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**mHEALTH EFFECTIVENESS AND POTENTIAL IN INDIA**

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**ABSTRACT**

*Healthcare infrastructure deprived India lack skilled workforce to address healthcare issues in the large part of the county. Rural population in access of 70% living in villages or remote areas have no to little access to healthcare. Often, citizen have to travel long distance even for primary care. However, mobile have no rural – urban divide and most people in remotest areas have access to atleast basic mobile phones. There is enough awareness among the doctors and most doctors believe remote healthcare could be provided. Most consumers surveyed also believe mHealth is the future and willing to use mobile health services. It's very difficult for Government to create appropriate healthcare infrastructure in a short time. But mHealth may be an answer to many infrastructure and skilled workforce related questions. Most doctors and consumers believe mHealth may address the issue of lack of work force but there is a need to create awareness about mHealth to make it an effective service. This study attempts to explore the awareness, potential and effectiveness of mHealth in India.*

**KEYWORDS**

mHealth, mobile health, WHO, TRI, doctor, consumer.

**OVERVIEW OF mHEALTH**

**M**obiles have been seen in use in everyday life. Mobiles are no more mere device to communicate with each other or just send and receive text messages. Mobiles are now considered to be very important tool for business, communication, information sharing such as banking transactions, flight booking, education, news access, google search, entertainment, travel, hospitality and networking. Mobiles are being used in every aspect of life including healthcare. The use of mobiles in healthcare for communication and care delivery is widely known as Mobile Health or mHealth. mHealth has been defined by several authors since 2003 as per the convenience of author but the Global Observatory for eHealth (GOe) defined mHealth or mobile health as “medical and public health practice supported by mobile devices, such as mobile phones, patient monitoring devices, personal digital assistants (PDAs), and other wireless devices”<sup>(1)</sup>

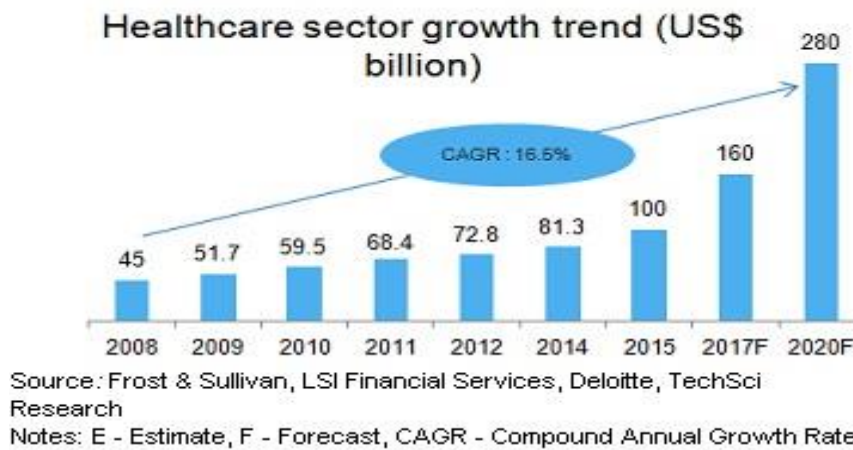
Mobiles have transformed the healthcare practice and brought significant efficiency into the healthcare delivery system. Most hospitals initially started use of mobile phones for administrative functions, which has subsequently extended to other usage. For example, use of mobility by clinicians has transformed the quality of data capture and delivery. Mobility has brought significant efficiency and quality in capturing clinical data at bedside using mobile devices. Nursing staff entering Vitals of the patient at bedside and clinicians capturing Electronic Medical Record (EMR) in an Inpatient setting is a commonly observed feature across globe. Many doctors use mobile devices such as mobile phones, iPads, Tablets etc. for entering diagnosis, complaints, alerts, allergies, medication and diagnostic orders etc. With the increase in awareness and self-consciousness towards health, citizen expect effective and speedy healthcare solutions. The technological revolution in tele-communication and mobile devices have seen an increased trend by organisations to use mobiles for delivering services and information. The use of mobile phones and communication network for bringing efficiency and quality of health and health benefits is termed as ‘mHealth’<sup>2</sup>. The dispersion of this technological advancement is backed up by the ubiquitous technologies and wireless subscription leading to cost effective, flexible and efficient ways to improvement of health<sup>2</sup>.

Technological advancement in mHealth has forced the healthcare delivery organisations as well as citizens to use mobiles for faster, effective and efficient well-being of the people. Mobile Phones could be used as means of effective and efficient care delivery and mHealth could be very effective in India. As per the report of WHO<sup>3</sup>, 70% of the wireless subscribers are from low and middle income group countries which shows that e-health has not reached the higher income groups as higher-income nations exhibit more mHealth activity than low income nations. Thus there is an intense need to propagate the significance of mHealth for the well-being of the people. In the coming years, mHealth is expected to play a significant part in healthcare. Mobile operators, hand set sellers and governments are making their concentrated efforts to make mHealth reach up to its potential. Various governments are also taking initiatives to make policy which would aid in uptake of mHealth by the physicians. This will help intensification of the assurance and faith of both general practitioner and patients on account of well-defined and reliable ways in which they interrelate with various constituents of mobile fitness solutions<sup>4</sup>.

Indian healthcare is the fastest growing sectors, expected to advance at a CAGR of 15% between 2011-2017<sup>5</sup>. Fig. 1 shows the trend of healthcare sector between 2008 to 2015 as actuals and beyond as forecast<sup>5</sup>.



FIG. 1: HEALTHCARE SECTOR GROWTH



- The growth of Healthcare industry is fast paced owing to its strengthening coverage, services and increasing expenditure by public as well private players<sup>5</sup>.
- Between 2008-2020, the Indian Healthcare market is likely to achieve a record CAGR of 16.5 per cent<sup>5</sup>.
- MoH, has targeted development of 50 technologies in FY16 to address the treatment of disease like Cancer and TB<sup>5</sup>.

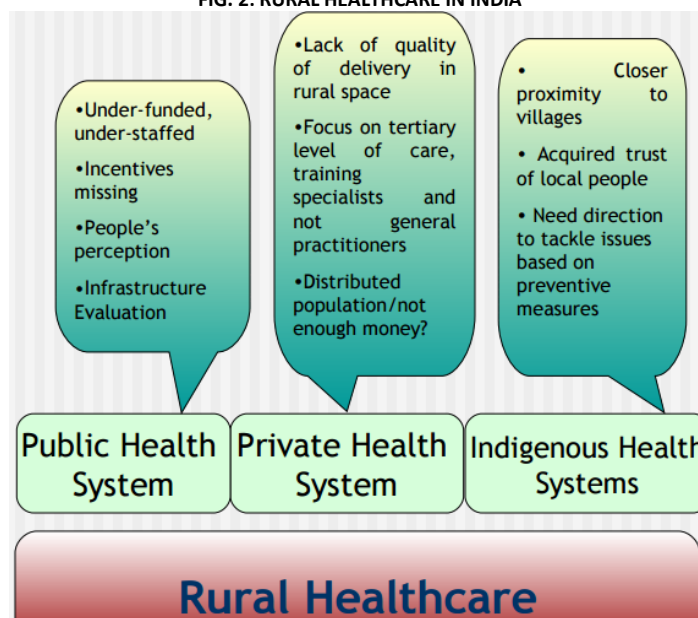
As per the Indian Telecom Services Performance Indicator Report (as on September 30<sup>th</sup> 2015), the number of wireless subscribers reached to 996.66 million. The urban subscribers grown to 577.82 million and rural subscribers grown to 418.84 million indicating a significant growth of rural mobile phone density of 359.67 million in December 2013<sup>6</sup>. The urban Tele density is 147.35 compare to 71.69 in December 2013 and that of rural is 48.18 compare to 41.95<sup>6</sup> in December 2013. The growing wireless telephone density both in urban and rural India provides tremendous opportunity to healthcare service providers and government to reach out to citizen across India both in urban and rural settings at anytime and anywhere. The mobile app market is growing every day. There are over 97,000 health and fitness related mobile apps available to download and over 4 million downloads happening per day, the mHealth industry is bound to gain popularity in coming years<sup>7</sup>. With the growth of mobile apps, the mHealth market is projected to be a 26 billion dollar industry by 2017<sup>7</sup>. Mobile phone subscribers are increasing rapidly and grown from 98.71 million subscribers in year 2006 to 996.66 million in 2015<sup>8</sup>. The rural subscriber base was 190.88 million as on March 31, 2010. The wireless subscriber base further grew and reached to 484.84 in September 2015.

India is a developing Nation with high penetration of mobile phones both among the rural and urban population. Hence, mHealth provides access to larger population across the country without the rural – urban divide. The mHealth may prove to be a significant contributor in healthcare delivery need based on the demographic profile and availability of mobile phones a citizen may have. In recent time Honourable Prime Minister’s office has used simple SMS and WhatsApp messages for disseminating need for nutrition, girl child and healthcare directly to citizen of India. Health ministry time to time release healthcare related advisory. At a local level both in Urban and Rural India State Officials and District Collectors send health advisory and warning to the people including those in remote areas which otherwise was difficult to reach. The public health might use mHealth for information dissemination and remote consultation both audio and video, health counselling, health condition monitoring, telemedicine and tele radiology etc. This may help a remotely located patient who may otherwise not have access to urban healthcare facilities.

**LITERATURE REVIEW**

Healthcare to the citizen of India is the state matter. It has been a challenge for every state in the country to provide reasonable healthcare to all the people in the state. 73% of the population lives in villages and 26.1% of the population lives under poverty line<sup>9</sup>. As large part of Indian population lives in rural areas where quality of healthcare is negligible to non-existent. As a result, the rural and remote areas in India are deprived of healthcare. The healthcare infrastructure is extremely poor in remote areas resulting in worsening of the health condition of the population in these areas. Preventive and primary healthcare is an absolute need of these areas. The public health service is more focused on precautionary and primary healthcare aspects<sup>10</sup>. Vaccination of mother and child, prenatal care, family planning and observation of select ailment are the focus of rural primary healthcare. The doctor to population ratio in the rural areas is very low<sup>11</sup>. 66% of the rural population do not have access to critical medicines and specialist care. 31% of the rural population forced to travel long distance to have access to healthcare facility<sup>11</sup>. Jhunjunwala et al. (2008)<sup>11</sup> presented a model of rural healthcare and presented difficulties in accessing healthcare facilities by rural population Fig. 2.

FIG. 2: RURAL HEALTHCARE IN INDIA



Source: (Jhunjunwala et al., 2008)

As per Deloitte report (2012)<sup>9</sup> the doctors to patient's ratio is 1:20000 in rural areas against the WHO ratio of 1:250 indicating an acute shortage of doctors in rural areas. The urban healthcare compare to rural is in much better condition. As per Kumar (2008)<sup>10</sup>, 40% of population lives in urban India but they have access to more than 60% of the healthcare resources. Poverty is a significant reason for illness among the urban population. 100 million people among 336 million living in urban areas face acute poverty hence vulnerable to health problem<sup>12</sup>. Government has taken many initiatives to improve the healthcare delivery across India but the lack of infrastructure, doctors and nurses divide in rural and urban India is huge. In recent years there has been significant increase in the lifestyle disease among the urban population negatively contributes to productivity and efficiency of the nation. Though the urban population has better access to healthcare facilities but Burns (2014)<sup>13</sup> indicates that there is no difference in the condition of the urban poor to that of rural population because of urban poverty.

The basic mobile phones to smart phones penetration across India including rural areas is high. The mobile phones availability with health workers have helped in healthcare delivery to rural population. Health workers like ASHA dedicated to field job and equipped with phones have become more efficient. Different Health Apps and mobile compatible devices have improved the performance of health workers significantly<sup>14</sup>. Health workers on the field need to collect huge amount of data related to patient and public health which is humanly difficult to remember and prone to mistakes reports Treatman et.al<sup>14</sup>. Mistakes in data capture by community health worker leads to poor protocol compliance. Smart phones compatible with attachable gadgets and multimedia techniques helps in following the protocols and capture of patient and public health data and significantly helped the community health workers<sup>14</sup>. Many of the Accredited Social Health Activist (ASHA) workers have been provided with video facility on their mobile phones which has helped the health workers in effective and accurate communication and counselling<sup>14</sup>. In a study on Operation ASHA (OPASHA) in the state capital Delhi revealed that mobile technology and biometric combined prevents drug resistant tuberculosis and service is efficiently delivered with verification through finger prints<sup>15</sup>. Indian government is sensitive about the facts that mobile technology cannot be ignored and decided to link all district hospitals with leading tertiary care centres electronically in their 12<sup>th</sup> 5 year plan. This will be done using video conferencing techniques and mHealth will provide the framework for faster and accurate transmission of patient data<sup>16</sup>. This is a revolutionary policy decision to harness the power of mobile phones and promotion of mHealth in the country<sup>16</sup>.

Not only government but some corporates have also shown inclination towards promoting mHealth and exploring the opportunities in addressing the needs of huge rural healthcare market. Some of the important initiatives are Non-emergency help lines of HMRI runs the Health Information Helpline (HIHL) which is established to reduce the minor illness load on the Health System<sup>17</sup>. The Non-emergency help line service is available in some of the states like Chhattisgarh, Karnataka, Jharkhand, Maharashtra, Assam, Rajasthan, and Andhra Pradesh<sup>17</sup>. Citizen in these states may dial number "104" to avail the service and this has been a great success. The service has already serviced over 70 million calls till April 2014<sup>17</sup>. The service was initiated in Andhra Pradesh in Feb 2007 and later adopted by other states.

Apollo – Aircel, a group company of Apollo Hospitals provides mobile health-care<sup>18</sup> through mobiles and offers the service on number 55106. A consumer may dial the number to avail consult and advice at just INR 2 per minute. In recent times, more and more healthcare delivery organisations offering mHealth remotely and mHealth seems to be gaining momentum. Apollo ICICI Lombard Health Insurance Companies, Apollo Telemedicine, Prism Apollo, Apollo Munich, Airtel Doctor, Med-India web site<sup>19</sup> are offering healthcare services through mHealth platform.

Green paper<sup>20</sup> by European Commission indicates that mHealth could play an important role in healthcare delivery, and may prove to be a tool for prevention and bring efficiency in healthcare delivery system<sup>20</sup>. Mobile apps and mobile based solutions may help patients in self-assessment and remote diagnosis<sup>20</sup>. mHealth may prove to be an efficient tool in early detection of chronic condition and also help in infant and maternal mortality condition improvement. Huge money and resources required to efficiently manage these conditions. The Global Burden of Diseases 2010 study indicates total Disability Adjusted Life Years (DALYs) lost for Indian population is 518,879,000 years<sup>21</sup>. The burden of just chronic illness and infant and maternal mortality is over 600 billion dollars (approximately)<sup>22</sup>. Ageing population is a huge challenge for some of the economies like Europe. Delivery of healthcare to ageing population is expensive and enforces huge budgetary pressure. mHealth is perhaps the solution to meet the healthcare needs of ageing population<sup>20</sup>. A simple illness, if not monitored carefully among the ageing population leads to a chronic illness. mHealth solutions may be used for regular monitoring and sharing of clinical data with the provider for timely intervention and care<sup>20</sup>.

The report on "The Socio-Economic Impact of Mobile Health" by BCG states mHealth a revolutionary idea and indicates that in the coming years healthcare services will be enabled by mHealth and healthcare delivery will be revolutionized by mHealth<sup>23</sup>. Simple SMS for transmission of health related information to masses on one hand and medical devices compatible or attached with smartphones to diagnose and monitor health issues are going to be the future of healthcare delivery<sup>23</sup>.

## METHODOLOGY

This study is based on the data collected through online survey and face to face interviews. 300 consumers through online survey and 717 consumers in NCR were contacted face to face using a carefully designed questionnaire containing 10 questions related to the awareness and effectiveness of mobile health. Further, 5000 clinicians were contacted using online methods across the country. Through an online survey, more than 250 clinicians responded to the questionnaire. A face to face interview of 50 doctors was also conducted. The questionnaire for clinicians contained carefully designed 23 questions of which response to only 2 questions relevant to this paper have been considered. Specific efforts were made to reach out to clinicians in every state of the country and response included in this paper are from every state. The clinicians responded were from nursing homes, clinics, large hospitals to corporate chains. Consumers contacted were from different age groups ranging from 8 years to 40+ years with maximum emphasis on the age group between 17 to 25. The paper considers views of over 300 clinicians and about 1017 consumers on their views on effectiveness and awareness about mHealth.

## DATA ANALYSIS AND RESULTS

The survey conducted was for different age groups. All together 1017 consumers participated in the survey. By age group, maximum (480) consumers surveyed were in the age group of 26 to 30. This age group is young, generally employed and use phones for communication. While 240 consumers were in the age group of 17 to 25, and 227 were in the age group of 31-40 Fig. 3. The survey included both males and females but female participation were almost 1/4<sup>th</sup> of the total participants Fig. 4. There was no differentiation of male and female consumers in terms of percentage using or aware of mHealth hence, the differentiation between the male and female consumers about awareness of mHealth could not be derived.

FIG. 3: CONSUMER SURVEY PARTICIPATION BY AGE

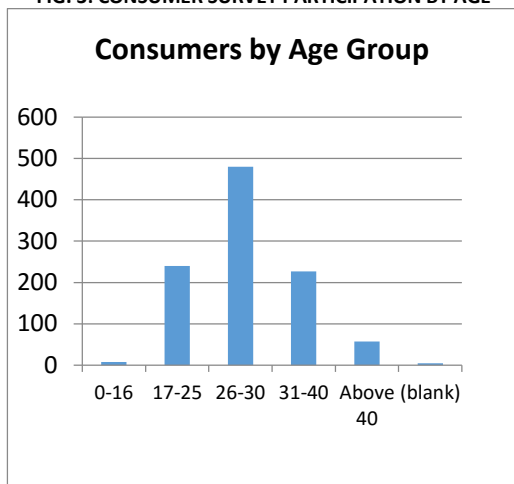
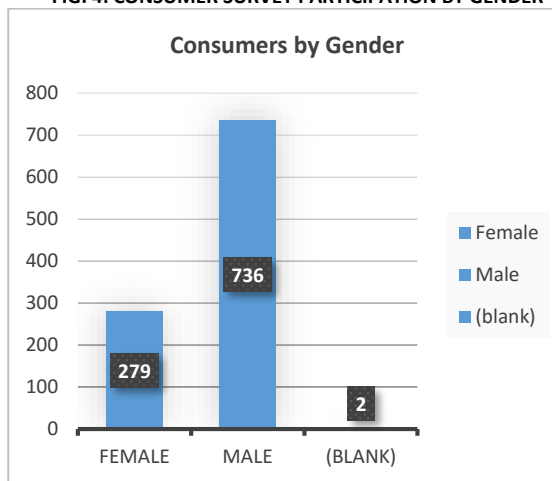


FIG. 4: CONSUMER SURVEY PARTICIPATION BY GENDER



In the fig. 5 data about doctors indicate 84% doctors have answered in favour of using mobile phones for remote consultation. This is a good sign of awareness and willingness to use mobiles for health care among doctors hence, the mHealth effectiveness is suggested. However, the consumer survey Fig. 6 below suggest that 18% consumers surveyed use mobile phones to get advice on phone before they visit a doctor for health issues. Just 2% consumers have video calls with doctors before deciding to visit a doctor or hospital. In recent times there have been many companies providing video consultation on phone at a nominal price and the response of 2% could be the result of recent phenomenon. This percentage is likely to advance in future as more and more awareness about mHealth is created. While 84% (Fig. 5) doctors believe remote consultation will help a patient but 76% (Fig. 6) consumers do not believe in remote consultation but prefer to visit a doctor instead of consultation on mobile. This suggest most doctors are willing to provide care over phone but consumers are reluctant and believe face to face consultation is necessary.

FIG. 5: DOCTOR RESPONSE- CAN REMOTE CONSULTATION HELP A PATIENT?

