable suggestions and methods suggested by various articles, journals, books, referring the women workers in unorganized sectors. Women workers in various unorganized sectors were randomly contacted and interviewed

SOURCES OF THE DATA

The methodology adopted for the present project is based both on primary and secondary data. The primary will be collected from the women street vendors, Casual labors in small scale industry, sweepers and scavengers, employee in shops and workers in tanneries. A pilot and survey study will be conducted in the Chennai city towards 18 specific locations. The study is both descriptive and analytical. The secondary data have been collected from the books, journals, published and unpublished materials and also from websites. While conducting the survey, various tools such as observation, In-depth survey, questionnaires, and focused interviews will be used. The following schedules may be designed keeping in mind the aims and objectives of the study.

TOOLS FOR ANALYSIS

The gathered information will be put into statistical treatment. Since the information is ungrouped, first, they will be grouped according to its nature and importance by using classification technique. Diagrams and graphs will be drawn wherever it is necessary. The conventional statistical tools such as percentage analysis, Garret Ranking, correlation, and chi-square test will be used to make the data more meaningful.

FRAMEWORK OF ANALYSIS

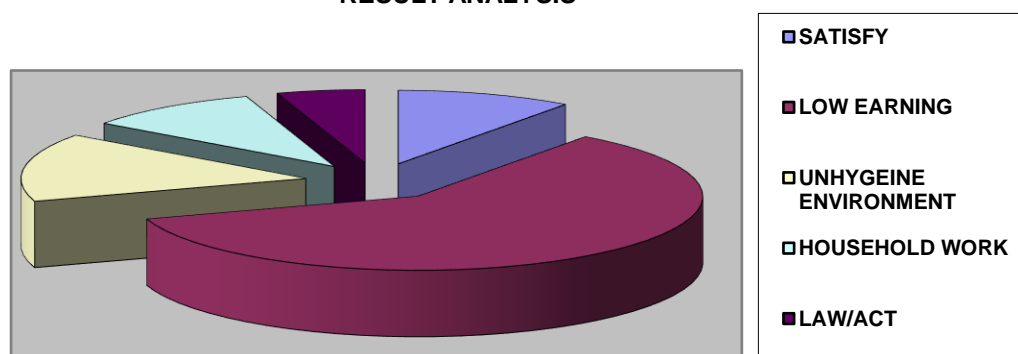
The study has been analyzed through tables, percentage, Garrett ranking techniques and factor analysis. There are some other aspects influences the women workers in unorganized sectors.

TABLE 1 SOCIAL AND ECONOMIC FACTORS TOWARDS WOMEN WORKERS

S.NO	SOURCES	GARRETT MEAN SCORE	RANK
1	HEALTH	68.54	I
2	RIGHTS	45.24	V
3	EDUCATION	39.58	VIII
4	RESPONSIBILITY	55.3	II
5	CLEANLINESS	50.32	IV
6	STANDARD OF LIVING	41.32	VII
7	MEDICAL FACILITIE	45.12	VI
8	ENVIRONMENT	51.7	III

2. PERCENTAGES OF RESPONDENT

Total respondent	400
SATISFY	10%
LOW EARNING	60%
UNHYGEINE ENVIRONMENT	15%
HOUSEHOLD WORK	10%
LAW/ACT	5%

FIG. 1**RESULT ANALYSIS**

Source: Primary Data

RESULTS AND DISCUSSION

Chennai city has a sufficient number of women workers working in unorganized sector. During their work, they face a lot of problems, they are exploited, are unaware about their rights. To have a fairly representative sampling, 400 women workers were randomly selected from Chennai city working at different places from the close study, the following factors were analyzed

- ❖ About 30% of the respondent indicates that it can be easily estimated that the women working in unorganized sector are living a life far below from satisfaction.
- ❖ Out of 400 sampling 60% of the respondent indicated that the low earning cannot meet with their daily needs.
- ❖ 45% of the respondent indicates that, they do marry, bear children, and get old but under these phases of life, they live the same life. They live under unhygienic environment which results dangerous diseases. They work more than men as they have to play a dual role working both in and outside the home. They have no medical facilities even at the critical moment of giving to their children's.
- ❖ 30% of respondent say that only a few of them are assisted by other members of family in household work otherwise they have to work solely.
- ❖ 65% of the respondent, say that No doubt, there are laws to protect women and prevent exploitation but these laws (the Interstate Migrant Workmen Regulation of Employment and Conditions of Service Act, 1979, The Bonded Labour System (Abolition) Act, 1976 and Maternity Benefit Act, 1961), but these legislations are not practically and strictly implement. It is the need of the hour that government and NGOs must come forward to improve the lot of these women. The Trade Union and Voluntary Organizations can play a vital role in making them conscious of cleanliness, health, education and above all their rights and this can be done only with the joint efforts of the government, NGOs and common people. Much remains to be done for the betterment of these beautiful creations of God.
- ❖ To arrange discussions, lectures and debates on relevant social issues
- ❖ To publish periodicals, journals, books, pamphlets etc. related to research and other activities/issues
- ❖ To help existing smaller groups of domestic workers to form their union
- ❖ To help them form their own self help Groups
- ❖ To help them to form their union
- ❖ To help them from their union so that they are protected from unscrupulous municipal authorities and policemen who collect money from them
- ❖ To register them and distribute the endorsed identity cards so that they can do their work without any hindrance
- ❖ To help them enhance and upgrade their livelihood

CONCLUSION

The informal sector workers in Chennai city face a number of issues in particular. They are particular as most of the workers in Chennai are migrants from other parts of the country. Their social and educational background also contributes to their miserable conditions. The research would map out the diversity and complexity of issues related to women's access to services, entitlements, financial resources within the specific sub-sector. The selection of policies/schemes should include but not be limited to employment, social protection maternity entitlements. Workers in the unorganized sector in general are outside the purview of protective labour laws and trade union organizations. More so, Chennai City is one of the districts having significant number of unorganised women workers. In view of the constraint of time and cost, a limited region, i.e. Chennai City has been chosen as the focus area of the study.

SCOPE FOR FURTHER RESEARCH

- ❖ Secondary review and assessment of relevant laws and policies that impact unorganized women workers in a given sub-sector, to identify gaps in formulation and implementation.
- ❖ Budget analysis of related interventions/schemes from a gender lens to assess trends in allocations and expenditure at the national level as well as in the selected state.
- ❖ Conduct mapping of socio-economic status of women workers in select districts in one state.
- ❖ Undertake field based research through groups/collectives of women workers in select districts to map/document issues related to nature of work/ working conditions, others risk and vulnerabilities related to their access to services, financial resources and entitlements including case studies

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A COMPARATIVE STUDY ON STOCHASTIC ANALYSIS OF MANPOWER LEVELS FOR BUSINESS USING FOUR AND SIX POINT STATE SPACE

Dr. R. ARUMUGAM
ASST. PROFESSOR
DEPARTMENT OF MATHEMATICS
PERIYAR MANIAMMAI UNIVERSITY
THANJAVUR

ABSTRACT

The present study aim is to compare the steady rate of crisis and steady state of probabilities under varying conditions which are manpower, under irregular conditions of full availability and nil availability in the case of business and manpower. Four and six point state space has been compared under the different assumption that the transition from one state to another in both business and manpower occur in exponential time with different parameters.

KEYWORDS

markov chain, steady state, crisis rate.

I. INTRODUCTION

Nowadays we start that labor has become a buyers' market as well as sellers' market. Any business which usually runs on commercial base wishes to keep only the optimum level of all resources needed to meet company's responsibility at any time during the course of the business and so manpower is not an exemption. This is spelt in the sense that a company may not want to keep manpower more than what is needed. Hence, retrenchment and recruitment are general and recurrent in most of the companies now. Recruitment is done when the business is busy and shed manpower when the business is lean. Equally true with the labor, has the choice to switch over to other jobs because of improved working condition, better emolument, nearness to their living place or other reasons. Under such conditions the company may face crisis because business may be there but skilled manpower may not be available. If skilled laborers and technically qualified persons leave the business the seriousness is most awfully felt and the company has to appoint paying deep price or pay overtime to employees. Approach to manpower problems have been dealt in very many different ways as early as 1947 by Vajda [11] and others. Manpower planning models have been dealt in depth in Barthlomew [1], Grinold & Marshal [3] and Vajda [11]. The methods to calculate wastages (Resignation, dismissal and death) and promotion intensities which produce the proportions corresponding to some preferred planning proposals has been dealt by Lesson [4]. Markov model are designed for promotion and wastages in manpower system by Vassilou [12]. Subramaniam [11] in his thesis has made an attempt to give optimal policy for recruitment training, promotion, and wastages in man power planning models with special provisions such as time bound promotions, cost of training and voluntary retirement scheme. For an application of Markov chains in a manpower system with seniority and efficiency and Stochastic structures of graded size in manpower planning systems one may refer to Setlhare [9]. A two unit stand by system has been examined by Chandrasekar and Natrajan [2] with confidence limits under steady state. For n unit standby system one may refer to Ramanarayanan and Usha [8]. Yadhavalli and Botha [13] have observed the same for two unit system with introduction of preparation time for the service facility and the confidence limits for stationary rate of disappointment of an erratically used system. For three characteristics system involving manpower, machine and money one may refer to C. Mohan and R. Ramanarayanan [6]. For the study of Semi Markov Models for Manpower planning one may refer to the paper by Sally Meclean [5]. Stochastic Analysis of a Business with Varying Levels in Manpower and Business has been discussed by C. Mohan and P. Selvaraju [7]. Applications of Stochastic Models in Manpower Levels for business by R. Arumugam [14].

II. MARKOV CHAIN MODEL WITH FOUR AND SIX POINT STATE SPACE

In this paper we consider two characteristics namely business and manpower. We compare steady state rate of crisis and the steady state probabilities in both four and six point state space. The situations may be that the manpower may be fully available or hardly available and business may fluctuate between complete availability to nil availability. It goes off when the manpower becomes nil. This is so because the experts may take the business along with them or those who have brought good will to the concern may bring the client's off the concern. The business depends completely on the availability of manpower. The steady state probabilities of the continuous Markov chain relating the transitions in different states are identified for presenting the cost analysis. Numerical illustrations are also provided.

III. ASSUMPTIONS

1. There are two levels of manpower namely manpower is full and manpower is nil.
2. There are two levels of business namely, (a) business is fully available (b) business is nil.
3. The time T - during which the manpower remains continuously filled and becomes nil has exponential distribution with parameter α_{10} and the time R - required to stop full recruitment from zero stage is exponentially distributed with parameter β_{01} .
4. The fully available and zero periods of the business are exponentially distributed with parameters ' λ ' and ' μ ' respectively.
5. While manpower becomes zero, the business is vanished and becomes nil.
6. T - and R - are independently distributed random variables.

IV. SYSTEM ANALYSIS

FOUR POINT STATE SPACE

The Stochastic Process $X(t)$ describing the state of the system is Markov chain continuous time with four points state space as given below in the order of manpower and business

$$S = \{(0, 0), (0, 1), (1, 0), (1, 1)\} \quad \text{———— (1)}$$

Where,

0 – Refers to shortage/non availability of manpower and business. The system is in state $(1, j)$ when the manpower is in state 1 and business is in state for $(1, j) = (1, 1)$ or $(1, 0)$ or $(0, 0)$ and there is not the state $(0, 1)$ as the business is misplaced while the manpower goes off.

1 – Refers to busy time in the case of business and full availability of manpower.

The infinitesimal generator of manpower of order two is as follows

$$M = \begin{bmatrix} MP & 1 & 0 \\ 1 & -\lambda & \lambda \\ 0 & \mu & -\mu \end{bmatrix}$$

And the steady state probabilities are $\pi_{M1} = \frac{\mu}{\mu + \lambda}$ and $\pi_{M0} = \frac{\lambda}{\mu + \lambda}$

$$\pi_{00} = \frac{\lambda_{10}}{\lambda_{10} + \beta_{01}}; \pi_{01} = \frac{\alpha\beta_{10}}{(a+b+\lambda_{10})(\beta_{01} + \lambda_{10})}; \pi_{10} = \frac{(a+\lambda_{10})\beta_{01}}{(a+b+\lambda_{10})(\beta_{01} + \lambda_{10})};$$

$$\pi_{11} = \frac{b\beta_{01}}{(b+a+\lambda_{10})(\beta_{01} + \lambda_{10})} \text{ ----- } > (2)$$

Using the steady state probabilities, we get

$$C_{\infty} = b \frac{b\beta_{01}}{(b+a+\lambda_{10})(\beta_{01} + \lambda_{10})} \text{ ----- } > (3)$$

Six Point state space

ASSUMPTIONS

The time for which the manpower remains continuously full and enters a state of reduced strength follows exponential distribution with parameter α_1 . The other two phases have exponential distribution with means $1/\beta_1$ and $1/\gamma_1$. The overall time for the process of recruitment time is then hypo-exponential. Since the sojourn time is in the down state is two - stage hypo-exponentially distributed, the system being modeled in a semi Markov process. The busy and lean periods of the business are exponentially distributed with parameters a and b . The Stochastic Process $X(t)$ describing the state of the system is Markov chain continuous time with six points state space as given below in the order of manpower and business

$$S = \{(0, 0), (0, 1), (0, 2), (1, 0), (1, 1), (1, 2)\} \text{ ----- } (4)$$

The steady state probabilities of Manpower are,

$$\pi_{0M} = \frac{1}{1 + \frac{\alpha_1}{\gamma_1} + \frac{\alpha_1}{\beta_1}}; \pi_{1M} = \frac{\alpha_1}{\beta_1 \left(1 + \frac{\alpha_1}{\gamma_1} + \frac{\alpha_1}{\beta_1}\right)}; \pi_{2M} = \frac{\alpha_1}{\gamma_1 \left(1 + \frac{\alpha_1}{\gamma_1} + \frac{\alpha_1}{\beta_1}\right)} \text{ ----- } (5)$$

Where

$$X = (b+a) \text{ and } Y = \left[1 + \frac{\alpha_1}{\beta_1} + \frac{\alpha_1}{\gamma_1}\right]$$

The rate of Crisis in steady state conditions is,

$$C_{\infty} = \alpha_1 \pi_{00} + a \pi_{11} = \frac{\alpha_1}{Y} \frac{b}{\beta} \frac{a}{X} \text{ ----- } (6)$$

$$C_{ij} = \pi_{ij} = C_B^j + C_M^j \text{}$$

The Steady state cost is

V. NUMERICAL ILLUSTRATION AND STEADY STATE COST CALCULATION

Four Point state space

The steady state probabilities and the rate of crises are measured by using the formulas (2) and (3) respectively. Taking, $a = 20$, $b = 10$, $\lambda_{10} = 5$, $\beta_{01} = 12$, we get $\pi_{00} = 0.2941$, $\pi_{01} = 0.5042$, $\pi_{10} = 0.4769$, $\pi_{11} = 0.20168$

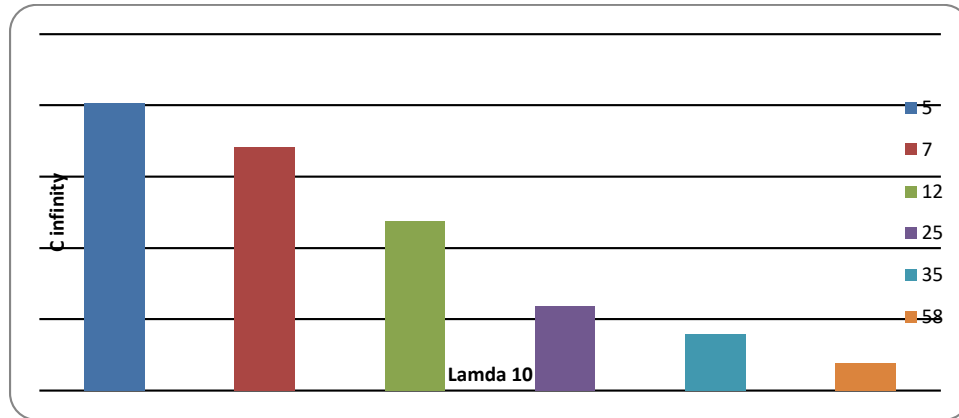
Now assigning the values $\lambda_{10} = 5, 7, 12, 25, 35 \text{ and } 58$, we compute the corresponding rate of crises and they are given below in the table 1

Case (i)

TABLE 1: STEADY STATE PROBABILITY

λ_{10}	5	7	12	25	35	58
C_{∞}	2.01680	1.70697	1.19047	0.58968	0.39279	0.19480

FIGURE 1: LEVEL FOR STEADY STATE PROBABILITY

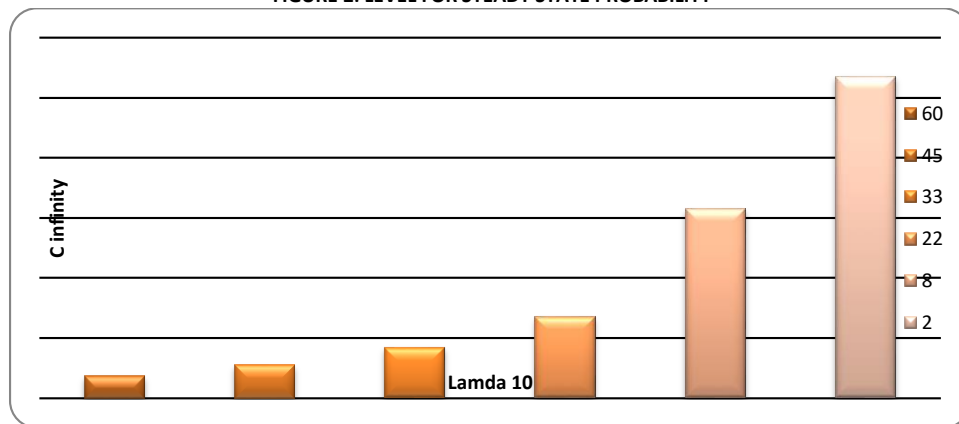


Case (ii)

TABLE 2: STEADY STATE PROBABILITY

λ_{10}	60	45	33	22	8	2
C_{∞}	0.18518	0.28070	0.42328	0.67873	1.57894	2.67857

FIGURE 2: LEVEL FOR STEADY STATE PROBABILITY



The steady state costs in various situations are determined taking the values $C_M^0 = 52$, $C_M^1 = 45$, $C_B^0 = 60$, $C_B^1 = 38$ where $C_M^0 = 52$ refers to cost of funds at state zero, $C_M^1 = 45$ refers to cost of funds at state 1, $C_B^0 = 60$ cost of business at state zero and $C_B^1 = 38$ refers to cost of business at state 1.

Case (i)

TABLE 3: LEVEL OF COST AND STEADY STATE PROBABILITY

Steady state probability	π_{00}	π_{01}	π_{10}	π_{11}
Cost	32.94	40.53	52.94	16.74

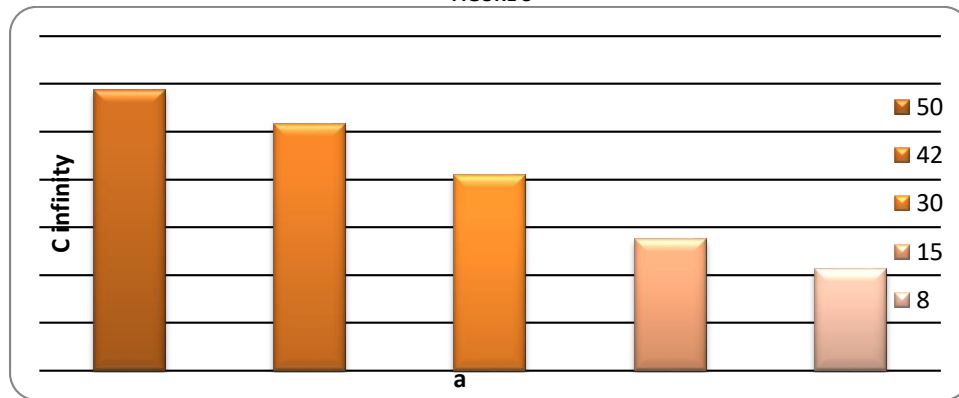
Six Point state space

The steady state probabilities and the rate of crises are measured by using the formulas (2) and (3) respectively. Taking, $a = 20$, $b = 10$, $\alpha_1 = 5$, $\beta_1 = 8$, $\gamma_1 = 7$, we get $\pi_{00} = 0.2849$, $\pi_{01} = 0.1781$, $\pi_{02} = 0.2036$, $\pi_{10} = 0.7608$, $\pi_{11} = 0.0891$, $\pi_{12} = 0.2036$.

TABLE 4

a	50	42	30	15	8
C_{∞}	5.8795	5.1667	4.0975	2.7610	2.1373

FIGURE 3



V. CONCLUSION

It is found that as the value of λ increases and the corresponding crisis rate decreases in both four and six point state space. Also it is observed that the cost is high if there is full business but there is no manpower, under such situations labour has to be paid a lot. When the manpower is full, there is a chance of the business getting into crisis state if manpower leaves particularly experts and experienced people leave the concern. The same holds in the case of business are moderate while the manpower may be full or inadequate.

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IFRS: A PATHWAY TO IMPROVE HUMAN RESOURCE ACCOUNTING PRACTICES

Dr. P. SUCHITRA
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
RAYALASEEMA UNIVERSITY
KURNOOL

ABSTRACT

The importance of accounting for human resource in any business entity cannot be over-looked. During the 1990s the term "intellectual capital" became a popular fad among knowledge-based companies as well as accounting practitioners. Despite the significant contribution of human resource to the achievement of organizational objectives, little attention is given to it due to lack of visible and general regulatory framework in reporting on human resource in financial statement or other media through which accountability is rendered. In addition, there has been increased interest in accounting for intangible assets in financial reporting by International Accounting Standards Boards (IASB). This is an indication towards gradual willingness to allow for valuation of non-traditional assets like human resources. One of the gaps in researches on human resource accounting is the need to investigate the contribution of newly adopted International Financial Reporting Standards (IFRS) to HRA practices in organizations. Since IFRS requires extensive disclosure, this conceptual paper aims at critically examining the probable effects of IFRS adoption on the human resource accounting. Research on human resource accounting disclosure is often assumed to be problematic due to limited data available in this field. Though the concept of accounting for human resources started many years back, this concept still lacks general acceptability, and there is little recognition given to human resource as an asset in financial reports. The reason is obvious- there are difficulties not only in measuring, but also in analysing human resource in monetary terms in financial reports to determine whether the contents provide adequate Human Resource Accounting Disclosure (HRAD). We conclude that though HRA is an old concept in corporate and academic research while new in economics, in the current era businesses should consider IFRS and can enhance the efficiency of HR through HRA disclosure practices.

KEYWORDS

IFRS, human resource (HR), human resource accounting (HRA).

INTRODUCTION

Although technical installations, equipment and/or financial capital are important, human resources, also are essential on par with these. Manolescu asserted that the traditional approach is to treat people as mere "expenditure" or in the accounting approach tendency as mere costs 646. Joint human resource paradigm is incomplete and limited as it takes the mind to a consumable resource type as a cost and minimizing costs. Human capital includes the combined knowledge, skill, creativity, resourcefulness and ability of each employee of a firm to conduct routine activities. It also includes the company's values, its culture and philosophy. Human capital refers to a set of knowledge and competence, skills and training, innovation and capabilities, attitudes and skills, learning ability and motivation of the people who form the organization (Ionel, 2010). When service sector started major contribution to the country's economy, the significance of human assets got prominence. Knowledge sectors like Information Technology (IT), Banking, Teleservices and others the intangible asset especially humans contributed highly to the building of shareholder value. Intellectual power of employees only major input to these sectors. The critical success factor for any knowledge based company is its skilled and intellectual work force.

REVIEW OF LITERATURE

Research during the early stages of development of HRA was conducted at the University of Michigan by a research team including the late organizational psychologist Rensis Likert, founder of the University of Michigan Institute of Social Research and well known for his work on management styles and management theory (Likert, 1961, 1967), faculty member R. Lee Brummet, and then Ph.D. candidates William C. Pyle and Eric Flamholtz. The group worked on a series of research projects designed to develop concepts and methods of accounting for human resources. One outcome of this research (Brummet, Flamholtz & Pyle, 1968a) was a paper representing one of the earliest studies dealing with human resource measurement-- and the one in which the term "Human Resource Accounting" was used for the first time. Brummet, Flamholtz & Pyle (1968b) also published another article in which they assessed the impact that HRA can have on management. Flamholtz's (1969) Ph.D. dissertation, an exploratory study in the area of HRA, developed a theory of an individual's value to an organization and how it could be measured through HRA. Brummet, Flamholtz & Pyle (1969) focused on HRA as a tool for increasing managerial effectiveness in the acquisition, development, allocation, maintenance, and utilization of its human resources. The authors' work represented one of the first attempts to develop a system of accounting for a firm's investments and studied the application of HRA in R.G. Barry Company, a public entrepreneurial firm.

OBJECTIVES OF THE STUDY

1. To understand the general regulatory framework in reporting on human resource in financial statement of organizations.
2. To acknowledge the significant contribution of human resource to the achievement of organizational objectives through HRA.
3. To identify and assess the need to investigate the contribution of newly adopted International Financial Reporting Standards (IFRS) to HRA practices in organizations.
4. To relate IFRS and HRA disclosure practices in order to enhance the efficiency of HR in organizations.

RESEARCH METHODOLOGY

Since the research is conceptual, data has been collected from secondary sources like website search, contribution of researchers in the field of HRA, development of the concept of HRA over the years in the Indian Perspective.

HUMAN RESOURCE ACCOUNTING (HRA)

Human resource Accounting (HRA) involves accounting for expenditure related to human asset in an organization as opposed to traditional accounting which merely expenses these costs and reduces profit and sub optimise financial reporting.

There is an escalating need for harmonization of human with other resources in financial reporting. Resources are "all human, material, real and monetary elements that can be drawn and used in the production of economic goods to satisfy social needs". With the advent of the new knowledge-based economy, human resources are becoming increasingly more important in assessing the total value of an organization.

It involves accounting for expenditures related to human resources as assets as opposed to traditional accounting which treats these costs as expenses that reduce profit. Interest and contributions to growth in HRA have been evident in a number of countries. The strong growth of international financial reporting standards (IFRS) is an indication that the environment for international financial accounting is one that potentially encourages the consideration of alternative measurement and reporting standards and lends support to the possibility that future financial reports may include non-traditional measurements such as the value of human resources using HRA methods.

IFRS: INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS is a single set of globally accepted accounting standards intended to provide consistency in financial reporting standards and increased globalization of companies. It has resulted in significant efforts even outside of financial reporting, in areas such as information technology and human resources, and therefore, requires the attention of corporate executives and leaders throughout the organization. Additionally, it may also provide a strategic opportunity for positive organizational change for those who understand the benefits of a reasoned and deliberate conversion process. Of course, like any significant business decision, determining the timing and pace of conversion to IFRS requires an understanding of the potential costs and benefits. It is important to make an informed choice based on a thorough analysis. IFRS has the potential "to best provide the common platform on which companies can report and investors can compare financial information."

IFRS offers an opportunity to use principles-based accounting. Many finance professionals have become increasingly frustrated with U.S. GAAP and its voluminous rules for dealing with virtually every accounting issue. IFRS was the answer for CFOs and other finance executives who have openly pined for principles-based accounting to help standardize and improve the reliability of financial reporting answers that wish.

IFRS helps open the doors of the global marketplace. Adopting IFRS may improve access to foreign capital markets by giving foreign investors greater insight into a company's financial performance. Such investors may be more comfortable with or have more confidence in a globally accepted set of accounting standards. Companies themselves can also benefit from improved ability to benchmark with peers and competitors.

KEY IMPACTS OF IFRS IMPLEMENTATION

At the Implementation level, IFRS has surpassed many areas like

1. TECHNICAL ACCOUNTING

- Overall approach to IFRS implementation
- First time adoption policy considerations, including reporting dates and use of exemptions
- Ongoing policy considerations, including alternatives and approach to "principles"

2. PROCESS AND STATUTORY REPORTING

- Internal controls and processes, including documentation and Testing
- Management and internal reporting packages
- Global reporting packages
- Statutory reporting, including "opportunities" around IFRS Adoption

3. TECHNOLOGY INFRASTRUCTURE

- General ledger and chart of account structure, including performance metrics
- Global consolidation
- Sub-system issues related to configuration and data capture
- Capabilities to manage multiple GAAP accounting during Transition

4. ORGANIZATIONAL ISSUES

- Tax structures
- Treasury and cash management
- Legal and debt covenants
- People issues, including education and training, and compensation structures
- Internal communications
- External and shareholder communications

5. HUMAN RESOURCES

IFRS involves much more than reorganizing the chart of accounts and represents a change that cascades well beyond the finance department. Consequently, human resources issues may be a major concern. A conversion project escalates demands on your personnel and may at a circumstance when the capability of the organization to handle the same is less. Finance organizations have streamlined in recent years, downsizing accounting functions through reduced hiring, layoffs, and attrition, as well as outsourcing or offshoring key functions. Unfortunately, these personnel reductions may mean that the people who could best help with your IFRS efforts are no longer available. Organizations are planning to provide training programs to help key personnel become proficient in IFRS.

HRA AND IFRS: THE LINK

In recent years United States GAAP has been moving toward adoption of more complex measurement methods in financial reporting compared with the traditional historical cost approach to asset measurement, including a focus on the measurement of the time value of money and present value calculations. Meeting, Luecke & Garceau (2001, p. 57) indicate that in many cases the expected cash flow approach is a better measurement tool than traditional methods, and that CPAs should use it to report asset and liability values in the absence of specific contractual cash flows. Certain current assets are now reported at their fair market values at each balance sheet date, and many items on the balance sheet that are noncurrent are measured at the present value of the estimated future cash flows. Campbell, Owens-Jackson, & Robinson (2008, p. 31), note that fair value accounting, which SFAS No. 157 requires in some areas of financial statement reporting starting in fiscal years beginning November, 2007, attempts to calculate and report the present value of future cash flows associated with an asset or liability.

