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MARKETING STRATEGIES FOR THE VIETNAMESE GEOSYNTHETICS MARKET: A CASE STUDY OF L. COMPANY PROSPECTS

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ABSTRACT

Vietnam, with its high growth economy in South-East Asia and described as an "emerging China" becomes an important destination for foreign investors. It has been recently investing in improving national infrastructures. With so much construction going on, L. Company, a Taiwan-based firm attempts to position itself in Vietnam market including reviewing its brand, opening an office, building long-lasting partnerships, and implementing aggressive marketing campaigns. Using documents analysis along with SWOT analysis, this study examines how L. Company can grasp the many opportunities this country offers with so much construction going on. Our findings show that L. Company should implement a comprehensive and aggressive marketing campaign by diversifying and considering making operations in other fast growing markets such as Africa, the Middle East, Latin America and the Caribbean for new market opportunities.

KEYWORDS

Competition, Document Analysis, L. Company Prospects, Marketing Strategies, Geosynthetics.

INTRODUCTION

Vietnam, with a very high GDP growth rate that averages around 8% annually is becoming an important destination for foreign investors. The country has been recently investing in improving national infrastructures including railways, roads, airports, highways, etc. (Miguel & Roland 2011; Kuroda 2006; National Research Council 1987; Bhattachayay 2008; Brooks 2008, Kumar 2008; Nangia 2008; Long, Ogunlana, Quang & Lam 2004). With so much construction going on, L. Company, a geosynthetics firm tries possibly not to miss out on the many opportunities this country offers.

L. Company has right now about 6 to 8 ongoing contracts in Vietnam. In the past it had several contracts dealing with both geogrids, and geotextiles. Also, purchases take place throughout the country due to L. Company's many distributors. Businesses in the mountainous north use geogrid, while most of the businesses from the flat and wet south (Mekong River Commission 2009) come from geotextile. In general, business has been prosperous and relatively fair compared to the other countries being served by L. Company. L. Company uses its professional service, and product quality as its competitive advantage (Barney 1991; Peteraf 1993, Porter 1980).

Nonetheless, other companies have also entered Vietnam market, and hold a piece of its pie. Due to information constraints, this study uses documents analysis (Salminen, Kauppinen, & Lehtovaara 1997; Winger 2005) along with SWOT Analysis to examine the market environment based on L. Company two main rivals: Gundle/SLT Environmental Inc. (GSE) and Tensar International Corporation (Tensar). GSE has a production facility in neighboring Thailand and also has a sales office inside Vietnam. On the other hand, Tensar emphasizes the importance of information channels. Its additional services include seminars that promote their products and two regular publications: Geotalk and Mesa Connection. With these two as comparisons, L. Company's relative strengths are: 1) limited shipping costs 2) excellent staff assistance; and 3) customized durable products. L. Company's relative weaknesses on the other hand are: 1) lack of company control with regard to representation; and 2) poorer access to information.

In order to increase profitability and market share, this study recommends L. Company to consider obtaining contracts in Vietnam booming market.

MARKET ENVIRONMENT

INDUSTRY OVERVIEW

Since its economic renovation or "doi moi" in 1986 (Fukase 2012; Quang 2002; Forbes & Le Hong 1996; Fforde & Wylder 1988; Austin 1996; Moc 1992, 1995), Vietnam has shown tremendous progress to improve its economy. It is now ranked fourth in the fastest growing economy growth list in East Asia following China, Singapore and Hong Kong. Moreover, in the South East Asia, Vietnam leads the region registering a stupendous Growth Domestic Product (GDP) rate of 5.8% in 2011, owing 9% of which to the construction industry.

The construction industry in Vietnam took a great leap of improvement (Long, Ogunlana, Quang & Lam 2004) for the past few years attributing to the country's continuous infrastructure construction. Residential and non-residential expenditures have given their highest growth rate in 2005, 4.6% and 6.4% respectively, during the whole economic reformation period.

MARKET TRENDS

Geared towards infrastructure renovation, Vietnam's construction industry offers an excellent growth potential (Glinow & Clarke 1995). The government assures the industry's progress by providing official development assistance capital. With this, construction expenditures are expected to boost up in 10 years from US\$805 million in 2005 to US\$1,369 million in 2015 registering a Compound Annual Growth Rate (CAGR) of 5.5%.

RESIDENTIAL

1. CURRENT ENVIRONMENT

With the steady rise in population and increase in number of households, residential construction grew from US\$381 million in 2004 to US\$398 million in 2005 posting a growth rate of 4.6%. Urban development projects also played an important part in the progress (McGee 2010) as it induced residential spending. In particular, the Trung Hoa Nhan Chinh Urban Area Project worth US\$16.4 million or VND 273.6 billion significantly contributed to the sector.

2. OUTLOOK

The country's population and rate of urbanization are expected to increase, projecting a 31.6% growth rate in 2015. Furthermore, the number of households is estimated to grow at a CAGR of 2.3%, from 17.2 million in 2005 to 21.5 million in 2015. These factors will stimulate the demand for housing units; thus, increasing the residential construction expenditures. In addition, several large-scale projects are expected to boost the expenditures in the next five to ten years. For instance, the Thang Long Industrial Park (TLIP) project (MSNBC 2007) that requires the construction of apartment blocks for 12,000 will carry in US\$18.6 million or VND 310 billion.

NON-RESIDENTIAL**1. CURRENT ENVIRONMENT**

Same as in the residential construction, the non-residential segment posted an impressive increase as well. Expenditures on infrastructure construction have increased by 6.4%, from US\$17.1 million in 2004 to US\$18.2 million in 2005 owing to several sectors which have provided assistance to the country to achieve this progress. Specifically, the Asian Development Bank (ADB) had sanctioned loans (Krongkaew 2004) worth US\$997.5 million to the government for development activities in transportation and energy.

2. OUTLOOK

Spending in the nonresidential infrastructure segment is expected to grow at a CAGR of 5.7%, from US\$18.2 million in 2005 to US\$31.6 million in 2015. Factors that will stimulate the growth will be the construction activities carried out in electricity, gas, water, transportation, and communication as exhibited in the following figures.

FIGURE 1.1

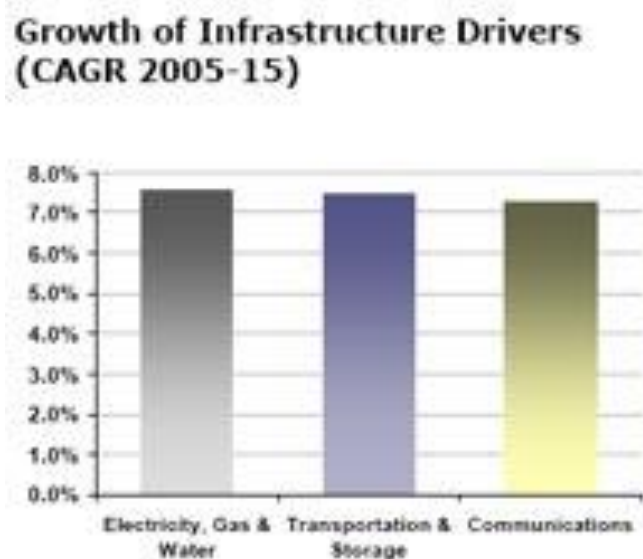


FIGURE 1.2

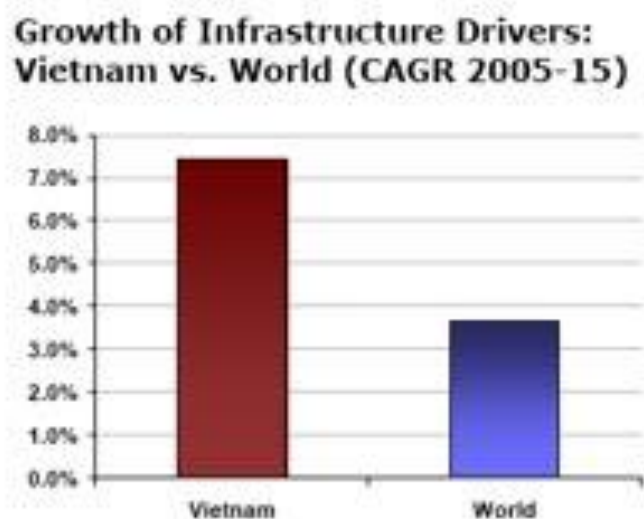


Figure 1.1: Growth of Infrastructure Drivers. This shows the key drivers that will lead to the increase in the non-residential expenditures. Electricity, Gas and Water showed the highest projected growth followed by Transportation and Storage

Figure 1.2: Growth of Infrastructure Drivers: Vietnam vs. World shows the vast disparity growth of the infrastructure drivers of Vietnam relative to the world.

GENERAL ANALYSIS OF OPPORTUNITIES AND THREATS**OPPORTUNITIES**

With Vietnam's needs for infrastructure renovation, construction industry is undeniably a profitable market to venture in. Vietnam's road network is in an extremely poor condition (Mu & van de Walle 2007; van de Walle 2007; van de Walle 2001) with only around 35% of the roads being covered with asphalt. Over 10% of villages are inaccessible by road for at least one month of the year. Some railways need to be renovated and new ones are planned to be constructed. Construction is also urgently needed on extending the energy transmission and distribution system to remote areas.

Furthermore, the government plans to invest US\$79.9 billion in power generation and the development of the electricity network. This is a part of the National Electricity Development Strategy for 2006-25 (ADB 2007; ADB 2008, Government of Vietnam 2004; VNWP 2009; EVN 2007), and expects an increase in spending on infrastructure in the next 10-15 years (Escobal & Carmen 2004; Galasso & Ravallion; World Bank 1996). Key projects such as the plan to develop 117 industrial zones by 2015 with orientations through 2020 will open more opportunities for companies.

These industrial zones would require a strong infrastructural support in the form of transport facilities, sewerage, and electricity transmission facilities.

In addition, Vietnam is also gearing towards the integration into the international order (Thayer 2007). It has now joined the World Trade Organization (WTO), which is likely to pave the way for more private sector participation in the economy; thus, giving firms more opportunities for business in the country.

THREATS

Although the economy of Vietnam has shown great progress over the years, its economy is still in transition. Judiciary and financial systems have not yet completely developed, making it very risky for investments. Also, legal and taxation regulations are still in a nascent stage and pose significant operational risk for foreign investors. High-level of corruption (Sato 2009; Gillespie 2001; Segon & Booth, 2010; Feng, 2000; Graham 2000; Gray & Kaufmann 1998; Smith & Pham 1996; Klitgaard 1988; Kluckhohn & Strodtbeck 1973; Ksenia 2008; Lambsdorff 2002; Mauro 1995; McKinney & Moore 2008; Pope 1998; Salifu 2008; Warren 2004; Welsch 2004) and tainted bidding processes are also rampant and yet to be resolved.

However, venturing the construction industry in Vietnam is indisputably an attractive market to capitalize as the economy showed enormous improvements and promising outlook. As many companies thrive into this industry, many companies strive their way to enter; thus, heightening the competition and providing little space for apprentices.

METHODOLOGY

This article applies Document Analysis along with SWOT-Analysis to investigate L. Company's prospects in Vietnamese market. Document Analysis (DA) is one of the qualitative methods used today by many scholars in various research fields as a large amount of organization's collective knowledge is "stored in documents" (Salminen, Kauppinen & Lehtovaara 1997). Winget (2005) argued that the documents analyzed in qualitative research include all documents related to the research. Schmaus (2009) added that this type of research is used when a qualified individual in a particular field of study uses an intellectual analysis in order to clarify a value judgment about an issue such as observation, interview, expert judgment, and document analysis in their research field.

As it is used in a large body of marketing research, this study attempted to use SWOT analysis to identify and evaluate these strategic factors which assist or hinder the company in achieving its full potential including the strengths, weaknesses, opportunities and threats of L. Company prospects in the booming construction industry in Vietnam to provide some insightful suggestions and recommendations to achieve sustainable competitive advantage. Evidently, the strategies addressed for L. Company are basically focused on the aspects of improvement in marketing to enhance sales volume in Vietnam and Asia Pacific Region.

COMPETITIVE ANALYSIS**1. RIVALS**

Currently, there are already numerous global geosynthetic companies (Holtz 2004; Koerner, Koerner & Hsuan 2000; Duncan 2000; Koerner 2001). Although they are located in different regions across the world, their reach is far and wide having regional offices in different continents. Given this situation, it is evident that the amount of competition L. Company faces in Vietnam is numerous and large. Due to the limited resources of this study, it will focus on two competitors that both serve the Vietnam market. These two companies were chosen primarily because of the availability of information about them. They are Gundle/SLT Environmental Inc. (GSE) and Tensar International Corporation (Tensar). The actions carried out by these two companies shall serve as comparisons with the actions taken by L. Company.

2. COMPETITOR'S ACTIONS**GUNDLE/SLT ENVIRONMENTAL INC. (GSE)**

GSE is a subsidiary of GEO Holdings Corp. owned by Code Hennessy & Simmons IV L.P. It has an expansive line of geomembranes, geosynthetic clay liners, geonets, geocomposites, nonwoven geotextiles, concrete protection, and replicated grass turf products. It also has thirty years, worth of experience in the geosynthetics industry.

Its headquarters is based in Houston, Texas. GSE has manufacturing and sales offices in the United States, Canada, Chile, Germany, United Kingdom, Thailand, and Egypt. Its website has ten available languages to choose from. It also has both a regional headquarters and a manufacturing facilities in Thailand. Besides, GSE also has a sales office based in Vietnam. Throughout the years, GSE has developed a strong independent dealer network with complete knowledge of their products and installation techniques.

TENSAR INTERNATIONAL CORPORATION (TENSAR)

Tensar has completed more than 30,000 projects to date - each featuring their proprietary engineered systems throughout USA and abroad since 1982. Innovative solutions from Tensar International have been developed to apply to a wide range of construction problems and have been implemented on thousands of projects worldwide. Its construction solutions have proven to be both cost effective and time saving. It offers world class design expertise, unique products and boasts over twenty years construction application experience.

Tensar has its own patented geogrid design that claims to be "the primary component of innovative earthwork solutions". These polymeric geogrids offer unmatched strength and durability on a jobsite and provide cost-effective alternatives to traditional construction methods.

One of the services offered by Tensar is a seminar/workshop specifically created for design engineers. Design engineers attending one of their seminars or workshops can obtain copies of the TensarSoil and TensarPave design programs. The TensarPave design programs offer design engineers the ability to rapidly produce pavement designs which incorporate the use of Tensar Geogrids to reinforce the unbound layers in order to maximize the costs benefit that can be attained by reducing the pavement thickness. The TensarSoil program allows the design engineer to produce designs for reinforced soil walls and slopes. Tensar's Key Clients range from architects, contractors to Developers and Owners.

Tensar have two publications as well: GEOTALK and Mesa Connection. GEOTALK is published by Tensar International Corporation and features articles and case studies of special interest to engineers, architects, and contractors. Mesa Connection magazine is published by Tensar International Corporation and features Mesa System articles and case studies of special interest to architects, engineers, contractors, owners and developers.

3. MARKETING STRATEGIES AND KEY SUCCESS FACTORS

One difficulty in marketing a product globally is that consumers around the world differ in their cultures attitudes, and buying behaviors (Havlena & Holbrook 1986; Grisworld & Hongladarom 1999; Ekman 1972; Kacen & Lee 2002; Kashima, Yamaguchi, Kim, Choi, Gelfand & Yuki 1995; Kashima, Siegal, Tanaka & Kashima 1992). L. Company must respond to these differences by adapting their product offering. In fact, the relationship between consumers and L. Company is the most important factor in Vietnam. So the channels to access users are the best way to promote the product. In recent years, branding has become so strong (Keller 2003; O'Guim, Christ & Richard 2003; Lewis & Bridger 2001; Hart & Murphy 1998; Aaker 1991; Clifton & Simson 2003), that today anything hardly goes unbranded (De Chernatony & McDonald 1990). But in Vietnam, the influence of branding effect is not conspicuous.

4. L. COMPANY'S STRENGTHS AND WEEKNESSES RELATIVE TO COMPETITION**STRENGTHS**

1. The Taichung Harbor is located on the west coast of central Taiwan, approximately 110 nautical miles to the Keelung Port in North and approximately 120 nautical miles to the Kaohsiung port in South. In the straight plain of western Taiwan, this is the first international harbor which has been designed and built by Taiwanese engineers: Chung Kang Export Processing Zone. L. Company new site started operation in 2008. This position helps to minimize delivery costs from Taiwan to Vietnam both because the company has lower land transportation costs and the western side of Taiwan is nearest to Vietnam.

2. Excellent staff assistance – The performance of the staff can become a distinctive characteristics. It is a potential point of differentiation that should not be ignored. L. Company's team is guided by high skilled professional engineers who provide economic and efficient solutions to all inquiries.

3. Perfect durability production – Since L. Company gives emphasis to quality products and staff proficiency, they are able to provide prime and durable materials that achieve client satisfaction. Because L. Company understands that each client's needs are different (Lowe & Eklund 2002; Porter 1996), L. Company offers customized designs-based, installation analysis, and engineer inspection and evaluation.

WEAKNESSES

1. **LACK OF COMPANY CONTROL IN ITS REPRESENTATION** – currently the company has no representative in Vietnam that is employed by the firm. It relies on its distributors to find sales opportunities and there are times when it has to send one of its employees over to Vietnam just to close the deal or fix negotiations. It is very difficult to have business contracts all over the country, and a plan to expand sales in the region if there is no one assigned to handle that area. Numerous competitors have regional offices inside Vietnam, and some even have factories located in nearby countries. Although distributors are still motivated to sell L. Company's products due to the commissions involved, their knowledge of the products and services that L. Company can offer still cannot be compared to the knowledge of an actual employee that is familiar with L. Company.

2. **INFORMATION ACCESS** – Unlike Tensar, L. Company has no regular publication of its own. The closest thing it might have would be a brochure or booklet. A brochure/booklet has one primary disadvantage compared to regular publications; they're just handed out once. Because publications are regular, customers are easily updated on the newest products or services of a company. They also serve as advertising for the company in terms of the projects it is involved in, especially if some of the projects are really big or prestigious. A regular publication could actually lead to stronger brand equity for a geosynthetics manufacturer.

MARKET APPLICATION**1. GENERAL**

Vietnam is a country which is currently in the transition (Adger 2000) of furthering its economic development. Deemed as the Southeast Asian country with the highest and fastest-growing Gross Domestic Product (GDP), it has become a subject of interest of economic moguls around the globe. Located in an area with many neighboring countries, including population giant, China, and other South-East Asian countries, it is believed to be a very desirable place to establish businesses that target, not just Vietnam, but in a strategic fashion, its neighbors. It also helps that Vietnam's labor cost is very cheap—even cheaper than China's. Given these attributes, it is not surprising that foreign investors are enticed to hold their endeavors in the country. However, such a scenario would be hampered if Vietnam does not take strategic measures in creating an environment which fosters the occurrence of such growth. In particular, it is an apparent concern for the country to improve, rehabilitate and develop infrastructures that would pave the way for more modernized and business-oriented locations. The country would also have to address the pressing problems regarding transportation, one very important aspect of any developing nation. Thus, as a country with an economy still in transition, it is of no surprise that Vietnam turns to other countries for help in achieving the aforementioned goals.

However, many considerations are at stake in the process of enacting such plans. Aside from building the infrastructures themselves, the stability of their locations should also be addressed. Given that geographic characteristics vary from area to area, an example of which is how soil in the southern region is

relatively softer than that of the others', it would be important to determine materials that are appropriate for stabilizing such differentiated grounds. This way, there will be more assurance that construction projects would be built on stable, solid grounds that increase the likelihood of preventing infrastructural devastation from events like natural disasters.

From this alone, one can already infer that huge sums of money have to be invested in the projects. But considering how Vietnam has yet to achieve progress in its economy with the help of these enhancements, it becomes a necessity to devise ways in which the construction activities would be done in the least costly way possible. This, however, should not compromise quality in any way. Thus, this is where products like that of L. Company Geosynthetics come in. Since Vietnam has yet to be a country with booming advancements in the field of Science and Technology, the potential of Geosynthetics is something that has yet to be fully explored in the Vietnamese market. Therefore, it is an attractive opportunity for L. Company to be one of the industry's pioneers. With cost-efficient yet high-quality products appropriate for stabilizing various types of grounds, L. Company Geosynthetics has an advantage in introducing its products for the construction activities currently planned or enacted in Vietnam.

2. CONSTRUCTION

Recently, the Government of Vietnam has been cooperating with countries like Japan and France, and other international funding groups to aid its project of building more infrastructures in the country. Listed among these is the World Bank, which specifically granted Vietnam a loan for developing new infrastructures. One of the major projects is to build more universities, which obviously will entail ensuring stable grounds, retaining walls and structures. However, little detail is available about the project.

Another major endeavor, which makes use of the loan coming from the World Bank, is the Community Based Rural Infrastructure Project. This project seeks to alleviate poverty in 600 of the poorest rural communes in the 13 provinces of Vietnam. The budget is to be allocated among five major sectors. They are the general transportation sector, general water, sanitation and flood protection sector, the irrigation and drainage sector that is involved with agriculture and fishing, the energy and mining sector, and the general public administration sector. The division is equal among the first four sectors with 23 % each, while the last sector constitutes 8% of the budget. The project includes three components. The first and third components are concerned with strengthening decentralized planning and implementation capacity for the public awareness, and financing the operating expenses of the central project management, respectively. The second component, on the other hand, refers to providing grants to the communes for the development of infrastructures. The aim is for one or two communes to be affected by the infrastructure works within one commune. The project has been brought to the attention of the World Bank by the Government of Vietnam (World Bank 2010). Thus, it can be concurred that such is under the endeavors of the Ministry of Construction.

So far, those are some of the identifiable projects in Vietnam in terms of infrastructural construction. One reason is the constraints regarding the group's sources. On the other hand, it may also be rooted to the fact that not many foreign investors are encouraged to invest in infrastructural projects because of past glitches in Vietnam's law regarding private investment in infrastructure. It is given that seaports and electric power are crucial factors for firms contemplating to invest in Vietnam. However, it has been noted by one of the group's sources that only two successful foreign-invested build, operate, transfer or BOT projects have been achieved in the power sector and a small one in the water sector. Adding up to this poor situation is the fact that no foreign-invested BOT contracts have been signed since the year 2001. This is mainly attributed to the lack of assurance that the investors can get returns from their investments. To address this issue, the government has now issued a decree relating to these so-called BOT projects. Such is called Decree 78 of the Government, which dates to May 11, 2007. It replaces previous BOT regulations applicable to foreign investors since the year 1998. One of the remedies given by this decree refers to the flaw regarding the uncertainty of returns to the investors. Basically, the decree gives investors the right to try to obtain a return and other incentives appropriate to the nature of the BOT project. Theoretically speaking, this decree is said to focus on projects concerning "(i) land roads, bridges, tunnels and related utilities; (ii) railways and tramways; (iii) airports, seaports, river ports and ferry-landings; (iv) water plants, drainage and waste or sewage treatment systems; (v) power plants and power transmission lines; and (vi) other infrastructure sectors as decided by the Prime Minister." However, a criticism on the decree has been made in that it is lacking in legal framework. In addition, it is said to have made only incremental differences from the previous decree, making the success of such decree—meaning its effect on the number of BOT projects that will be invested in Vietnam—in the coming years still questionable.

3. ROAD AND OTHER TRANSPORTATION CONSTRUCTIONS

Currently, Vietnam's transportation system may be divided into two major systems, the road system and the railway system. The situations of these two do not differ much in that both are in poor condition and are in need of major improvements (Mu & van de Walle 2007; van de Walle 2007; van de Walle 2001). Clearly, the Government of Vietnam has noticed this pressing issue and it is fortunate to know that they have taken steps to address it.

The group has found out that Vietnam's railway system is deemed to be the slowest in the world (Goodman 1995) with a maximum speed of only 40 km per hour. Considering the number of areas it covers, this is a very undesirable situation for the railway system. Hence, in 1996, the Prime Minister of Vietnam passed a guideline to improve the railway system in years 2000, 2010 and 2020. The main targets of the guideline is to upgrade the North – South railway route, upgrade the West – East railway corridor to achieve a maximum speed of 80-100 km per hour for passenger trains, and 60-80 km per hour for freight trains, develop new routes, prepare necessary conditions to link the railway network to Singapore, and to create a municipal carriage system in big cities namely Hanoi and Ho Chi Minh. This is considered to be an endeavor of utmost importance as not only does it improve Vietnamese transportation in terms of the railway system, but it also opens the possibility of linking to the railways network of Cambodia, Thailand and Malaysia, and via these networks, to Laos and Singapore railways.

The project is enacted in cooperation with both France and Japan. In fact, the Vietnamese Government has signed a memorandum regarding their partnership with France in terms of consultation in the development of the railway systems. On the other hand, Japan also donated a huge sum of money into the project. This led to the prioritization of Japanese companies in taking part in the project. As a result, the facts about the cooperation with these two countries may be a threat to firms of other nations that may want to invest in the program. However, by managing to pull some strings with the Vietnam Railways Corporation, firms such as L. Company may still be able to chip in their products in the development of the Vietnam Railway System.

As of yet, the railway system runs a total length of 2,600 km. It connects residential areas to cultural, agricultural and industrial centers, except the Mekong River delta area. It is also linked to the China railways in two directions. One is through the Lao Cai – Van Nam province route, while the other is through the Lang Son – Quang Tay province route. In addition, there are 1,790 railway bridges, in which 63% is the Hanoi - Ho Chi Minh City railway line, and 31 combined bridges. The length of these bridges runs a total length of 57121 m. At 18084 m in total, there are 180 temporary steel beam bridges, which constitute 31% of the total rail bridge length as well. On the other hand, 13274 m long are concrete bridges of which 69% is the Hanoi – Ho Chi Minh City railway line. Lastly, sewers total to 4,860 with a total length of 71,439 m.

The composition of the railways includes 3 kinds of gauges namely, 1000 mm-gauge, 1435 mm-gauge (standard gauge) and 1435 mm and 1000 mm-gauge (mixed gauge). For stability, they use twin-block concrete sleeper, wooden sleeper and iron sleeper. No mention was made of any stabilizing material for the soil themselves. In addition, a 43 kg/m rail type and hard rail fastener are used in most of the rail network with some kinds of elastic fastener used in few areas.

As one can see, the composition of the railways is very typical, with very little innovation. Given the length of Vietnamese lands they cover and the number of structures such as bridges present in the networks, it is kind of alarming that the ground itself has nothing special for stability purposes. Therefore, this is one aspect that needs to be rehabilitated in the process of improving the railways system. This is where L. Company Geosynthetics comes in. With its low price, high quality characteristics for their products, L. Company may be able to urge the construction company assigned to the project to use either L. Company's Geotextile or Geogrid, depending on the type of soil, in the developments. Not only will it be beneficial for them in terms of cost and stabilizing the areas in question, it will also be environment-friendly. With all of these admirable things to offer, it is thus possible for L. Company to grab the opportunity of taking part in the major endeavor, which may help them penetrate other construction markets.

On the other hand, projects concerning the road systems are also being pushed. The group has been able to identify two of which and they are the construction of the Dau Giay Expressway and the Hoa Lac High-Tech Park (Nguyen 2011). The first project, the Dau Giay Expressway, is an industrial investment by the Asian Development Bank (ADB) and the Japan Bank for International Cooperation (JBIC). It will connect Ho Chi Minh City and *Don Nai Province*. The second project is implemented by the Japanese International Cooperation Agency (JICA). It is concerned with the North-South high-speed railway and the North-South

Expressway. Here, Japan will help to train the engineers and railway staff that are to be involved in the construction. Depending on where they may appropriately be used, L. Company's Geotextile and Geogrid may be used for the stabilization of the structures in such projects.

4. LIQUID CONTAINMENT

The Mekong connected to one of Vietnam's main urban hub, Ho Chi Minh City. Because of the importance of this river, there have actually been plans; this river is one of the major rivers of Vietnam (Tanabe, Nguyen, Tateishi, Kobayashi, Saito 2001; Wolanski, Nguyen, Nguyen, Ngoc 1996). The river reaches some parts of countries like Laos, Cambodia, Thailand, Myanmar and China. The Mekong River is also by the Vietnamese Government to enforce infrastructural development in the Mekong Delta area.

However, there is also an alarming issue regarding the river. Recently, because of the establishments of dams in the river, most of which have been of China's doing, threats of devastating floods especially in some areas of Cambodia, Laos, China and one of Vietnam's main city and financial hub, Ho Chi Minh City, become apparent. To avoid this scenario, it is necessary to take steps that would control the flow of the water in the river. This is where L. Company may find an opportunity for the use of Geotube. With its function pertaining to liquid containment, it may be able to address the problem posed by the dams in the river.

5. OTHER PROJECTS

One Vietnamese firm, Vietland Group claims that they "support all services from the start, idea design, legal procedures, license, planning, construction permission and trading to bring maximum investment profit". It is one prospect for L. Company to invest in the construction projects the firm is currently selling. The future endeavors relevant to L. Company that are currently being sold by the firm are the Ha Long Do Son International Tourism projects with over 100 secondary projects and including five stars city hotel, the office and apartment project, and the theme park and indoor/outdoor shopping area project. This can be a step in L. Company's attempt to build a long-term cooperation (Glinow & Clarke 1995) with a Vietnamese firm involved in construction projects.

L COMPANY'S CURRENT MARKET PERFORMANCE

1. GENERAL PERFORMANCE AND STRATEGY

L. Company Geosynthetics has substantial experience with the Vietnam market. It has provided both geogrids and geotextiles all over the country. The company's ongoing strategy with regard to any transactions inside Vietnam is to rely on its distributors all over the region. L. Company segments Vietnam into the North and South markets. This is due to the difference in landscape of the two regions. This will become clearer in the third section of this chapter where demand by area will be discussed.

L. Company's point of differentiation is the professional service they offer aside from the quality products that they provide. They ensure that quality service is provided by their salespeople and their engineers. L. Company not only provides geosynthetic products, they also offer design and engineering consultation to help out with the projects. Marketing an industrial product like geosynthetics means that there are limited areas for differentiation (Swartz 1983; Reinhardt 1998). One is price, the other is the actual product, and the last one is additional service. These three are the primary factors that you can manipulate to develop a well-known and stable brand of industrial products. L. Company chooses to emphasize the additional service side by offering quality design and engineering consultation to decide which geosynthetic products are suitable and with what specifications.

However there are times when L. Company encounters problems when choosing their distributors. Sometimes it is very difficult to decide which set of criteria to use. Also it is highly unlikely that they will be able to choose multiple distributors per region. In addition to this, Vietnamese really value relationships (World Bank 2012; Smith & Pham 1996), even in business contexts. L. Company is now rethinking whether its current strategy is enough or should it perhaps choose a better way to choose official distributor/reseller. Right now, the company is at a loss as to this issue and hopes to resolve it as soon as possible.

There are also cases where multiple suppliers approach L. Company for price quotations. Again the issue of business loyalty arises. The company must also find a way to decide which supplier to choose. It has to come up with criteria that will be best for business. In other words the company needs to find a way to choose the supplier that will actually end up with a sale.

2. DEMAND BY VALUE

The company has been unable to give us exact figures as far as their sales within Vietnam market are concerned. However, there have been several purchases made in the past. According to a marketing expert of L. Company, business in Vietnam has been prosperous so far. Sales are usually around a couple of thousand to hundreds of thousand TWD (New Taiwan Dollar). Compared to the other countries that L. Company supplies to, Vietnam has comparatively fair profits. Right now, the company has six to eight ongoing contracts each with the same value range as the contracts before. These contracts are all distributed to both North and South Vietnam. The orders are either for geogrid or geotextile for soil reinforcement and stabilization.

3. DEMAND BY AREA AND TYPE

Sales are mostly focused on the northern and southern regions of Vietnam. Each region purchases more of a certain product based on the geographical landscape. The northern region of Vietnam is mostly mountainous and so requires Geogrids more than anything else. This is because Geogrids are used for retaining walls used on rocky soils, the very retaining walls used on mountain roads and highways. On the other hand, the geographic landscape of the southern region of Vietnam is mostly made of wet soil that isn't as rocky as mountain soil. What it requires is a net that protects against moisture and the passing through of smaller particles. In this case, Geotextile would be more appropriate to use. And so the sales of L. Company Geosynthetics reflect this with all orders from the south being Geotextiles and most orders from the north being Geogrids.

However with these kinds of segmentation, one will immediately notice a neglected region of Vietnam, the central region which is mostly made of coastal areas on its eastern side. On its western side lies a long stretch of mountains. This kind of geography means that the central region requires a different set of geosynthetic products. However, this is not the focus of this chapter.

SUGGESTED STRATEGIES

1. DEVELOPMENT OF A LOW PRICED PRODUCT / BRAND

Vietnam represents a market where customers are very price sensitive. Therefore it is of high importance to implement a market segmentation that reflects such a market. If the Vietnamese market were to be divided into higher price and lower price segments then L. Company would probably be in the higher price segment. In other words, the low-price segment is out of the question with tough competition coming from China and Korea.

Taking this into consideration, the development of a low-priced product for this segment could lead to increased profits. Although Vietnam is called "the next China" and has one of the highest GDP growth rates in the world, it is still a developing country. Cost minimization is still one of its primary goals in terms of infrastructure, perhaps even at the cost of quality.

However, with this strategy comes the risk of ruining the brand image and brand equity (Aaker 1991; Aaker & Jacobson 1994; Aaker 1996; Keller 1993) of L. Company as a provider of top quality geosynthetics. If this is indeed the case then not only will L. Company has to develop a much more cost efficient product, it also has to carry that product with another brand different from L. Company. Multibranding (Kapferer 1992; Visser 1995) has been used for so long by various companies in different industries to access numerous market segments. This new brand could take on the responsibility of penetrating the low-priced segment while L. Company maintains its status in the higher-priced segment.

Using this strategy the company will be able to reach the maximum possible amount of customers in Vietnam. The company will then be able to have a bigger slice of the Vietnam geosynthetics pie and perhaps will be able to increase its profits as well.

2. IMPROVING COMPANY CONTROLLED REPRESENTATION

VIETNAM MARKETING REPRESENTATIVE

L. Company could choose to hire a Vietnam Market Representative who will serve as its eyes, ears, brain and mouth. This representative will, of course, be in charge with all dealings of the company inside Vietnam. S/He will be the one to contact and organize all the distributors. S/He will also be the one to create the national marketing strategy for L. Company in Vietnam. Given these responsibilities such an individual must be both a marketing expert when it comes to

industrial products and this person must also have a background with the Vietnamese construction industry. This representative could serve as a substitute for building an office inside Vietnam. Compared to an office where you have to pay salaries, rent, utilities and other such costs, an individual only needs to be paid a salary and perhaps telephone/materials/travel allowances for regular correspondence with customers and distributors.

COMPANY OFFICE IN VIETNAM

However, if the potential sales inside the Vietnam market prove to be too large for one person to handle, then perhaps a company office inside Vietnam might be a good idea. This office will basically do the same job as the marketing representative above except that its capabilities are much larger. The only problem is that the costs of an office are definitely bigger than the costs involved with one individual. The only time that a company office would actually be a wise decision is when L. Company is sure that one person cannot handle all its business with Vietnam and that the marginal growth in sales will be higher than the entailed costs of putting up an office.

3. INTRODUCING GEOTUBE

If one will look at a map of Vietnam, one will immediately notice that around half of the country is actually coastline. In addition to this, Vietnam also has two primary rivers: the Red River in the north and the Mekong River in the south. These sorts of landscapes are perfect for Geotube. In the earlier sections, it has been mentioned that the Mekong River is highly prone to floods (Mekong River Commission 2010) and numerous government projects are involved with controlling these floods. At the same time, parts of the coastline suffer sand erosion during specific times of the year. Such ventures if explored might prove to be highly profitable both for Vietnam and L. Company.

4. BUILDING PARTNERSHIPS THAT LAST

Another option for long-term regular cash flows is the forming of partnerships and agreements with other companies and institutions. If L. Company chooses the right institutions and offers the right incentive, then it can assure itself of a stable income source for a long time. This strategy can actually go into three ways: a partnership with a construction company, a partnership with the government, or a partnership with a financial institution. With any of the three, L. Company can choose to sign a contract that makes it into the official geosynthetics supplier of the institution for a said number of years. Throughout these years each institution will surely have more than one project and so with one contract L. Company can assure itself of projects for years to come. On the other hand, the offer has to be something that the institution cannot decline. For example, with a construction company the contract could say that L. Company has to give a special price to the company not to mention consultation services regarding projects both in and out of Vietnam. With regard to a financial institution, we can take the ADB as an example. In exchange for being the exclusive supplier of projects that they are funding L. Company must in turn offer services related not only to Vietnam but also Taiwan like access to information about the construction industry, consultation services, etc.

5. ADVERTISING STRATEGIES

Advertising is a very important component for business success. With this in view, a comprehensive and aggressive marketing strategy should be implemented. Different types of advertising strategies can be used but those that will require more budgets should be avoided in order to lower the risk involved. The correct advertising strategy can help protect and enhance market share, and also increase the level of competitiveness and growth potential. The use of the following media is highly suggested:

1. Participation in and sponsorship of national seminars where companies are provided avenues to promote their products and services. For instance, there is a planned International Conference from October 22– 26, 2012 that has the theme: "The role of urban mobility to (re)shape cities". Such a conference is held every two years in a city around the world. Training courses are also made available for young transport professionals as part of the conference (1996 New Delhi, 1998 South Africa, 2000 Mexico, 2002 Togo, 2004 Rumania, 2006 Lyon France, and 2008 Ho Chi Minh City Vietnam, 2010 Buenos Aires Argentina, 2012 Addis Ababa Ethiopia, 2014 Stuttgart Germany). It is a good opportunity for L. Company to advertise itself to the Ministry of Construction and Transportation, to private firms and to various international organizations.
2. Newsletters to be sent to the Vietnam construction magazines both in English and Vietnamese versions.

CONCLUDING REMARKS

Demand for construction and imported construction materials in developing countries in general and in Vietnam in particular is growing fast. It is a good opportunity for L. Company to expand its market-share in this potential region to gain major competitive advantages in worldwide markets (Douglas & Wind 1987). Thus, the economic development program in Asia Pacific Region construction market is a golden opportunity for L. Company. Particularly, in the Asia-Pacific Region, construction is one of the booming industries. Motivated by unparalleled foreign currency revenues from trades, manufactures, and high technology products, Asian countries are accelerating the investment in infrastructure construction.

Therefore, it is a positive sign for construction materials firms, especially geosynthetic materials, geomembranes, geonets, geocomposites, and nonwoven geotextiles to export to this region. Along with Vietnam, Africa, Latin America and the Caribbean are also a relatively open market for construction materials because their construction materials industry are quite under-developed and largely depend on imports. For example, Nigeria annually imports about US\$4.2 billion of construction materials, or Algeria annually imports nearly US\$2.3 billion. Advertisement is a very important component for business success. With this in view, L. Company should implement a comprehensive and aggressive marketing campaign by diversifying and considering making operation in other fast growing markets such as Africa, the Middle East, Latin America and the Caribbean for new market opportunities for the first mover advantage (Kerin, Varadarajan & Peterson 1992), and a profitable return (Steenkamp et al. 1999).

Finally, here, it is perhaps also worth noting that experts warn that payment capacity in Vietnam, South America and Africa is still limited, and trade fraud happens quite frequently. Therefore, enterprises should be careful to avoid being cheated. In order to reduce risks when trading with partners from Vietnam, Africa, Latin America and the Caribbean, enterprises can consider selling at a reasonable price but with more secured payment methods.

This study applied qualitative method to explore Vietnam construction market, future studies should explore different methods including quantitative method to examine the potential and opportunities offered in the marketplace..

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MILLENNIUM DEVELOPMENT GOALS IN AFRICA, POLICIES AND ACHIEVEMENT STRATEGIES: AN APPRAISAL AND WAYS FORWARD

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ABSTRACT

The major focus of this paper was on the problems associated with the achievement of Millennium Development Goals in Africa. The baseline was that, for over thirteen years of inception of the Millennium Development Goals (MDGs), Africa remains wanting in human development indices, poverty eradication, literate population, health development, economic, political, and social development. These have been the case despite the introduction of a number of strategies aimed at achieving the MDGs and associated cost estimates by the Millennium Project and the World Bank. Our aim was to appraise the extent of achievement of the MDGs in Africa, guided by the question of whether practical policy initiatives for achieving the MDGs can be identified for Africa. We would like to contribute significantly to the policy initiatives. Methodologically, we concentrated on a survey of the policy prescriptions for the achievement of MDGs in Africa and the extent to which these policies had contributed to achievement of the MDGs. The data sources were basically from: (i) the African regional development indicators; (ii) Millennium Development Goals Reports; (iii) the MDG Africa Steering Group; and, other relevant literature. The analysis of data was highly descriptive and appropriate enough for assessment of the extent of achievement of the MDGs in Africa. In a nutshell, our assessments indicate the following constraints to the achievement of MDGs in Africa: (i) discouragingly low human development indices in Africa compared to the global average; (ii) inappropriate policy recommendations for achievement of the MDGs in Africa; (iii) non-applicable predictive models; (iv) the problem of paucity of data in Africa; (v) low level of infrastructural development in rural areas; (vi) high rate of underemployment; (vii) deficiencies in policy implementation processes; and, (viii) lack of research and development culture. Based on these observations, the paper makes the following recommendations: (i) regional partnerships in development projects; (ii) development and application of country-specific strategy models; (iii) country-wide emphasis on availability of relevant data, complemented with research and development activities; (iv) emphasis on infrastructural development especially in the rural areas; and, (v) refined policy implementation processes based on the use of appropriate personnel and other policy implementation instruments, such as monitoring and evaluation.

KEYWORDS

MDGs, human development indices, poverty eradication.

1. INTRODUCTION

The Millennium Development Goals (MDGs) have been a famous concept for the low income, developing countries since their propagation by the United Nations in the year 2000. These goals were conceived of with the aim of helping under-developed low income countries overcome the problems of illiteracy, poverty, low health status, and quality of life. Substantial emphasis was on the attainment of the Millennium Development targets in education due to the pivotal role of education in national development. Such targets included education for all by the year 2015 through one hundred percent gross enrollment rate, gender equality in access to education opportunities, eradication of adult illiteracy, and general improvement in the quality of education in low income countries.

Maduabum (2013) reiterated the fact that the emergence of MDGs was due to a genuine concern by both developing and advanced countries to ensure a meaningful development in low income countries. In September 2000, to be precise, during the United Nations (UN) Millennium summit, the international community adopted the Millennium Declaration (MD) and the Millennium Development Goals (MDGs) as strategic indicators by which Low Income Countries (LICs) and the donor community can measure progress in the reduction of poverty in improvement of key dimension of development. The LICs were advised to adopt the MDGs in the context of their Poverty Reduction Strategy Paper (PRSP) as was presented in the Summit, and monitor progress toward meeting the goals (Pierre-Richard et al, 2005).

In order to ensure total compliance to the Millennium Development targets, at the 2002 International Conference on Financing for Development, held in Monterrey Mexico, the international community established a framework for global partnership between developed and developing countries with the aim of combating widespread poverty around the world. Additionally, at the World Summit on Sustainable development held in Johannesburg, South Africa, the United Nations member States did reaffirm their commitment to helping LICs meet the Millennium Development Goals.

It is worrisome the extent and speed of attainment of the Millennium Development goals in Africa. The previous assessments of the status of meeting the MDGs in low income countries revealed that the progress in achieving them, especially in Africa, has been slow (Commission for Africa, 2005; United Nations, 2005). On the same token, the Millennium Project (2005), noted that although many countries were on track to achieving some of the MDGs, the Sub-Saharan African countries were continuously lagging behind.

Many similar reports on the progress in achievement of the MDGs suggest that economic growth is a key requirement for improving standard of living in Sub-Saharan Africa. Such reports emphasise the fact that there is the need for a "big push" in public investment in education, health and infrastructure in order for the African countries to achieve the MDGs. OECD (2004) observed that many poverty reduction strategies papers (PRSPs) in Africa recognised the role that infrastructure plays in stimulating economic growth, particularly those aimed at improving productivity and reducing production costs in agriculture. Similarly, a joint report by the Breton Woods institutions (World Bank, 2005b) and the Bank's Action Plan for Africa (World Bank, 2005c) had called for a doubling of spending on infrastructure in Sub-Saharan Africa. It appears a majority of these reports alluded to the fact that the achievement of MDGs in Africa remains far-fetched. This puts into test, the authenticity of the policies being recommended for the achievement of MDGs in Africa. This paper aims at appraising the MDGs in Africa in relation to the progress in their achievements. The guiding question would be: "Are there identifiable practical policy initiatives for achieving the MDGs in Africa. The paper will address the answer to this question in a logical and reasonable manner. The rest of the paper is organised as follows: section 2 presents a survey of the relevant literature; section 3 discusses the methodology; section 4 is an overview of the development indicators in Africa; in section 5, we appraise the effectiveness of the recommended policies for attainment of the MDGs in Africa; and, in section 6, the paper concludes with some recommendations for the ways forward.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The Conceptually, economic development generally refers to a process in which an economy is transformed from traditional static behaviours to modern dynamic types behaviours, characterized by a long-period continuity of events (Onwe, 1993: 17). It is the features of a development process that form the basic background of most theoretical views on economic development, including Professor Rostow's stages of development and Arthur Lewis-type models of economic development. In varying degrees, most policy prescriptions for development of a given economy have made references to these models.

Though economists do not explicitly distinguish between the concepts of 'economic development' and 'economic growth', as they are often used interchangeably, we should bear in mind that economic development follows fairly uniform pattern, passing through a series of stages, with different development theorists emphasising transition along different lines of development. The best known of the stage theories were those of Karl Marx, the historic Russian development economists of the 19th century, who postulated changes in economic institutions, from feudalism to capitalism, then to socialism. Other stage theorists, as outlined by Kindleberger (1975), were:

List, emphasising: savagery → pastoral life → agriculture and manufactures → agriculture, manufactures, and trade.

Hildebrand, emphasising: barter → money → credit.

Ashley, emphasising: household system → guild → domestic system → factory.

Gras, emphasising: village → town → nation → world.

The most recent stage theory, advanced by Rostow (1975) has five stages including:

1) The **traditional society** which rests on static equilibrium until disturbed.

2) The **precondition** stage, involving slow changes in attitudes and organisation.

3) The **take-off** stage, where resistances and blocks to the development processes are overcome and technical changes are strongly felt.

4) The **drive to maturity** stage, where technical changes are spread to all parts of the economy.

5) The **high mass consumption** stage in which durable consumer goods, life in the suburbs, and college education come within reach.

Our worries are on the extent of reference to these theories of economic development by the proponents of the Millennium Development Goals (MDGs). It could be the case that achievement of the goals would have been grossly determined by logical reference to these theories in the design of the policy prescriptions for achievement of the MDGs. At this stage, let us examine the conceptualization of the Millennium Development Goals.

The Millennium Development Goals (MDGs) were time-specific targets designed to improve global human condition, supported by heads of State during the 2000 United Nations Millennium Declaration (United Nations, 2000). The goals were enumerated as follows (Reddy and Heuty, 2005):

- (i) eradication of extreme poverty and hunger;
- (ii) achievement of universal primary education;
- (iii) promotion of gender equality and empowerment of women;
- (iv) reduction of child mortality;
- (v) improvement of maternal health;
- (vi) fighting against HIV/AIDS, malaria and other diseases;
- (vii) ensuring environmental sustainability; and,
- (viii) development of a global partnership for development.