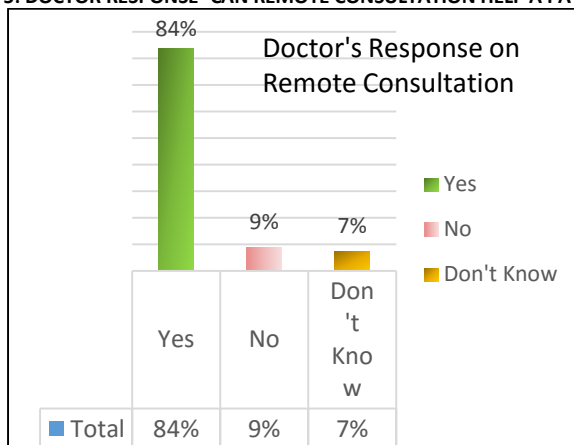


FIG. 6: CONSUMER RESPONSE- USE OF MOBILE PHONES

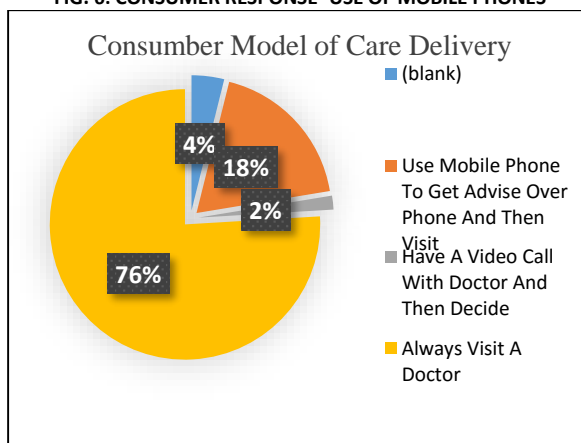


Fig. 7 below shows data on doctor's awareness about mHealth. While 84% doctors (Fig 5) believe remote consultation will help patients but only 57% (Fig. 7) doctors confirm awareness about mHealth. On the other hand only 35% (Fig. 8) consumers confirm about awareness about mHealth. The figures below gives an indication about some awareness among the doctors and consumers both but large number of doctors and consumers are not aware that any mHealth service is available in India.

FIG. 7: AWARENESS ABOUT mHEALTH AMONG DOCTORS

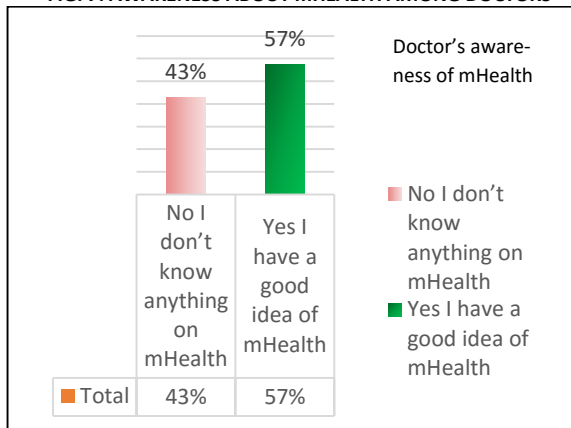
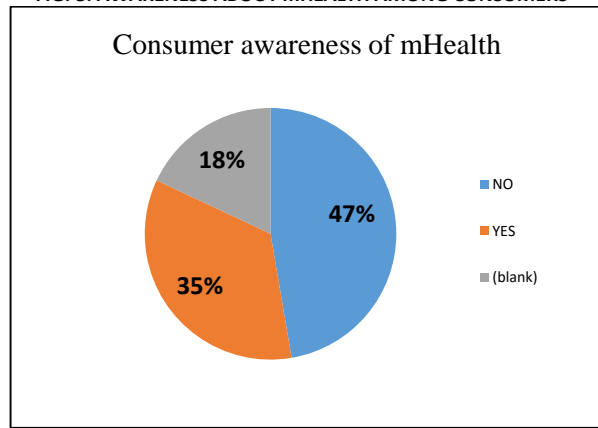


FIG. 8: AWARENESS ABOUT mHEALTH AMONG CONSUMERS



On the question of future uses of mHealth, 61% consumers (fig. 9) indicated that they would like to use mHealth for health issues and 28% were not sure but may be considered as sitting on the cusp but will start using mHealth as the awareness increases. This indicates 89% consumers are willing to use mHealth for healthcare needs. 54% consumers have indicated that they would like to volunteer for mHealth and given opportunity would like to use mHealth Fig. 10).

FIG. 7: CONSUMER BELIEVE mHEALTH IS THE FUTURE

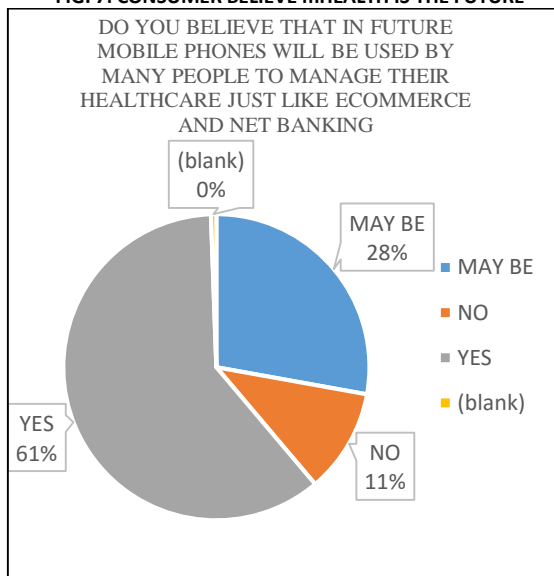
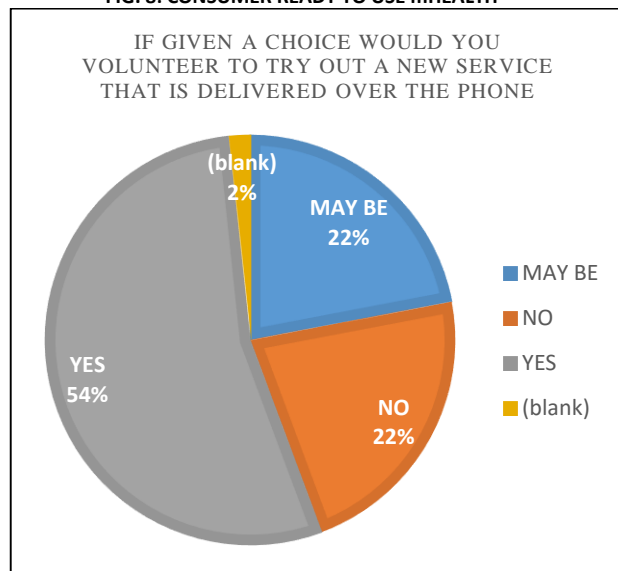


FIG. 8: CONSUMER READY TO USE mHEALTH



**CONCLUSION**

The report by BCG on “The Socio-Economic Impact of Mobile Health” suggests that mHealth is a revolutionary idea and in future healthcare services will be enabled by mHealth. Many corporates hospitals such as Apollo, ICICI, Airtel, Aircel, Just ask, Lybrate, doctor on call, Letsdoc etc are aiming to provide healthcare services through mobile. 104 service of HMRI is also an example of mHealth services in India. The survey finds that 84% doctors believe that remote care could be provided over phone. However, awareness about mHealth services in India is at its primitive stage. Large number of consumers are willing to avail healthcare services over mobile but most of them are not aware of any service available in India. 61% consumers believe mHealth is the future and 54% consumers are ready to use mobile for health issues is a clear indication that mHealth is the future, mobiles are going to play an important role in healthcare delivery specially to the rural population. This study clearly suggests that mHealth is the future and effective though awareness is required.

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# AN EFFICACY OF IMPACT OF TURNOVER RATIOS ON PROFITABILITY WITH SPECIAL REFERENCE TO INDIAN PHARMACEUTICAL INDUSTRY

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## ABSTRACT

*The impact of the turnover ratios on profitability has been examined by computing co-efficient of correlation and regression between profitability ratio (PBT to total assets ratio) and turnover ratios (CR, LR, ITR, RTR, TATR and FATR). The study of the impact of turnover ratios on profitability of Indian pharmaceutical industry should both negative and positive impacts. All the turnover ratios have shown positive association with profitability.*

## KEYWORDS

profitability analysis, Indian pharmaceutical industry.

## INTRODUCTION

In the conventional production function approach for determination of relationship between output and profit, fixed capital is taken into account as explanatory variable amongst others; the role of profitability is ignored<sup>1</sup>. If a company desires to take a greater risk for bigger profits and losses, it reduces the size of its working capital in relation to its sales. If it is interested in improving its liquidity, it increases the level of its working capital. However, this policy is likely to result in a reduction of the sale volume, therefore of profitability. Hence, a company should choose between liquidity and profitability and decide about its working capital requirements<sup>2</sup>. It is therefore felt that there is the need to study the important role of working capital in profit generating process.

The two important aims of finance are short-term solvency and profitability. To ensure solvency, the enterprises should be very liquid. If the enterprises maintain a relative large invest of long-term funds in current assets, they will not face the risk of cash shortage or stocks-outs. However, there is a cost associated with maintaining a sound liquidity position. A considerable amount of the firm's funds will be tied up in current assets and to the extent the investment is idle, the firm's profitability will suffer<sup>3</sup>. To have higher profitability, the firms may sacrifice solvency and maintain a relatively low level of current assets. When the firms do so, their profitability will improve as fewer funds are tied up in idle current assets, but their solvency will be threatened<sup>4</sup>. Sakar and Saha have aptly observed that management of working capital has an important bearing on the profitability of an enterprise<sup>5</sup>. Generally, the higher the working capital, the less the rate of return on capital employed while a lower value of working capital yields a higher rate of return<sup>5</sup>.

Hence, in this part, analysis is concerned with the study of association of profitability with working capital. The impact of Turnover ratios on profitability has been examined by computing co-efficient of correlation and regression between profitability ratio and working capital ratios, viz., current ratio, liquid ratio, inventory turnover ratio, receivable turnover ratio, total assets turnover ratio and fixed assets turnover ratio.

## OBJECTIVES OF THE STUDY

The person study in general aims as making a comparative a study on growth and profitability performance of selected pharmaceutical industry in India the specific objectives of the study are as per following:

1. To assess the impact of turnover ratios on profitability of Indian pharmaceutical industry.
2. To examine the camping effect of the ratio relating to turnover ratios and profitability with the assistance of correlation and co-efficient.

## RESEARCH METHODOLOGY

### SELECTION OF SAMPLE

Keeping in view the co scope of the study it is decided to include all the company under pharmaceutical industry working before or from the year 2003-04 to 2012-13. But owing to several constraints such as non availability of financial statements or non working of company in a particular year etc. The researcher is compelled to restrict the no of sample companies to five, therefore this study is export factor based on survey method making the survey of five companies in Indian pharmaceutical industries. They are more than ten companies operating in the Indian pharmaceutical industry.

### PERIOD OF THE STUDY

The period 2003-04 to 2012-13 is selected for this study of Indian pharmaceutical industry. This ten years period is chosen in order to have a fairly long. Cyclically well balanced period, for which reasonably homogenous, reliable and up-to-date financial data would be available. Further, this span chosen for they study is there period of the beginning of liberalization measures introduced by the government of India. Hence the period 2003-04 to 2012-13 is an era of growth and profitability performance in the manufacturing sector particularly pharmaceutical industry and has got genuine economic significant of its own.

### SOURCES OF DATA

A study is mainly based on secondary data the major source of data analyzed interpreted in this study related to all those companies selected is collected from "PROWESS" data base, which is the most reliable on the empowered corporate database of center for monitoring Indian economy (CMIE). The database provides financial statements, ratio analysis, funds flow, cash flow, product profiles, return and risk on the stock market etc.

Besides prowess database relevant secondary data have also been collected from BSE & NSE official directory, CMIE Publications, Annual Survey of Industry Business Newspapers, Reports on currency and finance, Libraries of various institutions, through internet etc.

### FINANCIAL AND STATISTICAL TOOLS

The ratios relating to turnover ratios which have been selected and computed for the study are Current Ratio (CR), Liquid Ratio (LR), Inventory Turnover Ratio (ITR), Receivable Turnover Ratio (RTR), Total Assets Turnover Ratio (TATR), Fixed Assets Turnover Ratio (FATR) and determined Profit Before Tax to Total Assets Ratio (PBT to Total Assets Ratio) is used for analyzing data simple statically tools like 't' test and Karl Pearson's Correlation Co-efficient have been used to examine the interrelationship the variables and level of significance.

### LIMITATIONS OF THE STUDY

The data used in this study have been taken only secondary source and as such it findings depends entirely on the accuracy of such data.

## ANALYSIS & INTERPRETATION

### AUROBINDO PHARMA LIMITED

The co-efficient of correlation between turnover ratios and profitability ratio for the Aurobindo Pharma Limited are presented in Table 1.

Firstly, it is evident from the table that the co-efficient of correlation between profitability ratio and current ratio is 0.08. It reveals a low positive correlation which is significant at 1 per cent level. Secondly, the co-efficient of correlation between profitability and liquid ratio stands at -0.20. It is a negative correlation which is



significant at 1 per cent level. Thirdly, the co-efficient of correlation between profitability ratio and inventory turnover ratio is 0.20. It shows a positive correlation between the two variables, which is insignificant. Fourthly, the co-efficient of correlation between profitability ratio and receivables turnover ratio is found to be 0.37, which is found to be significant at 1 per cent level. It shows that there is a positive correlation between the two variables. Fifthly, the co-efficient of correlation between profitability ratio and total assets turnover ratio indicates higher positive association of 0.51, which is significant at 1 per cent level. Lastly, the co-efficient of correlation between profitability ratio and fixed assets turnover ratio shows that high degree of positive correlation of 0.66, which is significant at 1 per cent level. Total assets turnover ratio and fixed assets turnover ratio confirm with the assumption that higher the turnover increases the profitability of the Aurobindo Pharma Limited industry.

Thus, the analysis of the impact of turnover ratios on profitability in the Aurobindo Pharma Limited industry showed that LR have shown a negative correlation with profitability ratio and CR, ITR, RTR, TATR and FATR have shown positive correlation with profitability ratio. All the independent ratios except ITR are found to have significant association with profitability ratio.

#### **DIVI'S LABORATORIES LIMITED**

The co-efficient of correlation between turnover ratios and profitability ratios for the Divi's Laboratories Limited are presented in table 2.

It is evident from the table 5.24 that the co-efficient of correlation between profitability ratio and current ratio is 0.13. It shows a low degree of positive correlation between the variables. This is significant at 1 per cent level. Secondly, the co-efficient of correlation between profitability ratio and liquid ratio stands at 0.62. It is also indicating that there is moderate degree of positive correlation between these two variables. The value of co-efficient of correlation is found to be significant at 1 per cent level.

The co-efficient of correlation between profitability ratio and inventory turnover ratio is 0.93 and receivables turnover ratio 0.93. It reveals that very high degree of positive correlation between the variables, which is significant at 1 per cent level. The co-efficient of correlation between profitability ratio and total assets turnover ratio 0.69 and fixed assets turnover ratio 0.67 are found to have a positive association with profitability ratio. It reveals that moderate degree of correlation between the variables, which is significant at 1 per cent level.

Thus, the analysis of the impact of working capital ratios on profitability in the Divi's Laboratories Limited showed that CR, LR, ITR, RTR, TATR and FATR have shown a positive correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.

#### **DR. REDDY'S LABORATORIES LIMITED**

The co-efficient of correlation between inventory ratios and profitability ratios for the Dr. Reddy's Laboratories Limited are presented in table 3.

It is evident from the table 3 that the co-efficient of correlation between profitability ratio and current ratio is -0.65. It shows a low degree of negative correlation between the variables. This is significant at 1 per cent level. Similarly, the co-efficient of correlation between profitability ratio and liquid ratio stands at -0.20. It is also indicating that there is low degree of negative correlation between these two variables which is significant at 5 per cent level.

The co-efficient of correlation between profitability ratio and inventory turnover ratio 0.72 and fixed assets turnover ratio 0.79 are found to have a positive association with profitability ratio. It reveals that high degree of correlation between the variables. ITR is statistically significant at 1 per cent level whereas FATR is significant at 10 per cent level. The co-efficient of correlation between profitability and receivable turnover ratio is 0.17. This is positive correlation found to be significant at 1 per cent level. Moreover, the co-efficient of correlation between profitability ratio and total assets turnover ratio is 0.82. This is also positive correlation found to be significant at 5 per cent level.

Thus, the analysis of the impact of turnover ratios on profitability in the Dr. Reddy's Laboratories Limited showed that ITR, RTR, TATR and FATR have shown positive correlation with profitability ratio and CR and LR have shown a negative correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.

#### **IPCA LABORATORIES LIMITED**

The co-efficient of correlation between turnover ratios and profitability ratios for the IPCA Laboratories Limited are presented in table 4.

It is evident from the table that the co-efficient of correlation between profitability ratio and current ratio is 0.34. It shows moderate degree of positive correlation between the variables. This is significant at 1 per cent level. Similarly, the co-efficient of correlation between profitability ratio and liquid ratio stands at -0.11. It is also indicating that there is low degree of negative correlation between these two variables. The value of co-efficient of correlation is found to be significant. Both the ratios current and liquid ratios confirm with the assumption that larger amount of current and liquid assets decreases risk as well as profitability.

The co-efficient of correlation between profitability ratio and inventory turnover ratio 0.07 and receivable turnover ratio 0.26 are found to have a positive association with profitability ratio. It reveals that high degree of correlation between the variables, which is significant at 1 per cent and 5 per cent level. Lastly, the co-efficient of correlation between profitability and total assets turnover ratio is 0.43 and fixed assets turnover ratio is 0.52. This is also high positive correlation found to be significant at 1 per cent level and 5 per cent level.

Thus, the analysis of the impact of turnover ratios on profitability in the IPCA Laboratories Limited showed that LR have shown only a negative correlation with profitability ratio and CR, ITR, RTR, TATR and FATR have shown positive correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.

#### **TORRENT PHARMACEUTICALS LIMITED**

The co-efficient of correlation between turnover ratios and profitability ratios for the Torrent Pharmaceuticals Limited are presented in table 5.

It is evident from the table 5.29 that the co-efficient of correlation between profitability ratio and current ratio is 0.14. It shows a low degree of positive correlation between the variables. This is significant at 1 per cent level. Secondly, the co-efficient of correlation between profitability ratio and liquid ratio stands at -0.18. It is also indicating that there is moderate degree of negative correlation between these two variables. The value of co-efficient of correlation is found to be significant at 1 per cent level.

The co-efficient of correlation between profitability ratio and inventory turnover ratio is 0.38 and receivables turnover ratio -0.01. It reveals that positive and negative correlation between the variables respectively, which is significant at 1 per cent level. The co-efficient of correlation between profitability ratio and total assets turnover ratio 0.41 and fixed assets turnover ratio 0.55 are found to have a positive association with profitability ratio. It reveals that moderate degree of correlation between the variables, which is significant at 1 per cent level.

Thus, the analysis of the impact of turnover ratios on profitability in the Torrent Pharmaceuticals Limited showed that LR and RTR have shown a negative correlation with profitability ratio. CR, ITR, TATR and FATR have shown a positive correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.

## **RESULTS AND DISCUSSIONS**

### **FINDINGS**

- ✓ The analysis of the impact of turnover ratios on profitability in the Aurobindo Pharma Limited industry showed that LR have shown a negative correlation with profitability ratio and CR, ITR, RTR, TATR and FATR have shown positive correlation with profitability ratio. All the independent ratios except ITR are found to have significant association with profitability ratio.
- ✓ The impact of working capital ratios on profitability in the Divi's Laboratories Limited showed that CR, LR, ITR, RTR, TATR and FATR have shown a positive correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.
- ✓ The analysis of the impact of turnover ratios on profitability in the Dr. Reddy's Laboratories Limited showed that ITR, RTR, TATR and FATR have shown positive correlation with profitability ratio and CR and LR have shown a negative correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.
- ✓ The co-efficient of correlation between turnover ratios and profitability of IPCA Laboratories Limited showed that LR have shown only a negative correlation with profitability ratio and CR, ITR, RTR, TATR and FATR have shown positive correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.



- ✓ Thus, the analysis of the impact of turnover ratios on profitability in the Torrent Pharmaceuticals Limited showed that LR and RTR have shown a negative correlation with profitability ratio. CR, ITR, TATR and FATR have shown a positive correlation with profitability ratio. It is also inferred from the table that all the independent ratios are significantly associated with profitability ratio.

## CONCLUSION

The impact of the turnover ratios on profitability has been examined by computing co-efficient of correlation and regression between profitability ratio (PBT to total assets ratio) and turnover ratios (CR, LR, ITR, RTR, TATR and FATR). The study of the impact of turnover ratios on profitability of Indian pharmaceutical industry should both negative and positive impacts. All the turnover ratios have shown positive association with profitability. In the Aurobindo Pharma Limited LR, Dr. Reddy's Laboratories Limited CR & LR, IPCA Laboratories Limited LR, Torrent Pharmaceuticals Limited CR and RTR have shown negative correlation and in Divi's Laboratories Limited all the turnover ratios have shown positive correlation with profitability ratios. The overall results of the model showing impact of turnover ratios on profitability of Divi's Laboratories Limited is encouraging.