As accountants have become more accustomed to complex measurement approaches, some similar to the approaches taken in developing HRA value measures, it seems reasonable that non-traditional HRA measures may become more accepted in future financial reports. In addition, there has been increased interest in accounting for intangible assets in financial reporting by both the Financial Accounting Standards Board and the Securities and Exchange Commission. As noted in Flamholtz, Bullen & Hoa (2002, p. 948), since human resources are a primary component of intangible Assets, the state is being set for a renewed interest in HRA from a financial accounting perspective.

U.S. GAAP is not the only set of financial accounting standards affected by these developments. In fact, the Securities and Exchange Commission (January 4, 2008) recently announced in November 2007 that non-U.S. companies listed on the U.S. stock exchanges could use International Financial Reporting Standards (IFRS) instead of U.S. GAAP, and if they choose to use IFRS, would no longer be required to provide a reconciliation between their reported numbers and U.S. GAAP. Additionally, the Securities and Exchange Commission (November 14, 2008) released a "roadmap" of proposed dates by which U.S. based publicly traded companies would be expected to adopt the IFRS in the future. However, in recent months, the adoption of the IFRS by U.S. companies has been strongly debated, and it will be seen in the years ahead whether this materializes. Yet, the consideration of international reporting standards is another indication that the environment for financial accounting reporting is one that potentially encourages the consideration of alternative measurement and reporting standards.

Since 2001, the International Accounting Standards Board (IASB) has been developing and promulgating the IFRS (International Accounting Standards Board, 2009). Prior to 2001, the International Accounting Standards Committee (IASC) issued International Accounting Standards (IAS), which were adopted initially by the IASB when it replaced the IASC. While the IFRS do not currently have standards requiring HRA, it could be argued that they are moving closer to providing more flexible approaches to accounting measurements and reporting. For example, the international standards IAS 38 Intangible Assets and IFRS 3 on Business Combinations allows for the recognition of the intangible asset goodwill, which indicates a willingness to allow for valuation of assets that are not traditional tangible assets, such as human resources. The valuation of goodwill often involves complex assessments of fair values as well as periodic reassessments to determine whether the fair values have become impaired. These more difficult and challenging measurements of goodwill and other fair values are similar to some of the challenges documented in the past related to the measurement of human resources, particularly when using the value approach to HRA. Thus, the movement toward fair value accounting seen in recent years for both U.S. GAAP as well as for international standards indicates a more sophisticated approach to the measurement of

assets, tangible as well as intangible. This might suggest a willingness to recognize the need for, and consider the measurement and use of HRA in future external financial reporting.

CONCLUSION

Human Resource Accounting (HRA) involves accounting for the company's management and employees as human capital that provides future benefits. In the HRA approach, expenditures related to human resources are reported as assets on the balance sheet as opposed to the traditional accounting approach which treats costs related to a company's human resources as expenses on the income statement that reduce profit. Objective of human resource accounting is to facilitate the management to get information on the cost and value of human resources which will enhance the quantity and quality of goods and services. It provides data to the interested persons about the cost of human resources and correspondingly comparing it with the benefit obtained out of its utilization. The human resource accounting is used to furnish cost value information for making proper and effective management decisions about acquiring, allocating, developing and maintaining human resources in order to achieve cost effective organizational objectives.

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CUSTOMER SATISFACTION TOWARDS THE SERVICE QUALITY OF SOUTH INDIAN BANK

CAMILLO JOSEPH
ASST. PROFESSOR (AD-HOC)
NIRMALAGIRI COLLEGE
KANNUR UNIVERSITY
NIRMALAGIRI

ABSTRACT

The Government of India liberalization and globalization of financial reforms strongly recommended operational flexibility and functional autonomy to bank to enhance efficiency and productivity along with deregulation in interest rates, substantial reduction in statutory reserves and entry of new banks in the private sector to engineer and encourage competition. In the deregulated, competitive and ever demanding customer's market retaining the existing customer and attracting new customer is very important. Customer acceptance and customer preference to banks play an important role in the success of their functioning. It is necessary and very much essential to study the customer satisfaction towards the services provided by banks especially private banks. So this study is to understand the satisfaction of the customers of South Indian Bank, a renowned private sector bank towards the quality of various services that they offer and to identify the various factors that contribute to the customer satisfaction.

KEYWORDS

bank customer perception, service quality, attributes, banking services.

INTRODUCTION

As with new things in the contemporary world, banking also has undergone significant changes over the years. Now banking in India is a major industry and it caters to the need of all irrespective of caste, creed, or religion. Banks play a vital role in the day today activities of every human being. Banks are the backbone of all industries, because every transaction where money is involved, the bank is the main character. Without banks the whole economy of the country would come to a standstill. Banks attract savings from the people; encourage investment in the industry, trade and commerce. Banks as such can be called as the basis of economic progress of the country. Today no country can progress industrially, if she has no well-organized banking system. Recently in India the banking habits of the people have grown to a considerable extent. The traditional commercial banking theory has changed in the light of developmental activities of the country. In the past banks were oriented towards large scale industry and trade and the concept of security against advances prevented them from financing productive activities of those who had no assets other than their labour. Now it has been realized that the banks have an important role to play in the socio-economic sphere.

There has been a paradigm shift in mindsets both at the Government level in the banking industry over the years since Nationalization of Banks in 1969, particularly during the last decade (1990-2000). Having achieved the objectives of Nationalization, the most important issue before the industry at present is survival and growth in the environment generated by the economic liberalization greater competition with a view to achieving higher productivity and efficiency in January 1993 for the entry of Private Sector banks based on the Nationalization Committee report of 1991, which envisaged a larger role for Private Sector Banks.

Entry of private banks made the financial sector more competitive and vibrant. Private Banks offers various services like

- 1) Advances – Overdraft, Cash Credit, etc.
- 2) Deposits – Saving Account, Current Account, etc.
- 3) Financial Services – Bill discounting etc.
- 4) Foreign Services – Providing foreign currency, travelers cheques, etc.
- 5) Money Transmission – Funds transfer etc.
- 6) Savings – Fixed deposits, etc.
- 7) Services of place or time – ATM Services.
- 8) Status – Debit Cards, Credit Cards, etc.

When Private Banks are providing these services it should give adequate focus to Customer Service. Customer service is the service provided in support of a bank's core products. Customer service often includes answering questions; handling complaints. Customer service can occur on site (as when an onstage employee helps a customer or answers a question) or it can occur over the phone or the Internet. Quality customer service is essential to building cordial customer relationship.

Banking being a service industry, a lot depends on efficient and prompt customer service. Customer service is the most important duty of the banking operations. Prompt and efficient service with smile will develop good public relations reduce complaints and increase business. Customer acceptance and customer preference to banks play an important role in the success of their functioning. So it is necessary and very much essential to study the customer satisfaction towards the services provided by private banks.

REVIEW OF LITERATURE

- ❖ **Ch Ahmad, Rizwan; Asif, Usman. (May 2011)** The purpose of the study was to analyze the level and compare the customer service quality in Islamic banks of Sargodha to fulfill the service quality gap. And the study indicates that the customers were satisfied/agree with the service provided by the Islamic banks in Sargodha (Pakistan). Also the study got some negative aspects and score from some customers about the banks.
- ❖ **Bedi, Monica (Apr-Sep 2010)** The objective of the study was to study the customer perception in terms of the tangibles, empathy, assurance and reliability dimensions of service quality across public and private sector banks and to study the relationship between service quality, customer satisfaction and behavioral response in Indian banking industry across public and private sector banks. The result of the research revealed that the service offered by private sector banks has a more favorable influence on the actual perception of service quality received than in the case with the service from the banks in the public sector
- ❖ **Rani, Priyanka; Gaur, Arti; Ghalawat, Suman. (May 2013)** The study aims to identify the factors that influence the customers to choose e-banking for their satisfaction. it is concluded that, the internet banking is marked by the factors such as credibility, responsiveness, competences, reliability, online services, security and access. So to promote customer satisfaction it is important for the bank to promote all the above mentioned factors.
- ❖ **Mishra, Navin Kumar; Pandey, Vijay Kumar (May 2013)** The purpose of conducting this research is to compare public and private sector banks of India by evaluating their customer satisfaction. When comparing both types of banks in terms of customer care service, private sector banks are favored more than public sector banks. Although overall both public and private sector bank customers are satisfied with their banks but due to wide difference of response, both public and private sector banks should concentrate on their weak areas in order to meet their customer expectations and this study provides sort of guidelines to managers of banks to take suitable decisions to get more satisfied responses from their customers.

NEED/IMPORTANCE OF THE STUDY

Today's banking business is not the one that we saw in the past. The banking industry in India has been a witness for the last decade to several regulatory changes that have resulted in a heightened level of competition among the banks. The entry of public sector banks and foreign banks has increased the expectation of

customers in banking sector. And the services these banks offer now are one of the main factors that attract the customers. The quality of the products or the quality of customer service determines the degree of customer satisfaction. The customer satisfaction not only means, satisfying the customers but also customer retention in case of service failure. The organization should solve the complaints through various service recovery strategies. It is mandatory to identify the impact of service failure and customer feedback for the survival, success and prosperity of an organization. The real victory of an organization is based on the degree of loyalty of the customers. So this study is to understand the satisfaction of the customers of SIB towards the quality of various services that they offer and to identify the various factors that contribute to the customer satisfaction.

OBJECTIVES OF THE STUDY

1. To investigate the relationship of service quality and customer satisfaction
2. To identify the important factors that contributes to customer satisfaction
3. To analyze the customers level of satisfaction towards the services provided by SIB

RESEARCH METHODOLOGY

SAMPLING DESIGN

Population for the data collection is the customers of South Indian Bank. A sample of 80 respondents is taken as sample size. Convenience sampling is used to get the data.

TOOLS FOR DATA COLLECTION

Structured questionnaire was used to collect the primary data.

TOOLS FOR DATA ANALYSIS

Statistical tools like correlation, chi square test, percentage and charts like bar diagram were used to analyze the collected data.

ANALYSIS AND INTERPRETATION

WHETHER EMPLOYEES ARE NEATLY APPEARING FREQUENCY

		Frequency	Valid Percent
Valid	1	17	21.2
	2	34	42.5
	3	24	30.0
	4	5	6.2
	Total	80	100.0

In the frequency analysis it shows that majority of them agree that banks employees are neatly appearing, about 21.2% of the customers strongly agree to this and only 6.2% are dissatisfied with the employees.

OVER ALL QUALITY

		Frequency	Valid Percent
Valid	1	20	25.0
	2	39	48.8
	3	19	23.8
	4	1	1.2
	5	1	1.2
	Total	80	100.0

The table shows that 48.8% of the customers agree that the overall quality of the services provided by the south Indian Bank is excellent 25% of the customers strongly agree, 23% of them takes the neutral stand and only 1.2% of the customers disagree to this.

WHETHER THE EMPLOYEES TAKE CARE OF THEIR REGULAR CUSTOMERS

		Frequency	Valid Percent
Valid	1	18	22.5
	2	27	33.8
	3	20	25.0
	4	12	15.0
	5	3	3.8
	Total	80	100.0

This table analyses whether the employees take care of their regular customers and make them feel important and the result shows that 33% of them agree to the above statement 25% of the customers makes a neutral response 22.5% strongly agree, 15% disagree to the statement and 3% strongly disagree. so we can conclude that majority of the customers are satisfied with the banks facilities.

CHI SQUARE TEST

1. YOU FEEL SAFE IN YOUR TRANSACTIONS WITH THE BANK

H0-customers are not satisfied since the transactions of the bank are not safe.

H1-customers are satisfied with the safety in the transactions with the bank

TEST STATISTICS

	Safe
Chi-Square	55.300 ^a
df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.0.

Since the value is less than .5 null hypotheses is rejected and so we can conclude that customers feel safe in doing transactions with the bank and are fully satisfied.

2. BANKS KEEPS ITS RECORDS ACCURATELY

H0- customers are not satisfied with the accuracy of the records maintained by the bank

H1- customers are satisfied with the accuracy of the records maintained.

TEST STATISTICS

	Records
Chi-Square	79.250 ^a
df	4
Asymp. Sig.	.000

- a. The analysis shows that customers are satisfied 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.0 towards the accuracy of the records maintained by the bank, as the value is less than .5 the null hypothesis is rejected.

3. BANK PROVIDES FINANCIAL ADVICES

H0- bank doesn't provide financial advice

H1-bank provide financial advice

TEST STATISTICS

	Financial advice
Chi-Square	36.500 ^a
df	4
Asymp. Sig.	.000

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.0.

In this analysis the customer's satisfaction towards the bank based on the financial advice provided by the bank is analyzed and the result shows an alpha value of .000, which is less than .5 that means the null hypothesis should be rejected and thus we can conclude that customer are satisfied with the bank based on the financial advice provided by the bank.

4. EMPLOYEES OF THE BANK ARE POLITE AND FRIENDLY

H0- customers are not satisfied since the employees are not polite and friendly

H1-customers are satisfied since the employees are polite and friendly

TEST STATISTICS

	Polite & friendly
Chi-Square	37.000 ^a
df	4
Asymp. Sig.	.000

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 16.0.

Here the table is showing an alpha value of .000 so the null hypothesis is rejected and so we can conclude that customers are highly satisfied because of the politeness and the friendliness of the employees in the bank.

CORRELATION ANALYSIS**AGE AND THE LEVEL OF SATISFACTION****CORRELATIONS**

		Age	Satisfied
age	Pearson Correlation	1	-.295**
	Sig. (2-tailed)		.008
	N	80	80
satisfied	Pearson Correlation	-.295**	1
	Sig. (2-tailed)	.008	
	N	80	80

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

In this table the analysis shows that the age and the level of satisfaction have a negative significance. So we can conclude that age doesn't make any difference in the satisfaction level.

SATISFACTION LEVEL AND THE ACCURACY OF THE RECORDS**CORRELATIONS**

		Satisfied	Records
satisfied	Pearson Correlation	1	.429**
	Sig. (2-tailed)		.000
	N	80	80
records	Pearson Correlation	.429**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

The satisfaction level and the accuracy of the records have a positive significance with a correlation value of .429. so accuracy of the records contribute greatly to the satisfaction level of the customers.

SAFETY AND CONFIDENTIALITY**CORRELATIONS**

		Safe	Confidentiality
safe	Pearson Correlation	1	.453**
	Sig. (2-tailed)		.000
	N	80	80
confidentiality	Pearson Correlation	.453**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Since the bank provides great importance on customers' confidentiality they feel safe in doing the transactions with the bank. Here safety and confidentiality is having a positive significance with correlations value .453.

BRANCH AND THEIR WORKING CONDITIONS CORRELATIONS

		ATMs	Noofatms
ATMs	Pearson Correlation	1	.554**
	Sig. (2-tailed)		.000
	N	80	80
No. of ATMs	Pearson Correlation	.554**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Here the number of ATMs at each branch and their working conditions is having a positive significance since its value is .554. So the analysis concludes that the customers are satisfied with the ATM facility and its working and also if in case any of the ATM is not working they can get the access from the nearest ATM, since the bank is having enough ATMs.

TECHNOLOGY AND THE ACCURACY OF THE RECORDS

		Technology	Records
Technology	Pearson Correlation	1	.345**
	Sig. (2-tailed)		.002
	N	80	80
Records	Pearson Correlation	.345**	1
	Sig. (2-tailed)	.002	
	N	80	80

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

Here we are taking two factors technology and the accuracy of the records and they are having positive significant relationship. So from the analysis we can conclude that since the bank is having the latest technology and modern looking equipment the bank can keep its records accurately and so they are fully satisfied.

THE WORKING OF THE ATMs AND THE TECHNOLOGY USED IN THE BANK CORRELATIONS

		ATMs	Technology
ATMs	Pearson Correlation	1	.527**
	Sig. (2-tailed)		.000
	N	80	80
Technology	Pearson Correlation	.527**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Here the working of the ATMs and the technology used in the bank are having a positive significance with alpha value .527 so customers 'are satisfied with the technology used in the bank and in the ATMs.

SPECIFIC NEEDS OF CUSTOMERS BY THE BANK AND THE INTEREST OF THE BANK TO SOLVE THE PROBLEMS OF THE CUSTOMERS CORRELATIONS

		Specific needs	Problem
Specific needs	Pearson Correlation	1	.560**
	Sig. (2-tailed)		.000
	N	80	80
Problem	Pearson Correlation	.560**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Here both the variables understanding of the specific needs of customers by the bank and the interest of the bank to solve the problems of the customers' are having a positive significant relationship with an alpha value of .560. So we can conclude that the bank shows special interest in solving the problems of the customers and also to meet their specific needs.

FINDINGS

Following are the findings that are obtained from the data analysis and interpretation:

- ❖ Majority of the South Indian Bank customers are between the age group 20-30.
- ❖ 66% of the customers are male
- ❖ About 60% of the customers feel safe in doing the transactions with the bank.
- ❖ Most of the customers agree that south Indian Bank keeps its records accurately
- ❖ The customers are satisfied towards the time the employees take to provide service.
- ❖ 42 % of the customers agree that customers are neat appearing in the Bank.
- ❖ The study shows that customers are not satisfied towards the working of the ATMs.
- ❖ Customers of the bank agree that employees understand their specific needs.
- ❖ The response of the bank towards the solving of problems is satisfactory for the customers.
- ❖ 38% of the customers find it good that they provide financial advices.
- ❖ Majority of the customers are satisfied with the behavior and the helping mentality of the bank staff.
- ❖ Fast and efficient counter services, the way customers are treated; use of technology and the short waiting time in the bank are some of the major reasons for the high satisfaction among the customers.
- ❖ Confidentiality maintained in the bank makes the customers stay with the bank for long time.
- ❖ 35% of the customers agree that the bank keep them informed when there is a solution appears for their financial problem.
- ❖ From the above analysis we can conclude that customer satisfaction towards the bank depends on number of factors and when all these factors are provided properly by the bank customers will acquire full satisfaction.

SUGGESTIONS

The study has shown that the customers are satisfied towards majority of the services provided by the south Indian Bank. There are a few suggestions which can make the satisfactory level of customers high, they are:

- ❖ South Indian Bank should introduce new ATMs in all its branches and in commercial areas.
- ❖ The bank should ensure that all its ATMs are working properly throughout the day and should do proper maintenance.
- ❖ The bank should make sure that the technology is fully updated in all its services.
- ❖ They should ensure that the customers are treated properly and reduce the waiting time to avail the service at counters.

CONCLUSION

This project aims to study the customer satisfaction towards the service quality of South Indian Bank. And the main objectives of the study were to investigate the relationship of service quality and customer satisfaction; identify the important factors that contribute to customer satisfaction and analyze the customer's level of satisfaction towards the services provided by SIB. The analysis shows that the quality of the service provided by the bank has a greater significance towards the level of satisfaction of the customers. The bank is maintaining a good quality in all its transactions and all such activities of the bank, which makes the customers more loyal towards the customers. Also there some other factors which contribute to higher satisfaction like the time taken by the bank to do the transaction, the mentality and the response of the employees, also the overall quality of the services provided by the bank.

Now while analyzing the customers level of satisfaction towards the services provided by the SIB, we can conclude that they feel safe in doing the transactions with the bank since the bank keeps accurate record of all its transactions and also because of the confidentiality that they maintain in the bank. One of the other factor is that they provide the services at the promised date and customers don't have to spend too much time in the counters, the employees also plays a leading role in this because customers are encouraged to come to the bank only if the employees at the bank are polite, friendly, neat appearing, helpful and also they should have a sincere interest to solve the problems of the customers. The study also reveals that the use of technology and modern equipments, ATM services are also some factors that makes the quality of the bank excellent.

So we can conclude that as per the result of the study the customers of the South Indian Bank are fully satisfied towards the service quality of the bank.

LIMITATIONS OF THE STUDY

- ❖ Study is restricted only to limited customers.
- ❖ The accuracy of report depends upon how honestly or sincerely the respondents have answered.

SCOPE OF FURTHER RESEARCH

There is a wide scope to extend this study in the future. Future researchers may continue the study by taking number of private or public sector banks, to bring about the customer attitude towards service of these banks

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TREND AND PATTERN OF FOREIGN DIRECT INVESTMENT INFLOW IN INDIA

Dr. SANJAY NANDAL**ASST. PROFESSOR****INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH****MAHARSHI DAYANAND UNIVERSITY****ROHTAK****SEEMA RANI****RESEARCH SCHOLAR****INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH****MAHARSHI DAYANAND UNIVERSITY****ROHTAK****ABSTRACT**

Foreign Investment is considered to be the life blood and an important vehicle of for economic development as far as the developing nations are concerned. Its global popularity and positive output in augmenting the domestic capital, productivity and employment; has made it an indispensable tool for initiating economic growth in countries. But there are some controversies and challenges regarding FDI in India and there is a need to reflect upon the question that will high growth and inflows of FDI be able to solve structural imbalances of Indian economy and whether it will succeed in improving the lot of bottom section of the Indian economy, which are living in abysmally poor socio-economic conditions. The employment elasticity in the agriculture and industrial sector has gone down in the post-reform period, therefore, the creation of employment opportunities will be a gigantic task for the policy makers. FDI has come in the most capital-intensive sectors; therefore, the required employment opportunities could not be created especially for the manual and the semi-skilled labor while high skilled workforce gained substantially. That is why high growth is called urban centric and thus has developed a wedge between the urban and rural economy.

KEYWORDS

Indian economy, foreign direct investment (FDI).

INTRODUCTION

Most of the countries in the world have recognized the role and relevance of foreign capital to deal with rapid changes in the economy. In developing countries like India there has been a great requirement of foreign capital, not only to enhance the productivity but also to build up the foreign exchange funds needed to meet trade deficits. Further, FDI is essential for economic development because it helps in speeding up the economic activity and brings other scarce productive resources like technical know-how and managerial experience.

Foreign investment refers to investment made by the residents of one country in the production processes and financial assets of another country. After the opening up of the borders for capital movement, these investments have grown in leaps and bounds. International capital inflows have both encouraging as well as discouraging aspects. Some commonly observed effects of the capital include real, stock market and real estate boom, reserve accumulation, monetary expansion as well as effect on production and consumption.

In June 1991, the Indian government started a program of macroeconomic adjustment and auxiliary alteration upheld by the IMF and World Bank. As a component of this program new economic policy was reported on July 24, 1991 which has begun full scale progression and increased the procedure of reconciliation of India with the worldwide economy. The legislature changed the administration for outside speculation with the essential goal of developing non-obligation making outside capital inflows though innovation procurement was just auxiliary. In 34 high need businesses FDI up to 51% was permitted if certain standards are fulfilled. FDI proposition don't really need to be joined by innovation exchange assertions. To magnetize multinational ventures in the energy sector, 100% foreign amount of equity was allowed in generation of power. The Forex regulation act of 1973 has been altered and limitations set on foreign organizations by the FERA have been lifted. The global exchange arrangement administration has also been significantly changed, with lower levies on most sorts of importable and sharp pruning of negative rundown of imports.

REVIEW OF LITERATURE

Khan and Banerji (2014) examined the impact and pattern of foreign direct investment in India. In this study they observed that foreign direct investment has slowly moved from manufactured to service sector because of easy entry and exit conditions. It was also found that due to progressed economic reforms in India, FDI has shown a positive linear trend continuously. Jatinder Singh (2010) in his study observed that in past-reform period inflow of FDI into India augmented much greater than before. Besides this, the ratio of actual realization of FDI inflow to approval has remarkably increased after 2000. Additionally, the focus of FDI has shifted from manufacturing to service sector. Singh, Vivek (2016) in his study reveals that FDI shown an incredible growth in 2nd decade (2000-2015) that is three times more than the first decade of FDI in service sector. In other words, service sector and Mauritius come out as the leading source of FDI in India. Varghese, Titto (2016) in his study examined that India has received maximum number of financial collaboration as compared to technical collaborations. It was also found that State-wise FDI inflow are concentrated in their capital territory and Mauritius and US are the two major sources occupying first and second position. Singhania and Gupta in their study explained that GDP, inflation and scientific research are significant in explaining the variations in inflow of FDI and policy changes in year 1995 and later in 1996 and 1997, had major impact on India's FDI flow and may be the turning point in taking India towards a better position. Besides this Inflation and Gross Domestic Production positively impact the FDI's inflow and scientific progress effect adversely, which was very astonishing. Priyanka Sahni (2012) in her study indicated that GDP, inflation and Trade Openness are important factors in attracting FDI inflows in India during post-reform period whereas Foreign Exchange Reserves are not important factors in explaining FDI inflows in India. Sapna Hooda (2011) in her study found that foreign Direct Investment (FDI) is a vital and significant factor influencing the level of growth in Indian economy. She also examined the determinants of FDI inflows and found that trade GDP, Research and Development GDP, exchange rate, Reserves GDP are the important macroeconomic determinants of FDI Inflows in India. C.S. Shylajan (2011) in his study found that FDI is positively associated with real GDP and previous period FDI inflow but inversely associated with inflation. It showed that the macroeconomic instability in terms of inflation has been an important factor which influenced the inflow of FDI in India in the post reform period.

OBJECTIVES OF THE STUDY

1. To analyse the trend of FDI flow into India during 2000-2016.
2. To identify the route-wise, country-wise, sector-wise and region-wise FDI pattern into India.

RESEARCH METHODOLOGY

The study is analytical and descriptive in nature. Data required for the study have been gathered from various websites, monthly & annually RBI Reports, FDI statistics, SAI newsletters, handbook of statistics on Indian Economy, Economic survey (GOI), DIPP (Department of Industrial Policy and Promotion), FDI Intelligence Reports, World Investment Reports, UNCTAD and previous studies of eminent authors have been deeply reviewed to assess the FDI performance. Collected data was evaluated by using various statistical tools and techniques such as simple percentage method has been used to depict growth, Compounded Annual Growth Rate (CAGR) and Trend Line method has been used to show the trend in FDI flows, and tables and graphs also has been used to depict the pattern of FDI inflow whenever required.

A. TREND ANALYSIS OF FOREIGN INVESTMENT

Foreign investment has taken a quantum jump from begin of the New Economic Policy in 1991. The patterns in outside venture inflows are introduced in Table-1.

TABLE 1: TREND ANALYSIS OF FOREIGN INVESTMENT

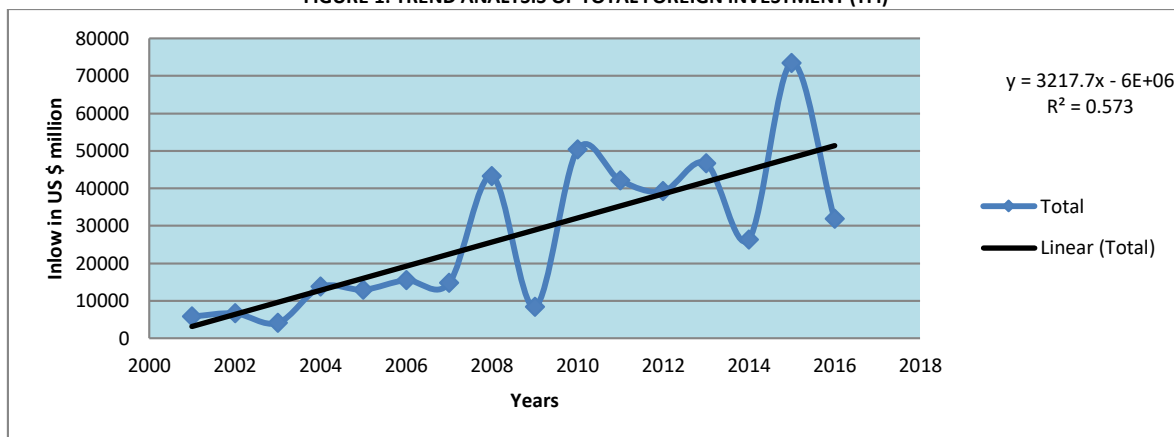
Year	Amount in Rs. Billion	Amount in US\$ in million	Annual Growth in %
2001	267.44	5862	--
2002	319.20	6686	14.1
2003	200.98	4161	-37.7
2004	628.42	13744	230.3
2005	580.57	13000	-5.41
2006	687.82	15528	19.4
2007	667.91	14753	-4.9
2008	1743.95	43326	193.6
2009	350.61	8341	-80.7
2010	2399.51	50362	503.7
2011	1934.82	42127	-16.3
2012	1887.38	39231	-6.8
2013	2546.53	46710	19.1
2014	1596.50	26386	-43.5
2015	4490.72	73456	178.4
2016	2085.79	31891	-56.5
Total	22388.15	435564	

Source: Handbook of statistics of the Indian Economy, 2015-2016

Table-1 demonstrates that India got a sum of \$5862 million in 2001 which expanded and touched a record high of \$ 43326 million in 2007-08. After a sharp hop in the inflows in 2007-08, foreign venture declined pointedly in 2008-09. Total Foreign investment inflows from 2001 to 2016 have been to the tune of \$ 435564 million.

The compound annual rates (CAGR) of aggregate foreign investment were figured and the outcomes are given beneath.

- CAGR for 2001 to 2016 was observed to be 11.95%
- CAGR for 2001 to 2008 was observed to be 33.08%
- CAGR for 2009 to 2016 was observed to be 21.12%

FIGURE 1: TREND ANALYSIS OF TOTAL FOREIGN INVESTMENT (TFI)

A transient investigation of aggregate foreign investment (TFI) was made to get a reasonable picture of what is occurring at the national level. The pattern investigation of TFI (Figure: - 1) in the midst of 2000- 2001 to 2015-16 demonstrates that the pattern line is direct and positive with $y = 3217.7x - 6E+06$.

FOREIGN DIRECT INVESTMENT TRENDS IN INDIA

The financial changes and advancement of FDI approach specifically have influenced the extent and trend of FDI inflows obtain by India. The pattern of FDI in India is here in Table - 2.