Each of these goals were associated with specific targets, and each target was related to quantifiable indicators. The Millennium Development Goals and targets are summarised in Appendix 1.

To ensure compliance with the requirements of the Millennium Development Goals, the Millennium Project was commissioned to serve as an advisory body to the United Nations Secretary General. In 2005, this body developed and published what might be referred to as "a practical plan for achieving the MDGs" (Millennium Project, 2005). The Millennium Project also developed a list of interventions aimed at potentially promoting the MDGs, as well as investment plans aimed at attaining the MDGs through the listed interventions (Millennium Project, 2005: 242 - 244).

Though the Millennium Project Report presented a laudable "political message", it has been argued that the usefulness of its recommendations in achieving the MDGs is questionable. According to Reddy and Heuty (2005), a truly practical plan for achieving the MDGs has to be based on recognition of the fact that it is impossible to know exactly how to achieve any goal in advance. They noted that existing approaches to identifying the best development strategies have been unreliable. The reason that was advanced was that estimates of costs and benefits of alternative strategies were based on implausible and restrictive assumptions. Such estimates were also based on poor quality data and fail to adequately reflect uncertainties about the future.

It has also been noted that existing predictive models recommended for identifying strategies for achieving the MDGs have been questionable. This has been due to their reliance on unjustifiable assumptions and weak data base (Reddy and Heuty, 2005: 401). Such models, for example, assume that unit costs of required activities for achieving the MDGs are fixed. This is a highly unrealistic assumption as unit costs cannot be fixed, given the expected progressive nature of the attainment of the MDGs. We may however, consider the likelihood that changes in marginal and unit costs may play an important role in the achievement of the MDGs. For instance, some beneficiaries of the MDGs may be so isolated that the cost of reaching them can be outrageous. In addition, the limited supply of the required skilled personnel may make it increasingly costly to extend services to communities that are isolated due to geographical and social reasons. Nevertheless, positive externalities may reduce barriers to provision of services. Such externalities can be represented by transformations in such norms and transmission of relevant knowledge with social networks (Rosenzweig and Foster, 1995). In another argument, it was noted that the cost of expanding services of a kind depends on the extent to which services of another kind have already been expanded. The argument is that it can be less costly to improve a child's health if the child attended school on the one hand. And on the other hand, decreases in mortality rate are likely to increase the number of children for whom schools must be provided, thereby increasing the cost of achieving school enrolment goals and objectives.

Apart from poor quality data and questionable predictable models, many authors have noted that the data needed for assessing the baseline scenario of the MDGs and to monitor their progress over time have been noted to be severely deficient in low-income countries. This has made it almost impossible to ascertain either the extent of achievement of the MDGs or the costs of achieving the required level of achievement. This observation was supported by Snow et al (2005), who found that the number of malaria cases worldwide may be close to double that previously estimated by the World Health Organisation (WHO). The authors pointed out that WHO relies heavily on clinical reports of the malaria diseases for its statistics, while many patients do not in reality seek treatments from official health clinics. On the same token, Reddy and Pogge (2003) argued that the estimates of the extent and trend of poverty across countries are highly sensitive to the assumptions that are made, coupled with unreliable existing estimates.

The observed deficiencies in the existing approaches to the achievement of the MDGs call for alternative practical approaches that focus on the value of learning. The assumption here is that knowledge of how best to achieve the MDGs can be imperfect and that beliefs about how best to achieve the goals need to be continuously updated in light of new information. And, according to Reddy and Heuty (2005), strategic choices can be made more effective than otherwise by seeking out and incorporating relevant information maximally.

With the argument that the credibility of existing predictive models used in assessing alternative strategies for achieving the MDGs in Africa have been impoverished by a number of factors, including weaknesses in the relevant data, lack of robustness to variations in assumption, and the likelihood of actual costs and benefits of alternative actions being influenced by unpredicted shocks, it would be obvious that alternative models, capable of overcoming these shortfalls, are needed.

In line with this, Reddy and Heuty (2005) had developed a predictive model, referred to as Institutionalised Financial and Learning Mechanism (IFLM), for achieving the MDGs. The purpose of this model, according to Reddy and Heuty is to provide a realistic, effective, and flexible approach to goal-oriented learning, decision-making, planning, and financing. The model recognises the limitations of the previous models.

Reddy and Heuty (2005) pointed out that the IFLM model is motivated by the following core empirical beliefs:

- 1) The importance of learning. Since it is difficult to know in advance the best way of achieving the MDGs, it would be necessary to foster individual and collective learning on the MDGs.
- 2) The importance of flexibility. Since it is also difficult to know in advance what it would cost to achieve the MDGs, it would be necessary to reassess periodically the best strategy to adopt.

The model is assumed to operate through what the authors referred to as Peer and Partner Review Mechanism (PPRM). Through this mechanism, each country's efforts in achieving the MDGs would be assessed by a peer and partner review committee, informed by evidence from diverse sources, and operating in a publicly transparent and broadly consultative way. Depending on the country involved and societal beliefs, a peer review committee might include representatives from within a region and beyond it, and from among civil society representatives, as well as government officials. Such mechanism is expected to be able to provide flexible instruments for identifying each country's requirement of resources needed for achieving the MDGs, and to identify opportunities for resource generation and policy reorientation. This mechanism is also expected to bring about periodic assessments of each country's efforts and capabilities for achievement of the MDGs.

We are of the opinion that the IFLM model has some validity for adaptation to the needs of Africa. The concept of peer and partner review mechanism would be ideal for application to the achievement of MDGs in Africa.

3. METHODOLOGY

Our methodology will involve an analysis of the literature information on the concept of the Millennium Development Goals, existing policy recommendations for the achievement of MDGs in Africa, the extent of achievement of such policies, and scholarly proposals on the ways forward for the realisation of MDGs in Africa. Apart from information from the literature survey, our analysis will make reference to data from: (i) the regional development indicators; (ii) Millennium Development reports; and (iii) the MDG Africa Steering Group. Our analytical method will be highly descriptive in nature and practical enough for a general understanding. Our recommendations for the ways forward will majorly come from the analytical results.

4. OVERVIEW OF DEVELOPMENT INDICATORS IN AFRICA

A review of the trend in the key development indicators in Africa would provide the basic background on the existing potentials for achieving the MDGs in Africa. We lay emphasis on the following important development indicators:

- 1) The average annual rate of growth in population
- 2) The teenage age composition
- 3) The standard per capita income
- 4) The per capita rate of growth of gross domestic product (GDP)
- 5) Life expectancy
- 6) Adult literacy rate

It is our opinion that analysis of the trends in these indicators would provide some background information on the likelihood of achieving the MDGs in Africa. The trends are summarised in tables 1 and 2 below. Table 1 reveals that, as of 2013, not much progress has been made in the achievement of the basic Millennium Development Goals in Africa. According to the table, the African regional average human development index (HDI) of 0.487 remains low compared to the world average. We may recall that the HDI is a comparative measure of life expectancy, literacy rate, education, and standard of living. It is also a standard measure of well being and the impact of economic policies on quality of life. In addition, as indicated by the table, the average per capita income of \$1,859 is highly discouraging; and, the average life expectancy of about 57 years is nothing to write home about.

The correlation matrix presented in table 2 reveals some interesting information. Negative relationships exist between per capita income and the rate of growth of GDP in Africa; per capita income and age composition of the population; and, per capita income and the rate of growth in population. These observations have critical implications for achievement of the MDGs in Africa.

TABLE 1: SUMMARY OF DEVELOPMENT INDICATORS IN AFRICA

Indicator	Regional Average	Maximum	Minimum	Std Dev.	(Skewness) Kurtosis	Jaque-Bera	Probability
HDI	0.487	0.784 (Libya)	0.338 (Democratic Rep of Congo)	0.11	(0.92) 3.296	5.309	0.070
Ave. Annual population growth rate (%)	2.535	3.700 (Eritrea)	0.800 (Zimbabwe)	0.775	(-0.81) 2.759	4.117	0.128
Age composition 0 - 14 years (%)	41.784	50.00 (Niger)	23.00 (Tunisia)	6.259	(-1.52) 4.751	18.965	0.00
Per capita Income (\$)	1,859.19	1,3560.00 (Equatorial Guinea)	220	2717.68	(2.78) 11.10	148.90	0.00
GDP per capita growth rate (%)	1.45	13.00 (S. Leon)	-57.70 (S. Sudan)	10.43	(-5.040) 29.54	1244.27	0.00
Life expectancy at birth (years)	56.68	75 (Algeria)	47.54 (S. Leon)	7.53	(1.15) 3.53	8.65	0.01
Adult literacy rate, 15 years and above (%)	60.62	92 (Zimbabwe)	29 (Burkina Faso)	16.54	(-0.31) 2.41	1.11	0.57

Source: e-View Analytical Output, 2014

TABLE 2: THE CORRELATION MATRIX

	AGPR	APR	GDPCG	HDI	LEB	PCI
AGPR	1	0.19	0.26	-0.20	0.36	-0.16
APR	0.19	1	0.09	-0.10	0.23	0.03
GDPCG	0.26	0.09	1	0.16	0.009	-0.31
HDI	-0.20	-0.10	0.16	1	0.02	0.19
LEB	-0.36	0.23	0.009	0.02	1	0.17
PCI	-0.16	0.03	-0.31	0.19	0.17	1

Source: e-View Correlation Output, 2014

Note:

AGPR	=	Average Annual Population Growth Rate
APR	=	Adult Literacy rate
GDPCG	=	GDP per capita growth
HDI	=	Human Development Index
LEB	=	Life Expectancy at Birth
PCI	=	Per Capita Income

In the section that follows, we examine in detail the recommended policies for achievement of the MDGs in Africa. The aim is to appraise the effectiveness of such policies.

5. AN APPRAISAL OF THE EFFECTIVENESS OF POLICIES FOR ATTAINMENT OF MDGs IN AFRICA

This section begins with the key recommendations of the MDG Africa Steering group (2008). These recommendations outlined the steps needed to translate commitments into results at the country level. In each area addressed by the MDGs, the African steering group identified the following (see appendix 2):

- 1) Specific results expected by scaling up known and proven intervention;
- 2) Organisations that can provide policy leadership;
- 3) Multilateral financing mechanisms that can complement other bilateral and multilateral funding sources; and,
- 4) Estimated external financing needs.

The group's recommendations with reference to the areas addressed by the MDGs can be enumerated as follows:

I. AGRICULTURE, FOOD SECURITY AND NUTRITION

The belief has been that agriculture is central to poverty reduction, combating hunger and malnutrition, and accelerating growth in Africa. In effect, the group recommended that a particular focus was needed on smallholder farmers, who are predominantly women and account for about 80 percent of the African farmers. The group further:

- (i) urged African governments to seize opportunities presented by high global agricultural commodity prices by reducing trade distorting subsidies as well as barriers to trade in agricultural products;
- (ii) urged African governments and the international community to lend their full support to the implementation of Comprehensive African Agricultural Development programme (CAADP), which provides the framework for supporting the design and implementation of national agriculture and food security strategies;
- (iii) urged African governments to launch an African Green Revolution within the framework of CAADP key interventions to include: providing access to improved seeds, fertilizers and financial extension services; strengthening land and water management; improving rural infrastructure; strengthening farmers' associations; and, increasing access to markets;
- (iv) urged international community to increase external financing for African agriculture, and to mobilise all available bilateral and multilateral financing channels;
- (v) urged international community to support African governments in rolling out school feeding programmes, using locally produced food; and,
- (vi) recommended that investments in agricultural research should be significantly scaled up to support research into high-yielding crop and livestock varieties, as well as sustainable agricultural practices that are resistant to droughts and climate changes.

II. EDUCATION

Though the steering committee observed that several African countries were on track to achieving universal primary education by 2015, the general progress towards universal primary education remains too slow, as millions of children from poor background as well as rural communities still do not have access to primary education. Many African countries could not provide adequate services for their teeming population and continue to allow school fees and associated costs that discourage school attendance. There were also serious problems in government efforts to increase access to post-primary education, improve the quality of education, and address threats to education systems, from natural disasters and civil conflicts.

To make reasonable progress in the achievement of universal primary education goal, the committee therefore, recommended as follows:

- (i) International community to fulfill its commitments toward education, using the full range of bilateral and multilateral instruments;
- (ii) The Education for All-Fast Track Initiative (EFA – FTI) partners to systematically review country's sector plans for consistency with projected resource requirements for achieving the millennium development and EFA goals by 2015;
- (iii) All development partners to systematically meet recipient governments' requests for long-term education sector support to ensure country ownership, predictable financing, a sound division of labour among donors, and full alignment with country systems over multiple years; and,
- (iv) African leaders to give high priority to setting up strong national statistical systems for tracking progress toward the education goals.

III. HEALTH

The Committee observed that, in most African countries, the basic health infrastructure, human resources, equipment and supplies were grossly inadequate to provide essential maternal, child and reproductive health services, and to control and treat infectious diseases. In respect of these, the steering group commended as follows:

- (i) Development partners to systematically meet recipient government's requests for sector-wide approaches and long-term health compacts;
- (ii) African governments to be supported by international community to expand:
 - (a) primary health systems;
 - (b) emergency obstetric care to reach all women by 2015; and,
 - (c) scaling up of community and mid-level health workers, while addressing the need for highly trained and specialized staff;
- (iii) International support for comprehensive family planning to be expanded through the United Nations Population Fund (UNPF), other reference institutions and bilateral channels.
- (iv) African countries to continue expansion of preventive, control and treatment programmes for HIV/AIDS, malaria, tuberculosis, and other priority diseases, through the Global Fund and other mechanisms.

IV. INFRASTRUCTURE AND TRADE FACILITATION

The steering group observed that lack of basic transport, power, communication networks, water, sanitation, and other infrastructure services poses severe constraints on economic growth, trade and poverty reduction across Africa. On this observation, the group recommended as follows:

- (i) Launching of a 'New Deal' for the energy sector to plan and build transformational generation and transmission facilities across Africa, as well as improvement of the performance of power utilities;
- (ii) The international community to assist in financing regional infrastructure, such as road corridors, power pools, multipurpose water infrastructure, and information and communication technology;
- (iii) The international community to support African countries in the implementation of national strategies for achieving water supply and sanitation targets;
- (iv) Use of enhanced integrated framework and aid for Trade in supporting country efforts to develop trade capacity and performance;
- (v) The multilateral and bilateral donors to increase the use of public-private partnerships (PPPs) in leveraging public financing;
- (vi) The Infrastructure Consortium for Africa (ICA) to be strengthened to support the monitoring of infrastructure results, particularly in the transport and power sectors, where progress is necessary for the achievement of the MDGs on poverty alleviation and on environmental sustainability.

V. NATIONAL STATISTICAL SYSTEMS

The steering group reported that the availability of high-quality statistics for monitoring progress on the MDGs remains inadequate in many African countries, due to weak statistical capacities. Based on this constraints, the group's recommendation was basically that African governments, with support from development partners, should finance and implement bankable National Strategies for the Development of Statistics (NSDS) to strengthen data systems and develop statistical capacity across Africa.

VI. AID EFFECTIVENESS AND AID PREDICTABILITY

The Steering group observed that progress in the implementation the 'aid effectiveness agenda', outlined in the Paris Declaration remains too slow. In particular, development partners were yet to overcome donor fragmentation; promote collaboration and complementarities; and, increase budget support where possible. The consequent recommendations by the group were as follows:

- (i) Countries providing development assistance to reconfirm their intentions to fully implement the Paris Declaration on Aid Effectiveness;
- (ii) Bilateral donors to provide country-by-country schedules on how they will scale up their aids to Africa in order that the existing commitments could be met;
- (iii) The African Development Bank (ADB), African Union (AU), International Monetary Fund (IMF), the United Nations systems, and the World Bank to assist African governments in maintaining strong domestic policy frameworks; and,
- (iv) African governments and development partners to formalise compacts, outlining each others' roles and responsibilities in ensuring that financial commitments are met and aligned with national systems, delineate a clear division of labour among donors; provide for the use of budget support where appropriate; untie aid; design and implement any conditionality in a way that promotes predictability; and, take account of existing sector programmes.

VII. TRANSLATING THE MDGS INTO INTEGRATED PROGRAMMES ON THE GROUND

The steering group had reported that country programmes in Africa remained constrained by insufficient, as well as, unpredictable financing, and do not specify the full set of policies and supporting public expenditure needed to achieve sustained economic growth and the Millennium Development Goals. To this effect, the Steering Group recommended that the ADB, AU, IMF, UN systems, and the World Bank should assist African governments that request for support.

There exists therefore, some evidence that strategies for achieving the MDGs in Africa have been in place. It is however, worrisome that irrespective of the numerous models, strategies, and policies that have been advanced for achieving the MDGs, Africa is still lagging behind in achievement of the Millennium Development Goals. Many gaps are yet to be closed. This observation is supported by the progress reports of the United Nations (UN) and similar international institutions. The UN report (2014) summarises the extent of achievement of the MDGs in Africa as follows:

Goal 1: Eradication of extreme poverty and hunger.

Despite the general claim that this MDG target has been met

- 1) about one out of five persons in Africa still lives on less than \$1.25 per day;
- 2) vulnerable employment still accounts for 56 percent of all employments in developing countries in general and specifically, in Africa, compared to 10 percent in developed countries, and, vulnerable employment rates continue to be higher for women than for men; the largest gender gaps were reported for sub-Saharan African countries in 2013;
- 3) about 173 million fewer people worldwide suffered chronic hunger between 2011 and 2013 than between 1990 and 1992, indicating some improvements, though the target of reducing the proportion of people suffering from hunger by 50 percent between 1990 and 2015 was yet to be achieved in Africa, as about one in eight people in Africa were estimated to have been suffering from hunger between 2011 and 2013.
- 4) one in four children under age five in the world had inadequate height for his/her age;
- 5) in 2013, about 3200 people had to abandon their homes everyday to seek protection from conflict-induced disturbances.

These observations imply that existing policies designed to attain the MDG target of eradicating extreme poverty and hunger in Africa have not been as effective as expected. Such policies need to be re-examined.

Goal 2: Achievement of universal primary education

The UN report (2014) indicated that not much progress has been made on the MDG target of ensuring that by 2015 African children complete a full course of primary schooling. According to the report, only 3 out of 5 pupils in sub-Saharan Africa were able to complete primary education between 2000 and 2013. Boys were found to have greater risk of leaving the primary school earlier than the girls. Some of the critical factors for early school leaving were noted to have included travelling long distances from home to school, household poverty, the combination of work and study, and opportunity costs. It follows that good measures to stop early school leaving need to address these factors and promote early intervention, including wider access to pre-primary school programmes to facilitate school readiness and timely entry to school.

Goal 3: Promotion of gender equality and empowerment of women

The major target in this goal was to eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015. The United Nations suggested that gender parity in education is reached when the gender parity index (GPI), defined as girls' gross school enrolment ratio divided by the corresponding ratio for the boys, is between 0.97 and 0.03. According to the UN report, gender disparities were more prevalent at higher levels of education, with greater variances among African countries. The report further indicated that all developing countries were close to achieving gender parity in primary education in 2012. However, girls' enrolment ratios were still lower than the boys' in sub-Saharan Africa. Enrolment ratios of young women were found significantly lower than those of young men in the sub-Saharan Africa.

One of the notable indicators of gender parity in the African labour market is the time-related underemployment rate, which measures the percentage of employed men and women who are willing and available to work additional hours. In most African countries, it was observed that the time-related underemployment rate for women is higher than that of men.

This calls for family-friendly policies that not only encourage work-family balance, but also enhance the quality of part-time jobs and improve overall business productivity. Such policies may include legislation on flexible time, parental leave, other codes of conduct, and new working practices, as well as childcare and elderly-care facilities.

Goal 4: Reduction of child mortality

The major target here was to reduce by two-thirds, the under five mortality rate between 1990 and 2015. Despite an observed substantial progress, the UN reported that the world still fall short of the MDG child mortality target. It was observed that the global rate of under-five mortality in 2012 was almost 50 percent of the 1990 rate. Fewer children died each day in 2012 than in 1990. All regions, with the exception of sub-Saharan Africa and Oceania, reduced their under-five mortality rate by more than 50 percent (UN, 2014).

The major causes of under-five deaths in Africa were reported as preventable diseases. Another major cause of child mortality in Africa was reported as outbreak of measles. Frequent outbreaks of measles were due to weak routine immunization systems and delayed implementation of accelerated disease control in Africa.

The UN (2014) report suggested that the reduction of under-five mortality in Africa requires political will, applied consistently in support of child and maternal health through concerted action, sound strategies, and adequate resources. Additionally, addressing the decline in political and financial commitment to measles control is the key to making progress in achieving the target of reduction in child mortality in Africa.

Goal 5: Improvement of Maternal Health

The target here was to reduce by 75 percent, the maternal mortality ratio between 1990 and 2015. The extent to which this target has generally been met appears highly discouraging. According to the UN report (2014):

- 1) Almost 300,000 women died globally in 2013 from causes related to pregnancy and child birth;
- 2) The population of deliveries attended to by skilled health personnel in developing regions improved by rising from 56 percent in 1990 to 68 percent in 2012;
- 3) In 2012, 40 million births were not attended to by skilled health personnel in developing countries, and over 32 million (80 percent) of these births occurred in rural areas; and,
- 4) About 52 percent of pregnant women had four or more antenatal care visits during pregnancy in 2012.

In sub-Saharan Africa, the maternal deaths per 100,000 live births for women of ages between 15 and 49 years, between 1990 and 2013 are summarized by table 2.

TABLE 2: MATERNAL DEATHS PER 100,000 LIVE BIRTHS FOR WOMEN OF 15 TO 49 YEARS

Year	Maternal deaths per 100,000 live births	Proportion of deliveries attended to by skilled health personnel (%)
1990	900	40
2000	830	43
2013	510	53

Source: UN Report, 2014

By implication, the maternal death ratio went down by just about 43 percent between 1990 and 2013. With the emerging political, social and economic conditions of the sub-Saharan Africa, the probability of attaining the 75 percent target reduction in maternal mortality appears very low.

Despite the improvements in access to maternal health care, as indicated by table 2, the UN report noted large disparities in access to health care between urban and rural areas in sub-Saharan Africa. The urban-rural gap in the proportion of births attended to by skilled health personnel narrowed merely from 33 percent to 31 percent between the periods of 2000 and 2012 (MDG Report, 2014).

The UN report (2014) observed that a major cause of maternal mortality in Africa is early child bearing, which is associated with tremendous health risks. It follows that prevention of early child bearing will go a long way in helping to achieve not only the maternal health target but other MDG targets such as those on poverty, education, gender equality, and child mortality.

Goal 6: Combating HIV/AIDS, malaria and other diseases

The target here was to halt and reverse the spread of HIV/AIDS by the year 2015. On the extent of achievement of this target, the MDG report noted as follows:

- 1) Almost 600 children died of AIDS-related causes every day in 2012;
- 2) Antiretroviral medicines were delivered to 9.5 million people in developing regions, including Africa in 2012;
- 3) Malaria intervention saved the lives of 3 million young children between 2000 and 2012;
- 4) Between 1995 and 2012, tuberculosis treatment saved 22 million lives in developing regions.

Despite the progress made so far, as implied by the United Nations reports, the incidence rate of HIV per year per 100 people of 15 to 49 years of age in Africa was estimated as 58 percent in 2001 and 34 percent in 2012, barely 24 percent reduction in about 11 years. The report also pointed out that in sub-Saharan Africa, only 39 percent of young men and 28 percent of young women, between 15 and 24 years of age had comprehensive knowledge of HIV by the year 2012. In the same Africa, the report indicated that condom use among young men and women who had high risk sex reach 57 percent and 37 percent, respectively. According to the United Nations report, these rates were far below the 95 percent target agreed at the United Nations General Assembly Special Session on HIV and AIDS in 2001.

There were some observed progresses in combating malaria and related diseases globally. Between 2000 and 2012, an observed substantial expansion of malaria intervention globally led to a 42 percent decline in malaria-related mortality rate. It was noted however, that the fight against malaria in Africa further requires sustained political and financial commitment from both the international community and affected countries, as an estimated 3.4 billion people was reported to be at risk of infection.

Goal 7: Ensuring Environmental sustainability

The major target here was to integrate the principles of sustainable development into country policies and programmes and to reverse the loss of environmental resources. Regarding the progress made so far on this goal, the UN Report (2014) made the following observations:

- 1) Global emissions of carbon dioxide, CO₂, increased by 50 percent between 2000 and 2013;
- 2) Protected ecosystems covered 14 percent of terrestrial and coastal marine areas worldwide by 2012;
- 3) Over 2.3 billion more people have gained access to an improved source of drinking water since 1990, but 748 million people still depended on unimproved source for their water requirements;
- 4) Between 1990 and 2012, about 2 billion people obtained access to improved sanitation. However, 1 billion people still resort to open defecation;
- 5) One-third of urban residents in developing regions, including Africa, still live in slums;
- 6) About 13 million hectares of forest was lost worldwide each year between 2000 and 2010, either through devastation by natural causes or due to conversion of land to other land uses. Additionally, it was noted that urbanization and expansion of large-scale commercial agriculture were the major causes of deforestation at the global level;
- 7) The world has almost eliminated ozone-depleting substances (ODS). The global consumption of ODS decreased by over 98 percent between 1986 and 2013. Though the reduction in this consumption in developing regions became noticeable only after 2000.
- 8) Access to improved drinking water became a reality since 2000. The proportion of the population using drinking water source in Africa rose from 48 percent in 1990 to 64 percent in 2012.

Despite the observed improvement in access to drinking water in Africa, it was reported that many people still rely on unsafe water sources. Safe water has not been easily accessible to the African households.

The number of people living in slum conditions in Africa appears to be increasing. This has been due, in part, to the high pace of urbanization. The population of people still living in slum condition in the African urban areas was estimated at 62 percent. To this effect, a well-planned cities are needed in Africa.

Goal 8: Development of a Global partnership for development

The major target of this goal was to address the special needs of the least developed countries, landlocked developing countries, and small island developing states. On the progress made on this target so far, the United Nations (2014) reported that:

- 1) Official development assistance stood at \$134.8 billion in 2013, the highest level ever recorded;
- 2) 80 percent of imports from developing countries enter developed countries duty-free;
- 3) The debt burden on developing countries remained stable at about 3 percent of export revenue;
- 4) The number of internet users in Africa almost doubled between 1999 and 2013; and,
- 5) 30 percent of the world's youth are digital natives and active online.

In the past few years however, development aids appear to be shifting away from the poorest countries, especially in Africa. The UN report noted that the net bilateral aid to Africa fell by 5.6 percent in 2013 to \$28.9 billion in real terms. The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) had suggested the likelihood of a continued decline in bilateral aid by 5 percent in Africa, reflecting reduced access to grant resources on which Africa is highly dependent for achievement of the MDGs.

In a nutshell, the Millennium Development reports have not shown major successes in current policies aimed at achieving the MDGs in Africa. Suggestions on the alternative ways forward are therefore needed. The following section will be aimed at alternative ways forward for the achievement of the MDGs in Africa.

6. CONCLUSION AND RECOMMENDATIONS FOR WAYS FORWARD

There are some indications that, as of 2013, very little progress has been made in the achievement of the MDGs in Africa. We observed that the regional average human development index (HDI) remains low in Africa compared to the global average. The average per capita income in Africa remains low at \$1,859. The average life expectancy in Africa remains relatively low at 57 years. An observed negative relationship between per capita income and growth Africa reveals some lapses in productive incentives. Additionally, observed negative relationship between per capita income and age composition of the population, as well as the population growth rate in Africa do have critical implications in the ability of African countries to achieve the MDGs.

Other important observations on the constraints in achieving the MDGs in Africa follow:

- 1) Policy recommendations of the Millennium Project, an advisory body to the UN secretary General on the achievement of the MDGs and the MDG Africa Steering Group were not hundred percent effective in Africa;

- 2) Existing predictive models recommended for identifying strategies for achieving the MDGs in Africa were found non applicable, questionable and unrealistic;
- 3) African countries have been generally characterized by paucity and low quality of data;
- 4) The deficiencies in existing policy recommendations, as well as deficiencies in the predictive models would imply the search for new and practical approaches to achieving the MDGs in Africa;
- 5) Low level of development activities in African rural areas;
- 6) High rate of underemployment of the target population;
- 7) Low attention to preventable diseases due to unskilled health personnel in Africa;
- 8) Deficiencies in policy implementation processes; and,
- 9) Lack of research and development culture in agriculture, health services, and education.

It can be shown that in varying degrees, each of these constraints has negative multiplier effects on the achievement of MDGs in Africa. To guide against these, we recommend the following in addition to the 2008 recommendations of the MDG Africa Steering Group, and those of such authors as Reddy and Heuty (2005). We need to note however, that a practical approach for achieving the MDGs in Africa must be based on the recognition that it is almost impossible to predict in advance exactly how to achieve any goal, as can be evidenced by the dismal record of economies that is based on comprehensive central planning. Nevertheless, the following recommendations for the ways forward are in place:

- (i) Regional partnerships in development projects;
- (ii) Development and application of country-specific strategy models;
- (iii) Country-wide emphasis on availability of relevant data, complemented with research and development activities;
- (iv) Emphasis on infrastructural development especially in the rural areas; and,
- (v) Refined policy implementation processes based on the use of appropriate personnel and other policy implementation instruments, such as monitoring and evaluation.

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APPENDIX

APPENDIX 1: MILLENNIUM DEVELOPMENT GOALS, TARGETS AND INDICATORS

Goal	Target
1: Eradicate extreme poverty and hunger	A: Have, between 1990 and 2015, the proportion of people whose income is less than one dollar per day B: Achieve full and productive employment and decent work for all, including women and young people C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger
2: Achieve universal primary education	A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
3: Promote gender equality and empower women	A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
4: Reduce child mortality	A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
5: Improve maternal health	A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.
6: Combat HIV/AIDS, malaria and other diseases	A: Halt and begin to reverse, by 2015, the spread of HIV/AIDS. B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it. C: Halt and begin to reverse, by 2015, the incidence of malaria and other major diseases.
7: Ensure environmental sustainability	A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources. B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss. C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. D: Achieve, by 2020, a significant improvement in the lives of at least 100 million slum dwellers.
8: Develop a global partnership for development	A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system, including a commitment to good governance, development and poverty reduction – both nationally and internationally. B: Address the special needs of the least developed countries. This includes: tariff-and quota-free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and, a more generous ODA for countries committed to poverty reduction. C: Address the special needs of landlocked developing countries and small island developing states (through the programme of Action for Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly). D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

Source: MDG Africa Steering Group, 2008

APPENDIX 2: SUMMARY OF SCALING UP OPPORTUNITIES IN AFRICA

Scaling-up Opportunity	Summary of Key Results	Policy Leadership	Key Multilateral Financing Mechanisms	Estimated Public External Financing Needs from all Funding sources by 2010
Agricultural Productivity	Launch the African Green Revolution through the CAADP framework: →Doubling of food yield by 2013 →Transformation to commercial agriculture →Strengthened agricultural research in Africa	FAD, IFAD, World Bank, AU/NEPAD	All available bilateral and multilateral financing mechanism	US\$8 billion per year
Nutrition and School feeding Programme	Eliminate stunting and chronic malnutrition: →Universal access to micronutrients →Comprehensive school feeding →De-worming	UNICEF, WFP, World Bank	UNICEF, World Food Programme	US\$4 billion per year
Education	Meet education for All Goals and implement plan of action for Second Decade on Education: →Comprehensive early childhood care →Universal primary education →50 percent improvement in adult literacy →Gender equality in education →High-quality education →Expanded secondary, vocational, and higher education.	AU, UNESCO, UNICEF, World Bank	Education for All Fast Track Initiative	US\$8.3 billion per year
Health Systems, Child Survival, Maternal Health	Build effective primary health systems: →Comprehensive primary health systems that meet demand and supply-side constraints →Adequate human resources for health, including paid community health workers →Universal access to immunization and key child survival interventions →Universal access to emergency obstetrical care, skilled birth attendants, and other reproductive health services	UNICEF, WHO	Global Fund health systems window and GAVI Alliance health systems window	US\$10 billion per year
Family Planning	Universal access to family planning	UNFPA,WHO	UNFPA	US\$1 billion per year
Vertical Disease Control Programmes	Comprehensive control of AIDS, TB, Malaria and Neglected Tropical Diseases (NTDs), example: →Effective HIV prevention and universal access to AIDS treatment by 2010 →Malaria burden halved by 2010 (from 2000 levels) and malaria mortality reduction to near zero by 2015 →Control of TB through implementation of Global Stop TB Plan of Action →Sharply reduced morbidity and mortality from NTDs	UNAIDS, UNICEF, WHO	Global Fund	Total US\$17 billion per year of which: →HIV/AIDS: US\$12 billion per year →Malaria: US\$2.4 billion per year →TB: US\$2 billion per year →NTDs: US\$0.5 -1 billion per year
Infrastructure and Trade Facilitation	Adequate connectivity and infrastructure to increase productivity, ensure low-cost service delivery, and integrate African countries into the global economy, example: →Effective regional networks for roads, rail, canals, power pools, ICT →Halve proportion of people without access to adequate water supply and sanitation →Adequate rural and urban electrification and access to other modern energy services →Adequate transport grids, including major expansion of rural feeder roads →Adequate institutions to promote trade facilitation across Africa	AfDB, EC, World Bank	World Bank-AfDB-EC-led consortium facilitated by Infrastructure Consortium for Africa (ICA), AfDB's Rural Water Supply and Sanitation Initiative	US\$23.7 billion per year, of which: →Energy: US\$11.5 billion per year →Transport: US\$5.4 billion per year →Water and sanitation: US\$5.8 billion per year →Immigration: US\$0.8 billion per year →ICT: no public external finance needs →Trade facilitation: at least US\$0.2 billion per year
Statistics	Implementation of National Strategies for the Development of Statistics (NSDS): →Successful 2010 census round →Comprehensive vital registration →Harmonisation of statistics across Africa	ECA, DESA, World Bank	PARIS21 can syndicate	Some US\$0.25 billion per year
Achieving the MDGs in Africa	Comprehensive cross-section public expenditure programmes against clear quantitative targets	Secretary-General and MDG Africa Steering Group, G8 leadership, AU, private sector, foundations	All multilateral, bilateral, private mechanisms providing high-quality, predictable financing	Some US\$72 billion per year

Source: MDG Africa Steering Group, 2008

EMOTIONAL INTELLIGENCE AMONG COLLEGE TEACHERS: AN EMPIRICAL ANALYSIS

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ABSTRACT

Emotional intelligence plays a major role among the well-being of the teachers in current scenario. So keeping this, the study aims in knowing about the EI level of college teachers, which is assessed using the appropriate tools. A model was used to assess the EI level in terms of Burnout, which resulted that the proposed model was good fit. SEM technique was used to test the goodness of the model. The sample size of 500 college teachers from the Coimbatore Municipal Corporation was taken for the study. The study resulted that the Post Graduates have high level of mean emotional index.

KEYWORDS

emotional intelligence, teaching.

INTRODUCTION

Emotional intelligence is not just a personal quality which a person either possesses or not. It can be developed and the individuals have the capacity to change both their interpersonal behavior and how they view themselves and others. Reflecting on what one is looking to change and how that change can be brought about, is important for the teachers seeking to develop their EI. Carl Rogers in his "Freedom to learn" (1983) said that the teachers who are genuine, empathetic and accepting with their learners would, by that fact alone, bring about change in their learners as they have a genuine desire to create a climate in which there is freedom to learn. He saw procedures and techniques as less important than attitudes.

Emotional Intelligence development serves two broad purposes. One is to recognize and respond to the feelings of the teachers and that of students in the classroom. The other is to encourage the emotional state in the learners that is conducive to learning.

CONCEPTUAL OUTLINE

The basic and simple definition of EI is "how to behave with the right people at the right place at the right time".

Caruso (1999) found that EI results in people being more effective in the workplace environment largely because those people are more aware of their emotions and the emotions of others, which is the key to working with people. Creative ideas also result from the ability to generate a mood or an emotion for oneself or for other people (Caruso, 1999). Understanding emotions provides another advantage, as people are able to understand the point of view of others and handle team interaction better. Good management of emotions assists people in being aware of their emotions and using them to guide problem solving.

In order to facilitate the learning of EI amongst employees in the workplace there needs to be a greater understanding of the relationship between EI and various types of careers and workplace environments. Research has indicated that levels of EI may be related to different career fields depending on the emotional requirements of the career environment. It has been theorized that careers, which require greater interpersonal interactions and emotional reactions, attract people who have high EI and are able to manage the emotions of themselves and those of others. Schutte and Malouff (1999) for example, found that psychologists generally have higher levels of EI than prison inmates.

LITERATURE FRAMEWORK

Few past researchers from the study comprises as, **Muhammed masroor alam, The Relationships Between the Emotional Intelligence and Job Satisfaction: Empirical Findings From Higher Education Institution in Malaysia, Journal of management and social sciences, Vol. 5, Issue no. 2, 2009, pg no: 124-139.** This study seeks to investigate the relationship between emotional intelligence (EI) and job satisfaction among the administrative staff in higher education institution in Malaysia. The sample size of the study is 120. The tools carried out were descriptive analysis and linear regression. The majority of them were male employees who were married, and the study concluded that EI has a positive effect on the employees. The study suggested that HR policies have to be developed to ensure that the EI factor must be incorporated particularly in the crucial process like staffing and performance appraisal.

Mohsin Atta, Muhammed Ather and Dr Maher Bano, Emotional Intelligence and Personality Traits among University Teachers: Relationship and Gender Differences, International journal of Business and Social Science, Vol. 4, Issue 17, December 2013. The aim of this study is to examine the relationship pattern between personality traits and emotional intelligence, besides exploring the gender differences. The sample size of the study is 163. The statistical packages used were Alpha coefficients and descriptive analysis, correlation and T-test. The study resulted that female teachers are high on conscientiousness when compared to males. The study suggested using other sources rather than self-reporting method.

Laila; Amjad and Shehla, Emotional Intelligence Determining Work Attitudes and Outcomes of University Teachers: Evidence from Pakistan, Interdisciplinary Journal of contemporary research in business, Vol. 2, Issue. 10, February 2011, Pg.No: 240-259. The main aim of this research is to analyze emotional intelligence in determining work attitudes and the outcomes of the university teachers from Pakistan. The sample size of the study is 103. The analysis was done through descriptive statistics, correlation and regression analysis. The study resulted that EI has a significant effect on work attitude and work outcome of teachers.

RESEARCH GAP

From the review of literature it is clear that research has been carried out in emotional intelligence suiting the foreign framework and not Indian. So keeping this the present study has been carried out.

SIGNIFICANCE OF THE STUDY

The study focuses on analyzing the level of emotional intelligence among the college teachers. When the teachers are dissatisfied and depressed, others easily become lethargic, cynical and discontented and the entire organization becomes a dispirited and uninviting place. Thus teachers play an important role in establishing the overall tone of the college. Teachers need to feel successful and good about themselves and their abilities before they can empower their students to feel the same. If however, teachers experience feelings of failure, nervousness and fear in their relationship with students which results in low EI. The present study focuses on analyzing the level of EI among college teachers will provide an insight in to the various aspects of well-being of teacher.

OBJECTIVES OF THE STUDY

The purpose of the present study is to,

1. To analyze the relationship between demographic profile of the respondents and their level of EI
2. To analyze the EI level in terms of burnout.

HYPOTHESIS OF THE STUDY

H1: There is no significant relation between the EI level and burnout.

MODEL

The theoretical model was used to assess the EI level of college teachers in terms of burnout. The model is tested for good fit to the data using AMOS ver.22.

SCOPE OF THE STUDY

The study is to know about the EI level of the college teachers in terms of burnout. The study is confined to Coimbatore Municipal Corporation. It identifies the EI levels of the teacher in terms of burnout based on their socio demographic profile collected from the respondents.

METHODOLOGY

The study is analytical in nature. Survey method was used and the study is conducted among college teachers at Coimbatore Municipal Corporation. The population for the study comprises of 500 college teachers. Proportionately stratified random sampling technique was adopted for the study. Primary data is collected with the help of the questionnaire.

ANALYSIS AND DISCUSSION

TABLE 1: EDUCATIONAL QUALIFICATION AND EMOTIONAL

Educational Qualification	Numbers	Emotional Index	Above Average	Below Average	Range
Post Graduate	210	83.67	93	117	62.94-100.00
	(42.00)				
PG with Net	14	80.80	9	5	68.24-91.18
	(2.80)				
M.Phil.	148	78.82	68	80	61.18-100.00
	(29.60)				
Ph.D.	128	79.75	58	70	64.12-97.06
	(25.60)				
Total	500	81.15	222	278	61.18-100.00

Source: Computed and calculated through questionnaire

Calculated F Value: 10.988

One per cent level: 3.821

Interpretation

Out of 500 faculty members, 210 (42.00) faculty are post graduate. Their Emotional index is 83.67 of which 93 (44.28) faculty is above the average and 117 (55.71) faculty is below the average. Their emotional index ranges between 62.94 and 100.00.

14 (2.80) faculty member are post graduate with NET. Their emotional index is 80.80 of which 9 (64.28) faculty is above the average and 5 (35.71) faculty is below the average. Their emotional index ranges from 68.24 to 91.18.

148 (29.60) faculty members are M.Phil. graduates. Their emotional index is 78.82 of which 68 (45.94) faculty are above the average and 80 (54.05) are below the average. Their emotional index ranges from 61.18 and 100.00.

128 (25.60) faculty members have completed PhD. Their emotional index is 79.75 of which 58 (45.31) faculty are above the average and 70 (54.68) are below the average. Their emotional index ranges from 64.12 and 97.06.

Mean emotional index is found high among the faculty are post graduate.

Inference

As the calculated F value is greater than table value there exist a significant mean difference among the faculty classified on the basis of educational qualification.

Test for the proposed model

A structural equation modeling (SEM) technique is used to test the relationship between one or more observed variables and one or more latent variable. AMOS ver.22 was employed for this purpose.

Results indicate that the model offers a good fit.

TABLE 2: AMOS-SUMMARY STATISTICS FOR MODEL FIT

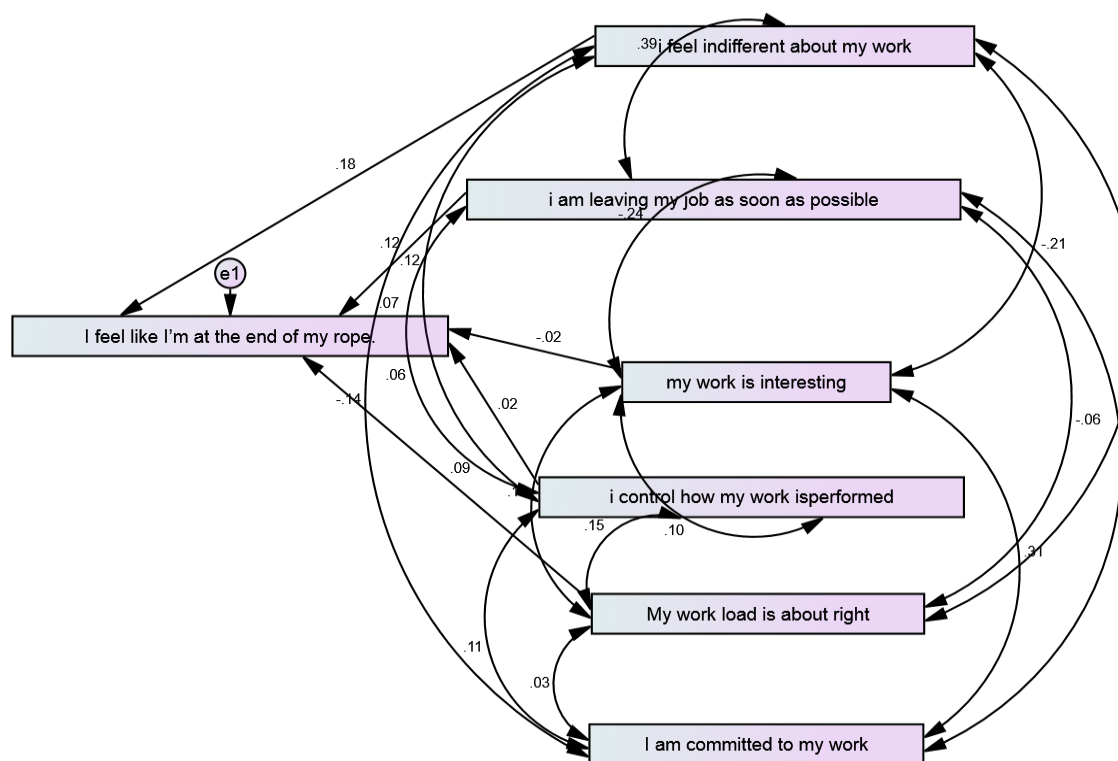
Model fit index	Recommended values	Observed values
Chi-square/degrees of freedom	≤ 3.00	2.072
GFI	≥ 0.90	0.999
AGFI	≥ 0.80	0.994
CFI	≥ 0.90	0.995
RMSEA	≤ 0.08	0.046
TLI	≥ 0.95	0.973

Source: Computed and calculated through questionnaire

CFI- comparative fit index, GFI- Good fit Index, AGFI-adjusted goodness of fit, RMSEA-Root mean square error of approximation and TLI-Tucker-Lewis Index.

*Source for model fit index and recommended values "Application of structural equation modeling in educational research and practice" by Myint Swe Khine (Ed.).

FIG. 1



LATENT VARIABLE (DEPENDENT)

The following are the latent variables used:

- I feel like I am at end of my rope, (EI).
- I feel indifferent about my work,
- I am leaving my job as soon as possible,
- My work is interesting,
- I control how my work is performed,
- My work load is about right
- I am committed to my work.

→ - Regression lines

DISCUSSIONS

The hypothesis- there is no significant relationship EI and level of burnout is supported only for the direct regression lines from I am leaving my job as soon as possible to I feel like I am at end of my rope, since it is positively correlated also the regression coefficient value is 0.12 and the value of p (0.012) is less than 0.05.

CONCLUSION

Emotional intelligence is very important for teachers in nowadays, as teachers are vital part of education without them there is nothing. So teachers must improve their EI by developing self-awareness among them, maintain standards of integrity and always subject to self-criticism.

FUTURE SCOPE FOR THE PRESENT STUDY

The future scope for the present study can be carried out by making it as a comparative study on burnout and emotional intelligence between the private and government colleges in Coimbatore district, which would result in knowing the burnout and emotional intelligence level among the private and government colleges.

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IMPACT OF ADVERTISEMENTS ON CONSUMPTION PATTERN OF SOFT DRINKS: A STUDY OF SELECT RESPONDENTS

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ABSTRACT

Soft drinks industry, one of the leading beverage sectors is estimated to grow at 5% p.a, touching approximately 600 billion liters creating great opportunity to Indian market. India, having 1000 million potential customers since Indian middle class is growing rapidly in its strength, is displaying great potentiality in soft drinks turnover. Consumers are cautious about healthy beverages though there is hike in their income power and including soft drinks in their daily shopping menu. This study is about analyzing the consumption patterns of the soft drinks of select respondents and the impact of advertisements on the buying behavior of the consumers. The sample size of 410 was studied and analyzed in the areas of age wise behavioral pattern of the consumers with regard to different parameters and male – female comparison and as well correlation between educational professions. The findings of the study explored that there is a relationship between age and consumption pattern as well gender differences and education qualification differences exist.