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## TABLES

**TABLE 1: IMPACT OF TURNOVER RATIOS ON PROFITABILITY –SIMPLE CORRELATION ANALYSIS (Aurobindo Pharma Limited)**

Year	CR	LR	ITR	RTR	TATR	FATR	PBT To Total Assets Ratio
2003-04	1.20	1.14	4.20	3.53	1.01	2.11	0.08
2004-05	1.14	1.56	3.53	3.01	0.86	2.03	0.02
2005-06	1.28	1.42	3.84	3.21	0.97	2.43	0.14
2006-07	1.54	1.71	3.89	2.90	0.90	2.34	0.15
2007-08	1.78	2.59	4.10	2.99	0.89	2.38	0.04
2008-09	2.04	2.60	3.99	3.36	0.81	2.30	0.10
2009-10	1.85	3.83	4.24	3.30	0.79	2.12	0.07
2010-11	1.50	2.55	4.10	2.87	0.78	1.74	0.04
2011-12	1.54	1.77	3.96	2.57	0.77	1.73	0.02
2012-13	1.69	2.06	5.76	3.09	1.10	2.77	0.10
<b>R</b>	<b>0.08</b>	<b>-0.20</b>	<b>0.20</b>	<b>0.37</b>	<b>0.51</b>	<b>0.66</b>	
<b>T</b>	<b>16.00*</b>	<b>8.07*</b>	<b>21.88</b>	<b>35.98*</b>	<b>29.95*</b>	<b>23.12*</b>	

Source: Computed from the annual reports of the respective units.

\*Significant at 0.01 level

**TABLE 2: IMPACT OF TURNOVER RATIOS ON PROFITABILITY – SIMPLE CORRELATION ANALYSIS (Divi's Laboratories Limited)**

Year	CR	LR	ITR	RTR	TATR	FATR	PBT To Total Assets Ratio
2003-04	2.18	0.36	2.94	2.94	0.89	1.77	0.25
2004-05	2.11	0.23	3.12	3.12	0.91	1.88	0.25
2005-06	2.35	0.09	2.60	2.60	0.77	1.55	0.21
2006-07	2.80	0.16	2.14	2.14	0.65	1.16	0.21
2007-08	2.65	0.52	3.57	3.57	1.05	1.68	0.29
2008-09	2.14	0.38	4.29	4.29	1.26	1.84	0.32
2009-10	1.68	0.35	3.71	3.71	1.23	1.84	0.27
2010-11	1.50	0.22	2.39	2.39	0.92	1.39	0.16
2011-12	1.53	0.22	2.85	2.85	1.09	1.47	0.22
2012-13	1.34	0.11	3.52	3.52	1.21	1.49	0.27
<b>r</b>	<b>0.13</b>	<b>0.62</b>	<b>0.93</b>	<b>0.93</b>	<b>0.69</b>	<b>0.67</b>	
<b>t</b>	<b>11.34*</b>	<b>0.54*</b>	<b>14.63*</b>	<b>15.87*</b>	<b>13.51*</b>	<b>20.79*</b>	

Source: Computed from the annual reports of the respective units.

\*Significant at 0.01 level

TABLE 3: IMPACT OF INVENTORY RATIOS ON PROFITABILITY – SIMPLE CORRELATION ANALYSIS (Dr. Reddy's Laboratories Limited)

Year	CR	LR	ITR	RTR	TATR	FATR	PBT To Total Assets Ratio
2003-04	1.53	0.40	6.29	2.61	0.89	2.16	0.17
2004-05	1.44	0.74	5.96	3.47	0.93	2.20	0.15
2005-06	1.44	0.36	5.67	3.65	0.85	2.08	0.12
2006-07	2.07	0.19	5.45	3.77	0.76	1.96	0.11
2007-08	3.15	0.52	5.57	3.66	0.73	1.98	0.13
2008-09	3.05	1.05	6.16	3.66	0.76	2.17	0.10
2009-10	2.21	1.68	6.11	3.53	0.69	2.27	0.09
2010-11	1.85	1.88	8.69	4.94	1.03	3.45	0.24
2011-12	2.49	1.82	5.64	4.21	0.76	2.05	0.07
2012-13	3.73	1.73	5.79	3.78	0.73	1.79	0.01
<b>R</b>	<b>-0.65</b>	<b>-0.20</b>	<b>0.72</b>	<b>0.17</b>	<b>0.82</b>	<b>0.79</b>	
<b>T</b>	<b>8.24*</b>	<b>4.18**</b>	<b>21.16*</b>	<b>19.76*</b>	<b>31.73**</b>	<b>16.05***</b>	

Source: Computed from the annual reports of the respective units.

\*Significant at 0.01 level;

\*\*significant at 0.05 level;

\*\*\* Significant at 0.10 level

TABLE 4: IMPACT OF TURNOVER RATIOS ON PROFITABILITY – SIMPLE CORRELATION ANALYSIS (IPCA Laboratories Limited)

Year	CR	LR	ITR	RTR	TATR	FATR	PBT To Total Assets Ratio
2003-04	1.96	0.13	4.01	7.37	1.41	2.00	0.17
2004-05	1.72	0.14	4.17	6.57	1.36	2.07	0.16
2005-06	1.62	0.32	4.55	4.97	1.30	2.03	0.17
2006-07	1.59	0.35	4.76	4.34	1.32	1.94	0.17
2007-08	1.51	0.30	4.70	4.33	1.28	1.96	0.08
2008-09	1.48	0.31	4.46	4.93	1.30	2.02	0.15
2009-10	1.40	0.73	4.71	6.04	1.50	2.03	0.15
2010-11	1.48	0.98	4.53	5.40	1.42	1.94	0.10
2011-12	1.51	0.88	4.45	4.87	1.46	2.25	0.15
2012-13	1.52	0.83	5.13	5.01	1.68	2.80	0.19
<b>r</b>	<b>0.34</b>	<b>-0.11</b>	<b>0.07</b>	<b>0.26</b>	<b>0.43</b>	<b>0.52</b>	
<b>t</b>	<b>29.63*</b>	<b>3.33*</b>	<b>44.45**</b>	<b>16.91*</b>	<b>35.25*</b>	<b>25.21**</b>	

Source: Computed from the annual reports of the respective units.

\*Significant at 0.01 level; \*\*significant at 0.05 level

TABLE 5: IMPACT OF TURNOVER RATIOS ON PROFITABILITY – SIMPLE CORRELATION ANALYSIS (Torrent Pharmaceuticals Limited)

Year	CR	LR	ITR	RTR	TATR	FATR	PBT To Total Assets Ratio
2003-04	1.62	0.51	5.09	4.47	1.27	2.53	0.20
2004-05	1.41	0.65	5.65	5.55	1.15	2.22	0.14
2005-06	1.56	0.55	6.15	5.85	1.14	2.12	0.16
2006-07	1.91	0.98	6.79	5.69	1.09	1.96	0.17
2007-08	1.81	0.94	6.54	5.33	1.09	1.81	0.12
2008-09	1.78	0.61	5.62	5.44	1.19	1.71	0.13
2009-10	1.78	2.47	5.10	6.44	1.30	1.77	0.13
2010-11	1.48	2.21	4.77	8.62	1.25	1.88	0.10
2011-12	1.24	2.31	4.47	10.42	1.25	1.76	0.08
2012-13	1.35	3.10	5.62	13.78	1.70	1.82	0.20
<b>r</b>	<b>0.14</b>	<b>-0.18</b>	<b>0.38</b>	<b>-0.01</b>	<b>0.41</b>	<b>0.55</b>	
<b>t</b>	<b>20.73*</b>	<b>4.14*</b>	<b>23.33*</b>	<b>7.57*</b>	<b>21.08*</b>	<b>23.91*</b>	

Source: Computed from the annual reports of the respective units.

\*Significant at 0.01 level

**5S TECHNIQUE: THE EMERGING CONCEPT OF SERVICE QUALITY**

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**ABSTRACT**

The turn of the century has seen profound changes in the global economy. Services have played a crucial part in these changes, because services are becoming the way organizations meet with their markets. The organizations have already discovered that their survival no longer exclusively depends on the products they offer, but also on the additional offerings they make to their customers that differentiate them from their competitors. Innovative organizations, offering new services as well as unique customer services, are now succeeding in markets where established organizations have failed. This paper provides an overview of the Indian services sector and emerging concept of 5S of Japanese Services. The interaction between customers and service employees is vital for the actual success of service delivery. In Service sector 5S play a crucial role, 5S as a methodology has come out of the techniques within Total Productive Maintenance (TPM) and Toyota Production System (TPS).

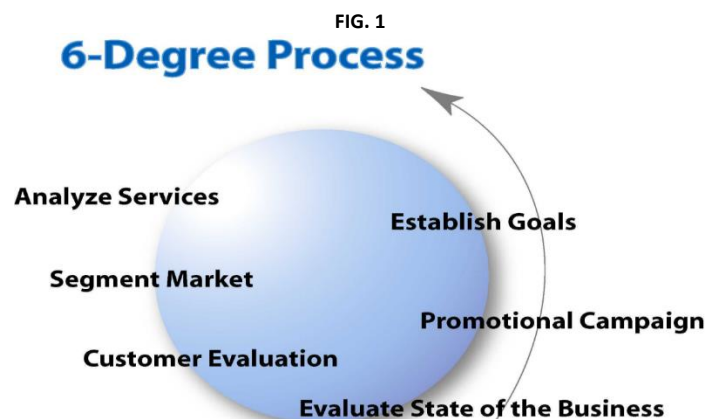
**KEYWORDS**

services sector, 5s concept, service quality, Toyota production system.

**INTRODUCTION**

The world economy nowadays is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as indicative of a country's economic progress. Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the main stay of the economy. This shift has also brought about a change in the definition of goods and services themselves. The goods are no longer considered separate from services. Rather, services now increasingly represent an integral part of the product and this interconnectedness of goods and services is represented on a goods-services continuum.

Services' marketing is a sub field of marketing which covers the marketing of both goods and services. Goods marketing include the marketing of fast moving consumer goods (FMCG) and durables. Services marketing typically refer to the marketing of both business to consumer (B2C) and business to business (B2B) services. Services, which can be defined as deeds, processes, and performance, fall into several categories. Common examples of service marketing are found in telecommunications, air travel, health care, financial services, all types of hospitality services, car rental services, and professional services. Another category of service is customer service, which includes the service provided in support of a company's core products. Typically, customer service does not directly produce revenue but rather addresses customer requests, questions, and complaints, besides providing answers and solutions. Service can also be a value-addition for manufactured products. Many companies provide training, installation, and repair services for the goods they produce often for a fee. Finally, many services are derived from or are provided by manufactured products such as cell phones, computers, software, and mobile phones. In early writings on services, scholars distinguished services from goods by noting that they were intangible, perishable, variable, and that the producer and consumer were inseparable.

**REVIEW OF LITERATURE**

Kochhar et al. (2006) argued that India was a negative outlier in 1981 compared to other emerging markets as the share of services in value added and employment was below that of other countries. After the 1990s, the service sector grew, and in 2000 India became a positive outlier in terms of the share of services in value added but continued to be a negative outlier in terms of its share in employment. J. Michalska et al. (2007) studied that 5S implementation results in increasing of

an efficiency, safety and reduction of the industry pollution. The proceedings to research clearly show that training of workers about the 5S rules is very essential. The important task is to divide activities on some main steps and to maintain the continuous improvement. It is also important to understand the need of executing the routine inspections of usage the 5S rule. This inspection is executed by helping of so-called check list and created on its basis the radar graph of the 5S, which serves to estimation of the workplace.

Jose H. Ablanedo-Rosas et al. (2010) presented that the 5S practice is used as the basis for advanced quality and continuous improvement philosophies and the organization measures the benefits from 5S implementation such as quality improvement. The 5S practice is worthwhile for production and service organizations and is universal to all organizations. The big challenge is how to incorporate the 5S practice in everyone's (employee's) life.

Shahryar Sorooshian et al. (2012) have experienced of implementing a 5S program and paper involves presentation of a real case study, specifically the influence of 5S on some basic work environment problems and the compensation power on the choice of implementation of 5S. This paper is simply representation of basic information with all pros and cons about the concept of 5S. Ravinder Kumar Panchal et al. (2012) focus on the methodology adopted in 5S and implementation of the same in the production industry. The 5S rules bring the great changes in the company, for example: process improvement by costs" reduction, increasing of effectiveness and efficiency in the processes, maintenance and improvement of the machines" efficiency, safety increasing and reduction of the industry pollution and waste. P. M. Rojasra et al. (2012) explained the implementation of 5S methodology in the Krishna Plastic Company, Udhogynagar, Amreli, and Gujarat. Out of the available various lean manufacturing techniques, 5S offers good potential for required improvement. Ten week study is carried out in the company. The results after the 5S implementations states that production system efficiency is improved from 67% to 88.8% in the successive week.

Arash Ghodrati et al. (2013) determined performance factors and characteristics in industrial organizations and identified the effectiveness of 5S implementation on organizational performance as well. Surveying method is used and data collection is carried out by distributing questionnaire among five target organizations which have implemented 5S techniques. The target organizations are chosen from different industries and diverse field of work. The results of this research obtained from a comparative measurement of organizational performance before and after 5S implementation. The results show that 5S is an effective tool for improvement of organizational performance, regardless of organization type, size, its production or its service. Consequently, 5S techniques would strongly support the objectives of organization to achieve continuous improvement and higher performance, identifying effectiveness of 5S implementation on the organization performance, has been achieved by using a comparative measurement between performance of organization before and after 5S implementation assisted by SPSS and Excel software. Finally, it is concluded that 5S has positive effect on overall performance and could improve the quality, efficiency and productivity of industrial organizations. Marko Milosevic et al (2013) explained the methods and techniques of lean concept which uses to increase the efficiency of all processes in the company. Also show the results of the level of implementation this method in international and domestic production companies. It can conclude that large companies pay much attention to "lean" concept, both because productivity, and the satisfaction of their employees.

K. Ramesh et al (2014) has presented an industry application of 5S lean technology at a Hari Bio-Mass Processing Unit. It suggests that 5S lean technology is utilized to develop an infrastructure for continuous process improvement. A practical 5S methodology is implemented to 10 areas in the plant during the project period of 3 months to clean up the process and improve overall plant operations. Shraddha P. Deshpande et al (2015) defines 5S as relatively a simple technique which can be easily applied in any organization and the results of it are rapidly visible. It states that 5S helps to maintain Proper workplace management for better use of working area, time saving in searching for tools and materials due to proper location and identification it helps for huge cost saving from waste and unwanted materials and it also increased morale of the workers due to enhancement of working environment.

**OBJECTIVES**

The broad objectives of the study are as follows:

1. To understand and study the Service Sector.
2. To understand the emerging concept of 5s of Japanese Technology in Service Sector.
3. To know the benefits of 5S in Service Sector.

**CHARACTERISTICS OF A SERVICE**

A service is defined as an intangible act that one party may offer to another, and that does not result in the ownership of a physical product. By definition, services have characteristics that greatly influence how marketers design marketing programs to promote them. The services possess the following characteristics:

- Intangibility
- Inseparability
- Variability
- Perishability
- Heterogeneity
- Lack of ownership

**TABLE 1: CONSTRAINTS TO THE MANAGEMENT OF SERVICES AND WAYS OF OVERCOMING THEM**

Characteristics of Services	Some Implications	Some means of overcoming Characteristics
<b>Intangibility</b>	Sampling Difficult	Focus on benefits
	Places strain on Promotional element of marketing mix	Increase tangibility of service
	No patents possible	Use Brand Names
	Difficult to judge price and quality in advance	Use personalities to personalize services
<b>Inseparability</b>	Requires presence of producer	Develop reputation
	Direct Sale	Learn to work in larger groups
	Limited scale of operations	Work faster
<b>Perishability</b>	Cannot be stored	Train more competent service providers
	Problems with demand fluctuations	Better match between demand and supply
<b>Heterogeneity</b>	Standard depend upon who and when provided	Careful personnel selection and training
	Difficult to assure quality	Ensure standard are monitored
		Pre-package service
<b>Ownership</b>	Customer has access to but not ownership of activity or facility	Mechanize and industrialize for quality control
		Stress advantage of non-ownership (e.g. easier payment system)

**COMPOSITION OF SERVICE SECTOR IN INDIA**

In India, the national income classification given by Central Statistical Organization is followed. The service sector includes the following:

**1. Trade, hotels and restaurants (THR)**

- 1.1 Trade
- 1.2 Hotels and restaurants

**2. Transport, storage and communication**

- 2.1 Railways
- 2.2 Transport by other means
- 2.3 Storage
- 2.4 Communication

**3. Financing, Insurance, Real Estate and Business Services**

- 3.1 Banking and Insurance
- 3.2 Real Estate, Ownership of Dwellings and Business Services

**4. Community, Social and Personal services**

- 4.1 Public Administration and defence (PA & D)
- 4.2 Other services

**5S EMERGING CONCEPT IN SERVICE**

5S as a methodology has come out of the techniques within Total Productive Maintenance (TPM) and Toyota Production System (TPS). Basically this concept was started in Japan, this 5S are now widely used in India. 5S is a simple tool for organizing workplace in a clean, efficient and safe manner to enhance the productivity, visual management and to ensure the introduction of standardized working. One of the most important factors of 5S is that it makes problems immediately obvious. 5S is a team run process and should be conducted by the people who work within the area in which the principles of 5S are being applied. It is not a tool that can be applied by an outsider onto an area without the knowledge and cooperation of the people within it.

5S is a methodical way to organize workplace and working practices as well as being an overall philosophy and way of working. It is split into 5 phases, each named after a different Japanese term beginning with the letter "S"; (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) hence the name 5 S.

**TABLE 2: FIVE DISTINCT PHASES OF 5S TECHNIQUE (with English descriptions)**

5S	Descriptions
Seiri	Sort, Clearing, Classify
Seiton	Straighten, Simplify, Set in order, Configure
Seiso	Sweep, shine, Scrub, Clean and Check
Seiketsu	Standardize, Stabilize, Conformity
Shitsuke	Sustain, self discipline, custom and practice

And for completeness, some companies add a 6th (6S) of Safety, although in my opinion this should be an integral part of the steps of 5S and not a separate stage in itself.

**5S MEANING**

**Seiri** or Sort is the first step in 5S, it refers to the sorting of the clutter from the other items within the work area that are actually needed. This stage requires the team to remove all items that clearly do not belong in the working area and only leave those that are required for the processes in question.

**Seiton** or Straighten is the process of taking the required items that are remaining after the removal of clutter and arranging them in an efficient manner through the use of ergonomic principles and ensuring that every item "has a place and that everything is in its place."

**Seiso** or Sweep is the thorough cleaning of the area, tools, machines and other equipment to ensure that everything is returned to a "nearly new" status. This will ensure that any non-conformity stands out; such as an oil leak from a machine onto a bright, newly painted clean floor.

**Seiketsu** or standardize is the process of ensuring that what we have done within the first three stages of 5S become standardized; that is we ensure that we have common standards and ways of working. Standard work is one of the most important principles of Lean manufacturing.

**Shitsuke** The final stage is 5S Shitsuke or sustain, ensuring that the company continue to continually improve using the previous stages of 5S, maintain housekeeping, and conduct audits and so forth. 5S should become part of the culture of the business and the responsibility of everyone in the organization.

**TABLE 3: SUMMARIZATION OF 5S CONCEPT AND THEIR INTER-CONNECTEDNESS**

Lean Manufacturing Definition	Japanese Name English Translation	Preventive Maintenance Evaluation Definition
Organized : Distinguish between the less essential and the necessary	SEIRI Separate	Step 1 : Eliminate all non-value added task
Neat : Put things where they best meet their functional purpose.	SEITON Straighten	Step 2 : Reassign appropriate tasks to operations or to lubrication routes
Clean : Inspect for the eliminate waste, dirt and damage	SEISO Scrub	Step 3 : Eliminate all tasks that do not directly address a specific failure mode
Standardized : Maintain known agreed upon conditions	SEIKETSU Standardize	Step 4 : Ensure all remaining tasks follow a standardized format including clear definition, specific steps, necessary safety warnings, appropriate tools and required parts
Disciplined : Practice the habit of doing what is required even if it is difficult	SHITSUKE Systematize	Step 5 : Make sure all tasks are quantitative in nature with specific measureable activities detailing nominal measurements with minimum and maximum allowable limits.