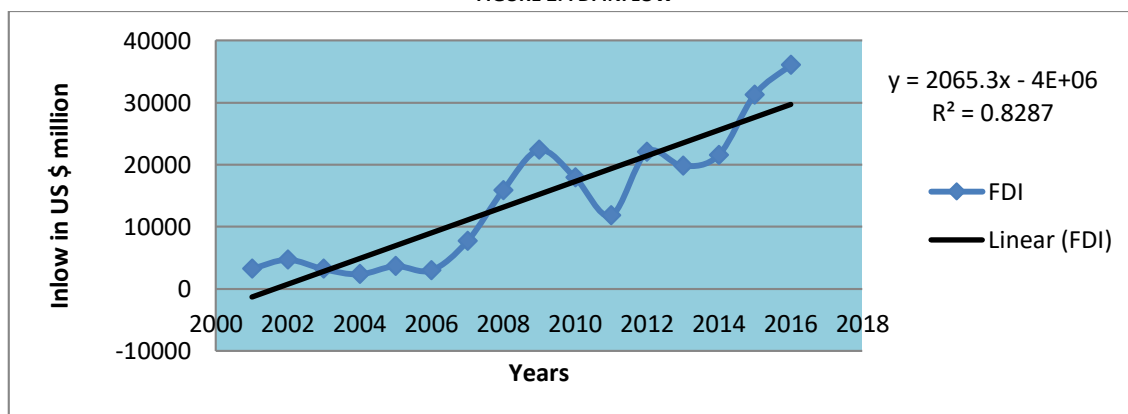
TABLE 2

Year	FDI in US \$ million	FDI in Rs. billion	%age growth
2001	3272	149.24	-
2002	4734	226.3	44.6
2003	3217	155.94	(-)32.1
2004	2388	109.44	(-)25.7
2005	3713	167.45	55.4
2006	3034	134.25	(-)18.3
2007	7693	349.1	153.5
2008	15893	637.76	106.6
2009	22372	1001.06	40.7
2010	17966	859.83	(-)19.7
2011	11834	541.01	(-)34.1
2012	22061	1031.67	86.4
2013	19819	1081.86	(-)10.16
2014	21564	1299.69	8.8
2015	31251	1912.19	44.9
2016	36021	2357.82	15.2
Total	226832		

The compound yearly growth rates of FDI were ascertained and the outcomes are given underneath.

- CAGR for 2001 to 2016 was observed to be 17.34 %
- CAGR for 2001 to 2008 was observed to be 25.33 %
- CAGR for 2009 to 2016 was observed to be 7.04 %

FIGURE 2: FDI INFLOW



The pattern examination of FDI demonstrates a positive linear trend with $y = 2065.x - 4E+06$.

INDIA'S FDI TREND IN GLOBAL FDI MARKET

Among the Asia-Pacific region, India become most favored destination for foreign direct investment by replacing China with \$63bn of announced inward capital investment. India experienced expansion in both capital investment and project numbers in year 2015 and 2016 and strengthening its position by overtaking China. India's share in worldwide FDI streams is here in Table no. 3.

TABLE 3

INDIA'S FDI TREND IN GLOBAL FDI MARKET			
Year	Global FDI (US\$ Million)	FDI Flows to India (US\$ Million)	% age share
2001	683765.4	5477.6	0.80
2002	589808.9	5629.7	0.95
2003	550588.8	4321.1	0.78
2004	688233.0	5777.8	0.84
2005	950125.0	7621.8	0.80
2006	1402125.9	20327.8	1.44
2007	1902244.5	25349.9	1.33
2008	1497788.1	21302.4	3.14
2009	1181412.2	35633.9	3.01
2010	1388821.0	27417.1	1.97
2011	1566839.0	36190.5	2.30
2012	1510918.3	24195.8	1.60
2013	1427180.9	28199.4	0.20
2014	1276999.3	34582.1	2.71
2015	1762155.0	44208.0	2.51
Grand Total	18379005.3	352034.9	1.13

Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics).

From Table - 3 it is apparent that India's share in worldwide FDI streams demonstrated a reliable rise from 2004 to 2007 while its share decreased during the previous three years and during next two years. But in year 2011 India's share in global FDI once again in progress and reached its percentage share more than 2% for the first time. India's share was at its top in 2008 which was to the tune of 3.14 %. India's share in worldwide FDI streams expanded from 0.80 % in 2001 to 2.51 % in 2015.

B. DIMENSIONS AND PATTERN OF FDI

1. Component-wise (Route-wise) Analysis of FDI inflow
2. Country-wise Analysis of FDI inflow
3. State-wise Analysis of FDI inflow

4. Sector-wise Analysis of FDI inflow

1. COMPONENT-WISE (ROUTE-WISE) ANALYSIS OF FDI

There are two primary channels for the passage of FDI into India: the FIPB/SIA course and the RBI Automatic Approval course.

The actual FDI inflow in India is welcome under five broad heads:

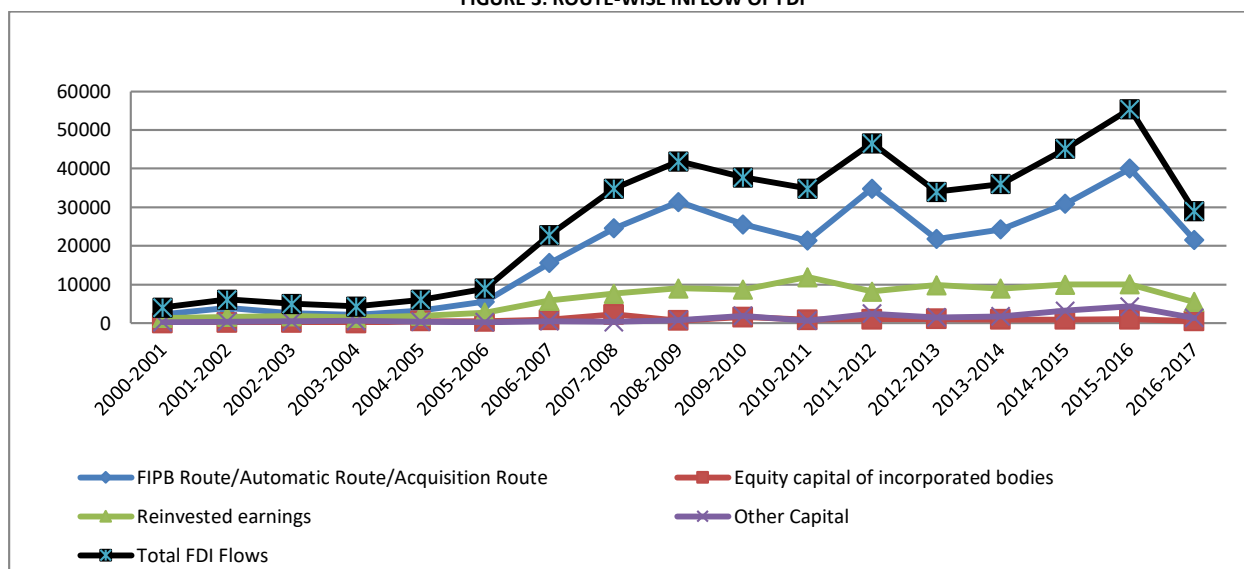
- (i) Foreign Investment Promotion Board's (FIPB) discretionary approval route for larger projects,
- (ii) Reserve Bank of India (RBI) automatic route,
- (iii) Acquisition of shares route (since 1996),
- (iv) Non-Resident Indian (NRI's) Investment scheme, and
- (v) External commercial borrowings (ADR/GDR) route.

Table - 4 presents the FDI inflows by various routes from 2000 to 2016.

Table 4 (Amount in US\$ Million)

(April-March)	Equity			TOTAL FLOW OF FDI INTO INDIA		
Financial Year	FIPB Route/Acquisition Route	Route/Automatic	Equity capital of incorporated bodies	Reinvested earnings	Other Capital	Total FDI Flows
2000-2001	2339		61	1350	279	4029
2001-2002	3904		191	1645	390	6130
2002-2003	2574		190	1833	438	5035
2003-2004	2197		32	1460	633	4322
2004-2005	3250		528	1904	369	6051
2005-2006	5540		435	2760	226	8961
2006-2007	15585		896	5828	517	22826
2007-2008	24573		2291	7679	300	34843
2008-2009	31364		702	9030	777	41873
2009-2010	25606		1540	8668	1931	37745
2010-2011	21376		874	11939	658	34847
2011-2012	34833		1022	8206	2495	46556
2012-2013	21825		1059	9880	1534	34298
2013-2014	24299		975	8978	1794	36046
2014-2015	30933		978	9988	3249	45148
2015-2016	40001		1042	10049	4365	55457
2016-2017	21624		516	5531	1345	29016
CUMULATIVE TOTAL	311,823		13,332	106,728	21,300	453183

FIGURE 3: ROUTE-WISE INFLOW OF FDI



2. COUNTRY-WISE ANALYSIS OF FDI INFLOW

Sources of FDI inflows into India are the organizations enlisted in different countries. Table 5 demonstrates the share of the major ten investing nations in India's FDI during 2000 to 2016.

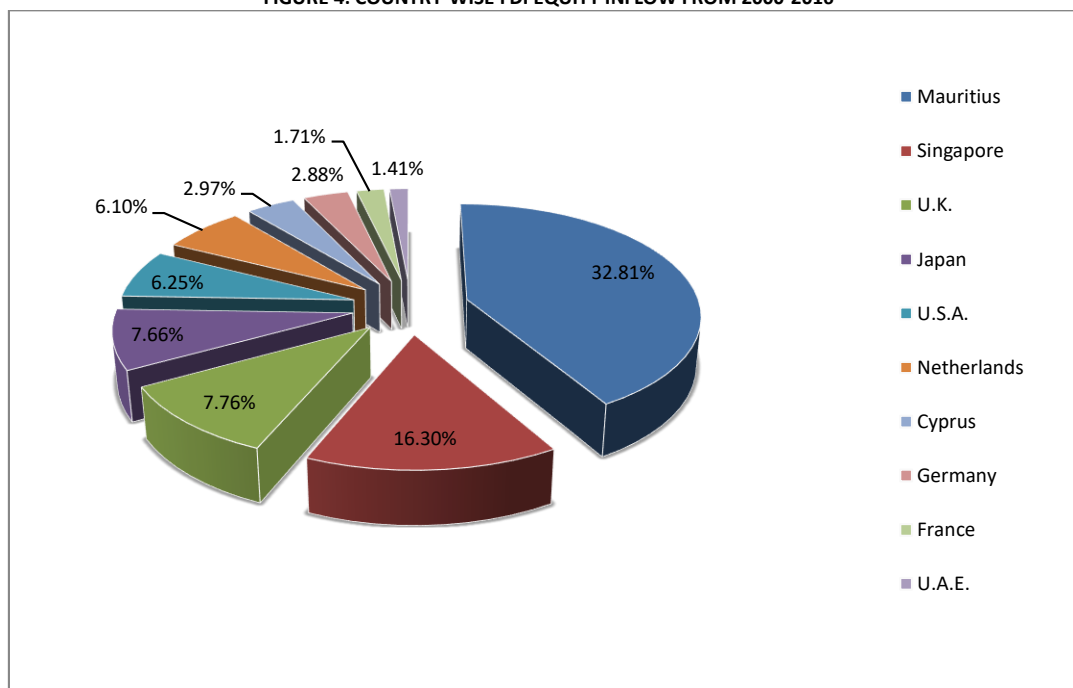
TABLE 5: STATEMENT ON COUNTRY-WISE FDI EQUITY INFLOW FROM 2000-2016

Ranks	Country	Amount (in US\$ Million)	%
1	Mauritius	101760	32.81
2	Singapore	50560	16.30
3	U.K.	24072	7.76
4	Japan	23760	7.66
5	U.S.A.	19380	6.25
6	Netherlands	18929	6.10
7	Cyprus	9217	2.97
8	Germany	8933	2.88
9	France	5294	1.71
10	U.A.E.	4385	1.41

Source: RBI Bulletin 2016

Table-5 shows the country-wise total amount of inflows from 2000 to 2016 in terms of US \$. It discloses that investments of 10 countries accounted for 80 percent of FDI, the main investor countries being Mauritius, Singapore, UK, Japan, USA, and Netherlands and so on. FDI inflow from Mauritius constitutes 32.81% of the total FDI in India and enjoying the position of biggest source of FDI. This dominance happens because Mauritius is a country with very minimal, almost zero tax regime and it has signed DTAA (Double Taxation Avoidance Agreement) with India. This type of Double Taxation treaty (DTAA) has been made with Singapore also. That's why Singapore constitutes 16.30% of the total FDI in India and having the 2nd position. The other major countries are UK with a relative share of 7.76% followed by Japan, USA, Netherlands, Germany, Cyprus, France, and UAE.

FIGURE 4: COUNTRY-WISE FDI EQUITY INFLOW FROM 2000-2016



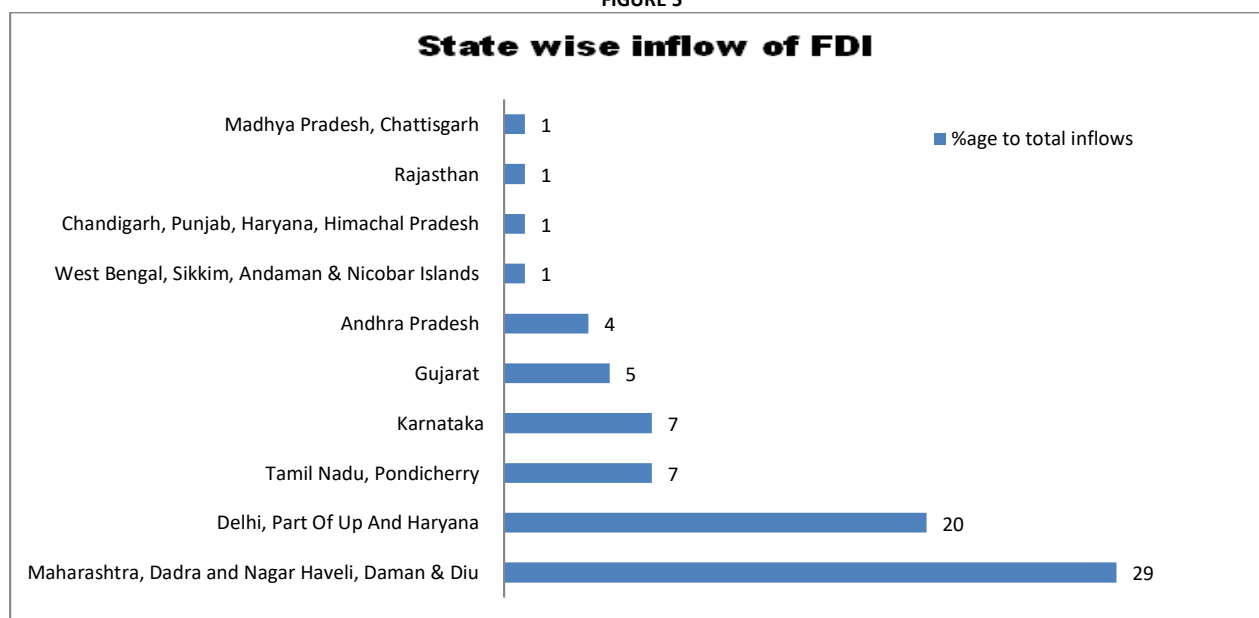
India is a preferred destination for investors over other major countries, because of its huge market base, favorable business environment, a good administrative setup, attractive foreign policies, abundant skilled workforce and fast-developing spending habits of middle-class Indians.

3. STATE-WISE ANALYSIS OF FDI INFLOW

TABLE 6 (Amount in US\$ Million)

S. No.	State wise inflow of FDI	Cumulative FDI (2000 - 2016)	%age to total inflows
1	Maharashtra, Dadra and Nagar Haveli, Daman & Diu	92,848	30
2	Delhi, Part Of Up And Haryana	65,652	21
3	Tamil Nadu, Pondicherry	22,161	7
4	Karnataka	21,318	7
5	Gujarat	13,653	4
6	Andhra Pradesh	12,648	4
7	West Bengal, Sikkim, Andaman & Nicobar Islands	3,967	1
8	Kerala Lakshadweep	1,629	1
9	Rajasthan	1,457	0.5
10	Chandigarh	6,576	0.4

FIGURE 5



The regional distribution of FDI inflows in the above table shows highly concentrated patterns. Table-6 shows that more than 70% of the total FDI received by the eight regional offices. Maharashtra, Delhi and its nearby area received 49% of the total FDI inflow in to the country since 2000. Maharashtra attracted maximum share of inflow which is about 30% of total FDI inflow from 2000-2016. The National Capital Region including parts of Uttar Pradesh and Haryana received 19% of the country's total FDI. In other words, Mumbai and NCR attracted a significant part of total FDI inflow in the country. Tamil Nadu (including Pondicherry) and Karnataka received the third highest percent (which is 7, 7 % each) of total Indian FDI, followed by Gujarat (4%), Andhra Pradesh (4%) and West Bengal (1%). Most software companies are in Mumbai and Bangalore where the Indian industry originally developed, but they are also developing quickly in Delhi and its surroundings as well as in Andhra Pradesh and Tamil Nadu. As to the main poles of competitiveness, they are mainly concentrated in the South on the axis of Madras and Bangalore, and around Delhi and Mumbai.

4. SECTOR-WISE ANALYSIS OF FDI INFLOW

In the pre-reform period, FDI was deliberately diverted into technology escalated manufacturing through a specific arrangement. In the post-reform period, notwithstanding, opening up of new enterprises, for example, service and framework to FDI has prompted to a considerable measure of FDI going to them accordingly cutting down the share of manufacturing. Inside the manufacturing as well, now there is no strategy to coordinate the FDI to certain branches, buyer merchandise businesses that did not have such a great amount of exposure to FDI have ascended in significance.

The adjustment in the sector-specific inflows of FDI is analyzed on the premise of the variety in the division positions in light of their share in altogether FDI inflows. The sector-wise distribution of FDI in the post reforms period is introduced in Table - 7.

TABLE 7: STATEMENT ON SECTOR-WISE FDI EQUITY INFLOW FROM 2000-2016 (Amount in US\$ Million)

Ranks	Sectors	Amount	%
1	Service sector	58080.38	18.08
2	Construction development	24249.79	8.82
3	Computer software & Hardware	22050.02	7.11
4	Telecommunication	21169.09	6.83
5	Automobile Industry	15793.24	5.09
6	Drugs Pharmaceuticals	14490.21	4.67
7	Trading	13354.42	4.31
8	Chemical (other than Fertilizers)	12432.77	4.01
9	Power	11034.73	3.56
10	Hotel & Tourism	9749.97	3.14

Source: RBI Bulletin

FIGURE 6: SECTOR WISE FDI INFLOW

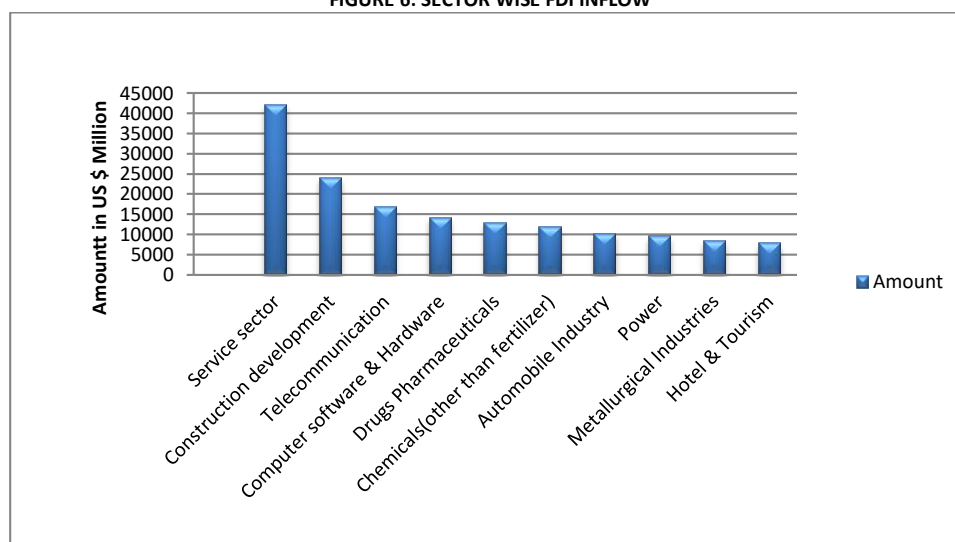


Table-7 demonstrates that 60 percent of FDI inflow seems to be concentrated among the top 10 sectors. The emergence of the service segment is clear from the table no. 7 by holding maximum share of 18.08 %. Other sectors in the list include construction development (8.82), computer software and hardware (7.11), telecommunication (6.83), Automobile industry (5.09) and so on.

CONCLUSION

Despite a surge in foreign investments, rigid FDI policies resulted in a significant hindrance. However, due to some positive economic reforms aimed at deregulating the economy and stimulating foreign investment, India has positioned itself as one of the front-runners of the rapidly growing Asia Pacific Region. FDI might prove to be an important source of financing the economic development of our nation. However, we must not forget that FDI alone can't be a solution for poverty eradication, unemployment and other economic ills. Thus India while holding on to its current policy of sector selective FDI, must be on lookout for broadening its base while keeping in mind our nation specific socio-economic constraints so that an all beneficial FDI may lead our nation to the path of progress.

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A STUDY ON BEHAVIOURAL BIASES

HIMANSHI KALRA
RESEARCH SCHOLAR
UNIVERSITY OF DELHI
SDELHI

Dr. NEHA BANKOTI
ASST. PROFESSOR
GALGOTIA UNIVERSITY
GREATER NOIDA

ABSTRACT

The idea of the paper is to appreciate the paradigm shift from standard finance to sentimental finance and understand the nuances of behavioural biases. The paper being a descriptive one finds out if a relationship exists between the behavioural biases (cognitive and emotional) and investment decisions in Indian stock markets and how demographics impact such behavioural factors through a method of literature review.

KEYWORDS

market efficiency, bounded rationality, behavioural biases.

INTRODUCTION

TRADITIONAL FINANCE



Standard finance has its premises on theories like Harry Markowitz portfolio theory, CAPM, MM Hypothesis, etc. These assume investors are rational and hence markets are taken rational as per Efficient Market Hypothesis (EMH). EMH through three tests of efficiency (weak form, semi strong form and strong form) say investors can't beat the market and prices are not predictable as they follow a random walk. It also says that all the available information gets reflected in the stock prices and any new information or announcement will be absorbed eventually by the stock prices.

However, such traditional theories have a lot of limitations:

1. They assume investors are rational when, in reality they are not. They are always guided by some or the other irrational instinct while making an investment.
2. Based on investors' rationality, EMH proposes markets are also rational when actually they are not.
3. They also make an unrealistic assumption of information symmetry and take information as the sole reason to make profits in the market.

ADVENT OF BEHAVIORAL FINANCE

Efficiency of markets is deep rooted in traditional finance and irregularities tend to disappear in the long run as given by **Eugene F. Fama (1998)**. Investors were considered utility maximisers and selected optimal portfolios based on rationality. The advocates of rationality supported such notion till the time Bounded Rationality as coined by **Simon (1982)** caught their attention.

When researchers began to realise People are bad Bayesians, they started incorporating psychology with financial decisions and embraced the idea by Meir Statman which said "People in standard finance are rational. People in behavioural finance are normal" with this an altogether new and young framework of Behavioural Finance was born.

PARADIGM SHIFT

Gone are the days when investors were considered to make all their decisions with utmost rationality and have access to all the relevant information relating to the stocks. A new yet realistic concept recognising the impact of emotions and psychology on the investment decisions has made its way through the stock markets across the globe.

Investors do make mistakes, often get carried away by their sentiments and get guided by their emotional quotient more than their intelligence quotient. These behavioural idiosyncrasies are the reflected in their investing which make price deviate from their fundamental values and hence irregularity crops up. Such human foibles have led to many stock market rises and crashes (**Robert Shiller, 2002**).

Hence, the presumptions of the standard finance theory look less real and criticism to behavioural finance by **Eugene Fama (1998)** seem vague in present context

BEHAVIOURAL BIASES

While making an investment decision, an investor comes across plethora of information which may be complex to understand and comprehend. Hence, investors tend to use filters to make the best possible of the information available in their decision making. Such filters are nothing but the behavioural biases which allow investors to deviate from the path of rationality.

A more clear and technical definition of behavioural biases say "**Behavioural biases** are wrong and potentially damaging **behaviours** caused by erroneous decisions (or unfit reactions) – blunders to use a more explicit word. Unless luck (or serendipity, or some corrective actions) saves the day, they bring usually suboptimal - and often negative / harmful – outcomes".

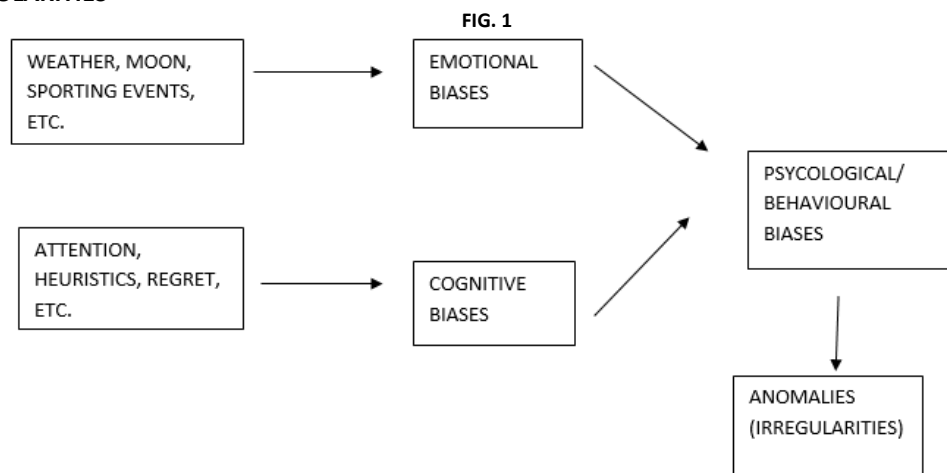
TYPES

1. Disposition effect: It's the tendency of an investor to sell the winning stock and ride on the losing stock owing to reluctance to realise losses.
2. Mental accounting: Investors at times put their money into many areas based on certain criteria which is often subjective and not logical. For instance, they might like to earmark money each month for buying a new house whereas run a huge credit card debt.
3. Herding instinct: When investors follow the crowd especially the peers in order to be better accepted by a group they admire the most, they are considered to have a herd mentality. In this they do not apply their own judgement while making an investment decision and go by the throng.
4. Confirmation bias: This kind of bias arises when an investor puts more weights to the events that have occurred recently than old events impacting their investment decision.
5. Gambler's fallacy: its concerned with short term gains as investors are more likely to short a position when prices go up thinking prices may not continue to rise after this.
6. Status-quo bias: Investors prefer to come to back to the same portfolios and avoid researching new ideas to avoid changes and resulting ambiguity.
7. Familiarity /home bias: when investors are more likely to invest in the investment options which they have heard of or aware of, such bias is likely to emerge.

8. Heuristics: It refers to rule of thumb, historical data and trial and error applied to solve a given problem. It's to simplify the complex information impacting the investment decision available in the market.

The above mentioned classification is the general one. However, the biases can be classified into **cognitive and emotional biases** or **heuristic driven biases and framing dependent biases**.

BIASES AND IRREGULARITIES



REVIEW OF LITERATURE

Evidences have shown investors are not always rational and stock prices do not reflect all the information (whether public or private) and hence price deviate from their fundamental values (Daniel et al., 2002). Such behaviour is a result of biases (filters).

Tversky and Kahneman (1974) talked of heuristics and later gave the prospect theory in 1979 to explain the biases involved in decision making in detail. Representation biases, cognitive dissonance, stereotypical biases along with heuristics influence investor behaviours (Kenneth A Kim et al., 2007).

The study seeks to review only four biases namely *overconfidence*, *herding*, *disposition effect* and *familiarity bias* in detail owing to the paucity of time and resources.

LITERATURE REVIEW ON SELECT BIASES

HERDING

The tendency to follow the throng (generally peers) has arrested attention of many scholars. The strong evidences of such behaviour have been found in Asian economies with a special emphasis on India and China (Paul Lao & Harminder Singh, 2011). It was concluded that herding was present in these two economies during extremes market conditions (bullish/bearish). Herd mentality in Chinese economy was seen during bearish phase where it was captured during bullish phase in India. Such analysis was further reaffirmed by Jaya M. Prasad (2012)

However, no such behaviour was observed in developed economy like US (Christie & Huang, 1995). Further, evidences showing individual herding as behaviour driven and institutional herding an information driven added a new angle to the earlier studies (Shu Fan Hsieh, 2013). Moreover, the stocks bought by herds have higher future returns than sold by herds (Russ Wermers, 1999)

OVERCONFIDENCE

It occurs when investors believe they know the market well and can predict the returns better than other market participant with reasonable certainty. Kent Daniel et al. (1998) wrote in his paper that self-attribution drives overconfidence whereas Deaves et al. (2008) seemed to disagree and attributed overconfidence to market experience. There are possibly their categories of overconfidence namely miscalibration, illusion of control and better-than-average (Glaser & Weber, 2003).

Studies have also associated demographics (age, culture and ethnicity) to such bias. Males tend to be more over confident than females and hence indulge in excessive trading (Barber & Odean, 2001). Apart from this implication, the other negative impact of overconfidence is that they ignore the informational disadvantage they may be experiencing (Shefrin, 2000).

DISPOSITION EFFECT

The roots of such bias lie in the prospect theory given by Tversky & Kahneman (1974). Disposition effect refers to the tendency of investors to keep the losing stock and sell off the winning stock (Odean, 1998). Investors are reluctant to realise losses and hence exhibit such behaviour (Hersh Shefrin & Meir Statman, 1985). The supporting evidences have been found in countries like US (Odean, 1998), China (Chen et al., 2007) and Finland (Grinblatt & Keloharju, 2009).

However, Lu Feng and Mark Seasholes (2005) found out that such reluctance can be reduced through sophistication and trading experience.

FAMILIARITY BIAS

Such bias arises when investors prefer investing in avenues that they are aware of. For instance, well publicised stocks via any media or promotional vehicle receive maximum attention even by those who are otherwise non participating (Henry Lao et al., 2007). Such bias makes individuals hold portfolios which are sub optimal and offer least diversification (Hisham Foad, 2011).

Following is the tabular representation of the researches on the above select biases which have not been discussed in literature survey.