KEYWORDS

Soft Drinks, Advertisements, Consumption pattern, Statistical tools.

INTRODUCTION

Across the globe, India is considered as the youngest nation as it has a majority of population of 120 crores falling in the age group of less than 35 years. They are mostly educated, tech savvy and having access to latest communication handsets with internet facility as well. No doubt they are constantly exposing to various advertisements of FMCG products, electronic goods, soft drinks etc., it is pertinent to note that no more soft drinks are summer special rather demanded irrespective of season. Be it children, teens, youth, middle aged and even old aged made soft drinks as part and parcel in their lives using in any situations like daily drinks, party, office, guest drinks etc., escalating the demand to the soft drinks time by time. The soft drinks can be called colas (Pepsi, Coke, Thumsup) or non- colas (Gold Spot, Fanta, Mirinda, Limca) and carbonated (Cola, Lemon, Orange) or non- carbonated drinks (Mango Juices). Unlike earlier, soft drinks are not limited to urban only rather reached the rural market aggressively with 200ml and 300 ml pet bottles.

As per NIIR report (NPCC, 2012), Indian soft drink industry accounts for more than 50bn, growing at the rate of 7% per annum providing employment to around 1.25 lakh Indian youth. Its share is distributed among cola (62%) and non cola (38%). The report also claims that India is consuming 5-6 bottles per person per annum though lesser than America whose consumption is 800 bottles, 2bn worth exports and contributes Rs 12bn to the Indian exchequer. As per Business Maps India report (BMIR, 2011) Carbonated drinks contribute around 80% to the soft drink industry while non- carbonated around 20%. The report explores that 80% of the consumption is done at outdoor while only 20% of the consumption is taking place at homes. Advertisements are the influencers in this modern electronic era. These youngsters are constantly exposed to these advertisements. Youth in India are capturing high profiled work positions and have become effective earners that have led to increase in India's spending calibre as well. All the advertisers aim to reach these youth. Soft drink brands are no exception to it. Advertisements of Pepsi, Coke, Thumsup, Sprite etc., are relentless in reaching these audiences through all available media including print, electronic and online media vehicles. Some are romantic advertisements like 7up, adventurous advertisements like Thumsup and Mountain Dew, seductive advertisements like Deo, energetic like Pepsi, yummy advertisements like Maaza.

Whatever is the mode of presentation of advertisements; their objective is to reach these audiences. This study explores the consumption patterns of the customers and influencing factors of different advertisements and their related parameters like favorite brands, reasons for favorite brands, remembering advertisements, reasons for remembrance the ads for long period, people preferred in the advertisements of their favorite brand advertisements and type of advertisements they prefer. The data thus collected is analyzed.

OBJECTIVES OF THE STUDY

1. To understand the consumption pattern of the soft drinks by select respondents.
2. To analyse the relation of age, gender and education with different parameters.
3. To compare male and female with respect to their preferences of their favourite brands.

METHODOLOGY

Sample Size: the sample size of this study is 407, taken on the basis of the statistical sampling method using stratified sampling technique.

Sampling Techniques: Stratified sampling technique is used. The size of the stratum is calculated proportionately to the size of the size stratum population.

Questionnaire: Structured questionnaire is used to collect the data from the respondents.

Data Collection: Primary data has been collected directly from the respondents carrying the questionnaire through researcher or researcher associates. Secondary data has been collected from different printed journals as well online journals, historical data from reports, research reports and business magazines.

Tools Used: Basic descriptive statistical tools like mean, variance and standard deviation is used to find the age factor related to specified parameters and student –t test is used to compare the gender relations and correlation is used to find the relation between different educational qualifications related to parameters.

REVIEW OF LITERATURE

The term 'Soft Drinks' was originated as an opposite word to 'Hard Drinks' and it is existing from 17th Century (Branske, 2011). Though the non carbonated drinks exists from 17th Century, earlier there exists lemon juice with honey which led to De Limonadiers of Paris in 1676 who carry lemons and disposable glasses on their backs and sells.

Dr. Joseph Priestley made carbonated water in 1767 which was later added with Sulfuric Acid to it by Torbern Bergman. In 1810, the drink was patented to Simons and Rundell (Dr. Govind Shinde et al, 2013). It is found in a research that the soft drink consumers will also look for quality and as well value for the money which they pay. He also clarifies that the respondents will not detract any person from their favorite Brand Ambassador (D. GOUTAM, 2013). According to EUROMONITOR INTERNATIONAL, Soft drinks are growing in double digits especially in long summers and even though there is a tight competition between Pepsi and coke, the retailers are prioritizing equally which is creating the greater scope for the marketing of the soft drinks (EUROMONITOR INTERNATIONAL, 2013).

A researcher has identified that male students, male and female unmarried employees and female married employees will search for products online even in their offices in their leisure time and it is found that they click on food products including health and soft drinks (R. B.Kakumanu, 2013). Another researcher has explored in his study that 42% of the consumers prefer soft drinks than fruit juices though the weekly consumption is also lower than fruit juices, the consumers preferred soft drinks in parties and celebrations and taste and price is major factors to choose soft drinks and the study has found that 61% of the consumers are being attracted by advertisements (Dr. Simranjeet Kaur Sandhar et al, 2013). A study finds that 20% of advertisements which are aired in television belong to soft drinks especially in New Zealand and most of the advertisements aired by major players like Coco Cola and Pepsi (Jennifer Utter, 2005).

A study also confirmed that school children were trapped into soft drinks caused obesity and found that the usage of soft drinks by children were increased by 500% in last 50 years. Soda is mostly used by children. The study also concludes that the consumption of soft drinks is exceeding that of Milk especially in America. This has caused in increasing the size of the bottle as it is 6 ½ of inch in 1950s reached unto 12 inches at present (Joshua Berning. 2010). It is observed in a study that the children from 6-11 age groups has fascinated towards soft drinks advertisements (Powell et al, 2010) and they use soft drinks largely in home, school and restaurants and hence this has caused majorly obesity in children (Collison et al, 2010).

It is found in a study that the consumption of soft drinks may lead to obesity hence the hike in tax levied may curtail the number of soft drink consumers so as the patients of obesity and diabetes (Rupali Mukherjee, 2014). Another study also proves that soft drinks leads to adverse health effects since soft drinks contains sugar since in a 32-ounce soda will contain approximately 26 tea spoons of sugar (Janet Renee, 2013).

ANALYSIS AND DISCUSSIONS

TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF SAMPLES

		Frequency	Percent
Gender	Male	187	46
	Female	220	54
Age	7-12	33	8
	12-20	44	11
	20-35	165	41
	35-50	121	30
	>50	44	11
Education	School	66	16
	College	33	8
	UG	99	24
	PG	154	38
	PG+	55	14

It can be observed from the table No. 1 that the samples consists of 46% of male and 54% female which includes 19% of samples are drawn from less than 20 years age and 41% from 20-35 years and 41% from more than 35 years age. 16% of the samples are fallen in the school category while 8% in College, 24% in UG, 38% PG and 14% from PG+ categories. It explores that majority of samples are drawn from 20-35 years and PG qualified respondents. Female respondents are more than male.

TABLE 2: AGE WISE RESPONSES TOWARDS DIFFERENT PARAMETERS

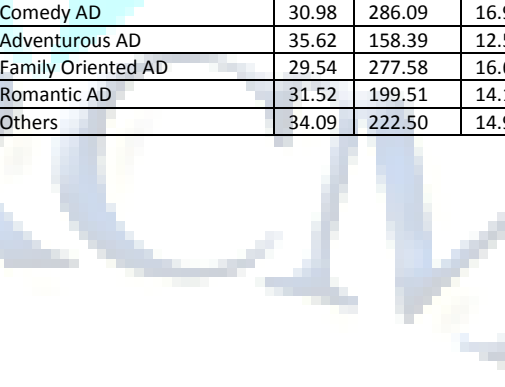
Average Age Vs Brand Preference				Average Age Vs Reason for Remembering Age			
Description	Mean	Variance	S.D	Description	Mean	Variance	S.D
Thums Up	30.62	182.16	13.50	Celebrity	33.88	176.56	13.29
Fanta	26.78	220.59	14.85	Good Concept	36.54	265.41	16.29
Sprite	31.37	184.20	13.57	Attractive Slogan / Punch Line	30.19	174.64	13.22
Pepsi	30.79	144.06	12.00	Background Music	28.79	248.79	15.77
Appy	30.95	126.64	11.25	Others	31.91	220.59	14.85
Marinda	30.67	166.04	12.89	Average Age Vs Reason for Remembering Age			
Coke	32.17	315.14	17.75	Film Stars	33.34	256.48	16.02
Maaza	36.15	101.54	10.08	Famous Sports People	34.12	257.90	16.06
Frooti	31.15	132.15	11.50	Unknown People	32.42	194.19	13.94
Slice	43.36	363.39	19.06	Animation	30.03	155.19	12.46
Nimbus	42.04	444.35	21.08	Average Age Vs Type of Ads Preferred			
Average Age Vs Reason for Brand Preference				Comedy AD	30.98	286.09	16.91
Taste	32.44	186.73	13.66	Adventurous AD	35.62	158.39	12.59
Thirst Satisfaction	31.33	150.07	12.25	Family Oriented AD	29.54	277.58	16.66
Strong in Nature	28.85	214.42	14.64	Romantic AD	31.52	199.51	14.12
Mild Nature	37.75	383.96	19.59	Others	34.09	222.50	14.92
Shpe/olor of Bottle	34.75	302.31	17.39				
Others	33.87	307.24	17.53				
Average Age Vs Remembrance of Brand							
Pepsi	31.45	230.73	15.19				
Thumsup	35.37	168.42	12.98				
Coke	37.23	306.46	17.51				
Slice	36.03	268.88	16.40				
Maaza	31.84	125.26	11.19				
Frooti	29.21	206.25	14.36				
Sprite	23.00	247.57	15.73				

Table No. 2 describes the age wise responses towards different parameters. It is found that Thumsup, Pepsi, Appy and Miranda brands are favored by around 30 years (means=30.62,30.79,30.95 and 30.67) with deviation of 11-13 years while Sprite and Frooti are favored by around 31 years with deviation of 12-14 years. It is found that Fanta is favored by younger respondents with just mean age 27 years with the deviation of 15 years. Coke is favored by 32 years age with deviation of 17 years. Maaza, Slice and Nimbus brands are favored by elder people with 35-43 years with deviation of 20 years. It is analyzed that means after considered deviations projects that all the brands are preferred with almost similar age groups. It is observed that younger generation wants cool drinks to be strong in nature (28.85) while people in early 30s prefer the drinks to be thirst satisfactory (31.33) and tasty (32.44).

People in near 35+ look for other reasons including the color and shape of the bottle. But it is noticed that elder people (37.75) preferred mild natured cool drinks. Young people (23) remembered Sprite advertisements while Pepsi, Maaza and Frooti ads are remembered by nearly 30s and thumsup, coke and slice ads are mostly remembered by elder people with the mean score of 37+ with approximate deviation of 17 years. Youngsters prefer background music; people in 30s prefer attractive slogan and punch line and other reasons. But early elder people look for celebrities in their favorite ads while 35+ with deviations of 16 years

preferred good concept in the advertisement. Young people preferred animated advertisements while early 30s preferred unknown customers while others similar age group preferred film stars but elder people wants famous sports people in their advertisements. Young people want family oriented, comedy and romantic ads while elder respondents prefer adventurous ads and other advertisements.

TABLE 3: GENDER WISE COMPARISON REGARDING THEIR RESPONSES TOWARDS VARIOUS PARAMETERS

Particulars	Mean		Variance		t-value	p-value
	Male	Female	Male	Female		
Favorite Brand	17	20	210.2	68.4	2.12	0.56
Reason for Preference	31.16	36.66	613.66	2018.66	2.31	0.8
Mostly remembered Ad	26.71	31.42	965.57	142.95	2.3	0.72
Reason for remembrance	37.4	44	658.8	153.5	2.54	0.62
Preferred People in Ads	46.75	55	702.91	360	2.57	0.63
Type of Ads Preferred	37.4	44	524.3	174.5	2.45	0.57

Table No. 3 describes gender wise comparison with respect to their responses towards different parameters. It is observed that there is a clear difference between the preferences of male and female (t-2.12 p-0.56) with respect to their favorite brand. It is also found that the reasons for preferring a favorite brand are clearly differentiated between male and female (t-2.31 p-0.8). we can see the similar result in case of remembering the ad that there is a difference between male and female regarding ad remembrance (t-2.3, p-0.72). It is observed that reasons for remembering are different in case of male and female (t-2.54, p-0.62). The choices of people preferred in their favorite brand advertisements are also result the similar way that there is a difference between male and female respondents in this regard (t-2.57 p-0.63). Type of ads preferred differently by male and female. (T-2.54, p-0.57)

TABLE 4: EDUCATION VS RESPONSES TOWARDS DIFFERENT PARAMETERS – A CORRELATION ANALYSIS

Favorite Brands						Reason for Remembrance					
	School	College	UG	PG	PG+		School	College	UG	PG	PG+
School	1.00					School	1.00				
College	0.28	1.00				College	0.52	1.00			
UG	0.22	0.31	1.00			UG	0.15	0.56	1.00		
PG	0.42	0.17	0.08	1.00		PG	0.22	0.51	0.22	1.00	
PG +	0.25	0.12	0.50	0.29	1.00	PG +	0.10	0.31	0.08	0.00	1.00
Reasons for Favourite Brand						Preferred People					
	School	College	UG	PG	PG+		School	College	UG	PG	PG+
School	1.00					School	1.00				
College	0.80	1.00				College	0.79	1.00			
UG	0.95	0.63	1.00			UG	0.11	0.41	1.00		
PG	0.95	0.62	0.98	1.00		PG	0.33	0.83	0.66	1.00	
PG +	0.97	0.67	1.00	0.97	1.00	PG +	0.01	0.22	0.98	0.49	1.00
Remembrance of Ads						Type of Ad preferred					
	School	College	UG	PG	PG+		School	College	UG	PG	PG+
School	1.00					School	1.00				
College	0.74	1.00				College	0.36	1.00			
UG	0.38	0.11	1.00			UG	0.70	0.64	1.00		
PG	0.62	0.44	0.85	1.00		PG	0.27	0.19	0.28	1.00	
PG +	0.60	0.34	0.29	0.12	1.00	PG +	0.85	0.49	0.41	0.15	1.00

Table No. 4 observes that in case of preferring a brand, there is very less correlation between college level qualified respondents including UG,PG+ and school level literates (0.28) while there is average correlation between PG level and School level. There is a significant correlation between UG and college level, PG+ and PG respondents. In case of reasons for favorite choosing brand there is high level correlation between college to school, UG to school, PG to School, PG+ to school, UG to college, PG to college, PG + to college. There is high level correlation between PG to UG and PG+ to UG with respect to reasons for choosing their favorite brand.

With respect to remembrance of advertisements, there is high correlation between college to school, PG to UG while PG and PG+ to school level qualified respondents are moderate correlation. Rest of the combinations is found less correlated. But in case of reasons for remembering the ads, except college to school, UG to college and PG College which are average correlated, other combinations found less correlated. In case of preferred people in the advertisements of their favorite brands, PG to school, PG+ to college are not strongly correlated but in other combinations are moderately correlated in case of people preferred in their favorite brand ads. In case type of ads preferred by the respondents, UG to school, PG+ to school, UG to college are correlated and rest of the comparisons found less correlated.

FINDINGS

1. Thumsup, Pepsi, Appy and Miranda brands are favored by average of 30 years age group with deviation of 11-13 years.
2. Sprite and Frooti are favored by around 31 years with deviation of 12-14 years.
3. Fanta is favored by younger respondents with mean age 27 years with deviation of 15 years.
4. Coke is favored by 32 years age group with deviation of 17 years.
5. Maaza, Slice and Nimbus brands are favored by elder people with 35-43 years with deviation of 20 years.
6. Younger generation wants cool drinks to be strong in nature
7. Early 30s prefer the drinks to be thirst satisfactory and tasty.
8. People in near 35+ looks for other reasons including the color and shape of the bottle.
9. Elder people (37.75) preferred mild natured cool drinks.
10. Young people (23) remembered Sprite advertisements
11. Pepsi, Maaza and Frooti ads are remembered by nearly 30s
12. Thumsup, coke and slice ads are mostly remembered by elder people
13. Youngsters prefer background music
14. People in 30s prefer attractive slogan and punch line and other reasons.
15. Early elder people looks for celebrities in their favorite ads
16. Older preferred good concept in the advertisement.
17. Young people preferred animated advertisements
18. Early 30s preferred unknown customers and film stars

19. Elder people wants famous sports people in their advertisements
20. Young people wants family oriented, comedy and romantic ads
21. Elder respondents prefer adventurous ads and other advertisements
22. There is a clear difference between the preferences of male and female
23. There is correlation among educational courses.

CONCLUSION

Soft drinks advertisers need to be cautious in case of Soft Drinks advertisements because the consumers are no more compromised users rather complex in choosing the brand. The contemporary Soft drink Advertisers are depending on exposure of the celebrities rather than conceptual advertisements. Emotional advertisements are aired rather than rational advertisements to explain how the product serves the customer. The consumers prefer simple and natural advertisements. In some cases, the family members are unable to watch together since these female exposed advertisements are aired in common times. Soft Drinks are mostly favored by middle aged group on an average while Fanta is attracted to young generation and Maaza, Slice and Nimbus brands are favored by elder people. Younger generation liked strong natured drinks while elders thirst satisfactory and tasty and older people mild natured cool drinks. Sprite is successful in attracting youth and Thumsup attracted all adults. Youngsters prefer background music and elder adults prefer attractive slogan and punch line old aged good concept in the advertisement. Animations are liked to Youth and also family oriented advertisements too.

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BUYING BEHAVIOUR OF REFRIGERATOR BUYERS: A STUDY WITH SPECIAL REFERENCE TO CHITTOOR DISTRICT IN ANDHRA PRADESH

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ABSTRACT

Refrigerator buying has become a major challenge for many of the buyers especially whose family income is awfully limited. Within such limited income the families have to meet their obligatory needs and find ways to purchase refrigerator which has become more essential in the present day context. We could found such type of phenomenon in small towns and villages. Moreover, in many of such families both men and women are going for jobs. Time available for them in the morning and evening is very limited. During that limited time they may not be in a position to visit vegetable markets and eatable shops to buy their vegetables and eatables on daily basis. Possession of refrigerator enables wife and husband who are employed to buy and keep eatables and vegetables which are highly perishable in nature. In the refrigerators buying such an essential good would naturally influencing the behaviour of the buyer. The main purpose of this study is to examine the buying behavior of consumers of those who possess refrigerators in Chittoor district. For doing so, a sample of 360 respondents, Tirupati revenue division (180), Chittoor revenue division (100) and Madanapalli revenue division (80) have been selected on the basis of convenience sampling. This paper presents a detailed analysis pertaining to buying behavior of select sample buyers who possess refrigerators in Chittoor district of Andhra Pradesh.

KEYWORDS

Buying behavior, refrigerator, marketers and consumers.

INTRODUCTION

Consumer behaviour, as a part of the large field of human behaviour, is relatively a new field of study. This study is relating to individuals who make decisions to spend their resources (time, money and effort) on consumables and durables (what they buy, why do they buy, where do they buy, how often they buy and use a product or service). The heterogeneity among the people across the world makes understanding consumer buying behaviour an intricate and challenging task. The consumer's identity, beliefs, specific needs, attitudes and the kind of product and brands available in that product category influence his/her buying behaviour. The marketing efforts of a firm have profound impact on the buying decisions of customers. Therefore, marketers shall make an attempt to obtain an in-depth knowledge of customer buying behaviour.

STATEMENT OF THE PROBLEM

There is enormous variability in the way customers buy and use this product. Some customers will buy a product after a lot of consultation and many more visits to the shops, whereas others will buy the same in a single visit without consulting anybody else. Some customers will buy a product from upscale stores whereas others will buy the same product from a modest store which is close to their stay. Some customers may buy a product which reflects their social status whereas others will buy the product for purely functional reasons. The types of behaviours that different customers demonstrate in buying and using the same product and the different types of behaviours that the same customer demonstrates in buying different products elevates marketing to a discipline much more intricate than product management. Even the same customer may not behave in an equivalent fashion while buying the same product under varying circumstances. By studying the behaviour of customers it becomes possible to segment the market in new ways and serve them with different marketing mixes even if the product of the various marketing mixes may be the same. Consumer behaviour is one of the stimulating and challenging areas in marketing studies being human actions focused on the purchasing consuming and using of the products and services. Consumer behaviour involves the psychological process that through which consumers recognize their needs, find ways to satisfy these needs, making purchase decisions, interpret information, make plans and implement those plans buy engaging in comparison shopping or actually purchasing a product. Keeping this factual information in view an attempt is made to high light the determinants of consumer behaviour regarding buying decision making and to present the opinions of the buyers why they behave as they behave while purchasing refrigerators.

NEED AND SIGNIFICANCE OF THE STUDY

In developing countries like ours, most of the marketers are at various stages in the process of understanding the consumer behavior with respect to acceptance and adopting new types of products or services. In view of the growing importance of the consumer behavior, the present study is targeted at understanding consumer behavior with particular reference to refrigerator.

Increasingly, even low income groups are evincing lot of interest in buying durable products for them. These products are essential, rather than mere luxury. The identified factors like size, colour, brand name, price range and relative degree of influence of major players (the respondent, his or her spouse, children, parents, friends, neighbors the dealer, the media and the like) were found to have greater sway in the ultimate purchase decision can help marketers to position their items accordingly and suitably 'tap' the influential players. It would be logical to expect the purchase behavior of consumer with regard to durables to be different from that of non-durables as the quantum of funds required for the purchase of the former would be range enough to warrants more rational decisions. The present study is an attempt in this direction and is intended to high light the consumer behavior with regard to refrigerator.

OBJECTIVE OF THE STUDY

The main objective of the study is examine the consumer buying behavior of sample respondent buyers of refrigerators in Chittoor district.

RESEARCH METHODOLOGY

The present study is mainly based on primary data. Primary data have been collected by means of deploying the questionnaire to the select sample respondent buyers of refrigerators in three revenue divisions of Chittoor district viz., Chittoor, Madanapalli and Tirupati in Andhra Pradesh. Researcher's observations have also been used as an input to understand consumer behaviour. A sample of 360 households across the district have been selected on the basis of non-probability sampling method i.e., convenience sampling. The data were obtained from the owners of the refrigerators.

PRIMARY DATA

Primary data have been collected by interviewing the respondents using the interview schedule in three revenue divisions of Chittoor district.

SECONDARY DATA

Secondary data have been collected from various secondary sources such as books, journals, reports, manuals, magazines, websites and the like.

SAMPLE DESIGN AND SIZE

Convenience sampling method was used for the purpose of selecting the desired number of samples. The sample size for the present study is 360.

TOOLS OF ANALYSIS

The following are the tools that are applied for analyzing the data collected from the various sample respondents.

- Percentages and
- Chi-square test

BUYING BEHAVIOUR OF REFRIGERATOR BUYERS: A STUDY WITH SPECIAL REFERENCE TO CHITTOOR DISTRICT IN ANDHRA PRADESH

TABLE 1: DISTRIBUTION OF SELECT SAMPLE RESPONDENT BUYERS OF REFRIGERATORS IN CHITTOOR DISTRICT OVER DIFFERENT REVENUE DIVISIONS AND BRAND SELECTION

Revenue Division	BRAND PREFERENCE OF REFRIGERATOR BUYERS IN CHITTOOR DISTRICT							Total
	Godrej	Kelvinator	LG	Panasonic	Samsung	Videocon	Whirl Pool	
Chittoor	13 (13.00) (22.81)	11 (11.00) (26.19)	24 (24.00) (26.67)	11 (11.00) (30.56)	10 (10.00) (37.04)	12 (12.00) (30.77)	19 (19.00) (27.54)	100 (100) (27.78)
Madanapalli	11 (13.75) (19.30)	10 (12.50) (23.81)	23 (28.75) (25.56)	10 (12.50) (27.77)	-	10 (12.50) (25.64)	16 (20.00) (23.19)	80 (100) (22.22)
Tirupati	33 (18.33) (57.89)	21 (11.67) (50.00)	43 (23.89) (47.77)	15 (8.34) (41.67)	17 (9.44) (62.96)	17 (9.44) (43.59)	34 (18.89) (49.27)	180 (100) (50.00)
Total	57 (15.83) (100)	42 (11.67) (100)	90 (25.00) (100)	36 (10.00) (100)	27 (7.50) (100)	39 (10.83) (100)	69 (19.17) (100)	360(100) (100)
Chi-Square	$\chi^2 = 11.631$							

Source: Field survey data

Note: Figures in parentheses represent percentages to totals

NS = Not significant at 5% level

It is understood from the table above that 90 sample respondent buyers (25.00 per cent) out of 360 in all the three revenue divisions together in Chittoor district have purchased LG brand, followed by 69 sample respondents (19.17 per cent) have purchased the whirl pool refrigerator, 57 sample respondents (15.83 per cent) have purchased Godrej refrigerators, 42 sample respondents (11.67 per cent) have purchased Kelvinator refrigerator, 39 sample respondents (10.83 per cent) have purchased Videocon refrigerator, 36 sample respondents (10.00 per cent) have purchased Panasonic and 27 sample respondents (7.5 per cent) have purchased Samsung refrigerators.

It indicates that majority of the sample respondent buyers of refrigerators (25.00 per cent) irrespective of the revenue division where they hail from have purchased LG brand and relatively less number of sample respondents (7.5 per cent) have purchased Samsung brand. Majority of the sample respondent buyers of those who have purchased LG refrigerators are representing Tirupati revenue division and none of the respondent has preferred to purchase Samsung refrigerator are representing Madanapalli revenue division.

TABLE 2: DISTRIBUTION OF SELECT SAMPLE RESPONDENT BUYERS OF REFRIGERATORS IN CHITTOOR DISTRICT OVER DIFFERENT REVENUE DIVISIONS AND THE TIME THAT THEY SPEND BETWEEN NEED RECOGNITION AND ACTUAL PURCHASE

Revenue Division	TIME GAP BETWEEN NEED RECOGNITION & ACTUAL PURCHASE			Total
	Days	Months	Years	
Chittoor	19 (19.00) (20.65)	66 (66.00) (30.00)	15 (15.00) (31.25)	100 (100) (27.78)
Madanapalli	24 (30.00) (26.09)	39 (48.75) (17.73)	17 (21.25) (35.42)	80 (100) (22.22)
Tirupati	49 (27.22) (53.26)	115 (63.89) (52.27)	16 (8.89) (33.33)	180 (100) (50.00)
Total	92 (25.56) (100)	220 (61.11) (100)	48 (13.33) (100)	360(100) (100)
Chi-Square	$\chi^2 = 11.75$			

Source: Field survey data

Note: Figures in parentheses represent percentages to totals

* Significant at 5% level

It is understood from the table above that 220 sample respondent buyers (61.11 per cent) out of 360 in all the three revenue divisions of Chittoor district together took months gap, followed by 92 sample respondents (25.56 per cent) have taken days gap and 48 sample respondents (13.33 per cent) took years gap in actual purchase of refrigerators.

It indicates that majority of the respondents (61.11 per cent) irrespective of their revenue division in Chittoor district where they hail from have taken months time between need recognition and actual purchase of refrigerators and relatively less number of sample respondents (13.33 per cent) have taken years gap between need recognition and actual purchase of refrigerators. Majority of the sample respondents of those who have taken months gap between need recognition and actual purchase are representing Tirupati revenue division and less number of sample respondents of those who have taken years gap between need recognition and actual purchase are representing Chittoor revenue division. The main reason revealed by the respondents for Time gap between need recognition and actual purchase are non availability of finance, searching for a better brand and non availability of the required set at the local dealer.

TABLE 3: DISTRIBUTION OF SELECT SAMPLE RESPONDENT BUYERS OF REFRIGERATORS IN CHITTOOR DISTRICT OVER DIFFERENT REVENUE DIVISIONS AND THE MEMBERS OF THEIR FAMILIES WHO HAVE TAKEN DECISION TO BUY REFRIGERATOR

Revenue Division	PURPOSE FOR PURCHASE OF REFRIGERATORS				Total
	To store & Preserve	Social Status	Cooling facility	Pressure from family Members	
Chittoor	62 (62.00) (26.84)	10 (10.00) (29.41)	16 (16.00) (28.57)	12 (12.00) (30.77)	100 (100) (27.78)
Madanapalli	43 (53.75) (18.61)	13 (16.25) (38.24)	11 (13.75) (19.64)	13 (16.25) (33.33)	80 (100) (22.22)
Tirupati	126 (70.00) (54.55)	11 (6.11) (32.35)	29 (16.11) (51.79)	14 (7.78) (35.90)	180 (100) (50.00)
Total	231 (64.17) (100)	34 (9.44) (100)	56 (15.56) (100)	39 (10.83) (100)	360(100) (100)
Chi-Square	$\chi^2 = 12.614$				

Source: Field survey data

Note: Figures in parentheses represent percentages to totals

NS= Not significant at 5% level

It is clearly evident from the table above that 124 sample respondent buyers (34.44 per cent) out of 360 irrespective of their revenue division where they are residing responded that they themselves have taken decisions to buy their refrigerators in their families followed by 72 sample respondents (20.00 per cent) have responded that the spouses of respondents in their family have taken decision to buy refrigerators, 47 sample respondents (13.06 per cent) said that their parents in their families have taken decision in buying the refrigerators, 42 sample respondents (11.67 per cent) said that their friends have assisted them in taking a decision to buy refrigerators, 41 sample respondents (11.39 per cent) have responded that their sons took decision to buy refrigerators and 34 (9.44 per cent) sample respondents said that their daughters took a decision to buy the refrigerator.

From the foregoing analysis one can infer that majority of the sample respondent buyers (34.44 per cent) in all the three revenue divisions together said that they themselves took a decision in buying their refrigerators. Others involved in buying decision are the spouse (20.00 per cent), parents (13.06 per cent), friends (11.67 per cent), sons (11.39 per cent) and daughters (9.44 per cent). On the whole the parties involved and associated in purchasing decision of refrigerators clearly shows that in Tirupati revenue division the purchase decision making process is dominated by respondent himself/herself. Daughters role in decision making is insignificant in Tirupati revenue division.

TABLE 4: DISTRIBUTION OF SELECT SAMPLE RESPONDENT BUYERS OF REFRIGERATORS IN CHITTOOR DISTRICT OVER DIFFERENT REVENUE DIVISIONS AND THE PURPOSES WHICH PROMPTED RESPONDENTS FOR PURCHASE OF THEIR REFRIGERATORS

Revenue Division	INFLUENCE OF FAMILY MEMBERS ON THE PURCHASE DECISION							Total
	Respondent	Spouse Wife/Husband	Sons	daughters	Parents	Friends		
Chittoor	28 (28.00) (22.58)	18 (18.00) (25.00)	17 (17.00) (41.46)	12 (12.00) (35.29)	13 (13.00) (27.66)	12 (12.00) (28.57)	-	100 (100) (27.78)
Madanapalli	20 (25.00) (16.13)	16 (20.00) (22.22)	10 (12.50) (24.39)	11 (13.75) (32.35)	12 (15.00) (25.53)	11 (13.75) (26.19)	-	80 (100) (22.22)
Tirupati	76 (42.22) (61.29)	38 (21.11) (52.78)	14 (7.78) (34.15)	11(6.11) (32.35)	22 (12.22) (46.81)	19 (10.56) (45.24)	-	180 (100) (50.00)
Total	124 (34.44) (100)	72 (20.00) (100)	41 (11.39) (100)	34 (9.44) (100)	47 (13.06) (100)	42 (11.67) (100)	-	360(100) (100)
Chi-Square	$\chi^2 = 16.867$							

Source: Field survey data

Note: Figures in parentheses represent percentages to totals

* Significant at 5% level

It is clearly visible from the table above that 231 sample respondent buyers of refrigerators (64.17 per cent) out of 360 have purchased the refrigerators for the purpose of storing and preserving the food of different in nature followed by 56 sample respondents (15.56 per cent) have purchased their refrigerators because the refrigerators have cooling facility. 39 sample respondents (10.83 per cent) revealed that they have purchased their refrigerators because of heavy pressure from the members of their own family and only a small percentage (9.44 per cent) of sample respondent buyers feel that it is a prestigious product (status symbol).

From the foregoing analysis one can infer that majority of the sample respondent buyers of refrigerators (64.17 per cent) in all the three revenue divisions together said that they have purchased the refrigerators to store and preserve the perishable products and least percentage (9.44 per cent) of sample respondent buyers stated that it is status symbol for them. It is clearly observed from the study that for majority for the sample respondent buyers of those who said that they have purchased their refrigerators to store and preserve perishable goods are representing Tirupati revenue division whereas majority of the respondents who said that it is a social status are representing Madanapalli revenue division.

TABLE 5: DISTRIBUTION SO SELECT SAMPLE RESPONDENT BUYERS OF REFRIGERATORS IN CHITTOOR DISTRICT OVER DIFFERENT REVENUE DIVISIONS AND THE FACTORS WHICH WERE CONSIDERED FOR EVALUATION OF ALTERNATIVE BRANDS OF REFRIGERATORS

Revenue Division	FACTORS WHICH WERE CONSIDERED FOR EVALUATION OF ALTERNATIVE BRANDS OF REFRIGERATORS							Total
	Price	Company image	Design/ appearance	Product Performance	Loan/ installment	Durability	After sales service	
Chittoor	15 (15.00) (33.33)	24 (24.00) (23.53)	13 (13.00) (31.71)	15 (15.00) (28.30)	10 (10.00) (27.03)	12 (12.00) (26.09)	11 (11.00) (30.56)	100 (100) (27.78)
Madanapalli	12 (15.00) (26.67)	16 (20.00) (15.69)	10 (12.50) (24.39)	11 (13.75) (20.75)	10 (12.50) (27.03)	11 (13.75) (23.91)	10 (12.50) (27.78)	80 (100) (22.22)
Tirupati	18 (10.00) (40.00)	62 (34.44) (60.78)	18 (10.00) (43.91)	27 (15.00) (50.94)	17 (9.44) (45.95)	23 (12.78) (50.00)	15 (8.33) (41.67)	180 (100) (50.00)
Total	45 (12.50) (100)	102 (28.33) (100)	42 (11.67) (100)	41 (11.39) (100)	37 (10.28) (100)	46 (12.78) (100)	36 (10.00) (100)	360(100) (100)
Chi-Square	$\chi^2 = 9.202$							

Source: Field survey data

Note: Figures in parentheses represent percentages to totals

NS= Not significant at 5% level

It is understood from the table above that 102 sample respondent buyers of refrigerators (28.33 per cent) out of 360 in all the three revenue divisions in Chittoor district together have contemplated that the company image is one of the factors which influenced them to purchase refrigerators followed by 46 sample respondents (12.78 per cent) have considered product durability as one of the factors which influenced them to buy refrigerator, 45 sample respondents (12.50 per cent) have considered price as the major factor, 42 sample respondents (11.67 per cent) have deliberately stated the physical appearance & design are the most important factors which influenced them to purchase refrigerators, 41 sample respondents (11.39 per cent) believed that the product performance is one of the major reasons for purchasing their refrigerators, 37 sample respondents (10.28 per cent) responded that the installment facility and 36 sample respondents (10.00 per cent) said that after sales services are the least important factors to purchase refrigerators.

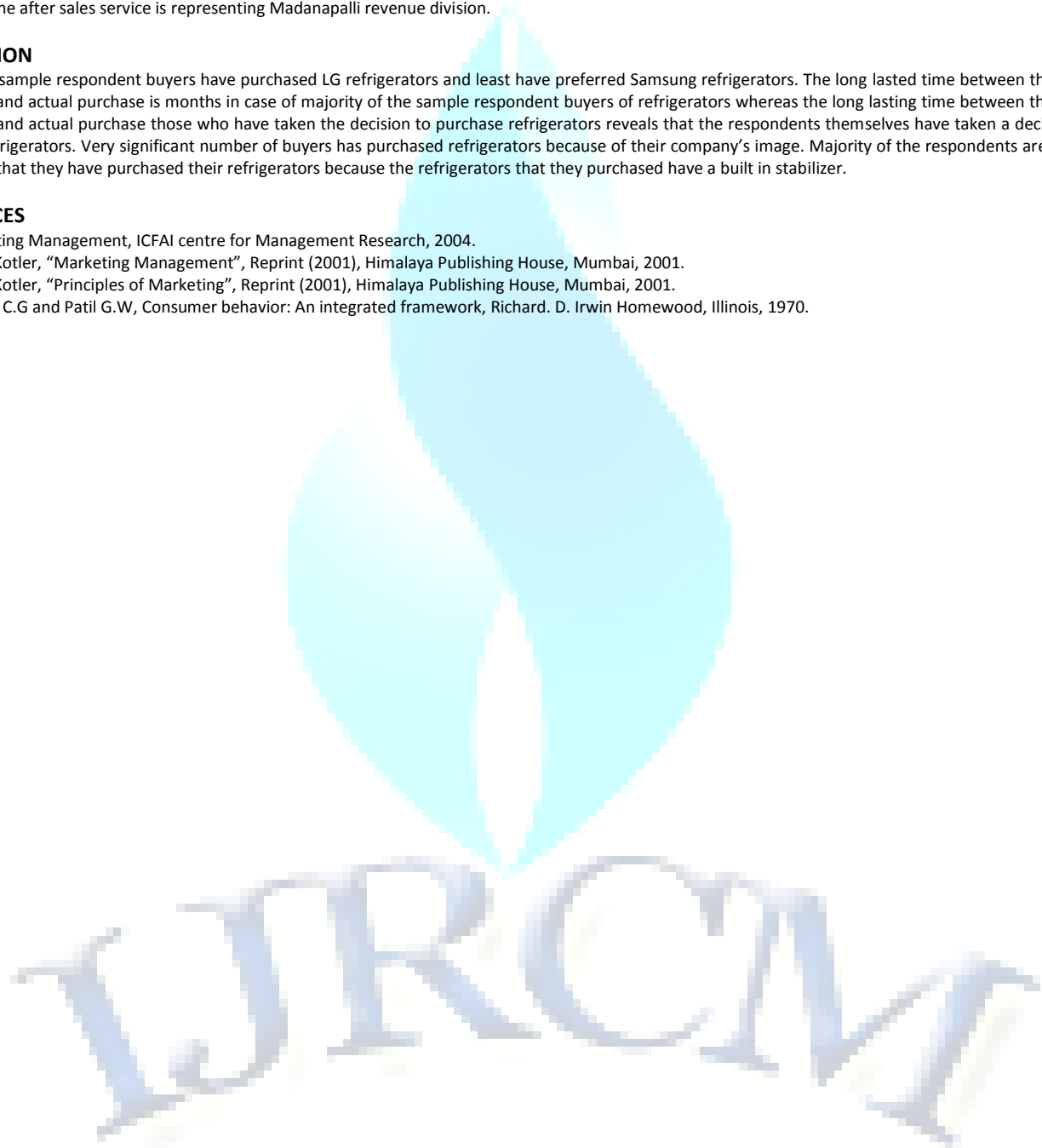
From the foregoing analysis one can infer that company's image is the most important feature which influenced the sample respondent buyers to purchase their refrigerators whereas installment facility and after sales service are the least important factors which also influenced the sample respondent buyers while purchasing their refrigerators. Majority of the sample respondent buyers of refrigerators who said that they have purchased their refrigerators because of company's image are representing all the three revenue divisions. The least per cent of respondent buyers who said that they purchased their refrigerators because of the after sales service is representing Madanapalli revenue division.

CONCLUSION

Most of the sample respondent buyers have purchased LG refrigerators and least have preferred Samsung refrigerators. The long lasted time between the need recognition and actual purchase is months in case of majority of the sample respondent buyers of refrigerators whereas the long lasting time between the need recognition and actual purchase those who have taken the decision to purchase refrigerators reveals that the respondents themselves have taken a decision to buy their refrigerators. Very significant number of buyers has purchased refrigerators because of their company's image. Majority of the respondents are under the opinion that they have purchased their refrigerators because the refrigerators that they purchased have a built in stabilizer.

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ANALYSIS OF ALCOHOL CONSUMPTION IN RAIPUR DISTRICT (CHHATTISGARH)

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ABSTRACT

Data on alcohol related problems are scarce in India, with a very few scientific comparable studies conducted so far. Data relating to alcohol production and sale are difficult to collect and assemble as these are not centrally compiled. Alcohol consumption has been in existence in Chhattisgarh for many centuries. The present study analyses the consumption of alcohol in Raipur district and addresses certain vital issues related to the same. Substantial cultural, regional, gender, social class differences exist in the state which limits the generalization of results which are based on small cross sectional samples. Despite these short comings this study attempts to analyze the consumption of liquor in Raipur District of Chhattisgarh.

KEYWORDS

IMFL, Country Liquor, Illicit Liquor, arrack, tari.

FACTUAL BACKGROUND

There exists a prominent evidence of existence of alcoholic beverages in ancient Chhattisgarhi Literature. Alcohol is one of the ingredients in many medicinal preparations in the traditional Chhattisgarhi system of medicine. But despite of the availability of alcoholic beverages, these never became a part of staple food in the state. Historical evidence suggests that alcohol use never posed substantial social or health problems in ancient and medieval periods of Chhattisgarh.

CURRENT FACTS

The present study of the general population of the state reveals prevalence rate of use of alcoholic beverages ranging from 23% to 74% among males. Women constitute over 90% of abstainers, though among tribal groups and handicraft workers there is a significant number of alcohol users in women, with prevalence rates ranging between 28% and 48%. The state of Chhattisgarh has started facing a heavy burden of social and health problems due to increased alcohol consumption.

In both rural and urban settings in the state, among folks or the elite no significant traceable patterns of drinking have emerged that could be held valid throughout the state. There is however a noticeable change in the pattern of drinking, as it has changed from ritualistic and occasional to a part of routine social interaction and entertainment. Today, alcohol is rarely used for genial purposes; the basic purpose of drinking alcohol is to get drunk and to stay drunk for as long as possible. In various parts of the state, public bars and pubs have emerged and the norms are only beginning to develop.

Following is the data relating to Chhattisgarh from census of India:

TABLE 1

Population	2001 Census	2011 Census
Total	111,73,149	155,98,314
Male	67,11,395	89,62,121
Female	44,61,754	66,36,193

ALCOHOLIC BEVERAGES

Chhattisgarh has a varied topography, climate, vegetation, culture and traditions. Different types of alcoholic beverages are consumed which can be broadly divided into the below mentioned categories:

1. **India made foreign liquor (IMFL):** It consists of whisky, rum, gin and brandy, with a 42.8% maximum alcohol content permitted. The most popular drink in this category is Whisky.
2. **Country liquor:** It is a distilled alcoholic beverage made from locally available cheap raw material containing carbohydrates such as sugarcane, rice, palm, coconut and cheap grains with alcohol content around 40%. Common varieties of country liquor made and consumed in Chhattisgarh are arrack, desi sharab and "tari."
3. **Illicit liquor:** It is mostly produced covertly in small production units with raw materials similar to that used for country liquor. With no lawful quality control restrictions on them, alcohol concentration of illicit liquor varies up to 50% to 60%. Adulteration in illicit liquor is relatively common, industrial methylated spirit being a common adulterant, which sometimes causes incidents like mass poisoning with consumers losing their lives or suffering irreversible damage to the eyes. Cheaper than licensed country liquor, illicit liquor is popular among the poorer sections of the state. In many parts of Chhattisgarh, illicit production of liquor and its marketing is like a cottage industry with each small township having one or two units functioning illegally.

Besides these, home-based production for self-consumption is also common in some parts of Chhattisgarh. Home-based fermentation and distillation is also common in several tribal areas in the state, especially the southern region. Lastly is beer, with an alcohol content ranging between 5% and 9% and whose production and consumption is rapidly increasing.

OBJECTIVES OF THE STUDY

- To find out the total percentage of people consuming alcohol in Raipur district of Chhattisgarh.
- To analyze the effects of alcohol consumption on the drinkers and their families.

RESEARCH METHODOLOGY

The present research is an attempt to study the consumption of Liquor in Raipur district of Chhattisgarh. With a view to have a proper understanding of the same, review of literature relating to alcohol consumption, Total Liquor Ban etc. is done proceeding to the Research. Important studies relating to the same conducted in India have been reviewed. Further, For the purpose of the study, two sets of data have been collected:

- PRIMARY DATA:** The main informants i.e. the head of the household were interviewed for themselves and on behalf of their family, for information on alcohol consumption. The information gathered using key informants was pilot-tested using cross validation with each individual in the household in a sub-set of respondents. To further confirm the rationality of the information on frequency and quantity of alcohol consumption, this text reports only on patterns of use of the principal respondents namely the head of the households. All questionnaires were further looked upon for coding and other inaccuracies. Following is the data of location wise respondents of Raipur district:

TABLE 2

LOCATION	NO. OF RESPONDENTS
Abhanpur	25
Arang	25
Banarsi	25
Bhanpuri	25
Bhatgaon	25
Birgaon	25
Gobranawapara	25
Gogaon	25
Mowa	25
Naya RaipurRaipur	25
Rajim	25
Simga	25
Urla	25
TOTAL	350

- SECONDARY DATA:** The Chhattisgarh government health administration has laid emphasis on the creation of awareness and on the development of a basic infrastructure for treatment in the state regarding the problems that arise due to alcohol consumption. In order to get a scientific database with comparable research methodology and applicability, the Health Ministry initiated pilot projects in the state. Reports of the same are analyzed and further newspapers like Economic Times, Financial Express, and Business Lines etc, websites of Chhattisgarh State Excise Department, Ministry of Finance, and Ministry of Statistics of India have also been used for collection of data.

ALCOHOL CONSUMPTION

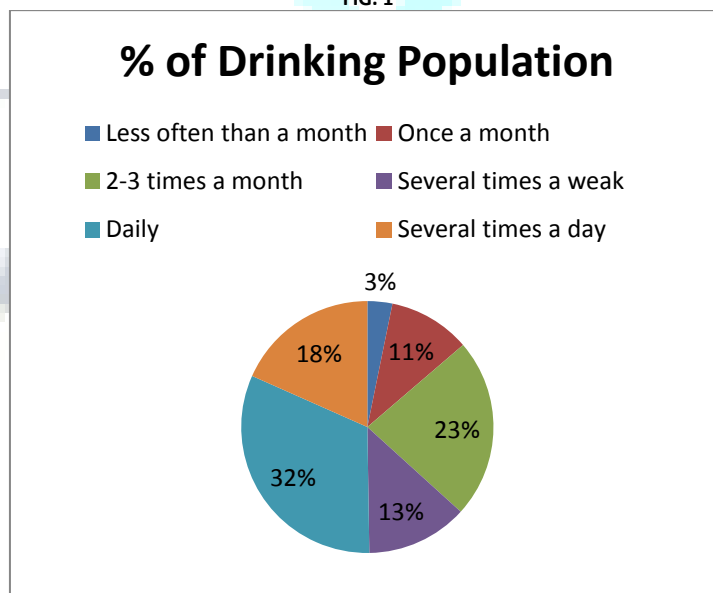
The quantity and frequency of drinking questions were asked for the past thirty days, as this is easier to recall from memory. For those whose answers were positive for the past 30 days, questions on various problems due to alcohol use were further asked. When consumption of more than 4 bottles was reported the drinker was considered to have had 182 ml of pure alcohol. A bottle of India Made Country Liquor (IMCL) has 750 ml contents and contains 300 ml (40%) of absolute alcohol. Therefore, half a bottle was considered as being equivalent to 150 ml of pure alcohol.