5S is also known in some quarters as 5C, with the "S" words replaced by

- Clearing,
- Configure,
- Clean and Check,
- Conformity and finally
- Custom and practice.

**5S PRINCIPLES**

The target of lean 5S is to create a safe and comfortable work environment by keeping the area in order, neat and clean by the workers themselves. In doing so, motivation in the workplace is fostered. 5S principles were created for lean production, cost reduction and employee empowerment. Lean 5S techniques work from the assembly line to the office. Where ever inefficiencies lie, lean 5S is a wonderful tool and philosophy to create order and motivation in the workplace.

5S workplace organization works on the principle that a workplace full of clutter is less productive and motivating than a clean and ordered area. Unnecessary items and dirt get in the way of employees and negatively impact productivity. From the Japanese point of view, cleanliness is indeed next to godliness. Cleanliness or the removal of all dirt is a form of beauty. Working in a beautiful environment creates positivity and good energy flow - necessities when it comes to motivation.

**5S IN SERVICE CONTEXT**

5S is an approach for workplace organizations; it drives workplace efficiency and productivity improvement. Based on a simple set of principles, it not only helps to identify wastes in the workplace but also creates an environment wherein teams get involved in improvements. It is a movement to make sure that all the

elements of a "workplace system" function in harmony in order to allow teams to deliver an optimum level of performance. Practitioners often mistake the words "workplace organization" as a synonym for housekeeping. This is quite myopic and misleading as it leads one to believe that 5S is a tool for driving workplace cleanliness. Actually, the words workplace organization mean much more. They refer to the way the various components of a workplace system are managed and organized. This organization is with respect to components such as workplace procedures, rules, inventory management, policies, asset-ownership, and infrastructure maintenance and so on.

## CONCLUSION & SUGGESTIONS

Services have become an integral part of the world economy. Over the past decade the role of services marketing has become a dominant feature in the service industry. The rise in information technology has led to an increase in demand of services from customers. The organizations now no longer regard services as an option but rather as a necessity to gain a competitive advantage. It has been concluded that 5S technique is very useful, applicable and beneficial. The technique is appropriate for industrial organizations, with focus on total quality management. The efficient implementation of 5S technique leads to subsequent improvement in productivity of the manufacturing plant. The 5S improves environmental performance and thus relate primarily in reduction of wastes in manufacturing. It promotes neatness in storage of raw material and finished products. The implementation of 5S within a service business delivers the following benefits.

- Reduces process lead times
- Facilitates workplace organization
- Standardizes operating procedures
- Improves customer response times
- Installs policies / guidelines that drive workplace
- Contributes to cost efficiency
- Helps to identify wastes
- Builds a culture of continual improvement
- Removes workplace clutter
- Reduces waste in the workplace
- Improves look-and-feel
- Errors are minimized leading to making defect-free products
- The morale and satisfaction of employees improves
- Time for searching tools, materials and document is minimize

It would be advisable to start the implementation with one selected area in the organisation and then after getting positive results to extend gradually to other areas. However, for effective implementation, it would be important to:

- Sensitize management and all employees concerned about the importance and benefits of 5S and get their commitment.
- Conduct a status audit with photographs 'as is state'. The diagnostic tool given in the appendix may be used.
- Measure throughput, timely materials handling, floor space, flow distance, rack storage, engineering cycle times, annual physical inventory time, and defect ratios before and after the 5S implementation.
- Develop an implementation plan, with clear responsibilities and deadlines, in consultation with management and all employees concerned.
- Implement the 5S plan.
- Take photographs after the implementation and assess the difference.
- Share the experience and extend the implementation to other areas.
- Conduct periodic 5S Internal Audits with ratings to monitor progress.

Several companies have introduced annual 5S awards where efforts of work teams are recognized and rewarded. The brilliance of 5S is that it can be adopted by all throughout an organization. There are no burdens of complicated tools or difficult data analysis. 5S is a set of practices that needs to be practiced every day until it becomes a habit. Whether it is a CEO or a peon, everyone should practice 5S.

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**PERCEIVED ORGANIZATIONAL SUPPORT AND AFFECTIVE OCCUPATIONAL COMMITMENT AS MEDIATING VARIABLES ON THE RELATIONSHIP BETWEEN ORGANIZATIONAL CAREER GROWTH AND EMPLOYEES PERFORMANCE**

**(EMPIRICAL STUDY ON EMPLOYEES AND CHIEF STAFF IN 15 KPPN AT CENTRAL JAVA PROVINCE REGIONAL OFFICE OF DIRECTORATE GENERAL OF TREASURY, THE MINISTRY OF FINANCE)**

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**ABSTRACT**

*This study aims to test and analyze the effect of organizational career growth on perceived organizational support, affective occupational commitment, and employees' performance. This study also aims to test the mediating effect of perceived organizational support on the relationship between organizational career growth and affective occupational commitment, as well as the mediating role occupational commitment on the relationship between organizational career growth and employees' performance. This study is conducted by survey method on vertical institute on the Directorate General of Treasury of the Republic of Indonesia in 15 KPPN (Kantor Pelayanan Perbendaharaan Negara-State Treasury Service Office) in Central Java province, which totaled to 550 employees. The sampling technique used in this study is multistage cluster sampling. There are 260 questionnaires that were distributed; from these number 250 questionnaires were returned. The number of questionnaires that were returned is the minimum number of samples that were usable for further analysis. The questionnaire consists of 33 question items that include items for performance, organizational career growth, affective occupational commitment, and perceived organizational support. This result of this research show that perceived organizational support positively and significantly proved to be a mediator (partial mediation) in the relationship between organizational career growth and affective occupational commitment. Affective occupational commitment has also proved as mediator (partial mediator) on the relationship between organizational career growth and employees' performance.*

**KEYWORDS**

organizational carrier growth, perceived organizational support, affective occupational commitment, and employees' performance.

**INTRODUCTION**

An organization views employees' commitment as something desirable. This is reflected in the vast number of literatures that develop and discuss about how to improve employees' commitment (Shore, Barksdale, and Shore, 1995). Pinder (1998) states that method to develop employees' commitment is interesting for practitioners and academicians because high commitment is people believe that this variable has good effect for businessmen and employees.

Employment relationship is an exchange relationship. Blau in Konovsky and Pugh (1994) differentiate two types of exchange, social exchange which refers to long term relationship, based on the belief that other members will perform their responsibility fairly in the long term; and economic exchange, which nased on transaction and expectation of fairness in the short term relationship.

This paper aims to examine the importance of organizational career growth, perceived organizational support, and affective occupational commitment in improving employees' performance. As well as examining the role of affective occupational commitment and perceived organizational support in mediating the relationship between organizational career growth and employees' performance. In organizational perspective, as stated by several studies, organizational commitment will increase job satisfaction, motivation, attendance, and decrease absence and turnover (Becker, Billings, Eveleth, and Gilbert, 1995). On the other hand, employee who has high commitment will increase organizational effectiveness through high involvement in the organization and work hard to achieve organizational goals (Danish and Usman, 2010; Rehman, Khan, Ziauddin, and Lashari, 2010). Furthermore, Weng *et al.*, (2010), conclude that: organizational career growth can be divided into four factors, firstly career goal progress or how far employee's work aspect fulfil the relevant aspect which raises awareness in the goal of their career. Secondly, professional ability development or how far one's job will enable them to acquire new skill and knowledge. Thirdly, promotion speed or employee's

perception on the probability for them to be promoted. Fourthly, remuneration growth which is the employee's perception on the probability in compensation improvement.

The result of Weng *et al.* (2010) study on the effect of organizational career growth which consist of career goal progress, professional ability development, promotion speed, and remuneration growth on organizational commitment that consist of affective, normative, and sustained commitment. Their study shows that these four organizational career growth have positive effect on affective commitment. However, the effect of this variable on sustained and normative commitment only affected by three factors of organizational career growth that is career goal progress, promotion speed, and remuneration growth. Then, Weng and McElroy, (2012) test the relationship among the four factors in organizational career growth (career goal progress, professional ability development, promotion speed, and remuneration growth), on affective occupational commitment and turnover intention. Their study shows that all the fourth factors in organizational career growth (career goal progress, professional ability development, promotion speed, and remuneration growth) has positive effect on affective occupational commitment and has negative effect on turnover intention. Their study also shows that affective occupational commitment mediates the effect of the other four factors of organizational career growth (career goal progress, professional ability development, promotion speed, and remuneration growth) on turnover intention.

Adopting the finding from Weng *et al.* (2010), this study proposes a multidimensional concept of organizational career growth. The proposed model shows that organizational career growth consists of four factors: meet the career goal, develop professional ability of employees, accept promotion, and provide a compensation according to their abilities. Basically, organizational career growth is a measurement of how far an individual feels that their current company attempt to shape an environment in which employees are able to fulfil their needs that related with employees' career through promotion and compensation (Weng *et al.*, 2010). Then, the problem is that organization has to understand what factors that affect organizational career growth in its relation with achieving the goals of a job. Then, what is interesting to be tested is how every aspects of career growth in an organization affect the result of occupational commitment. According to Weng *et al.* (2010) organizational career growth has positive effect on organizational behavior, but there is no study on the relationship between organizational career growth and affective occupational commitment. Thus, the researcher will try to understand the concept of organizational career growth in its relation with performance achievement, whether it is attainable because of its dependence on employees' affective occupational commitment.

In relation with this study model, the mediation may appear in the relationship between organizational career growth and affective occupational commitment, as well as on the relationship between organizational career growth and employees' performance. In its relation with the relationship between organizational career growth and affective occupational commitment, the presence of organizational career growth as a mediating variable encourage the researcher to study the correlational mechanism between organizational career growth and affective occupational commitment. How organizational career growth affects perceived organizational support which in turn affects affective occupational commitment? In this case, a mediation testing is needed. As Weng dan McElroy (2012) suggested in their study, this study add other alternative variable as a hypothesis in the concept that correlate the four factors of organizational career growth and affective occupational commitment, this study add perceived organizational support as a mediating factor.

The similar condition applies to the relationship between organizational career growth and employees' performance, the affective occupational commitment and perceived organizational support become the mediating variable. This model encourages the researcher to understand the mechanism that correlate the relationship between organizational career growth and employees' performance. Based on the description above, by referring to other Weng and McElroy (2012) studies that showing empirical evidence of mediating effect of affective occupational commitment on the relationship between organizational career growth and turnover intention, thus the center issues in this dissertation are: 1) This study will study the same topic as Weng (2012) suggestion. He suggested that perceived organizational support is necessary to be added as mediating variable in the relationship between organizational career development and affective occupational commitment. 2) This study tries to employ the construct of employees' performance as a consequence of affective occupational commitment (a dimension of organizational commitment) because performance or job achievement plays more important role rather than their turnover intention (Meyer *et al.*, 1989). 3) The researchers want to prove empirically whether perceived organizational support as a mediating variable will mediated the effect of organizational career growth. (4) The researchers want to prove empirically whether affective occupational commitment can mediate the effect of organizational career growth on employees' performance. (5) The researchers want to prove empirically whether organizational career growth, perceived organizational support, and affective occupational commitment will have direct effect on employees' performance.

This study is conducted to resolve the phenomenon of the non-optimum performance of 15 KKPN in the Regional Office XV of the Directorate General of State Treasury in Semarang for the last five years period. This phenomenon appears on the result of inspection from Inspectorate General of the Ministry of Finance on Regional Office of the Directorate General of State Treasury in Semarang performance. Thus, the improvement in the government worker performance is very important to be conducted as soon as possible.

The improvement in bureaucrat public service performance is expected to repair government image in public mind. With better public services, public satisfaction and trust can be rebuilt again. Duet to these reasons, study on public bureaucrat performance become the central issue and has a strategic value, especially in relatin with perception and career growth as well as the commitment in performing public service.

## REVIEW OF PRIOR STUDIES AND HYPOTHESES DEVELOPMENT

### DEFINITION OF PERFORMANCE

Rotundo, M (2002) states that the definition of performance focused on individual's behavior or action, and not the output or result of their action and behavior. Smith in Rotundo (2002) stresses that the accurate measurement of performance covers the direct observation on behavior. Murphy in Rotundo (2002) states that performance has to be defined in the behavioral term rather than result. Murphy also defines performance as behavior that related with organizational goal. Campbell in Rotundo (2002) defines performance as action or behavior under individual control that contributes on organizational goal and can be masured using individual's skill. Gomes (2003) defines employees' performance as output, while efficiency and effectiveness usually are related with productivity.

Based on the description, we can conclude that performance is the result of work, both in term of quality and quantity, that achieved by an employee in performing his/her duty according to the responsibility that he/she hold. Individual performance refers to individual working achievement which is regulated based on the standard or criteria determined by an organization. The high individual performance will increase overall organizational performance. The operationalization of performance in this study is adopted from the indicators of performance developed by Neal Jr. (2003) that consist of: (1) job knowledge; (2) job quality; (3) productivity; (4) adaptativeness and flexibility; (5) cooperative and cooperation; (6) reliability and responsibility; and (7) communication and interaction capability.

### DEFINITION OF ORGANIZATIONAL CAREER GROWTH (OCG)

Hall in Orpen (1994) defines career as the sequence of job experience that is directed for personal and organizational purposes that someone has to pass in his/her life, either under their own control or under someone else control. The concept of 'career' has experience significant changes in the last three decades and these changes has caused radical changes in the career managed (Cohen and El-Sawad in Sarah Lewis and John Arnold, 2012). Weer in Okurame (2012) defines caeer growth as the probability for an employee to be promoted and get an experience of career growth as well as the improvement in their responsibility and challenging duties. Jans in Weng and McElroy (2012) stated that perception on career growth is the probability perceived by employee related with the development and improvement of their career in an organization. Furthermore, Weng *et al.* (2010) widened the concept of career development and improvement by proposing that organizational career growth can be assessed through four factors: (1) achieving the purpose of career growth or how far employee's work aspect is relevant in providing the chances to achieve career goal; (2) professional ability development or how far one's job will enable them to acquire new skill and knowledge; (3) promotion speed or employee's perception on the probability for them to be promoted; and (4) remuneration growth, or employee perception on the speed, quantity, and probability of remuneration growth (Weng and McElroy, 2012). Organizational career growth can be assessed from two indicators, the career growth or the improvement in structural or hierarchical term through promotion and the improve in career growth experience (Milliman, Brutus. *et al.* in Okurame, 2012). While the propect of organizational career growth is defined as the probability of an employee to be promoted or will achieve career growth experience from the increase in responsibility and challenging duties (Weer in Okurame, 2012).

Based on the description, the organizational career growth in this study is the improvement in career in the form of promotion, responsibility, authority, and compensation, experienced by employee during their working period. This study adapts the four factors of organizational career growth developed by Weng *et al.* (2010) as the operationalization of organizational career growth variable. These factors include (1) achieving the purpose of career growth or how far employee's work aspect is relevant in providing the chances to achieve career goal; (2) professional ability development or how far one's job will enable them to acquire new skill and knowledge; (3) promotion speed or employee's perception on the probability for them to be promoted; and (4) remuneration growth, or employee perception on the speed, quantity, and probability of compensation (Weng dan McElroy, 2012).

#### THE DEFINITION OF AFFECTIVE OCCUPATIONAL COMMITMENT (AOC)

The affective occupational commitment is conceptualized as psychological condition or paradigm that tied an individu to perform a relevant action with one or more targets, and their willingness to withstand in an action (Cooper-Hakim and Viswesvaran, 2005). Porter, Steers, Mowday, and Boulian (1974) define commitment as a strong faith and acceptance of organizational goals, willingness to keep a membership in an organization. Robbins and Judge (2007) define commitment as a condition in which an individu take a side on their organization together with its objectives and is willing to maintain their membership in the organization. Mathis and Jackson in Sopiiah (2008) define organizational commitment as a position in which employee believe and willing to accept the organizational objectives, as well as having intention to stay or do not left their organization. Mowday in Sopiiah (2008) stated that there are three aspects of commitment: (a) affective commitment, related with the willingness to be tied to the organization. Individu maintain their membership because of their own willingness. The key of this commitment is 'want-to'; (b) continuance commitment is a commitment that is based on rational needs. In other words, this commitment is developed based on profitability consideration; the individu considers what they should sacrifice if they need to stay in an organization. The key of this commitment is the need to stay (need to); and (c) normative Commitment is a commitment that based on the norms that exist in employee's value system, which includes individu belief on their responsibility for the organization. He/she feels the need to stay due to loyalty. The key of this commitment is the responsibility to stay in the organization (ought to). Allen and Meyer (1996) define affective organizational commitment as "psychological relationship between employees and the organization which reduces the probability of employees leaving the organization voluntarily is so small". It is expected that employees with strong affective commitment will stay in the organization because of the emotional ties with the organization.

Thus, affective commitment shows the psychological attachment between individual and their organization which can be described with individual's involvement in organizational activities, thus they enjoy the activities. In other words, somebody may stay in an organization because they want to. The affective occupational commitment is measured using six items developed by Meyer, Allen, and Smith (1993). One of the items is "I have a strong feeling with the organization". This model has been used broadly by Lee and Corbett (2006); Lee and Kulviwat (2008); Wickramasinghe and Wickramasinghe (2012).

#### THE DEFINITION OF PERCEIVED ORGANIZATIONAL SUPPORT (POS)

Rhoades and Eisenberger (2002) state that in order to fulfil socio-emotional needs and to assess the benefit of performance growth, employees develop a perception on how far their organization's value their contribution and concern on employees' welfare. Perceived organizational support is an integration of employees' feeling of justice, self-worth, and self-development (Sluss *et al.*, 2008). Perceived organizational support is considered to represent employees' trust that their organization is willing to respect their employees for what their employees have done for the organization (Rhoades and Eisenberger, 2002; Panaccio and Vandenberghe, 2009; Fu and Lihua, 2012:146). Perceived organizational support can be defined as employees' comprehensive trust on organization in respecting employees' contribution and the concern on employees' welfare (Perryer, Jordan, Firms, and Travaglione, 2010).

Based on meta-analysis of studies on perceived organizational support by Rhoades and Eisenberger (2002), there are three general categories of treatment that can be considered as benefit for employees, equal treatment, supervisor supports, recognition and workplace condition, that positively related with perceived organizational support. Organizational Support Theory finds the appropriate mechanism for this model of relationship.

#### SIGNIFICANCE OF THE STUDY

The result of this study is expected to provide benefits for: firstly, adding understanding on the relationship among organizational career growth, perceived organizational support, affective occupational commitment, and performance, thus this study can be used as a reference both by academics and other researchers who conduct further study on this topic. Secondly, it is expected that this study will provide benefits for the interested parties by providing contribution in the form of information transfer from this study findings, which can be used as a reference in arranging policies to improve employees' performance.

#### STATEMENT OF THE PROBLEM

1. Does organizational career growth have positive effect on perceived organizational support?
2. Does organizational career growth have positive effect on affective occupational commitment?
3. Does organizational career growth have positive effect on employees' performance?
4. Does perceived organizational support have positive effect on affective occupational commitment?
5. Does perceived organizational support have positive effect on employees' performance?
6. Does affective occupational commitment have positive effect on employees' performance?
7. Does perceived organizational support mediates the effect of organizational career growth on affective occupational commitment?
8. Does affective occupational commitment mediate the effect of organizational career growth on employees' performance?

#### STUDY OBJECTIVES

1. Testing and analyzing the effect of organizational career growth on perceived organizational support.
2. Testing and analyzing the effect of organizational career growth on affective occupational commitment.
3. Testing and analyzing the effect of organizational career growth on employees' performance.
4. Testing and analyzing the effect of perceived organizational support on affective occupational commitment.
5. Testing and analyzing the effect of perceived organizational support on employees' performance.
6. Testing and analyzing the effect of affective occupational commitment on employees' performance.
7. Testing and analyzing the mediating role of perceived organizational support on the effect of organizational career growth on affective occupational commitment.
8. Testing and analyzing the mediating role of affective occupational commitment on the effect of organizational career growth on employees' performance.

#### HYPOTHESIS

##### ORGANIZATIONAL CAREER GROWTH AND PERCEIVED ORGANIZATIONAL SUPPORT

Researchers have found the positive relationship between organizational career growth and perceived organizational support. Rhoades and Eisenberger (2002), Levinson (1965), Karatepe (2012), and Waseem (2010) find positive effect of supervisor support, pay satisfaction, and career growth opportunity in improving employees' perceived organizational support. Based on these empirical evidences, thus employees' trust on the possibility of career growth in an organization will increase the perceived organizational support. is proposed as follow:

**H.1: organizational career growth has positive effect on perceived organizational support**

##### ORGANIZATIONAL CAREER GROWTH AND AFFECTIVE OCCUPATIONAL COMMITMENT

Affective occupational commitment refers to employees' psychological condition caused by employee's identification with organizational objectives and values, or can be viewed as employees' loyalty in maintaining their membership in the organization (Meyer, Allen, and Smith, 1993). In the commitment model proposed by Meyer and Allen (1997) mentioned that affective and normative commitment are developed as a result of organization's Human Resource Management (HRM)

practice. For example, employee willingness to stay (affective commitment) and responsibility to return the favor (normative commitment) may appear because of career management provided by the organization.