TABLE 1

NAME OF BIAS	RESEARCHERS	NAME OF BIAS	RESEARCHERS
Herding	Dennis & Struckland (2002)	Disposition effect	Calvet et al. (2009)
	Trueman (1994)		Frazzini (2006)
	Sushil Bikhchandani & Sunil Sharma (2000)		
Overconfidence	De Bondt & Thaler (1994)	Familiarity bias	French & Poterba (1992)
	AS Kyle & FA Wang (1997)		Werner & Tesar (1995)
	Acker & Duck (2008)		Huberman (2001)

BEYOND COGNITION IS THE EMOTION

Emotions/sentiments have a great bearing upon how we react and behave. Same goes for the investment behaviour and decision making. A lot of studies analyzed the impact of emotions and investor's mood on the stock market indicators. Investor's mood has been analysed using proxies such as sprouting events (IPL), weather (monsoon and sunshine), etc. If good weather puts an investor into a good mood, he feels optimistic and is likely to buy securities than to sell them in the market. Hence, if all investors feel the same, this will impact the stock market indicators. Emotions are directly related with optimism which is a precursor to overconfidence.

Indians are cricket lovers and religiously follow tournaments and can get overboard with emotions. A study showed with losses in a cricket mats drooped tee stock price while a win didn't influence the prices much (Vinod Mishra & Russell Smyth, 2010). Not only sports, an appealing weather (a good day sunshine) can impact the mood and in turn the decision to invest (Alex Edman et al., 2007).

COEXISTENCE OF MARKET EFFICIENCY AND BEHAVIOURAL FACTORS

The supporters of behavioural models have always been into a tiff with the proponents of EMH. These two paradigms looked extreme ends of the same pole till "Adaptive market Hypothesis" by Andrew L. Wo (2005) came to the fore. Such hypothesis reconciled the two theories and concluded market efficiency can exist with behavioural idiosyncrasies.

The study when applied to Indian markets, showed that its cyclical in nature meaning thereby the markets move from efficiency to inefficiency over different periods (Hilemath & Kumari, 2014).

Tversky & Kahneman (1992) said the two forces i.e.; efficiency of markets and behavioural finance are complementary to each other.

CONCLUSION

Stock trading and stock markets have become the buzzwords and how they react and behave a hotly debatable issue across all the classes and categories of investors.

When the market reaches its new heights, hopes emerge while hearts beta fast in case it tanks over some points. A large number of investors are investing substantial portion of their funds into these markets, hence it become all the more relevant to study the nuances of such markets in light of behavioural factor influencing an investor's decision which are beyond the rational approach embedded in traditional finance.

Such a study of investor behaviour would also help the Companies to frame those investments that incorporate such factors and hence stay in the market for longer periods.

On the basis of past studies, it is concluded that Behavioural factors are very much important in making an investment decision but the rationality of investor and efficiency of stock market cannot be ignored. Hence both these sources (traditional and behavioural finance) can coexist with each other as given by researchers.

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SPIN TRANSPORT IN BN DOPED CrO₂-GRAPHENE-CrO₂ MAGNETIC TUNNEL JUNCTION

DILPREET KAUR DHILLON
RESEARCH SCHOLAR
GURU NANAK INSTITUTE OF TECHNOLOGY
MULLANA

RUCHIKA CHHABRA
ASST. PROFESSOR
GURU NANAK INSTITUTE OF TECHNOLOGY
MULLANA

ABSTRACT

We investigate the spin-dependent electronic transport properties of Magnetic tunnel junction (MTJ) consisting of Boron (B) and Nitrogen (N) doped graphene nanosheet sandwiched between two CrO₂ half-metallic-ferromagnet (HMF) electrodes. A large value of tunnel magnetoresistance (TMR) and perfect spin filtration was obtained as compared to un-doped graphene MTJ structures reported in past. The use of HMF electrodes further raises the TMR and improves the spin filtration in comparison to MTJs with metallic and ferromagnetic (FM) electrodes, which suggest HMF electrodes as a suitable candidate over metallic and FM electrodes for implementing graphene sheet based MTJs. A high value of TMR~100% is obtained at zero bias voltage, which remains constantly high at higher bias voltages in the range of 0V to 1V. The higher value of TMR and better (near perfect) spin filtration abilities suggests its usefulness in spin-valves and other spintronics based applications. The spin-dependent non-equilibrium transport is also investigated by analysing the bias dependent transmission coefficients.

KEYWORDS

Magnetic tunnel junction (MTJ), Graphene nanosheet, Boron-Nitrogen doping, Half-metallic-ferromagnetic (HMF) electrodes, Tunnel magnetoresistance (TMR), Spin efficiency.

INTRODUCTION

Spintronics or spin electronics refers to the utilization of electrons quantum property called spin in addition to charge and mass of an electron. The various applications of spintronic based devices in the fields like programmable logic elements, magneto-resistive random-access memory (MRAM), non-volatile information storage devices and other reconfigurable circuits make giant magneto-resistance (GMR) and tunnel magneto-resistance (TMR) effects in spintronics an attractive field to study [1] [2]. In a basic magnetic tunnel junction (MTJ) device, a thin tunnel barrier separates two ferromagnetic (FM) layers which act as source and drain electrodes. The magnetic configurations (parallel or antiparallel) of the two electrodes can be controlled by imposing an external magnetic field, thereby changing the electrical resistance of the MTJ [2] [3]. Therefore, the tunneling current for the two configurations is different which gives rise to TMR effect. Due to spin-dependent tunneling, a high conductance in case of parallel configuration (PC) and low conductance in antiparallel configuration (APC) of two electrodes is obtained [4].

The effectiveness of a spintronic device depends on the spin polarization of the tunneling current. To ensure highly spin-polarized current source, use of half-metallic-ferromagnetic (HMF) electrodes has been suggested in [5] [6] and in several other research works. By using HMF electrodes, a large value of magnetocurrent ratio, high TMR and efficient spin filtration were obtained in [5]. In [6], a silicon (Si) channel based spin-MOSFET with HMF source and drain electrodes is demonstrated. The high value of TMR is necessary for using the structure in spin-valves and other spintronic based devices.

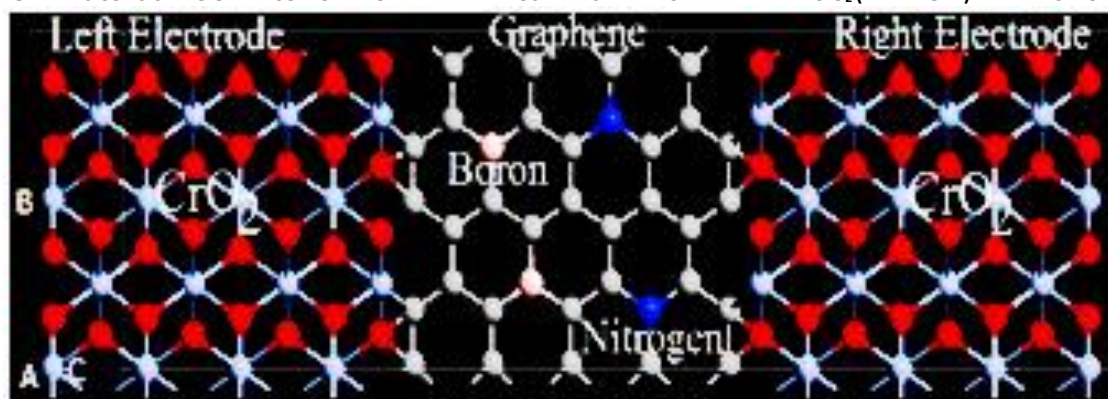
In MTJ, the tunnel barrier sandwiched between the ferromagnetic electrodes generally consists of metal oxides. Various theoretical and practical investigations have been conducted on MTJs using metal oxides like Al₂O₃, MgO, HfO₂ and Y₂O₃ [4], but the presence of material inter-diffusion and the defects in such oxides limit their performance [7] [8]. Recent studies have proposed to use graphene as a viable alternative to metal oxides as tunnel barriers. Graphene has gained noticeable attention due to its excellent in plane charge and spin transport properties [7]. The long electronic mean path, low spin orbit coupling, spin relaxation mechanism and extraordinary carrier mobility of graphene increases its utility in spintronics based applications [7-10]. Recent simulations of first graphene based MTJ [11] suggests that the use of graphene in spintronic devices can lead to large TMR. Graphene based MTJ demonstrated in [7] shows that improved spin-polarized current is obtained by using graphene as tunnel barrier in place of metal oxides.

The effect of Boron (B) and Nitrogen (N) co-doping in graphene sheets results in bandgap opening [12-14]. The bandgap opening is useful for implementing graphene based switches and other devices. Therefore, it is of interest to study the effects of BN co-doping on spin transport in graphene based MTJs with HMF electrodes. In this paper, we investigate the spin-transport properties of BN co-doped CrO₂-Graphene-CrO₂ MTJ and compare it with pristine graphene based MTJ.

SIMULATION METHOD AND SETUP

A two-probe geometry of MTJ using BN co-doped graphene nanosheet as tunnel barrier and CrO₂ as left and right HMF electrodes is built [see Fig. 1] and is simulated to obtain I-V characteristics and transmission spectra for parallel (PC) as well as antiparallel configuration (APC).

FIG. 1: MTJ CONSISTING OF BN CO-DOPED GRAPHENE NANOSHEET SANDWICHED BETWEEN CrO₂ (LEFT-RIGHT) HMF ELECTRODES



The software package used for the simulation is Atomistix toolkit [15] which utilizes self-consistent calculations based on the combination of non-equilibrium Green's functions (NEGF) and density-functional theory (DFT) to realize the quantum transport properties of materials and devices. Since the I-V characteristics are a consequence of spin-polarized electron transport, therefore the exchange correlation considered in the simulations is spin-polarized generalized-gradient-approximation (SGGA).

In the simulations, graphene nanosheet with C-C bond length of 1.42 Å [16] and width (along the central region) 9.844 Å is used [see Fig. 1]. Left and right HMF electrodes are assumed to be perpendicular to graphene nanosheet and are made up of $5 \times 5 \times 5$ CrO₂ layers. The spacing between graphene nanosheet and CrO₂ HMF electrodes is found by setting the designed structure to relaxation. In order to minimize the total energy of the system, Quasi-Newton geometry optimization technique is used for relaxing the system with force tolerance set to 0.05 eV/Å [2] [17] [18]. As a result of relaxation, the carbon atoms (C) of graphene nanosheet forms bond with chromium (Cr) and oxygen (O₂) atoms of HMF electrodes. C-Cr and C-O bonds with bond lengths of ~2.135 Å and ~1.31 Å are formed as a result of this relaxation.

In order to obtain the I-V characteristics and transmission spectrum, the relaxed geometry is simulated using self-consistent calculations. The simulation parameters considered in the simulation are in accordance with the parameters used in [4] [17-20] and other research works. The parameters considered are as follows: The basis set used is double zeta polarized for central region as well as left and right electrodes. The k-point sampling of 3, 3 and 100 is selected in x, y and z directions. Mesh cut-off is 150 Ry and an electron temperature of 1200 K is chosen for faster self-consistent convergence. The spin of the left electrode is fixed to spin-up, while for the right electrode it is fixed to spin-up for PC and spin-down for APC.

The transmission coefficient $T(E, V)$ indicates the probability of an electron having certain energy E to travel from one electrode to another under the influence of external bias voltage V and can be calculated by using the mathematical equation [19]:

$$T(E, V) = \text{Tr}[\Gamma_L(E, V) G^r(E, V) \Gamma_R(E, V) G(E, V)]$$

where $\Gamma_{L/R}$ is the electrode coupling matrix. The spin-polarized current through the device can be calculated using transmission coefficients by the relation [2][19][21]:

$$I_{\uparrow(\downarrow)} = e/h \int T_{\uparrow(\downarrow)}(E, V) [F(E - \mu_L) - F(E - \mu_R)] dE$$

where $T_{\uparrow(\downarrow)}(E, V)$ defines transmission coefficient for up (\uparrow) and down (\downarrow) spin channel, F defines Fermi-Dirac distribution and $\mu_L(\mu_R)$ defines chemical potential of left (right) electrodes.

RESULTS AND DISCUSSION

In Fig. 2 and Fig. 3, we compare I-V curves for pristine and BN co-doped graphene based MTJ for PC and APC. It can be seen that for PC the spin-up current (I_{\uparrow}) in BN co-doped structure is more as compared to pristine structure in the bias voltage range of 0 V to 0.8 V, however, I_{\uparrow} is much less in case of APC for all the bias voltages in the range 0 V to 1 V. The spin-down current (I_{\downarrow}) in the un-doped (pristine) structure is of the order of ~0.5 microamperes. When BN doping is introduced, I_{\downarrow} decreases by ~5 orders in PC, and in case of APC I_{\downarrow} decreases by ~2 orders. The total current ($I_{\uparrow} + I_{\downarrow}$) in PC is much larger than the total current obtained in APC [see Fig. 2(c) and Fig. 3(c)]. The total equilibrium conductance of $0.196G_0$ is obtained in BN doped structure and $0.31G_0$ in pristine structure for PC, however, for APC these values are $0.000043G_0$ and $0.034G_0$, where conductance quantum $G_0 = 2e^2/h$ [2].

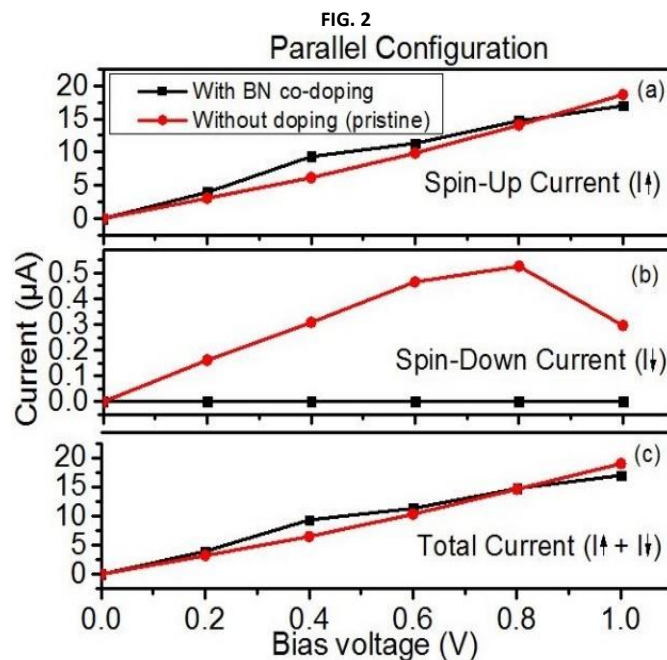


Fig. 2. I-V curves showing comparison of tunneling current between pristine and BN co-doped graphene based MTJ for parallel configuration (PC). (a) I_{\uparrow} in doped structure is slightly more than I_{\uparrow} in pristine (un-doped) structure in the bias range of 0 V to 0.8 V. (b) I_{\downarrow} is much larger in un-doped structure. (c) Total current (sum) in doped structure is slightly less than the current in un-doped structure at higher bias voltages (after 0.8 V).

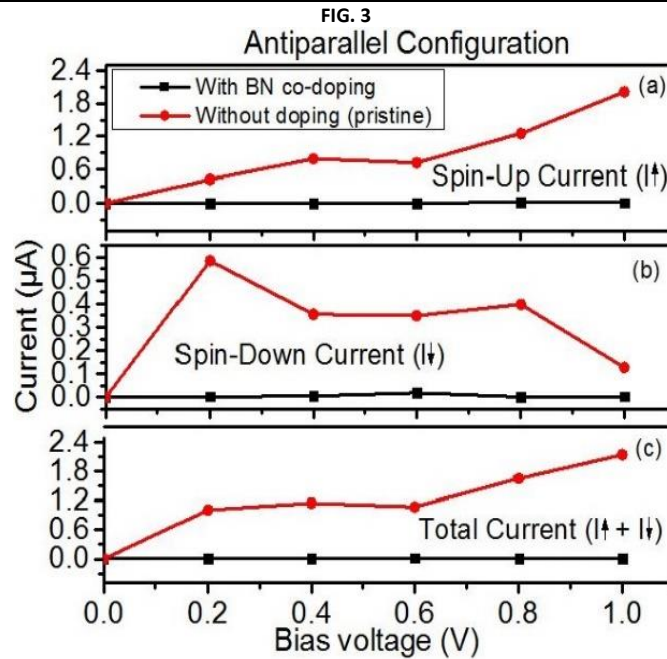


Fig. 3. I-V curves showing comparison of tunneling current between pristine and BN co-doped graphene based MTJ for antiparallel configuration (APC). (a) I_{\uparrow} is larger in un-doped structure. (b) I_{\downarrow} is larger in un-doped structure. (c) Total current (sum) is larger in un-doped structure.

From the I-V plots shown in Fig. 2 and Fig. 3, TMR vs. bias voltage plot is obtained [see Fig. 4] as per the common definition [2]: $\text{TMR} = (I_{\text{PC}} - I_{\text{APC}})/I_{\text{APC}}$. Here, I_{PC} and I_{APC} represents total currents in PC and APC, respectively. Since the current is zero at zero bias voltage ($V_b = 0$), therefore, TMR at zero bias is calculated using equilibrium conductance. Fig. 4 compares the TMR values for pristine and BN co-doped graphene based MTJ, which shows that TMR of $\sim 100\%$ can be obtained for BN co-doped structure at all bias voltages. High TMR indicates perfect tunneling magnetoresistance effect is possible with this structure. On the other hand, a maximum possible TMR of $\sim 90\%$ was obtained at a bias voltage of 0.6 V for un-doped structure. The physical reason for higher value of TMR in doped structure is the bandgap opening in BN doped graphene [12-14]. Large bandgap results in high TMR, which has also been suggested in [2] for V-doped BNNTs. High TMR in case of BN co-doped structure indicates its usefulness in spin-valves and in other spintronics based devices. Furthermore, TMR for BN co-doped structure remains constantly high (100%) at higher bias voltages. However, in [7] [8] [11], a reduction in TMR (reduced to zero) with increase in bias voltage was reported for graphene based MTJ.

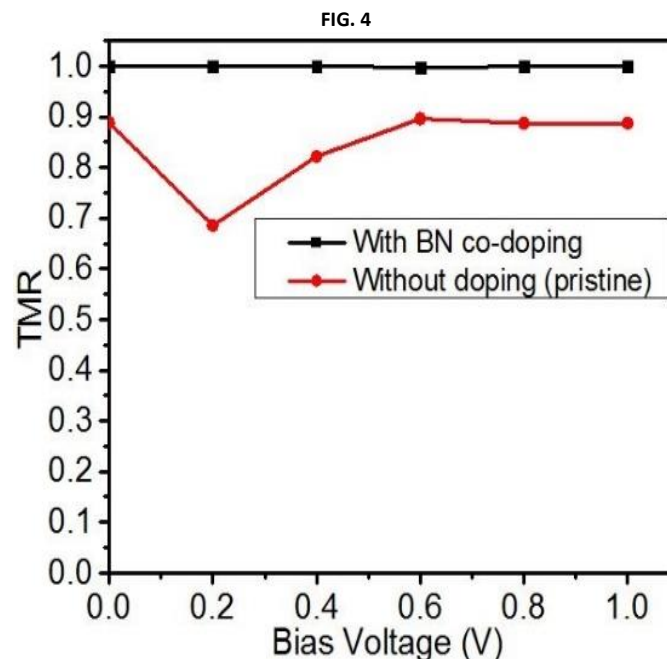


Fig. 4. TMR curves showing comparison between pristine and BN co-doped graphene based MTJ. High values of TMR $\sim 100\%$ at all bias voltages in BN co-doped structure indicates perfect tunneling magnetoresistance effect.

From the I-V plots shown in Fig. 2 and Fig. 3, efficiency (η) vs. bias voltage (V) plot is obtained as per the common definition [2]: $\eta = (I_{\uparrow} - I_{\downarrow})/(I_{\uparrow} + I_{\downarrow})$. The equilibrium conductance is used to calculate spin injection factor η at zero bias voltage. In Fig. 5, a comparison between the spin efficiency of pristine and BN doped graphene based MTJ is shown. It can be seen that for PC, $\eta \sim 100\%$ is obtained for BN co-doped structure at all bias voltages. High efficiency indicates perfect spin filtration effect is possible with this structure. On the other hand, a maximum possible value of $\eta \sim 98\%$ was obtained at a bias voltage of 1 V for un-doped structure. For APC, at zero bias voltage $\eta \sim 40\%$ is obtained for BN co-doped structure. The value of η obtained for bias voltages in the range 0.2 V to 0.6 V is negative because of higher values of spin-down current (I_{\downarrow}) as compared to spin-up current (I_{\uparrow}) in this bias range. It then rapidly increases to a fairly high value of $\sim 80\%$ at a bias voltage of 0.8 V and then decreases to $\sim 47\%$ at 1.2 V.

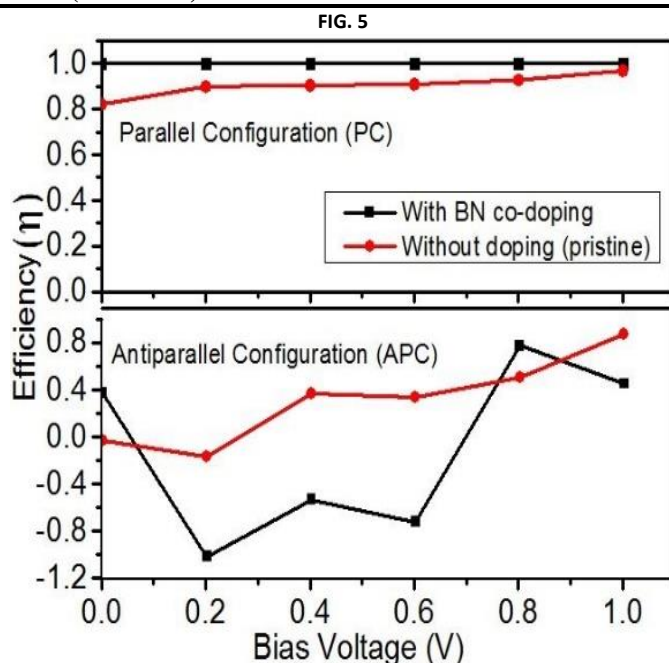


Fig. 5. Efficiency curves showing comparison of spin injection factor η between pristine and BN co-doped graphene based MTJ. High values of η indicate perfect spin filtration shown at all bias voltages in PC and at higher bias voltages in APC.

CONCLUSION

In conclusion, the spin-dependent electronic transport properties of BN co-doped graphene based MTJ are investigated and are compared with pristine graphene based MTJ. High TMR ($\sim 100\%$) and perfect spin-filtration are obtained with BN co-doped structure in comparison to the un-doped structure. High TMR in doped structure is attributed to an increase in bandgap with doping. Furthermore, high TMR and perfect spin filtration achieved in BN co-doped graphene based MTJ suggest its importance over un-doped structure in spin-valves and other spin based applications.

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UNDERGRADUATE STUDENT'S PERCEPTION TOWARDS ENTREPRENEURSHIP - A STUDY WITH SPECIAL REFERENCE TO UNDERGRADUATE STUDENTS OF UDUPI DISTRICT

MALLIKA A SHETTY

LECTURER

DEPARTMENT OF COMMERCE

MAHATMA GANDHI MEMORIAL COLLEGE

UDUPI

ABSTRACT

Entrepreneurship is 'at the heart of national advantage' (Porter, 1990, p. 125). Concerning the Role of entrepreneurship in stimulating economic growth, many links have been discussed. It is of eminent importance for carrying out innovations and for enhancing rivalry. This directs our attention to two related phenomena of the 1980s and 1990s: the resurgence of small business and the Revival of entrepreneurship. There is ample evidence that economic activity moved away from Large firms to small firms in the 1970s and 1980s. In the last ten years, governments in the transition countries have introduced a number of policies aiming to promote entrepreneurship through SME development. The main impetus for this 'intervention' is the specific constraints encountered by SMEs. It is argued that though the SME sector can be much more responsive and flexible to changes in the Marketplace, it is also much less able to influence such developments. Limited access to finance, a low degree of professionalism, and difficulties in recruiting qualified personnel, Dependency on clients and suppliers and the absence of economies of scale are identified as The core SME sector weaknesses and the main areas where SMEs may require special Attention (Burns, 2001). In this respect, understanding the problems faced by SMEs in the Specific context of transition could provide the necessary background to develop policies for SME support. The present study focus on why people resist entrepreneurship. This paper looks for ways to convince people to use their abilities in an entrepreneurial career, by studying non-entrepreneurs and the reasons why they don't want to go that way. The study is conducted by taking undergraduate students as sample with sample size of 200.

KEYWORDS

SMEs, entrepreneurship, economic development, intentions, undergraduate.

INTRODUCTION

Entrepreneurship is a multi-faced phenomenon, which comprehends both the start-up of new companies (start-up entrepreneurship) as well as the carrying out of new strategic initiatives within existing business (corporate entrepreneurship). The word entrepreneur has come from the France word "entrepreneur" which means to undertake, to pursue opportunities to fulfill needs and wants through innovation to undertake business. In the year 1725 the word entrepreneur was first brought into economics by a social scientist named Richard Cantillon. The expert who invented the theory of entrepreneurship was David McClelland in 1961.

CAUSES OF SUCCESS AND FAILURE OF ENTREPRENEUR

An entrepreneur may sometime become successful and sometime becomes failure. There are some causes of such success and failure. They are noted below:

1. Selection of business: It is an important aspect. That means an entrepreneur has to determine what type business he is going to start. From various points of view the feasibility of the business should be tested.
2. Proper planning: Proper planning is also important. For planning, planning premises like political, economic, social premises should be considered first. The steps of planning should be followed properly.
3. Initial capital: If the initial capitals are not an optimal level the organization would fall. So whether the enterprise is big or small the initial capital should be sufficient enough.
4. Determination of market demand: Through research the demand in the market should be identified. Both for long term and short term it should be considered.
5. Marketing of product: If the promotion policy, channel of distribution, transportation is not good the enterprise would fall.
6. Education and experience: One of the important tasks of the entrepreneurs is to select right person for the right post because the success of an enterprise depends on the right selection of employees.
7. Joint initiative: One may have much money and another may have more merit. Through joint initiative it can be balanced. But sometime for joint initiative misunderstanding arise, or sometimes corruption occur which may result in fall of enterprise.
8. Employment: Recruitment and appointment should be properly done. Those who have specialized skill should be appointed to that specialized job. Inefficient, corrupted employees may be responsible for fall of business.
9. Location of business: Site selection is an important factor. While starting a new business, an entrepreneur should think about the location of the business. In this case, many factors should be considered such as availability of raw materials, proper communication system, availability of labor, marketing facilities and so on.
10. Qualities of management: The management must have a minimum quality to success otherwise it would fall.

These are the common causes for which one enterprise may become successful and another may fall.

The opportunities or prospects of entrepreneurship development: As a third world country a considerable number of entrepreneurs has not been developed.

Nevertheless, there is a great possibility of developing entrepreneurship in India. Following are the prospects and opportunity of entrepreneurship development in India

1. Availability of human resources: India has its vast population of about 1.33 billion. So there is a great possibility of developing entrepreneurship and entrepreneurs in India. HR is the fundamental factors of production that is available in vast amount. So production that is available in vast amount. Therefore, entrepreneurs can easily use them with low payment that may encourage them to be entrepreneur. Therefore, abundance of HR is the great opportunity in creating entrepreneurs in India.
2. Industrial innovative sensation: People of India have industrial innovative sensation. They may get involved largely in industrial initiative if they get favorable opportunity. Already they established many small and cottage industries with the help of NGOs and other financing institution.
3. Mobility of profession: A considerable number of villagers now replaced their agriculture-based profession into petty businesses and many other small and cottage industry. Many of them transferred into city area. Thus, way here creates a mobility of profession. That is another prospect of developing entrepreneurship in India.
4. No religious hindrances on mobility of profession: In India, there are any religious and cultural hindrances on mobility of profession. Most of the people are changing their work, profession day by day. In past, certain religious people belong to certain profession. But now people get engaged in their desired profession without religious and cultural hindrance. That is another prospect of creating entrepreneurs.

5. Large number of educated unemployed: In our country, there are many educated unemployed people, but there is a limited scope of employment. For this reason, educated unemployed people will take new initiative to do something new themselves. As there is a close connection of education and entrepreneurship there is a possibility of developing entrepreneurship.
6. Tendency toward industries work: Industrials work bears more salary, status, facilities for living in city area and so on. For this reason, people tending towards industrial work. Thus, industrial sector will be developed in future. Such mentality and tendency is helpful in developing entrepreneurs. Therefore, it is another prospect of developing entrepreneurs.
7. Preference in establishing agro-based industry in Government planning: As our country is agro-based, there is a greater possibility of establishing agro-based industry. Besides, most of the raw materials of industry come from agricultural sector. So our resourceful agriculture sector is helpful in developing entrepreneurship. Nowadays, Govt. announces preference in agro-based industry that is also greater opportunity to develop entrepreneurs.
8. Liberalization of Govt. industrial policy: With the aim of rapid industrialization, govt. adopted liberalization in industrial policy and encourages entrepreneurs to come ahead in industrial sector with their large capital. For this reason, investors are investing their capital in industrial sector. That is another prospect of developing entrepreneurs in India.
9. Disbursement of micro-credit by different NGO's: In our country there are large numbers of NGOs providing micro-credit to the village poor people. That is helpful in forming small and cottage industry. NGOs also provide training facilities, advice, investment consultancy, raw materials etc. to its loaner. That is another prospect of developing entrepreneurs in India.