Current drinkers were defined as those who report drinking in the last 30 days based on the following question: "What has been your usual quantity consumed on one drinking occasion during the past month with the possibility of answering Never or the reported quantity, by type of beverage. For each beverage quantities, the respondent was asked to estimate its frequency of drinking such a quantity. Following information was hence extracted:

TABLE 3

Frequency	% of Drinking Population
Less often than a month	3.2
Once a month	10.52
2-3 times a month	23
Several times a week	13.03
Daily	31.89
Several times a day	18.36
Total	100

FIG. 1



PROBLEMS DUE TO ALCOHOL CONSUMPTION

The respondents were asked about the problems they face due to consumption of alcohol and the following answers were revealed:

- Less interest in occupational activities
- Health related issues
- Dis satisfaction in family life
- Difficulty in limiting consumption
- Slurred speech
- Impaired judgments
- Unintentional accidents
- Liver diseases
- Sexual problems
- High blood pressure
- Poor terms with relatives
- Loss of productivity
- Increased family problems etc.

EXCEPTIONS

Despite the above stated problems there are certain exceptions where the respondents answered with a different attitude. Few respondents believe drinking alcohol has positive effects and benefits the drinkers in certain ways such as the drinker enjoys the social life, drinking increases the work efficiency, takes away the pains and sorrows of life, it is a symbol of elite class, it is one of the best medium to enjoy life, it is necessary to build and maintain professional relationships etc.

CONCLUSION

Detailed analysis of the data so collected reveals that more than 30 percent of the drinking population consumes alcohol daily. In the various districts, current drinkers appear to experience lots of problems, probably due to a very high prevalence of heavy drinkers. Although comprehensive scientific evidence for alcohol-related health and social problems in India is lacking, the present data suggest indications that these are substantial. Rapid increase in alcohol consumption shall raise the probability of further increase in these problems in the coming years. Less interest in occupational activities, Health related issues, Dis satisfaction in family life were some of the major problems frequently reported. Despite certain exceptions, the study concludes that high levels of drinking and associated health and social problems are prominent among those who consume alcohol.

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A GAP ANALYSIS OF THE ACTUAL LEVEL OF PERFORMANCES AND THE STANDARD LEVEL OF PERFORMANCES OF NEW GENERATION BANKS WITH SPECIAL REFERENCE TO HDFC BANK, AXIS BANK AND INDUSIND BANK

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ABSTRACT

The gap analysis process involves determining, documenting and approving the variance between business requirements and current capabilities. Sometimes there is mismatch between what the company offering to its customers and what the customers actually expects from them. Gap analysis naturally flows from benchmarking and other assessments. Once the general expectation of performance in the industry is understood, it is possible to compare that expectation with the level of performance at which the company currently functions. This comparison becomes the gap analysis. Such analysis can be performed at the strategic or operational level of an organization. Gap analysis is a formal study of what a business is doing currently and where it wants to go in the future. Gap analysis provides a foundation for measuring investment of time, money and human resources required to achieve a particular outcome. This outcome may be achieving high level of customer satisfaction, maximizing profit and minimizing costs etc. The mass affluent segment offers a treasure trove for many banks: a strong and growing customer base, largely loyal to banks, looking for help while willing to self-serve, etc. If banks fail to "own" this segment, they risk further erosion in profit pools and available growth paths. A handful of segments "belong" to banks for the taking, small business and the mass affluent among them. Particularly today, banks cannot afford to lose share in these segments. If a company or organization is under-utilizing its current resources or is forgoing investment in capital or technology, then it may be producing or performing at a level below its potential. This concept is similar to the base case of being below one's production possibilities frontier. Thus goal of the gap analysis is to identify the gap between the optimized allocation and integration of the inputs, and the current level of allocation. This helps provide the company with insight into areas which could be improved.

KEYWORDS

new generation banks, HDFC bank, Axis bank, Indusind bank.

INTRODUCTION

As the competition in the banking sector is drastically increasing like other sectors, the players are introducing more and more innovations in order to satisfy the customer needs, because in every business customers are the key players. Every business decisions are based on the customers taste and preference. So understanding about the customer satisfaction level is an important thing. This study is to be carried out in order to understand about what affluent clients of new generation banks want or what they expect from the service provider and what actually these banks provided to the customers. In order to clearly identifying this problem, gap analysis should help. In business gap analysis is a business resource assessment tool enabling a company to compare its actual performance with its potential.

To identify a gap in the market, the technique of gap analysis can be used. Thus an examination of what profits are forecasted for the organization as a whole compared with where the organization (in particular its shareholders) wants those profits to be represents what is called the 'planning gap'. The product gap, which could also be described as the segment or positioning gap, represents that part of the market from which the individual organization is excluded because of product or service characteristics. This may have come about because the market has been segmented and the organization does not have offerings in some segments, or it may be because the positioning of its offering effectively excludes it from certain groups of potential consumers, because there are competitive offerings much better placed in relation to these groups.

Banking today is all about 'relationships', as all the television commercials and hoardings will tell you. "Relationship management is the name of the game." To this end, most private sector banks offer products and 'relationship managers' to exclusively cater to the needs of their high net worth customers. One of the reasons that more and more new private sector banks are offering innovative products and services is to segregate the high net worth clients from the mass banking traffic at branches. This helps them manage and serve their customers better.

Compared to public sector banks relationship manager in a private bank will genuinely know a client's financial life and be able to structure investments and banking accordingly. For products, requirements include near and longer term investments, insurance, retirement planning, wealth management, and estate planning as well as lending. In many instances, the mass affluent is also a business owner given that, many of them need assistance in business transition. The above requires the involvement of bank groups ranging from retail and small business to cash management and deposits, personal trust, private banking and wealth management, insurance, and tax and estate planning, among others. Some banks are able to provide a cross-bank product solution that addresses complex product needs.

IMPORTANCE OF THE STUDY

The gap analysis process involves determining, documenting and approving the variance between business requirements and current capabilities. Sometimes there is mismatch between what the company offering to its customers and what the customers actually expects from them. Gap analysis naturally flows from benchmarking and other assessments. Once the general expectation of performance in the industry is understood, it is possible to compare that expectation with the level of performance at which the company currently functions. This comparison becomes the gap analysis. Such analysis can be performed at the strategic or operational level of an organization. Gap analysis is a formal study of what a business is doing currently and where it wants to go in the future. Gap analysis provides a foundation for measuring investment of time, money and human resources required to achieve a particular outcome. This outcome may be achieving high level of customer satisfaction, maximizing profit and minimizing costs etc

REVIEW OF LITERATURE

Anne M Smith (1990) studied way the four distinguishing characteristics of services-intangibility, inseparability, heterogeneity and perishability affect clients' perceptions of quality service from banks. The study revealed that intensifying competition and increasing customer expectations have created a climate where 'quality' is considered to be a major strategic variable for improving customer satisfaction and thus the profitability of financial service providers.

In Berry, Kehoe and Lindgreen's study (1980) it has been found that most frustrating aspects of bank marketing were a) lack of management support, b) lack of interdepartmental cooperation c) crisis management d) government intrusion e) advertising and media T G Nair (1992) in his study depicts the growth and expansion of Financial Services industry in India. Banks in order to overcome the competition from other agencies are providing a wide range of services. Public sector Canara Bank observed the year 1984 as 'Year of Marketing' to create among the staff an awareness of the need for customer satisfaction. The findings stress greater need for a change in the attitude, especially in the case of the counter clerks, field staff and sales force of the bank, towards the customers.

OBJECTIVES OF THE STUDY

The main objective of the study is to do a gap analysis of what affluent clients of new generation banks want and what advisors offer today with respect to HDFC Bank, AXIS Bank, and INDUSIND Bank.

The study should also aim to find out the following:

1. To study the effectiveness Customer Relationship Management(CRM) of these banks
2. To analyze the affluent clients of these banks (ie. HDFC,AXIS and INDUSIND bank) are satisfied with the current services
3. To analyze these banks have carrying out any activity in order to understand about the changing demands of the customers
4. To study upon these banks which bank have more loyal customers

RESEARCH METHODOLOGY

For the purpose of collecting data both primary and secondary data collection methods were to be used. Primary data are those, which are collected afresh and for the first time and happen to be original in character. This was collected through printed questionnaires. Secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Secondary sources of information include details taken from company records, advertisements, internet etc: Both secondary and primary data are to be used in the study. Primary data can be collected by a survey of respondents and from the employees of the bank. A stratified random sample of 60 Respondents are to be selected from the target list of customers in Alleppey District.

DATA SOURCE

1. **PRIMARY SOURCES:** By way of questionnaires, direct interview with the customers and employees
2. **SECONDARY SOURCES:** Available sources like internet, journals, websites etc:

POPULATION OF THE STUDY

Customers who related with these banks (HDFC, Indusind and AXIS Bank)

SURVEY METHOD

Sample survey.

SAMPLING TECHNIQUE

Convenience sampling.

SAMPLE SIZE

60

TOOLS FOR DATA COLLECTION

Mode of collection and analysis of data:

The data collected through the questionnaire are in the form of raw data before its systematic arrangement and analysis. Sample method is suitable for this study than the complete enumeration as it is a time consuming one requires valuable resources like money and skilled manpower etc.

TEST STATISTICS

Chi-square

Ho

There is a gap between the affluent clients of new generation banks want and advisors offer.

STATISTICAL ANALYSIS

TABLE 1: THE YEARS CUSTOMERS BELONGS TO THE BANK

Years	No. of customers (HDFC bank)	No. of customers (AXIS bank)	No. of customers (Indusind bank)
< 1 year	8	5	3
1-3 years	15	11	11
3-5 years	7	4	6
>5 years	0	0	0

From this table it is clear that most of the customers belonging to the customers of the bank ranging the period 1-3 years. Compared to other categories, only 4 customers are having the experience of more than 5 years.

AXIS BANK

AXIS bank have 25% customers belongs to the category of <1 year, and 20% to the category of 3-5 years and no one have the experience of >5 years and most of the customers belongs to the category of 1-3 years ie.55%.

INDUSIND BANK

INDUSIND bank have 15% customers belongs to the category of <1 year, 30% and 10% to the category of 3-5 years and most of the customers belongs to the category of 1-3 years ie.45%.

TABLE 2: THE SATISFACTION TOWARDS THE SERVICES PROVIDED BY THE BANK

Satisfaction	HDFC bank	AXIS bank	INDUSIND bank
Satisfied	19	18	20
Dis satisfied	1	2	0

From this table it is clear that in the case of all the three banks most of the customers ie. More than 80% of the customers are satisfied by the services of the bank.

TABLE 3: THE REASON FOR THE DISSATISFACTION

Reason	HDFC bank	AXIS bank	INDUSIND bank
Poor service	0	1	0
Poor return	0	0	0
Promptness	1	1	0

From this table it is clear that all most all the customers are satisfied with services only 3 customers are not satisfied, the reason for this is promptness ie. Delay in delivering the services and poor service.

TABLE 4: THE REASON FOR SELECTING THE BANK

Reason	HDFC bank	AXIS bank	INDUSIND bank
Return	10	8	9
Service	7	11	10
Brand image	3	1	1

From this table it is clear that the customers give importance to the return the banks offering and the services they are providing. Customers give less importance to the brand image.

TABLE 5: THE CUSTOMER SATISFACTION TOWARDS THE CUSTOMER RELATIONSHIP OF THE BANK

Satisfaction level	HDFC bank	AXIS bank	INDUSIND bank
Satisfied	19	18	19
dissatisfied	1	2	1

From this table it is clear that the customer relationship management of these banks is effective, most of the customers are satisfied with the customer relationship of the bank.

TABLE 6: THE ATTITUDE OF THE CUSTOMERS TOWARDS THE SERVICES OF NEW GENERATION BANKS OVER TRADITIONAL BANKS

service	HDFC bank	AXIS bank	INDUSIND bank
Better	18	17	19
Not better	2	3	1

TABLE 7: THE OPINION OF CUSTOMERS ABOUT THE SERVICES OF ADVISORS

Opinion	HDFC bank	AXIS bank	INDUSIND bank
Good	18	17	19
Not good	2	3	1

From this table it is evident that majority of the customers having the opinion that the service provided by the advisors is effective and they are very much satisfied with their services.

TABLE 8: THE CUSTOMERS ATTITUDE TOWARDS THE PRODUCTS OFFERED BY THE BANK

Opinion	HDFC bank	AXIS bank	INDUSIND bank
Effective	18	17	19
Not effective	2	3	1

This table indicates that these three banks provide good services to its affluent clients and all the products they are offering most of the customers are satisfied.

CHI-SQUARE TEST

"There is a gap between the affluent clients of new generation Banks want and advisors offer."

The test statistics of chi square $\chi^2 = \sum (O-E)^2/E$

O = Observed frequency

E = Expected frequency

Degrees of freedom = $(r-1)(c-1)$

TABLE 9: THE EFFECTIVENESS OF THE PRODUCTS OFFERED BY THE BANKS

	Effective	Not effective	Total
Service experienced	45	12	67
Service not experienced	12	11	23
Total	67	23	80

TABLE 10: EXPECTED AND OBSERVED FREQUENCY

Observed frequency	Expected frequency
45	56.11
12	19.26
12	19.26
11	6.61

CALCULATIONS

TABLE 11

O	E	O-E	(O-E) ²	(O-E) ² /E
45	56.11	-11.11	123.43	2.19
12	19.26	-7.26	52.70	2.75
12	19.26	7.26	52.70	2.75
11	6.61	4.39	19.27	2.91
Total				10.6

Interpretation

From the analysis of chi-square it is clear that calculated value is 10.6.

Number of columns = $(2-1) = 1$

Number of rows = $(2-1) = 1$

Then, degrees of freedom = 1

Testing at 5% level of significance with degrees of freedom 1.

Tabulated value = 3.841

Here tabulated value is less than that of calculated value,

$T < C$,

ie, rejected the null hypothesis.

Ho: "There is a gap between the affluent clients of new generation Banks want and advisors offer."

H1: "there is a gap between the affluent clients of new generation banks want and the advisors offer"

Therefore it is concluded that there is no gap between the affluent clients of new generation banks want and the advisors offer.

FINDINGS

There is no gap between the affluent clients want and the actual services offered. Compared to traditional banks, new generation banks offer a wide range of products in order to make their service effective. The main services includes mutual funds, insurance, mobile refill, mobile banking, online banking, e-mail statement etc. From the data analysis of the customer survey, it is obvious that the advisors service of these banks is very effective. New generation banks offer innovative products like mobile banking, online banking etc. All most all the customers are satisfied with the Customer Relationship of the bank. In order to know about the customer problems and their demands proper feedback system should be there.

SUGGESTIONS

In order to increase more affluent clients banks should introduce more innovations in their products. The bank should concentrate on the promptness in delivering the services. The products offered to the affluent clients by these three banks are almost the same. In order to attract more deposits the products should have some unique features by one another. The bank should introduce some additional steps to know about the changing demands of the customer. Some customers are not much aware about the products offered by these banks so bank should take some initiatives to give awareness about the products that they are offering.

CONCLUSION

The project titled a report on "A gap analysis of what affluent clients of new generation banks want and what advisors offer today with respect to HDFC bank, AXIS bank and INDUSIND bank" helped to know about the affluent clients of new generation banks and what all are the products that the bank offered to their high net worth customers etc. Most of the customers are very much satisfied by the services offered by the bank, but all most all the products / services offered by all the banks are same. Banks should concentrate on these areas and this will help them to attract more and more customers and they can achieve the competitive advantage. So after this study it can be concluded that there is no gap between the affluent client wants and the new generation banks offer. That means customer expectations about the service offered match the actual services delivered by the banks.

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WHERE HAS ALL THE GOOD MARKETING GONE: ETHICS

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ABSTRACT

The advent of new economic policy, removal of trade barriers, manpower retrenchment and attrition of employees has shaken the trust of customers. When in today era we talk about customer delightness, the issue of rebuilding the trust becomes a major concern. Instead of thinking on the ground of marketing philosophy the need of the hour shifts the trends to Ethics in Sales and Marketing. The paper encovers the introduction, ethical values, Ethical issues life line of marketing - in specific areas of CRM, CSR and Advertising. The paper concludes with the suggestion that a more detailed study of the Ethics is needed. While many authors think that this is a relatively new concept, Ethics is perhaps as old as business itself and in some societies one cannot do the business without being socially ethical.

KEYWORDS

ethical marketing, CRM, CSR, advertising.

INTRODUCTION

India is no longer existing in a isolated world. Being the global economy it can't keep itself aloof from the various intricacies of the world. Different economies of the world witness a continuous change in the environment it operates in. To keep up with the pace close monitoring become inescapable.

The roadmap of economic development started with the adoption of new economic policy. It was adopted at the time of economic distress and difficulties and there was no better alternative to restore confidence in international community. It stressed the approach of delicensing, decontrol and deregulation in Indian economy which spurred the overall economic development.

Increased scrutiny of corporate action in today business climate puts pressure on all facts of corporate structure to adhere to ethical business practices found on principles that are honest, fair and transparent to the stakeholders. The sales and marketing profession is a driving force in our economy and should not be left untouched when scrutinizing ethical issue. A society where the consumer is confident of honest is one that will prosper.

The paper was carried out by reviewing a large collection of publication on the subject of ethics in Sales and Marketing. Flowing through the thoughts of authors from the conceptual understanding and diving into niches of marketing sensing the CRM, CSR and Advertising practices, the paper concludes with the findings and suggestions from the authors to the companies as how to use ethics as a weapon to earn profits.

ETHICAL VALUES: A REVIEW

Ethics refer to a system of moral principal- a sence of right & wrong & goodness & badness of action. In other words, 'ethics' is the discipline that examines ones moral standards or the moral standards of a society. It asks how these standards apply to our lives & whether these standards are reasonable or unreasonable that is whether good reasons or poor once support them. The ethics is used in several different ways; the term ethical value refers to the moral valve of each self help group towards running their group business. (Nath & Baruah, 2008).

The word ethics is still vague, but is a contemporary issue to many corporate professionals, while many organizations maintain 'ethical credo' in black and white. However, the corporate world also has been inclined to experience unethical practice due to aggressive approach is to achievement. It's immediately impact has been reflected in the managerial practices and eventually on their perceptions and values. The gap between expected standard ethical behavior and actual behavior is immense and organizational rituals, to some extents along with socioeconomic factors support unethical behavior and compel employees to practice in this manner. Hence, building awareness of ethical norms is important in sustaining managerial ethics.

Perhaps the most difficult managerial problem involves issue of ethics. Ethics is a problem not only for managers, but also for almost every person in the society. Business everywhere needs to earn profit in order to remain in existence. Some companies aggressively seek to maximize their profit, grow at any cost and focus on nothing but what is best for the company. Others take a different approach to business and actively work for the betterment of society even when it means less profit for the owners. Most business however, adopts a position somewhere between these extremes. Decision about which of these approaches to take are in turn affected by managerial ethics and social responsibility (Akhter & Islam, 2009).

Business ethics are one of the important, perhaps the most misunderstood concept in the world of business today. The field of business ethics deals with questions about whether specific business practices are acceptable. Members of the organizations increasingly find themselves facing ethical dilemmas, situations in which they are required to define right and wrong conduct. By its very nature, the field of business ethics is controversial and there is no universally accepted approach for resolving its question. More imagination and creativity are needed in examining these important issues. Ethical or unethical is often determined by the public as embodied in the mass media, interest group and business organization as well as through individuals personal morals and values .

ETHICAL ISSUES LIFE LINE OF MARKETING

Business ethics is not a recent theory. Over the years attempts have been made to find out its different dimensions. Ethics in Sales and Marketing does not confine itself to a single area of sales and Marketing. Business or an enterprise is made by the people and works for the people. The long run success of any enterprises depends on its strong organization of internal and external customers i.e. employee and consumers respectively. Hence three main trends or scope of ethics in Sales and Marketing can be identified and these are:

1. CRM
2. CSR
3. Ethics in advertising.

1) CUSTOMER RELATIONSHIP MANAGEMENT

In today's competitive business environment, customers are making their buying decisions not just on the basis of product comparison, but on the basis of relationship they have with the company. In fact, ensuring customer satisfaction is the key to success and companies are actively engaged in studying and exploring the conceptual foundations of managing relationship with customers. A brand derives strength from its experience with its customers and customer's relationship management or CRM is all about providing customers a great experience. (Mishra, 2008)

CRM is the seamless co- ordination between sales, customer's service, marketing field support and other customer- touching functions. It integrates people, processes, and maximizes relationship with all customers and partners, e- customers, distributional channel numbers, internal customers and suppliers. CRM results in a number of benefits to an organization like increased margin improved customer satisfaction rating and decreased administrative costs. CRM is managing customer knowledge to generate value added products and to have a sustained relationship. (Sudhakar, 2009).

CRM is increasingly used to learn about customers needs and behavior, as good relationship is very essential for successful brand marketing. CRM is now recognized as a powerful tool, for brand marketing to have an edge over the competitors. CRM is the establishment, development, maintain, and optimization of long term mutually beneficial relationship between customers and companies. (pallavi, 2009)

Building long term customer relationship with customers is the key to success for the company, in turn, these relationships translate into increasing sales revenue and profits. CRM is the best tool to build a powerful customer experience as the most competitive weapon around our business. CRM inverts the pyramid for achieving success in businesses in the 21st century.

OBJECTIVES OF ETHICAL CRM

1. To provide better customer service.
2. To help sales staff close deals faster.
3. To discover new customers.
4. To increase customer revenue.

In present era the paradigm shifts in marketing practices from the traditional marketing to reactive marketing and then to relationship marketing has reiterated the significance of leveraging firm- customer relationship for reaping mutual benefits. Thus relationship marketing has come to fore and occupied centre stages one of the strategic tool for organized retailers to develop ways for attracting and motivating potential customers to remain staunch loyalists forever (Prasad & Aryasri 2008).

BENEFITS OF ETHICAL CRM

- Improvement in sales revenue.
- Increase in profit.
- Reduction in cost of marketing.
- Better understanding of customers.
- Decreased cost for customers
- Improvement in customer satisfaction.
- Timely delivery of products, Personalization and closeness.
- Availability of wide variety of products.
- Improvement in customer satisfaction.
- Maintaining customer loyalty.

The strategy towards developing and maintaining sustainable relationship provide a win win platform for customers as well as sellers.

2) CORPORATE SOCIAL RESPONSIBILITY

CSR identifies as a controversial subject. It acknowledges the fact that some authors think CSR is irrelevant to business, while others think that it is a bad idea for business. However, it takes sides with those who think that CSR is of strategic importance to business. For some people, CSR is about program me but it is beyond that. Stuff that you do where you can describe what you are taken to achieve, what approach you have taken achieve it, and whether it worked or not. But it needs to include the other aspect how you and your staff behave on a day to day basic. You could label this element straight business ethics (sharma, 2009).

The world business council for sustainable development defines CSR as “the counting commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large”.

The CSR framework of companies in India has evolved over a period of time. For business conglomerates like Tata, Birla, ITS or the Godrej family, their specific approach and strategies are mainly based and driven by the ethical beliefs of the founding fathers (sharma 2009). However, of late, the companies have been influenced by several internal & external factors prevailing in business areas in which the companies operate the socio economic environment, and the emerging opportunities.

Organizations are getting competitive in whatever they do. Moreover, companies are being closely monitored under provisions like corporate governance which bind organizations towards ethics and transparency. In such a scenario, future looks healthy and people in general can expect to drive benefits out of it. Ethics is necessary in order to create a more harmonious relationship between the corporation and the society at large. Profit earning is the main goal of the most organization and they strive for it. But, in this era of globalization and cut throat competition the scenario has changed. The first concern of the company is the happiness of the people connected to it. In today world companies believe in the philosophy that they are an indispensable part of the society. (kautish, 2009).

CSR is making socially responsible product, engaging in a socially responsible employee relations and making a commitment to the society around it. Some define CSR as commitment of the business to contribute for sustainable economic development, working with employee, local community and business partners and to the society at the large in order to improve their quality if work life (Soni, 2009).

3) ETHICS IN ADVERTISING

Advertising is one of the most powerful marketing tools which enhance communication by connecting the company with the customers. One of the questions discussed while analyzing the ethical aspect of advertising is the use of fear appeals and threat to popularize a certain product, concept etc. or to boost up the sales. The idea of using fear to advertise a certain product is viewed as unethical if the solutions that are advertised cannot eliminate the threat presented (Mohideem 2009). This holds true as long as advertisers show the consequences of not playing heed to the recommendation offered in the advertisement. Furthermore, using fear appeals and threats is considered unethical as they might create unnecessary anxiety among potential customers. However some people support the idea of using fear for marketing purpose. They claim that such advertisements reflect the norms of a certain society.

CONCLUSION

It is argued that of all business practices, marketing “receives the most scrutiny, generates controversy and faces the most criticism about ethics.” Indeed, ethics might turn out to be a rather tricky question as long as it is expanded not only to one domino but also to several areas. Much has been discussed about Recession and financial crises, stock marker crashes and bailout of banks nothing much have been left untold, it just like US sneezes and the whole world catches cold. Salary deduction, technology degradation, Retrenchment, turnout were some of its immediate effect, though the situation has improved, yet the crises has left certain depurated impact.

Further, ethical values create credibility with the public. A company perceived by the public to be ethically & socially responsive will be honored & respected even by those who have no intimate knowledge of its actual working. So, Ethics in this respect extends to a long way from sales to fulfilling its social responsibility and thereby building a strong customer resource base through CRM. As we wade further into the 21st century, CSR plays a pivotal role in addressing the global resources crisis on the other hand helping solve problem by providing technologies, while on the other hand navigating controversy over such issues in India from community to corporate use. Moral and ethical standards were proposed to restrict the range of products, services and practices that can be advertised. Nevertheless, the problem still persists.

RECOMMENDATIONS

1. The HRM department should mention the explicitly ethical code of conduct in the appointment letter.
2. The proper communication of ethical code of conduct should be the duty of Deparmental Heads.
3. Meeting should have 5 minute provision for discussion on this contemporary evergreen issue. Open discussion should be initiated.
4. To inculcate ethical values and culture it is essential to acknowledge and consider Ethical behaviour of the personnel and suitable reward system should be designed.

5. The implementation of the Ethical guidelines should be made the duty of the managerial staff. Follow up should be on continuous basis.

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PARADIGM SHIFT IN CUSTOMER'S PREFERENCE REGARDING e-SHOPPING

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ABSTRACT

Internet has developed in new delivery channels electronic transactions are increasing rapidly. This need has arisen to understand how they perceive directly to buy consumers. Most of the people who use the internet to purchase goods online, but that there are still some reasons for which consumers are reluctant to buy online. The attitudes of people toward the purchase online are different. The purpose of this study is to review the factors felt reservation of consumers in online shopping. The main objective of this research is to study, especially what are factors affecting the consumers directly for online shopping. The replies have been analyzed by means of frequency distribution, average and chart analysis. Price, time saving and convenience were identified as important factors which lead to certain buying behavior in online shopping. Price was considered to be the most fascinating and affecting factor for the majority of students and the general public. Most of the consumers hesitate not to do shopping online, because of the insecure payment and transactions systems.

KEYWORDS

e-shopping, customer preferences.

INTRODUCTION

The continuous growth of electronic commerce has created great interest in studying online consumer behavior. The significant growth in online shopping, better understanding of customers allows better marketing strategies to be designed. While studies of online shopping attitude are widespread in the literature, studies of browsing habits differences in relation to online shopping are scarce. This paper performs a large scale study of the relationship between Internet browsing habits of users and their online shopping behavior. Given the lack of large-scale studies linking online browsing and online shopping behavior, we believe that this work is of general interest to people working in related areas. The internet shopping has revolutionized the way we live our everyday lives. The number of Internet users is constantly increasing, which is also significance that online purchasing is increasing rapidly (Joines, Scherer & Scheufele, 2003)

CONSUMER BEHAVIOR

"Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society." (Kuester, 2012)
 Consumer behavior of every individual is different from other depending on buying choices which is influenced by buying habits and choices that are turn tampered by psychological and social drivers that affect purchase decision process

e-COMMERCE

Internet makes life simple and innovative. People are doing business online and trade has become more easy and fast due to this. Internet provides new ways to promote business. Website becomes the essence of online business as to show their services and products. Internet gathers all competitors and consumers in one place.

With the development of the retail E-commerce, researchers continue to explain E-attitude of consumers of different perspectives. E-commerce is the buying and selling of the goods and services online; internet is the best source to use this tool.

Today the amount of trade that is conducted electronically using e-commerce has increased with a wide spread usage of internet and technology. E-commerce includes transferring of funds online, supply chain management, marketing over internet.

More online buyers and frequent use of the Internet shopping expected more often will be marketed and enhances their confidence on web site for the less online prevalent and buyers. It is clear that some electronic markets unique characteristics.

"E-commerce is benefiting from several positive trends, including the continued rollout of broadband, increasing user comfort shopping online and the decline of certain brick-and-mortar retailers," (Imran Khan, 2011, P.416).

Why consumers shop online

- i. **Convenience:** What could be easier than shopping from your own home (or on the go with a Smartphone) anytime you want?
- ii. **Communication:** Instantly correspond with other consumers, sellers and company representatives to easily gather information about a purchase.
- iii. **Choice:** Consumers can rapidly search through multiple stores from all over the globe instantly. Consumers can also easily research a company/product capabilities and popularity.
- iv. **Cost:** Consumers feel empowered when they can shop around at such a fast speed, they can make more informed purchasing decisions especially when it comes to prices. Companies need to make sure they are offering prices comparable to their competitors, because customers will figure it out and not purchase from them!
- v. **Customization:** Another positive aspect of the Internet is the ability for the customer to purchase a product exactly how they want it; and the company avoids paying inventory storage costs and overhead for a retail location since the products are made and then shipped directly to the customer. Dell Computers turned their small operation into a multi-million dollar company on this marketing idea.
- vi. **Control:** Customers seem to have more control over quantity, size, style, color, price and the type of vendor that they purchase from when using the Internet. Purchases for second-hand products can be made on e-bay, creating a whole new genre of stores.

OBJECTIVES OF THE STUDY

1. To find out the reasons why consumers shop online.
2. To find out the factors that influence consumers to buy online products.

RESEARCH METHODOLOGY

Data for this study was collected by means of a Survey conducted in Punjab Region. The sample size was 100 respondents. The Questionnaire was used mainly to test the model proposed for Attitude towards online shopping. The type of research was both exploratory as well as descriptive. Likert five point scale ranging from Strongly Agree to strongly disagree was used as a basis of Questions.

To enhance and attract online customer it is very important to know about their behavior and understand what they require and need. Since online shopping is the new medium of shopping with new demands of consumers. All customers have their own desires and demands for products.

On the base of research question, the purpose of this research is to identify and get insight into consumer behavior towards online shopping of good with respect to economy, Identify factors which influence online shopping and consumer behavior to buy the goods in India; explore the reason behind of less attention of online consumer towards online shopping of goods

ANALYSIS

TABLE 1

GENDER	
Female	62
Male	38

Table 1 Illustrates this survey results that 34% of male and 56% of female respondents participated in the online shopping survey.

TABLE 2

PREFER TO PURCHASE	
Purchase Online	52
Not Purchase Online	38
No response	10

Table 2 Illustrates this survey result that 52 % of people purchase online and 38% do not purchase online and 10% don't have any response in the online shopping survey.

TABLE 3

ATTITUDE ON ONLINE SHOPPING	
Positive	60
Negative	35
Neutral	5

Table 3 Illustrates this survey result that 60 % of people have positive attitude for purchasing online and 35% have negative attitude towards purchasing online and 5% have neutral response in the online shopping survey.

TABLE 4

TIME FACTOR OF ONLINE SHOPPING	
Wastage of time	26
Full utilization of time	74

Table 4 Illustrates this survey result that 74 % of people think that online shopping is total wastage of time and 26% have a positive attitude and think that online shopping is full utilization of time.

TABLE 5

PRICE FACTORS	
High	32
Low	46
Neutral	22

Table 5 Illustrates this survey result that 46 % of people think that online shopping is cheaper than others and 32% says that the products have higher rates and 22% of population have neutral views about online shopping.

TABLE 6

FACTORS AFFECTING BUYING BEHAVIOR	
Social	25
Emotional	10
Privacy	20
Psychological	45

Table 6 Illustrates this survey result that 45 % of people think that online shopping is cheaper than others and 32% says that the products have higher rates and 22% of population have neutral views about online shopping.

TABLE 7

FACTORS AFFECTING BUYING BEHAVIOR	
Businessman	18
Profession	38
Home maker females	32
Students	12

Table 7 Illustrates this survey result that 38 % of professional people go for online shopping, 32% of population that is female / home makes also have upper hand in online shopping, whereas businessmen and students go less for online shopping the reason can be less time.

Factors That Boost Online Shopping in India

- Rapid growth of cybercafés across India
- Access to Information
- The increase in number of computer users
- Reach to net services through broadband

CONCLUSION

Increased Internet penetration, a hassle free shopping environment And high levels of Net savings see more and more Indians shopping online. But at the same time the companies need to reduce the risks related to consumer incompetence by tactics such as making purchase websites easier to navigate, and introducing Internet kiosks, computers and other aids in stores.

In addition to above, efforts need to be taken to educate the online buyers on the steps that need to be undertaken while making an online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service delivery. This can be done through online communities and blogs that serve as

advertising and marketing tools and a source of feedback for enterprises. We found that it is a challenge for E-marketers to convert low frequency online buyers into regular buyers through successful website design and by addressing concerns about reliable performance. Thus, the online retailing raises more issues than the benefits it currently offers. The quality of products offered online and procedures for service delivery are yet to be standardized.

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AN INTENSIVE RESEARCH ON CUSTOMER BEHAVIOUR IN HEALTH DRINKS MARKET IN TIRUPPUR CITY

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ABSTRACT

India, world's largest malt- based drinks market, accounts for 22% of the world's retail volume sales. The present study attempts to know the buyer behaviour of health drinks. The basic purpose of this paper is to find out the influence of various factors on the buying decision of customers. It also attempts to determine the awareness level and loyalty status of customers. To develop the conclusions exploratory and descriptive, research designs are used. Primary data is collected with the help of questionnaire method and data is analysed with the help of various statistical techniques.

KEYWORDS

Consumer preference, health drinks, Satisfaction, Behaviour change.

INTRODUCTION

Consumer is the king in modern marketing world. Consumer behaviour and attitude helps to determine effective technique and strategies by the marketers for attaining great competition advantage in the market. Consumer behaviourable changes make "Yesterday's luxuries are today's necessities". In the modern and competitive world people must do heavy work both mentally and physically to survive successfully. So that they required more energy and stamina for that they want nutritious and health drinks. Health is man's precious possession. It influences all his activities and shapes his destiny. An understanding of health is the basis of all health care. Health is wealth.

Health Food Drinks are traditionally consumed as milk substitutes and marketed as a nutritious drink, mainly consumed by the old, the young and the sick. The Health food Drinks category consists of white drinks and brown drinks. South and East India are large markets for these drinks, accounting for the largest proportion of all India sales. White drinks account for almost two-thirds of the market. GSK Healthcare is the market leader in the White malt beverages category with a 60.7% overall market share.

Heinz's Complan comes in second with a share of 12-13%. The share of brown drinks (which are cocoa-based) has increased from about 32% to 53% over the last five years. Cadbury's Bournvita occupies first place in the brown drink segment with a market share of around 17%. Consumer behaviour and attitude helps to determine effective technique and strategies by the markers for attaining great competition advantage in the market.

OBJECTIVES OF THE STUDY

The objectives of this research paper are

1. To find the extent of brand loyalty of consumers among health drink brands.
2. To study the influence of various influencing factors like nourishment, brand image, color, economy and packaging etc., and buying behavior of customer.
3. To study the brand preference of consumers among five brands i.e., Horlicks, Boost, Bournvita, Complan, and Milo.
4. To study the consumer awareness of manufacturing and expiry dates.

LIMITATIONS OF THE STUDY

The study is limited to Tiruppur city only. The findings of the study cannot be generalized due to demographical differences. Among many brands of health drinks available in the market, only 5 products are considered for the study.

REVIEW OF LITERATURE

Brand loyalty is a function of psychological (decision- making, evaluative) processes. Brands are chosen according to internal criteria resulting in a consignment towards the brand, which. According to Jacoby and Chestnut (1978) It is an essential element of brand loyalty. This point of view is in line with the information-processing paradigm, which is the dominant point of view in consumer behavior (Bettman (1979)). A study of Hoyer (1984) concluded that inert consumers have different motives; different decision rules and requires other marketing actions than brand loyal consumers. In particular, they do not evaluate a large set of alternatives but use simple decision heuristics like "Always buy the Cheapest brand" or "Always buy the same brand". Although consumers do not always seek information actively, they do receive some information, e.g. due to advertising campaigns. Which may be used to form certain beliefs about brands. Based on these prior beliefs, brands are evaluated and some are preferred over others. In time, the consumer may develop a commitment towards a brand and become brand loyal. Hence, brand loyalty implies consistent repurchase of a brand, resulting from a positive affection of the consumer towards that brand. We should point out, however, that the importance of commitment is not supported by some researchers who argue that buying behavior is caused by instrumental conditioning (Foxall (1987) for a review). They posit that observed behavior alone is capable of explaining brand loyalty. According to this view, the purchase will lead to a "reward" (the brand is adequate) or a "punishment" (the brand is inadequate). The former induces the repurchase of a brand while the latter induces brand switching. In this approach, brand loyalty is regarded as a consequence of behavior, rather than as an explanation. In contrast, brand commitment is more likely to be influenced by a brand's distinguishing characteristics, design features or images (Riezebos (1994)).

RESEARCH METHODOLOGY

An intensive study has been made on the consumer preference to Health Drinks in Tiruppur city.

1. Research Design:- To analyze the buying behaviour of consumers a descriptive research design was used. Primary data was collected with close ended questionnaire. The questionnaire includes personal background information of the consumers, preferences of consumers towards the particular brand, purchasing pattern, reasons for consumption, brand loyalty, manufacturing, expiry date etc.,

2. Sampling: Adopting convenience sampling technique, 100 respondents were chosen including users, deciders and buyers of health drinks in Tiruppur city. The data collected was analyzed with the help of statistical tools such as chi-square test, Correlation etc.

INTERPRETATIONS

- Among 100 respondents 60% of the respondents were male and rests were female.
- The majority market share is hold by bournvita with 52%. Horlicks occupied the second position with 25% market share. The least share of 10% is hold by Milo. These results were derived from respondents (customers) based on Questionnaire obtained.
- About 75% of consumers accepted that they purchase the same health drink, which expresses their loyalty towards brand.
- More than 58% of the respondents purchase particular health drink considering nourishment, price comes second while the packaging is the least factor.

FIGURE 1: SHOWING THE % OF PURCHASE OF HEALTH DRINKS AMONG CONSUMERS OF TIRUPPUR DISTRICT

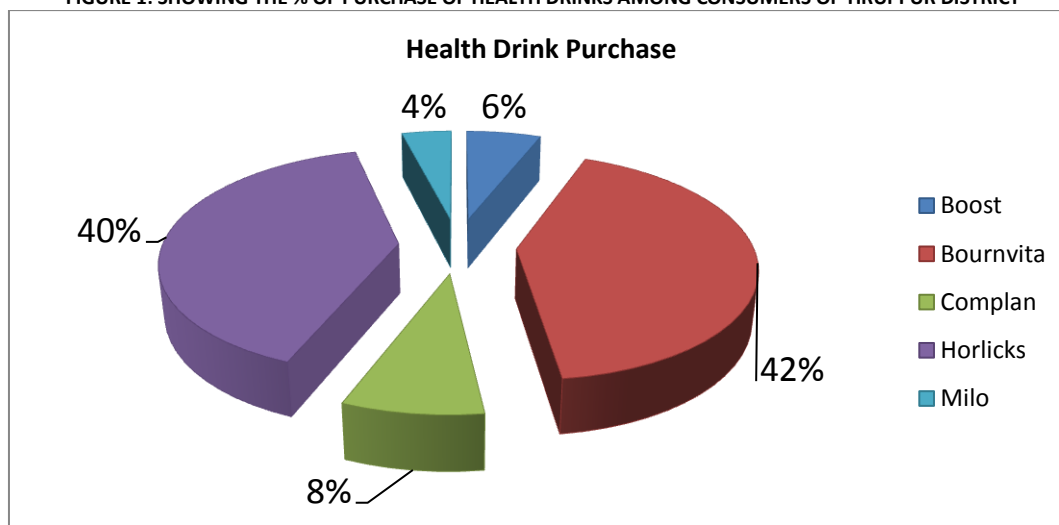


TABLE 1: ILLUSTRATING CUSTOMER AWARENESS ON MANUFACTURING AND EXPIRY DATE

Health Drink Brand	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Bournvita	24	10	3	4	1	42
Boost	1	3	1	0	1	6
Complan	2	4	0	1	1	8
Horlicks	23	7	3	4	3	40
Milo	2	1	0	1	0	4
Total	52	25	7	10	6	100

TABLE 2: ILLUSTRATING THE CHI – SQUARE TEST

χ^2 TEST			
Calculated value	Degree of freedom	Level of Significance	Tabulated value
13.66	16	5%	26.3

INFERENCE

The analysis supports null- hypothesis that there is a significant correlation between various factors.

H_{03} = While purchasing the Health Drink customers consider the manufacturing and expiry date of Health drink.

H_{13} = While purchasing the Health Drink customers do not consider the manufacturing and expiry date of health drink.

TABLE 3: ILLUSTRATING CONSUMER PURCHASING BEHAVIOUR OF HEALTH DRINK EVERY TIME

Health Drink Brand	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
Bournvita	26	12	1	2	1	42
Boost	1	3	1	0	1	6
Complan	2	4	0	1	1	8
Horlicks	24	8	1	4	3	40
Milo	2	1	0	1	0	4
Total	55	28	3	8	6	100

TABLE 4: ILLUSTRATING THE RESULTS OF CHI SQUARE TEST

χ^2 TEST			
Calculated value	Degree of freedom	Level of Significance	Tabulated value
16.897	16	5%	26.3

HYPOTHESIS TESTING

H_{01} = Customers have high degree of brand loyalty among different health drinks.

H_{11} = Customers are not loyal towards their brand.

The result shows that the null hypothesis holds to be valid. Hence, customers are loyal towards their brand.

TABLE 5: EXPLAINING RESULTS OF CORRELATION BETWEEN FACTORS

CORRELATION			
Calculated Value	Degree Of Freedom	Level Of Significance	Tabulated Value
+0.19	98	5%	0.205

INFERENCE

The analysis supports null- hypothesis that there is a significant correlation between various factors.

H_{02} = There is a significant correlation between various influencing factors like nourishment ,brand image , color, economy and packaging etc., and buying behavior of customer.

H_{12} = there is no significant correlation between various influencing factors like nourishment, brand image color economy, packaging etc., and buying behavior of customer for health drink.

H_{13} = While purchasing the Health Drink customers do not consider the manufacturing and expiry date of health drink.

The statistical analysis provides enough evidence to accept the null hypothesis. Hence, it is evident that health drink customers consider the manufacturing and expiry date of Health Drink.

RESULTS AND CONCLUSIONS

1. The chi – square statistical study reveals that respondents are highly loyal towards their present brand i.e., Bournvita.
2. The findings of the study states that among all the five health drink brands i.e. Boost , Bournvita, Complan, Horlicks and Milo; Bournvita holds the largest share of 42%, Horlicks with 40%, and Complan , Boost, and Milo are the third, fourth and fifth place respectively with the 8%, 6%, 4% market share.
3. The customers are highly satisfied with the present brand.
4. The correlation between different factors that influence consumer to purchase a particular brand of health drink is +0.19. This shows that there is positive correlation between different influencing factors and buying behaviour of customers.

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MONOGRAPH ON MATHEMATICAL MODELLING OF C-RAN

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ABSTRACT

In this paper, a multidimensional Markov model has been proposed for Cloud Radio access network (C-RAN) to overcome the efficiency and flexibility issues with the traditional RAN architecture. Traditional model lacks the sophisticated mathematical model to analyse the stochastic multiplexing gain from the pooling of Virtual base stations (VBSS). To determine the pooling gain, a product-form solution for the stationary distribution has been derived and a recursive method has been presented to calculate the blocking probabilities.

KEYWORDS

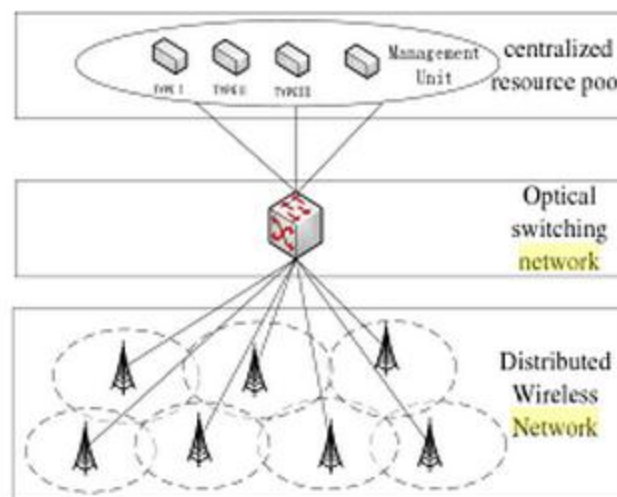
cloud radio access, cloud computing, markov model.

INTRODUCTION

Centralized Radio Access Network is a real time cloud infrastructure and open platform access network. The architecture requires a centralized resource pool which dynamically handles the cell load. The key is to how to have fewer resources handle a cell load keeping the performance optimized. As the number of mobile subscriber growth and huge demand of data services, the traditional RAN is difficult to meet up the demand, and therefore, the architecture of RAN is to be altered to adapt to the new environment. Some scholars have proposed an architecture based on centralized RAN, an open-platform for real-time cloud radio access network for better resource utilization, extended life of the equipments and more importantly, better service provided to the customers.

ARCHITECTURE OF C-RAN

C-RAN is a new evolution of wireless access network. It uses optical switching transmission network to link the Remote Radio Units (RRUs) and the nodes of centralized resource pool such as Baseband Units (BBUs) in order to achieve large-scale regional coverage of the base stations. One BBU can handle some loads of RRUs. The distributed RRUs constitute cell cluster according to geographical proximity.