In line with the explanation, Mathieu and Zajac (1990) mention that the difference in the commitment level may be caused by individual difference. Sturges *et al.* (2005); Bambacas M (2010); and Chew and Chan (2008) conclude that when company provides career management assistance for their employees it will affect the affective commitment. Based on the explanation, the hypothesis is proposed as follow:

**H.2: Organizational career growth has positive effect on affective occupational commitment**

**ORGANIZATIONAL CAREER GROWTH AND EMPLOYEES' PERFORMANCE**

Employee behavior is highly affected by HRM practices, thus career growth policy will create strong feeling in the psychological contract between employees and organization, especially if career growth policy is a valuable initiative for employees in interpreting employees' career improvement and growth (Bedeian *et al.*, in Okurame, 2012). A study that focused on the theme of career and performance is conducted by Karatepe (2012) by using career satisfaction and employees' performance concept. Based on the explanation (Huselid, 1995; Rhoades and Eisenberger, 2002; Applebaum *et al.*, 2001; Karatepe, 2012; Okurame, 2012; Nachbagaer and Riedl, 2002) then the higher the expectation on career, the higher the efforts to achieve the performance. Thus the hypothesis is proposed as follows:

**H.3: Organizational career growth has positive effect on employees' performance**

**PERCEIVED ORGANIZATIONAL SUPPORT AND AFFECTIVE OCCUPATIONAL COMMITMENT**

Eisenberger, Huntington, Hutchison, and Sowa (1986) propose that the high perceived organizational support will increase employees' expectation and create commitment to return the favor to the organization in the form of support. Thus, the high perceived organizational support has high correlation with organizational commitment. In line with social exchange theory, perceived organizational support has positive effect on effective occupational commitment (Rhoades and Eisenberger, 2002). Researchers have conducted research on the effect of perceived organizational support on employees' organizational commitment in the different contexts. Employees who get higher organizational support tend to who's higher commitment for organization (Liu, 2009; Meyer *et al.*, 2002; Armeli, Eisenberger, Fasolo, and Lynch, 1998).

Several studies that support the relationship between perceived organizational support with affective occupational commitment among others are: Liu (2009) find that perceived organizational support significantly related with affective occupational commitment and Organizational Citizenship Behavior (OCB); Farh, Hackett, and Liang (2007) find strong relationship between perceived organizational support and other organizational behaviors including affective occupational commitment and work achievements. According to Dawley, Andrews, and Bucklew (2008) and Curry and Dollery (2006), the organization that has employees with affective occupational commitment usually showed their commitment first by providing conducive working environment. Based on this result, the hypothesis is formulated as follows:

**H.4: Perceived organizational support has positive effect on affective occupational commitment**

**PERCEIVED ORGANIZATIONAL SUPPORT AND EMPLOYEES' PERFORMANCE**

Several empirical studies that have showed the significant relationship between perceived organizational support and output such as performance, job satisfaction, organizational commitment, turnover intention, and performance (Rhoades and Eisenberger, 2002; Susskind, Kacmar, and Brymer, 2000). Eisenberger *et al.* (2001) find that responsibility mediates the relationship between perceived organizational support and affective occupational commitment, performance. Armeli *et al.* (1998) find that there is relationship between perceived organizational support and police performance; Pazy (2011) finds that various types of perceived support provided by organization and supervisor will improve performance. Arshadi (2012) supports the relationship between perceived organizational support and organizational commitment, performance, and turnover intention. Thus the hypothesis is as follows:

**H.5: Perceived organizational support has positive effect on performance**

**AFFECTIVE OCCUPATIONAL COMMITMENT AND PERFORMANCE**

According to Porter *et al.* (1974) employees' commitment is known as a behavioral approach on organization. Employees' commitment has two components, attitude and willingness to behave. Attitude covers the identification with organization that is the acceptance on organizational objectives in which this acceptance becomes the base of employee's commitment. The empirical support shows the positive effect of commitment on performance (Suliman and Al Kathairi, 2013); however, Cichy *et al.* (2011) find that affective commitment is the strongest predictor of performance compared to normative and continuance commitment. Similarly, Chen and Francesco (2003) mention that there is positive relationship between affective commitment and performance. Thus the hypothesis is formulated as follows:

**H.6: Affective occupational commitment has positive effect on performance**

**PERCEIVED ORGANIZATIONAL SUPPORT AS MEDIATING VARIABLE ON THE RELATIONSHIP BETWEEN ORGANIZATIONAL CAREER GROWTH AND AFFECTIVE OCCUPATIONAL COMMITMENT**

Career opportunity has positive relationship with perceived organizational support (Eisenberger *et al.*, 1997; Meyer and Smith, 2000; Karatepe, 2012; Waseem, 2010), while the relationship between perceived organizational support and commitment is supported by several studies among others Meyer *et al.* (2002); Rhoades and Eisenberger, (2002); Liu, (2009); Farh *et al.* (2007); Dawley *et al.* (2008). Weng and McElroy (2012) suggest the mediating role of perceived organizational support on the relationship between organizational career growth and affective occupational commitment. Based on the understanding on the mediating model, the third variable (mediating variable) or in this case perceived organizational support, will clear up the relationship between organizational career support and affective occupational commitment. This means that a clearer understanding can be achieved by explaining the relationship among these three variables, or known as mediational hypothesis.

Based on the relationship between organization career growth and perceived organizational support, thus we may assume that perceived organizational support can be placed as mediating variable on the relationship between organizational career growth and affective occupational commitment, even though empirically there is no study that have proven this relationship model. Based on this description, the hypothesis is proposed as follows:

**H.7: Perceived organizational support mediates the relationship between organizational career growth and affective occupational commitment**

**AFFECTIVE OCCUPATIONAL COMMITMENT AS MEDIATING VARIABLE ON THE RELATIONSHIP BETWEEN ORGANIZATIONAL CAREER GROWTH AND EMPLOYEES' PERFORMANCE**

The relationship between organizational career growth and perceived organizational support has been proved through Sturges *et al.*, (2005); Bambacas, (2010); and Chew and Chan (2008) studies. Empirical support on the relationship between commitment and performance proved the positive relationship between organizational commitment and performance (Suliman and Al Kathairi, 2013; Lee *et al.*, 2010; Cichy *et al.*, 2009). This study refers to Weng and McElroy (2012) that affective occupational commitment mediates the effect of organizational career growth on turnover intention. However, we propose that affective occupational commitment has mediating role on the relationship between organizational career growth and performance, with an assumption that there is a relationship between organizational career growth with performance, which can be explained indirectly through the mediating variable of affective occupational commitment. With the main consideration that there is direct relationship between organizational career growth and affective occupational commitment, and direct relationship between affective occupational commitment with performance, the model proposed is interesting to be tested. Based on the explanation the hypothesis is proposed as follows:

**H.8: Affective occupational commitment mediates the relationship between organizational career growth and performance**

**RESEARCH METHOD**

**POPULATION AND SAMPLE**

This study is a survey that conducted on 250 employees, 45 staffs and 205 heads in the Regional Office of Directorate General of State Treasury in 15 KPPN in Central Java province, who were invited to participate in this study. The average age of respondent is 48 years old with 50 years old as median and modes. The standard deviation shows the deviation from average value is 5.74 and is lower than the average age (48.71) thus, we may conclude that there is low variability of



respondent age. The oldest respondent is 56 years old and the youngest respondent is 29 years old which result in 27 years age range (oldest-youngest). The majority of respondents are female (52%), with 21 – 30 years of tenure (64.8%). Most of the respondents are high school (or equivalent education degree) graduate 57% (141 people), 36% (91 people) has undergraduate and graduate degree, and 7% (18 people) has diploma degree.

**MEASUREMENT**

In this study the operationalization of variable performance is adapted from performance indicators developed by Neal Jr, (2003). This scale consists of seven items to measure seven dimensions. The organizational career growth is measured using the measurement developed by Weng *et al.* (2010), this scale consists of 12 items to measure four dimensions. The affective occupational commitment is measured using the indicators developed by Meyer *et al.* (1993), this scale consists of six items to measure six dimensions. The perceived organizational support is measured using the indicators developed by Rhoades and Eisenberger (2002), this scale consists of eight items to measure eight dimensions. Respondents are asked to provide their answer on five Likert scale from 1 = very disagree up to 5 = very agree.

**DATA ANALYSIS**

The data is analyzed with descriptive statistical analysis which covers the minimum value, maximum value, mean value, standard deviation, and ANOVA. The hypothesis 1 up to hypothesis 6 is tested using structural equation modeling (SEM) with PLS (partial least square) method through SmartPLS 2.0 program. However, the hypothesis 7 and 8 are tested using two different strategies, causal step based on the method developed by Baron and Kenny (1986) and product of coefficient strategy that is based on the significance test on indirect effects with Sobel test (Preacher dan Hayes, 2004).

**RESULT AND DISCUSSION**

**CONVERGENT VALIDITY TESTING**

The result of convergent validity testing shows factor loading of all indicators with the minimum value of 0.491, however it is still significant which makes the indicators are acceptable for further analysis. There are two indicators that need to be eliminated, the OCG 01 indicator that has factor loading of 0.350 and OCG 02 that has factor loading of 0.323. These indicators are eliminated because it has factor loading below 0.5. Thus all the remaining indicators can be used in further analysis.

**Discriminant Validity**

Discriminant validity is assessed by comparing square root of average variance extracted (AVE) among each construct in the model. The test result shows that all constructs have similar root AVE. Thus, we can conclude that all constructs fulfill the criteria of discriminant validity that is the measurement in the block is better than the measurement in other construct blocks.

To assure whether the latent construct can predict the indicator in their block better than the indicator in other block, the data will be analyzed by assessing the result of cross loading. The loading value of each factor is presented in the bold and italicized numbers. Thus, we can understand that the latent construct is able to predict the indicator in its block better than the indicator in the other block. This makes the discriminant validity requirements are fulfilled.

**Composite reliability**

Composite reliability is a measure of reliability of a block of indicator in measuring its construct. All constructs have high composite reliability; above 0.70 as required. Thus, we can conclude that all constructs are reliable to measure the variable in its block.

**STRUCTURAL TESTING (INNER MODEL)**

Structural model or inner model is a relationship between a latent variable with other latent variable. This test is performed into a research model by assessing its R-square value and the significance level of each relationship. Based on the R square (R<sup>2</sup>) value, we can assured that around 31.7% of changes in perceived organizational support can be explained by organizational career growth; around 24.5% of changes in affective occupational commitment can be explained by both organizational career growth and perceived organizational support; and around 35.1% of changes in performance can be explained by organizational career growth, perceived organizational support, and affective occupational commitment.

Thus, the Q<sup>2</sup> predictive relevance value, computed using Stone-Geisser Q square test formula for structural model can be computed as follows:

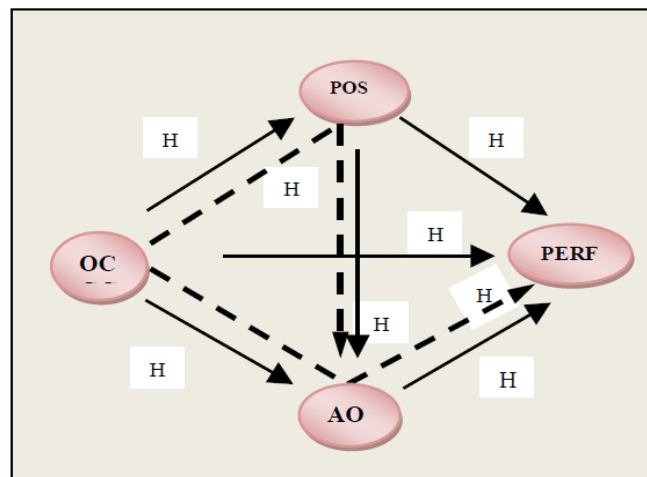
$$Q^2 = 1 - (1 - 0.317) (1 - 0.245) (1 - 0.352)$$

$$Q^2 = 1 - (0.683) (0.755) (0.649)$$

$$Q^2 = 0.665$$

Based on the Stone-Geiser Q<sup>2</sup>predictive relevance value, we may conclude that the model has predictive relevance because the result is above 0 or 0.665, or the value of relevant prediction model is 66.50%.

FIGURE 1: RESEARCH MODEL



**Notes**

- a. Independent variables
  - o OCG : organizational career growth
  - o POS : perceived organizational support
  - o AOC : affective occupational commitment
- b. Dependent Variable
  - o PERF : performance
- c. Mediating Variable:
  - o POS is the mediating variable on the relationship between OCG and AOC
  - o AOC is the mediating variable on the relationship between OCG and PERF

**ANALYSIS OF VARIANCE (ANOVA)**

The descriptive analysis of variance is performed to confirm the effect of respondents' characteristics. This test is performed to understand the effect of respondents' characteristics such as gender, education, age, and tenure on organizational career growth, affective occupational commitment, perceived organizational support, and performance. The technique used in this analysis is analysis of variance (ANOVA).

From the result of variance test, there is no significant difference in organizational career growth, perceived organizational support, affective occupational commitment, and performance based on respondents' characteristic such as gender, education, age, and tenure. This is shown in the probability value (*Sig.*) or p-value that is higher than 0.05 ( $p > 0.05$ ). In other words, there is no direct effect of gender, education, age, and tenure on organizational career growth, perceived organizational support, affective occupational commitment, and performance.

**HYPOTHESIS TESTING**

The data analysis technique used to test the hypothesis 1 (H1) up to 6 (H6) is Partial Least Square (PLS) path modeling, using SmartPLS 2.0 program. The benefit of PLS method compared to covariance structure analysis like LISREL, EQS, Mplus, or AMOS, is that PLS does not require large number of samples and normality assumption test (Fornell, and Bookstein, 1982; Bacon, 1999).

**Hypothesis 1 (H1): The effect of Organizational Career Growth (OCG) on Perceived Organizational Support (POS)**

The estimation result on the effect of organizational career growth on perceived organizational support on Table I show the path coefficient of 0.563 (positive). The coefficient significance test shows the t-value of 12.123. Because of t-value  $> 1.96$  means significant at the significance level of 5%, thus organizational career growth has positive and significant effect on perceived organizational support. If organizational career growth increased, then the perceived organizational support will increase as well. Contrary, the decrease in organizational career growth will decrease the perceived organizational support as well.

**Hypothesis 2 (H2): The effect of Organizational Career Growth (OCG) on Affective Occupational Commitment (AOC)**

The estimation result of the effect of organizational career growth on affective occupational commitment on Table I shows path coefficient of 0.387 (positive). The significance test of this coefficient shows the t-value of 5.246 which means the effect is significant at 5% significance level. Thus, organizational career growth has significant and positive effect on affective occupational commitment. This means that the increase in organizational career growth will increase affective occupational commitment. Contrary, the decrease in organizational career growth will decrease the affective occupational commitment.

**Hypothesis 3 (H3): The effect of Perceived Organizational Support (POS) on Affective Occupational Commitment (AOC)**

The estimation result on the effect of perceived organizational support on affective occupational commitment on Table I show the path coefficient of 0.160 (positive). The significance test on the coefficient shows t-value of 1.992 which means it is significant at 5% significance level. Thus, perceived organizational support has positive and significant effect on affective occupational commitment. If perceived organizational support increased, then affective occupational commitment will increased as well. Contrariwise, the decrease in perceived organizational support will lead to the decrease in affective occupational commitment.

**Hypothesis 4 (H4): The effect of Organizational Career Growth (OCG) on Performance**

The estimation result on the effect of organizational career growth on performance in Table I show path coefficient of 0.202 (positive). The significance test on the coefficient shows t-value of 2.105 which means the effect is significant at 5% significance level. Thus organizational career growth has positive significant effect on performance. The increase in organizational career growth will increase performance. Contrary, the decrease in organizational career growth will leads to the decrease in performance.

**Hypothesis 5 (H5): The effect of Perceived Organizational Support (POS) on Performance**

The estimation result on the effect of perceived organizational support on performance in Table I show path coefficient of 0.146 (positive). The significance test on the coefficient shows t-value of 2.047, which means that the effect is significant at 5% significance level. Thus, perceived organizational support has positive and significant effect on performance. This means that the increase in perceived organizational support will increase performance and vice versa.

**Hypothesis 6 (H6): The effect of Affective Occupational Commitment (AOC) on Performance**

The estimation result on the effect of affective occupational commitment on performance in Table I show path coefficient of 0.377 (positive). The significance test on the coefficient shows t-value of 5.786 which means the coefficient is significant at 5% significance level. Thus the affective occupational commitment has positive and significant effect on performance. The increase in affective occupational commitment will increase the performance and vice versa.

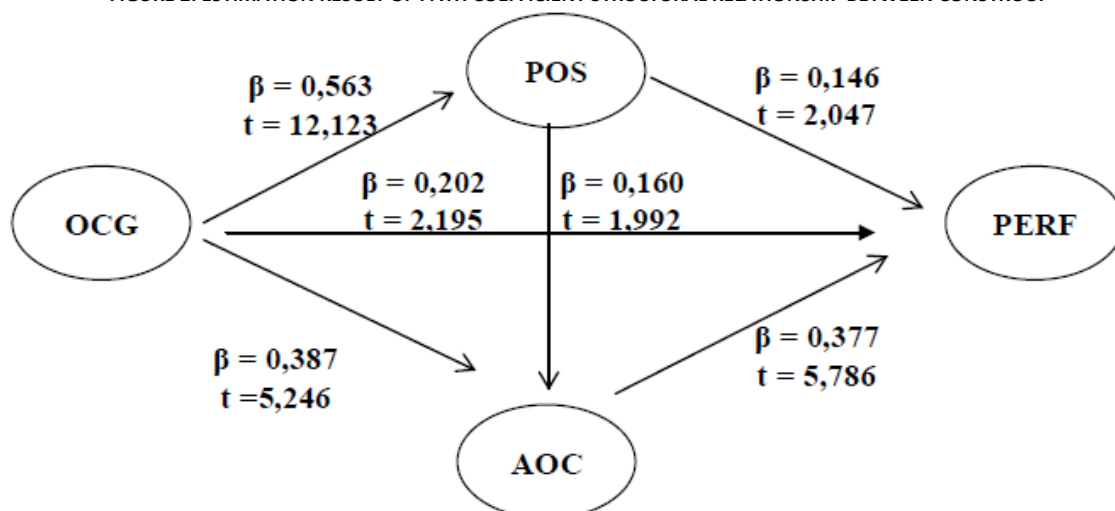
The estimation result of path coefficient on the effect of a construct on other construct using SmartPLS 2.0 program is presented in the following table:

**TABLE I: THE ESTIMATION RESULT OF PATH COEFFICIENT ON THE STRUCTURAL RELATIONSHIP BETWEEN THE CONSTRUCTS**

Hypothesis	Relationship Path	Path Coefficient ( $\beta$ )	t-value	Conclusion
H1	OCG $\rightarrow$ POS	0.563	12.123	Significant
H2	OCG $\rightarrow$ AOC	0.387	5.246	Significant
H3	POS $\rightarrow$ AOC	0.160	1.992	Significant
H4	OCG $\rightarrow$ PERF	0.202	2.195	Significant
H5	POS $\rightarrow$ PERF	0.146	2.047	Significant
H6	AOC $\rightarrow$ PERF	0.377	5.786	Significant

Notes: AOC = affective occupational commitment; OCG = organizational career growth; POS = perceived organizational support; PERF = Performance

**FIGURE 2: ESTIMATION RESULT OF PATH COEFFICIENT STRUCTURAL RELATIONSHIP BETWEEN CONSTRUCT**



ESTIMATION AND MEDIATION EFFECT EVALUATION

**Hypothesis 7 (H7):** The effect of Organizational Career Growth (OCG) on Affective Occupational Commitment (AOC) mediated by Perceived Organizational Support (POS)

**Causal Step Strategy (Baron & Kenny)**

For **hypothesis 7** testing with perceived organizational support as the mediator of the relationship between organizational career growth and affective occupational commitment (OCG → POS → AOC) thus the mathematical equation is as follows:

1. Simple regression formula for the effect of perceived organizational support variable on organizational career growth.

$$POS = a + b_1 OCG + e_1 \quad (1)$$

2. Simple regression formula for the effect of affective occupational commitment on organizational career growth.

$$AOC = a + b_3 OCG + e_2 \quad (2)$$

3. Multiple regression on the affective occupational commitment on the perceived organizational support as mediator and organizational career growth as independent variable.

$$AOC = a + b_2 POS + b'_3 OCG + e_3 \quad (3)$$

The estimation result on the total effect and direct effect from **formula 1, 2, and 3** to test the **hypothesis 7 (H7)** based on the criteria set by Baron and Kenny, is presented in the following table:

**TABLE II: ESTIMATION OF TOTAL COEFFICIENT AND DIRECT EFFECT (Formula 1, 2, and 3)**

Coefficient	Relationship path	Estimated	p-value	Conclusion
b <sub>1</sub>	OCG → POS (direct effect)	0.563	0.000	Significant
b <sub>2</sub>	POS → AOC (direct effect)	0.160	0.009	Significant
b' <sub>3</sub>	OCG → AOC (direct effect)	0.387	0.000	Significant
b <sub>3</sub>	OCG → AOC (total effect)	0.477	0.000	Significant

Notes: AOC = affective occupational commitment; OCG = organizational career growth; POS = perceived organizational support

The result of the first regression testing in Table II, shows that organizational career growth has significant effect on perceived organizational support (p-value < 0.05) with coefficient regression of (b<sub>1</sub>) = 0.563; the second regression testing on Table II, shows that organizational career growth has significant effect on affective occupational commitment (p-value < 0.05) with coefficient regression (b<sub>3</sub>) = 0.477; and the third regression test on Table II, shows that perceived organizational support has significant effect on affective occupational commitment, after controlled with organizational career growth (p-value < 0.05) with coefficient regression (b<sub>2</sub>) = 0.160. Then, there is direct effect b'<sub>3</sub> of 0.387 that is smaller than total effect b<sub>3</sub> = 0.477. The effect of independent variable organizational career growth on dependent variable affective occupational commitment decreased but still significant (p-value < 0.05), after controlled with mediating variable of perceived organizational support. Based on the criteria developed by Baron and Kenny (1986), we can conclude that the meditational hypothesis is supported. Thus perceived organizational support is the mediator for the relationship between organizational career growth and affective occupational commitment. In this case, the mediation is partial mediation because the coefficient of direct effect for the effect of organizational career growth on affective occupational commitment is significant.