PROBLEMS OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA

As a developing country, in India, there is no abundant facilities for developing entrepreneurship rather exist a large number of obstacles, which are liable for not developing entrepreneurs in. described in below:

1. Improper publicity of Govt. facilities: For developing entrepreneurs in limited basis. Those have not informed properly to the remote villagers. Therefore, these facilities cannot work well. Some urban centered people accept the facilities that are not enough for developing entrepreneurs' across the country. So this is one of the fundamental obstacles.
2. Insufficient arrangement of pre-investment advice: For this reason, most of entrepreneur can't study market feasibility for the product and business demand for the product in market, possibility of gaining profit etc. For the lack of this study most of the entrepreneur can't operate their activities successfully. Many of them fail in their initial activities.
3. Lack of required financing: This is the fundamental problem of developing entrepreneurship in India. Here, entrepreneurs face problem in collecting required working capital and fixed capital, most of the financing organization demand for supporting papers and apply rigid condition. As a result, most of the entrepreneurs cannot get rise capital to operate their activities smoothly. Working capital, fixed capital and capital for expansion of business of business.
4. Scarcity of raw materials and other factors of production: In our country, there is an immense shortage of basic raw materials to operate industrial activities smoothly such as skilled manpower, technology, capital and so on. For this reason, they have to import basic raw materials and supplementary factors of production that increase the cost of production. As a result, entrepreneur can't take initiatives to establish industrial organization smoothly.
5. Problem in marketing produced product: Now-a-days marketing of the product has become an important task in business. In open market economy, product of the home and foreign countries compete with each other in same market. Usually quality products capture the market. Because of different problem and lack of factors of production, our entrepreneur can't produce or hardly produce quality product as developed country. For this reason, now a day, they face marketing problem greatly for every product.
6. Lack of training: Training is essential to work efficiently and effectively in any field. Training is a practical experience regarding job that is necessary to increase efficiency and productivity. In our country, there is no available training centre to provide training in developing entrepreneurs. As a result, people cannot come ahead to take initiative that is an obstacle to develop entrepreneurship.
7. Lack of package help: In developed country, Govt. and non-govt. sector provide package help for developing industrial sector. It includes, technical help, raw materials, and working capital and so on. These are helpful in creating entrepreneurship as well as industry. But in our country there is no abundance package help that is very essential for developing entrepreneurship in our country. So it is another problem of developing entrepreneurs and entrepreneurship in.
8. Lack of knowledge regarding technology and management: In developed country most of the business and industries are technology oriented and they follow modern management technique. Those are helpful in developing dynamic entrepreneurs. Nevertheless, in our country there is little scope of technology and modern management. Besides, we also have no proper knowledge regarding those matters.

LITERATURE REVIEW

The need of clarity about the concept of entrepreneurship is however growing, in fact nowadays there seems to be a crescent interest in entrepreneurship as is evidenced by the proliferation of journals, professional associations, conferences and academic appointments about it (Kuratko, 2003). There is a widespread recognition that entrepreneurship is the engine that moves the economy and society of most of the nations (Brock and Evans, 1989; Acs, 1992; Carree and Thurik, 2000). Despite entrepreneurship is not a new concept, it has gained increased interest and research attention during the past 15 years: nowadays it is considered as the essential lever to cope with the new competitive landscape (Hitt and Reed, 2000). Companies today must operate in an environment characterized by increased risk, decreased ability to forecast, fluid firm and industry boundaries; the new competitive landscape is ruled by the forces of change, complexity, chaos, and contradiction (Hitt and Reed 2000).

The rhythm of change is continuously increasing for the effects of phenomena such as globalization, technological revolution and deregulation processes. These factors, operating simultaneously, create a climate that could be defined "hypercompetitive" (D'Aveni and Gunther, 1994). It is recognized that entrepreneurship, focusing on the pursuing of new opportunities, is the research domain able to offer methods and instruments to cope with this new kind of environment. In order to make other disciplines benefit from entrepreneurial studies, it is anyway necessary that entrepreneurship develops itself a distinguishing conceptual framework (Shane and Venkataraman, 2000). Up to the most recent years, the field of entrepreneurship has shown a disjointed growth due to the strong presence in the publications of article written by "transitory contributors" (Landström, 2001): this tendency can't be sustained anymore. Leaving entrepreneurship to other disciplines would mean avoiding the creation of a community of scholars able to understand effectively entrepreneurial phenomena and would also imply the creation of some blanks, where aspects of interests to entrepreneurship scholars would not be investigated by other researchers (Davidsson, 2003). Calling for the recognition of entrepreneurship as a distinctive field of inquiry does not mean erecting barriers and isolating the researchers in a self-referring community: entrepreneurial phenomena are so broad (Low, 2001) that they need to be studied with multidisciplinary approaches; therefore dialogue and confrontations with other disciplines are indispensable way to enrich the studies. Given this perspective, a literature review of the field could be the starting point in defining the relations between entrepreneurship and the other disciplines, understanding where is possible to establish an interdisciplinary communication which can lead to cross-fertilization processes.

OBJECTIVES

1. To find out the reasons why educated people resist entrepreneurship
2. Problems and challenges faced by startups
3. Measures to overcome the challenges

METHODOLOGY

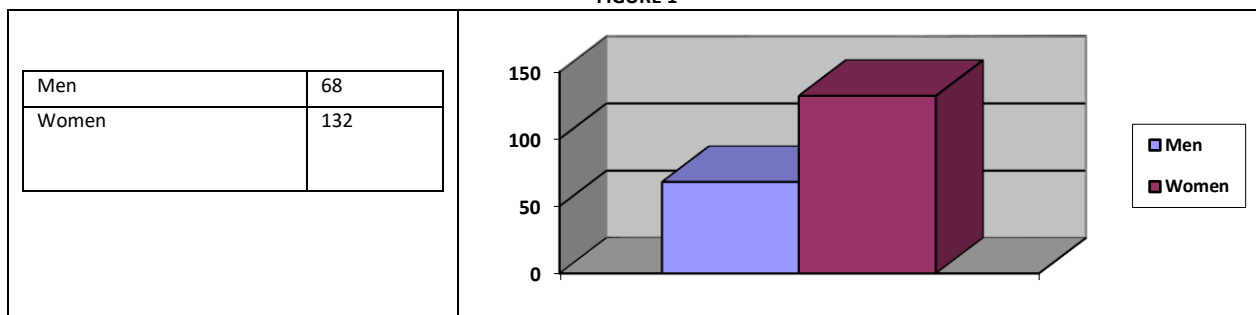
The area selected for the study is Udupi taluk of Udupi district of Karnataka State. An empirical study was conducted with 200 members. Random Sampling method was adopted. Primary data was collected through Sample Survey method, for which structured questionnaire and interview method was used. Both primary and secondary data has been used

Final year B. COM. (Bachelor of Commerce) students of MGM College and SMS college Brahmavar were subjected to a study of their entrepreneurial intentions, replicating the many similar studies published in the literature. The data was used in this study with a different objective, based on a clear question asking whether respondents were interested in creating their own company in the future.

In secondary data research publications on entrepreneurship and startups were used.

ANALYSIS AND INTERPRETATION

Total numbers of samples: 200

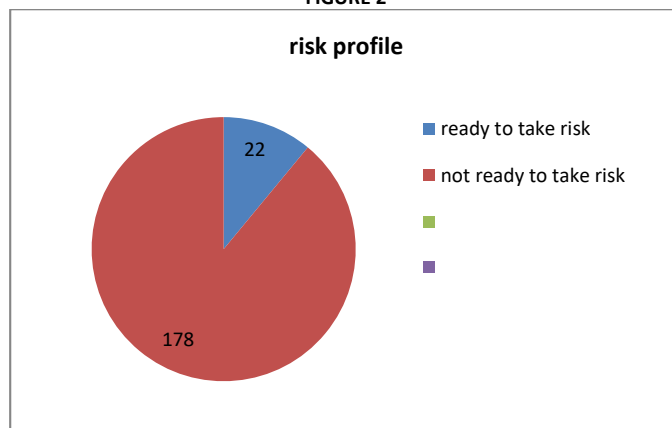
GENDER**FIGURE 1**

Because of gender bias some female students resist to become entrepreneurs they say it will be easy to work for other firm and earn stable income

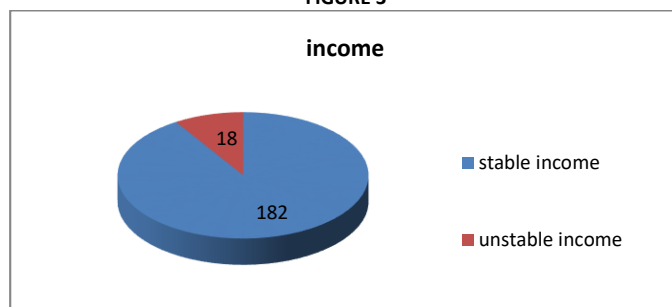
The reasons why undergraduate students do not want to start their own business

RISK AVERSE

Students are more concerned about the financial risk, many are not ready to take risk

FIGURE 2**STABLE INCOME**

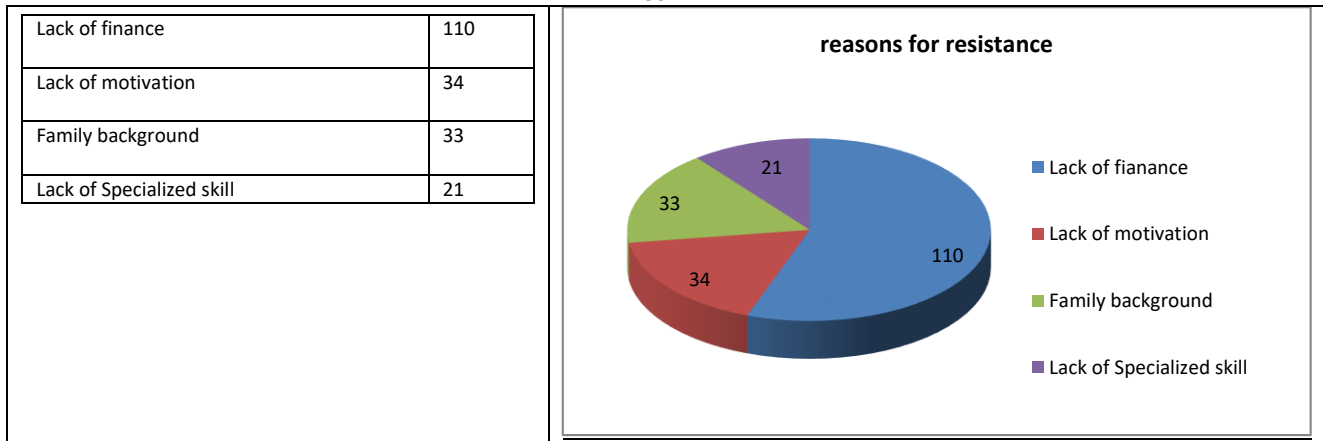
182 people like stable income, they need regular income without any efforts, 18 students ready to bear unstable income with the hope that in future there will be high returns. They say in business there may be high returns in future once it will be settled, but we are bothered about today as many of them belongs to middle class family.

FIGURE 3**FEAR OF LOSS AND LACK OF CONFIDENCE**

Only 2 students have don't have fear of loss and confident towards their ability, 198 students have fear of earning loss and they don't have confidence on their ability because of future uncertainty

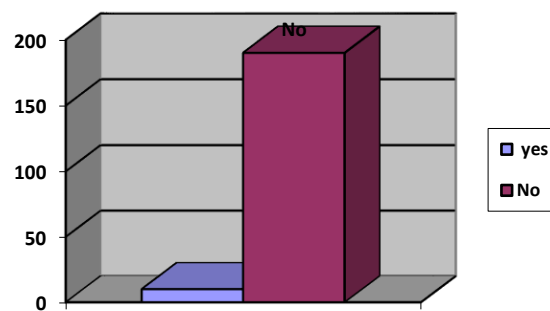
The people without confidence only answered this for the question what make them to resist becoming an entrepreneur is as follows:

FIGURE 4



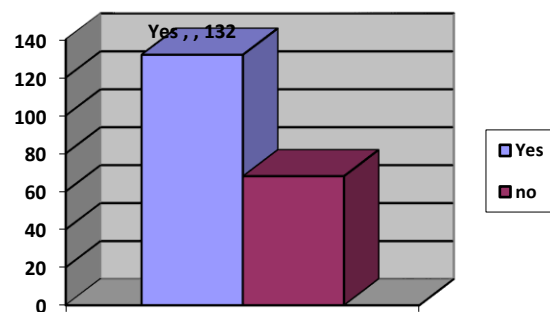
IS THERE ANY ENTREPRENEUR IN YOUR FAMILY?

FIGURE 5



DO YOU CONSIDER YOURSELF CAPABLE OF CREATING A NEW COMPANY?

FIGURE 6

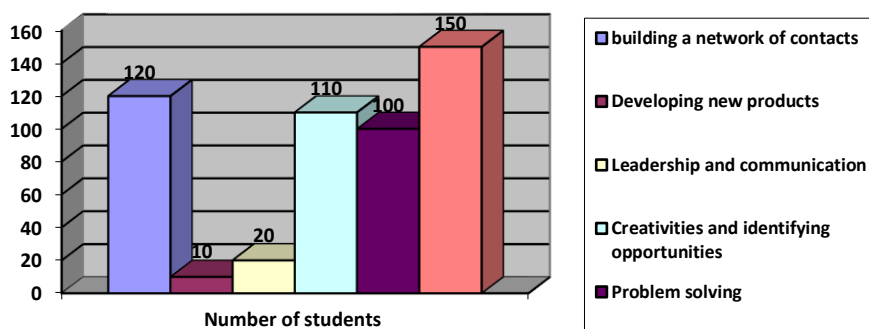


CAN YOU LIST THE CAPABILITIES?

TABLE 1

Capabilities	Number of students
building a network of contacts	120
Developing new products	10
Leadership and communication	20
Creativities and identifying opportunities	110
Problem solving	100
All of the above	150

FIGURE 7



Potential entrepreneurs give more importance to family tradition, status and money, give greater importance to responsibility, dealing with staff, lack of experience and to the long hours they think are required to create a company. Potential entrepreneurs saw fewer obstacles in every item, except of the political and economic situation. When asked to judge their own personal skills, they believed that less confident in their capacities in every item, building a network of contacts, developing new products, leadership and communication, problem solving, creativity, and identifying business opportunities.

HAVE YOU EVER HAD A DISCIPLINE IN SCHOOL ON FIRM CREATION?

All answered that they have not had any subject in their primary and intermediary class.

All 200 marked that they lack adaptability, decision making ability and foresightedness because of lack of soft skill training in the schools and present society.

CHALLENGES OF STARTING A NEW BUSINESS

- Obtaining Financing
- Sticking It Out even when there is ups and downs
- Managing Time: stress, you may neglect personal relationships. You will need to set aside time to make sure you have some form of balance in your life.
- Obtaining Knowledge Quickly: need to learn much in a short period of time
- specialized skill: Unless you already possess high expertise you fail in business

CONCLUSIONS

People who trust their abilities to develop new products and services are more likely to be willing to be entrepreneurs. The same thing goes for people who value creating their own job and people who trust their abilities to solve problems. They like to become entrepreneurs only because of future fancy returns.

This analysis further confirmed that trusting one's own skills contributes to people's willingness to become entrepreneurs. It also contributed to believe that people who believe it's important to create their own job are more likely to be potential entrepreneurs

Curiously, in this sample, those who said college gave them a positive idea about entrepreneurship were less likely to be into the entrepreneurship. The objective is to understand the reasons behind that career choice. Further research needs to be done, but confidence on their own skills seems to be an important difference. The results show interesting suggestions about the reasons people resist the entrepreneurial idea. These people seem to value obstacles and they trust their skills less. Finally, people who do not want to be entrepreneurs seem to give less importance to professional development and creating one's own job. Future research should be done with larger samples, from a broader set of formation areas, to overcome one of the limitations of this research.

SUGGESTIONS FOR REMOVING THE PROBLEMS OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA

1. Making specific policy with regard to soft skill development of students
2. Involving entrepreneurial knowledge in text book of intermediate school level
3. Offering soft skill development courses at undergraduate level
4. Increasing government facilities and its extensive publicity
5. Encouragement in industrialization
6. Establishment of supplementary industry
7. Increasing loan facilities
8. Exhibition of industrial product
9. Reduction of tax and duty
10. Favorable import and export policy.

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FACTORS INFLUENCING COMPLETION RATE OF ROAD CONSTRUCTION PROJECTS IN KISII COUNTY KENYA

NYABAGA MOUNDE PETER
STUDENT
UNIVERSITY OF NAIROBI
NAIROBI

Dr. MOSES OTIENO
LECTURER
UNIVERSITY OF NAIROBI
NAIROBI

ABSTRACT

The majority of road construction projects in Kenya do not get completed within the initially set targets of time. Project delays frustrate the process of development, have an immeasurable cost implication to the society, and also lead to loss of reputation of the parties involved in the projects' execution. This study aims to find out factors that influence completion of road construction projects in Kisii County, Kenya. The research was guided by the following research objectives; to establish the extent to which availability of resources influences completion of road construction projects, to determine the influence of competency of staff toward completion of roads construction project, to establish the extent to which stakeholder participation influences completion of road construction projects and finally to determine the influence of procurement procedures on completion of road construction projects. The study focused on how resources, competency of staff, stakeholder participation and procurement procedures influence completion of road construction projects. The research design to be used was descriptive research design. The target of this study was 106 respondents which comprised of road contractors in Kisii County while study population was government officials' representatives from Ministry of Roads, Contractors (supervisors in the projects), technical consultants by contractors, Engineer from Kisii County and technical auditors participating in road construction projects in Kisii County Kenya. The study employed stratified sampling technique in coming up with a sample size of 42 from a total population of 106. The study relied mostly on primary data sources where self-administered questionnaires were utilized as source of data. Quantitative data was coded and entered into Statistical Package for Social Scientist (SPSS) and analyzed using descriptive statistics. Presentation of analyzed data was in form of frequency tables which facilitated easy understanding and interpretation of the results. The findings of this study will help policy makers on key issues related to project development and management with particular reference to road and other infrastructure development and construction. Project managers can also benefit immensely from understanding some of the underlying causes of project construction delays as will be documented by this study. The study concluded that availability of resources influenced completion of road construction projects and one of the resources that is mostly not enough is financial resource. The study also concluded that competency of staff also influences completion of road construction projects since if the staff have the required skills, experience and knowledge in the area this would help them undertake the task placed on them. Lastly the study concluded that stakeholder participation also influences completion of road construction projects and that stakeholders should be encouraged to participate in projects. The study recommended that there should be stakeholder engagements to ensure that ideas and perspectives are represented, members of stakeholder group should be invited to participate in project scope identification and planning.

KEYWORDS

Kisii county kenya, completion rate of road construction projects.

INTRODUCTION**1.1 BACKGROUND OF THE STUDY**

In the construction industry, the aim of the project control is to ensure the projects finish on time, within budget and achieving other project objectives. It is a complex task undertaken by project managers in practice, which involves constantly measuring progress; evaluating plans and taking corrective actions when required (Kerzner, 2003). The goal of all the parties involved in construction projects, owners, contractors, engineers and consultants in either public or private sector is to successfully complete the project on schedule within planned budget, with the highest quality and the safest manner. When projects are completed in time, their duration is not extended beyond the scheduled and thus operates within budget (Gollapudil, 2003).

Construction delays occur all over the world and many studies have been carried out to assess the causes of delays in construction. Sambasivan and Yau (2007) stated that about 17.3% of government contract projects in Malaysia were considered sick, which means they are delayed by more than three months or abandoned completely. Besides that, Assaf and Al-Hejji (2006) from Saudi Arabia studied the causes of delay in large construction projects and discovered that only 30% of construction projects were completed within the scheduled completion dates and the average time overrun was between 10% and 30%.

Road construction in Africa is a scarce undertaking and where roads are available, they are largely poorly maintained. A survey carried out by the World Bank reveals that average road density in Africa is 20.4km per 100 square kilometers of land area. Worse still, of these only a quarter are paved. Southern Africa is the only region in Africa with a fairly good road transport system. South Africa in particular is reported to have 62km of road per 100km square kilometers close to the United States of America that has 67km of roads per 1000 square kilometer. This success story has been attributed to the country's revitalization of its road and railway system before the FIFA World Cup of 2010. The low road construction in Africa has had dire consequences. The effects of poor road connectivity in Africa cannot be over emphasized. The World Bank notes that with poor road connectivity the cost of goods significantly goes up.

The contractors and consultants have varying experience, capabilities and management skills, all of which have a major impact on the completion times of construction projects.

The growth in the number, of these players in the industry has not seen a corresponding improvement in the timely delivery of projects. Although with more contractors and consultants, there is increased competition among themselves and the clients have a greater variety of service providers from which to select. The construction industry in Malawi is now at a stage where most contractors both emerging and as well as long established, can hardly deliver their projects on schedule, not to mention failing to perform all together. This failure to deliver road projects on time annoys both the clients and road users who expect to benefit from the completed roads. This state of affairs is undesirable to both the contractors and clients, as it costly for both parties and has the potential to trigger disputes, whose resolution is time-consuming and expensive (Kamanga, 2013). In Ghana for instance 33 out of total of 47 projects completed between 1979 and 1999 were delayed and 38 projects suffered cost overruns. (Frimpong et al, 2001).

The construction industry is very important in the economic development of any nation especially in developing countries such as in expanding economy like Sub Saharan countries (Ibironke, 2008). The growth of construction industry in Nigeria in the past two decades indicates its success in greatly contributing to the country's Gross National Product, which was 1.72 in year 2007 (Federal Bureau of Statistics). Aminudin (2006) stated that up to 30% of construction is rework, labour is used at only 40% to 60% of potential efficiency and at least 10% of materials are wasted. It was posited that rework costs could be significantly higher than figures reported in the previous literature (Love & Smith, 2006).

Ellis and Thomas (2003) argue that a significant annoyance to the public is when important projects are not completed in a timely manner and when the actual construction takes longer than necessary, thereby prolonging the inconvenience. Apart from inconveniencing road users, various studies (Ahmed et al, 2002;

Aibinu & Jagboro, 2002; Assaf & Al-Hejji, 2006) have shown that a delay usually leads to cost overruns and disputes, and negatively impacts the economic feasibility of such projects. Projects that are delayed are not just costly for the contractor and client, but also for other stakeholders. The cost of deprived benefits to the users, which by definition is higher than the cost of the project, is a major result of construction delays (Malotau, 2009).

Road construction projects in Kenya are procured through the traditional systems where the consultant civil engineer is in charge of design and construction process on behalf of the client.

According to the traditional system, the design process ought to be completed prior to commencement of construction. The client commissions of the consultant civil engineer who is briefed by the client. The consultant civil engineer then develops the design and prepares contract documents. The tendering process begins by pre-qualifying contractors on the basis of experience, work capacity and past performance. The pre-qualified contractors are then invited to tender. The contract is normally awarded to the lowest bidder. The standard form of contract that is commonly used for civil engineering works in Kenya is FIDIC (International Federation of Consulting Engineers). The consultant civil engineer appoints a Resident Engineer to be permanently based on site to supervise the project. The consultant Civil Engineer delegates some of his duties and powers under the contract to the Resident Engineer. The Resident Engineer holds monthly site meetings with the contractor. The consultant Civil Engineer and the client usually attend these meetings. At the practical completion stage, an inspection is carried out and the project handed over expected to make good any defects within the Defects Liability Period that normally lasts for one year.

The Kenya vision 2030 aspires to a country with integrated and firmly interconnected transport and communication infrastructure consisting of roads, railways, ports, airports, waterways and telecommunication infrastructure. Government of Kenya recognizes that the attainment of Kenya Vision 2030 and millennium development goals will depend heavily on the quality of our road network. Road transport is cardinal in Kenya's transportation sector as it caters for over 93% of all freights and passenger traffic in the country. With the implementation of the roads subsector investment programmes and strategy, Kenya stands to reap immense benefits as a result of high quality road network (Ministry of Roads, 2011). However, as in many other African countries, road projects in Kenya have been facing numerous challenges, including completion delays, the associated cost overruns as well as the demolition of residential and business houses and abortive works to pay for such projects (Maina, 2013). For instance in the construction of now famous and successfully completed Thika Superhighway, the cost escalated from 26.44 billion to 34.45 billion (World Bank, 2014). The date of completion itself had to be revised from the earlier one of July 2011, to July 2013, a difference of two whole years. According to Escibano et al (2010), they argue that evidence from enterprise surveys suggest that infrastructure constraints are responsible for about 30% of productivity handicap faced by Kenyan firms while poor governance, red tape and financing constraints are the major contributing factors to infrastructure constraints. Power is the infrastructure constrain that weighs most heavily on Kenyan firms, with transport a close second.

In Kisii County, most contractors, particularly road contractors have shown lot of interest in the sector. However, most of these firms have been performing minimally. Small-Scale Building Contractors who constitute over 90% of the job market in construction sector have been left out of the sampling frame. Yet although these firms are classified as small, in financial terms, they collectively contribute substantially to overall construction GDP, especially in the development of decentralized and local government areas. Indeed these small firms could also be accounting for over 50 % (cost-wise) of all building materials production and nearly 80% of all short-term employment (casual labour) especially for unskilled workers in many deprived communities in Kenya (Ministry of Planning, 2010).

From the records available with the City Engineers department, Kisii County, the total road network is 2,968 km out of which n1; 331.1 km have been paved with bituminous surface. 504.1km are of gravel standards and 1,133.6 km have earth surface. The responsibility of maintaining this road is vested with the Kenya Urban Roads Authority, KURA, who gets the funding from the Kenya Roads Boards, KRB. However, KURA delegates maintenance of the roads by engaging road contractors. There are 34 fully registered road contractors under the National Construction Authority (NCA) (Ministry of Roads and Public Works, 2017). The road contractors are registered and categorized according to their experience, capability both in technical and financial.

The governments on the other hand strive to allocate enough funds to ensure the road are maintained and improved. This is because it is clearly understood that the existence of good and well-functioning road network is vital for economic growth, poverty reduction, and wealth and employment creation. Through the provision of basic infrastructure facilities to the public by developing, maintaining, rehabilitating and managing of road network in the country, the Ministry of Roads therefore is expected to play an important role in the attainment of "Kenya vision 2030" goals, Millennium Development Goals (MDGs) and Kenya's Economic Recovery Strategy for wealth and Employment Creation Strategy (ERS), (Mbaabu, 2012). The estimated projected collections of the Road Maintenance Levy Fund (RMLF) during the Financial Year FY 2012/2013 are Ksh. 24,000,000,000 (twenty-four billion shillings).

Similarly, the estimated collections of the Transit Tolls (TT) during that same Financial Year are Ksh, 400,000,000 (four hundred million shillings). These two primary sources of funds; contribute to more than 99% of the funds deposited into KRB.

Additionally, about Ksh. 90, 000,000 (ninety million shillings) was received from agricultural cess. This brings the total KRB to Kshs 24,490,000,000 (twenty four billion, four hundred and ninety million). Despite immense allocation of the fund by the government in all its financial budget, the sector face a challenge with poor management of funds, completion delays and poor delivery of services to the road user being mostly cited as the major drawback in the performance of the road sector (Ministry of Roads and Public Works, 2013).

Project delays frustrate the process of development due to their immeasurable cost implications to the society. It leads to opportunity costs as the intended use of the particular project by the people takes time to materialize often with the costs either of a social, economic, environmental or political nature or a combination of all these. It moreover leads to the irrecoverable loss of reputation of the parties involved in projects execution. Mbatha (1986) and Talukhaba (1988) posit that the time performance of construction projects in Kenya was poor to the extent that over 70% of projects initiated in Kenya are likely to escalate in time with a magnitude of over 50%.

Construction of roads is important and this requires that financial support reaches its intended destinations. The case of Garissa exemplifies all northern and eastern parts of the country, which have poor infrastructure, if at all a useful network of roads to link the climatically, less fortunate areas to the rest of the country and to enable food transport. The concentration of a well-developed infrastructure in the parts of the country where there is agglomeration, on the other hand causes a contrasting situation.

The US-Army, which currently has one of its bases in Kenya, stated that "the stores in Eldoret and Kitale are bursting with excess grain while people are dying a few hundred meters away from hunger" (Waira, 2006). As the statement continues "they are not dying because of war of civil strife, but because there is no transport and other logistics in place to ensure delivery of the much needed relief". Therefore, the importance of a viable road network does not simply lie in practical connection of places one to another but rather roads are elixir of life, running through the country like veins in a body and enable the population to have adequate access to food supplies, especially where the local production is not successful.

1.2 STATEMENT OF THE PROBLEM

In Kenya Construction projects are facing challenges of non-Completion. Many construction projects fail due to factors like time in efficiency, lack of adequate funds and lack of advance working equipment. Kenya Urban Road Authority, (2013) reported there were many projects which were not completed due to obstacles by client, non-availability of materials, poor infrastructure, lack of funds and lack of project managers competency. Construction and maintenance of standard road networks plays an important role in the maintenance of proper living standards to residents of Kisii County. To attain and maintain the road standards, investment comes in handy in the form of monetary investment from state corporations which are: Kenya Urban Roads Authority (KURA), Kenya National Highway Authority (KeNHA), Kenya Rural Roads Authority (KERRA), Kenya Roads Board (KRB), Engineers Board of Kenya, (ERB) and also external donors. These state corporations are under the Ministry of Transport and Infrastructure Development, and they strive to meet the demands and needs of the residents and are also mandated to maintain and improve the states of roads in Kisii County. The stretches of roads in Kisii County are short and some less than a kilometer long but dilapidation is their worst characteristic. These roads play a key linking role for some residential estates and commercial hubs within the area, but using them has become a headache for motorists and pedestrians.

The Nyambara-Kanyimbo, Daraja Moja-Nyamataroin Kisii town is one of the roads that have been faced with delayed completion. A contractor started working on the roads; however it stopped due to non-payment according to correspondences. Ufanisi- Nyankongo Road in Kisii Town which starts at the Makutano Petrol station to Nyankongo junction is another example that faces delayed completion. The contractors have been refilling the potholes but the final result has not made

transport any better on the four-kilometer stretch which has led to delayed completion of the road Kisii County. Construction of Kisii Outlying Road which touches most of the areas in Kisii County is already behind schedule by a year with the contractor having done only 5% of the work. The delay was as a result of land acquisition and relocation of services. The road risks further delay as project variation doubles more than the initial costs. The present position concerning road construction projects in Kisii County is worrying and lacks empirical research.

There have been increases in arterial roads within the area although not at equal rates and these roads have not escaped delayed completions.