FIGURE 1: ARCHITECTURE OF C-RAN**BASICS OF CLOUD TECHNOLOGY**

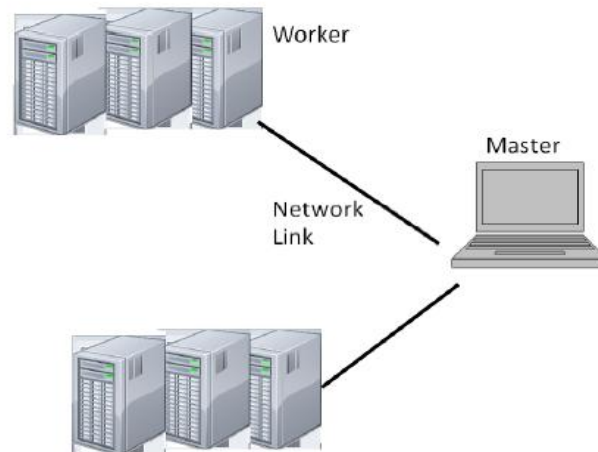
Cloud Computing is a relatively new technology to provide users with services, which are accessible through networks including local area network (LAN), wide area network (WAN) or even Internet. More precisely, a Cloud computing platform is based on two types of software: end users' applications and system software. The end users' applications are delivered as services to users, known by softwares as a service (SaaS) and the system software is a middleware in support of those services with a quality of service according to a Service Level Agreement. Complicated applications often require a huge amount of available computing processing and network capacity, provided as an infrastructure as a service (IaaS), in support of large-scale experiments. In this work, focus is on divisible load applications, where we impinge the concept of modularity. The application load is grouped into a number of tasks that can be processed in parallel but independently. Divisible Load Theory is centered on the master-slave model. The master is a processor which divides an application load into tasks and assigns each task to a separate slave/worker.

SYSTEM MODELING (STAR-TOPOLOGY)

Cloud generally comprises of multiple Computing Workers and a single Master Worker, where these computing workers are independently connected to the master worker in a star topology. It's to be noted that the data speed of the link connecting these computing workers and the master worker dictates the speed of communication processing when a data is transmitted. Upon receiving of an application or service request from an user in the network, the master divides the whole application into small segments of tasks in a sequential pattern. Certain amount of overhead is associated with each task for transmission and for purpose of computing. To minimize the overheads, the master worker includes a scheduler which must take into account of the capacity of the selected computing workers in terms of the capacity of the communication link between the master and the computing slave/worker. In this paper, the pivotal point is on the statistics of computing process at the workers under various conditions, and to determine utilization of a computing worker and the corresponding total blocking probability.

The following figure demonstrates A Star-Topology Computing Platform Model.

FIGURE 2



A Cloud is considered to have R heterogeneous computing workers. A computing worker r , $r \in \{1, \dots, R\}$, in the Cloud is modeled by a tandem processing system which comprises of three components. The first component implies the task receiving processing capacity of $\mu_{1,r}$ tasks per second, r being index of computing worker. The second component denotes the capacity of $\mu_{2,r}$ tasks per second, and the third one indicates the task transmission capacity of $\mu_{3,r}$. It is assumed that all the computing workers can run in parallel, but our model does not impose this and computing workers may run at different stages during application execution.

An application can be either dynamically submitted to the Cloud to run or sometimes it may happen that the application is in static in cloud server but the server can receive dynamic requests from the end users.. Applications' or execution requests' arrival is assumed to be a Poisson process with a mean rate λ . When an application arrives at the Cloud, the master worker segments the application into R tasks to be assigned for each individual computing worker. The task assigned to a computing worker r is $\alpha_r \lambda$, which is also a Poisson process. Note that α_r is the weight of a task load assigned to a computing worker r and the whole application load is given as below:

$$\alpha_r = \sum_{r=1}^{r=R} \alpha_r = 1$$

MODELING OF A DIVISIBLE LOAD THEORY IN A STAR NETWORK CLOUD USING MARKOV PROCESS

Each computing worker consists of three process components, including task receiving process denoted as S1 (stands for station 1), a process denoted as S2 (stands for Station 2) and a transmission process delineated as S3 (stands for Station 3). The S1 makes a note of the time delay needed for receiving a task from the master worker before starting the computing process. The S2 checks the time needed to execute the received task. The Station 3 defines the time needed to transfer the result obtained at the Station 2 back to the master worker.

These three stations, associated with a computing worker $r \in \{1, 2, \dots, R\}$, are connected in a tandem model without any queuing spaces. Probability distribution of

receiving tasks at the S1 is a Poisson process and the entire process of receiving tasks from master to the worker is μ -distribution with a mean value of $\mu_{1,r}$ tasks per second since each task is accumulated by a bulk of data packets in sequence order with Poisson distribution. Likewise, the processing at the S2 is

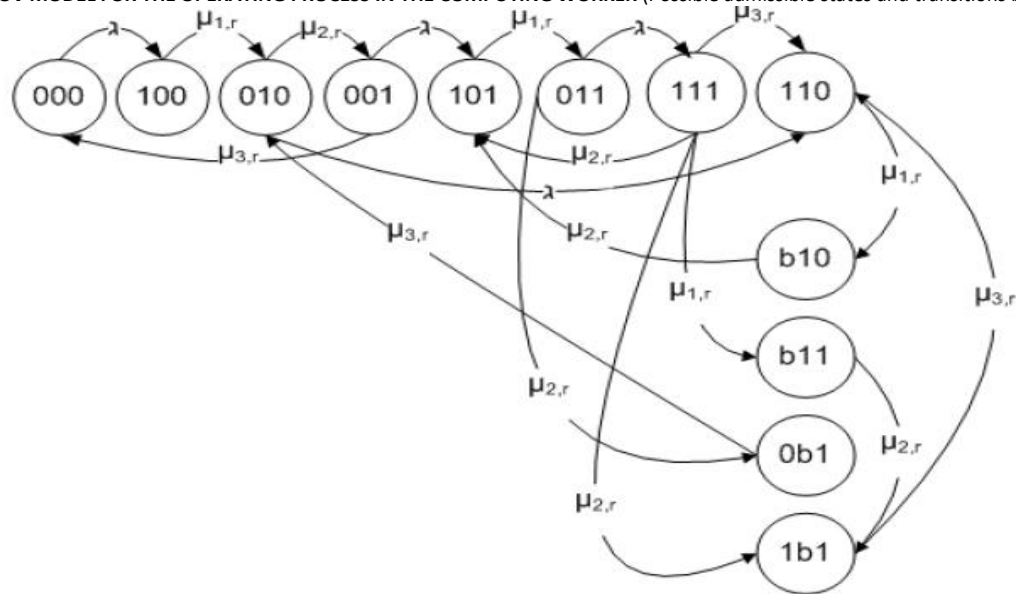
another μ -distribution with a mean value of $\mu_{2,r}$ tasks per second. The transmission of the results back to master worker at the Station 3 is performed in a manner that the results are packetized into data packets with exponential distribution, so that the transmission time of each packet is also exponentially

distributed. Hence, the transmission of tasks at the Station 3 is exponentially distributed with a mean value of $\mu_{3,r}$ tasks per second. A computing worker r is a process chain which is connected sequentially. The master does not assign any new task to the slave/worker if the application is in process in S1 even if S2 and S3 are free.

A 3-digit symbol is used to represent the operation status of a computing worker, where digit "0" represents the processor in an "idle" status and "1" represents the processor in a "busy" status. For example, symbol "101" represents that the process of receiving a task from the master worker is on-going, the computing processor is "free" and that the transmitting processor is "busy" on sending the results back to master worker. Furthermore, the status "b" represents an application task that is blocked due to one application task's arrival onto a processor in "busy" status. For example, symbol "b11" represents that when a completely received application task is sent to a computing processor, this application task is blocked due to the computing processor being in a "busy" status, meanwhile, the transmitting processor is also in a "busy" on sending results back to master worker. The description of the individual states has been depicted below:

000	System is empty.
100	Application task is in process at Station 1 only.
110	Application tasks are in process at Station 1 and 2 only.
111	Application tasks are in process at Station 1, 2 and 3.
101	Application tasks are in process at Station 1 and 3 only.
001	Application task is in process at Station 3 only.
011	Application tasks are in process at Station 2 and 3 only.
010	Application task is in process at Station 2 only.
b10	Application task is blocked at the output of Station 1 because Station 2 is occupied.
b11	Application task is blocked at the output of Station 1 because both Station 2 and 3 are occupied.
0b1	Application task is blocked at the output of Station 2 because Station 3 is occupied.
1b1	Application task is blocked at the output of Station 2 because both Station 1 and 3 are occupied.

FIGURE 3: MARKOV MODEL FOR THE OPERATING PROCESS IN THE COMPUTING WORKER (Possible admissible states and transitions between them)



Considering the state "000", which is directly related to the two states "100" and "001". When the computing worker in state "000" is starting to receive a new task from the master, it moves to state "100" at the rate of λ which is an outbound flow from the state "000". On the other hand, when the computing worker is in state "001" completes the process of transmitting data back to the master.

worker, it transits to state "000" at the rate of $\mu_{3,r}$, which is an inbound flow into the state "000". When the operation is stable, the outbound flows from the state "000" is equal to the inbound flows to the state "000". Consequently, we obtain Equation (1) as:

$$\alpha_r \lambda p_{000} = \mu_{3,r} p_{001} \quad \text{-----(1)}$$

The left side and the right side denote outbound flow the inbound flow respectively.

Similarly, applying the same strategy to the rest of the states, we can obtain the following equations (2)–(12) for all the corresponding states. The steady-state equations for this multidimensional Markov chain are then as follows:

$$\mu_{1,r} p_{100} = \alpha_r \lambda p_{000} + \mu_{3,r} p_{101} \quad \text{-----(2)}$$

$$(\alpha_r \lambda + \mu_{2,r}) p_{010} = \mu_{1,r} p_{100} + \mu_{3,r} (p_{011} + p_{0b1}) \quad \text{-----(3)}$$

$$(\alpha_r \lambda + \mu_{3,r}) p_{001} = \mu_{2,r} p_{010} \quad \text{-----(4)}$$

$$(\mu_{1,r} + \mu_{3,r}) p_{101} = \alpha_r \lambda p_{001} + \mu_{2,r} (p_{110} + p_{b10}) \quad \text{-----(5)}$$

$$(\alpha_r \lambda + \mu_{2,r} + \mu_{3,r}) p_{011} = \mu_{1,r} p_{101} \quad \text{-----(6)}$$

$$(\mu_{1,r} + \mu_{2,r} + \mu_{3,r}) p_{111} = \alpha_r \lambda (p_{011} + p_{0b1}) \quad \text{-----(7)}$$

$$(\mu_{1,r} + \mu_{2,r}) p_{110} = \alpha_r \lambda p_{010} + \mu_{3,r} (p_{111} + p_{b11} + p_{1b1}) \quad \text{-----(8)}$$

$$(\alpha_r \lambda + \mu_{3,r}) p_{0b1} = \mu_{2,r} p_{011} \quad \text{-----(9)}$$

$$(\mu_{1,r} + \mu_{3,r}) p_{1b1} = \mu_{2,r} (p_{111} + p_{b11}) \quad \text{-----(10)}$$

$$(\mu_{1,r} + \mu_{3,r}) p_{1b1} = \mu_{2,r} (p_{111} + p_{b11}) \quad \text{-----(11)}$$

$$\mu_{2,r} p_{b10} = \mu_{1,r} p_{111} \quad \text{-----(12)}$$

We can solve the mentioned steady-state probabilities in terms of a single variable i.e. p_{000} and using boundary equation $\sum \sum p_{n1,n2,n3} = 1$ to find p_{000} as follows:

Based on Equation (1), we obtain:

$$p_{001} = \frac{\alpha_r \lambda}{\mu_{3,r}} p_{000} \quad \text{-----(13)}$$

From Equations (4) and (13), we obtain the following formula:

$$p_{010} = \frac{\alpha_r \lambda (\alpha_r \lambda + \mu_{3,r})}{\mu_{3,r} \mu_{2,r}} p_{000} \quad \text{-----(14)}$$

From Equations (2), (3), (6), and (9) we obtain by substitutions the following equation:

$$p_{101} = \frac{\alpha_r \lambda \mu_{3,r} (\alpha_r \lambda + \mu_{2,r}) p_{010} - \alpha_r^2 \lambda^2 \mu_{3,r} p_{000}}{\alpha_r \lambda \mu_{3,r}^2 + \mu_{1,r} \mu_{3,r}} \quad \text{-----(15)}$$

Consequently, p_{011} is obtained from Equation (6) as follows:

$$p_{011} = \frac{\mu_{1,r}}{\alpha_r \lambda + \mu_{2,r} \mu_{3,r}} p_{101} \quad \text{-----(16)}$$

p_{0b1} is obtained based on Equations (9), and (16):

$$p_{0b1} = \frac{\mu_{2,r}}{\alpha_r \lambda + \mu_{3,r}} p_{011} \quad \text{-----(17)}$$

Based on Equation (7), p_{111} is obtained as follows, and then can be computed from Equations (16) and (17):

$$p_{111} = \frac{\alpha_r \lambda}{\mu_{1,r} + \mu_{2,r} + \mu_{3,r}} (p_{011} + p_{0b1}) \quad \text{-----(18)}$$

From Equation (12), we obtain:

$$p_{b10} = \frac{\mu_{1,r}}{\mu_{2,r}} p_{111} \quad \text{-----(19)}$$

Based on Equation (5), we obtain:

$$p_{110} = \frac{1}{\mu_{2,r}} [(\mu_{1,r} + \mu_{3,r}) p_{101} - \alpha_r \lambda p_{001} - \mu_{2,r} p_{b10}] \quad \text{---(20)}$$

Based on Equations (10) and (11), p_{b11} is obtained using the following formula:

$$p_{b11} = \frac{\mu_{1,r}^2 + \mu_{1,r} \mu_{3,r} + \mu_{1,r} \mu_{2,r}}{\mu_{1,r} \mu_{3,r} + \mu_{2,r} \mu_{3,r} + \mu_{3,r}^2} p_{111} \quad \text{-----(21)}$$

From Equation (10), we obtain:

$$p_{1b1} = \frac{\mu_{2,r}}{\mu_{1,r} + \mu_{3,r}} (p_{111} + p_{b11}) \quad \text{-----(22)}$$

The total task blocking probability in computing worker r is given by the following formula, which denotes as well the computing worker efficiency:

$$P_b = p_{b11} + p_{1b1} + p_{b10} + p_{0b1} \quad \text{-----(23)}$$

EXTENSION OF MULTIDIMENSIONAL MARKOV PROCESS INTO C-RAN

The proposed model is being introduced and with proof for its reversibility. The essence of the model is a Virtual Base Station cluster with M number of Virtual Base Stations. Let us assume that these VBSs share N number of servers. Each VBS is connected to a remote radio unit (RRU) and endowed with K numbers of radio resources.

User sessions arrive independently in the coverage area of these VBSs following identical independent Poisson processes with arrival rate λ , and are served independently with exponential service time with mean μ^{-1} . We assume exponential service time basing on the assumption that the length of users' data queue

is distributed as per Poisson's distribution. Defining the number of sessions in the m -th VBS to be k_m , then the number of sessions in all the pooled VBSs can

be described with an M -dimensional vector as follows: $\mathbf{k} = (k_1, \dots, k_m, \dots, k_M)^T$.

Each active user session simultaneously occupies a radio server and a cloud server, and releases both type of servers after being served. When a user session arrives, the pool scheduler monitors the number of radio servers and cloud servers to decide whether the session would be accepted or not. The condition of the session to be accepted is when the number of radio servers in the serving VBS is less than K and the number of cloud servers in the pool is less than N . Otherwise the session is rejected by the scheduler. This blocking policy reflects the constraint by both radio and computational resources.

Taking the blocking policy into consideration, the set of possible states can be defined as follows:

$$\mathbb{K} = \{\mathbf{k} \mid 0 \leq k_1, \dots, k_M \leq K, \quad 0 \leq \sum_{m=1}^M k_m \leq N\} \quad \text{-----(1)}$$

TRANSITION RATES

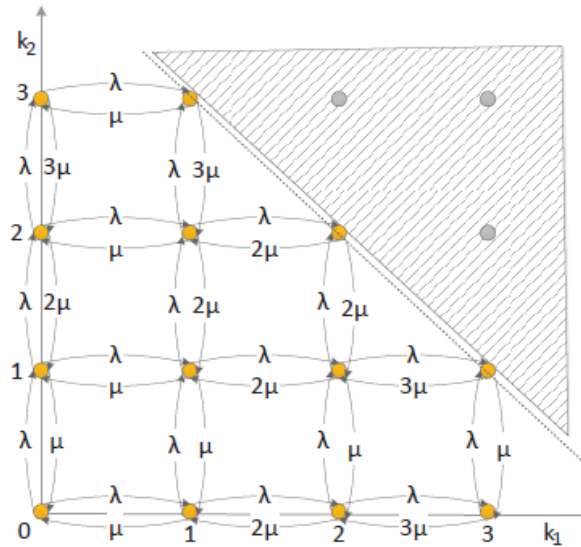
The state of \mathbf{k} changes as user sessions arrive and depart. We can assume that there can only be a single session arrival or departure at any point of time. Thus, only a single value of \mathbf{k} can change at any epoch, and the change is either $+1$ or -1 . In other words, \mathbf{k} is a M -dimensional Markovian chain process and the rate of transition from state $\mathbf{k}^{(i)}$ to state $\mathbf{k}^{(j)}$ as:

$$q_{k^{(i)}k^{(j)}} = \begin{cases} \lambda, & \text{if } k^{(j)} - k^{(i)} = e_m \\ k_m^i \mu, & \text{if } k^{(j)} - k^{(i)} = -e_m \\ 0, & \text{otherwise} \end{cases} \quad (2)$$

where states $k^{(i)}, k^{(j)} \in \mathbb{K}$, $k_m^{(i)}$ is the m -th entry of $k^{(i)}$, and $e_m^T = (0, \dots, 0, \underbrace{1}_{m\text{-th}}, 0, \dots, 0)$.

For the ease of understanding, following figure illustrates the state transition graph of a simple example with $N = 4$, $M = 2$ and $K = 3$.

FIGURE 4



Transition graph of a pool with 2 VBSSs. $K = 3$, $N = 4$.

PROPOSED STATIONARY DISTRIBUTION

Since k is reversible, the local balance equation:

$$P(k^{(i)}) \cdot q_{k^{(i)}k^{(j)}} = P(k^{(j)}) \cdot q_{k^{(j)}k^{(i)}} \quad (3)$$

holds for the statistical equilibrium of k . Without loss of generality, let

$$k^{(i)} = (k_1, \dots, k_m, \dots, k_M)^T$$

$$k^{(j)} = (k_1, \dots, k_m + 1, \dots, k_M)^T,$$

and substitute (2) into (3), we can get

$$\begin{aligned} & P(k_1, \dots, k_m, \dots, k_M) \cdot \lambda \\ &= P(k_1, \dots, k_m + 1, \dots, k_M) \cdot (k_m + 1) \mu \end{aligned} \quad (4)$$

After a simple manipulation on (4), we have

$$\frac{P(k_1, \dots, k_m + 1, \dots, k_M)}{P(k_1, \dots, k_m, \dots, k_M)} = \frac{a}{(k_m + 1)} \quad (5)$$

where $a = \lambda/\mu$. Clearly, this is a recursive equation for computing the stationary distribution. Continuing the recursion down to 0 for the m -th iterative value of k ,

$$P(k_1, \dots, k_m, \dots, k_M) = P(k_1, \dots, 0, \dots, k_M) \cdot \frac{a^{k_m}}{k_m!} \quad (6)$$

Then repeat the same process for other values of k / other entries of k , we can define the distribution of k :

$$P(k) = P_0 \cdot \prod_{m=1}^M \frac{a^{k_m}}{k_m!} \quad (7)$$

In which

$$P_0 = P(0, \dots, 0, \dots, 0) = \left(\sum_{\mathbf{k} \in \mathbb{K}} \prod_{m=1}^M \frac{a^{k_m}}{k_m!} \right)^{-1} \quad \text{-----(8)}$$

Can be derived from the statistical fact that

$$\sum_{\mathbf{k} \in \mathbb{K}} P(k_1, \dots, k_m, \dots, k_M) = 1 \quad \text{-----(9)}$$

BLOCKING PROBABILITY

Let us decompose the blocking events into two sets. We define the blocking events that are solely due to insufficient radio servers i.e. **radio blocking** and can be mathematically defined as:

$$k_m^- = K, \sum_{i=1}^M k_i^- < N)$$

And blocking due to insufficient cloud servers i.e. **Cloud blocking** and can be defined as follows:

$$\sum_{i=1}^M k_i^- = N)$$

the union set of radio and cloud locking events to be overall blocking. These two blocking probabilities are mutually exclusive.

With above definition, we have overall blocking probability

$$P_b = P_{br} + P_{bc} \quad \text{-----(9)}$$

with the probability of radio blocking

$$P_{br}(N, M) = \begin{cases} \sum_{m=1}^M \frac{1}{M} \sum_{\mathbf{k} \in \mathbb{K}_{<N}^{m,K}} P(\mathbf{k}), & N > K \\ 0, & N \leq K \end{cases}$$

$$= \begin{cases} \frac{P_0}{M} \sum_{m=1}^M \sum_{\mathbf{k} \in \mathbb{K}_{<N}^{m,K}} \prod_{m=1}^M \frac{a^{k_m}}{k_m!}, & N > K \\ 0, & N \leq K \end{cases} \quad \text{-----(10)}$$

And the probability of the cloud blocking:

$$P_{bc}(N, M) = \sum_{\mathbf{k} \in \mathbb{K}_{=N}} P(\mathbf{k})$$

$$= P_0 \cdot \sum_{\mathbf{k} \in \mathbb{K}_{=N}} \prod_{m=1}^M \frac{a^{k_m}}{k_m!} \quad \text{-----(11)}$$

Where

$$\mathbb{K}_{=N} = \{\mathbf{k} | k_1 + \dots, k_M = N\}$$

$$\mathbb{K}_{<N}^{m,K} = \{\mathbb{K}^{m,K} \cap \mathbb{K}_{<N}\}$$

$$\mathbb{K}_{<N} = \{\mathbf{k} | k_1 + \dots, k_M < N\}$$

$$\mathbb{K}^{m,K} = \{\mathbf{k} | k_m = K\}.$$

Since equation (7) is symmetric in any two of its arguments,

$$P(\dots, k_i, \dots, k_j, \dots) = P(\dots, k_j, \dots, k_i, \dots), \quad \text{-----(12)}$$

then (10) can be simplified for $N > K$ as:

$$P_{br}(N, M) = \frac{M}{M} \sum_{\mathbf{k} \in \mathbb{K}_{<N}^{1,K}} P(\mathbf{k})$$

$$= P_0 \cdot \sum_{\mathbf{k} \in \mathbb{K}_{<N}^{1,K}} \prod_{m=1}^M \frac{a^{k_m}}{k_m!}$$

$$= P_0 \cdot \frac{a^K}{K!} \cdot \sum_{\mathbf{k} \in \mathbb{K}_{<N}^{1,K}} \prod_{m=2}^M \frac{a^{k_m}}{k_m!} \quad \text{-----(13)}$$

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REGULATION AND DE-REGULATION OF COOPERATIVES IN CONTEXT OF LEGAL FRAMEWORK

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ABSTRACT

The laws relating to cooperatives have been playing a vital role in the development of co-operative movement in India as well as in Tripura. These laws were enacted in compliance with co-operative principles. In Tripura 'The Co-operative Societies Act' was came into effect in 1974. The aim and objective of the said law is to consolidate and amend regulatory framework relating to cooperatives in the state. Broadly the statute having provisions relating to, registration, members and their rights and liabilities, incorporation, duties and privileges of societies, what kind of government aid could possibly be given to societies, property and funds of societies, how to manage societies, how to carry out audit, inquiry, inspection and suspension, procedure for deciding disputes, aspects to deal with liquidations, insured co-operative bank's, co-operative land development banks, offences and penalties, appeals, review and revision, and other miscellaneous matters. But with careful observation, it could be stated that the regulatory framework to control co-operatives in Tripura is centralized. The reason to say so, is The Co-operative Societies Act allowing co-operatives a very limited scope to be ruled by their own bylaws. Co-operatives should be given liberty to administer their day-to-day work but state enacted law have curtailed their liberty. The present paper is dealing with such provisions to show how cooperative societies liberty are being controlled by state enactments.

KEYWORDS

Cooperatives, centralized, bylaw.

INTRODUCTION

In India first legislative action in relation to cooperative was taken in 1904, when Cooperative Societies Act was enacted. The main objective of the Act was to introduce a simplified regulatory framework, which could possibly be understood by common man. Scopes were created so that provincial governments could make suitable rules to meet specific situation relating to their respective areas. Though the Act had certain weaknesses. The main weakness of this Act lies in restricting itself to only credit cooperatives as it permitted only the registration of the primary credit societies. This is why in 1912 another law was passed. This Act is Cooperative Societies Act 1912. This enactment became base for all other Act passed by various state governments including Tripura.

THE TRIPURA COOPERATIVE SOCIETIES ACT, 1974

The Tripura Cooperative Societies Act, 1974 was enacted to consolidate and amend the law relating to cooperative societies in the state.

REGISTRATION

According to the Act, the power to appoint registrar of cooperative societies have been vested upon the state government. Provision have been also allowing to appoint more persons to assist the registrar of cooperative societies. The Tripura Cooperative Societies Act states, a society which has its objective of promotion of economic interest or general welfare of its members or of the public may be registered under this Act.

MEMBERS AND THEIR RIGHTS

Everybody those are competent to enter into contract under the provision of Indian Contract Act 1872, may become a member of a society. The firm or company or any other body corporate constituted under any law or any society, which was registered under Societies Registration Act could be member. Even the government could be member of cooperative society. The act provides provisions regarding cessation of membership. According to the statutory provision, cessation of membership takes place, when a particular member voluntarily resigns, dies or he or she is expelled from the society. The law also provides the procedure for expulsion from membership. The expulsion of any member should follow passing of a resolution in the relevant matter. Resolution must be passed by the three fourth of the societies member. The Act provides rights and such include right to vote, right to inspect documents pertaining to rules, regulation, bylaws, last audited balance sheet including audit notes.

INCORPORATION, DUTIES AND PRIVILEGES OF SOCIETIES

Registration of a society makes it to be a body under which it is registered. The entity of such body is perpetual. It is the duty of societies to keep copies of Act, rules, bylaws, list of membership and it must remain open for inspection by any member. The privileges, those are provided in the Act are similar to all immunities provided to a legal person in India along with other benefits to be remitted. Under Section 44, the government may by notification published in official Gazette, may remit the stamp duty, any fee payable by any society for registration of documents or court fees, any other tax.

GOVERNMENT AID TO SOCIETIES

The government may subscribe share of any society with limited liability. For this purpose of government must enter into an agreement. The government is having liability in respect of share, in the event of winding up of the company to the limit it had subscribed shares. On other hand government may give loans to societies. The Act also states that the government may guarantee the payment of the principal debentures issued by a society and associated interest and also may guarantee the payment of the share capital of a society to its members. Government may guarantee that the payment of loans given by cooperative Bank to a society. The statute stated that such provisions will stand notwithstanding anything inconsistent contained in any other law in the country

PROPERTY AND FUNDS OF SOCIETIES

The statute states that, no part of the funds of a society other than net profits, shall be divided by way of bonus or dividend or otherwise among its members. The distribution of net profits will be carried out following a declaration by the annual general meeting in compliance the provision of this Act, The Tripura Cooperative Societies Act, 1974. The Act also stated no honorarium shall be paid out of the funds and assets of the society other than net profits and such honorarium shall not exceed the limit as statute prescribed.

MANAGEMENT OF SOCIETIES

The Act states, the final authority of every society shall vest in the general body of members in general meeting. The management of every society shall vest in a committee constituted in accordance with a provision of this Act, rules and the bylaws, which shall exercise such powers and perform such duties as may be conferred by this Act. Election of the members of a committee shall be by secret voting method. The members of the committee of the society shall hold office not more than three years. After the expiry of the tenure the committee shall hand over the charges to the newly elected committee.

OTHER PROVISIONS

The Tripura Cooperative Societies Act, 1974 provides provision relating to liquidation, offences and penalties, appeals, review and revision. Apart from these provisions the act provided provision regarding insured Cooperative Banks, cooperative land development banks along with miscellaneous provisions. A miscellaneous provision of the law has given the procedure to recover sums due to government, registrars power to recover certain sums by attachment and sale of property, provision regarding delegation of power of registrar of federal societies.

ANALYSES OF STATUTORY PROVISIONS IN THE LIGHT OF GUIDELINES FOR COOPERATIVE LEGISLATION ISSUED BY INTERNATIONAL LABOUR ORGANISATION

From the above discussion it is very clear The Tripura Cooperative Societies Act, 1974 have provided many expressed provisions and some of such provisions also amended in 2009. The Tripura Cooperative Societies(Second Amendment) Act ,2009 amended Section 2, Section 9, Section 13, Section 14 , Section 20 , Section 21, Section 22, Section 27, Section 45, Section 46, Section 52, Section 59, Section 60, Section 61, Section 62, Section 65, Section 66, Section 67, Section 69, Section 70, Section 74, Section 78, Section 79, and different other new Sections were also inserted such as Section 10A, Section 20A, Section 21A, Section 47A, Section 66 A, Section 75A.

The Act has provided very detailed provision and releasing less scope for co-operative societies to be free from statutory compulsion. As already stated co-operatives are voluntary associations of persons, may only prosper if their members are autonomous in their economic activities.¹

The legal nature of the cooperative law depends on the definition of its objective. If it is to regulate the activity of the cooperative sector, it will be part of public economic law and should include, beside the rules on the formation, structure, operations and dissolution of co-operatives, also rules on establishment, the setup and the powers of a supervisory authority. If, on the other hand it is to only propose to potential cooperators a mode of organisation which will permit them to develop their activities in an autonomous manner, then it will be part of private law. In the context of structural adjustment to the requirements of human rights, democracy and the rule of law, private law is the logical choice.²

CONCLUSION

Regulatory framework is meant for regulation. Regulation could not be carried out on basis of imposed instructions for a long time. Where economic activities are concerned, regulatory framework must be liberal so that people can exercise their discretion. But the law that we are having in Tripura to regulate co-operatives societies are stringent and scope to comply with bylaws is very limited. So we need the deregulation of the framework, so that co-operatives societies could do freely in their own interest , keeping their economic and commercial objectives in mind.

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² *ibid.*

A STUDY ON ORGANIZED RETAILING AND ITS CHALLENGES

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ABSTRACT

India is becoming most favored retail destination in the world. Today retail sector contributing 10% to country's GDP. Indian retail industry is ranked among the ten largest retail markets in the world. The change of attitudes of Indian consumers and the emergence of organized retail formats have transformed the face of retailing in India. Organized retailing offers huge potential for future growth of retailing in India. This paper provides detailed information about the growth of retailing industry in India. It examines the growing awareness and brand consciousness among people across different socio-economic classes in India and how the urban and semi-urban retail markets are witnessing significant growth. It explores the role of the Government of India in the industry and its growth and the need for further reforms. In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. The paper includes growth of retail sector in India, strategies, strength and opportunities of retail stores, retail format in India, recent trends, and opportunities and challenges. And also focuses on the challenges faced by organized retail sector in India. It also emphasize on major players of retailers in India and customer services provided by the retailers. It also highlights the challenges faced by the industry in near future and also provides some suggestions to overcome the challenges. This paper concludes with the likely impact of the entry of global players into the Indian retailing industry.

KEYWORDS

organised retailing, retailing, retail formats, retail industry.

INTRODUCTION

The Indian Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.

Therefore, Retailing can be said to be the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturers and institutional buyers such as the government and other bulk customers. Retailing is the last link that connects the individual consumers with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit.

REVIEW OF LITERATURE

India is a nation of shopkeepers as well as shoppers. It is a common practice that retailers and marketers often strive to learn how and why people shop. The decision making regarding purchase of goods and services as become more complex and includes a number of factors which are important for customers. There are wooed by advertising, news articles and direct mailings providing information in this IT age along with the mixed messages. The addition of a number of variety stores, goods stores and shopping malls with the availability of multi component products and electronic purchasing capabilities have played a crucial role in widening the choice for customers and have complicated decision making. The phenomenal growth of retail in India is reflected in the rapid increase in number of super markets, departmental stores and hyper markets in the country. However, this unpredicted growth trend has been challenged by the shadow of the current economic slowdown, which has raised a fair of dip in consumption and slow down of growth for Indian organized retailers. The developing economies, specifically India are appearing on the world retail industry radar due to the size and potential of their markets. As organized retail presents enormous business opportunities, big names such as Reliance, Birla's and Tata's along with the Foreign Super Market chains have been making an entry in to the sector. Fearing loss of business and employment, traders and hawkers have held large –scale protests in various parts of the country. In the light of this, the Ministry of Commerce and Industry commissioned the Indian council for research on international economic relations to analyze the impact of organized retailing on unorganized retail, formers and intermediaries as a possible input to future policy- making. Unless and until a retailer understands a specific class of factors that influences customers satisfaction, induces to develop this loyalty towards a particular retail format and liking for a particular buying behavior, a retailer cannot succeed in attracting consumers loyalty as well cannot retain a large number of customers for a long period. Modern marketers are rediscovering the ancient mantras for success in corporate world and blending them with contemporary marketing practices. Long term survival and competitive advantage can only be attained by establishing an emotional bond with the customers. A shift is taking place from marketing to anonymous masses of customers to developing and managing relationships with more or less well known or at least some identified customers.

OBJECTIVES OF THE STUDY

1. To check the growth and development of organized retail industry in India.
2. To know the major players of organized retailers and customer services provided by the retailers.
3. To know the challenges faced by the organized retail sector in India.
4. To make some suggestions to overcome the challenges of organized retail sector.

GROWTH OF RETAIL SECTOR IN INDIA

Retail and real estate are the two booming sectors of India in the present times. And if industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other. Retail, one of India's largest industries, has presently emerged as one of the most dynamic and fast paced industries of our times with several players entering the market. Accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment retailing in India is gradually inching its way toward becoming the next boom industry.

As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offer shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large-scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business. The trends that are driving the growth of the retail sector in India are

- Low share of organized retailing
- Falling real estate prices
- Increase in disposable income and customer aspiration
- Increase in expenditure for luxury items.

Another credible factor in the prospects of the retail sector in India is the increase in the young working population. In India, hefty pay packets, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector. These key factors have been the growth drivers of the organized retail sector in India which now boast of retailing almost all the preferences of life - Apparel & Accessories, Appliances, Electronics, Cosmetics and Toiletries, Home & Office Products, Travel and Leisure and many more. With this the retail sector in India is witnessing rejuvenation as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores.

The retailing configuration in India is fast developing as shopping malls are increasingly becoming familiar in large cities. When it comes to development of retail space specially the malls, the Tier II cities are no longer behind in the race. The government of states like Delhi and National Capital Region (NCR) are very upbeat about permitting the use of land for commercial development thus increasing the availability of land for retail space.

THE ORGANISED RETAILING IN INDIA

Organized retailing comprises mainly of modern retailing with busy shopping malls, multi stored malls and huge complexes that offer a large variety of products in terms of quality, value for money and makes shopping a memorable experience. The Indian retail sector is estimated at around Rs 900,000 crore, of which the organized sector accounts for a mere 2 per cent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized. The retail sector is presently undergoing a transition in India. Previously, customers used to go to kirana stores to purchase their necessities. This later changed to bigger shops run by one man with a few employees. Here all the work was done manually. Gradually more sophistication seeped into this sector and department stores came into being. However, there was an explosion of shopping malls and plazas where customers interacted with professional and not with just one single person – the owner. An important point here is that customers' requirements are catered too, by trained staff. Today, organized retailing has become an experience characterized by comfort, style and speed. It is something that offers a customer more control, convenience and choice along with an experience. Organized retailing is on continuous increase of its market share from the past. Retailing can be categorized as of different sectors like food and grocery, clothing and textiles, consumer durables, footwear, furniture and furnishing, catering services, jewellery and watches, books, music and gifts, mobile handsets and others. The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, burgeoning income and favorable demographic outline.

INDUSTRY EVOLUTION

- Traditionally retailing in India can be traced to
- The emergence of the neighborhood Kirana stores catering to the convenience of the consumers
- Era of government support for rural retail: Indigenous franchise model of store chains run by Khadi & Village Industries Commission
- 1980s experienced slow change as India began to open up economy.
- Textiles sector with companies like Bombay Dyeing, Raymond's, S Kumar's and Grasim first saw the emergence of retail chains
- Later Titan successfully created an organized retailing concept and established a series of showrooms for its premium watches
- The latter half of the 1990s saw a fresh wave of entrants with a shift from Manufactures to Pure Retailers.
- For e.g. Food World, Subhiksha and Nilgiris in food and FMCG; Planet M and Music World in music; Crossword and Fountainhead in books.
- Post 1995 onwards saw an emergence of shopping centers
- Mainly in urban areas, with facilities like car parking
- Targeted to provide a complete destination experience for all segments of society
- Emergence of hyper and super markets trying to provide customer with 3 V's - Value, Variety and Volume
- Expanding target consumer segment: The Sachet revolution - example of reaching to the bottom of the pyramid.

RETAILING FORMAT IN INDIA

MALLS

The largest form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts. Ranges from 60,000 sq ft to 7, 00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment, all under a common roof. Examples include Shoppers Stop, Pyramid, and Pantaloon.

SPECIALTYSTORES

Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG's Music World and the Times Group's music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

DISCOUNTSTORES

As the name suggests, discount stores or factory outlets, offer discounts on the MRP through selling in bulk reaching economies of scale or excess stock left over at the season. The product category can range from a variety of perishable/ non-perishable goods.

DEPARTMENT STORES

Large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. Further classified into localized departments such as clothing, toys, home, groceries, etc.

Departmental Stores are expected to take over the apparel business from exclusive brand showrooms. Among these, the biggest success is K Raheja's Shoppers Stop, which started in Mumbai and now has more than seven large stores (over 30,000 sq. ft) across India and even has its own in store brand for clothes called Stop.

HYPERMARTS/SUPERMARKETS

Large self-service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified in to mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong focus on food & grocery and personal sales.

CONVENIENCE STORES

These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium

MBO's

Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros.

CHALLENGES FACED BY RETAIL SECTOR

Some of the reasons for this slow growth are:

1. COMPETITION FROM UNORGANIZED SECTOR: The very first challenge facing the organized retail industry in India is competition from the unorganized sector. Traditionally retailing has established in India for centuries. It is a low cost structure, mostly owner operated, has negligible real estate and labor costs

and little or no taxes to pay. Customer familiarity that runs from generation to generation is one big advantage for the unorganized sector. On the other hand, organized sector have big expenses to meet and yet have to keep prices low enough to compete with the traditional sector.

2. RETAIL NOT BEING RECOGNIZED AS AN INDUSTRY IN INDIA: lack of recognition as an industry hampers the availability of finance to the existing and new players. This affects growth and expansion plans.

3. THE INCREASED COSTS OF REAL ESTATE: real estate prices in some cities in India are amongst the highest in the world. The lease or rent of property is one of the major areas of expenditure. A high lease rental reduces the profitability of a project. It is difficult to find suitable properties in central locations for retail, primarily due to fragmented private holdings, infrequent auctioning of large government owned vacant lands and litigation disputes between owners.

4. HIGH STAMP DUTIES: in addition to the high cost of real estate the sector also faces very high stamp duties on transfer of property, which varies from state to state.

5. INADEQUATE INFRASTRUCTURE: poor roads and the lack of a cold chain infrastructure hamper the development of food and grocery retail in India.

6. PRICE WAR: There is a price war between different retail organizations. Every one is saying to provide goods at low cost and offers various promotional schemes. In such a case it is difficult to keep one's customers with oneself.

7. LACK OF SKILLED LABOUR FORCE: Front-end/retail assistant profiles in stores form a major proportion of the employment in the retail sector while store operations accounts for 75-80% of the total manpower employed in the organized retail sector. Unfortunately, there are very few courses specific to the retail sector and graduates/post graduates from other streams are recruited.

OPPORTUNITIES IN RETAIL SECTOR

For manufacturers and service providers the emerging opportunities in urban markets seem to lie in capturing and delivering better value to the customers through retail. For instance, in Chennai CavinKare's LimeLite, Marico's Kaya Skin Clinic and Apollo Hospital's Apollo Pharmacies are examples, to name a few, where manufacturers/service providers combine their own manufactured products and services with those of others to generate value hitherto unknown. The last mile connect seems to be increasingly lively and experiential. Also, manufacturers and service providers face an exploding rural market yet only marginally tapped due to difficulties in rural retailing. Only innovative concepts and models may survive the test of time and investments.

However, manufacturers and service providers will also increasingly face a host of specialist retailers, who are characterized by use of modern management techniques, backed with seemingly unlimited financial resources. Organized retail appears inevitable.

Retailing in India is currently estimated to be a US\$ 200 billion industry, of which organized retailing makes up a partly 3 percent or US\$ 6.4 billion. By 2010, organized retail is projected to reach US\$ 23 billion. For retail industry in India, things have never looked better and brighter. Challenges to the manufacturers and service providers would abound when market power shifts to organized retail.

CONCLUSION

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. Retailing provides an important link between producer and consumer in modern economy. Retail in India is most dynamic industry and represents a huge opportunity for domestic and international retailers. Modern retailing has miles to go in India. The growth of modern formats has been much slower in India as compared to other countries and the development of this sector is depends on the presence of regulatory and structural constraints. Government has to take care about the existence of organized retail stores in India and they have to take measures to overcome the challenges. Then the fast growth of organized retailing can be possible in India.

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WORK LIFE BALANCE OF WOMEN IN UNORGANIZED SECTOR OF VAIKOM MUNICIPALITY

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ABSTRACT

Indian economy is characterized by a large number of people working in unorganized sectors. This article provides an insight on the work life balance of women in Vaikom Municipality. The present study was carried out with women in construction workers, agriculture, fish vending, vegetable vending, animal husbandry, tailoring and domestic household working in the unorganized sector. An attempt has been made in the paper to understand the socio-economic condition of women laborers, nature of their work, their working conditions, and difficulties faced by them at their work place. The findings shows that the level of satisfaction of women in unorganized sector is lower and has the presence of hard works, lack of benefits etc.

KEYWORDS

unorganized sectors, women workers, work life balance.

INTRODUCTION

The National Commission For Enterprises in the unorganized sector (NCEUS), government of India defined the unorganized sector which consists all unincorporated enterprises owned by individuals or households less than 10 total workers involved in sale or production of goods and service on proprietary and partnership.

Unorganized sector comprises a major portion of Indian Economy. In unorganized sector, those enterprises and employments are involved which are unregistered under any legal provision. In, Indian scenario, 92% of human resource is employed in unorganized sector. 91% of women workers in are rendering their services in unorganized sector in India. A Majority of women work in unorganized sectors for low wages due to low level of skills, illiteracy, ignorance and surplus labor and thus face high level of exploitation.

The laboring women generally work in unorganized sector. They are outside the reach of Protective Labor Laws and Trade Union Organizations. They are not offered fair wages and lacks opportunities to improve their income.

Social security is included in the concurrent list of the Constitution of India as the responsibility of the central and state governments. A number of directive principles of state policy relating to social security were also incorporated in the Indian constitution. In informal sector, women workers don't get same wages for the same nature of work done by men. Both the central and state governments have formulated certain specific schemes to support women in unorganized sector which failed in meeting with the real needs and requirements. Though the National Rural Employment Guarantee Act -2005 (NREGA) is a breakthrough, it is limited to only hundred day's work for those registered worker under the Act. Another flaw is it doesn't have common wage in different states.

There are some acts i.e. The Unorganized Workers Social Security Act, 2008, Domestic Workers Welfare and Social Security Act, 2010 etc... But due to their improper implementation, women workers are forced to work and live in miserable conditions in unorganized sector.

STATEMENT OF THE PROBLEM

Women's employment in unorganized sector is rising due to the process of globalization, export oriented industrialization and relocation of industries from the developed to developing countries lead to increase in women workers in unorganized sector.

This study mainly focused on the affect of works on their personal life and how they balance their work with personal needs and obligations to the family.

OBJECTIVES

1. To find out work balance of women in unorganized sector.
2. To identify the problems faced by women in unorganized sector.
3. To identify reasons for involvement by women in unorganized sector.

RESEARCH METHODOLOGY

The samples were selected workers from women in construction workers and other daily wagers, agriculture, fish vending, vegetable vending, sole proprietors, beauticians, animal husbandry, tailoring and domestic housekeeping in the unorganized sector from Vaikom Municipality in the Kottayam district of Kerala. By using convenience sampling method 150 women workers are selected for the study.

Data were collected from primary as well as secondary sources. Primary data is collected through interview schedules. Secondary sources consist of books, periodicals, newspapers and online resources.

Collected data were analyzed using percentage method as well as Likert scale.

DATA ANALYSIS**TABLE 1: DISTRIBUTION OF RESPONDENTS**

Type of laborers	Number	%
Animal husbandry	36	24
Tailors	12	8
Fish vending	24	16
Coolies*	39	26
Beauticians	8	5
Sole Proprietor	19	13
Vegetable vendors	12	8
Total	150	100

*Coolies involve construction workers, shop at tenders, house.

Above table shows that most of the unorganized workers belongs to Coolies(26%) and 24% of workers are involved in animal husbandry. Tailors are 8%, fish vendors 16%, beauticians are 5%, sole proprietors 13% and vegetable vendors are of 8%.

TABLE 2: LEVEL OF SATISFACTION OF WORK AND LIFE BALANCE

SL. NO	Level of satisfaction →	Highly satisfied		Satisfied		Average		Dissatisfied		Highly Dissatisfied		Mean weight
		No	%	No	%	No	%	No	%	No	%	
1	Work and personal needs	25	17	32	21	59	39	25	17	9	6	0.26
2	Satisfaction from job	23	15	34	23	41	27	36	24	16	11	0.08
3	Time with family	25	17	48	32	17	11	38	25	22	15	0.11
4	Balancing with work and family commitments	28	19	42	28	49	33	19	13	12	8	0.37
5	Time for refreshment	11	7	25	17	29	19	53	35	32	21	-0.47
6	Work leave provisions	14	9	16	11	25	17	56	37	39	26	-0.6
7	Income from work	8	5	33	22	59	39	43	29	7	5	-0.05
8	Care of children	18	12	51	34	19	13	42	28	20	13	0.03
9	Time spent at work	13	8	18	12	43	29	48	32	28	19	-0.4
11	Family members support	47	31	55	37	40	27	5	3	3	2	0.92
12	Public acceptance	27	18	48	32	54	36	15	10	6	4	0.50
	Total	239		402		435		380		194		
	Total weight	478		402				380		388		0.75
	Average Mean											0.06

Source: Primary data

The average mean is a positive value (0.06) workers are satisfied. Since .06 is a value close to zero their level of satisfaction is less. Respondents are more dissatisfied with the leave provisions.

TABLE 3: REASONS OF WOMEN'S ENGAGEMENT AS LABORERS

REASONS	TYPE OF WORKW							TOTAL	
	Animal husbandry	Tailors	Coolies	Fish vending	Beauticians	Sole Proprietor	Vegetable vendors	NO	%
Poverty	14	-	21	18	1	-	4	58	39
Inadequacy of husband's income	28	4	33	18	3	3	7	96	64
To repay debts	2	-	-	-	-	3	-	5	3
To rear the children properly	5	8	20	18	7	14	8	80	53
Personal savings	12	3	2	1	2	-	4	24	16

Source: Primary data

It is found that the main reasons for women's engagement in unorganized sector are Inadequacy of husband's income and to rear the children properly.