**STRATEGY PRODUCT OF COEFFICIENT (INDIRECT EFFECT)**

The estimation result of indirect effect using macro PROCESS is presented on the following table:

**TABLE III: INDIRECT EFFECT ESTIMATION AND 95% CONFIDENCE INTERVAL (CI)**

Hip.	Mediation path	Koef.	95% CI		Conclusion
			Lower	Upper	
H7	OCG → POS → AOC	0.0901	0.0024	0.2027	Significant

Notes: AOC = affective occupational commitment; OCG = organizational career growth; POS = perceived organizational support

The result of indirect effect estimation for the effect of organizational career growth on affective occupational commitment through the mediator perceived organizational support on Table III, shows the value of 0.0901. True indirect effect located between 0.0024 and 0.2027 on 95% confidence interval. Because of zero does not included in the 95% confidence intervals, thus we can conclude that the indirect effect is significant in the 0.05 significance level. Thus, in line with the finding based on the criteria developed by Baron and Kenny, perceived organizational support is a mediator on the relationship between organizational career growth and affective occupational commitment. The increase in organizational career growth will also increase the perceived organizational support, and with the increase in perceived organizational support in its turn will increase affective occupational commitment. With the finding on the significant direct effect coefficient of organizational career growth on affective occupational commitment, it means that there is a partial mediation effect. Perceived organizational support partially mediates the effect of organizational career growth on affective occupational commitment. Organizational career growth has positive and significant effect, directly and indirectly through perceived organizational support, on affective occupational commitment.

**Hypothesis 8 (H8):** The effect of Organizational Career Growth (OCG) on Performance mediates by Affective Occupational Commitment (AOC)

**Strategy Causal Step (Baron & Kenny)**

To test the **hypothesis 8** in which affective occupational commitment plays the mediating role in the relationship between organizational career growth performance (OCG → AOC → Performance), the mathematical equation is as follows:

1. Simple regression formula of affective occupational commitment on organizational career growth.

$$AOC = a + b_{12} OCG + e_1 \quad (4)$$

2. Simple regression formula of the relationship between performance and organizational career growth.

$$Performance = a + b_3 OCG + e_2 \quad (5)$$

3. Multiple regression of performance as dependent variable on the mediating variables affective occupational commitment and perceived organizational support, and the independent variable of organizational career growth.

$$Performance = a + b_{21} POS + b_{22} AOC + b'_3 OCG + e_3 \quad (6)$$

The result of estimation on total effect and direct effect from formula 4, 5, and 6 in testing **hypothesis 8 (H8)** based on the criteria developed by Baron & Kenny, is presented in the following table:

**TABLE IV: THE TOTAL COEFFICIENT AND DIRECT EFFECT ESTIMATION RESULT (Formula 4, 5, and 6)**

Koefisien	Relationship path	Estimated	p-value	Conclusion
b <sub>12</sub>	OCG → AOC (direct effect)	0.387	0.000	Significant
b <sub>22</sub>	AOC → PERF (direct effect)	0.377	0.000	Significant
b' <sub>3</sub>	OCG → PERF (direct effect)	0.202	0.006	Significant
b <sub>3</sub>	OCG → PERF (total effect)	0.464	0.000	Significant

Notes: OCG = organizational career growth; AOC = affective occupational commitment; PERF = Performance

The result of regression analysis in Table IV shows that organizational career growth has significant effect on affective occupational commitment (p-value < 0.05) with regression coefficient (b<sub>12</sub>) = 0.387; the fifth regression result in Table IV, shows that organizational career growth has significant effect on performance (p-value < 0.05) with regression coefficient (b<sub>3</sub>) = **0.464**; and the result of the sixth regression analysis in Table IV shows that affective occupational commitment has significant effect on performance, after controlled with organizational career growth (p-value < 0.05) with regression coefficient (b<sub>22</sub>) = 0.377. Further, we found



direct effect  $b_3$  of 0.202 which is smaller than total effect  $b_3 = 0.464$ . The effect of independent variable organizational career growth on dependent variable performance is decreased but still significant ( $p$ -value < 0.05), after controlled with mediating variable of affective occupational commitment. Based on the criteria developed by Baron and Kenny, thus we can conclude that the meditational hypothesis (H8) is supported. This means that affective occupational commitment is a mediator on the relationship between organizational career growth and performance. In this case a partial mediation because the direct effect coefficient of organizational career growth on performance is significant.

**STRATEGY PRODUCT OF COEFFICIENT (INDIRECT EFFECT)**

The estimation result on indirect effect using macro PROCESS is presented on the following table.

**TABLE V: ESTIMATION ON INDIRECT EFFECT AND 95% CONFIDENCE INTERVAL (CI)**

Hip.	Mediation path	Koef.	95% CI		Conclusion
			Lower	Upper	
H8	OCG → AOC → PERF	0,1458	0,0803	0,2316	Significant

Notes: AOC = affective occupational commitment; OCG = organizational career growth; PERF = Performance.

The estimation result on indirect effect of organizational career growth on performance through the mediator affective occupational commitment on Table V is 0.1458. True indirect effect located between 0.0803 and 0.2316 on 95% confidence interval. Because zero is not embodied in the 95% confidence intervals, then we can conclude that indirect effect is significant at 0.05 significance level. Thus, in line with the finding based on the criteria developed by Baron & Kenny, affective occupational commitment is a mediator on the relationship between organizational career growth and performance. If the organizational career growth is increased, then affective occupational commitment will also increase, which in turn will increase affective occupational commitment and performance. By understanding the significant direct effect coefficient on the effect of organizational career growth on performance, we know that the partial mediation exists in the relationship. The variable affective occupational commitment partially mediates the effect of organizational career growth on performance. Organizational career growth has positive and significant effect, directly or indirectly through affective occupational commitment, on performance.

**FINDINGS AND DISCUSSION**

**H1: Organizational career development has positive and significant effect on perceived organizational support.**

There is a significant and positive effect of organizational career growth on perceived organizational support. The path coefficient is 0.563 with t-count of 12.123 significant at 5% significance level. This means that organizational career growth has positive and significant effect on perceived organizational support. The 0.563 parameter coefficient value indicates that the better the career growth then the higher the organizational support perceived by employees. With the coefficient of determination of 0.317 (31,70%) or the variation in perceived organizational support can be explained by organizational career growth up to 31.70% and the rest 68.30% is affected by other factors outside the model. Through the analysis result of Factor Loading Estimation Results (Step II) we can also understand that from four indicators of career growth, the third indicator, promotion speed (OCG7) is the strongest indicator as the measurement of career growth with the factor weight coefficient of 0.728. Thus, the indicator opens and widely accessible promotion for all employees is an important component that needs attention in improving perceived organizational support.

This study places perceived organizational support as a factor that affect career satisfaction, and career satisfaction is placed as mediator or intermediary on the relationship between perceived organizational support and performance. Both research conducted by Karatepe, (2012) and Duffy *et al.* (2011), do not place perceived organizational support as a variable that will be affected by organizational career growth.

**H2: Organizational career growth has positive and significant effect on affective occupational commitment.**

Based on the analysis result, this study finds that organizational career growth has positive and significant effect on affective occupational commitment. The path coefficient value on Table I is 0.387 with t-count of 5.246 and alpha 5%. Thus, we can conclude that the higher the employees' perception on the organizational career growth in an organization, the higher is their affective occupation commitment. This study confirms the finding from previous studies for example the one conducted by Sturges *et al.* (2005) and Bambacas (2010) who find the relationship between career and commitment. Contrary, Chew & Chan (2008) do not find empirical support on the effect of career management on commitment.

By considering these findings, ANOVA test is employed to ensure that gender, education, age, and tenure has a relationship with affective occupational commitment. The analysis shows no direct effect of gender, education, age, and tenure on career, perceived organizational support, affective occupational commitment, and performance.

The implication of this finding is on the effort to improve affective occupational commitment. Improving this variable can be performed by career development through remuneration growth, promotion speed, professional ability development, and the suitability of career purpose.

**H3: Perceived organizational support has positive and significant effect on affective occupational commitment.**

The analysis result in this study shows that perceived organizational support has positive and significant effect on affective occupational commitment. The parameter coefficient value in Table I is 0.160 and t-count of 1.992 which means that perceive organizational support affects affective occupational commitment at 5% significance level. This finding supports the result from previous study conducted by Tella *et al.* (2007); Lee and Kuliwat, (2008); and Bang *et al.* (2013).

Similarly, the analysis result on Factor Loading estimation (Step II) reveals that from eight indicators of perceived organizational support, the second indicator (POS2) is the strongest indicator to test the perceived organizational support with weighted coefficient value of 0.790. Thus, the indicator of employees' job satisfaction is an important factor in improving perceived organizational support. Researchers have studied the effect of perceived organizational support on employee's organizational commitment in different context. Employee with higher perceived organisation support shows higher commitment for the organization (Cropanzano *et al.*, 1997; Liden *et al.*, 2003; Masterson and Stamper in Liu, 2009).

The implication of this finding is the effort to improve affective occupational commitment through perceived organizational support can be focused on the strongest indicator of perceived organizational support, the organization attention on employee job satisfaction, organization recognition on employee's contribution, and organization attention on employee's welfare. The other three indicators that need attention are the attention on employee extra time, employee complaint, and organization attention on individual level.

**H4: Organizational career growth has positive and significant effect on performance.**

This study finds that organizational career growth has positive and significant effect on performance. The parameter path coefficient in Table I show a value of 0.202 with t-count of 2.195. This means that organizational career growth has a positive and significant effect on performance at 5% significance level. This study confirms the finding from Karatepe (2012) who use career satisfaction and performance concept in the study. The study finds the positive and significant relationship between career satisfaction and employee performance. David Okurame (2012) used the concept of career growth prospects, ekstra role performance, and organizational citizenship behavior/OCB. His study proves the relationship between career growth prospects and OCB. Previously, the study conducted by Nachbagauer & Riedl (2002) who test the effect of career plateaus on performance find the negative relationship between career plateaus on performance. Thus, employee behavior is highly affected by human resource management practices (such as career growth policies as studied here) through psychological contract-employee perception on what they expect from the organization as an exchange for what they have done. This is why career growth policy must have a strong impact on psychological contract between the employee and the organization, especially if career growth policy is an important initiative from employees (Bedeian *et al.* in Okurame, 2012).

The implication of this finding is the improvement of performance can be performed through career growth.

**H5: Perceived organizational support has positive and significant effect on performance**

Based on the analysis result this study finds that perceived organizational support has positive and significant effect on performance at 5% significance level. On Table I, the parameter path coefficient is 0.146 with t-count of 2.047. This finding support the result of study conducted by Pazy (2011) which finds that perceived organizational support by supervisor's increase performance, while the result of study conducted by Chiang and Hsien (2012) shows that perceived organizational

support and positive psychological empowerment is positively affected by behavior. Perceived organizational support has no positive effect on performance. Arshadi and Hayavi (2012) prove the relationship of perceived organizational support and organizational commitment with performance.

The implication of this finding is that the effort to improve performance through organizational support should be performed through providing attention on employee satisfaction, organization recognition on employee contribution, and organizational attention of welfare.

**H6: affective occupational commitment has positive and significant effect on performance.**

Based on the analysis result, this study finds that affective occupational commitment has positive and significant effect on performance. The parameter path coefficient is 0.377 with t-count of 5.786. thus, affective occupational commitment has positive and significant effect on performance at 5% significance level.

Through the analysis of Factor Loading estimation (Step II) we find that from six indicators of affective occupational commitment, the second indicator (AOC2) is the strongest indicator to measure affective occupational commitment with weighted factor coefficient of 0.853. Thus the emotional closeness with organization is an important factor in improving employee affective occupational commitment.

Based on this finding we may conclude that improve employee performance through affective occupational commitment, organization should have focused on the improvement of strong feeling toward organization, organizational closeness, and make employees feel as the part of the organization.

**H7: Mediating effect of perceived organizational support on the effect of organizational career growth on affective occupational commitment**

The mediating role of perceived organizational support on the relationship between organizational career growth and affective occupational support is found through the mediation testing steps developed by Baron and Kenny (1986). The test shows that organizational career growth has positive and significant effect on perceived organizational support; fulfill the first requirement for the testing. In the second step, we find that organizational career growth has positive and significant effect on affective occupational commitment; fulfilling the second requirement for the test. The last step is reviewing the effect and significance of perceived organizational support on affective occupational support, after controlling the organizational career growth variable ( $p$ -value < 0.05). In this step we find that perceived organizational support mediates the relationship between organizational career growth and affective occupational commitment with positive and partial affect (partial mediation), because  $\beta$  decreased (direct effect  $b_3$  of 0.387 lower than total effect  $b_3 = 0.477$ ). To test the significance level of indirect relationship between organizational career growth with affective occupational commitment mediated by perceived organizational support, we use Sobel test. The mediation relationship is determined from coefficient and standard error of related variables.

The result of mediation testing (with sobel test and bootstrapping estimation) shows that the indirect effect of organizational career growth on performance through the mediator of perceived organizational support is significant at 0.0901. This finding is in line with the finding from Baron and Kenny (1986) that perceived organizational support is a mediator in the relationship between organizational career growth and affective occupational commitment with positive partial mediation.

This shows that employees who feel organizational support and experience the promising career growth will have high affective occupation commitment. This happen due to the organizational support perceived by the employees in the 15 KPPN studied is high, thus the result for perceived organizational support is significant.

**H8: Mediating role of affective occupational commitment on the effect of organizational career growth on performance.**

The mediating role of affective occupational commitment on the relationship between organizational career growth and performance is tested using the method developed by Baron and Kenny (1986). On the first step we find that organizational career growth has significant and positive effect on affective occupational commitment; fulfilling the first requirement. On the second step we find that organizational career growth has positive and significant effect on performance; fulfilling the second requirement. The last step is aimed to see the effect and significance level of affective occupational commitment on performance, after controlling the organizational career growth variable ( $p$ -value < 0.05). In this step we find that affective occupational commitment mediates the relationship between organizational career growth and performance with positive partial mediation, due to the decrease in  $\beta$  (direct effect  $b_3$  of 0.202 lower than total effect  $b_3 = 0.464$ ). To test the significance of the indirect relationship between organizational career growth and performance mediated by affective occupational commitment we see the coefficient and standard error of related variables. The estimation result from sobel test and bootstrapping shows that the indirect effect of organizational career growth on performance through the mediator of affective occupational commitment is significant with the coefficient of 0.1458. Baron and Kenny (1986) also find similar result that affective occupational commitment is a mediator in the relationship between organizational career growth and performance with positive partial mediation.

The mediating role of affective occupational commitment on this study is significant because in affective occupational commitment has received attention from the 15 KPPN studied in improving their employee performance.

The implication of this finding is that employee performance in the 15 KPPN studied is directly affected by organizational career growth that they experience, and partially and positively mediated by affective occupational commitment.

## CONCLUSIONS

1. The result of all analysis of variance shows that there is no significant difference on the organizational career growth, perceived organizational support, affective occupational commitment, and performance, based on respondents' characteristics such as gender, education, age, and tenure.
2. The result of testing on H1 shows that organizational career growth has positive and significant effect on perceived organizational support.
3. The result of testing on H2 shows that organizational career growth has positive and significant effect on affective occupational commitment.
4. The result of testing on H3 shows that perceived organizational support has positive and significant effect on affective occupational commitment.
5. The result of testing on H4 shows that organizational career growth has positive and significant effect on performance.
6. The result of testing on H5 shows that perceived organizational support has positive and significant effect on performance.
7. The result of testing on H6 shows that affective occupational commitment has positive and significant effect on performance.
8. The result of testing on H7 shows that perceived organizational support mediates the relationship between organizational career growth and affective occupational commitment partially and positively. This finding answer the suggestion from Weng and McElory (2012), who suggest next study hypothesis to place perceived organizational support as mediating variable on the relationship between organizational career growth and affective occupational commitment.
9. The result of testing on H8 shows that affective occupational commitment mediates the relationship between organizational career growth and performance with partial and positive mediation.

## LIMITATIONS

First, the design of this study uses cross-sectional approach. In this approach the data is gathered in a time, thus implying the limitation in its interpretation and causal relationship among the variables. Thus, the use of longitudinal design is needed in the future to re-confirm the causal relationship among the variables in this study.

Second, the measurement for affective occupational commitment is performed using self-reported method, thus open a probability of subjective view in filling the questionnaire. This study does not involve other parties such as co-workers and customers in assessing employee's commitment.

Third, the sampling is limited. This makes generalization of this finding into other sector needs to be conducted carefully. Thus, future study is suggested to take samples from various sectors to increase the generalization level.

## IMPLICATIONS

### THEORETICAL IMPLICATION

1. The result of statistical testing shows that the instrument used in this study has fulfilled the validity and reliability requirement. There are only two items that need to be eliminated. This means that the instrument used to measure organizational career development, perceived organizational support, affective occupational commitment, and performance can be re-used in future studies.

2. Affective occupational commitment measured using one organizational component approach or the affective commitment, only partially mediates the relationship between organizational career growth and performance. Further studies are needed to understand the role of affective occupational commitment as a mediating variable. Even though there is a significant effect of affective occupational commitment on performance, this finding is not in line with previous studies finding. Previous studies mostly find that one of the consequences of affective organizational commitment is performance. However, Astuti (2002) and Somers and Birnbaum (1998) study show similar result with this study.
3. The empirical result of this study shows that organizational career growth has significant effect on performance. This strengthens the argument that employees who are happy on the promotion opportunity and growth in remuneration will have better performance than they who don't. However, further studies are needed on the relationship between these two constructs, especially related with performance. This significant effect, according to Iaffaldano and Muchinsky (1985) is caused by subjective measurement of performance. Thus, further studies to test the relationship between these two constructs using an objective measure for performance.

#### PRACTICAL IMPLICATION

1. Managers of an organization are expected to issue policies that will be able to improve performance by putting more attention on employees' career growth. The policies may relate with the growth in remuneration, promotion speed, professional ability development, and capability of career objective.
2. Perceived organizational support can affect employee perception on the organizational support provided by their organization, among other the policy on career opportunity or employee career management.
3. Employee career growth policy may create pride for the organization that understand their employee behavior and attitude.