It is against this background that this research seeks to study factors that influence completion rate of road construction projects in Kisii County, Kenya.

1.3 PURPOSE OF THE STUDY

The purpose of the study was to assess the factors influencing completion rate of road construction projects in Kisii County, Kenya.

1.4 OBJECTIVES OF THE STUDY

The study was guided by the following objectives;

1. To establish the extent to which availability of resources influence completion rate of road construction projects in Kisii County, Kenya.
2. To determine the influence of competency of staff toward completion rate of roads construction project
3. To establish the extent to which stakeholder participation influences completion rate of road construction projects in Kisii County, Kenya.
4. To determine the influence of procurement procedures on completion rate of road construction projects in Kisii County, Kenya.

1.5 RESEARCH QUESTIONS

The research was guided by the following research questions:

1. To what extent does availability of resources influence completion rate of road construction projects in Kisii County, Kenya?
2. To what extent does competency of staff influence completion rate of roads construction project in Kisii County, Kenya?
3. To what extent does stakeholder participation or absence of it influence completion rate of road construction projects in Kisii County, Kenya?
4. To what extent do the relevant procurement procedures influence completion rate of road construction projects in Kisii County, Kenya?

1.6 HYPOTHESES OF THE STUDY

H1 There is a relationship between availability of resources and completion rate of road construction projects in Kisii County, Kenya.

H1 There is a relationship between competency of staff and completion rate of road construction projects in Kisii County, Kenya.

H1 There is a relationship between stakeholder participation and completion rate of road construction projects in Kisii County, Kenya.

H1 There is a relationship between procurement procedures and completion rate of road construction projects in Kisii County, Kenya.

1.7 SIGNIFICANCE OF THE STUDY

The findings of the study were hoped to be of great importance to the government as it would apply the findings of the study to ensure construction companies play their role more particularly in economic growth and job creation.

Further the findings of this study will benefit the government through ensuring policies put in place to govern construction sectors and that are favorable to their growth and that their performance will play a key role in national building towards achieving millennium goal such as vision 2030. Road construction companies will benefit from the findings of this study since they will be able to know the challenges of and strategies that can be applied to achieve efficiency and effectiveness in road construction projects.

The findings of this study will help policy makers on key issues related to project development and management with particular reference to road and other infrastructure development and construction. The findings of this study will therefore be of great help in improving the efficiency and management procedures of road construction projects in Kisii County, Kenya so as to ensure that such projects are completed on time and in accordance to set objectives. The study would also be of great interest to scholars and researchers interested in and working in the area of road construction projects.

1.8 LIMITATIONS OF THE STUDY

The main limitation of the study was its inability to include more construction firms around the country. This was a study focusing on road contractors within Kisii. The study will have covered road contractors across the country so as to provide a more broad based analysis.

Some of the respondents targeted were reluctant in giving information fearing that the information will be used to intimidate them or print a negative image about them or the firm. The researcher handled the problem by carrying an introduction letter from the University and assured them that the information they gave was to be treated confidentially and it would be used purely for academic purposes.

1.9 DELIMITATION OF THE STUDY

The study was delimited Ministry of roads and public works, contractors (supervisors in the projects), consultants (technical consultants by contracts), engineers and technical auditors participating in road construction projects in Kisii County, Kenya because they were perceived to be knowledgeable in the area.

1.10 BASIC ASSUMPTIONS OF THE STUDY

The researcher assumed that the respondents were to be honest and cooperative in their response to the research instruments and were available to respond to the research instruments in time. The researcher assumed that the authorities in the firms will grant the required permission to collect data from employees.

1.11 DEFINITION OF SIGNIFICANT TERMS

Delay: refers to the time overrun either beyond completion date specified in a contract or beyond the date that the parties agreed upon for delivery or at the outset. Completion of construction **projects:** refers to the completion of given projects according to the time schedule set out for the projects without any delays in time.

Project: this refers to the temporary organization that is needed to produce a unique and predefined outcome or result at a pre-specified time using predetermined resources.

Procurement: this refers to the acquisition of goods, services and/or infrastructure at the best possible total cost of ownership in the right quantity and quality, at the right time in the right place for the direct benefit or use of governments, corporations or individuals generally via a contract.

Resources: this refers to people, equipment, facilities, funding or anything else usually other than labour required for the completion of a project activity.

Stakeholders: this refers generally to people or small groups with the power to respond to, negotiate with and change the strategic future of the organization, any group or individual who can affect or is affected by the achievement of the organization's objectives.

1.12 ORGANIZATION OF THE STUDY

The study was organized in five chapters. The first chapter comprised of the introduction, background of the study, statement of the problem, purpose of the study, objectives and research questions, significance of the study, limitations and delimitations of the study, basic assumption and definition of significant terms and an overview of the research proposal. The second chapter comprised of literature on the dependent and independent variable, theoretical review and the

conceptual framework which explains the relationship. The third chapter dealt with the study research design, the target population, sample size and sampling technique, research instruments, validity and reliability of the instruments, data collection procedures, data analysis and presentation and ethical considerations. The fourth chapter presented data analysis in the following themes: Introduction, Questionnaire return rate, Demographic characteristics of the respondents, The Gender of the respondents, Period of service in years in construction industry, Education level of the respondents, Positions held by the respondent, Main clients of road contractors, Resources, Influence of resources on project completion, Indicators on the influence of resources on completion of road construction projects, Variables on completion of road projects, Competency of staff, The rating on influence of competency of staff on completion of construction projects, Rating on how project staff skills improve their ability to handle assigned duties competitively, Stakeholder participation on, completion of road infrastructure projects, Stakeholder's participation activities, Stakeholders' engagement and completion of construction projects, Procurement, procedures and completion of road construction projects and time taken to process procurement documents. The fifth chapter presented Introduction, summary of the findings, discussions of findings, conclusions of the study, Recommendations of the study and suggestions for further research

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presented the literature reviewed on factors influencing completion of road construction projects. Reviewing relevant literature would assist in laying the foundation for this study. The chapter therefore will present arguments on the concepts by various authors based on the research objectives. The main areas to be presented here are: literature on the dependent and independent variable, theoretical review and the conceptual framework which explains the relationship.

2.2 STATE OF ROADS IN KENYA

Road transport represents a significant portion of the government's total financial investment in fixed assets. The scope of road transport infrastructure comprises the entire road network in Kenya and includes all road facilities upon which road transport operates. In Kenya, the road subsector as a component of the physical infrastructure sector is an enabler for the realization of vision 2030. This is because 93% of the country's land freight and passenger traffic are conveyed through the road network. The road sub sector is relatively large, with a total classified network of 160,866 km of which 61,946 km is currently classified while 98,940 km is unclassified, GOK (2012). This provides a reasonable network of roads in the densely populated parts of the country and some access through the rest. The key challenge for Kenya is to bring the network in poor condition (56%) to good condition (currently just 11 percent), while ensuring that adequate maintenance is carried out on to the rest. The life expectancy of roads in Kenya is 8 years and according to Menhe (2002:102), far shorter than that. This is due to various reasons such as lack of government responsibilities for road maintenance, climatic conditions as Kenya is subject to tropical influences and conditions of vehicles, which are often overloaded and carry unacceptable axle loads.

According to the Government of Kenya (2012), substantial progress has been made in the road sub-sector following the reforms informed by sessional paper No. 5 of 2006. Currently, the road sub-sector has the following major sources of funds: National budget, Local Government revenues, Road Maintenance Levy Fund (RMLF), Mechanical and Transport Fund (MTF), Transit tolls, Agricultural Cess and The Development Partners.

Although the funds currently allocated for road maintenance and development are inadequate to cater for the road network needs, there is need to identify additional sources of financing. Otieno (2003) argues that there is evidence that not all money given to the government which is responsible for maintenance of the road, is actually used for that purpose. He continues to argue that a lot of time is lost through the money not arriving immediately at its intended destination. For these reasons the roads have to be built faster, and their surface can't be as thick as it was originally supposed to be, because there is not enough money for the required materials. As the road surface is much thinner than it should be, it wears down faster and new investments are required to restore it to good repair. Kenya Anti-Corruption Commission Report (2007) highlights the failed state of classified roads and identifies contributing factors to lack of routine and periodic maintenance, rampant corruption in road construction projects, collusion between contractors and government official, increase traffic volume and overloading. The sector has continued to face challenges which have included: weak institutional framework, failure of rail transport in Kenya, shortage of engineers and other technical personnel at the Ministry of Roads and Encroachment on road reserves.

The Government has sought to address these challenges through a variety of reforms which have included establishment of a secure road maintenance funding arrangement, creation of Kenya Roads Board (KRB) and clarification of the institutional arrangement in the management and ownership of the entire road network leading to the creation of the Kenya National Highways Authority (KeNHA), Kenya Rural Roads Authority (KeRRA) and Kenya Urban Roads Authority (KURA). The World Bank has been committed in this sector and has continued to fund road construction projects since 1960s and some of these projects have also experienced delays in their completion (World Bank, 2007).

2.3 CASES OF NON-COMPLETION OF CONSTRUCTION PROJECTS

A project has been defined to have a defined beginning and end, that is, a specified time for completion. A project also has a set of goals, a series of activities and a limited budget. Project completion involves the balancing of three major factors namely cost, quality and time. Project cost is the cost incurred to realize a project (Project Management Institute, 2004). Project time or duration is the total number of work period required to complete a project.

A project is on time when the overall project duration does not exceed initially planned project time (Project Management Institute, 2004). According to Abbas (2006), late completion of works as compared to the planned schedule or contract schedule is what is known as delay. Delay occurs when the progress of a contract falls behind its scheduled program. It may be caused by any party to the contract and may be a direct result of one or more circumstances. A contract delay has adverse effects on both the owner and contractor (either in the form of lost revenues or extra expenses) and it often raises the contentious issue of delay responsibility, which may result in conflicts that frequently reach the courts. A cost overrun occurs when the final cost of the project exceeds the original estimates (Azhar & Farouqi, 2008).

Construction delays occur all over the world and many studies have been carried out to assess the causes of delays in construction. Sambasivan and Yau (2007) stated that about 17.3 percent of government contract projects in Malaysia were considered sick, which means they are delayed by more than three months or are abandoned completely. According to Assaf and Al-Hejji (2006) from Saudi Arabia only 30 percent of construction projects were completed within the scheduled completion dates and the average time over run was between 10 percent and 30 percent.

Agaba (2009) attributes delays in construction projects to poor designs and specifications, and problems associated with management and supervision. In their study, El-Razek et al., (2008) found that delayed payments, coordination difficulty and poor communication were important causes of delay in Egypt. Due to the very nature of the construction industry, and varying contract conditions across different projects, contract claims are inevitable. Though claims are raised in numerous areas, delay claims are found to be most common. Yates and Epstein (2006) have observed that delays in construction and the claims originating from such delays are an integral part of the modern construction process. According to them, the construction delay claim process commences at the project inception itself. Referring to numerous past studies, Scott et al (2004) conclude that construction projects have a tendency to suffer from delays and such delays carry potential losses for all parties: for the employer(client, owner) through loss of use, and for the contractor and subcontractors through their prolonged presence on site.

However, a delay in a construction project can be caused by either the owner or by the contractor or by the numerous other reasons. Al-Momani (2000) studied 130 projects and found that poor design, and negligence of the owner, change orders, weather conditions, site conditions, late delivery, economic conditions and increases in quantities are the main causes of delay. Odeh and Battaineh (2002) have identified 28 causes of delay categorized in eight major groups through questionnaire survey in Jordan. Aibinu and Jagboro (2002) have identified six effects of delays as time overrun, cost overrun, dispute, arbitration, total abandonment, and litigation for Nigerian construction industry. Kurmarswamy and Yogeswaran (2003) opine that the detailed claims related to extension of time are often submitted towards the end of the construction period which is one of the contributory factors to the late assessment of claims. Scott (1997) has studied the attitudes of the contractors and supervisors towards delay claims. In the Indian context, Iyer and Kalidindi (2002) have identified the 'Time Delay and Extension clause' as second most critical clause next to Final and Binding Power in construction contracts. It is observed that there is much concern about disputes related to delay in construction projects.

According to Ssepuuya, (2008) most of the construction projects in Uganda have had problems with delay in completion and cost overruns and this has caused a lot of concern. For example, the Northern by-pass in Kampala which was to take two and half years instead took more than 5 years and the cost had similarly gone up by more than 100 percent. Kaliba et al. (2009) concluded from their study that the major causes of delay in road construction projects in Zambia were delayed payments, financial deficiencies on the part of the client or contractor, contract modification, economic problems, material procurement, changes in design drawing, staffing problems, equipment unavailability, poor supervision, construction mistakes, poor communication on site, changes in specifications, labor disputes and strikes. Ellis and Thomas (2003) argue that it has become a norm rather than the exception for road construction projects in Malawi to experience delay.

In Kenya, it is a well-known fact that time and cost overruns are widely prevalent in the public sector projects (Musa, 1999). His finding showed that, poor communication, lack of experience by project manager, procurement delays, lack of planning, poor infrastructure, inadequate resources, lack of motivation, tendering methods, variations, project environment, poor project definition as being some of the major contributions to time and cost overruns.

Sweis, Sweis, Hammad and Shboul (2008) studied delays in construction projects in Jordan and the major causes of delay were: Financial difficulties faced by the contractor; too many change orders from owner; poor planning and scheduling of the project by the contractor; Presence of unskilled labour; and Shortage of technical professionals in the contractor's organization.

In India, Ravisankar, Anandakumar and Krishnamoorthy (2014) conducted a study on the quantification of delay factors in the construction industry. The researchers indicated that time overrun vary between 50% and 80% for projects completed worldwide. The study revealed that the most important causes of delay were: Shortage of unskilled and skilled labour; Design changes by owner or his agent during construction; Fluctuation of prices; High waiting time for availability of work teams; and Rework due to errors. Shanmugapriya and Subramanian (2013) investigated significant factors influencing time and cost overruns in Indian construction projects. The researchers indicated that 60% of projects in India suffered time overruns. The study found out that the following were the most significant factors causing time overruns: Material market rate; Contract modification; Rework of bad quality performance; unclear specification; and Dependence on freshers to bear the whole responsibility.

In South Africa, Baloyi and Bekker (2011) researched on causes of construction cost and time overruns and revealed that the following were the most important causes of time overruns: Incomplete drawings; Design changes; Clients' slow decision-making; late issue of instructions; and Shortage of skilled labour. Alaghbari, Kadir and Salim (2007) studied the significant factors causing delay of building construction projects in Malaysia and found out that the major causes of delay were: Owners' financial difficulties and economic problems; Contractors' financial problems; Late supervision and slowness in making decisions; Consultants' slowness in giving instructions; and Lack of materials on market. Mohammed and Isah (2012) carried out a study on the causes of delay in Nigerian construction industry and the results showed that the major causes of delay were: Improper planning; Lack of effective communication; Design errors; Shortage of supply like steel, concrete; and Slow decision-making. Fugar and Agyakwah (2010) researched on delays in building construction projects in Ghana and found out that the most important causes of delay were: Delay in honouring payment certificates; Underestimation of cost of projects; Underestimation of complexity of projects; Difficulty in accessing bank credit; and Poor supervision. Kikwasi (2012) studied the causes and effects of delays and disruptions in construction projects in Tanzania and the results showed that the following were the major causes of delay: Design changes; Delays in payment to contractors; Information delays; Funding problems; and Poor project management.

Talukhaba (1999) carried out an investigation into factors causing construction project delays in Kenya and found out that the major causes of delay were: Clients payment; Architect's instructions; Client's instructions; Rock; and Underground water. Assaf, Al-Khalil and Al-Hazmi (1995) studied the causes of delay in large building construction projects in Saudi Arabia and revealed that the most important causes of delay were: Approval of shop drawings; Delays in payments to contractors and the resulting cash-flow problems during construction; Design changes; Conflicts in work schedules of subcontractors; and Slow decision making and executive bureaucracy in the Owners' organisations. Mansfield, Ugwu and Doran (1994) studied the causes of delay and cost overruns in construction projects in Nigeria and the results showed that the most important factors were: Financing and payment for completed works; Poor contract management; Materials shortages; and Improper planning.

2.4 AVAILABILITY OF RESOURCES AND THEIR INFLUENCE ON COMPLETION OF ROAD CONSTRUCTION PROJECTS

In project management terminology, resources are required to carry out project tasks. According to Wikipedia online dictionary, resources can be people, equipment, facilities, funding or anything else capable of definition (usually other than labor) required for the completion of a project activity. The lack of a resource will therefore be a constraint on the completion of the project activity. Resources may be storable or non-storable. Storable resources remain available unless depleted by usage and may be replenished by project tasks which produce them. Non-storable resources must be renewed for each time periods, even if not utilized in previous time periods. Resource scheduling, availability and optimization are considered key to successful project management. Allocation of limited resources is based on the priority given to each of the project activities. Their priority is calculated using the Critical Path method. For a case with a constraint on the number of resources, the objective is to create the most efficient schedule possible-minimizing project duration and maximizing the use of resources available (Feuerstein, 1986).

Feuerstein (1986) argued that resources ensure effective, quality construction projects. It is critical to set aside adequate financial and human resources at the planning stage. The required financial and human resources for timely completion of construction projects should be considered within the overall costs of delivering the agreed results and not dedicated for the function.

Dedicated staff time for effective project implementation, staff should be dedicated for the function. The practices of deployment of personnel for monitoring vary among organizations. The duration of the project will be determined by its purpose.

Gorgen (2001) further notes that the availability and accessibility of construction materials influence the cost of the project exercise. In the absence of these construction materials, the contractor needs to spend more time and resources to locate them. The appropriateness of allocated resources should be assessed to ensure that project runs without delays. If a road construction project is carried out jointly with donors in the context, there should be an agreement in resourcing modalities with potential donors or other counterpart at the outset. Budget limitation is consistently one of the greatest constraints to timely implementation of road construction projects. While projects can often compensate for a lack of technical capacity through training/or outsourcing, they cannot compensate for the lack of money.

Pace (1990) stated that it is important to allocate required funds for each construction project. It is important that partners consider the resources needed for timely completion of projects and agree on a practical arrangement to finance the associated activities. Such arrangements should be documented at the beginning of the program to enable partners to transfer necessary funds in accordance with the procedure which could take considerable time and effort. Human resources are critical for effective implementation and timely completion of construction projects, even after securing adequate financial resources. For high-quality execution of a construction project, there should be an excellent learning tool as well as a means to improve program.

From global perspectives, resources availability is one of the important challenges facing construction industry characterized by shrinking workforce. Statistics in Canada predicts that in Canada by 2016 there will no longer be enough new workers to replace retirees. In the USA, a conference Board study: Managing the mature work force predicts that by 2010, the number of workers aged 35 to 44 will decline by 19%; age 45 to 54 will increase by 21% and age 55 to 64 will increase by 52%. This is a world – wide phenomenon. The number of workers aged 35 to 44 is expected to decline by 27% in Germany, 19% in the U.K, 9% in Italy. 10% in Japan and by 8% in China

In African developing countries, construction projects represent a strategic option towards achieving sustainable development objectives. On the other hand, these projects are characterized with the need for high design knowledge and technical skills, competent human resources and managerial capabilities as well as excessive cost investment. Conversely, developing countries experience shortage of many of these requirements which obstruct the development of Mega Construction Projects (MCPs) in developing countries.

Construction projects require unique design knowledge, skills and experience. Lack of professional expertise, shortage of full understanding of scientific and technical requirements (Georgieva, 2012) and improper decisions and overlooking specialists and stakeholders consultation during the decision making process (Kerzner, 2006; Jia et al., 2011) obstruct the development of Mega Construction Projects (MCPs) in developing countries. These challenges were clearly noticed in

Toshka project, a water infrastructure development in Egypt as not all technical requirements have been taken into full consideration and the different studies conducted over the years related to the project have not been discussed openly and in public.

Examples of the technical failure include: Rationale behind Human Development challenges. The ability to attract, retain and develop talented employees is a key feature of successful business. People are an organization's most valuable assets and this is especially true in relatively low-tech, labor-intensive industries such as construction (Loosemore et al., 2003).

Laborers are the lifeblood of any construction project, especially in construction projects in developing countries. They are the workforce that creates the final product. Therefore it is imperative to improve their skills and enhance their abilities to increase productivity of the construction industry and ensure the quality of the constructed projects (Ramburan and Othman, 2007). In addition, lack of human resources development in management related discipline i.e. project management, contract administration and leadership results in poor supply of experienced staff who can accept critical roles, which they are not prepared for (Georgieva, 2012). Furthermore, there is an agreement between academics and professionals that academic institutions do not equip graduates with necessary skills required to meet the requirements of the construction industry (Nkado, 2000; Chileshe and Haupt, 2007; Rwelamila, 2007) which highlights the need for human development.

The issue of timely completion of construction projects in Kenya is increasingly becoming an issue of concern among the stakeholders in the construction industry. The most important factor influencing timely completion of road construction project in Kenya is financing by the contractor, during the project, changes in design by the owner or his agent during the construction, delays in contractors' payment and non-utilization of professional construction management. In addition, preparation and approvals of shop drawings also contribute to the delays to a significant extent. This is because of the increasing rates of interests, commercial pressure, inflation and the potential of a construction project to result in disputes and claims leading to litigation and arbitration. Others are cash flow problems during construction process. Owners in their part cause delays when they face labor shortages or engage inadequate labor skills. In a country like Kenya, construction worker are relatively unskilled and lack of adequate planning at the early stages of the project results in time and cost overruns (Gatugu, 2014).

2.5 COMPETENCE OF STAFF AND COMPLETION OF CONSTRUCTION PROJECTS

Competence in human resources is a standardized requirement for an individual to properly perform a specific job. Cuban (2001) observed that there are many ways to define and measure the adequacy of staff competency, capacity and the effectiveness of agencies tasked with the construction projects. The effectiveness of the project team tasked with road construction project administration depends to a large extent on the project staff capacity relative to the demands placed upon them. To be effective, road construction projects need to have sufficient and capable staff with the appropriate mix of skills and expertise, the motivation and will to act, and the incentives and resources necessary to achieve their mandate. Kent (2011) postulates that the ability of a project's staff to meet demands for its services depends on both its numbers and the skills and expertise staff members bring to the job. A project team needs to have at least the minimum necessary mix of skills and expertise and a sufficient number of staff with appropriate skills relative to the scale of its responsibility.

Construction projects do not implement themselves. They require people to carry out laid down work, there is need to understand whom will work on the system, what skills and knowledge they have and the overall level of human resources available –both within the team and externally-to support your project execution plan. The minimum required mix of skills and expertise and the required number of staff per unit managed or administered by the agency can be established through estimates provided by knowledgeable informants (Economic Stimulus Programme Handbook, 2009). These informants could include current and past managers of the stimulus project analysts, researchers tracking the stimulus project operations and functioning (Cambridge, 2000).

Based on their informed contractors or consultancy firms' opinion, a range of estimates for the minimum required skill mix and the number of required staff with requisite skills per unit can be established as points of reference. To translate a project's staff skills and expertise into effective action, staff members must have the motivation and willingness to discharge their responsibilities and perform mandated functions according to norms of professional behavior. Staff motivation and will to act is not directly observable, but it is linked to incentives and rewards for good performance within a project team. The relative attractiveness of the agency's compensation package and prospects for professional growth and promotion can motivate staff and serve as incentives for good performance. Norms of professional behavior set standards and expectations on how staff members ought to conduct themselves in the course of their work. The degree to which these standards are adhered to also provide some indication of quality of staff performance and how effectively an agency is managed (Kent, 2011).

Gardner (2003) argued that skilled personnel staff entrusted with project execution should have required technical expertise in the area. Where necessary, skill levels should be augmented to meet the needs and with ongoing investments in developing such capacity within the office as necessary.

Coordination problems due to incompetency of project manager may cause project delays. In a construction project, there are many parties involved such as contractor, consultant, sub-contractor and client. Often, it may be difficult for these various separate parties to coordinate well in order to complete the project. In one study conducted by Assaf et al. (1995) it was found that difficulty in coordination between the parties is one of the factors that contribute to delay. In addition, Majid and McCaffer (1998) also agreed that coordination problems will contribute to delay.

Ali et al. (2008) and Kadir et al. (2005) stated that lack of coordination between contractors and subcontractors will lead to delay, for example in the situation that newly revised construction drawings of a project may be issued later by the contractors to the subcontractors. This leads to construction mistakes and the work requiring to be redone. Reconstruction work takes additional time, therefore impacting upon the completion time of the project. According to Sambasivan and Yau (2007), most of the unskilled laborers used in the Malaysian construction industry are foreign laborers. These foreign laborers have little formal education (Santos et al., 2003).

Thus, coordination is very important to guide and instruct these laborers to perform their work correctly. Without coordination, the project will be delayed due to rectifying defective works and low productivity of laborers.

Poor site management effective and efficient site management by contractors is very important to ensure projects are completed on time. Poor coordination contributes to delay from estimated completion time. Poor site management may occur when contractors do not have enough experience and suffer from a lack of knowledge in managing the project team (Kadir, et al, 2005). A project manager is the leader in a construction project in the sense that he is required to manage all the works on site from monitoring progress of construction works to managing all the administrative work in the project. It is of utmost importance for the project manager to manage work and project teams effectively. Hence, poor site management from the project manager will affect the whole team and also the progress of works, resulting in the eventual outcome of project delay.

This view is supported by studies conducted by Augustine and Mangvwat (2001), Arshi and Sameh (2006), Arditi et al. (1985) who concluded that poor site management is one of the factors that contribute to delay in construction projects.

Productivity in construction is often broadly defined as output per labor hour. Since labor constitutes a large part of the construction cost and the quantity of labor hours in performing a task in construction is more susceptible to the influence of management than are materials or capital, this productivity measure is often referred to as labor productivity. However, it is important to note that labor productivity is a measure of the overall effectiveness of an operating system in utilizing labor, equipment and capital to convert labor efforts into useful output, and is not a measure of the capabilities of labor alone. For example, by investing in a piece of new equipment to perform certain tasks in construction, output may be increased for the same number of labor hours, thus resulting in higher labor productivity. Construction output may be expressed in terms of functional units or constant dollars. In the former case, labor productivity is associated with units of product per labor hour, such as cubic yards of concrete placed per hour or miles of highway paved per hour. In the latter case, labor productivity is identified with value of construction (in constant dollars) per labor hour. The value of construction in this regard is not measured by the benefit of constructed facilities, but by construction cost.

Labor productivity measured in this way requires considerable care in interpretation. For example, wage rates in construction have been declining in the US during the period 1970 to 1990, and since wages are an important component in construction costs, the value of construction put in place per hour of work will decline as a result, suggesting lower productivity.

In a country like Kenya, construction workers are relatively unskilled and lack adequate planning at the early stages of the project impacts on timely completion of construction projects and cost overruns. In the construction of Thika Superhighway for example, The Chinese contractors knew this. They planned on how to train the Kenyan labor force on their construction methods and this reduced the scenarios that we saw of Chinese contractors working with only two or three local

workers at the construction site. The more they train and engage in their projects, the more the construction process stayed on course and completed in good time (<http://www.capitalfm.co.ke/business/2012/04/thika-superhighway-completion-set-for-june/>)

2.6 STAKEHOLDER PARTICIPATION AND COMPLETION OF ROAD CONSTRUCTION PROJECTS

A Stakeholder is anyone who significantly affects or is affected by another's decision pertaining to the project activities (Chevalier, 2010). Globally; projects have changed in the last decade as globalization presents a dynamic and more interactive process which is influencing nowadays everywhere. Therefore, a lot of global projects currently executed in organizations containing completely diverse cultures, working together to reach success. This extra ordinarily and worthy phenomenon which consists of different stakeholders which intervene from various points of view as well as the global project itself (Annon, 2010). As Aarseth et al. (2012) pointed out the biggest challenge in global perspective is the treatment of external stakeholders. Stakeholders in general need to be considered key to success within global environment (Turner, 2007). Ferreira (1999) argued that influence of stakeholder participation on effective implementation of projects provides opportunities for public operation. Lemos (2002) on the other hand, looked at multi-stakeholder processes and observed that they can aid in the specification and selection of appropriate construction project.

In Africa over the past several years, issue of "participation" have become increasingly important at the African Development Bank. Like other international development institutions, the Bank has recognized that participation is essential to the achievement of its overarching objectives of poverty reduction and sustainable development.

Participatory approaches have been shown to enhance project quality, ownership and sustainability; to empower targeted beneficiaries (in particular women and poor people) and to contribute to long-term capacity-building and self-sufficiency.

Numerous development projects documents in Africa refer to the importance of "stakeholder participation" and encourage staff to utilize a "participatory approach" in their day to day operations. For example, the Bank's vision statement (1999) emphasizes the importance of "a bottom up approach", participatory approach" and a "client-responsive approach to ensure stakeholder commitment and ownership". The Bank document entitled operationalizing the beneficiaries of civil society, the donor community and borrower countries are involved from the outset of the program design through to implementation. The Bank has firmly committed itself to mainstreaming participatory development and staffs are required to adopt a participatory approach in carrying out their work. In practice, also the Bank is making notable progress in translating the commitment to participation into concrete actions-in both its policy and project based interventions.

Stakeholder consultations for the proposed Kisii Outering Road were conducted in order to capture the major concerns associated with the project from all concerned and interested parties. The consultant held three public meetings along the corridor during the development of ESIA Report. A stakeholder's consultation workshop was held on 21st March 2013. The participants included representatives of community based associations such as the Transporters Association, the Traders (Jua Kali) Associations, and Market owners, Parents Association (schools), Kisii Water Services Board, Kisii Municipal Council, KeNHA and KURA. The stakeholder consultative meetings provided views, opinions and suggestions on the most appropriate considerations on the construction and use of the proposed road. The sessions also laid out fears and concerns to be addressed during construction. To ensure that both women's and men's view were taken on board in the project design; public consultations were conducted in all-inclusive manner. The consultations sought community participation and instant feedback into the project design especially related to matters of road alignment /design, resettlement and compensation. The consultations created awareness and identified positive and negative socio-economic impacts of the road project, proposed mitigation measures to address the potential impacts during project implementation and operation (ESIA, 2013).