TABLE 4: PROBLEMS FACED BY WOMEN LABORERS

PROBLEMS	TYPE OF WORK							TOTAL	
	Animal husbandry	Tailors	Coolies	Fish vending	Beauticians	Sole Proprietor	Vegetable vendors	NO	%
Illiteracy	12	-	18	3	6	4	2	45	30
Lack of proper skill, facilities & knowledge		1			3	5	1	10	7
Excessive burden of work	28	9	18	21	4	8	7	95	63
Untimely payment of wages	2	1	15	4	2	2	1	27	18
Wage discrimination	-	-	11	-	2	-	-	13	9
Seasonal employment		2	4	4	6	11	3	30	20
Fatigue & other physical problems	12	9	33	20	2	14	2	92	61
Lack of benefits	2	-	35	22	1	13	9	82	55
Exploitation by the employer	-	-	4	-	-	-	-	4	3
No job security	1	-	35	2	1	-	-	39	26

Source: Primary data

The above table shows that the major problems faced in unorganized sector are excessive burden in work (63%), fatigue and other physical problems (61%) and lack of benefits (55%). Employers are seems friendly in unorganized sector since exploitation rate and wage discrimination rate is less.

CONCLUSION

The level of satisfaction derived from the unorganized sector is minimum to women workers. The major reasons for lack of satisfaction are excessive burden they bear in the work and fatigue arrived due to the nature of work. Women workers fail to match their work efforts with the benefits received. It clearly shows the need for policies to match their efforts and benefits. The reason for their small amount of satisfaction is because they are able to cope with family commitments. They are getting time to meet their family commitments but still the time they spent on work is hectic. From the study the unorganized sector can be characterized with hectic works, more energy consuming and less beneficial but still somehow possible to meet their needs.

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IS CULTURAL SENSITIVITY REQUIRED BY POTENTIAL LEADERS: EMPIRICAL INVESTIGATION FOR SALES FUNCTION IN IT SECTOR

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ABSTRACT

Cultural sensitivity means being aware that cultural differences and similarities exist and have an effect on values, learning and behavior of an individual. The aim of this study is twofold, first aim is to develop the concept of cultural sensitivity and chalking out its various dimensions. And second aim is to further utilize these dimensions via questionnaire to investigate the extent to which the various dimensions of cultural sensitivity are important to the leaders in sales function, w.r.t. IT sector. After the literature review two questionnaires are adopted from Harris(2004) and Blake and Mouton for Cultural sensitivity and potential leadership respectively. The empirical setting is sales people from first and middle level of management in IT sector across few selected companies. This study proposes a model of the concept as multi-dimensional. Cultural sensitivity is perceived as a competence, held by a person responsible for sales in the export markets experience is viewed as essential to advance a salesperson's cultural sensitivity. The dimensions, and thus the variables composing cultural sensitivity are thus as follows: international experience, country experience, open-mindedness, adaptive business style, and ongoing business expenditure. Growth in the service sector industry internationally has imposed dealings between people from different cultures. As culture relates to norms, values and customs of people it generates behavioral differentiation. This result in expectations during service encounters, this difference has to be understood by IT professionals in order to build the modules for interaction. Cultural differences matter in leadership and the most effective leaders embrace them.

KEYWORDS

Cultural-sensitivity, sales, leadership, IT.

1. INTRODUCTION

1.1 Culture, for the purposes of this paper, is defined as "the collective programming of the mind which distinguishes the members of one group or category of people from others" (Hofstede, 2001, p.9). When values are widely shared by a group of people, they are provided with a common mechanism by which they can share understandings and interpretations of their world, and establish what is important and clarify priorities (Wild & Henderson, 1997). Learning does not occur in isolation. Psychologists and educationists (Vygotsky, 1978, Lefrancois, 1994) indicate the powerful influence of culture on human development.

1.2 Companies often employ foreign workers and court foreign parties as their operations go global and they take advantage of new markets in other countries. This makes cultural sensitivity in business more important than ever. An ignorance of a country's cultural norms can offend important clients, alienate employees in other countries and even lead to a reduction of product or service sales. The idea of more effective cross-cultural capabilities is captured in many terms similar to cultural competence. Cultural knowledge, cultural awareness, and cultural sensitivity all convey the idea of improving cross-cultural capacity, as illustrated in the following definitions:

1.2.1 **Cultural Knowledge:** Familiarization with selected cultural characteristics, history, values, belief systems, and behaviors of the members of another ethnic group (Adams, 1995).

1.2.2 **Cultural Awareness** developing sensitivity and understanding of another ethnic group. This usually involves internal changes in terms of attitudes and values. Awareness and sensitivity also refer to the qualities of openness and flexibility that people develop in relation to others. Cultural awareness must be supplemented with cultural knowledge(Adams, 1995).

1.2.3 **Cultural Sensitivity** Knowing that cultural differences as well as similarities exist, without assigning values, i.e., better or worse, right or wrong, to those cultural differences (National Maternal and Child Health Center on Cultural Competency, 1997).

1.2.4 **Cultural competence**, is defined as a set of congruent behaviors, attitudes, and policies that come together in a system, agency, or among professionals and enables that system, agency, or those professionals to work effectively in cross-cultural situations (Cross, Bazron, Dennis, & Isaacs, 1989). Operationally defined, cultural competence is the integration and transformation of knowledge about individuals and groups of people into specific standards, policies, practices, and attitudes used in appropriate cultural settings to increase the quality of health care; thereby producing better health outcomes (Davis, 1997). Cultural competency emphasizes the idea of effectively operating in different cultural contexts. Knowledge, sensitivity, and awareness do not include this concept. "This is beyond awareness or sensitivity," says Marva Benjamin of the Georgetown Technical Assistance Center for Children's Mental Health.

1.3 Reason behind choosing sales function in IT sector is very candid.IT sector experiences very high attrition due to many causes related to organization and individual. But the truth still remains that IT sector has become the backbone of all businesses ranging from stationery to food to customer care to banking to name any thing .And at the same time one requires leadership in the sales function of IT in order to survive better than the competitor. This sector requires working in a culturally diverse setting and hence is the need for cultural sensitivity to be high here. Until leaders are not culturally sensitive , chances are rare that this will be followed at lower levels.

1.4 Objectives in dealing with cultural differences effectively, can be defined as:

1.4.1 **Culture versus Individual:** being able to identify whether perceived differences are actually attributable to the individual or have a cultural merit.

1.4.2 **Customer Service:** is not culturally neutral. Creating an insight in the cultural aspects of service (internal & external) will assist in a more effective approach towards those customers.

1.4.3 **Motivational drives:** different cultures have different motivations. Wrongly used they can actually de-motivate a person, correctly used they can lead to higher productivity as desired.

1.4.4 **Tools:** supply participants with tools to actively and constructively approach the different issues in their work environments.

1.4.5 **Relationship building:** within different cultures there is a complete different meaning of the word "relationship". When these relationships take shape in a positive and constructive way they will lead to: (see next item)

1.4.6 **Mutual Trust:** one of the most fundamental issues when doing cross-cultural business.

1.4.7 **Enhanced Awareness:** of the "other culture" but even more important awareness of one's own cultural biases (towards the "other culture").

1.4.8 **Cultural Sensitivity:** the ability to identify the cultural aspects in everyday working situations .Insight into intercultural communication and management skills Enhancement on the effectiveness of working in multi-cultural teams.

1.5 **Exploring culturally sensitive factors** in each of these aspects reveals an effective and viable way to address the issues of the influence of culture. The dimensions are as follows:

1.5.1 **Knowledge Dimension**, which is related to the knowledge that is to be gained from learning objects, and the knowledge context that may differ between learners in different cultural backgrounds.

Factors	Description and Cultural Sensitivity
Learning Content	The topic to be taught in the learning object Culturally sensitive issues included in the learning object, e.g., race, class, religion, gender, etc.
Prior Knowledge	The knowledge related to the topic that learners(potential leaders) should have beforehand in learning through the learning object Special knowledge involved in the learning object that may be not familiar to learners in other cultures

1.5.2 Pedagogy Dimension, which refers to the pedagogical issues that determine methods to collect information about module building that are built into the learning objects and may be considered as having cultural preferences.

1.5.3 Access Dimension, which is related to all aspects providing appropriate expression of the contents, accessible interface, and interactive channel between leaders and the followers.

1.5.4 Technology Dimension, which refers to technologies that are utilised to facilitate learning which include technical media used to develop learning objects and the technological context that may differ between learners and their cultural backgrounds. Each dimension contains some culturally sensitive factors that may affect leadership in terms of cultural adaptability and flexibility.

2. REVIEW OF LITERATUTRE

2.1 It was found that none what so ever work has been done so far in this direction for IT sector. Hospitality and Tourism are only the much talked about sector. But if we pay attention, it is the IT sector which is the backbone of all other sectors today and it is this sector which requires understanding the culturally diverse part. Especially the potential leaders must understand this in order to serve various demographics better. Knowing the dimensions of culture will help in gathering the dimensions of cultural sensitivity.

Hofstede's four dimensions of culture will come handy.

2.1.1 POWER DISTANCE

Power distance is the societal desire for hierarchy. Expressed more eloquently, Hofstede (1984b) defines it as: Power distance is the extent to which the members of a society accept that power in institutions and organizations is distributed unequally....People in Large Power Distance societies accept a hierarchical order in which everybody has a place which needs no further justification. People in Small Power Distance societies strive for power equalization and demand justification for power inequalities among people when they occur.

2.1.2 UNCERTAINTY AVOIDANCE

The Uncertainty Avoidance Index addresses a society's tolerance of ambiguity and uncertainty. Questions on the survey that deal with uncertainty avoidance address rule orientation, employment stability, and stress. Specifically, Hofstede finds that those who seek to avoid uncertainty endorse responses consistent with the ideas that rules are made to be followed, people should stay with organizations for a lifetime, and that because of its uncertainty, life is stressful. Conversely, "uncertainty-accepting cultures are more tolerant of behavior and opinions that differ from their own; they try to have as few rules as possible, and on the philosophical and religious level, they are relativist.

Though having no data, Hofstede (1984c) speculates that uncertainty avoidance will impact a culture's choice of games. Hofstede believes that uncertainty avoidance impacts the meaning of time and the desire for precision and punctuality. Specifically,...more Uncertainty Avoiding traditional societies like Mexico are more hurried than less Uncertainty Avoiding societies where meditation is important (like India)....among the Uncertainty Avoiding developed countries, precision and punctuality come more naturally than among the less Uncertainty Avoiding ones. The success of a country like Japan in the precision industries is supported by the strong Uncertainty Avoidance in its culture (1984b, p. 95). Such an orientation surely would impact expectations as well as expressions of service in the buyer-seller transaction.

2.1.3 INDIVIDUALISM

According to Hofstede, Individualism stands for a preference for a loosely knit social framework in society wherein individuals are supposed to take care of themselves and their immediate family only. Its opposite, Collectivism, stands for a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them in exchange for unquestioning loyalty....I relates to people's self-concept: 'I' or 'we.' (1984b, p. 83) .If everybody does his or her own thing, the economy grows less quickly than it would if at least some individuals worked for collective purposes. (Hofstede & Bond, 1988, p. 14).

This dimension is probably the most obviously relevant to leadership; however there are still possible applications. Such statements suggest that in a collectivist culture, once a relationship is established between a vendor and a client, then the vendor can expect a higher loyalty from the client.

2.1.4 MASCULINITY

As stated previously, the masculinity dimension measures the preference for sex-role distinctions to be made between men and women in a particular culture. Specifically, "the factor score...on this factor has been used as the basis for a country Masculinity Index (MAS) which measures to what extent HERMES respondents in a country (of both sexes) tend to endorse goals usually more popular among men (high MAS) or among women (low MAS)" (p. 176, 1984a) Hofstede states.

2. 2 Let us consider an example of two cultural differences here. (Analogical with my paper) Asian versus Western Culture In studying the influence of culture on consumer perceptions of service encounters Matilla (1999) points out with relation to hotel industry that because first-class hotel services are delivered by people, cultural factors are likely to mediate the hotel customers' attitude toward the service component of their hotel experience. As service styles in Asia are more people oriented compared to the West, where efficiency of service delivery is highly valued, Asian consumers even for low cost services expect a relatively high level of service (cited in Matilla 1999). A Western consumer will not mind an impersonal service if it is efficient and timesaving where-as an Asian consumer places primary emphasis on the quality of interpersonal relationships and the quality of interaction between employee and customer (Matilla 1999). In reporting the service experiences of culturally diverse consumers in multicultural society of Australia, Barker and Hartel (2004) state that on the basis of service provider behaviour (both verbal and non-verbal), culturally diverse customers perceive they are the recipients of inequitable service and consequently experience low levels of satisfaction. The cultural background strongly influences consumer behavior. Reisinger and Turner (1999) suggest that at consumption stage of buyer behaviour Japanese tourists have experienced problems with Australian service provisions. The Japanese complained about a lack of professional service in restaurants, poor organization of tours, lack of sophisticated packaging, lack of good manners by service staff and slow service. All this lead to that Gold Coast region, the major holiday destination for Japanese tourists, starting losing its appeal as a preferred tourist destination for Japanese honeymooners in favor of Hawaii (Reisinger and Turner 1999). This explains and supports the importance of cultural sensitivity and cross cultural service encounters. **This must give the leaders a heads up about what kind of application software should be developed and what information should be asked for.**

2.3 Cross cultural sensitivity and employee performance and business success- Any international service trade whether hotels or other services usually will involve service encounters and dealings with consumers from different cultures. Ignorance of core cultural sensitive values often leads to erroneous belief resulting in unhappy customers and lost business. It becomes painful when it doesn't need to be. Sizoo (et al 2005) point out the fact that intercultural sensitivity which is an attitude that enables an individual to interact effectively with people from different cultures is a skill that can be measured and learned. Research indicates that cross culturally sensitive employees provide their foreign customers better service. They are able to adjust their serving styles to meet the needs of their foreign customers. Such an act is extremely beneficial for any hotel as such employees are able to generate more revenue for the hotel through their impression on hotel guests and suggestive selling. Many American firms fail to take advantage of cross-cultural training even if it is made available (Lee-Ross 2005). Likewise hospitality industry is failing to account appropriately for cross-cultural understanding in management training programmes and subsequent initiatives. Ritz-Carlton hotel group experienced difficulties when they tried to introduce a western-style total quality management system in their Hong Kong hotel due to Chinese cultural value 'Guanxi' (see Lee-Ross 2005).

2.4 Gannon and Poon (1997, p. 431) employ Gudykunst and Hammer's (1983) two-dimensional matrix: didactic vs. experiential, and culture-general vs. culture-specific, to categorise cross-cultural training methods. Bennett (1986) classifies different cross-cultural training approaches by way of a three-dimensional model: the nature of the training goals (cognitive, affective or behavioural), the nature of the content (culture-general or culture-specific), and the nature of the process (intellectual or experiential).

2.5 Previous research has shown that the ability of a firm to break down cultural barriers and establish close business relationships with partners is a major factor for success in international business marketing (Ford 1984). Unless exporters are sensitive to the cultural aspects of buyer-seller relationships, it is very difficult to build long-term high quality relationships. In spite of the important role of cultural sensitivity in doing business in foreign countries, LaBahn and Harich (1997) noted that little systematic empirical research has been conducted on how cultural differences combine with theories of relationship marketing in an international business setting. In addition, Patterson et al. (1998) point out that the large number of international business partnership studies in Western countries needs to be supplemented with other studies encompassing firms from different countries. This study attempted to bridge this gap by investigating the impact of two cultural factors, i.e., cultural sensitivity and ethnocentrism, on relationship quality between developing-based exporters and their foreign importers. Also, it explored the relationship between relationship quality and its outcome, i.e., export performance. The paper is organised as follows: (1) relationship quality, (2) the model, (3) the method, (4) the results, and (5) conclusions, implications, and limitations.

2.6 There is a general agreement that cultural sensitivity entails awareness, cultural understanding, and reduction of cultural bias (LaBahn and Harich 1997). It is defined as a firm's learning and adaptation to its exchange partner's national business practices (LaBahn and Harich 1997). It is noted that little systematic empirical research has been undertaken on how cultural differences combine with theories of relationship marketing in the international business setting (LaBahn and Harich 1997) and, further, few attempts have been made to explore the relationship between cultural sensitivity and relationship quality.

2.7 Developed by internationally renowned business scholar, Manfred F.R. Ket de Vries, the Global Executive Leadership Inventory measures twelve competencies in the following dimensions: Visioning, Empowering, Energizing, Designing and Aligning, Rewarding and Feedback, Team Building, Outside Orientation, Global Mindset, Tenacity, Emotional Intelligence, Life Balance, Resilience to Stress which can be used to understand the score of a sensitive leader.

3. NEED/IMPORTANCE OF THE STUDY

3.1 Culture can include how people live, role expectations, child rearing practices, attitudes about time or money, definition of achievement, concepts of beauty, art, music, food, and a host of other things. Nonetheless, culture is only one element of who a person is. Once we have got the dimensions of cultural sensitivity and their relation with potential leaders, now the results can be used for career planning and succession planning. Also, retrospectively the output can be used as input in recruiting or promoting people for middle level and first level leaders.

3.2 The literature review tells us that while global leaders across the world display similar patterns of leadership behavior, there are significant differences in some behavior that can be attributed to cultural origins, and which have implications for leadership effectiveness. "Is there a great global leader who could parachute in and be effective anywhere? We find that that's not so." "In some cultures, some particular traits of leadership are stronger. But it's not possible to have a person who is strong in everything. There are differences depending upon where you come from, and differences manifest themselves because of culture."

4. STATEMENT OF THE PROBLEM

4.1 Is Knowledge of Cultural sensitivity truly playing a role in deciding who are the potential leaders in sales function w.r.t. IT sector?

5. OBJECTIVES OF THE STUDY

5.1 To explain the concept of cultural sensitivity and find out its dimensions.

5.2 To investigate the extent to which the various dimensions of cultural sensitivity are important to the potential leaders in sales function of IT sector.

5.3 To build a conceptual model with the dimensions and relating it to potential leadership.

6. HYPOTHESES

H₁ Cultural sensitivity is required by potential leaders in sales function of IT sector to be the leaders.

7. RESEARCH METHODOLOGY

7.1 A world class IT organization may assess its own status of cultural sensitivity by asking the following questions:

7.1.1 Does the way of doing business in your organization suffer severely from cultural lag?

7.1.2 Does the organization seek to understand the culture of customers, employees and suppliers?

7.1.3 Do the project managers utilize cultural analysis and insights in terms of their own management style and public relations?

7.1.4 Do the project managers realize the value of cultural differences and promote cultural synergy? (adapted from Harris 2004)

7.2 Sample Size 120 (first and middle level managers from IT sector)

7.3 Organizations approached HCL, WIPRO, Naggaro Software, Nucleus Software.

7.4 Sampling Method- Convenience Sampling.

7.5 Tool used- Blake and Mouton questionnaire for potential leadership and Harris(2004) to check culturally sensitive .

8. RESULTS AND DISCUSSIONS-THE CONCEPTUAL MODEL FORMULATED

8.1 Global business leaders must adapt their behavior to the country in which they are doing business or risk being perceived as ineffective and unable to handle complexity, change and ambiguity. And since by and large the IT people are supposed to deal with all cultures so they need to be high here.

8.2 With different cultures placing different relative value on certain leadership behaviors and styles, cultural sensitivity and a holistic approach to people are necessary qualities for executives working across cultures.

8.3 Countries high on uncertainty avoidance would like to play it safe with more time allowed for pilot testing hence a leader dealing with such countries' projects should not rush things rather be meticulous with his team mates.

8.4 Cultural differences matter in leadership and the most effective leaders embrace them.

8.5 Cultural Sensitivity and Employees-As globalization has companies frequently outsourcing work or recruiting global professionals from a range of countries, many firms have instituted cultural sensitivity training and expanded the range of languages into which their sales aids and brochures are translated. A failure to appreciate cultural differences like language and traditions can alienate foreign employees and, in the case of materials not translated into their language, actually prevent them from doing their jobs.

8.6 Understand that people from different racial and ethnic groups and other cultural subgroups are usually best served by persons who are a part of or in tune with their culture.

8.7 Respect the unique, culturally defined needs of various client populations.

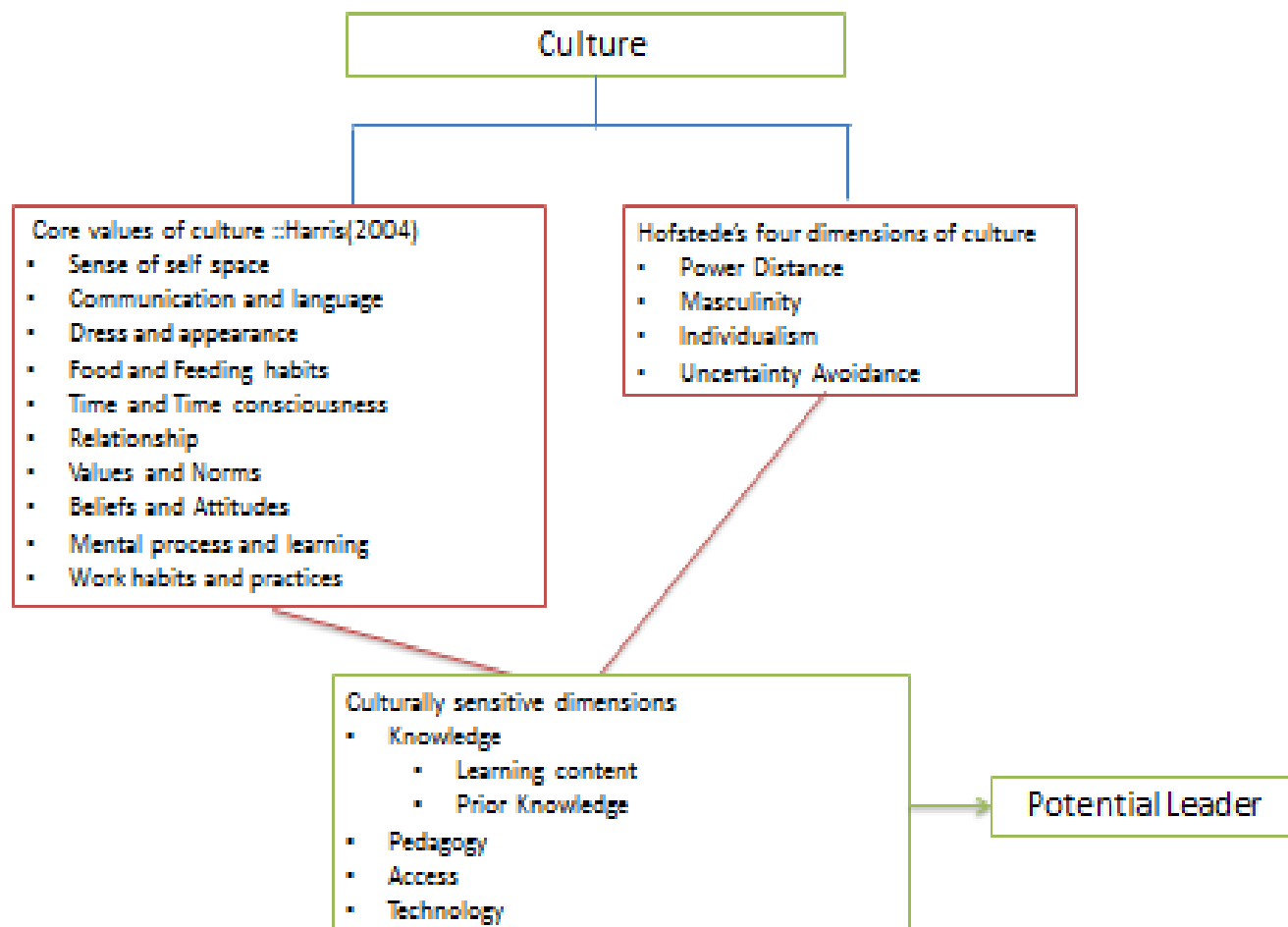
8.8 Cultural sensitivity can play an important role on the personal level. Companies courting employees or executives from countries with other social norms or beliefs would do well to respect those beliefs. A failure to do so can lead to everything from personal offense taken to certain cultural insensitive moves (such as not taking into account a person's cultural dietary restrictions during a business lunch) to the failure to do business entirely if a company consistently offends the culture of a potential business partner.

8.9 Cultural Sensitivity and Language -When businesses need to sell products or produce advertisements in foreign countries, often these use the host country's own language. Being insensitive to the nuances of a foreign language can create real cultural relations problems for companies. Marketing efforts for an alcoholic beverage called "Irish Mist" ran astray in Germany because the company behind the product failed to notice that the word "Mist" in German means "manure."

8.10 Preparing sales people to play a successful role in the global marketplace requires a shift in mindset. Specialized training helps them parlay their cultural differences into communication and negotiation advantages.

8.11 People from different cultures have different motivational aspirations and not understanding these could prove detrimental.

Model- Relationship of culture, cultural sensitivity and leadership potential



9. FINDINGS

A culturally competent practice is better able to provide services that are consistent with client needs, in this case that of a potential leader.

9.1 Acknowledge culture as a predominant force in shaping behaviors, values and institutions;

9.2 Acknowledge and accept that cultural differences exist and have an impact on service delivery;

9.3 Believe that diversity within cultures is as important as diversity between cultures;

9.4 Recognize that concepts such as "family" and "community" are different for various cultures and event for subgroups within cultures; and hence is the expectation and way of working of different people;

9.6 People high on the knowledge of "values and Norms", "Sense and self space" follow "country club leadership style.

9.7 It is evident from the data gathered from Nucleus software and Nagarro Software that employees receive cross cultural training in order to be sensitive towards other cultures. This is a regular practice. Out of a combined 70 sales people, 65 agreed that products globally owe much to a deep sensitivity to cross-cultural nuances. And out of these 65, 25 are scoring high on potential leadership scale.

9.8 individuals high on Power Distance are found to be low on cultural sensitivity yet they score high on leadership potential scale.

9.9 HCL also seconds the thought of people being culturally sensitive though no strong statistical evidence could be found.

10. RECOMMENDATIONS/SUGGESTIONS

10.1 Cultural sensitivity training should be made compulsory, right after induction and at regular intervals as refresher training so that the touch is not missed.

10.2 There is no clear demarcation on people and task orientation of individuals. Hence people high on task orientation should not be mistaken for being low on leadership potential.

11. CONCLUSIONS

Most major firms are grappling with this issue – how to have managers and leaders who are sensitive to cultural differences while also being effective employees when working abroad and hence a model of development which incorporates cultural sensitivity maximizes the likelihood of a sustainable program; implementing projects which integrate seamlessly with existing customs and culture have a greater chance of surviving a transition to local leadership and

maintaining permanency in a community. However, the appeal of Hofstede's research lies fundamentally in the fact that countries are already categorized on dimensions, not necessarily exclusive or exhaustive, but nevertheless dimensions recognized as important. Cultural differences matter in leadership and the most effective leaders embrace them. IT sector is no exception and specially the sales function, as it is this function which is dealing with people from all cultures and with a focus to get results. And hence is the need for the leaders in this function to embrace themselves with the knowledge of different cultures in order to reduce the time-wastage activities. In a globalised work environment, having a multinational team is becoming the norm. Whether a leader is "Eastern" or "Western" will influence how they interact with their employees. These differences can be stark and sometimes frustrating. Shyness might be considered rude in some cultures. Aggression might seem overwhelming to others even though it's par for the course where they come from.

Even though the behaviors are global, as a leader you should approach the individuals that you're dealing with in an individual manner and pay some attention to their cultures. Deal with your expectations of yourself, but also what their expectations are of you.

Final words: Cultural sensitivity is a must to gain an insight into by leaders in all sectors, and IT is no exception.

12. LIMITATIONS

12.1 The research was conducted on a small number of professionals and only in Delhi NCR region hence the results cannot be generalized.

12.2 Results could not be verified statistically.

13. SCOPE FOR FURTHER RESEARCH

These results can further be utilized in assessing the right match for a leadership position and also in succession planning.

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CAREER MOTIVATION OF HIGH SCHOOL TEACHERS

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ABSTRACT

This qualitative study has been conducted on 25 teachers teaching high school students. The objective of this study was to understand the career motivation of teachers in choosing teaching as a career; the altruistic motive of teachers and the perception of teachers about their contribution to the holistic development of students. Every teacher who was part of the research were interviewed in depth and satisfactory answers to the research objectives was received.

KEYWORDS

Career motivation, teaching career.

INTRODUCTION

Teachers are the pillars of the society. Teachers play a major role in how students perceive the world around them and also on how much enthusiasm students show towards learning and development. Good teacher- student interaction is crucial in linking academic success with personal achievement. Teachers must guide students in aligning their personal goals with academic goals. Students who receive this positive influence of guidance and mentoring from teachers develop stronger self confidence and greater personal and academic success than those without such guidance and mentoring. My own research guide has been a mentor and guide for students all of whom have transformed to be fine teachers and self learners for life. This quality of being able to mentor and guide is implicit and is one of the most important roles that a teacher must be motivated to play. If every teachers is successful in playing this role effectively, the energy and creativity of students would be positively channelized and our society would witness lesser acts of crime. When teachers impart value based education passionately our society would become a safer place to live in.

Teaching profession has undergone tremendous transformation in the last few years. Today teachers are expected to play multiple roles like that of second parent at school, mentor, event planner, a counselor, soft skills trainer apart from imparting bookish knowledge. In order to fulfill all these teachers have to be updated on a variety of subjects. The dynamism in a teacher has become crucial in order to be accepted as a role model and teacher.

RATIONALE FOR THE STUDY

Careers are not solely based on individual autonomous actions but actually are the outcomes of various forms of social coordination. Today people do not work for one organization for the course of their entire lifetime. Changing jobs has become the norm. Individuals must personally work on their career by networking, pursuing specialized education; understand their self actualization need and planning their career strategically. In most professions money becomes a major motivating factor for people to choose it as a career as well as for people to strategically plan their career moves. Teachers in India are one of the most poorly paid professionals. Yet, we find every B.Ed. College in India flooded with applications and we also find lots of people leaving a cushy job to pursue teaching as a career. So, I was curious to understand what factors motivate people to choose teaching as a career and to remain in this profession. I also wanted to understand the level of career resilience teachers have to adapt themselves to the dynamism of the teaching career in India.

DEFINITION OF TERMS

Career Motivation: Career motivation refers to the willingness of an individual to exert high levels of efforts towards career goals in order to satisfy some individual need. The individual comes to define his or her self image in terms of this goal and it becomes the focal point of their life and career. London and associates (e.g. London 1983, 1985, 1993; London & Mone 1987; London & Stumpf 1982) have researched career motivation and its dimensions. They found empirical evidence for three basic dimensions of career motivation, which are career resilience, career insight and career identity. Resilience provides the personal drive to continue trying in the face of obstacles, insight reflects a strong understanding of oneself and the work environment, and identity channels the individuals energy, behavior and performance towards a specific set of career objective.

Career Identity: This is how central one's career is to one's identity. Career identity consists of two sub domains: work involvement and desire for upward mobility. Work involvement dimensions, which should be positively related to career identity, include job involvement, professional orientation, commitment to managerial work, and identification with the organization. Also, individuals who are high on career identity are likely to find career satisfaction to be more important than satisfaction from other areas of life (primacy of work). The upward mobility sub domain includes the needs for advancement, recognition, dominance, and money. It also includes ability to delay gratification, which should be negatively related to desire for upward mobility.

Career Insight: This is the extent to which the person has realistic perceptions of him or herself and the organization and relates these perceptions to career goals. Goal flexibility and need change should be inversely related to career insight. Other relevant dimensions like goal clarity, path goal clarity, social perceptiveness, self-objectivity, realism of expectations, career decision making, and future time orientation should be positively related to career insight.

Career Resilience: This is a person's resistance to career disruption in a less than optimal environment. To understand the meaning of career resilience more clearly, it should help to have a conception of its opposite—career vulnerability. This is the extent of psychological fragility (e.g., becoming upset and finding it difficult to function) when confronted by less than optimal career conditions (e.g., barriers to career goals, uncertainty, poor relationships with coworkers). Being high on career resilience (low on career vulnerability) does not mean that the person is insensitive to such environmental conditions, but rather that he or she will be able to cope more effectively with a negative work situation. The dimensions under career resilience fall into three sub domains. One is self-efficacy, which includes the dimensions of self-esteem, need autonomy, adaptability, internal control, need achievement, initiative, need creativity, inner work standards, and development orientation. Another sub domain is risk taking, including risk taking tendency, fear of failure, need security, and tolerance of uncertainty and ambiguity. The third sub domain is dependency. This includes career dependency, need for superior approval, and need for peer approval. It also includes competitiveness, which should be negatively related to the other dependency dimensions. Individuals will be more resilient the higher they are on the self efficacy and risk taking dimensions and the lower they are on the dependency dimensions. Those low on career resilience are likely to be motivated to avoid risk, be dependent on others, seek structure, and avoid situations in which organizational outcomes depend on their behavior. Those high on career resilience are likely to do the reverse—take risks, be independent of others, create their own structure, and thrive on situations in which outcomes are contingent on their behavior.

RESEARCH OBJECTIVES

The main research question was to understand what motivates and inspires teachers teaching high school students and how many of the teachers have chosen teaching profession out of passion for teaching. The other research objectives are:

- 1) To understand the career identity, career insight and career resilience of high school teachers
- 2) To understand how situational factors influence a teacher's career

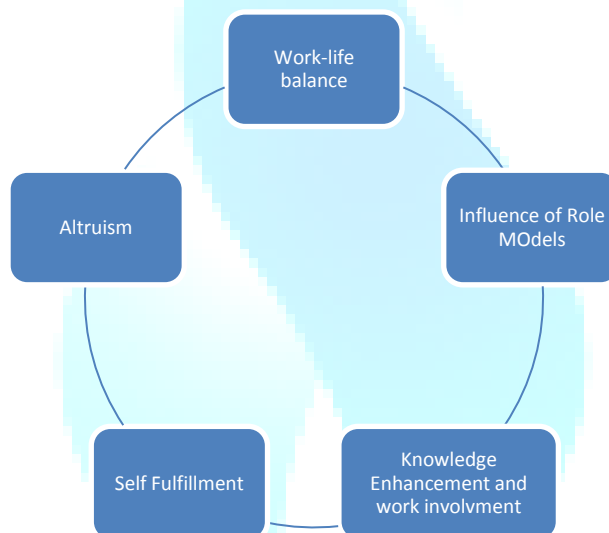
- 3) To understand how a teacher's career decisions are based on individual characteristics and situational factors
- 4) To know teachers perception about how they are contributing to a students' holistic development
- 5) To find out the altruistic motives of teachers

RESEARCH METHODOLOGY

In order to understand the motivation of teachers I have conducted a deductive study based on semi structured in depth interview technique. The epistemological issue concerning in this research is the relationship between the researcher and the research participants, and its connection between facts and values. I have adopted the empathic neutrality approach, a position that recognizes that research cannot be value free but which advocates that researchers should try to make their assumptions, biases and values transparent, while striving as far as possible to be neutral and non- judgemental in their approach. Believing in the view that the social world is fundamentally different because it is open to subjective interpretation, I have carried out this study and I am analyzing it based on my interpretations after my interactions with the research participants. My research is based on interpretivism where knowledge is produced by exploring and understanding the social world of the people studied, focusing on their meanings and interpretations. Interpretative phenomenological analysis (IPA) is concerned with capturing people's accounts and reflections to explore and interpret the meanings attached and the sense that is made of them (Smith et al 2009).

The socio- cultural background of the research participants in my study is that all the participants have been in the profession of teaching for a minimum of 3 years to a maximum of 12 years. An attempt has been made to include equal number of male and female participants to get answers to the research questions. An in depth interview was conducted with the participants using a semi structured questionnaire. The questionnaire was prepared based on the different career motivation variables identified and explained by different researchers worldwide. All the participants are currently engaged in high school teaching in Bangalore city. The participants belong to middle class background and all of them have received most of their education in non- metro city. The parents of all the participants have either been engaged in agricultural activity or have held middle order posts in government organizations. So, the economic background of all the participants can be said to be average. All the teachers interviewed are currently employed in a convent school run by Christian missionary and are teaching students of classes 8 to 12. Since this is a qualitative study a total of 25 teachers were interviewed for getting answers to the research questions. Based on the career motivation dimensions I have enlisted five career motivating factors for teachers to choose teaching as their profession.

ANALYSIS



SELF FULFILLMENT

All the teachers interviewed except 1 said that being a teacher gives them a sense of respect and identity in the society. They strongly believe that their social image has greatly enhanced since they have entered into the profession of teaching. Family members, relatives, and people of the neighbourhood believe that teachers are knowledgeable so often the participants are consulted by others on various issues ranging from career related decisions to parenting tips and also understanding of health reports. Each and every teacher said that he/she is greatly involved in the job of teaching and is highly satisfied in the job. All the teachers believed that having expert knowledge in the subject one is teaching is very important and necessary. Every teacher said they make all possible attempts to enhance their knowledge in their subject to acquire further expertise. These discussions help us to understand that teachers love their job and have developed a positive self image due to the respect they get from others around them which is based on the profession they have chosen. Self fulfillment is expressed by teachers when parents and students express their love for teachers in different ways and set teacher as a role model in their live. The belief that they as a teacher have contributed to the mental and intellectual development of the students has monumental positive impact on the self identity of teachers.

KNOWLEDGE ENHANCEMENT AND WORK INVOLVEMENT

Every teacher said he/she is greatly interested in and love the job of teaching and is also highly satisfied with their job. Every teacher felt one must have indepth knowledge in the subject one is teaching. They all identified with a particular area of specialization and were keen to continuously enhance their knowledge in that area for acquiring more expertise. None of the teacher interviewed identified with the organization they worked for. The organization played no role for their identity or self image but their job certainly does play a major role in all of them experiencing a positive self image. Teachers mentioned clearly that managements of educational institutes in Bangalore did not value their services so they are not emotionally attached to the organization. They also mentioned that since Bangalore city is growing so mushrooming of schools gives them an opportunity to easily get a better job whenever they feel a need.

All teachers were satisfied with their career because they are happy they are utilizing their knowledge for the development of students and thus contributing effectively in social development. Moreover a teaching career helps them to effectively integrate their personal and professional life. Their career choice provided them with enough time to take care of their family needs and also upgrade their qualification. The vacations and public holidays were are a boon for teachers to enhance their knowledge and qualification and invest quality time with their family. The regular workshops and orientation programmes held, develops their knowledge, skills and attitude.

There was a strong gender difference in the desire for upward mobility. All the male teachers showed a positive desire for upward mobility and all the female teachers showed a negative desire towards upward mobility. Financial motivation for the female teachers seemed very less compared to the financial motivation for the male teachers. Female teachers were very contented with the job they are doing and do not aspire for any higher post. In fact some of the female teachers said they would refuse to accept the post of a Principal or coordinator if offered because this would rob them of their love of teaching. But the male teachers were very keen to move ahead in the educational industry. They said they would change organization mainly for better financial and positional benefits. Every male teacher aspired to be a Principal or Director of some institute in the future.

None of the female teachers had set any career goal. So, the path goal clarity was not significant. The female teachers were happy they were contributing towards student development. The maximum change the female teachers aspire is moving from high school teaching to teaching Pre-University students. None of the female teachers showed any desire to start a new career or to modify their current career. But, in contrast the male teachers desired higher pay and position in the future. The male teachers were clear about their career path and their career goals. All the male teachers are pursuing a research programme in order to be eligible for higher positions in the future. The aspect worthy of appreciation is that none of the teachers want to leave academic field. All showed a positive career insight and negative career flexibility. Since, the teachers were employed in a convent school the ones who aspired for career advancement were very clear they were working here only to gather experience and would quit as soon as they get a good opportunity. The other teachers who did not want career advancement were happy to be in a convent environment as they are confident that in such a set up they would never be offered any higher roles so they can forever continue with their love for teaching.

Every teacher had a strong self objectivity with accurate understanding of their personal strengths and weaknesses and motives. The realism of expectations about career outcomes was also very clear to all of them. To quote one teacher who said, "Being a teacher in a convent school for long time, I can never dream of building a bungalow or buying a luxurious car. I must move out from such an institution to fulfil my material dreams." Thus the male teachers are anticipating a bright future for themselves and are working sincerely towards it by getting higher qualification and adding their skill set.

Teachers opined that in recent years career vulnerability is increasing and career resilience is decreasing in teaching career. The main reason for this is that in recent years teaching has become a very demanding career. Though teachers do not experience stress but they feel that teaching demands a lot of their time and energy. Teaching has become a demanding career due to the introduction of the CCE pattern of education which involves numerous documentation and tests. This has robbed the fun of teaching with freedom. Teachers experience a positive self image. The respect teachers receive from the members of the society plays a significant role in the development of positive self image. Autonomy that teaching offers is precious and this gives teachers a chance to be creative and effective in the classroom while teaching the subject. Such autonomy may not be possible in most other careers. A teacher experiences a sense of achievement when she is appreciated by her students and their parents. Teachers are said to be low on career resilience as they prefer the formal structure that are seen in educational sector in India. Teachers are low on risk taking abilities. This is the reason most teachers with many years of teaching experience do not prefer the new systems in the education sector. They feel that the new system has destroyed the learning desire among students and has made most students complacent and not competitive.

Teachers do not feel that they can influence their career outcomes. Managements of educational institutes and internal politics within educational institutes only influence career outcomes. Education managers do not recognize the talent of teachers and do little to manage talented teachers. This is the reason for high attrition in schools in Bangalore city. Teachers find it challenging when they have to teach slow learners and students who refuse to learn. Even a slight development in such students fosters a sense of achievement for the teachers. Teachers find their job interesting due to the continuous learning experience this profession offers. A teacher is a lifelong student which immensely motivates academically oriented people. Teachers say that parent- teacher partnership is most important for the holistic development of the students. Teachers feel emotionally upset when students do not respond to their efforts to develop them. The job of teachers is set in a very structured environment where employment is very secure and there is no threat to job security. Teachers experience no competitiveness from their peers as each teacher is independent in their job and have their own responsibilities.

INFLUENCE OF ROLE MODELS AND WORK ENVIRONMENT

Teachers have a mentor outside their place of work who guided them in their career. Teachers did not expect nor depend on their organisation's superior to guide them in their career advancement. None of the teachers were emotionally dependent on authority figures, but all teachers were emotionally dependent on coworkers. Most of the teachers clearly said that they preferred to work in this school due to the emotional attachment and support they received from their colleagues. This factor is very important for overall growth and development of the organization. All the teachers also mentioned that they were motivated towards teaching profession due to their favourite teacher during their school or college days.

Many elements of a person's work environment are likely to be important to career motivation. These include staffing policies and procedures, leadership style, job design, group cohesiveness, career development programs, and the compensation system, to name a few. Career decisions and behaviors include generating alternative courses of action, seeking information about them, evaluating the information, setting goals, making decisions to behave in various ways, and carrying out the decisions. The processes of setting career goals and making career decisions are cognitive but are manifest in observable actions.

ALTRUISM

Altruism means unselfishness as the principle of action. Teachers felt a strong need to make a social contribution by shaping the future of children and adolescents. Every teacher expressed a deep desire to work at the grass root level to impart value based education to children and adolescents of all sections of the society. One teacher who had recently attended a workshop on imparting value based education said that every subject teacher must creatively bring in values and life skills in their classroom and develop the morals of the students. Most teachers had chosen to work in this school because 50% of the students of this school belonged to families whose children were first generation education receivers. So, teachers experience satisfaction in contributing their meager bit for upliftment of society.

WORK- LIFE BALANCE

This factor is undoubtedly one of the most important reasons for choosing teaching as a career specially among mothers working as teachers. The long vacations and all the public holidays that teachers enjoy give an opportunity for teachers to integrate their personal life and work demands perfectly. This time also provides opportunity for teachers to enhance their knowledge by pursuing higher studies and attending workshops and programmes. No other job provides this flexibility so for mothers this becomes a major motivating factor to choose this as a career.

In the above discussion I have tried to analyze and understand the major career motivation factors of high school teachers. I have attempted to interpret the career motivation of teachers by understanding their individual characteristics in a social environment .

SUGGESTION AND CONCLUSION

Teacher motivation can be kept at its peak if managements of schools consider the following aspects:

- 1) Foster the enhancement and dissemination of knowledge to teachers thus fulfilling their need to acquire knowledge
- 2) Respect and protect the freedom of teachers to act with professional independence, thus fulfilling the need for creative expression and effectiveness
- 3) Society must foster the prestige and status of the teachers and provide better status and pay to teachers to keep them committed.
- 4) It must be understood that teachers dedicate their services with an altruistic motive so they must be recognized for this trait.

Teaching career in India has witnessed phenomenal changes in the past few years. Changes in the educational pattern where focus is on holistic and integrative development has made teaching a dynamic job; the increased intellectual capabilities of students due to easy availability of information has thrown open a new set of challenges for teachers to tackle. Teachers have to engage in forethought, intentional action, self reflection and self reaction to be able to participate actively in their own career development and effectively contribute to social development.

To conclude it can be said that most teachers teach because they are passionate about the career they have chosen. The altruistic motive is one of the most important factors which inspire teachers to remain committed to teaching profession.

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BEHAVIOURAL FINANCE: ITS BUILDING BLOCKS

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ABSTRACT

Behavioural finance encompasses research that drops the traditional assumptions of expected utility maximization with rational investors in efficient markets. The growth of behavioural finance research has been fuelled by the inability of the traditional framework to explain many empirical patterns, including stock market bubbles. Behavioural finance is built on three main building blocks. Hence an attempt has been made to understand the concept of 'behavioural finance' by identifying its building blocks. The three building blocks of behavioural finance are sentiment, behavioural preference and the limits to arbitrage (when markets will be inefficient). The result shows that the behavioural finance has great utility and can be put to varied uses.

KEYWORDS

Arbitrageurs, Behavioural finance, Biases, Building blocks.

INTRODUCTION

Behavioural finance is a rapidly growing discipline that deals with the influence of psychology on investment decisions and its subsequent effect on the markets. Behavioural finance is a new paradigm which supplements the standard theories of finance, by introducing behavioural aspects to the decision making. It is a part of finance that seeks to understand and predict systematic financial markets. Behavioural finance is an emerging and prospective area that needs to be given due importance. Behavioural finance combines behavioural and cognitive psychological theory with conventional financial economics and academic finance. This discipline emerged due to certain flaws in traditional finance. In modern world people are interested to make profit by investing in different investment avenues. So decision making related to investments are more important and Behavioural finance plays a significant role in this regard as it has shifted the focus from efficient market to human decision making. According to Behavioural finance, investors are not rational, and markets are not efficient. However, investors can be considered to be 'normal', and they design portfolios according to the rules of Behavioural Portfolio Theory. Thus it explains why investors do not always take decisions in the expected lines, and why the market do not behave rationally as they are normally expected to behave. It also helps in devising appropriate investment strategies to avoid emotion driven speculation that could lead to losses. In this paper we attempt to throw light on the concept of Behavioural finance. It identifies the main building blocks of behavioural finance. It also attempts to know major applications of Behavioural finance.

OBJECTIVES OF THE STUDY

- To understand the concept 'behavioural finance'.
- To identify the building blocks in behavioural finance.
- To know about the applications of behavioural finance.

BEHAVIOURAL FINANCE

Behavioural finance studies how the emotion and psychology of the investor affects investment decisions. Linter defines "behavioural finance is the study of how much humans interpret and act on information to make informed investment decisions".

Weber observes that "behavioural finance closely combines individual behaviour and market phenomenon and uses the knowledge taken from both the psychological field and financial theory".

According to De-Bondt, Behavioural finance as "a theory which explores financial issues with the help of ideas borrowed from cognitive psychology."

Shelfies termed Behavioural finance as "a study of human fallibility in competitive markets."