#### SUGGESTIONS FOR FUTURE STUDIES

First, the samples should be selected from several different places so that the result can be generalized.

Second, the measurement of performance should not only come from subjective measures but also objective measures. Besides that, performance assessment can be performed not only by supervisor but also by co-workers, family, or customers. Similarly, with commitment assessment can be performed not only using one model but with three organizational commitment approaches at once. To generate more objective result, the involvement of aforementioned parties can be considered in the future studies.

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## PUBLIC SERVICE INNOVATION: STUDY OF MASS TRANSPORT SERVICE THROUGH THE MASS RAPID TRANSIT (MRT) IN JAKARTA

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### ABSTRACT

*Central theme on the study of public administration is changing from time to time. Historically, Public Administration initially focused only on traditional administrative functions such as maintaining security, peace and public order. Focus and locus of public administration in recent years has shifted and evolved into issues such as the broader issue of public service. The issue of public services currently received attention mainly in Jakarta is providing mass transit services where transport services are currently considered to solve the problem of traffic congestion. Government administration through PTM tries to change the patterns of use of private vehicles towards the use of mass transportation through the MRT (Mass Rapid Transit). Jakarta as one of the metropolitan cities in Southeast Asia need alternative transportation mode in order to reduce the using of private vehicles. Provincial Government of Jakarta in 2003 is already prepared a Master Plan for Transportation in Jakarta or better known as the Macro Transportation Pattern (PTM) and in 2007 conducted a review and revision of PTM-DKI (Academic Paper RTRW 2030). This macro transportation pattern is still facing some obstacles where the rate of urbanization is rapidly increasing, the level of traffic congestion is getting worse due to the increasing number of private vehicles both two and four wheels, a limited physical environment of the city and environmental degradation. The main objective of the development of the interface is to ensure smooth pedestrian mobility by ensuring the smooth flow of the MRT station and good integration with centers of activity. By building the MRT at least it would give the people alternatives in transportation mode.*

### KEYWORDS

quality of services, mass transportation, mass rapid transit.

### 1. INTRODUCTION

The central theme which becomes the main study of public administration has amended from time to time. If public administration initially focused only on traditional administrative functions such as maintaining the security, peace and public order; the focus and locus of public administration in recent years has shifted and evolved into issues such as the issue of wider public service. This can be reflected in the New Public Administration movement spearheaded by Dwight Waldo, which includes the values of social justice or public equality and service as its central theme, a value that had never noticed before. The birth of this movement has brought a change of mindset in which the country intervention is one manifestation of the acceptance of the welfare state concept. Variation from the state intervention in social life will give various meaning to the public services by the government.

The country intervention or better known as the public bureaucracy intervention is needed in the public service because the market theory is considered incapable in giving the maximum contribution. Market failures which is a weakness indication of the market theory cannot work perfectly well if there is an economic of scale, a monopoly and inequality information about the price. Another reason why public bureaucracy is necessary in the public service is because the market mechanism cannot provide the service properly and efficiently when the types of services included into the category of public goods and services; the goods and services that can be enjoyed by everyone at the same time (non-rivalry) regardless of their participation in the provision of the goods (non-excludability). The existence of externalities, the benefits and disadvantages of a production activity is not taken into account in pricing, also become the cause of why the market mechanism cannot run efficiently. If the market mechanism cannot work well, in which a service can be enjoyed by everyone without exception, the businesspeople who are interested in organizing public services would be rare or even not found. In such conditions, the presence of the public bureaucracy is needed to correct market mechanisms and also hinder the market mechanisms that result in public disadvantage. Another consideration frequently used as a justification for public bureaucracy involvement in public service is political considerations. These considerations are used to avoid the possibility of people disadvantaged by the provision of services in a free market in which private interests often have a conflict with the public interest.

Osborne dan Gaebler (1991:25) argued that: *"the job of government is to steer not to row the boat. Delivering services is rowing and government is not very good at rowing"* (Osborne and Gaebler: 1991, 25). Even so, the public bureaucracy is not an institution with the worst performances. Public bureaucracy has the potential and limitations in providing services to the public, therefore, the public bureaucracy can be the superior in a situation but it is weak or bad in other situations. In Indonesia, the discussion about public service has long begun. Sofian Effendi could be called a pioneer who popularized the public service into scientific discourse in the form of thought and research which is then followed by other experts such as Irfan Islamy, Solichin Abdul Wahab and others. Even the experts within the government (government practitioners) do not want to fall behind and strive to produce concepts and problem-solving efforts toward public service problems. Lately, even the government has also explicitly determined to improve public services, which can be found in the Guidelines that want to realize the bureaucracy according to the conscience of the people, MENPAN issuance of Decree No: 81/1993 on Guidelines for Management of Public Services, MENPAN Decree No:



06/1995 on Guidelines for awarding Abdi Satya–Bakti Cup, and Presidential Directive 1/1995 on Government Apparatus Repair and Service Quality Improvement responded to Society. Later in 2009 published the Public Service Act No.25 of 2009.

Nevertheless, several things in the public service still face some obstacles or problems. Results of research conducted by *Masyarakat Peduli Pelayanan Publik – Community Care Public Services (MP3)* in 2010 showed that the public service in Indonesia has some fundamental problems. The first is the low quality of service products. Undeniably the quality of basic public services quality product is not feasible to use by the public; although finally people are still using the product due to the lack of alternative public services. The low quality can be seen in several basic public services such as water, a healthy environment, health, education and transportation. Secondly is the poor quality of service delivery. In hindsight, this is due to the paradigm that does not make the community as a destination as well as the subject in the public service. Public is treated as a party that does not have the bargaining power. Complicated procedure, expensive cost, lack of service standards are common feature of public service in Indonesia. Third is lack of access to vulnerable groups, people with disabilities and remote indigenous communities. The third problem is the one that often become the basic problems in the implementation of public services in Indonesia. The fourth is the absence of complaints and dispute resolution mechanisms. Society is not positioned as a subject in the public service delivery, thus public complaints are not considered essential. Then the fifth is the lack of public participation in service delivery. Public participation aims to put people as subjects. Resettlement community as a subject in the public service needs to be performed as a revision of the implementation of public service that had only done unilaterally by the government without involving the community in every process.

The issue of public service which is currently receiving attention, especially in Jakarta is the provision of mass transit services where transport services are currently considered not able to solve the problem of traffic congestion. Jakarta government through the Macro Transportation Pattern tried to change the transporting paradigm; by changing the habit of private vehicle usage towards the use of mass transit, among others, through the MRT (Mass Rapid Transit). Jakarta has grown rapidly, so that the people, especially those who belong in a productive worker, must stay outside the city. Every day, more than 4 million commuters from areas around Jakarta (Jakarta-Bogor-Depok-Tangerang-Banten) are going in and out of the capital region. Expansion tendency of the city of Greater Jakarta are so high and poorly controlled. It leads to the increasing of transportation costs, reducing levels of mobility and reducing quality of life. As a growing megapolitan, transportation issues become a problem that is not inevitable. It is estimated that by 2020, without any significant breakthrough in the transportation system, Jakarta will be bound congestion causing tremendous economic losses of up to Rp 65 billion. Currently, public transportation in Jakarta is dominated by private vehicle, and leaving only 2% for rail-based transportation. This uncontrolled growth of Jakarta also led to the depletion of land supply in the city which are mostly intangible in residential and low-rise buildings. As a result of this growth phenomenon, current Jakarta does not have enough space for future development. To be able to meet the demanding needs of economic growth and sustainable social development, one of the most sensible ways is to carefully construct the renewal of urban area comprehensively. This urban renewal initiative must be able to effectively combine the smart land use with the development of mass transit networks. As a result, the urban renewal area will be oriented towards mass transit station in a positive way.

The introduction of mass rapid transit system to the citizens of Jakarta is not intended to replace the existing public transport system, but rather to offer an alternative transport system for private vehicle users in Jakarta today. This MRT activity is aware that customers in this group have high expectations of service standards. They will certainly praise and appreciate the timeliness offered by MRT system, but at the same time, they also demand transportation systems and facilities that enable them to reach their destination safely and comfortably. In this case, we need to consider a comprehensive travelling scenario, namely scenarios about how they will access the MRT and how they will achieve their goal after exiting the MRT. As a builder and operator, MRT activities can not only focus on providing MRT system with world standards, but the MRT activities must also ensure the availability of facilities and systems that enable the target users MRT activities get all their wishes about safe and comfortable journey. On the other hand, the city government realized that the construction of the MRT is not only aimed at improving the service standards of public transportation in Jakarta, but also to rejuvenate the spatial structure along the MRT corridor and stimulates the growth of city even further to ensure the sustainability of economic and social development in Jakarta. Rejuvenation of the area around the station and MRT depot also promises to create significant value (value capture) from property tax revenues, which in turn will increase the capacity of city government to further develop the MRT network.

This paper will describe public services innovation that will be developed in Jakarta from the point of view of public administration. The development of public management patterns, of course, is still in question. The main question that tries to answer in this paper is whether the pattern of public-private partnership developed could provide the effective and efficient services to the public or on the contrary, this service management pattern is actually benefit certain parties. This paper begins with a discussion about the focus and locus, the administration of public services, then it will describe the good governance in the public service, public service improvement through macro transportation pattern, macro transportation pattern in Jakarta and the last one will describe the Mass Rapid Transit in several cities in Jakarta.

## 2. STATEMENT OF THE PROBLEM

This paper will describe public services innovation that will be developed in Jakarta from the point of view of public administration. The development of public management patterns, of course, is still in question. The main question that tries to answer in this paper is whether the pattern of public-private partnership developed could provide the effective and efficient services to the public or on the contrary, this service management pattern is actually benefit certain parties.

## 3. RESEARCH METHOD

This paper begins with a discussion about the focus and locus, the administration of public services, then it will describe the good governance in the public service, public service improvement through macro transportation pattern, macro transportation pattern in Jakarta and the last one will describe the Mass Rapid Transit in several cities in Jakarta.

Moreover, this research chooses a case study with some data collecting technique to accomplish the research objectives. The data is collected by revealing phenomena that become the research focus. It is because the research is using the triangulation technique. This triangulation technique is conducted by combining some data collecting techniques, such as: in-depth interview, questionnaire, secondary data analysis, website investigation, including consult with cooperation pioneer.

## 4. DISCUSSION PUBLIC ADMINISTRATION FOCUS AND LOCUS

In relation with the development of the science of public administration, academic crisis occurs several times, as seen from the turn of the old paradigm with a new one. Nicholas Henry saw a paradigm shift in terms of the locus and focus of a discipline shifting. Focus question "what of the field" or basic method used or what scientific methods that can be used to solve a problem. While locus includes "where of the field" or the field or the place where the method is used or applied. Based on the locus and focus of a scientific discipline, Henry divides paradigm of government administration into five: Politics and Administration Dichotomy paradigm (1900-1926), Principles of Administration Paradigm (1927-1937), Public Administration as Political Science Paradigm (1950-1970), the Government Administration as a Paradigm of Administrative Sciences (1956-1970), and the Government Administration Paradigm as administration of the State (1970s).

In the 1970s, George Frederickson raises the New Public Administration. This paradigm is a critique of the old government administration paradigm that tends to prioritize the importance of economic value such as the efficiency and effectiveness of public administration performance benchmarks. According to the New Public Administration paradigm; Government administration, in addition to aiming for efficiency and the achievement of objectives effectiveness, are also committed to achieve a responsive and equitable public management (social equity).

In 1980 - 1990 the new paradigm emerged with various designations such as '*managerialism*', '*new public management*', '*reinventing government*', and so on. Public administration paradigm that was born in the era of the 1990s essentially contains criticism of the old centralized and bureaucratic model administration. The basic idea of paradigm like a NPM and Reinventing Government is how to adopt a model of management in the business world to reform the bureaucracy in order to be ready to face global challenges.

In 2003, the paradigm of New Public Service (NPS) was emerged, it was proposed by Dernhart and Derhart. This paradigm criticizes the ideas of the pro-market public administration paradigm. The underlying idea of NPS paradigm is to create an administrative state that respects citizenship, democracy and human rights. Public administration in Indonesia is known as the Government Administration which is one aspect of government activity. According E.N. Gladen titled "A History of Public Administration" (in Keban, 2008: 27) public administration is the study of the whole process, organizations and individuals who act according to the role and position in the implementation of official rules and regulations issued by the legislature, executive and judiciary. This definition implicitly assumes the entire public administration involved in the public policy process. This view is different from Chandler and Plano opinion (in Pasolong, 2007: 7) which says that public administration functions as a law application rather than policy-maker and lack of flexibility and discretion when applying the comparative legal provisions. In a broad sense, public administration is a combination of public bureaucracy practice theories. Meanwhile, Gray (in Pasolong, 2007: 18) states the activity of public administration is to serve the public or/and the public service activities in implementing policies acquired from other parties. Its implementation based on a procedure by translating policy into action. Public administration focuses on processes, procedures and courtesy. The purpose of public administration is to advance the understanding of government and its relationship with the people who in turn will promote public policies that are more responsive to social demands and to establish efficient, effective and more humanized management practices.

Land and Rosenbloom (in Keban, 2008:6) states public administration must be carried out by looking at the needs of the community. Public administration is expected to work in an efficient and responsive to the needs of people who are considered as consumers, as well as the private companies. This approach is called a populist approach that wants public administration to be more driven by the needs of the people who need the service. The main study areas of public administration in the context of developed countries by Shafritz and Russell (in Keban, 2008:6) include the activities of public intervention and determination; the nature of power and public authority; setting and planning national agenda, information and public relations; machinery of government and organizational design; laws and regulations, as well as administrative discretion; public policy making; determination of public title; implementation and distribution of public programs; physical planning and design of public duty; public finances; infrastructure and public sector jobs; public regulation; public property; public capital formation; public administrative services; public partnerships and companies; public management practice; ethics and actions of public servants; public participation and citizenship; public control and accountability; research, education and public administration training.

## 5. PUBLIC SERVICE ADMINISTRATION

Lonsdale and Enyedi defines service as *assisting or benefitting individuals through making useful things available to them*. Sedangkan *public service* diberi makna sebagai *something made available to the whole of population, and it involves things which people can not normally provide for themselves i. e people must act collectively* (Lonsdale and Enyedi: 1991, 3). Thus it can be said that the public service is an attempt to help or provide benefits to the public through the provision of goods or services needed by them. In the public sector, the terminology of government service is defined as the delivery of services by government agencies through its employees (Savas, 1987: 62).

The country and governmental system became the foundation of citizen services in obtaining security for their rights; then the increase in quality of service will become important. It is because public management since the 1980s has been transformed by the international phenomenon, which, among others, with the emergence of any global competitiveness in the service sector (Silalahi, 1975: 5). Davidow (dalam Lovelock, 1988: 18) states that service is those thing which when added to a product, increase its utility or value to the customer. Furthermore, Lovelock (1988: 19) says that good service requires instructors very good service too. The most important thing is to make everyone in the organization on quality. Crosby, Lehtinen and Wyckoff (in Lovelock, 1988: 217) define quality of care as follows: "Adjustments to the details for (conformance to specification) where quality is seen as a degree of excellence to be achieved, the control must be done continually in the pursuit of excellence in order to meet the needs of service users." Service is a response to the managerial needs which will be fulfilled only if the service users to get the products they want (Lovelock, 1988: 5).

In that case, the words "the customer is always right" is very important and become a fundamental concept for the improvement of service management. Demand for public services will always increase both quality and quantity, along with increasing population, increasing social welfare and constant changing of the environment. To meet these demands, the readiness and ability of the apparatus needs to be improved, in order to avoid a gap between the demands and expectations of society on the one hand and the ability of apparatus in the implementation of the service function on the other hand. To eliminate / reduce this gap, the apparatus must have a high professional ability and constantly follow and aware of the trend in society. To anticipate such a situation, the public bureaucracy should be prepared systematically, by creating institutional apparatus system, good and integrated personnel system as well as management mechanism, so that the apparatus are able and ready to face the demands of the users of public services which increase. Public service delivery is closely related to morals and ethics of public bureaucracy. Raining says: "*the public bureaucracy stands in need of ethical sensitivity in order to serve the public interest*", public bureaucracy need to have ethical sensitivity to be able to serve the public well. Bureaucracy morale which is oriented to the public service should be the working guideline. With those ethics, sins of services like *apathy, brush off, coldness*, work mechanically (robotism) strictly to the procedure (role book) and round a round will not found in a public service organization.

Public services provided by the government today needs to be directed at the empowerment of community and not to foster dependency. In situations where public resources become rare, empowerment needs to be developed among the public and officials, as it can reduce the burden of the government in public service. As said by Thoha "... The role and position of the bureaucracy in the implementation of the public service should be changed. Bossy and asked to be served attitudes turned into a love to serve, love to listen to the demands and expectations of the society. In a subsequent development, it turns out that the nature of the public service is not merely an administrative issue such as licensing and endorsement, or physical needs such as provision of markets and health centers, but it includes a more fundamental issue that is the fulfillment of desires / needs of the customer. This is reasonable because in any organization, fulfillment and delivery of services to customers is an obligation. Service quality and customer satisfaction are very preferred because they have a big impact to the sustainability and growth of an organization's mission. Some points to consider in the public service in accordance with MENPAN Decree No. 81/1993 are as follows: Simple: Procedure or service procedures easily organized, smooth, fast, straightforward and easily understood and easily out of the question. Clarity and Certainty: Particularly with regard to procedures and ordinances, administrative technical requirements, details of the cost and method of payment, time of completion, as well as the rights and obligations of officials who accepted the complaint.

## 6. GOOD GOVERNANCE IN PUBLIC SERVICES

History of Good Governance cannot be separated from the history of Corporate Governance, where in the early history of corporate governance began to be discussed by Berle and Menas in 1932, then institutionalization of Corporate Governance initiated by the Bank of England and the London Stock Exchange in 1992 to form Cadbury Committee, in charge of preparing corporate governance code which become the main reference (benchmark) companies in many countries.

In a further development the emergence of the concept of good governance originated from the interest of donor institutions such as the UN, World Bank, ADB and IMF in providing capital loans to help developing countries. In a further development of good governance defined as a condition for the country in need of a loan, so good governance used as regulatory standards to achieve sustainable and equitable development, and tend to be oriented towards poverty alleviation in the country.

The concept of good governance emerged and became the paradigm cannot be separated from the concept of governance that historically was first adapted by practitioners of international development agencies which implies an effective performance related to public management and corruption problems. In Indonesia early understanding of good governance or Good and clean governance is a new discourse in political science vocabulary. It emerged in the early 1990s. Generally, the term good and clean governance had an understanding of all matters relating to the action or behavior that is direct, control, or influence public affairs. In this context, the notion of Good Governance not limited to the management of government agencies alone, but involves all agencies including government, private (corporate sectors) and non-governmental (NGO) which is called good corporate. Even the principles of good governance can also be applied in the management of social institutions from the most simple to the large scale, such as social gathering, recitals, sports associations at the neighborhood level, class organization, to the organization above it with the essence of good governance is to change the pattern of service from the perspective of public bureaucracies into bureaucratic

elitist populist. Populist bureaucracy is governance which is oriented to serve and favors the interests of the public. Various understanding of good governance has been discussed a lot. At least Canada International Development Agency (CIDA) defines good governance as a system of government in which power is used by the government in managing economic and social resources in a country. Therefore, "good" governance is the use of power at all levels of government which implement effectively, honestly, common, transparent and accountable. Research Triangle Institute (RTI) shows the four (4) good governance characteristics: First, the legitimacy of the acceptance public power authority, which includes all the rules, processes and procedures. Secondly is the public accountability to the power and its legitimacy by considering the holders of power process and policy-making procedures. The third is the effective management of the technical dimension. Effectiveness becomes important by referring to the powerful and efficient public bureaucracy in determining priorities and public resources. Finally, the fourth is the availability of information between all levels including civil society groups and the government to assess the effectiveness of power and bureaucracy. In general, governance in the term of good governance is related to the issue of transparency, public accountability, and so on.