Stakeholder's involvement is paramount in development projects. Even though, minor decisions and emergency situations are generally not appropriate for stakeholder participation, a complex situation with far reaching impacts warrant stakeholder involvement and when done proactively, rather than in response to problem, helps to avoid problems in the future (Maina, 2013).

Stakeholders have different levels of responsibility and authority and influence on a project which may change during the life of the project. Their responsibility and authority range from occasional contributions in surveys and focus groups to full project sponsorship which includes providing financial and political support. Stakeholders who ignore this responsibility can have damaging impacts on project objectives. Also, project managers who ignore stakeholders can expect a damaging impact on project outcomes. Failure to identify key stakeholders can cause major problems for a project (PMI 2006). According to Project Management Institute, (2006), stakeholders may have a positive or a negative influence on a project. Positive stakeholders are those who would normally benefit from a successful outcome of a project while negative stakeholders are those who see negative outcomes from project success. The negative stakeholders' interest would be better served by impeding the project's progress. Negative stakeholders shall be often overlooked by the project team due to the risk of failing, to bring the project to a successful end.

Project's success depends on its ability to formulate, support and management of key stakeholders. Satisfied stakeholders improve the progress and relevance of the project and hence to its success (Kennon, Howden & Hartley, n.d.). According to (Bourne 2006), the stakeholder community consists of individuals and groups each with a different potential to influence the projects outcome positively or negatively. Construction projects just like any other organizational framework comprises of networks of people with various needs, formation and purpose. Bourne and Walker 2005 likened project success to the strength of relationship established and nurtured within and among construction stakeholders. This will in turn influence the project success and timely completion of the project. Burton and Nobel (2003) also describes project environment as one having high complexity, high uncertainty and high equivocality and such factors make stakeholder management difficult. Oyegoke (2006) opined that construction projects have direct and indirect impacts on different project interest groups and these interest groups are referred to as the stakeholders.

Bourne (2006) suggests that an important aspect of managing the project environment is to understand the direction and influence in which the project manager and management must operate to realize the project successfully. The project managers should therefore try to acknowledge the projects' relevant concerns to all stakeholders as much as possible in order to satisfy every party or at least cater to their minimum requirements (Manowong and Ogunlana, 2010). Stakeholder management is critical to the success of every project in every organization. In a project environment, these stakeholders are usually numerous, and can vary significantly in the degree of influence in both directions. Mitchell, Agle and Wood (1997) suggest that power, legitimacy and urgency are key to stakeholder characteristics. As such, a project manager is required to develop sufficient understanding of such characteristics which are in fact changing variables within the various stakeholders in a project environment.

Karl (2000) states that assessment of the impact of stakeholder participation have been carried out mainly through reviews of ex-post evaluations, case studies, surveys and statistical analysis. There has also been some experience of using both conventional and Monitoring and Evaluation techniques and participatory M & E during the life of the projects. While evidence is still limited, it suggests that stakeholder participation has a positive impact on project and program performance, outcome and sustainability.

2.7 PROCUREMENT PROCEDURES AND COMPLETION OF ROAD CONSTRUCTION PROJECTS

According to Ashworth (2001) Procurement comes from the word procure which literally means to "obtain by care or effort," "to bring about" and "to acquire". He goes ahead and argues that the procurement of construction project is vast in scope because it involves the gathering and organizing of myriads of separate individuals, firms and companies to design, manage and build construction products such as houses, roads, and bridges, therefore procurement is concerned with organized methods and procedure of obtaining or acquiring a construction product such as a house, road or jetty. The Aqua Group (2001) described procurement as the process of obtaining or acquiring goods and services from another for some consideration. Barrons Business Forum (2007) defines procurement as the acquisition of goods, services and/or infrastructure at the best possible total cost of ownership in the right quantity and quality, at the right time, in the right place for the right benefit or use of governments, corporations or individuals, generally via a contract. Ombaka (2009) argues that Procurement is the entire process of acquiring materials, property and services required for a particular project.

The process starts with identification of need, followed by a decision on procurement requirements. The process continues through risk assessment, identification and evaluation of alternative solutions, contract award, delivery and payment of the property or service. World Health Organization report (2007) explains that an effective procurement process ensures that materials are available at the right time, right quantity, for the right client, and at a reasonable price and quality. Ombaka (2009) further emphasizes that it does not merely entail the act of buying, but a wide range of business, operational, information technology, legal

systems, safety and risk management, all undertaken to address an organization's needs. The ability to satisfy desired needs depends on the speed at which the good is delivered; otherwise a negative externality is created on the end users.

According to the analysis of interviews and surveys carried out during the study of Procurement Process described by (Rivas 1998), it argues that currently there is a tendency to manage projects using a fast-track approach in an effort to reduce project schedule. To be able to serve the needs of these projects, the procurement process is subject to important pressures to be carried out in the most expedite and fluid possible manner. Smith and Love (2005) argue that strategies for the procurement of building projects have not changed significantly in the last 25 years, though time and cost overruns are still prevalent through the industry. Luyimbazi (2014) argues that effective public procurement is crucial for good public services and good government. Government therefore has to apply the highest professional standards when it spends this money on behalf of taxpayers, to ensure good deal and to provide appropriate and necessary goods and services to the quality required to meet user needs. The procurement process spans the life cycle from the identification of the need, through selection of services providers to post-contract award management, including disposal. Given that procurement covers the whole project cycle from conception to delivery, it is a vital operation that has effect on effective resources utilization. Therefore procurement determines when a project will start, when a project will be completed and the quality of outcomes from a project. All these are key determinants of value for money especially when it comes to how soon the public can make use of a public good and the level of service that will be obtained as a result. This in itself clearly shows that procurement can positively or negatively affect completion of projects.

According to United Nations Capital Development Fund (2013), the report argues that procurement is time consuming and can require complex procedures. There are risks of errors and deliberate abuse of the process for the personal gain by officials or contractors and suppliers. Problems in procurement can lead to delays, poor quality or lack of value for money and can undermine the trust of the local community. Good procurement practice includes many of the themes of good governance, including efficiency, effectiveness, transparency and accountability. The procedures to govern procurement are considered onerous and require time and resources to process. The process in Uganda is more rigorous than any other countries and places an increased burden to the authority this is according to Uganda National Roads Authority Report (2014).

According to Bartholomew and Lister (2002), in Vietnam procurement procedures were identified as a major issue for three reasons: Due to their complicated, time consuming and costly nature, with the added complication of differing rules for each donor. Due to restrictions placed on local companies that prevented them from participating in bidding. Hence for instance some donors would not let state owned enterprises bid if they were connected to the ministry involved, while contractors could only be from outside the province in which the project would be undertaken. This was felt to exclude those firms with the most appropriate local experience. If aid is tied then choice is restricted and the equipment purchased is not always of an adequate quality or compatible with existing equipment and it is always more expensive than in a competitive bid. Thus tied aid was cited as a factor that most diminishes the value of aid. In addition respondents noted that donors' lengthy and cumbersome procedures at the project preparation stage often causes delays and have resulted in projects taking several years to come to fruition.

Kenya through The Public Procurement and Disposal Act, 2005 created the Public Procurement Oversight Authority (PPOA), the Public Procurement Advisory Board (PPAB) and the continuance of the Public Procurement Complaints, Review and Appeals Board as the Public Procurement Administrative Review Board (PPARB). The PPOA is mandated with the responsibility of ensuring that procurement procedures established under the Act are complied with, monitoring the procurement system and reporting on its overall functioning, initiating public procurement policy and assisting in the implementation and operation of the public procurement system, Government of Kenya (2005).

In Kenya, procurement consumes 45% of the national budget. The close relationship between procurement and development demonstrates there is need for transparency and accountability in the manner which procurement is conducted.

Procurement delays can therefore arise on the projects from various parties involved which can affect the completion of the project. The several stages in procurement which include determining what to procure and when to procure, document product requirement and identification of potential sources, obtaining quotation, bids, offers or proposal as needed, award contracts for selected goods and services, manage relationships with sellers and finally resolving any issues or change orders can also lead to delays especially in high-value contracts as they have to go to the highest levels of approval.

It is very important at the very outset of the project to carefully consider all factors when selecting the most appropriate procurement approach for a construction project. This is because each system has its own feature and peculiarity that will have effect on the cost, time and quality of the project that is, project performance. In construction management Literature, several studies have also indicated that procurement systems have significant effects on construction project performance. Noted in this direction are studies of Eriksson and Westerberg (2012), Eriksson and Vennstrom (2012), Rasid, Taib, Ahmed, Nasid, Ali and Zainordin (2006) Hashim (1999) and Miller Furneaux, Davis, Love and O'Donnel (2009). Eriksson and Westerberg (2012) study postulates different procurement factors at the design, bid invitation, bid evaluation and sub-contractor selections stages that can have various influences on project performance. Similarly, Eriksson and Vennstrom (2012) also investigates the effects of cooperative procurement procedures of joint specification, limited bid invitation, soft evaluation parameters, collaborative tools and others on project performance in the Swedish construction industry. In the same vein, study of Rasid et al. (2006) indicates that different procurement methods offer different allocation of responsibilities, activities sequencing, process and procedure and organizational approach that would affect project performance. It appears that these different studies have exploited the effects of different procurement factors peculiar to their construction industry on project performance. Moreover, different procurement methods have been used in the Nigerian construction industry to procure several construction projects and these procurement methods can also influence project performance.

Tendering is the administrative procedure of sending out drawings and bill of quantities or specification to contractors with the intention to submit a price for the construction of the project.

Besides the price for this project other consideration such as contractor's competence, financial capability, technical competence and other factors are used in selecting a contractor for executing a construction project. Different tendering methods have been used in construction projects for inviting tenders. According to Ramus (1981), Manthosi and Thawala (2012) and Ganderton (2012) there are various methods such as open selective, negotiation, competitive, open selective, design and build tendering approaches that have been used in construction projects. In addition, serial and two-stage tendering methods have been significantly used also in construction projects. According to Mathonsi and Thawala (2012) the use of open tendering method involves placing an advertisement in a widely read newspaper to invite prospective contractors to tender and it is strongly criticized for its increased cost of processing.

Selective tendering in the views of Ramus (1981) involves considering 5-8 competent contractors to be invited to tender for a project. Criteria used in drawing up these competent contractors can include standard of workmanship required, equipment base of the firm, previous business records and financial standing amongst other factors. Selection of contractor through this approach may overcome the deficiencies in open tendering but may lead to higher quotations. Negotiation approach is used when a firm or client has previous satisfaction association with a contractor and the client is prepared to give the contract to this contractor on bases of reasonable price for the project. Such an arrangement is also used if the project is of specialist nature. This approach is known to save time but may lead to higher prices for the quotation (Ramus, 1981; Ganderton, 2012). Competitive tendering approach is used where various contractors of all categories are welcomed to submit tenders. According to Chinyio (2011) competitive tendering must have three stages of (1) pre-qualification, (2) tender documentation and (3) bidding.

As indicated by Public Procurement Act (2007) competitive tendering in Nigeria is to encourage due process, accountability and transparency but this involves high bidding cost, conflicts of interest as it is not guaranteed that the lowest tender wins the project. Open-selective tendering approach is used as a hybrid of open and selective methods. The Traditional procurement method utilizes open, selective and negotiated tendering approaches to obtain its tenders (Mathonsi and Thawala, 2012).

Design and build procurement method utilizes selective tendering method for obtaining tenders from Design-build contractors. According to Chinyio (2011) selective tendering method can be sub-divided into single stage and two-stage tendering methods. Single stage tendering is an approach where one stage of tendering issued while a two-stage tendering method involves a two-stage process of competitive selection of contractor on basis of price and negotiation of contract details and firm price with the contractor appointed at the first stage.

On the first stage contractors will be assessed on basis of construction programmes, method statements, pricing of preliminaries, overheads and profits. In the second stage negotiation between the client and the contractor on price is undertaken. If a greed it becomes the contract price (Chinyio, 2011). This approach is advantageous in that it facilitates early appointment of a contractor and it combines strengths of competition and negotiation while its disadvantage is that the preferred contractor may fail to negotiate for the competitive price and negotiation may drag-on and compound the complexity of the process. All these discussed tendering approaches in this section are exploited for this study. Tendering approaches that are used for selecting a contractor for a project can affect project performance. If the tendering procedure used is such that focuses on low tender price, this may result in increased risk of cost overrun on the project due to high cost of variation orders (Assaf and Al-Heijji, 2006). As stretched by Iyer and Jha (2005) as cited in Soyombo and Ogunsanmi (2011) there is a need to be careful of contractor selection on projects as to reduce cost growths.

A study by Ogunsanmi (2013)-Effects of Procurement Related Factors on Construction Project Performance in Nigeria, literature review was undertaken to identify procurement selection criteria factors, tendering methods and variation order factors that can impact on project performance. A structured questionnaire was designed to collect information on procurement selection factors that sought for the effects of procurement selection factors on project performance. The population of the study consisted of Architects, Builders, Engineers and Quantity Surveyors who have been involved in some recent procurement in the Nigerian construction industry. Snowballing sampling technique was used for selecting the sample. Forty (40) firms were selected in Lagos metropolitan city and questionnaires were sent out to the various respondents in these organizations. Thirty-one (31) questionnaires were retrieved from these respondents that were used for the data analysis.

Descriptive statistical tools inform of Tables and mean item score as well as inferential statistical tools of chi-square and Analysis of Variance were used for the analysis of the data collected from the respondents.

Results showed that competitive tendering (RIF= 0.78) has a very high impact on project performance as it ranks first, selective tendering (RIF = 0.77) also has a very high impact on project performance as it ranked second, open tendering method and negotiated tendering method (RIF = 0.76) both rank third and also have high impacts on project performance.

Turnkey tendering method (RIF =0.65) ranked ninth and it has very low impact on project performance. The results demonstrated that the type of tendering methods used in a procurement method can influence the performance of the method. It also showed that the calculated F-value($F_{cal}=0.75$) is quite lower than the tabulated value ($F_{tab}=1.94$) hence the result is not significant.

It supports the null hypothesis and hence it is accepted. It implies that there is no significant difference between the impacts of the tendering methods on project performance. Each of the tendering methods has equal impacts on project performance.

2.8 THEORETICAL FRAMEWORK

The study was guided by stakeholder theory (Freeman (1984), Resource dependency theory (Pfeiffer 1981, 1997) and Institutional theory (Mintzberg et al., 1998): The stakeholder theory organizations and their activities through constituency concepts and propositions. The idea is that "holders" who have "stakes" interact with the organizations and thus make its operation possible (Blair, 1998). It is a theory that explains how organizations functions with respect to various constituencies with whom they are inextricably embedded. Stakeholder theory development has centered on defining the stakeholder concept and classifying stakeholders into categories that provide an understanding of individual stakeholder relationships.

Freeman's definition of stakeholder refers to as any group or individual who can affect or who is affected by the achievement of the firm's objectives and continues to provide the boundaries of what constitutes a stake. He argues that a stakeholder has some form of capital either financial; or human at risk and therefore, has something to lose or gain depending on a firm's behavior.

To these elements, Waddock (2002) adds a tie or tether that creates a bond of some sort. Stakeholder theory of the organization requires an understanding of the types of stakeholder influence but also how organizations respond to those influences.

Each firm faces a different stakeholder, which aggregate into unique pattern of influence. Ambler and Wilson (1995) demonstrate that firms do not simply respond to each stakeholder individually; they respond rather to the interaction of multiple influences from the entire stakeholder set. In the traditional view of a company, the shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders – their status being derived from their capacity to affect the firm and its stakeholders. The nature of what constitutes a stakeholder is highly contested (Miles, 2012), with hundreds of definitions existing in the academic literature (Miles, 2011). The stakeholder view of strategy integrates both a resource-based view and a market-based view, and adds a socio-political level. One common version of stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and then examine the conditions under which managers treat these parties as stakeholders (the descriptive theory of stakeholder salience)

Resource dependence theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization. Resource dependency theory suggests that power accrues to those who control resources needed by the organizations thereby creating power differentials among parties (Pfeiffer 1981, 1997b), and confirms that the possession of resource power makes stakeholder important to a firm. Legitimacy is achieved if patterns of organizations practice are in congruence with the wider society system (Scott 1987; Powell and DiMaggio, 1991). The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Nevertheless, a theory of the consequences of this importance was not formalized until the 1970s, with the publication of *The External Control of Organizations: A Resource Dependence Perspective* (Pfeffer and Salancik 1978).

Resource dependence theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy.

The basic argument of resource dependence theory can be summarized as follows:

- Organizations depend on resources.
- These resources ultimately originate from an organization's environment.
- The environment, to a considerable extent, contains other organizations.
- The resources one organization needs are thus often in the hand of other organizations.
- Resources are a basis of power.
- Legally independent organizations can therefore depend on each other.
- Power and resource dependence are directly linked: Organization A's power over organization B is equal to organization B's dependence on organization A's resources.
- Power is thus relational, situational and potentially mutual.

Organizations depend on multidimensional resources: labor, capital, raw material, etc. Organizations may not be able to come out with countervailing initiatives for all these multiple resources. Hence organization should move through the principle of criticality and principle of scarcity. Critical resources are those the organization must have to function. For example, a burger outlet can't function without bread. An organization may adopt various countervailing strategies—it may associate with more suppliers, or integrate vertically or horizontally.

Resource dependence concerns more than the external organizations that provide, distribute, finance, and compete with a firm. Although executive decisions have more individual weight than non-executive decisions, in aggregate the latter have greater organizational impact. Managers throughout the organization understand their success is tied to customer demand. Managers' careers thrive when customer demand expands. Thus customers are the ultimate resource on which companies depend. Although this seems obvious in terms of revenue, it is actually organizational incentives that make management see customers as a resource.

Resource dependence theory effects on nonprofit sector have been studied and debated in recent times. Scholars have argued that Resource dependence theory is one of the main reasons nonprofit organizations have become more commercialized in recent times. With less government grants and resources being used for

social services, contract competition between private and nonprofit sector has increased and led to nonprofit organizations using marketization techniques used mainly in the private sector to compete for resources to maintain their organizations livelihood. Scholars have argued that the marketization of the nonprofit sector will lead to a decrease of quality in services provided by nonprofit organizations.

Recently, resource dependence theory has been under scrutiny in several review and meta-analytic studies: Hillman et al. (2009); Davis and Cobb (2010); Drees & Heugens (2013); Sharif & Yeoh (2014). Which all indicate and discuss the importance of this theory in explaining the actions of organizations, by forming interlocks, alliances, joint ventures, and mergers and acquisitions, in striving to overcome dependencies and improve an organizational autonomy and legitimacy. While resource dependence theory is one of many theories of organizational studies that characterize organizational behavior, it is not a theory that explains an organization's performance per se. But still in many ways, resource dependence theory predictions are similar to those of transaction cost economics, but it also shares some aspects with institutional theory.

According to Nyandika & Ngugi (2014), resource dependence theory (RDT) is concerned with how organizational behaviour is affected by external resources the organization utilizes, such as raw materials. The theory is important because an organization's ability to gather, alter and exploit raw materials faster than competitors can be fundamental to success. Some commentators encourage organizations to view customers as a resource predisposed to scarcity. Resource dependence theory is underpinned by the idea that resources are key to organizational success and that access and control over resources is a basis of power.

Resources are often controlled by organizations not in the control of the organization needing them, meaning that strategies must be carefully considered in order to maintain open access to resources. Organizations typically build redundancy into resource acquisition in order to reduce their reliance on single sources e.g. by liaising with multiple suppliers, (Davis, and Cobb, 2010)

The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Resource dependence theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy. Organizations depend on multi-dimensional resources: labor, capital, raw material, etc. Organizations may not be able to come out with countervailing initiatives for all these multiple resources. Hence organization should move through the principle of criticality and principle of scarcity.

Critical resources are those the organization must have to function. For example, a burger outlet can't function without bread. An organization may adopt various countervailing strategies - it may associate with more suppliers, or integrate vertically or horizontally, (Hillman, Withers and Collins, 2009).

Resource dependence concerns more than the external organizations that provide, distribute, finance, and compete with a firm. Although executive decisions have more individual weight than non-executive decisions, in aggregate the latter have greater organizational impact.

Managers throughout the organization understand their success is tied to customer demand. Managers' careers thrive when customer demand expands. Thus customers are the ultimate resource on which companies depend. Although this seems obvious in terms of revenue, it is actually organizational incentives that make management see customers as a resource (Boyd, B., 1990).

The basic argument of resource dependence theory can therefore be summarized as follows: organizations depend on resources; these resources ultimately originate from an organization's environment; the environment, to a considerable extent, contains other organizations; the resources one organization needs are thus often in the hand of other organizations; resources are a basis of power; legally independent organizations can therefore depend on each other; power and resource dependence are directly linked; organization A's power over organization B is equal to organization B's dependence on organization A's resources; power is thus relational, situational and potentially mutual.

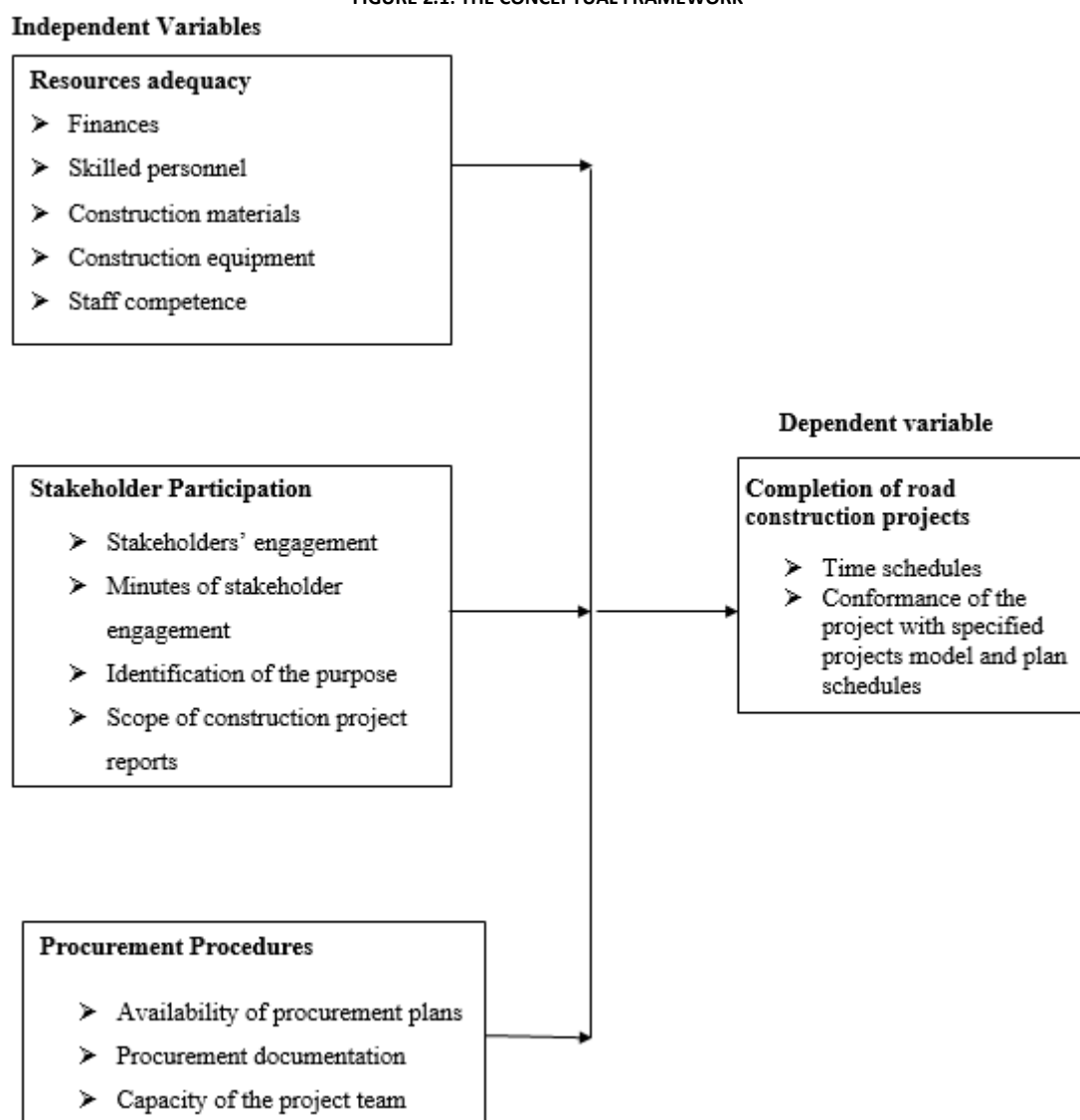
Institutional theory describes this adaptation. Institutional theory is a theory on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior. Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Strategy and processes deriving from resource dependence are primarily proactive: institutionalized processes are reactive (Mintzberg et al., 1998; Mintzberg and Lampel, 1999); while stakeholder engagement is inherently interactive (Preston and Post, 1975) based on mutual interdependence among actors. Corporate responsibility and the maintenance of sound organizational ethics may not invariably depend wholly on the strategic behavior induced by the anticipation of organizational gain.

Organizations may act ethically or responsibly not only because of any direct link to a positive organizational outcome but merely because it would be unthinkable to do otherwise. In this way the, organizational behavior may be driven not by processes of interest mobilization (DiMaggio 1988) but by preconscious acceptance of institutionalized value or practices Within the resource dependency perspective, assumes that an organization may be interest-driven and that organizations exercise some degree of control or influence over the resource environment theory

2.9 CONCEPTUAL FRAMEWORK

A conceptual framework is a detailed mental formulation of ideas that give direction to a study. It enables the interaction between dependent and independent variables to be portrayed (Kothari, 2004). In this study, the dependent variable is timely completion of road infrastructure projects while independent variable will be those factors that were thought to influence the realization of the dependent variable that is: management skills among project managers, timely availability of funds, stakeholder participation and procurement procedures. However the influence may be moderated by intervening variable such as government policies and management style.

FIGURE 2.1: THE CONCEPTUAL FRAMEWORK



Source: Researcher (2017)

2.10 KNOWLEDGE GAP

Construction projects are notorious for failing to complete in time being over-budgeted, late and saddled with scope creep, as well as for poor communication protocols and inadequate controls around scope change management, this especially pronounced in nonprofit organizations (Guerin, 2012). Completion of construction project is fundamental if the project objectives and success is to be achieved. A project that is completed in time exhibits overall efficiency of project planning, management and implementation and effective tracking project progress. Although the causes for project success and failure have been the focus of numerous research studies, there has been no consensus on the issue. Pinto and Slevin (1987) argue that in spite of extensive research there has been limited convergence on the components and causes of project completion.

Kisii County lacks empirical research in this area of study. Thus the study will seek to bridge this knowledge gap by investigating factors influencing completion of road construction projects in Kisii County, Kenya. This research is the first of its kind to investigate the factors that lead to completion of road construction projects in Kisii County.

2.11 SUMMARY OF THE LITERATURE REVIEWED

The chapter started with an introduction and went on to look at predictor variables influencing the timely completion of road infrastructure projects. Since the variables influencing timely completion of road infrastructure projects are diverse, the study reviewed specific ones which are: management skills, timely availability of funds, stakeholder participation and procurement procedures. The chapter further looked at other key constructs and concepts that are relevant to the study such as government policy and management style.

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter presents the methodology used in the study. It describes the research design, the target population, sample size and sampling technique, research instruments, validity and reliability of the instruments, data collection procedures, data analysis and presentation and ethical considerations.

3.2 RESEARCH DESIGN

Research design is the general plan that will be used to conduct the study in order to answer the research questions and achieve the objectives of the study. This study used descriptive survey design. Kothari (1985) recommends descriptive design as it allows the researcher to describe, record, analyze and report conditions that exist or existed. This research design was chosen because the study was not only confined to the collection and description of the data but it also seemed to determine the existence of certain relationships among the research variables. Hence the design was selected to satisfy the aspect of the study.

3.3 TARGET POPULATION

Mugenda and Mugenda (1999) define target population as that population to which a researcher wants to generalize the results of a study. The target of this study was 106 respondents who comprised of road contractors in Kisii County while study population was government officials' representatives from Ministry of Roads, Contractors (supervisors in the projects), technical consultants by contractors, Engineer from Kisii County and technical auditors participating in road construction

projects in Kisii County Kenya. Mugenda & Mugenda (2003) explained that the target population will have observable characteristics to which the study intends to generalize the result of the study. The researcher targeted this population because they were knowledgeable in the area under study.

TABLE 3.1: TARGET POPULATION

	Frequency	Percentage
Contractors	58	54
Contractor consultants	28	27
Ministry of road engineer	10	8
Engineers from Kisii County	7	7
Technical auditors	5	4
Total	106	100

Source: Ministry of roads and public works 2017

3.4 SAMPLE SIZE AND SAMPLING PROCEDURES

The sampling procedure describes the list of all population units from which the sample will be selected (Cooper & Schindler, 2009). The study employed census to interview construction firm since the number was small. Sample of respondent staff was drawn from all road construction in Kisii where random stratified sampling technique was employed in coming up with a sample size of 42 respondents from a total of 106 respondents from specific individual concerned in road maintenance and building within Kisii County. Gay (2010) pointed out that a sample of 10-40% is representative. In this study 40% will be considered. The technique was applied so as to obtain a representative sample when the population does not constitute homogenous group. In stratified random sampling subjects are selected in such a way that existing sub-groups in this population are more or less represented in the sample (Mugenda & Mugenda, 2003).

TABLE 3.2: SAMPLE AND SAMPLE SIZE

	Frequency	Sample Size	Percentage
Contractors	58	13	54
Contractor consultants	28	11	27
Ministry of road engineer	10	38	
Engineers from Kisii County	7	37	
Technical auditors	5	44	
Total	106	42	100

3.5 RESEARCH INSTRUMENTS

The study used questionnaire as a tool of data collection. The questionnaire was self-administered. The research questionnaire assessed the perceptions of respondents on the various factors identified by the researcher and the relative importance of the factors. The questionnaire had both structured and unstructured questions.