Behavioural finance provides explanations to the questions

- Why do people make irrational financial decisions?
- Why investors behave the way they do?

Behavioural finance helps in devising appropriate investment strategies to avoid emotion driven speculation that could lead to losses.

DIVISIONS OF BEHAVIORAL FINANCE

According to Pompian (2006), Behavioural finance is divided into two:

- **Macro behavioural Finance:** Macro behavioural finance explains the investment behaviours, with particular reference to the general market anomalies on the effective market hypothesis.
- **Micro behavioural Finance:** Micro behavioural finance strives to explain the investment habits of individuals, particularly those who differentiate themselves from the rational investors.

BUILDING BLOCKS OF BEHAVIOURAL FINANCE

Behavioural finance is built on three main building blocks (De Bondt and et al., 2008). They are:

- ❖ Sentiment
- ❖ Behavioural preference
- ❖ Limits to Arbitrage

SENTIMENT

In stock market, sentiment can be equated with investor error which originate at the level of the individual investor. At the individual level there are number of rules of the thumb which can lead to a number of biases. A few biases that work at the level of sentiments are as follows:

- A. **REPRESENTATIVENESS:** This bias can be said to be the over reliance on stereotypes.
- B. **ANCHORING:** In anchoring bias, investors put heavy reliance on one piece of investigation with the exclusion of others. This may not be adjusted subsequently.
- C. **OVER CONFIDENCE:** This is the habit of the investor to over value their abilities or knowledge. Due to this the investors may under estimate risk or overestimate their capability to beat the market.
- D. **AVAILABILITY BIAS:** When investors over weight easily accessible information, it is availability bias.

BEHAVIOURAL PREFERENCE

Investors have a number of behavioural preferences which work against accepted theories. Stock markets often move in response to many factors unrelated to the true value of the individual stocks. For instance, reporting of lesser than expected gross domestic product, or the presentation of a gloomy picture for the coming quarter by an official of the industry leader, results in substantial loss of value in the market. In reality, this reduction in market value would have nothing to do with the financiers, profits or the individual corporate that would have lost ground. It all happens due to the working of certain investor moods associated with irrational fear. This mood creates pessimism about the future economic condition in the minds of investors, thereby making them to favour selling to buying.

LIMITS TO ARBITRAGE

Limits to Arbitrage is the third building block of behavioural finance which states that there is a limit on arbitrage. Arbitrage is defined as "the simultaneous purchase and sale of the same or essentially similar security, in two different markets at advantageously different prices" (Sharpe and Alexander, 1990). Arbitrageurs normally take opposite arbitrage positions when they discover an asset that is wrongly priced on a market. Thus a quick and effective arbitrage due to the availability of enough and adequate substitute securities will help to restore a quick equilibrium. Though theoretically, this may sound conclusive, empirical findings contradict this model.

Behavioural finance argues that deviations from the fundamental value created by actions of irrational traders will not be attractive investment opportunity for arbitrageurs who are rational. Even in a situation when an asset is widely mispriced, the arbitrage strategies that are designed to correct mispricing can be risky and costly and may be rendered unattractive. Due to this, there is a possibility that deviations from fundamental value may remain unchallenged for relative long periods. As the mispricing increases the gap between long and short positions gets wider which is contrary to the strategy of rational arbitrageurs. When this tendency continues over a period of time arbitrageurs may be forced to square off their positions even before the mispricing is corrected, thereby suffering losses.

APPLICATIONS OF BEHAVIOURAL FINANCE

Behavioural finance has great utility and can be put to varied uses. It helps in informing finance professionals about their investment habits making required recommendations that facilitate investment decisions and having proper communication with clients. It also enables investors to develop effective investment strategies and avoid common, mental mistakes and biases.

Behavioural finance offers to help in the following areas;

- Keeping track of instances of overconfidence.
- Resisting the natural urge of being over optimistic/overconfident
- Communicating realistic odds that aid in success to the client.
- Choosing appropriate framing for each client, and
- Assessing how far the client is risk averse.
- Acknowledging the complexity of psychological processes in social cognition and underlying financial behaviours
- Incorporating and blending behavioural data into theories of finance.

CONCLUSION

Future is uncertain. No one can be sure as to what will happen in the next moment, once a particular course of action is decided. Anybody acts under conditions of uncertainty. Any decision making process requires appropriate use of mental and financial resources to acquire and process information. In stock market, deviations takes place in every seconds. So it is very difficult to take decisions relating to investments. Behavioural finance helps the investors to take prompt decisions timely. Investors are normally oriented towards the past while making financial decisions. This orientation takes place by fixing certain reference points such as returns generated in past, and basing future returns. Behavioural finance helps the investors to reduce uncertainties and biases, in taking investment decisions.

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ANALYSIS OF INVESTMENT OPTIONS

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ABSTRACT

The present paper give a brief idea regarding the various investment options that are prevailing in the financial markets in India. With plenty of investment options like Banks, Fixed Deposits, Government Bonds, Stock Market, Real Estate, Gold and Mutual Funds the common investor ends up more confused than ever. Each and every investment option has its own merits and demerits. Any investor before investing should take into consideration safety, liquidity, returns, entry/exit barriers and tax efficiency parameters. We need to evaluate each investment option on the above-mentioned basis and then invest money. Today investor faces too much confusion in analyzing the various investment options available and then selecting the best suitable one. The comparison of investment options on the basis of returns as well as on the parameters like safety, liquidity, term holding etc. is made, thus assisting the investor as a guide for investment purpose. A survey was made to know about preferences of people regarding various financial instruments.

KEYWORDS

investment options, finance

1. INTRODUCTION TO INVESTMENTS

There are many different definitions of what 'investment' and 'investing' actually means. Investing is the act of committing money or capital to an endeavor with the expectation of obtaining an additional profit or income. It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money. Growing up, most of us were taught that you can earn an income only by getting a job and working. And that's exactly what most of us do. There's one big problem with this: if you want more money, you have to work more hours. However, there is a limit to how many hours a day we can work, not to mention the fact that having a bunch of money is no fun if we don't have the leisure time to enjoy it.

You can't create a duplicate of yourself to increase your working time; so instead, you need to send an extension of yourself - your money - to work. That way, while you are putting in hours for your employer, or even moving your lawn, sleeping, reading the paper or socializing with friends, you can also be earning money elsewhere. Quite simply, making your money work for you maximizes your earning potential whether or not you receive a raise, decide to work overtime or look for a higher-paying job.

There are many different ways you can go about making an investment. This includes putting money into stocks, bonds, mutual funds, or real estate (among many other things), or starting your own business. Sometimes people refer to these options as "investment vehicles," which is just another way of saying "a way to invest." Each of these vehicles has positives and negatives, which we'll discuss in a later section of this tutorial. The point is that it doesn't matter which method you choose for investing your money, the goal is always to put your money to work so it earns you an additional profit. Even though this is a simple idea, it's the most important concept for you to understand.

1.1 WHAT INVESTING IS NOT

Investing is *not* gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money. Part of the confusion between investing and gambling, however, may come from the way some people use investment vehicles. For example, it could be argued that buying a stock based on a "hot tip" you heard at the water cooler is essentially the same as placing a bet at a casino.

True investing doesn't happen without some action on your part. A "real" investor does not simply throw his or her money at any random investment; he or she performs thorough analysis and commits capital only when there is a reasonable expectation of profit. Yes, there still is risk, and there are no guarantees, but investing is more than simply hoping Lady Luck is on your side.

1.2 WHY BOTHER INVESTING?

Obviously, everybody wants more money. It's pretty easy to understand that people invest because they want to increase their personal freedom, sense of security and ability to afford the things they want in life.

2. OBJECTIVE OF THE STUDY

The primary objective of this paper is to make an Analysis of various investment decisions. The aim is to compare the returns given by various investment decisions. To provide the different needs of investor, these options are also compared on the basis of various parameters like safety, liquidity, risk, entry/exit barriers, etc.

The paper work was undertaken in order to have a reasonable understanding about the investment industry. The paper includes knowing about the investment DECISIONS like equity, bond, real estate, gold and mutual fund. All investment decision are discussed with their types, workings and returns. And also a questionnaire was prepared and a survey was made to know about awareness of various financial instruments among people and their attitude towards them.

3. METHODOLOGY

Equities, Bonds and Fixed Deposits, Real Estate, Gold, Mutual Funds and Life Insurance were identified as major types of investment decision. In this study regarding investment and various investment decisions were collected from websites, textbooks and magazines.

Then the returns over a period of 5 years are considered for the purpose of comparison of investment options. Then, critical analysis is made on certain parameters like returns, safety, liquidity, etc. Giving weightage to the different type of needs of the investors and then multiplying the same with the values assigned does this. A summary of the results of the questionnaire was given at the end.

4. LIMITATIONS OF THE STUDY

- The study was limited to only six investment options.
- Most of the information collected is secondary data.
- The data is compared and analyzed on the basis of performance of the investment options over the past five years.
- While considering the returns from mutual funds only top performing schemes were analyzed.
- It was very difficult to obtain the date regarding the returns yielded by real estate and hence averages were taken.

5. LITERATURE REVIEW

These days almost everyone is investing in something even if it's a savings account at the local bank or a checking account the earns interest or the home they bought to live in. However, many people are overwhelmed when they being to consider the concept of investing, let alone the laundry list of choices for investment vehicles. Even though it may seem the everyone and their brothers knows exactly who, what and when to invest in so they can make killing, please don't be fooled. Majorities of investor typically jump on the latest investment bandwagon and probably don't know as much about what's out there as you think.

Before you can confidently choose an investment path that will help you achieve your personal goals and objectives, it's vitally important that you understand the basics about the types of investments available. Knowledge is your strongest ally when it comes to weeding out bad investment advice and is crucial to successful investing whether you go at it alone or use a professional.

The investment option before you are many. Pick the right investment tool based on the risk profile, circumstance, time available etc. if you feel the market volatility is something, which you can live with then buy stocks. If you do not want risk, the volatility and simply desire some income, then you should consider fixed income securities. However, remember that risk and returns are directly proportional to each other. Higher the risk, higher the returns.

5.1 TYPES OF INVESTMENT OPTIONS

A brief preview of different investment options is given below:

1. Equities: Investment in shares of companies is investing in equities. Stocks can be brought/sold from the exchanges (secondary market) or via IPO's – Initial Public Offerings (primary market). Stocks are the best long-term investment options wherein the market volatility and the resultant risk of losses, if given enough time, are mitigated by the general upward momentum of the economy. There are two streams of revenue generation from this form of investment.

2. Dividend: Periodic payments made out of the company's profits are termed as dividends.

3. Growth: The price of the stock appreciates commensurate to the growth posted by the company resulting in capital appreciation. On an average an investment in equities in India has a return of 25%. Good portfolio management, precise timing may ensure a return of 40% or more. Picking the right stock at the right time would guarantee that your capital gains i.e. growth in market value of stock possessions, will rise.

4. Bonds: It is a fixed income (debt) instrument issued for a period of more than one year with the purpose of raising capital. The central or state government, corporations and similar institutions sell bonds. A bond is generally a promise to repay the principal along with fixed rate of interest on a specified date, called as the maturity date. Other fixed income instruments include bank deposits, debentures, preference shares etc. The average rate of return on bond and securities in India has been around 10-13% p.a.

5. Mutual Fund: These are open and close-ended funds operated by an investment company, which raises money from the public and invests in a group of assets, in accordance with a stated set of objectives. It is a substitute for those who are unable to invest directly in equities or debt because of resource, time or knowledge constraints. Benefits include diversification and professional money management. Shares are issued and redeemed on demand, based on the fund's net asset value, which is determined at the end of each trading session. The average rate of return as a combination of all mutual funds put together is not fixed but is generally more than what earn is fixed deposits. However, each mutual fund will have its own average rate of return based on several schemes that they have floated. In the recent past, Mutual Funds have given a return of 18 – 35%.

6. Real Estate: For the bulk of investors the most important asset in their portfolio is a residential house. In addition to a residential house, the more affluent investors are likely to be interested in either agricultural land or may be in semi-urban land and the commercial property.

7. Precious Objects: Precious objects are items that are generally small in size but highly valuable in monetary terms. Some important precious objects are like the gold, silver, precious stones and also the unique art objects.

8. Life Insurance: In broad sense, life insurance may be reviewed as an investment. Insurance premiums represent the sacrifice and the assured the sum of the benefits. The important types of insurance policies in India are:

- Endowment assurance policy.
- Money back policy.
- Whole life policy.
- Term assurance policy.
- Unit-linked insurance plans.

5.2 IPO

A company may decide to sell stock to the public for a number of reasons such as providing liquidity for its original investor or raising money. The first time a company issues stock is the initial public offering (IPO), and the company receives the proceeds from that sale. After that, shares of the stock are traded, or brought and sold on the securities markets among investors, but the corporation gets no additional income. The price of the stock moves up or down depending on how much investors are willing to pay for it. Occasionally, a company will issue additional shares of its stocks, called a secondary offering, to raise additional capital.

5.3 TYPES OF STOCKS

With thousands of different stocks trading on U.S. and international securities markets, there are stocks to suit every investor and to complement every portfolio. For example, some stocks stress growth, while others provide income. Some stocks flourished during boom time, while others may help insulate your portfolio's value against turbulent or depressed markets. Some stocks are pricey, while others are comparatively inexpensive. And some stocks are inherently volatile, while others tend to be more stable in value.

5.4 P/E RATIO

A popular indicator of a stock's growth potential is its price-to-earnings ratio, or P/E – or multiple – can help you gauge the price of a stock in relation to its earnings. For instance, a stock with a P/E of 20 is trading at a price 20 times higher than its earnings. A low P/E may be a sign that a company is a poor investment risk and that its earnings are down. But it may also indicate that the market undervalues a company because its stock price doesn't reflect its earnings potential. Similarly, a stock with a high P/E may live up to investor expectations of continuing growth, or it may be overvalued.

5.5 INVESTOR DEMAND

People buy a stock when they believe it's a good investment, driving the stock price up. But if people think a company's outlook is poor and either don't invest or sell shares they already own, the stock price will fall. In effect, investor expectations determine the price of a stock.

For example, if lots of investors buy stock A, its price will be driven up. The stock becomes more valuable because there is demand for it. But the reverse is also true. If a lot of investors sell stock Z, its price will plummet. The further the stock price falls, the more investors sell it off, driving the price down even more.

6. PERFORMANCE ANALYSIS OF RETURNS

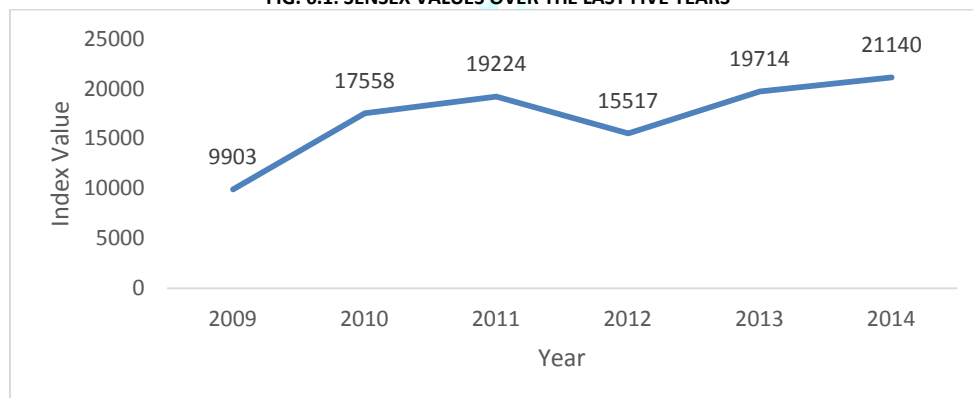
6.1 EQUITY RETURNS AT A GLANCE

If we have a look at sensex returns of the past 5 years it is like this:

TABLE 6.1: SENSEX VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	9903	0	0
2010	17558	7655	77%
2011	19224	1666	9.5%
2012	15517	-3707	-19.2%
2013	19714	4197	27%
2014	21140	1426	7.2%

FIG. 6.1: SENSEX VALUES OVER THE LAST FIVE YEARS



Inference: During the year 2010, senses got raised about 77% compared to the year 2009. But loss around 20% in the year 2012 compared to 2011. A bit volatility can be seen

BSE100

TABLE 6.2: BSE100 VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	9200	-	-
2010	6191	-3009	-32%
2011	4598	-1593	-25%
2012	5975	1377	29%
2013	6326	351	5%
2014	6748	422	7%

FIG. 6.2: BSE100 VALUES OVER THE LAST FIVE YEARS



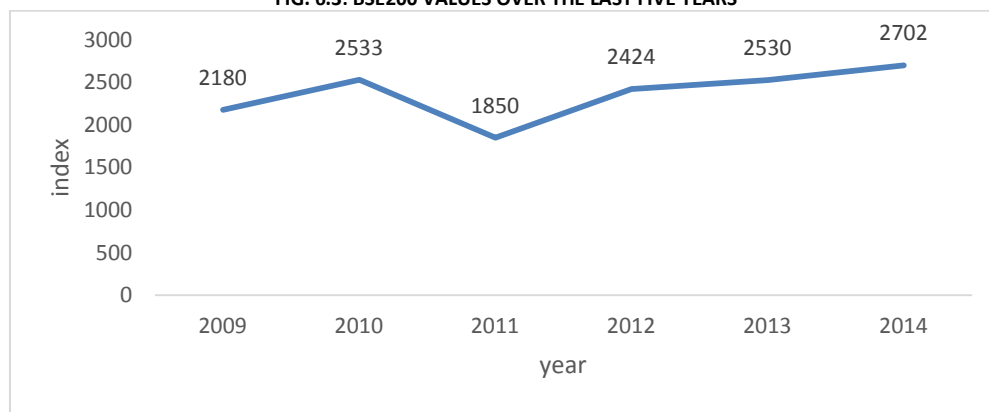
Inference : BSE100 went down till the year 2011 and since then, it's on rise.

BSE200

TABLE 6.3: BSE200 VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	2180	0	0
2010	2,533	353	16%
2011	1,850	-683	-36%
2012	2,424	574	31%
2013	2,530	106	4.3%
2014	2702	172	6.7%

FIG. 6.3: BSE200 VALUES OVER THE LAST FIVE YEARS



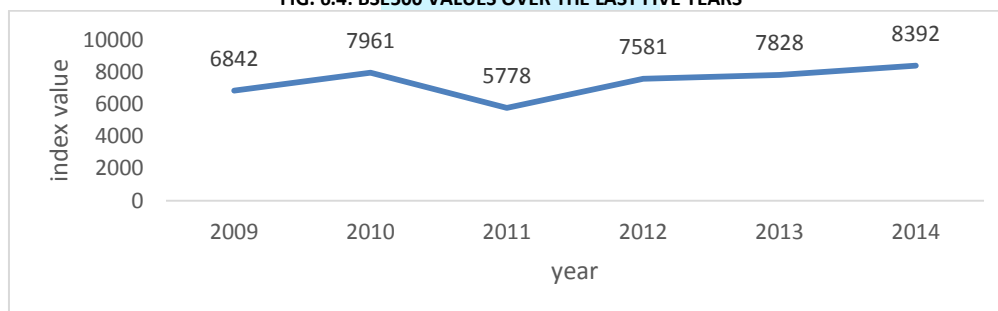
Inference: A bit volatility can be observed.

BSE500

TABLE 6.4: BSE500 VALUES OVER THE LAST FIVE YEARS

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	6842	-	-
2010	7,961	1119	16%
2011	5,778	-2183	-27%
2012	7,581	1803	31%
2013	7,828	247	3%
2014	8392	564	7%

FIG. 6.4: BSE500 VALUES OVER THE LAST FIVE YEARS



Inference :Volatility can be observed over the years.

*Index values are taken at the end of each year.

6.2 BONDS RETURNS AT A GLANCE

If we have a look at the average return, which the central government securities have given over a period of one year, it is 9.11%. Now if we look at the average return, which the state government securities have given over a period of one year, it is 9.28%.

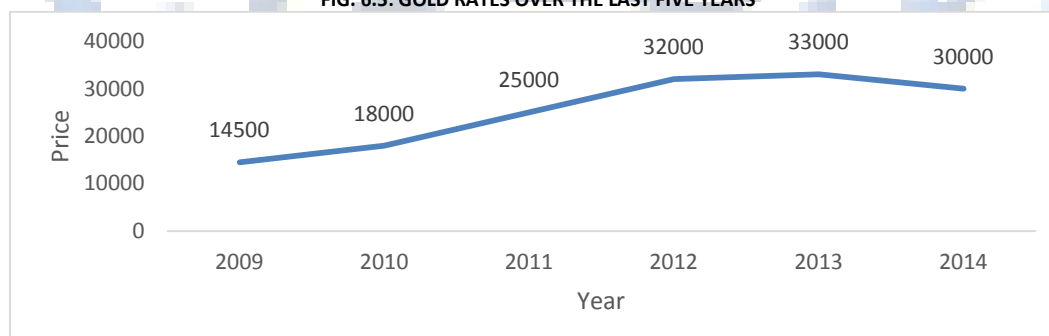
6.3 GOLD RETURNS AT A GLANCE

"Gold shines when everything else falls apart" goes an old adage. True, the glitter is back. During the 50s gold appreciated marginally. The next decade, 1960-1970, it moved from \$35 to \$40 and between 1970-1980 came the massive rise from \$40 to \$614, a whopping 1407%. The trend of gold prices in India in the last few years is given in the following table.

TABLE 6.5: GOLD RATES OVER THE LAST FIVE YEARS

YEAR	PRICE (PER 10 GRAMS)	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2009	14500	-	-
2010	18000	3500	24%
2011	25000	7000	38%
2012	32000	7000	28%
2013	33000	1000	3%
2014	30000	-3000	-9%

FIG. 6.5: GOLD RATES OVER THE LAST FIVE YEARS



Inference : Gold rates are on sharp increase from the past five years.

*Price indicates December end prices of that particular year

6.4 MUTUAL FUNDS RETURN AT A GLANCE

TABLE 6.6: EQUITY FUND RETURNS FOR ONE YEAR

Equity Fund	NAV	1 Yr
ICICI Pru Right Fund (G)	58	32.4
Axis Long Term Equity – Direct (G)	19.66	32
Axis Long Term Equity Fund (G)	19.36	30.5

TABLE 6.7: EQUITY FUND RETURNS FOR THREE YEARS

Equity Fund	NAV	3 Yr
ICICI Pru RIGHT Fund (G)	58	17.2
Axis Long Term Equity Fund	19.66	15.9
BNP Paribas Tax Advantage Plan	19.31	11.4

TABLE 6.8 :EQUITY FUND RETURNS FOR FIVE YEARS

Equity Fund	NAV	5 YR
ICICI Pru Tax Plan (G)	192.4	23.3
Quantum Tax Saving Fund (G)	29.42	21.4
HDFC Long Term Advantage	181	20.5

TABLE 6.9 : EQUITY BALANCED FUND RETURNS FOR ONE YEAR

EQUITY BALANCED	NAV	1 YR
ICICI Balanced Adv (G)	72	26.5
ICICI PruBalanced Fund (G)	72.7	26.5
HDFC Balanced Fund (G)	77.62	25.6

TABLE 6.10: EQUITY BALANCED FUND RETURNS FOR THREE YEARS

EQUITY BALANCED	NAV	3 YR
ICICI Pru Balanced Adv (G)	20.19	13.2
ICICI Pru Balanced Fund (G)	67.06	13
HDFC Balanced Fund (G)	77.10	11.2

TABLE 6.11: EQUITY BALANCED FUND RETURNS FOR FIVE YEARS

EQUITY BALANCED	NAV	5 YR
HDFC Prudence Fund (G)	274	20.6
HDFC Balanced Fund (G)	77	20.5
Tata Balanced Fund (G)	113	18.8

Inference : Equity mutual fund returns are greater than that of equity balanced.

6.5 REAL ESTATE RETURNS

Real Estate industry in India has come of age and competes with other investment options in the structured markets. Commercial real estate continues to be a desirable investment option in India. On an average the returns from rental income on an investment in commercial property in metros is around 10.5%, which is the highest in the world. In case of other investment opportunities like bank deposits and bonds, the returns are in the range of 5.5% - 6.5%. Rejuvenated demand since early 2004 has led to the firming up of real estate markets across the three sectors – commercial, residential and retail. The supply just about matches demand in almost all metros around the country. There has been an upward pressure on the real estate values. From a technical perspective, robust demand and upward prices are helping revive investment and speculative interest in real estate and this is being further aided by excess money supply, stock market gains and policy changes in favor of the real estate sector. Investment Yield increasing demand from the IT/ITES and BPO sector has led to approximately 20% - 40% increase in capital values for office space in the last 12-18 months across major metros in India. Grade-A office property net yields have come down from 12% -15% in 2003 and currently average around 10.5% - 11% p.a. The fall in yields has resulted from decreasing interest rates and increasing appetite from investors. This has in turn resulted from abundant liquidity options available coupled with the acceptability of real estate as a conventional class of asset. Lower interest rates, easy availability of housing finance, escalating salaries and job prospects have been lending buoyancy to the residential sector. The net yields (after accounting for all outgoings) on residential property are currently at 4% - 6% p.a. However, these investments have benefited from the improving residential capital values. As such, investor can count on potential capital gains to improve their overall returns. Capital values in the residential sector have risen by about 25% - 40% p.a. in the last 15 – 18 months. The retail market in India has been growing due to increasing demand from retailers, higher disposable incomes and dearth of quality space as on date. Though the net yields on retail property have registered a fall from 10% - 13% p.a. reported earlier to 9% - 10.5% p.a. currently, the capital appreciation in this sector is close to 20% 40% p.a. However, the risks associated with this sector are higher as retailers are prone to cyclical changes typical of a business cycle. Changing consumer psychographics combined with increasing disposable incomes will ensure further growth of the retail sector in India.

6.6 LIFE INSURANCE RETURNS AT A GLANCE

Life Insurance as "Investment". Insurance is an attractive option for investment. While most people recognize the risk hedging and tax saving potential of insurance, many are not aware of its advantages as an investment option as well. Insurance products yield more compared to regular investment options and this is besides the added incentives (bonuses) offered by insurers. You cannot compare an insurance product with other investment schemes for the simple reason that it offers financial protection from risks something that is missing in non-insurance products. In fact, the premium you pay for an insurance policy is an investment against risk. Thus, before comparing with other schemes, you must accept that a part of the total amount invested in life insurance goes towards providing for the risk cover, while the rest is used for savings. In life insurance except for term insurance, unlike non-life products you get maturity benefits on survival at the end of the term. In other words, if you take a life insurance policy for 20 years and survive and survive the term, the amount invested as premium in the policy will come back to you with added returns. In the unfortunate event of death within the tenure of the policy the family of the deceased will receive the sum assured.

Now let us compare insurance as an investment options. If you invest INR 10000 in PPF, your money grows to Rs.10950 at 9.5% interest over a year. But in this case, the access to your funds will be limited. One can withdraw 50% of the initial deposit only after 4 years. The same amount of Rs.10000 can give you an insurance cover of up to approximately Rs.5 – 11 lakh (depending upon the plan, age and medical condition of the life insured etc) and this amount can become immediately available to the nominee of the policyholder on death. Thus insurance is a unique investment avenue that delivers sound returns in addition to protection. Life Insurance as "Tax Planning"

Insurance serves as an excellent tax saving mechanism too. The Government of India has offered tax incentives to life insurance products in order to facilitate the flow of funds into productive assets. Under section 88 of income tax act 1961, an individual is entitled to a rebate of 20% on the annual premium payable on his/her and life of his/her children or adult children

7. FINDINGS OF THE STUDY

Evaluating an investment option is never an attempt to run down the credentials of other instruments in the block. Rather the aim is to uncover ways to make the scene more persuasive and more rational. Mutual funds are an ideal investment in more ways than one. After a number of investigation and back seat squabbling over the latest budget, investors have finally started asking for the right investment instrument that truly fits his needs. At the backdrop of this uncertainty I am trying to size up the depths. And breadth of benefits of six investment instruments in this section of triggering thoughts. Abandoning the marketing tricks, I stretched out my analysis with a ranking scale of 10 as a fundamental figure crunching exercise. Gradually, I have identified and categorized all the investment requirements into three broad heads to seize the flaws into procedure. And in a remarkable finding, mutual funds appears to act as a treat to all embodies investment at its best and widely addresses the savings component of safety to suite your income tolerance.

7.1 PRIMARY NEEDS

The basic requirements an investor looks for in an investment are safety, returns and liquidity. After the US-64 fiasco, many people are confused whether to invest in any government backed financial institutions. Most of them are now transferring their money to bank FD's, which according to them is one of the safest investment options. Many state that 'I don't mind getting low returns, but I should be sure to receive them'.

7.2 SECONDARY NEEDS

Ancillary requirements for an investment are absence of entry barrier, tax efficiency and cash flow effectiveness. In an attempt to encourage real estate or the housing business in the country a lot of tax soaps have been given to this sector. A taxpayer can claim the deduction of up to Rs.1.5 lakh per year on the interest payable on the funds borrowed for the purchase of the house or for construction. Coming to mutual funds, though the dividends are being taxed in the hands of the investor this year, there is another route to save to tax – the growth option or the systematic withdrawal plans. In the case of lone term capital gain tax, one has the option of either paying 20% tax with indexation benefits or a flat rate of 10%. Apart from good tax soaps mutual funds also enjoy the benefits of entry barriers i.e. unlike in bonds, any person need not have to wait for an issue to be open to invest in a mutual fund, instead can enter anytime he wishes to do so. One may think that with so many advantages mutual funds need huge investment to start off, but one can start investing in mutual funds with a nominal amount of Rs.500/- in case of systematic investment plan.

7.3 TERTIARY NEEDS

The stock market is one of the options for investing your money. Stocks are unmatched to any other investment tool. They are the best way to make money and stay ahead of inflation over time. This is ideal if you have long-term investment goals. When you buy stock in a company and if they go bankrupt then the stock will not be the worth the price you paid for it. These things do happen, but if invest with proper strategies you will usually come out a winner.

For e.g. If someone had invested Rs.1 lakh in the equity market 22 years back, the thing would have appreciated to Rs.25 lakhs today. Another classic example is the Infosys stock where in if one had invested Rs.10000 in June 1993, when it came out with its maiden IPO, your holding would be worth more than Rs.85 lakhs. Over the same period debt has generated an annual return of 12% whereas gold 3.4% and real estate, though it gave 10% during this period it continued to be bogged with problems relating valuation, liquidity, sale proceeds etc. another good option is the systematic investment plan (SIP) in the mutual funds. This is feature in most of the mutual funds specifically designed for those who are interested in building wealth over long-term and plans a better future for themselves and their family. There are three major benefits of SIP. They are benefit of compounding rupee cost averaging and convince. With cost averaging one need not worry about the price of the unit, instead just invest regularly over a long-term period. This approach turns the odds in your favor over the long-term period.

Indeed the last couple of years were bad for the mutual fund industry. However as the saying goes 'every dark cloud has a silver lining' so the same is happening to mutual fund industry. With most of AMC's coming up with innovative products to beat the drawbacks of what they faced in the past, definitely the industry will take a new high from here. For a better understanding, after a thorough analysis our in house research team has quantified the investment options, as figures speak louder than words. With the help of the asset grid one can easily make a choice of investment. A careful look at those figures below reflects that investing in mutual stand at an advantage over the others.

TABLE 7.1: ASSET GRID

	Equity	Bonds	Gold	Real Estate	Equity MF	Debt MF
Primary Needs	2.33	1.90	2.33	2.54	2.91	2.64
Secondary Needs	2.42	1.33	1.65	0.94	2.65	2.32
Tertiary Needs	1.50	2.46	1.27	1.41	2.20	2.30
Value of Specific Instrument	6.25	5.69	5.25	4.89	7.76	7.26

7.4 PROCEDURE FOLLOWED

Firstly, the primary requirements have been broadly classified into three i.e. Basic Requirements, Ancillary Requirements and Portfolio Fit. These have been further classified into Primary needs, Safety returns and Liquidity. Secondary needs – tax efficiency, entry barriers and cash flow effectiveness. Tertiary needs – long term goals and holdings/liquidation cost. The primary secondary and tertiary needs have been assigned 40%, 30%, 30% respectively and each of the subcategories have also been assigned individual weight

These ranks are multiplied with respective weights each category and in turn the sum of these are multiplied with by the weights assigned to the primary requirements. For safety as the parameter, in comparison with mutual funds equity is ranked the lowest because of the risk it carries with it. Most of the scripts are market driven. Anything or anyone can affect the market.

On the other hand bonds are ranked the highest because they are government backed.

Contrast equity is ranked the highest for returns, as it is one of the best investment options to give good returns. Bond are rated the lowest because of the assured returns promised by the government. Both of them pay around 8% - 9% of annual returns.

TABLE 7.2 : THEORETICAL RANKINGS OF FINANCIAL INSTRUMENTS

Investment Needs	Weight (%)	Equity	Bonds	Gold	Real Estate	Equity MF	Debt MF
Safety	40	2	7	7	8	5	7
Returns	40	8	4	5	5	8	5
Liquidity	20	7	4	8	2	7	9
Entry barrier	60	9	5	5	1	8	7
Tax Efficiency	20	3	6	3	9	7	8
Cash Flow Effectiveness	20	8	3	9	4	8	9
Holding cost	60	5	9	3	2	7	8
Long Term Goals	40	4	5	6	9	9	7

For liquidity mutual funds and gold are ranked the highest as these can be converted into cash immediately as and when the investor wishes to do so. However that is not the case with the real estate or PPF account as the former is not easy to dispose and the later has a lock in period of 15 years. Even in case of entry barrier, equity and mutual funds are ranked the highest at they can be bought at any point of time with minimal investment. But, it is not the same with the real estate, since you cannot buy the land you wish to until and unless there is someone wishing to sell it.

Taking into consideration the tax angle of an investment, then the most advantageous are the real estate and equity mutual funds. In case of real estate, a maximum amount of Rs.1.5 lakhs is allowed as deduction for the interest paid for the loan taken to either buy a house or construct it. Even in case of mutual funds, if the units are held for more than a year, only 10% of the capital appreciation is taxed and not at the peak rates. Bank FD's are the wrong choice if one is looking for the tax aspect because, firstly the amount of interest paid is less and secondly TDS is applicable. There are a few options, which meet our long-term goals. The systematic investment plan, a special feature in mutual funds is the best option to meet your long-term requirements for the same mutual funds has the highest score in the asset grid. The same thing is even applicable to the real estate, as there is a high possibility of appreciation over time and every chances of depreciation. Bank FD's are ranked the least because the capital appreciation is not huge.

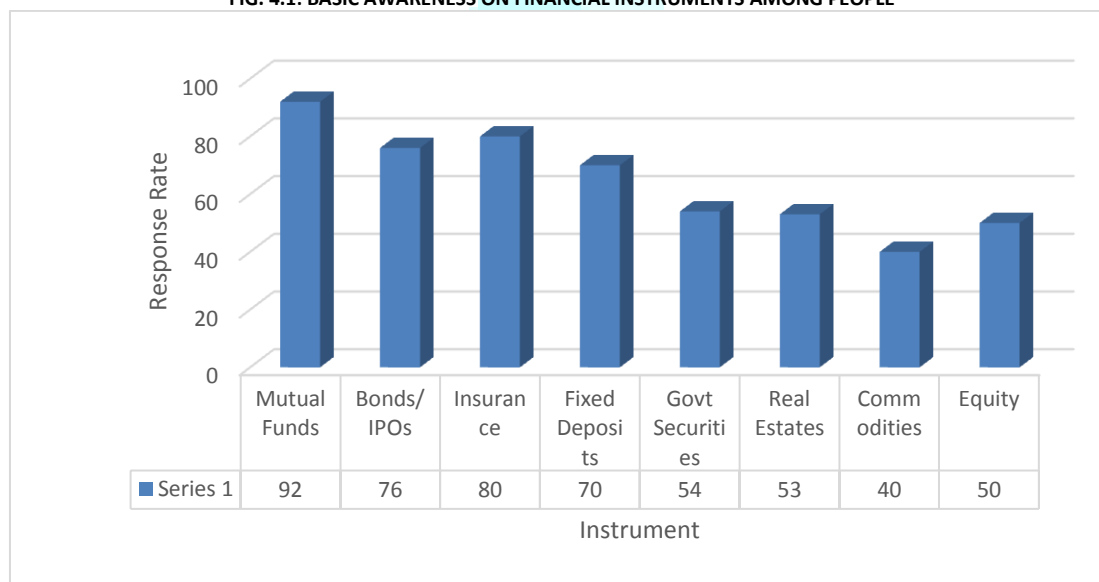
QUESTIONNAIRE ON 'AWARENESS ON FINANCIAL INSTRUMENTS'

TABLE 4.3: PARAMETERS

RESEARCH	OBJECTIVE
DATA SOURCE	PRIMARY DATA
RESEARCH METHOD	SURVEY
RESEARCH TECHNIQUE	QUESTIONNAIRE
NO OF QUESTIONS	9
SAMPLE SIZE	100

1) Which of the following financial instruments you are aware of?

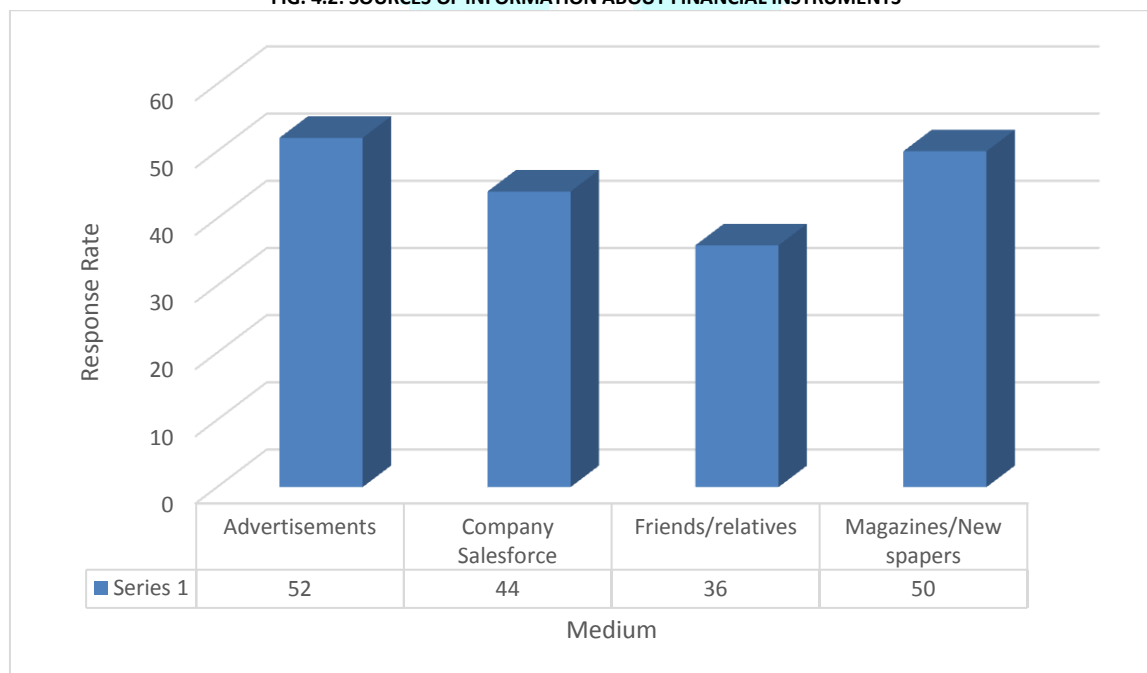
FIG. 4.1: BASIC AWARENESS ON FINANCIAL INSTRUMENTS AMONG PEOPLE



Observation: Highest percentage of participants know about mutual fund

2) How do you get information regarding these financial instruments?

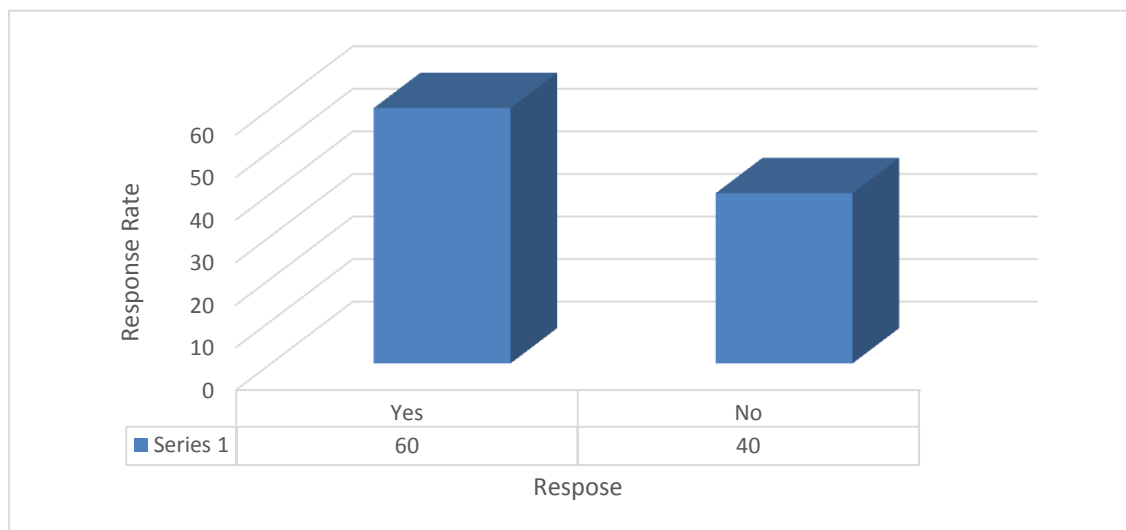
FIG. 4.2: SOURCES OF INFORMATION ABOUT FINANCIAL INSTRUMENTS



Observation: Advertisements constitute the major source of information about financial instruments.

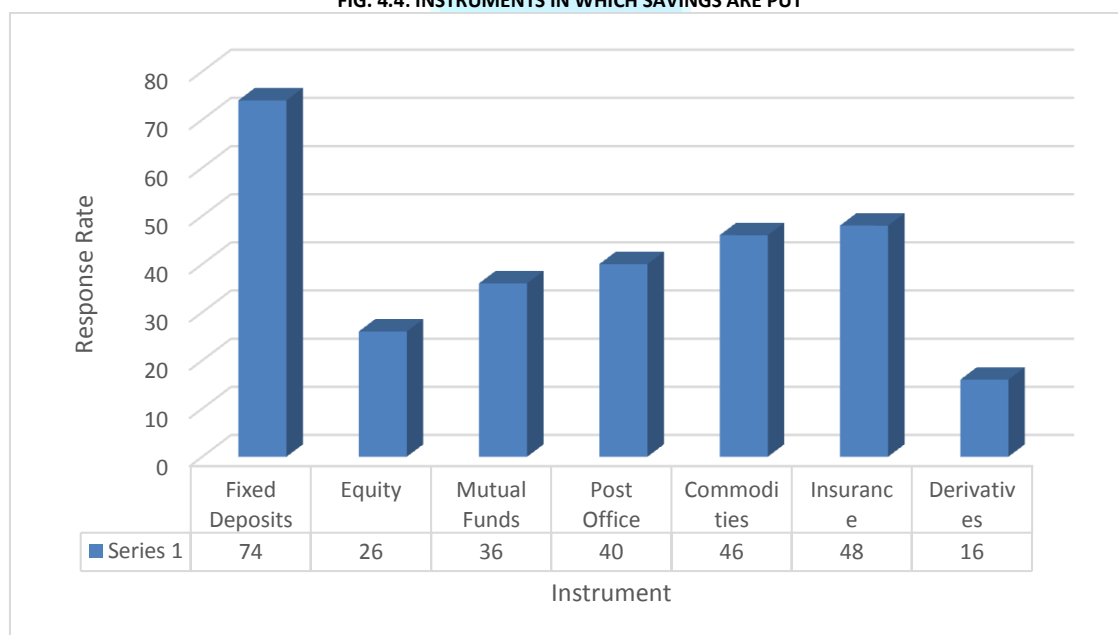
3) Do you invest in financial instruments?

FIG. 4.3 : INVESTMENT IN FINANCIAL INSTRUMENTS OBSERVATION: ABOUT 60% OF THE PARTICIPANTS INVEST IN FINANCIAL INSTRUMENTS



4) Where do you invest your savings?

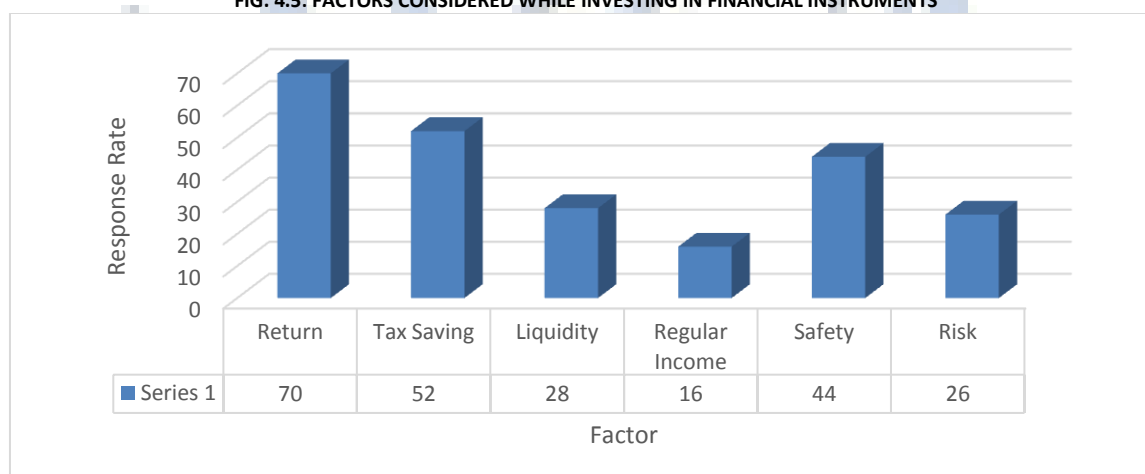
FIG. 4.4: INSTRUMENTS IN WHICH SAVINGS ARE PUT



Observation : Most of the participants are inclined towards investing in Fixed Deposits

5) What are the factors that you consider while investing in financial instruments

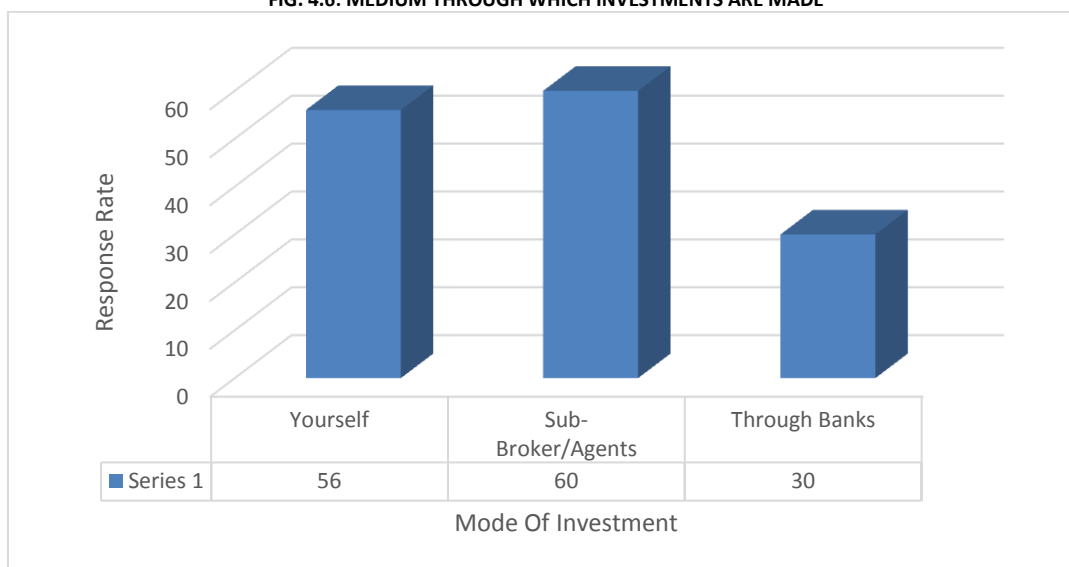
FIG. 4.5: FACTORS CONSIDERED WHILE INVESTING IN FINANCIAL INSTRUMENTS



Observation: Most of the participants consider on return, tax saving and safety as factors that influence their investment decisions.

6) How will you invest in any financial instrument?

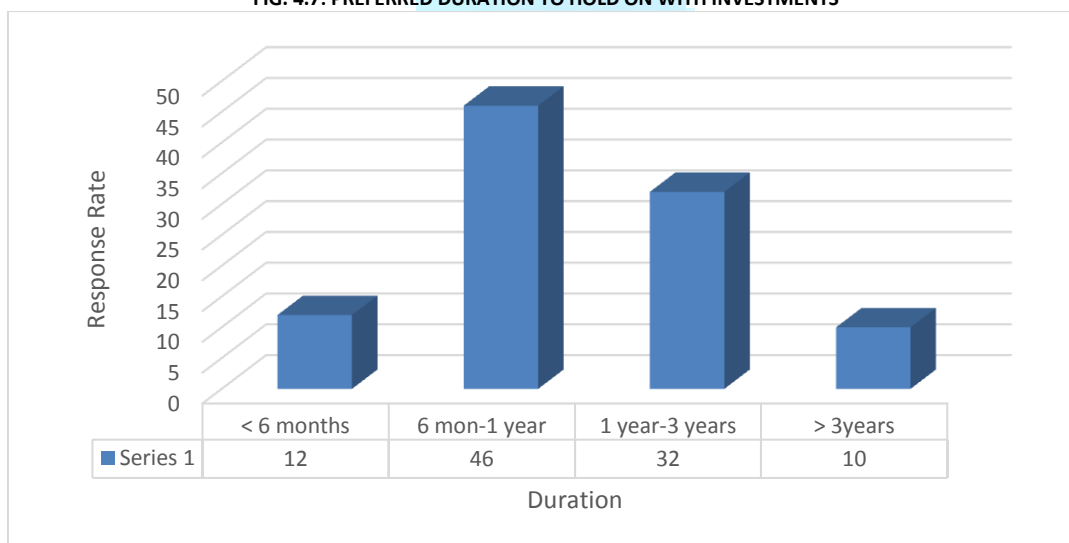
FIG. 4.6: MEDIUM THROUGH WHICH INVESTMENTS ARE MADE



Observation : Sub-Broker/Agents are approached by most people while investing

7) How long do you prefer to keep your money in any financial instrument?

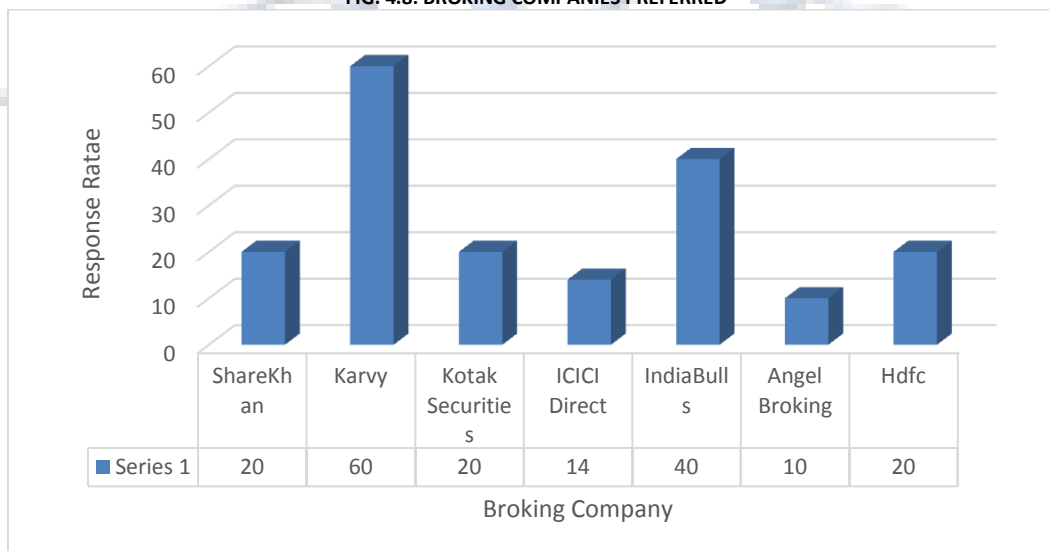
FIG. 4.7: PREFERRED DURATION TO HOLD ON WITH INVESTMENTS



Observation: Most people prefer to hold their investments for a duration of six months to 1 year

8) If you select a broker or agent then which broking company would you select?

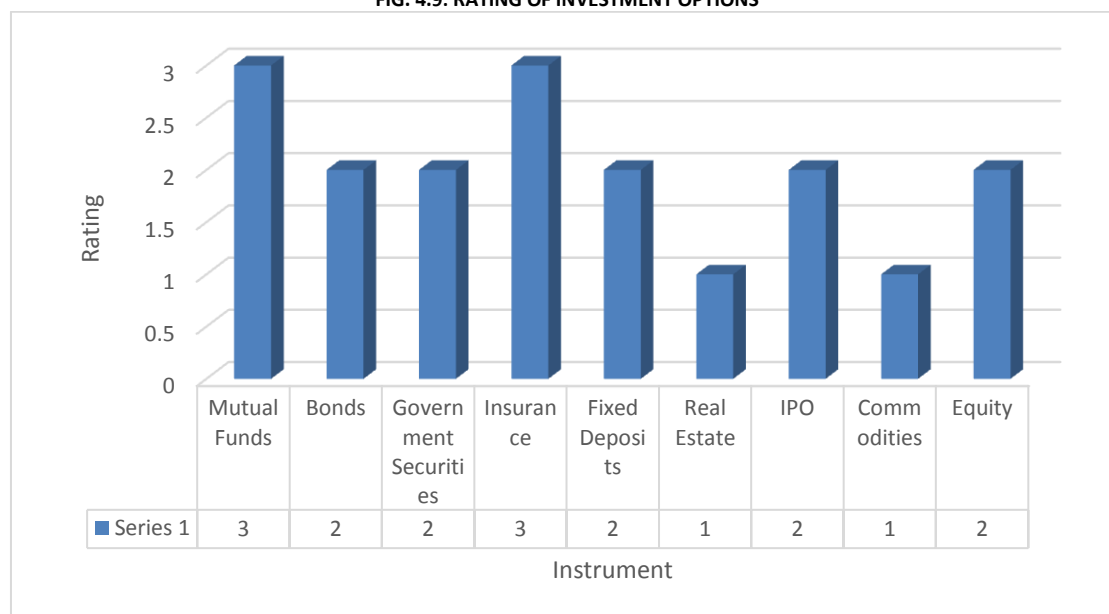
FIG. 4.8: BROKING COMPANIES PREFERRED



Observation :Karvy and Indiabulls are the preferred broking companies

9) How do you rate the following investment options? (1-least,5-highest)

FIG. 4.9: RATING OF INVESTMENT OPTIONS



Observation : Mutual funds, Insurance, Mutual Funds are rated highest.

CONCLUSION

- There are several investments to choose from these include equities, debt, real estate and gold. Each class of assets has its peculiarities. At any instant, some of those assets will offer good returns, while others will be losers.
- Most investors in search of extraordinary investments try hard to find a single asset. Some look for the next Infosys, others buy real estate or gold. Many of them deposit their savings in the Public Provident Fund (PPF), fixed deposits or post office deposits, others plump for debt mutual funds.
- Very few buy across all asset classes or diversify within an asset class. Therefore it has been widely said that "Don't put all your eggs in one basket". The idea is to create a portfolio that includes multiple investments in order to reduce risk.
- Things changed in early May 2006 since then the stock market moved up more than 70%, while many stocks have moved more. Real estate prices are also swinging up, although it is difficult to map in this fragmented market. Gold and Silver prices have spurted.
- Bonds continue to give reasonable returns but it is no longer leads in the comparative rankings. Right now equity looks the best bet, with real estate coming in second. The question is how long will this last? If it is a short-term phenomenon, going through the hassle of switching over from debt may not be worth it. If it's a long-term situation, assets should be moved into equity and real estate. This may be long-term situation. The returns from the market will be good as long as profitability increases. Since the economy is just getting into recovery mode, that could hold true for several years.
- Real estate values, especially in suburban areas or small towns could improve further. The improvement in road networks will push up the value of far-flung development. There is also some attempt to amend tenancy laws and lift urban ceilings, which have stunted the real estate market.
- Regardless of your means of method, keep in mind that there is no generic diversification model that will meet the needs of every investor. Your personal time horizon, risk tolerance, investment goals, financial means, and level of investment experience will play a large role in dictating your investment experience will play a large role in dictating your investment mix. Start by figuring out the mix of stock, bonds and cash that will be required to meet your needs. From there determine exactly which investments to include in completing the mix, substituting traditional assets for alternatives as needed.
- From the survey it can be observed that though people give highest rating to mutual funds, they are interested in fixed deposits because of lowest risk.

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IMPACT OF CULTURAL DIFFERENCES ON INTERNATIONAL BUSINESS: A REVIEW OF LITERATURE

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ABSTRACT

The term cultural distance has come to occupy a very important place in international business. While culture conditions the norms and behavior of the people of a particular group the difference in this norms and behavior of people across different cultures has strong implications for international business negotiations. The underlying research attempts to understand the impact of cross border cultural differences on international business, to ascertain whether cultural distance asymmetry exists or not and whether the difference in the cultures across border provide any scope for positive impact on the business negotiations or not. An attempt has also been made to study the factors that influence the investment mode preferences of the different countries and to understand the role of language in international business. Based on the review of literature it has been found that cultural distance is the mixed blessing in case of international business since it can have both positive and negative impact. The research also revealed that cultural distance asymmetry exists that influences the investment preferences of the countries. Also the language has an influence on the pattern of foreign market expansion of the business firms. Overall it is important for the business firms to know the differences in the cultures of different countries so as to avoid extremely risky situations and prevent business failures on account of cultural distance.

KEYWORDS

Culture, Distance, International Business, Language.

JEL CODE

F20, F23.

INTRODUCTION

According to Ferraro, "Culture is everything that people have, think and do as a member of society". This definition highlights three important structural elements of the concept of culture i.e. a person must possess something (have) that makes him a part of a particular culture or he may think of certain ideas, values or may exhibit certain attitudes and beliefs that are unique to a particular culture (think) or behave in a manner that is prescribed by the society (do). All these three components give rise to different cultures that result in cultural differences (Ferraro, 2001).

Culture can also be defined as a set of shared values, assumptions and beliefs that can be learned out of the membership of the group that influences the attitudes and behaviors of the members of the group (Ghemawat & Reiche, 2011). This highlights the group phenomenon associated with culture and how culture distinguishes one group from another on the basis of the difference in the cultural norms and behavior. At the same time it also indicates that culture exists at various levels like organizations, industries, nations etc. Moreover culture is more associated with the process of socialization rather than with the birth. This is because the learning can take place in any phase of life and during any stage of the person's life cycle. Also it is the collective programming i.e. the cultural values that set the preferences and priorities in one's behavior (Ghemawat & Reiche, 2011).

Another important definition of culture has been given by Geert Hofstede as "the collective programming of the mind that distinguishes the members of one organization from others" (The Hofstede Centre, n.d.). The term collective programming implies a process that conditions the people of the group by the same education, religion, history, education, norms, values etc. Due to the difference in culture people of different cultures view the same problem differently. As a result people from different countries are different from each other because of the difference in their collective programming. As part of one of the most extensive study on culture Hofstede has conceptualized the culture on the basis of five dimensions which are individualism versus collectivism, power distance, masculinity versus femininity, uncertainty avoidance, long term orientation or Confucian dynamism (Ghemawat & Reiche, 2011).

With the increasing globalization and growing business transactions across nations, cultural differences have come to occupy an important place. The knowledge of the cultural differences has gained unprecedented importance because any misunderstanding on account of the values and norms can adversely affect the business negotiations. The knowledge of the cultural differences can help in avoiding the conflicts in international business negotiations.

The lack of knowledge about cultural differences can result in difficult and embarrassing situations. This can also impact the business relationships. This can be explained with the help of an incidence. An analysis of the conversations recorded in the black boxes of Korean Air's crashed planes to ascertain the reason behind high number of plane crashes during the period of 1970-2000 revealed that the co-pilots and flight engineers in all Korean cockpits were so deferential to their captains that they never thought of giving any suggestion that would contradict the judgment of the captain since it is culturally unacceptable behavior to challenge one's superior in Korea (Ghemawat & Reiche, 2011). A vast research in the area of Foreign Direct Investment indicates that culture plays a very important role in selecting the country and mode of entry for FDI. The knowledge of the cross border cultures can enable to nations to obtain business competencies and success in international business.

OBJECTIVES OF THE STUDY

The objective of the study is to understand the impact of cross border cultural differences on international business.

The purpose is also to know whether cultural distance asymmetry exists and how it affects investment preferences and to gain an insight whether cultural distance between two countries provides a scope for positive impact on international business or not.

The objective is also to understand how language influences the pattern of foreign market expansion and to ascertain the factors that influence the choice between various modes of entry in international business.

RESEARCH METHODOLOGY

The research is primarily based on the review of literature. The research papers related to the objectives of the present study have been studied thoroughly to gain an insight into the extent to which the cross cultural differences impact the international business.

LITERATURE REVIEW

Lamont & Reus (2009) provides an insight into the effects of the role of cultural distance in international acquisitions. They are of the view that cultural distance does not have direct effects on acquisition performance; rather it is likely to have indirect positive and negative effects that might cancel out each other in the aggregate. In order to understand the relationship between cultural distance and acquisition performance the role of integration capabilities has been referred which refer to organizational practices specific to managing the post-acquisition integration process.

The researchers hold that the negative effects of cultural distance on acquisition performance are likely to be mediated by its impeding effects on integration capabilities. On the other hand, making acquisitions in culturally distant countries is associated with an enriching effect on the application or use of existing integration capabilities namely understandability, communication, and key employee retention. It has been argued that complication arises on account of cultural distance being a source of hindrance in the development of integration capabilities. Cultural distance obstructs understandability because multinational companies are likely to have less knowledge of the local cultures and business practices in the local markets. Cultural distance also acts as a hindrance in communication that can adversely affect the acquisition performance. Similarly, key acquired employees may be less motivated to work for the new foreign parent. However an alternative view holds that understandability on account of distinct routines and practices, rich communication allowing cross cultural learning and the opportunities available to the key employees to learn diverse viewpoints because of the difference in the cultures can create synergic benefits for the two firms. In the study five characteristics of the acquirer were included as control variables namely industry differences, degree of internationalization of the acquirer prior to the acquisition, prior country experience of the acquirer, total number of acquisitions and past firm performance. In addition, they included four acquisition characteristics as control variables namely the business relatedness, relative size (i.e., the size of the target firm compared with the size of the acquiring firm), autonomy provision to the acquired firm and economic, financial, and political conditions that are likely to vary year by year.

The results confirmed a more interdependent perspective that views cultural distance as a mixed blessing, because while it may enhance the potential for learning when integration capabilities are in place, it also hinders the development of these integration capabilities. The findings indicate that the "process view" of acquisitions which emphasizes the role of integration capabilities, is relevant in understanding international acquisition performance. It was also found that international acquisition performance is in large part a function of the development and application of understandability, communication, and key employee retention during acquisition integration. The results confirm that there is no simple answer to the question whether acquirers will face poor or strong performance in distant cultures. However, a complicating factor in the role of cultural distance is that it also makes it more difficult to develop the context that fosters these integration capabilities. Thus the findings suggest that cultural distance is a double-edged sword with costs and benefits (Lamont & Reus, 2009).

Shenkar et al (2008) applied cultural familiarity theory to develop hypotheses pertaining to the relationships between the direction of investment flow, cultural distance, and control (as reflected in entry mode preferences). To disaggregate the confounded impact of a foreign environment and a foreign partner when seeking cross-border cooperation, inward and outward cooperative preferences of small and medium-sized Korean firms were examined simultaneously. Outward investment seeks a cooperative relationship in a foreign country in which the partner firm is operating. Cooperative domestic investment, on the other hand, seeks a cooperative relationship in the domestic market in which the focal firm is established. In the study small and medium-sized firms from a newly industrialized country (Korea) were considered, since such firms are as likely to seek cooperation for projects undertaken at home as to seek opportunities in foreign markets.

The study revealed that even though there is no significant impact of cultural distance on control preferences yet firms tend to feel more comfortable in their domestic environment and prefer to enter into business arrangements that give them more control. However, investment direction was also found to be playing an important role in the relationship between cultural distance and control preferences. Therefore, when the impact of cultural differences on the level of control sought over inward and outward investments was compared, the impact of cultural distance was greater in inward investment than in outward investment. So firms welcoming inward investment commit fewer resources because of their unfamiliarity with the partner firm's culture. As per the results firm age, firm size and number of competitors in the industry do not have a significant influence on the control preferences of the small firms. However, the number of chaebol firms in the industry i.e. group of large conglomerates was found to be significantly and negatively impacting the control preferences of the small sized firms. Further the advertising intensity typical of an industry showed a positive relation with the amount of control to be exercised. Firms that invest more in advertising might thus have more incentive to better use this capability in cooperative ventures by insisting on having more control. It was also found that firms that export more have less incentive to focus on cooperative ventures and so do not pursue high control.

The results provide support for the cultural familiarity theory, confirming the importance of culture in FDI decisions. The findings support the view that interacting with a partner is just one aspect of the interaction involved in undertaking an International Cooperative Venture (ICV). The findings also reaffirm the importance of examining the local partner's perspective in ICVs and that of examining a partner's strategic intentions prior to the bargaining game that determines the ICV's control structure. The research suggests that it is valuable to see that cultural distance asymmetry exists and that it makes a difference in firms' investment preferences (Shenkar et al, 2008).

Mehta et al (2006) empirically examine whether cultural differences affect trust, commitment, and cooperation in international marketing channel alliances between U.S. exporters and their foreign distribution partners. The study put forward that to work together successfully, the channel partners have to believe each other (trust), be willing to assist each other on a regular rather than on an ad hoc basis (commitment), and work together to achieve their goals (cooperate). Thus, the creation, nurturing, and sustaining of strategic alliances in international export channels must be based on substantial degrees of trust, commitment, and cooperation on the part of all channel members. To test the hypotheses, data were drawn from a sample of manufacturers of a variety of industrial products who depend on foreign distributors to market these products overseas.

The research explains the relationship between the degree of cultural difference and the levels of trust, commitment, and cooperation, exhibited by international strategic alliance partners in export channels. The study revealed a high level of consistency with which U.S. manufacturers assessed their international channel partners. Moreover, those international partners in export channels which were categorized by large cultural differences exhibited similar levels of trust, commitment, and cooperation with one another, while those that were categorized as culturally similar exhibited similar levels of commitment, cooperation, and trust. In addition, international alliances between culturally similar exporters and distributors exhibited greater trust, greater commitment, and greater cooperation than international alliances between culturally different exporters and distributors. Therefore, they conclude that when cultures are substantively different, trust, commitment, and cooperation among channel members are more difficult to attain. When cultural differences exist between exporters and their foreign channel partners, the alliance can be undermined if the cultural differences are significant enough to affect the communication process between the channel partners. Thus managers responsible for developing exports via foreign distributors need to pay close attention to the challenge of cultural differences in the channel (Mehta et al, 2006).

Johnson et al (2006) propose a definition of Cross-Cultural Competence (CC) as it applies to international business and develop a model for understanding how CC is nurtured in individuals. They view CC in terms of the ability of an individual to respond in different cultural contexts on the basis of the individual's knowledge, skills and attributes. The three dimensions of CC are identified as knowledge, skills, and personal attributes. The knowledge dimension of CC includes specific and general knowledge, knowledge about culture, knowledge of language, and knowledge about the rules of interaction. Skill is the 'expertise, or practiced facility in doing something'. It is the behavioral component of CC. The personal attributes dimension includes personality traits in addition to the internalized values, norms and beliefs of one's home culture. Personal attributes are treated as antecedents that can either help or hinder the development of CC. Two environmental factors namely institutional ethnocentrism and cultural distance were also identified whose presence can impede CC in the IB context.

The researchers predict that individuals who do not possess sufficient knowledge, skills and attributes will not be able to perform well on CC whereas the individuals who are high on these dimensions are likely to perform well. Further on integrating CC with cultural intelligence it is found that cultural intelligence plays an important role as a hidden construct in the development of CC. It is also found that cross cultural training programs give too much of importance to factual and conceptual knowledge rather than on developing the three CC dimensions. They acknowledge that cultural factors are only one among the many factors that can result into failures in international business. There are the external influences arising from political policies, legal practices, economic forces, and geographic influences as well as contextual influences that can hinder effective cross-cultural communication. Also problems may arise within the functional areas of companies operating abroad (Johnson et al, 2006).

Shenkar (2001) presents a critical review of the cultural distance construct, outlining its hidden assumptions and challenging its theoretical and methodological properties. Cultural Distance (CD) construct attempts to measure the extent of similarity and difference in different cultures. CD has been used widely to study foreign direct investment, headquarter-subsidiary relations, and expatriate selection and adjustment. There are three primary thrusts for the CD construct in the FDI literature namely foreign market investment location and the sequence of such investment by multinational enterprises (MNEs), to predict the choice of

mode of entry into foreign markets and to account for the variable success, failure and performance of MNE affiliates in international markets for which inconsistent results have been obtained over the years which might be the result of the conceptual and/or methodological properties of the CD construct. The properties are hidden assumptions not supported by either logic or empirical evidence and are in the form of two groups, one originates from the conceptual properties of the construct, and the other from the methodological properties of the construct. Conceptual properties create illusions that are at the centre of the CD construct and weaken its validity within the context of FDI theories. Methodological properties present instrumentation and measurement biases that distort the accurate measurement of cultural differences.

The conceptual properties include the illusion of symmetry according to which distance is symmetric, illusion of stability that assumed CD to be constant at a single point of time, the illusion of linearity i.e. embedded in the distance metaphor is the assumption of linear impact on investment, entry mode and performance. The linearity assumption implies that higher the distance between cultures, the higher the likelihood that (a) investment will occur at a later stage in the investment sequence, (b) a less controlling entry mode will be chosen, and (c) the worse the performance of foreign affiliates will be. The illusion of causality implicitly assumes that CD has a causal effect on FDI pattern, sequence and performance and the illusion of discordance is the implicit assumption that differences in cultures produce lack of "fit" and hence an obstacle to transaction is questionable.

On the other hand methodological properties include assumption of corporate homogeneity which implies that the CD index used to measure the construct relies on national culture measures and implicitly assumes lack of corporate culture variance, the assumption of spatial homogeneity i.e. measuring distance from one national culture to another the CD index assumes uniformity within the national unit and the assumption of equivalence implies that it is subject to same criticism as Hofstede's cultural framework.

The author has developed an integrative framework for the treatment of CD construct. Unlike the existing literature that focuses on what makes the cultures different he also put emphasis on closing CD. A number of key mechanisms with the potential of closing cultural distance include globalization and convergence, geographical proximity, increased communication and interaction, acculturation, staffing, foreign experience, cultural attractiveness. He holds the view that the word distance in CD should be replaced by friction. Friction is implied to mean the scale and essence of the inter-face between interacting cultures, and the "drag" produced by that interface for the operation of those systems.

Based on the research the author recommends that measures of general cultural similarity which do not assume linearity, additivity and normal distribution should be used in conjunction with other measure. Further national level data should be supplemented by cognitive CD measures. Also closing distance mechanisms such as cultural attraction, acculturation, foreign experience and geographical distance which have already been found to correlate with CD or to mediate or moderate its impact on FDI should be controlled (Shenkar, 2001).

Welch et al (2001) attempt to unbundle the impact of language through an examination of the way in which language influences the pattern of foreign market expansion and an analysis of how a firm may try to cope with language diversity by adopting a common corporate language.

The study reveals that there is a strong inclination for companies to stay within the same language group in their initial international ventures as a way of minimizing the perceived demands and risks involved. The authors identified a range of possible language groups and related internationalization paths. There are a number of ways in which firms can seek to avoid or minimize the impact of language differences as they internationalize. Many firms have traditionally used trading companies to handle their international operations, thus effectively outsourcing the language issue. Firms have also used their obtained expertise in operating in English in a range of English-speaking countries, thereby reducing the language demands of continuing international expansion. However, firms from English-speaking countries face the threat that taking the English language path may create difficulties in understanding the extent of differences between countries that are hidden by a shared language.

The major challenges faced by the management of the firms that operate internationally in multiple language contexts are related to communication and information flow among their diverse operations, locations and languages. These challenges are faced both at the individual and the organizational level, affecting internal interaction among sections, departments and divisions and between headquarters and subsidiaries. One of the major findings was that language proficiency can give the individuals increased power beyond the formal position particularly at the subsidiary level. The research analyses ways in which firms attempt to cope with the various demands that arise on account of multiple languages. One of the ways of dealing with the various demands is to transfer staff between headquarters and subsidiaries. Some other ways could be the use of translators in case there is no common language in between the different subsidiaries or to adopt a company language that is usually English for internal communication, formal reporting and information flow. While information technology and communications have attempted to reduce the hindrances in international business it cannot do away with the need for a local language in business operations. Further the spread of English might contribute to the false perception that language is no more a cultural barrier.

The exploration of the issues posed by language differences has revealed how persistent they are for companies from the earliest stages of internationalization to more mature, large-scale operations. Some companies are able to avoid the need to cope with language differences for some time because they are able to operate in a widely used mother tongue, such as English. However, even in such cases, global expansion eventually exposes all companies to the demands of dealing with multiple language environments. The study reveals that common corporate language can create more problems than it solves. A common corporate language may merely push the burden of handling the language adjustment process further down the hierarchy at the subsidiary level. Even when there has been early adoption of a common corporate language, the demands of having to deal with multiple languages do not diminish over time because of moves into additional markets and often more linguistically distant domains (Welch et al, 2001).

Barkema & Vermeulen (1997) determine what differences in national culture are most troublesome for International Joint Ventures (IJVs). The study is built on Hofstede's five dimensions: power distance, uncertainty avoidance, individualism, masculinity and long term orientation. The authors tested the hypotheses on longitudinal data on 828 foreign entries (IJVs and international wholly owned subsidiaries (IWOS)) of twenty-five Dutch multinationals between 1966 and 1994.

The results show that cultural distance hurt IJV survival, if all five dimensions given by Hofstede are included in the cultural distance index. The results show that the incidence of IJVs increases with cultural distance. The findings imply that the chances of survival of IJVs decrease in uncertainty avoidance and long-term orientation rather than in the other three dimensions of cultural distance (individualism, power distance, masculinity). Differences in masculinity have a significant, negative impact on the survival of IJVs but the effect is smaller than the effects of uncertainty avoidance and long-term orientation. The authors find that differences in uncertainty avoidance and in long-term orientation, rather than differences along the other three dimensions, reduce a firm's inclination to establish IJVs in a foreign country. The effects of uncertainty avoidance and long-term orientation are negative and significant, which suggests that firms are reluctant to establish IJVs when differences in uncertainty avoidance and long-term orientation are large. In contrast, differences along the other three dimensions lead to a preference of IJV over IWOS. It is also found that the impact of cultural distance on IJV survival has not disappeared over time.

The results do not show a decrease in the effect of cultural distance over time. Therefore, differences in the cultural backgrounds of partners cause problems in IJVs. But some differences are more disruptive than others. Differences in uncertainty avoidance and long-term orientation in particular, cause problems. These differences have a negative impact on IJV survival and decrease the likelihood that firms enter a foreign country through an IJV rather than through an IWOS. These differences, which translate into differences in how IJV partners perceive and adapt to opportunities and threats in their environment are more difficult to resolve than differences along the other three dimensions. Perhaps cultural differences regarding power distance, individualism and masculinity are more easily resolved because they are mainly reflected in different attitudes towards the management of personnel for which explicit agreements can be entered into in between the partners (Barkema & Vermeulen, 1997).

Kogut & Singh (1988) studied the choice of entry mode by foreign firms in terms of country and industry patterns and analyzed statistically the factors that influence the choice between joint ventures, wholly owned Greenfield (start-up) investments, and acquisitions. The statistical investigation revealed the difference among the countries regarding their preference to enter by acquisition versus other modes. They used a multinomial logit model to test the hypotheses by analyzing data on 228 entries into the United States market by acquisition, wholly owned Greenfield, and joint venture. They explain the tendency of the managers of different countries to enter foreign markets using a particular mode of entry on the basis of the perception of the managers regarding the costs and uncertainty regarding alternative modes of entry into foreign markets.

If cultural factors influence differentially the perceived costs and uncertainty of the mode of entry, there should exist country patterns in the propensity of firms to engage in one type of entry mode as opposed to others. Due to the difficulty of integrating an already existing foreign management, cultural differences are likely to be especially important in the case of an acquisition. In contrast to the integration costs of an acquisition, a joint venture serves frequently the purpose of assigning management tasks to local partners who are better able to manage the local labor force and relationships with suppliers, buyers, and government. A wholly owned Greenfield investment avoids both the costs of integration and conflict over sharing proprietary assets by imposing the management style of the investing firm on the start-up while preserving full ownership. Thus they expect that the use of acquisitions by foreign firms entering the United States should be dissuaded, the more distant the culture of the country of origin.

They found that there is a clear difference in industry patterns among the mode of entry. At a higher level of aggregation, acquisitions tend to be relatively more common than other modes of entry in non manufacturing sectors of the economy. The effect of cultural distance is to increase the probability of choosing a joint venture over an acquisition. They found that greater the cultural distance between the country of the investing firm and the country of entry, the more likely a firm will choose a joint venture or wholly owned greenfield over an acquisition and the greater the culture of the investing firm is characterized by uncertainty avoidance regarding organizational practices, the more likely that firm will choose a joint venture or wholly owned greenfield over an acquisition.

The results showed that the larger the sizes of the American partner, the foreign firms are more likely to joint venture than acquire. However the effect of U.S Asset Size on choosing Greenfield indicates preference for acquisition over greenfield venture. The larger size of the foreign firm encourages Greenfield over acquisition. The results indicate that diversified firms tend to enter by joint venture or Greenfield. There is a preference for Greenfield investment over acquisition in the manufacturing sector. The most interesting of the industry-level variables is the positive effect of R&D on joint venture and Greenfield entry. Advertising is negatively related to joint ventures and Greenfield investments. The statistical estimations provide strong support that cultural distance and national attitudes towards uncertainty avoidance influence the choice of entry mode. The study suggests that when economic choice is compared across countries, cultural characteristics are likely to have thoughtful implications (Kogut & Singh, 1988).

CONCLUSION

The underlying study attempted to determine the impact of cultural differences on international business on the basis of review of literature. Based on the literature review cultural distance appeared to be mixed blessing for the international business. This is because while cultural distance creates a favorable environment for learning when integration capabilities are in place, it also has the potential to hinder the development of these capabilities. Cultural distance, therefore, has both cost and benefits in the context of international business. The study reveals that the performance of an international acquisition depends on the extent to which understandability, communication and key employee retention could be developed during the process of acquisition integration.

It was found that the advertising intensity in a particular industry has a positive relation with the amount of control to be exercised by the firm in the cooperative venture whereas the age and size of the firms do not hold an important place in determining the amount of control to be exercised by the firms. Moreover the study revealed that the firms that concentrate on exporting have less incentive to focus on cooperative ventures and so do not pursue high control.

Undoubtedly the cultural distance asymmetry exists and it is therefore an important factor in the determination of firm's investment preferences. The study revealed that the difference in the culture leads to difficulty in attaining trust, cooperation and commitment among the channel members. However, the study also revealed that failure of any international business is not solely on account of cultural asymmetry and many other factors combine together to result in an international business failure.

It was found that language influences the pattern of foreign market expansion of the business firms as companies tend to expand initially in the countries with the same language groups so as to minimize the risks involved in the expansion of the business. However over a period of time companies expand globally and try to deal with different language groups. Even though the development in information technology and communication has been able to remove a number of hindrances in international business but it has not been able to do away with the need to use the local language for almost all the local operations. Further adoption of a corporate language might create more problems for a business than it solves.

As far as the factors that influence the choice of the mode of entry in international business are concerned the study reveals that larger the cultural distance and uncertainty avoidance with regard to the organizational practices international business is likely to be carried in the form of International Joint Venture or wholly owned Greenfield rather than acquisition. Further the cultural distance also impacts the survival of the International Joint Venture. Also it has been found that International Joint Ventures are less likely to survive in uncertainty avoidance and long term orientation rather than in the other dimensions of cultural distance which are power distance, individualism and masculinity.

Over the period of time there is a realization that the term cultural friction should be used in place of the term cultural distance because globalization, technology, communication, staffing, foreign experience have the capability of minimizing the cultural distance.

SCOPE FOR FURTHER RESEARCH

Based on the current study a number of areas have been identified that can be explored in the future researches. The research can be carried out to explore the ways in which firms integrate their business when their cultures do not match. Research can also be undertaken to explore the factors that enable the acquirer firms to facilitate communication, understandability and key employee retention in the acquired firms.

Some studies only revolve around the firms of one country and their international business alliances. Researches can be carried out to test the results of such researches in the context of other countries.

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PAYMENTS BANKS: A NEW LANDSCAPE FOR INDIAN BANKING SECTOR

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ABSTRACT

Payments Banks present an exciting opportunity for digital financial inclusion in India. Present article provides information about what are payments banks, various guidelines issued by RBI and issues involved in its operation. This article has been written after gathering information from sources like newspapers and RBI website. Several countries like Japan, South Africa, Brazil have created such institutions years ago. Now RBI has initiated for the development of similar institutions which is a welcoming step. But the successful applicants should keep in mind the challenges mentioned here and are willing to learn from the experiences of mobile money in other countries.

KEYWORDS

Banking, Payments Bank, Prepaid Instrument Providers, Telecom Sector.

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INTRODUCTION

Financial inclusion has emerged as one of the initiatives over the past few years. In terms of outcomes, the overall experience is mixed. Despite opening large numbers of bank accounts, majority of them remain dormant because appropriate products were not offered to address the needs of the newly included population. According to the NSSO 59th Round Survey results 51.4% of farmer households are excluded from formal as well as informal sources of finance. Only 27% of the farm households access formal sources of credit while 73% have no access.

In the first phase of inclusion a number of different channels have emerged. Microfinance institutions (MFI), Business correspondents (BCs) and Prepaid Instrument Providers (PPI) have acted as a bridge between banks and newly included population by offering low cost services at the doorstep of customers. Telecom companies also provide low-cost remittance facilities using their networks. A feature shared among all these models is that they finance their operations either from equity or borrowings from banks.

The next phase of the process would be to combine the efficiencies of various channels with low-cost funds. This is what a payments bank will be. The main function will be to accept deposits from the public which will be fully covered by deposit insurance and invest the proceeds in government securities thus protecting them from any credit risk. So far the Indian banking sector is highly regulated with stiff entry barriers. May be the time has come to shed this cautious approach and taking a more liberal approach if inclusive growth is the objective.

BACKGROUND

Even globally, similar innovations have taken place and even gone further than they have in India. In 2007 the EU adopted the Payment Services Directive (PSD) to create a new group of payment service providers called "payment institutions", especially to offer payment or remittance services without being a bank and do not include the entire range of services provided by a bank. In Japan, non-banks are allowed to provide funds transfers. South Africa permits non-banks to become clearing system participants and have full access to the clearing system subject to meeting the Central Bank's requirements.

In Brazil, law creates a new legal entity known as a 'payments institution,' which would be supervised by the Brazilian Central Bank. Prepaid card issuers, digital wallet providers and telcos are eligible to apply for the license of payments institution with the minimum capital requirement of 2 million Brazilian Real. They were granted access to the clearing and settlement facilities operated by Central Bank and required to comply with simplified KYC procedures meant for low-value pre-paid payment accounts.

Given all these developments, any financial inclusion strategy would be ineffective if it did not create a room for independent non-bank participation to provide payment and deposit services.

WHAT IS PAYMENTS BANKS

This design is similar to a recently introduced class of companies called pre-paid instrument providers (PPIs) who can accept cash deposits from customers, credit them to an electronic "wallet" and allow to pay for goods and services. Currently they are permitted to accept a maximum amount of Rs.50,000 per customer and are required to deposit the aggregate amount with a scheduled commercial bank in an escrow account. Presently there are 27 PPIs authorised by the RBI under the Payment and Settlements Act, 2007. However there are certain issues involved with current model of prepaid instrument providers as follows:

1. KYC ISSUES

PPIs have been provided relaxed KYC requirements for their customers. Any transaction upto Rs. 50,000 can be undertaken on a wallet and restricting cash withdrawals from the wallets to banking outlets alone.

2. CUSTOMER AUTHENTICATION

In order to minimize risk and fulfill KYC norms, Aadhaar can play an important role in this regard but there are three issues- one that every access point for authentication and transaction represents an additional investment of Rs. 15,000; two, given that about 50 percent of the population do not possess Aadhaar cards and that there are entire states such as Chhattisgarh and Madhya Pradesh which have low penetration; and three, biometric authentication may not be feasible in the most remote parts of the country given the slow roll-out of broadband and GPRS.

3. SAVINGS PRODUCT DESIGNS AND PAYMENT OF INTEREST

Currently PPIs are not allowed to pay interest on the wallet balances held by them. Even PPIs do not earn interest on their deposits with the sponsor bank and hence their ability in turn to pay interest also would be constrained.

4. CONTAGION RISK

There are concerns about the safety of funds being held by the PPIs since the amounts held with the sponsor bank are at risk and therefore do not enjoy the benefit of deposit protection

PAYMENTS BANK

Given these significant concerns of the PPI model regarding KYC norms, inability to pay interest on balances and contagion risk; and taking into account the urgent need to provide basic financial services like payment, deposit etc, it has been recommended that a set of banks may be licensed under the Banking Regulation Act, which may be referred to as Payments Banks.

Payments banks are “niche” or “differentiated” banks with the common objective of achieving financial inclusion. They will provide a limited range of products such as accepting demand deposits and remittances of funds to migrant workforce, low income earners, small businesses and unorganized sector entities through a widespread network in rural and unbanked areas. The basic functions like account opening formalities, service charges, facilities like cheque book, passbook and other paper based products will be same as that of commercial banks.

Key features of the Payments Banks are:

I) ELIGIBLE PROMOTERS

- The entities who can apply for Payments Bank license include existing non-bank Pre-paid Instrument Issuers (PPIs), Non-Banking Finance Companies (NBFCs), corporate BCs, mobile telephone companies, super-market chains, companies, real sector cooperatives, public sector entities and resident individuals having experience of at least ten years in banking and finance.
- A promoter can have a joint venture with an existing scheduled commercial bank to start a payments bank.
- While evaluating the applicants, the Reserve Bank of India will consider the factors such as past record of sound credentials and integrity; financial soundness and successful track record of at least five years in running their businesses.

II) SCOPE OF ACTIVITIES

- Acceptance of demand deposits provided a balance of not more than Rs. 1,00,000 is maintained
- Issuing ATM/debit cards but cannot issue credit cards.
- Payments and remittance services through various channels including foreign remittances.
- Payment banks can offer locker and vault services
- Offering simple financial products like mutual fund units and insurance products etc.
- Can act as BC of another bank subject to meeting RBI guidelines
- Payment banks are prohibited from accepting deposits from NRIs

It can utilize the infrastructure of promoter provided there is an explicit agreement and customer confidentiality is maintained.

III) DEPLOYMENT OF FUNDS

- The payments bank cannot give short or long term loans to the public
- Along with maintaining Cash Reserve Ratio (CRR) with the Reserve Bank, it will be required to invest minimum 75 per cent of its "demand deposit" in specified Statutory Liquidity Ratio (SLR) securities with maturity of up to one year and the balance in an account with other scheduled commercial banks.

IV) CAPITAL REQUIREMENT

- The minimum capital required for payments banks shall be Rs. 100 crore. They would be required to satisfy capital adequacy requirements for both market risk and operations risk.
- The payments bank should have a leverage ratio of not less than 3 per cent

V) PROMOTER'S CONTRIBUTION

The promoter shall contribute at least 40% of the initial capital for the first five years from the commencement of its business. Thereafter the shareholding can be reduced in a phased manner.

VI) FOREIGN SHAREHOLDING

Foreign investors can invest as per the Foreign Direct Investment (FDI) policy for private sector banks as amended from time to time.

HURDLES FOR A PAYMENTS BANK TO CROSS

In order to be successful, there are several issues that a payments bank has to address which are as follows:

India's cash addiction - People have preference for cash even in urban areas where alternatives exist. The 2014 Intermedia Financial Inclusion Insights (FII) survey of 45,000 Indian adults found that 82% of adults consider cash to be the “best tool” for small- to medium- transactions.

The over-the-counter (OTC) trap - Payments Banks might fall in “the OTC trap” i.e. the customer does not have an account but hands over cash to an agent who then facilitates the transaction from his account. It can become difficult to shift customers to account-based transactions. Further there will be usage through the payment account, but it cannot be termed as financial inclusion.

Competition from Banks - Retail fee income is one area where banks have increased their focus to accelerate their growth. It comprises commissions from sale of third-party products such as insurance and mutual funds, transaction charges on savings and current accounts, processing fees on consumer loans and credit cards, and fees from remittances. Payment Bank will face competition in the bill payments and prepaid card segment of PSBs

Low-cost domestic remittance alternatives- India already have low cost alternatives available where the average cost to make a domestic remittance across all channels was only 3.5% as compared to that of India Post (6%), informal sources (4.6%) and banks (3.0%). Payments Banks will need to offer their domestic transfer services at competitive prices.

Interest on deposits - The major source of revenue would comprise of fees and income from treasury operations. As a result, they are not in a position to offer interest rate of more than 4% on savings bank accounts which is already offered by most existing lenders. Therefore, it might not be easy to attract deposits.

Huge investment and long Payback period - To develop agent network large investments are required and it will take 3-5 years to generate low margins of around 2-5%.

Association with banks - They may not be able to attract customers by offering payment services alone so they require partnerships with credit-issuing banks.

CURRENT SCENARIO IN INDIA

Reserve bank of India has received a total of 41 applications for the Payments Bank license. Business entities have sought few clarifications regarding the structuring definition and FDI (foreign direct investment) and FII (foreign institutional investment) limits and branch policy. More clarity is required as to what constitute a branch. Some of the prominent names who have applied for license are given below.

India's largest lender - the State Bank of India has partnered with the country's largest company, Reliance Industries (RIL) to apply for a payments bank licence. SBI will hold 30% stake in the joint venture while RIL will be the promoter and hold the balance 70%. Vodafone has filed an application with the Reserve Bank of India for a payments bank licence. It being a subsidiary of UK parent Vodafone Group Plc needs a local partner. Vodafone's payment banking experience in Africa and Asia might give it a leg up among applicants. A Kenyan telecom operator partly owned by Vodafone i.e. Safaricom is widely considered as the biggest success story of mobile banking in developing countries. Aditya Birla Nuvo in partnership with the country's no 3 mobile phone operator, Idea Cellular has applied for a Payments Bank license. Aditya Birla Nuvo will hold 51% while Idea will hold the balance 49% in Idea Payments Bank Ltd. if a license is granted. Kotak Mahindra Bank has tied up with Bharti Airtel which already offers a wallet service named “Airtel Money”. Further Bharti Airtel is having a network of 13 lakh touch points in about 50 million villages and covers 87 per cent of the total population.

Kishore Biyani-promoted Future Group has applied with the Reserve Bank of India. The company's physical presence in 168 cities across the country and rural locations in Gujarat and Punjab will help reach the depositors that include women, self-employed people as well as farmers and local entrepreneurs. If the license is issued, it will partner with IDFC bank. Suvudhaa Infoserve Ltd has joined the race by applying to RBI for payment bank licence. It is the flagship company of the Rs 6,500-crore e-commerce group Suvudhaa which is the largest non-bank entity offering domestic remittance service and other payment services in India. It has a footprint of 80,000 touch points across the country catering to over 28 million unique customers annually. ITZ Cash, an Essel Group company is another

applicant. It is currently offering prepaid cards in association with IDBI Bank, DCB and HDFC Bank. It allows the under-served to make bill payments, shop online or by phone and cash withdrawals at ATMs without having a bank account. Bank of India will partner with You-First Money Express Private Limited, an entity promoted by former Citi Banker to apply for the license.

A Committee comprising of professionals from various fields like bankers, chartered accountants, financial analyst etc. will evaluate the applications. The final decision shall be taken by RBI.

A question arises as to why major telecom players like Airtel, Vodafone, Idea Cellular, Reliance are particularly interested in a payments bank license when it will involve huge investments and primarily cater to low income segment of the population ??

The answer is that it's a game of small money, big business. Telecom companies are eyeing a sizable chunk of the additional revenue of Rs 14,000 crore from transaction fees, primarily from the remittances and cash-outs and cash-ins un-banked customers undertake on their payments bank accounts. They are planning to levy a fee of 2-3% which will come down with number of transactions, thus providing a margin of about 1% only.

Statistics suggest that there are about 180 million un-banked households with a corpus of Rs 4,32,000 crore. It is estimated that they will spend about Rs 18,000 annually, an overall amount of Rs 3,24,000 crore a year. It is only on this money that telcos can charge transaction fees. Even by charging three per cent, their revenue will turn out to be Rs 10,000 crore. Another area telcos will focus is fee from remittances which is estimated to be Rs 200,000-crore market mainly dominated by informal sector and not being reflected in official numbers (on remittances through India Post, mobile wallets, etc). Charging 2% fee will fetch them a revenue of Rs.4000 crore. They will even pay high interest i.e.7.5-8 per cent on deposits to attract investors.

In short, welfare gains will accrue from the last-mile delivery channels by achieving lower costs. So one would hope that all the current last-mile players irrespective of their business, would be eager to expand their scale of operations by opening payment banks.

CONCLUSION

The payments-bank model is potentially an important innovation, which will help increase the scale and efficiency of the financial inclusion process. There are several concerns raised about the viability of the Payments Bank as large profitable banks are offering payment services in a big way. It is highly unlikely that the payment bank business would be their main thing, which raises doubts about the intentions of business entities. Evidence also suggests that classroom learning and teaching interest rates will not change financial behavior. But opportunity still remains as existing banks have neglected people in providing small remittance facilities on account of the high costs and glamorous interiors. This innovation can prove successful only if proportionate regulations are applied and entities' core business interests are fully aligned with the inclusion objective, in terms of both products and delivery mechanisms. Awareness building has to be fused with the product that gets a change in behavior. Investment in information technology is going to be key for service quality and efficiency. CRISIL Research and other experts suggest that telecom operators are ideal candidates to set up payments banks given their customer base and distribution networks in rural areas so RBI should consider this fact while taking final decision.

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