The questionnaire comprised of 2 parts. Part A captured general information of the respondents. Part B focused on factors (independent variables) influencing completion of road construction projects those sourced from the respondents and those from literature review by the researcher. This part gave each respondent an opportunity to identify variables that they perceive to have influence on completion delays by responding on a Likert scale from 5 (to a very great extent) to 1 (to no extent). In this section the respondents provided their opinions, comments and recommendations.

3.6 VALIDITY OF THE INSTRUMENTS

Validity of a questionnaire refers to the extent to which it measures what it claims to measure Mugenda & Mugenda (2003). It is the degree to which results obtained from the analysis of the data actually represent the phenomena under study. To ensure content validity, the instruments were reviewed by research supervisors and other research experts. Content validity yields a logical judgement as to whether the instrument covers what it is supposed to cover.

Content validity ensured that all respondents understand the items on the questionnaire similarly to avoid misunderstanding. Response options was provided for most of the questions to ensure that answers given are in line with the research questions they are meant to measure. To improve validity, the instrument was pilot-tested among engineers and contractors working in road construction projects before wider distribution. It was also given to my peers and supervisor to ascertain the same.

3.7 RELIABILITY OF THE INSTRUMENTS

Mugenda & Mugenda (1999) defines reliability as a measure of the degree to which a research instrument yields consistent results for data after repeated trials. Berg (1998) explains that, the use of consistent and systematic line of questions for even anticipated areas is particularly important for reliability and for possible replication of a study. The researcher used consistent and systematic questions in the questionnaire which was related to the subject of the study.

3.8 DATA COLLECTION PROCEDURES

After approval of the proposal by the University of Nairobi to collect data, the researcher coordinated data collection process after seeking permission from the Kisii Municipal Council. The researcher engaged 3 research assistant who assisted in data collection. The research assistants were taken through training to clearly understand the research instruments, purpose of the study and ethics of research. The researcher and research assistants administered the questionnaires to the respondents face to face.

3.9 DATA ANALYSIS AND PRESENTATION

Data analysis deals with the process of data coding, data entry and analysis in order to make interpretation possible. Data analysis deals with the statistics to be used to analyze data, that is, the organization, interpretation and presentation of collected data (Oson and Onen, 2005). The study generated both qualitative and quantitative data. Quantitative data was coded and entered into Statistical Package for Social Sciences (SPSS) and was analyzed using descriptive statistics.

Descriptive statistics involves use of absolute and relative (percentages), frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Qualitative data was read and categorized into distinct themes as showed by the responses of the respondents.

Responses with common themes or patterns was grouped together into coherent categories. Presentation of analyzed data was in form of frequency tables which facilitated easy understanding and interpretation of the results.

3.10 ETHICAL CONSIDERATIONS

Kombo and Tromp (2006) note that researchers whose subjects are people or animals must consider the conduct of their research, and give attention to the ethical issues associated with carrying out their research. The researcher treated the information gathered as strictly confidential and information was only used for academic purposes. In addition, the information given did not disclose the respondents' names. The respondents who were not willing to fill in the questionnaire were not forced.

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 INTRODUCTION

This chapter comprises data analysis, presentation and interpretation of the findings. The data presented includes response rate, background information of the respondents and a presentation of findings against each individual objective of the study. The data analyzed and presented was based on the response to the items in the questionnaires schedules.

4.2 QUESTIONNAIRE RETURN RATE

The study sampled 42 respondents from the target population of 106 in collecting data with regards to factors influencing completion of road construction projects where the focus was road construction projects in Kisii County. The questionnaire return rate results are shown in Table 4.1.

TABLE 4.1: RESPONSE RATE

Response	Frequency	Percentage
Responded	36	86
Non response	6	14
Total	42	100

From the study, 36 out of 42 targeted respondents filled in and returned the questionnaire contributing to 86%. This response rate was good, representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of over 70% and over is excellent. The questionnaires that were not returned were due to respondents not being available to fill them in time and after persistence follow-ups, there was no positive feedback from them. The response rate demonstrated the willingness of the respondents to participate in the study.

4.3 DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

As part of the general information, the respondents were requested to indicate the gender, department they work in, position held in the organization, period in years worked in the organization and highest academic qualifications.

4.3.1 THE GENDER OF THE RESPONDENTS

To get a balanced perspective, the researcher wished to get the view of both genders. This part therefore was meant to find out the gender of the respondents. The findings are shown in Table 4.2

TABLE 4.2: GENDER OF THE RESPONDENTS

Category	Frequency	Percentage
Male	25	69
Female	11	31
Total	36	100

The result indicates that 69% of the respondents were male while 31% were females. This means that the majority of the road contractors, engineers and technical auditors are male. It also implies that both genders were adequately represented.

4.3.2 PERIOD OF SERVICE IN YEARS IN CONSTRUCTION INDUSTRY

TABLE 4.3 PERIOD OF SERVICE IN YEAR'S CONSTRUCTION INDUSTRY

Years of service	Frequency	Percentage
1-5 Years	10	28
6-10 Years	7	19
11-15 Years	3	9
Above 16 Years	16	44
Total	36	100

Table 4.3 illustrates working period in years of the respondents in their respective organization. From the findings, 44% of the respondents had worked in the organization for a period of above 16 years, 28% had worked for a period of 1-5 years, and 19% had worked for a period of 6-10 years while the rest 9% had served in the organization for a period of 11-15 years. This implies that most of the respondents of this study had worked for longer period within the organization hence the ability to provide feedback on the factors which influenced their timely completion.

4.3.3 EDUCATION LEVEL OF THE RESPONDENTS

The level of education of the respondents influences how well the respondents can execute the job and furtherer provide feedback when need be. The respondents level of education was summarized by Table 4.4.

TABLE 4.4: EDUCATION LEVEL OF THE RESPONDENT

Education level	Frequency	Percentage
Primary	0	0
Secondary	0	0
Diploma	5	14
Undergraduate	12	33
Postgraduate	19	53
Total	36	100

The findings indicate that 53% of the respondents were post graduates, 33% were undergraduate while the rest 14% were diploma holders. This depicted that most of the respondents interviewed were well knowledgeable to understand and able to respond to the questionnaire in the manner intended.

4.3.4 POSITIONS HELD BY THE RESPONDENT

Table 4.5 indicates position held by the respondents in the organization. From the findings, 42% were contractors, 22% were consultant, and the rest 6% were technical auditors, city council engineers and ministry of road engineers. This implies that all the department targeted by the study were involved and findings are not biased.

TABLE 4.5: POSITIONS HELD BY RESPONDENTS

Position of the respondent	Frequency	Percentage
Contractor	15	42
Consultant	8	22
Ministry of Road Engineers	6	17
Nairobi City County Engineers	5	13
Technical Auditors	2	6
Total	36	100

4.3.5 MAIN CLIENTS OF ROAD CONTRACTORS

The researcher also requested the respondent to indicate main clients they offer services to. According to the findings as shown in table 4.6, majority (64%) of the respondents indicated that they were serving public sectors while the rest 36% were serving private sectors this implies that most of the contractors were targeting government and other public institution to maintain and build roads.

TABLE 4.6: MAIN CLIENTS OF THE CONTRACTORS

Client	Frequency	Percentage
Private Sector	13	36
Public	23	64
Total	36	100

4.4 RESOURCES

4.4.1 INFLUENCE OF RESOURCES ON PROJECT COMPLETION

Resources availability is one of the important challenges facing the construction industry hence the research posed this question to establish the feeling of the respondents on the influence of the availability of resources, the findings were as per Figure 4.7.

TABLE 4.7: THE INFLUENCE OF RESOURCES ON PROJECT COMPLETION

Extent	Frequency	Percentage
To a very great extent	18	50
To a great extent	7	19
To a moderate extent	5	14
To a little extent	4	11
To no extent	2	6
Total	36	100

On the influence of resources on completion of construction projects, results show that 50% of the respondent agreed that resources influence completion of construction projects to a very great extent, while 19% was to a great extent, 14% was to a moderate extent and 6% to no extent. With regards to whether the resources needed for completion of construction projects were available, the interviews indicated that the availability of resources influenced completion of road construction projects.

4.4.2 INDICATORS ON THE INFLUENCE OF RESOURCES ON COMPLETION OF ROAD CONSTRUCTION PROJECTS

Table 4.8 shows the extent to which the following indicators influenced effective implementation and completion of constructions projects. The findings were as per table 4.8 below.

TABLE 4.8: INDICATORS ON THE INFLUENCE OF RESOURCES ON PROJECT COMPLETION

Indicators	Mean	Std. Dev.
Availability of Construction Materials	3.8352	0.707
Skilled Construction workforce	3.3212	1.045
Availability of Construction equipment	3.4543	1.087
Material mobilization	2.6934	1.079

From the findings, the respondents indicated with a mean of 3.8352 that construction materials influenced completion of road construction projects to a very large extent. The respondents also indicated that availability of skilled construction workforce, availability of construction equipment and material mobilization influenced completion of road construction projects shown by a mean of 3.3212, 3.4543 and 2.6934 respectively. We can therefore infer that these indicators under resources had a very large influence on completion of road construction projects.

4.4.3 VARIABLES ON COMPLETION OF ROAD PROJECTS

The study sought to establish the extent to which the following variables influenced effective project completion of road construction project in Kisii County. The respondents were asked to indicate the extent to which the stated variables on resources influenced completion of construction projects. Their responses were as shown in Table 4.9.

TABLE 4.9: VARIABLES OF COMPLETION OF ROAD PROJECTS

Variable	Frequency	Percentage
Lack of finances	22	61.1
Lack of skilled personnel	9	25.0
Lack of effective mode of stakeholder engagement	5	13.9
Total	36	100

The respondents indicated that lack of finances and skilled personnel influenced completion of construction projects in Kisii County to a very great extent as indicated by a percentage of 61% and 25% respectively. The respondents also indicate that stakeholder engagement influenced completion of projects to a great extent of 5%. The respondents indicated that the resources were available but inadequate. In determining how the availability of resources influenced completion of construction projects, the interviewees indicated that resources facilitated effective and efficient running of project activities thus leading to its completion.

4.5 COMPETENCY OF STAFF

Contractors and engineers have different skills, expertise, competence and experience. This section addressed objective two which sought to examine the influence of competency in completion of projects. It was important in establishing whether the road subsector was doing enough in terms of allocating competent staff in their construction projects.

4.5.1 THE RATING ON INFLUENCE OF COMPETENCY OF STAFF ON COMPLETION OF CONSTRUCTION PROJECTS

The researcher wished to establish how competency of staff influences completion of construction projects. The findings were as indicated

TABLE 4.10: RATING ON INFLUENCE OF COMPETENCE OF STAFF ON PROJECT COMPLETION

Extent	Frequency	Percentage
To a very great extent	19	53
To a great extent	8	23
To a moderate extent	5	14
To a little extent	2	5
To no extent	2	5
Total	36	100

The findings show that 53% of the respondent were for the opinion that competency of staff influence completion of construction projects to a very great extent while 23% were for a great extent, 14% were for a moderate extent and the rest 5% were for to no extent. This implies that the respondents felt that competency of staff influence completion of road construction projects to a very great extent.

4.5.2 INDICATORS OF COMPETENCY OF STAFF AND COMPLETION OF ROAD CONSTRUCTION PROJECTS

The study sought to establish the extent to which the following factors influenced completion of road construction projects. The results were as shown in the Table 4.11.

TABLE 4.11: INDICATORS ON COMPETENCY OF STAFF

Statement	Mean	Std. Dev.
Turnaround time (time taken to complete a task)	3.81	1.014
Lack of Experience	3.35	0.486
Lack of required Skills	3.94	0.250
Lack Knowledge in the area of constructions	3.45	0.568
Accuracy levels	3.19	1.167

According to the findings, the respondents indicated that lack of required skills and time taken to complete a task influenced completion of road construction projects to a very great extent with a mean of 3.94 and 3.81 respectively. The respondents further indicated that lack of experience and accuracy levels also influenced completion of construction projects with a mean of 3.35 and 3.19 respectively. This implies that the above factors influence completion of road construction projects to a great extent.

4.5.3 RATING ON HOW PROJECT STAFF SKILLS IMPROVE THEIR ABILITY TO HANDLE ASSIGNED DUTIES COMPETITIVELY

The researcher wanted to know the extent to which project staff skills improve their ability to handle assigned duties competitively and its influence on project completion. In order to do so various respondents were asked to rate capabilities on a scale of 1 to 5 where 1 is to a very great extent and 5 is to no extent. The results were as shown in Table 4.12.

TABLE 4.12: RATING ON PROJECT STAFF SKILLS AND COMPLETION OF PROJECTS

Scale	Frequency	Percentage
1	20	56
2	9	25
3	4	11
4	3	8
5	0	0
Total	36	100

The findings show that 55% of the respondents were to a very great extent, 25% to a great extent, 11% to a moderate extent while 0% to no extent. The outcomes showed that respondents admitted that project staff skills improve their ability to handle assigned duties competitively to a very great extent.

4.6 STAKEHOLDER PARTICIPATION ON COMPLETION OF ROAD INFRASTRUCTURE PROJECTS

In this section, the study sought to determine the influence of stakeholder participation on completion of road construction projects. The respondents level of agreement with the selected statements regarding the influence of stakeholder participation is as presented in the following subsections. The results were as shown in Table 4.13 below.

TABLE 4.13: INFLUENCE OF STAKEHOLDER'S PARTICIPATION ON COMPLETION OF CONSTRUCTION PROJECTS

Scale	Frequency	Percentage
To a very great extent	17	47
To a great extent	10	28
To a moderate extent	6	17
To a little extent	3	8
To no extent	0	0
Total	36	100

The findings showed that most respondents were in agreement that stakeholder participation influences completion of construction projects which was represented by 48%. However, no respondent felt that stakeholder participation had no extent which was presented by 0%. 28% were for to a great extent while the rest 17% were for to a little extent. This showed that the respondents felt that stakeholder participation influences completion of construction projects.

4.6.2 STAKEHOLDER'S PARTICIPATION ACTIVITIES

The study sought to find out influence of stakeholders' participation activities on completion of construction projects. The findings are indicated in Table 4.14.

TABLE 4.14: STAKEHOLDERS' PARTICIPATION ACTIVITIES

Statement	Mean	Std. Dev.
Identification of project scope	4.06	0.680
Data collection and management	3.39	0.615
Supervision events	3.68	0.475
Performance review	3.71	0.864
Project site visit	3.97	0.180

The respondents indicated that identification of project scope influenced completion of construction projects to a very great extent with a mean of 4.06. They also felt that project site visit and performance review by stakeholders also influenced completion of construction projects which had means of 3.97 and 3.71 respectively. Finally the respondents agreed to a little extent that data collection and management and supervision of events led to completion of construction projects.

4.6.3 STAKEHOLDERS' ENGAGEMENT AND COMPLETION OF CONSTRUCTION PROJECTS

The study sought to find out the level of stakeholder engagement and its influence on completion of construction projects. The findings are indicated in Table 4.15

TABLE 4.15: STAKEHOLDERS LEVEL OF ENGAGEMENT AND COMPLETION OF CONSTRUCTION PROJECTS

Statement	Frequency	Percentage
Construction project vision is clear and achievable	6	17
Stakeholder engagement is effective	10	28
The stakeholders' engagement enhances the internal Process (orientation, supervisor support, change management)	12	33
Stakeholders' engagement influences the performance of Construction projects.	8	22
Total	36	100

The findings showed that most respondents felt that the stakeholders' engagement enhances the internal process which was presented at 33 %, 28% of the respondents also agreed that stakeholder's engagement in road construction projects was effective while 17% of the respondents were for the choice that construction project vision is clear and achievable.

4.7 PROCUREMENT PROCEDURES AND COMPLETION OF ROAD CONSTRUCTION PROJECTS

The study sought to find out to what extent procurement procedures contribute to completion of road construction projects. The findings were tabulated in Table 4.16.

TABLE 4.16: EXTENT TO WHICH PROCUREMENT INFLUENCE COMPLETION OF CONSTRUCTION PROJECTS

Extent	Frequency	Percentage
To a very great extent	12	33
To a great extent	9	25
To a moderate extent	6	17
To a little extent	9	25
To no extent	0	0
Total	36	100

From the findings, 33% of the respondents felt that procurement procedures influence completion of construction projects to a very great extent while 25% felt that procurement procedures influenced completion of construction projects to a great extent. However, no respondent felt that procurement procedure had no any influence on completion of construction projects which was indicated by 0%. We can therefore deduce that 100% of the respondents agreed that procurement procedures had an influence in completion of construction projects.

4.7.1 Time taken to process procurement documents

The study sought to determine the extent to which time taken to process procurement document influenced completion of construction projects. The respondents were told to choose from a scale of 1 to 5 where 1 represented to a very great extent, 2 represented to a great extent, 3 represented to a medium extent, 4 represented to a little extent while 5 was for no extent. The findings were as follows

TABLE 4.17: TIME TAKEN TO PROCESS PROCUREMENT DOCUMENTS AND ITS INFLUENCE IN COMPLETION OF CONSTRUCTION PROJECTS

Extent	Frequency	Percentage
To a very great extent	18	50
To a great extent	8	22
To a moderate extent	5	14
To a little extent	5	14
To no extent	0	0
Total	36	100

From the findings, most of the respondents (50%) felt that time taken to process procurement document had an influence in completion of construction projects to a very great extent. 22% were for the option that time taken to process procurement documents influenced completion of construction projects, 14% were for to a medium extent and little extent. None of the respondents opined otherwise.

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATION

5.1 INTRODUCTION

This chapter deals with the summary of the findings, discussions and conclusions and offers recommendations to the challenges that have been brought forth by this research. In addition, the study suggests area for further research. The literature reviewed was utilized in making conclusions of this study. The research objectives were used to guide the collection of data required from the respondents.

5.2 SUMMARY OF THE FINDINGS

The study assessed the factors influencing completion of road construction projects in Kisii County. The study established that the availability of resources influenced completion of road construction projects in reference to Kisii County, to a very great extent. The study also revealed that lack of finances, lack of construction materials, lack of skilled construction work force and lack of construction equipment also influenced completion of road construction projects within Kisii County to a very great extent.

The study found out that there was a strong influence of competency of staff and effective implementation and completion of road construction projects in Kisii County. The study established that competency of staff influenced completion of road construction projects to a very great extent. The study also established that lack of proper academic qualifications, turnaround time (time taken to complete a task), lack of required skills, knowledge of road construction and accuracy levels influenced effective completion of road construction projects. On stakeholder participation, the study found out that it influenced completion of road construction projects at 47% and finally on procurement procedures, the study found out that it had an influence on completion of road construction projects at 33%.

5.3 DISCUSSIONS OF FINDINGS

The study made the following findings on the variables;

5.3.1 Resource Adequacy and completion of road construction projects

Regarding the influence of availability of resources, the study revealed that lack of finances and skilled personnel influenced effective completion of construction projects in Kisii County. This is in line with the literature review where Gibbs et al. (2002) argues that the lack of adequate financial resources to carry out project activities is another challenge faced by most organizations. A good number of road construction projects lack adequate funding for their activities. This means that the little resources available are channeled to actual implementation of project activities while not considering how far the funds will sustain a given project activity. Most informants reported the challenge of resources constraint in impacting completion of construction projects. This concurs with Feuerstein (1986) view, who observed that lack of a resource is a constraint on the completion of project activity.

The respondent had reported that the factor of availability of skilled and semi-skilled laborers was a challenge too on completion of construction projects. They also reported availability of construction materials, and construction equipment and inability to secure loans due to lack of collateral also impacted on completion of construction projects. It is critical to set aside adequate financial and human resources at the planning stage. The required financial and human resources for timely completion of road construction projects should be considered within the overall costs of delivering the agreed results and not as additional costs.

5.3.2 Staff Competency and completion of road construction projects

Regarding objective two which sought to determine the influence of competency of staff in completion of construction projects, the study revealed that competency of staff influenced effective completion of construction projects. Cuban (2001) observed that there are many ways to define and measure the adequacy of staff competency, capacity and the effectiveness of agencies tasked with projects. Thus there are also many ways to define indicators. For construction project, in most countries the desired outcome is sustainable management of construction project. The effectiveness of agencies tasked with construction project administration depends to a large extent on the agencies' staff capacity relative to the demands placed upon them.

The study also established that lack of proper professional and academic qualification, turnaround time, lack of accountability and responsibility among staff and accuracy levels influenced completion of construction projects. Kent (2011) postulates that the ability of an agency's staff to meet demands for its services depends on both its numbers and the skills and expertise of staff members bring to the job. An agency need to have at least a minimum necessary mix of skills and expertise and a sufficient number of staff with appropriate skills relative to the scale of its responsibilities, measures for example in terms of size of its area or territory or volume of its production. Most respondents reported that competency of staff influenced project completion to very great extent. This is in agreement with Gardner (2003) who argued that skilled personnel staff entrusted with project execution should have required technical expertise in the area. From the findings we can deduce that for construction projects to be effective, there is need for qualified personnel.

5.3.3 Stakeholder participation and completion of road construction projects

Ferreira (1999) argued that influence of stakeholder participation on construction projects opportunities enhances public participation that enhances timely completion of these projects. The extent to which stakeholders participate ensures people decision making processes and capacity of stakeholders at different levels. To engage with other projects stakeholders on construction projects' policy decision-making and implementation, existence and effectiveness of conflict resolution and grievance mechanisms is important. Davies (1998) argues that stakeholders may not necessarily agree on the measured results or their interpretation and assessment. However, the areas and extent of disagreement among stakeholders can, in themselves, provide valuable insights and point out the issues requiring greater attention. The dialogue and informed discussion engendered by the results of indicator measurements are often more important than the measured results.

Most respondents reported that road stakeholders engagement was not very effective this is in contradiction to Ferreira, (1999) who noted that influence of stakeholder participation on effective implementation of projects provides opportunities for public participation hence it need to be effectively managed. Respondents further reported that project objectives did not clearly reflect the overall road construction goal. This contradicts Lemos (2000) who looked at multi-stakeholder processes and observed that they can aid in the specification and selection of appropriate construction project. Many respondents were also in agreement that stakeholder's engagement plays a vital role in enhancing the internal processes and on the performance of construction projects.

5.3.4 Procurement Procedures and completion of road construction projects

Most of the respondent agreed that procurement procedures lead to completion of construction projects on time. Construction of road projects use the Government of Kenya procurement guidelines. Filling for the procedure can be a long and tedious process. However, the major challenge arises in cases where there are differences in the guidelines in respect to the matter. For fear of appearing to have misprocure, the project teams take upon themselves to ensure they fulfill the different requirements of the guidelines.

5.4 CONCLUSIONS OF THE STUDY

Based on objective one the study concluded from the study that there is a great influence of availability of resources for completion of road construction projects. The study revealed that adequate resources ensure timely completion of road construction projects together with competency of staff.

Regarding objective two, the study concluded that staff competency influences completion of construction projects. This is to mean that the effectiveness of agencies tasked with construction projects administration depends to a large extent on the agencies staff capacity and competency relative to the demands placed upon them.

Regarding objective three, the study also revealed that there is an influence by stakeholder participation on completion of construction projects. This can be taken to mean the extent to which stakeholder participates endures people decision making processes and decision making capacity of project stakeholders at different level. It further enhances ownership and sustainability which is one of the key aspects in monitoring and evaluation of projects. Finally, on objective four, the study revealed that procurement procedures influence completion of road construction projects. If the procedure is done on time, and in the right way the projects can be completed at the right time and within the right budget.

5.5 RECOMMENDATIONS OF THE STUDY

Based on the findings of this study and conclusion made, the study makes the following recommendations; Based on the findings and conclusions, the study recommends that there should be stakeholder engagements to ensure that ideas and perspectives are represented, members of stakeholder group should be invited to participate in project scope identification and planning. Participation improves the quality of project management and that of evaluations accuracy of information, increased credibility and acceptance of findings, and better correspondence to the practical concerns of stakeholders. The study also recommends that where necessary, skill levels should be augmented to meet the needs of the projects. An ongoing investment in developing such capacity for construction project team is necessary. The study also recommends that the various road departments should allocate enough resources needed for construction of the project and monitoring and evaluation and agree on a practical arrangement to support finance of the project and monitoring and evaluation and agree on a practical arrangement to support finance the associated activities. The study also recommends that organizations should consider adopting modern information and communication technologies in carrying out monitoring and evaluation activities. Finally, the study furtherer recommends that government leaders should offer the necessary support and goodwill to enhance completion of construction projects. Unnecessary influence and interference on project completion should be deterred.

5.6 SUGGESTIONS FOR FURTHER RESEARCH

There are many factors that influence completion of road construction projects. The study could not exhaustively cover all these factors and therefore there is need for more research in this area.

The study also suggests research in the involvement of the private sector in financing road construction projects through private partner partnerships.

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APPENDICES

APPENDIX 1: LETTER OF TRANSMITTAL

NYABAGA MOUNDE PETER
P.O BOX 2461-40200
Kisii

Dear Sir/Madam

RE: FACTORS INFLUENCING COMPLETION RATE OF ROAD CONSTRUCTION PROJECTS IN KISII COUNTY, KENYA

I am a Master of Art student at The University of Nairobi and in my final year of study. As part of the required award of the Master of Arts degree in Project Planning and Management, am conducting a study to investigate the **Factors influencing completion rate of road construction projects in Kisii County, Kenya**. To facilitate this exercise, you have been scientifically selected as a participant in this study. You are kindly requested to participate in answering the questionnaire. Please be assured that any information obtained will be treated with utmost confidentiality and will be used only for the purpose of this study.

Thank you.

Yours Faithfully,

APPENDIX II: QUESTIONNAIRE

This questionnaire is intended to gather general information on the factors influencing completion of road construction projects in Kisii County, Kenya. The questionnaire has 2 sections. Kindly respond to all questionnaire items honestly. Your response will be kept strictly confidential. Please tick in the appropriate box or write in the spaces provided. Your assistance and cooperation will be highly appreciated.

SECTION A: DEMOGRAPHIC INFORMATION

1. Kindly indicate your gender

- | | |
|-----------|-----|
| a) Male | () |
| b) Female | () |

2. What is your age?

- a) Below 25 years ☐
- b) 26-35 years ☐
- c) 36-45 years ☐
- d) 45yrs and above ☐

3. What is your highest level of education?

- a) Primary ☐
- b) Secondary ☐
- c) Certificate ☐
- d) Diploma ☐
- e) Undergraduate ☐
- f) Postgraduate ☐

4. Indicate the position that you hold in the area of working

- a) Contractor ☐
- b) Consultant ☐
- c) Engineer ☐
- d) Technical auditors ☐

Any other specify

5. How long have you worked with in the road construction industry?

- a) 1-5 years ☐
- b) 6-10 years ☐
- c) 11-15 years ☐
- d) Above 16 years ☐

6. Who are the main clients that you serve?

- a) Private ☐
- b) Public ☐

7. Have you been involved in road construction?

- a) Yes ☐
- b) No ☐

SECTION B: RESOURCES INFLUENCE ON PROJECT COMPLETION

8. In your own opinion does the availability of resources influence completion of road construction projects?

- a) Yes ☐
- b) No ☐

9. If no why?

10. To what extent does the availability of resources influence completion of road construction projects? Please tick next to the appropriate column in the table below:

To a very great extent	
To a great extent	
To a moderate extent	
To a little extent	
No extent	

11. To what extent do the following indicators influence the completion of road construction projects? Use a scale of 1 to 5 where 1 is to a very great extent and 5 is no extent.

Factors	1	2	3	4	5
Construction materials					
Construction work force					
Construction equipment					
Material mobilization					

12. To what extent does the following influence completion of road construction projects?

Factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Lack of finances					
Lack of skilled personnel					
Lack of an effective mode of stakeholder engagement					

SECTION C: COMPETENCY OF STAFF

13. In your own view does competency of staff lead to completion of road construction projects?

- a) Yes ☐
- b) No ☐

14. To what extent does competency of staff influence completion of urban road infrastructure projects?

To a very great extent	
To a great extent	
To a moderate extent	
To a little extent	
No extent	

15. What is the extent to which the following influence completion of construction projects of roads?

Factors	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Accuracy levels					
Turnaround time(Time taken to complete a task)					
Lack of experience					
Poor academic qualifications					
Demotivated staff					
Lack of accountability and responsibility among staffs					

16. What would you recommend to be done in order to improve competency of staff in road construction projects?

SECTION D: STAKEHOLDERS PARTICIPATION

17. To what extent do you agree with the following quality of stakeholders' engagement? Use a scale of 1 to 5 where 1 is strongly agree and 5 is strongly disagree

Factors	1	2	3	4	5
Construction project vision is clear and achievable					
Stakeholder engagement is effective					
The stakeholders' engagement enhances the internal process(orientation, supervisor support, change management)					
Stakeholders' engagement influences the performance of urban road infrastructure projects					

18. To what extent does the stakeholder participation influence completion of urban road infrastructure project?

- a) To a very great extent ()
- b) To a great extent ()
- c) To a moderate extent ()
- d) To a little extent ()
- e) No extent ()

19. To what extent does stakeholder participation in the following project activities influence completion of urban road infrastructure projects?

Project Activities	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Identification of road project scope					
Data collection and management					
Supervision events					
Performance reviews					
Project site					

20. What would you recommend to be done in order to improve stakeholders' participation in road construction projects in order to ensure their completion?

SECTION E: PROCUREMENT PROCEDURES

21. Does your organization have procurement plans?

- a) Yes ()
- b) No ()

22. If yes does the state of your organization procurement plans ease the process and procedure of operation for road construction materials?

- a) Yes ()
- b) No ()

23. To what extent does availability of procurement plans contribute to completion of road projects? Please tick against any of the following

- a) To a very great extent ()
- b) To a great extent ()
- c) To a medium extent ()
- d) To a little extent ()
- e) To no extent ()

24. To what extent does the time taken to process procurement document contribute to completion of road projects? Please tick against any of the following

- a) To a very great extent ()
- b) To a great extent ()
- c) To a medium extent ()
- d) To a little extent ()
- e) To no extent ()

25. What would you recommend to be done in order for procurement plans to be done on time to ensure completion of road construction projects?

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Computer Application & 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-mail **infoijrcm@gmail.com** 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 to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

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