In order to understand and realize the understanding of good governance is actually quite complicated and complex, because it is not only about transparency and accountability. Conceptually it is understood that good governance suggests a process that makes the people can manage their economies. Institutions as well as social and political resources are not just used for development, but also to create integration for the welfare of the people. Good governance is also understood as a governmental management organization responsible for the solid and in line with the principles of democracy and markets, efficient governance, and governance activities are free and clean of corruption, collusion and nepotism. Relating to good governance Miftah Thoha describes good governance as open, clean, dignified, transparent and accountable governance. Furthermore in the opinion of the World Bank in its report on 'Good Governance and Development' in 1992, said that 'good governance' as a public service that is efficient, reliable judicial system, accountable to the public. While the notion of good governance by Abhimanyu Anggito cited by Mahfud MD; 'good governance is "participatory, transparent and accountable, effective and equitable. And it promotes the rule of law" dan "good governance will never credible as long as governance conditionality is imposed on a country without consulting civil society"'. Philip M. Hadjon in the administration of justice in the Netherlands known nomenclature general principles of good governance which is the unwritten legal norms, that should always be adhered to by the government or in other words the ABBB are unwritten laws principles, where in a certain occasion, particular legal rules can be drawn, includes:

1. Principle of equality, the principle that the same things should be treated equally, regarded as one of the most fundamental principles of law and rooted in the consciousness of the law; specifically, the understanding of wisdom is to show the principle of equal treatment embodiment or the principle of equality
2. The principle of Trust, this principle includes in the most fundamental laws in public law and civil law; in the administrative law espoused as a principle that the expectations generated must be fulfilled wherever possible. These principles serve as the legal basis of the promises, descriptions, policy rules and plans (which is not regulated by law);
3. The principle of legal certainty, the principle of which has two aspects, one is more tends to material law, and the other is formal. Material law aspect is closely linked to the principle of trust, the principle of legal certainty preclude government agencies to revoke a statute or a change it to the loss of stakeholder.
4. Principles of accuracy, this principle means that a decision must be carefully prepared and taken or can be interpreted if a decision must contain a sense, that a decision must be carefully prepared and taken.
5. The principle of giving the reason (motivation), a decision must be supported by reasons which become its basic.
6. Prohibition of 'detournement de pouvoir' (abuse of authority), an authority may not be used for any purpose other than for the purpose given.
7. Prohibition of arbitrary action

## 7. QUALITY OF PUBLIC SERVICES IMPROVEMENT THROUGH MACRO TRANSPORTATION PATTERN

Jakarta as a metropolitan city in Southeast Asia has also devised a model of land transportation. Jakarta Provincial Government in 2003 has prepared a Master Plan for transportation in Jakarta or better known as the Macro Transportation Pattern - *Pola Transportasi Makro* (PTM) and in 2007 conducted a review and revision of PTM-DKI - Jakarta Macro Transportation Pattern. (Spatial Academic Paper 2030).

This macro transportation pattern is still facing some obstacles where the pace of urbanization grows rapidly, levels of traffic congestion is getting worse due to the increasing number of private vehicles both two and four wheels, limited urban physical environment and environmental degradation (Turner, 2012). Jakarta Urban Development and the rapid economic growth in the region has pushed the rate of urbanization, which is the critical factor affecting the level of traffic congestion. Transportation and energy needs increase along with the increasing of population, urban development, and lifestyles changing due to revenue increase. Jakarta, that has dual role as government and the State Capital, has a complexity of issues in the implementation of sustainable development. In this case, Jakarta Provincial Government through the Medium Term Development Plan - *Rencana Pembangunan Jangka Menengah Daerah* (RPJMD) formulated the vision of Jakarta "Jakarta is comfortable and prosperous for all". Elaboration of this vision is realized through a few missions and strategies, including: a) build the city infrastructure that ensures the safety and the principles of sustainable development; b) improve the quality of the environment; c) the consistency of legislative implementation of the Spatial Plan, enforcement against violations of environmental standards, restore the fresh air, blue sea and ground water that is not contaminated. Strategy and action plan has also been developed which aims to develop perception, vision, and strategy shared between Jakarta Provincial Government agencies and other stakeholders.

Overview of human factors (population) in the context of traffic jams in Jakarta leading to the phenomenon of urbanization. The population of Jakarta is projected to be 15 million by 2030 (Academic Paper 2030 Jakarta spatial plan). Rate of urbanization from rural to urban areas has increased mainly due to the desire for a better life, which in turn urbanization will lead to increasing demand for transport (and housing), so it give the impact on increasing traffic density. Growth and the increased activity the population makes mobility higher, and it affects the transport sector, especially the growth of vehicle ownership. Population growth and urbanization has driven the development of a widening urban areas to the suburbs / buffer area in Bogor, Depok, Tangerang, and Bekasi (Bodetabek). This led to an increased need for transportation facilities and infrastructure, as well as getting much mileage from residences to work in urban centers.

Based on the Study on Integrated Transport Master Plan for Jabodetabek (SITRAMP) by the Japan International Cooperation Agency (JICA) in 2004, it is obtained an indication that the movement of more than 1.3 million vehicles a day from the Bodetabek to Jakarta and vice versa. In 2011 that number has risen sharply. Based on data from the Directorate of Traffic Jakarta Police (January 2011), the presence of motor vehicles in Greater Jakarta were 12 million units, with details of 8 million two-wheelers and 4 million four-wheelers. They added that based on a survey conducted from 2002 to 2010, the use of motorcycles increased from 21.2 percent to 48.7 percent, as for the private car from 11.6 percent to 13.5 percent. Factor levels of awareness of road users also have contributed to the onset of traffic congestion. For example, awareness of public and private vehicle drivers to use the traffic properly is still lacking, resulting in interference and obstacles to the traffic, especially in urban centers as the center of activity. In turn, this may result in increased density and traffic congestion.

Spatial factors overview of in the context of Jakarta traffic congestion led to the balance of the space. Government offices construction, expensive apartments, offices and business centers so far been concentrated in the city center, resulting in land prices rose sharply in the town center. Along with the rapid pace of urbanization, the need for decent housing at a price that is not too expensive is increase. However, the provision of decent and inexpensive housing is limited, even none at all in the city center. Only buffer city that is still able to provide residential with those conditions, considering the price of land in the buffer zone is still relatively low compared to downtown. Thus, more recent housing development aimed at buffer cities. This condition certainly led to the increase of demand for transportation and the increase of the distance from home to work in the city center or in industrial area. For example, many people living in the Bogor, Depok, Tangerang and Bekasi (Bodetabek) have to commute every day to Jakarta. The number of vehicle movements is coupled with the vehicles of residents of Jakarta itself, causing traffic jams on almost all roads, especially during the peak hours in the morning and evening. Construction of settlements in Bodetabek generally not followed by the development of the transport system, so that a private vehicle become the main mode of transportation options for those who live in Bodetabek and working in Jakarta. Land use that is not balanced plus the absence of transport system development integration with the land use make the urban traffic congestion is getting worse.

Economic growth factors overview in the context of Jakarta traffic congestion led to changes in people's behavior, namely the consumption patterns and lifestyles. Urban economic growth is not only beneficial, but also has a negative impact. One of them is increase in traffic density due to the increased number of vehicles both for personal and household activities, industry, as well as for the transport of people and goods. In addition, although not a major factor, rising incomes and the convenience provided by the banking sector has led to many urban communities as if competing to buy a car and a motorcycle, which in turn led to an increase in traffic density and congestion.

Transportation infrastructure factors overview in the context of Jakarta traffic congestion, transport factors lead to the number and pattern of movement of a motor vehicle, while transport infrastructure factors lead to the planning spatial pattern and budget availability. Transport systems plan will greatly influence the spread of motor vehicle traffic flow as a source of congestion, which is by following the path of the planned transport links. Since the discontinuation of the operation of the tram by the Jakarta administration in the 1970s, the bus has become an important means of public transportation compared to other means of transportation. However, for over 30 years, the share of bus usage has declined compared to private vehicles (cars and motorcycles, where the ratio of private vehicles (92%) and public (8%) comparison become bigger); so the public transport share is declined from about 70% (1970) to 57% (1985) and 35% (2010).

On the other hand, at least within the last 5 years, rail freight transport is only about 3% of passengers and the number of passengers who do not pay (free rider) reached 67%. Motorization reaches its peak with the highest growth of 16% per year. In 2004, car sales reached 500 thousand units and 4.5 million units of motorcycles without growth development and improvement of the quality of roads, worsening the condition of transportation in Jakarta; not to mention when it is associated with public transport services which have low quality, the weak supervision and monitoring, and the inconvenient supporting facilities (terminal), which even gives the impression of creepy. The decline in public transport share, growth in the number of private vehicle users, and the quality and quantity of roads that are less than optimal is believed to be the main cause of transportation problems in Jakarta.

## 8. MACRO TRANSPORTATION PATTERN MODEL

TDM (Transportation Demand Model) is a model which is implemented in the U.S. and is categorized as a pioneer in the development of urban transport models. This model was developed by Michael D. Meyer, who used data from the 1970-1990 year in major cities in the United State. The main purpose of this model is the attainment of the efficiency of urban transportation. The main purpose of this modeling is how to change people's behavior. The main purpose of this modeling is how to change people's behavior in the use of land transport modes from private vehicle to the public transport so that congestion problems can be overcome. This model provides alternatives to driving pattern changes with: (1) expanding land transport modes so that the public has some transportation alternatives, (2) provide incentives and disincentives for drivers at rush hours, (3) encourage people to go out as little as possible, for example by facilitate the telephone network. This model is much more concentrated on fulfilling the needs of the community, so that the land transport modes must be adapted to the interests and needs of the community. The main purposes of this model are: (1) the improvement of public health which impaired by air pollution released by the fumes of motor vehicles, (2) Increasing people's access to transport, (3) the increase of journey time efficiency that would improve work productivity. (4) Decrease in the demand for parking areas, (5) the increase of service time by providing wireless services, (6) Provide creative development opportunities in the planning area.

The next model is ABDM (Activity Based Demand Model) developed by Malayath in 2007 by taking the example of some major cities in India. This model was developed based on existing regulations ie NUTP (National Urban Transport Planning). The main advantage of this model lies in the situation or typology context of cities in developing countries; where there is a high economic growth, uncontrolled urbanization and the international pressures in the process of industrialization.

Integrated Decision Model was developed by Ulegin (2007: 80-97) where the main assumptions which are presented in this model is that the development of urban transport models cannot be released in the future context and external pressures. Ulegin suggests that urban transport modeling should be viewed comprehensively or not just link it with socio-economic factors but also must be seen from the side of political economy, such as how the position of the country in the development of public policy. This model uses quantitative and qualitative analysis in modeling urban transports, with policy alternatives: map formulation of the city with the prediction changes, Scenario modes of transportation used, preparation of intermodal integration map: land, sea and rivers and the calculation and prediction of the amount of usage of public transport services. PPP Model (Public Private Partnership) was developed by Willougby (2013: 34-55) who develop a model of the land transportation through cooperation between the public and private sectors. Therefore, transport policy cannot be separated from public participation in transportation modeling. The PPP model is considered the most abstract because this model does not give strict limits on what thing that can be collaborated, though the process of cooperation is an important factor in the formulation of public policy.

## 9. JAKARTA MRT DEVELOPMENT MODEL

### A) BACKGROUND OF JAKARTA MRT PROJECT

Background Development of Railway Based Mass Rapid Transport System, the estimated of Jakarta total stagnate traffic jam: the current growth path in Jakarta less than 1 percent per year, and every day there are at least 1,000 more new vehicles take to the streets in Jakarta (Service Data Jakarta Transportation). Study of the Japan International Corporation Agency (JICA) in 2004 stated that if there is no repairs on the transport system, it is expected that Jakarta would have a total stagnate traffic jam in 2020 (Study on Integrated Transportation Master Plan (SITRAMP II)). (2) Based on Pelangi Foundation research results in 2005, the estimation of economic losses due to traffic congestion in Jakarta is Rp 12.8 trillion / year which include the time value, fuel costs and health care costs. While based on SITRAMP II 2004, if until 2020 there is no improvements are made to the transportation system, estimating of the economic losses would reach Rp 65 trillion / year. (3). Air pollution from motor vehicles contributes 80 percent of the pollution in Jakarta. Jakarta MRT is driven by electric power so it does not cause CO2 emissions in the city. Based on these studies, it is clear that Jakarta desperately need more reliable mass transportation like the MRT which can be an alternative transport solution for people; moreover it is also environmentally friendly.

The development of the MRT network system is not solely about the economic viability and financial affairs; but more than that, MRT development reflects the vision of a city. Life and economic activity of a city depends on how easily citizens to travel and how often they can do it to various destinations in the city. The main objective of the MRT development is providing the opportunity for citizens to improve the quality and quantity of travel / mobility, which become more reliable, trustworthy, safe, comfortable, affordable and less expensive.

### B) HISTORY OF JAKARTA MRT PROJECT

In the 1986 - 1995 the study on mass public transportation system in Jakarta was held. Then in 2004 the Governor of Jakarta decree No. 84/2004 on the Macro Transportation Pattern (PTM) which later on March 2, 2004 a DoT – Jakarta was conducted, it is about the MRT Development with Lebak Bulus-Kota corridor as priority. July 2004 – Indonesia Department of Transportation issued a study of Implementation Program for Jakarta MRT System (*Lebak Bulus-Dukuh Atas*), and in December 2005 some agreement between JBIC and the Government of Indonesia was acquired. In 2005 study by a team of Special Assistance for Project Formation (SAPROF) from JBIC which aims to facilitate the formation of a consensus among stakeholders on this project in Indonesia. Since August 2005, the MRT Sub-Committee has been formed under the Acceleration of Infrastructure Provision Committee - *Komite Kebijakan Percepatan Penyediaan Infrastruktur* (KKPPI) in order to implement the necessary processes in establishing a company operator MRT (MRTC). A minute of Discussion (MoD) has signed in November 2005 and the Memorandum on Engineering Services has also signed on October 18, 2006 between the Indonesian government and JBIC as a basis for loan approval on July 8, 2010 - Minutes of Discussion (MOD) between JICA and the Indonesian Government (Jakarta Provincial Government, National Development Planning agency, the Directorate General of Railways Ministry of Transportation). This MOD discusses about the extension of the MRT South – North corridor Stage I of Lebak Bulus - Dukuh Atas become Lebak Bulus - HI Roundabout. This extension is done by dragging the HI roundabout station which was originally located in the South - North MRT corridor stage II becomes stage I. This change was made to minimize traffic impacts during the construction period and accommodate the needs of a turn-back facility MRT of South - North corridor stage I.

### C) PROJECT FEATURES

Rail-based Jakarta Mass Rapid Transit (MRT), planned to be stretched approximately ± 110.8 km, which consists of South - North corridor (Corridor Lebak Bulus - Kampung Bandan) for ± 23.8 km and East - West Corridor along approximately ± 87 km. Construction of North-South Corridor from Lebak Bulus - Kampung Bandan



done in 2 steps: (1.) The Phase I which will be built firstly, linking Lebak Bulus to the HI roundabout along the 15.7 km with 13 stations (7 elevated stations and 6 underground stations) is targeted to start up in late 2016. (2) Phase II will continue the Southern - north corridor of the HI Roundabout to the Kampung Bandan (8.1 Km) which will begin to be constructed before the first phase operation and running by 2020. Eastern - West Corridor is currently in the feasibility study stage. The corridor is targeted to operate in 2027 at the latest.

#### D) JOINT DEVELOPMENT OPPORTUNITIES

By understanding that provides a comprehensive and integrated solution would enhance customer value and the potential increase in the number of passengers MRT system makes Jakarta MRT conceived and realized the need for extra efforts exclude the initiative of MRT project. It is almost certain that these efforts require the existence of a cooperation to conduct joint development with other stakeholders, with the private sector and communities around the MRT station or depot. Generally, there are three categories in the joint development program, they are: the Interface Development, Transit Neighborhood Development, and Feeder System Development.

#### E) INTERFACE DEVELOPMENT

The main objective of Interface Development is to ensure the ease of pedestrian mobility by ensuring the flow from the MRT station and the good integration with the activity centers in the surrounding station area. MRT is not only focused to facilitate the outflow of passengers, but also to attract incoming passenger flow by creating a pleasant atmosphere along the corridor as well as putting the interesting activities spot on each end of the pedestrian corridor. Most likely the position of the end nodes of activities are on private land or buildings. This will open up development opportunities along with the related private landowners or building owners, or at least with connecting the underground or elevated pedestrian corridor, from the MRT station with the central node activity in those private land or buildings.

#### F) TRANSIT NEIGHBORHOOD DEVELOPMENT

The main purpose of the Transit Neighborhood Development is to optimize the value capture by cohesive rejuvenating of the area around the transit station and MRT depot, high intensity and sustainable, This development would also re-create a unique new urban clusters. Each MRT transit will carry a special theme influenced by local context and specific opportunities that arise. MRT activity does not intend to displace local residents, but rather to stimulate and encourage public participation through land consolidation scheme. Jakarta Provincial Government is currently in the process of finalizing a new urban design guideline for the area along the corridor MRT Jakarta, which basically aims to provide a significant incentive for the area which is regarded as a potential transit area. These incentives would also encourage and increase the attractiveness of urban land consolidation implementation, where almost all land and buildings in the MRT transit area are owned by the private identity or other government agencies, and only a few are owned by the city government or PT MRT Jakarta. Once again, it promises a great opportunity to create several joint development projects. MRT activity understands that there will be many challenges in developing and synchronizing transit environment. In this case, there are three parties that must be aligned and harmonized: the government, which will provide support for rules and laws; local communities, which would participate in the effort to rejuvenate the area, as well as the private sector which would provide investment and the continued development of the region. Jakarta MRT will serve as a working group to stimulate and facilitate the development of those joint initiatives.

#### G) FEEDER SYSTEM DEVELOPMENT

The presence of the feeder system will optimize the service by connecting MRT station MRT station with the other activity centers in the region, and also facilitate the prospective users of MRT Jakarta to reach the MRT system in the zone gate. Feeder system development initiatives that need to do immediately by the government include the improvement and standardization of public transport systems that exist today, such as transit buses, minibuses and the provision of dedicated bike lanes. The change of the private sector joining in the development of feeder system is wide open. The private sector can play a role in development of more orderly and organized feeder system to support the MRT system. In addition it also opens the opportunity to develop a more sophisticated transportation advocate, such as Private Rapid Transit System that will connect and create an independent micro transit network which also functions as a local feeder system for the MRT network.

## 10. CONCLUSION

The development of the MRT network system is not solely about the economic viability and financial affairs; but more than that, MRT development reflects the vision of a city. Life and economic activity of a city depends on how easily citizens to travel and how often they can do it to various destinations in the city. The main objective of the MRT development is providing the opportunity for citizens to improve the quality and quantity of travel / mobility, which become more reliable, trustworthy, safe, comfortable, affordable and less expensive. By understanding that provides a comprehensive and integrated solution would enhance customer value and the potential increase in the number of passengers MRT system makes Jakarta MRT conceived and realized the need for extra efforts exclude the initiative of MRT project. It is almost certain that these efforts require the existence of a cooperation to conduct joint development with other stakeholders, with the private sector and communities around the MRT station or depot. There are three parties that must be aligned and harmonized: the government, which will provide support for rules and laws; local communities, which would participate in the effort to rejuvenate the area, as well as the private sector which would provide investment and the continued development of the region. Jakarta MRT will serve as a working group to stimulate and facilitate the development of those joint initiatives.

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**ROLE OF ISO IN IMPROVING QUALITY OF MANAGEMENT EDUCATION IN INDIA****DR. KOMAL CHOPRA****ASST. PROFESSOR****SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES****PUNE****DR. PRADNYA CHITRAO****ASSOCIATE PROFESSOR****SYMBIOSIS INSTITUTE OF MANAGEMENT STUDIES****PUNE****ABSTRACT**

*In the 21<sup>st</sup> C a lot of management institutes have mushroomed on account of the growing popularity of management courses. But the quality of some institutes is suspect; some of them were even ordered to be closed down. Quality in management education is important and determines the reputation of an institute. It is highly prized by corporate. The paper studies the reasons why quality in management education is important and how it needs to be implemented.*

**KEYWORDS**

quality, need, implementation.

**INTRODUCTION**

Jagadeesh (2000) in his research work has mentioned that increase in demand for management education has resulted in the growth of number of management institutes in the country. However, quality continues to remain a concern due to the unprecedented growth. An article (Mint, 2014) mentions that quality of management education is related to the present and future needs of business. Sahney, et al (2004) is of the opinion that increased expectations from various stakeholders has emphasized the need for quality education. The education system has a responsibility towards the society. According to researchers (Nargundkar, et al, 2009), the image of an educational institute is the result of quality which can be measured through number of parameters such as students, employees, faculty, infrastructure, etc.

ISO stands for International Organization for Standardization. The ISO is a process oriented management framework for improving quality management and works on the principal of continuous improvement. Berghe (1997) in his book has specified the ISO guidelines necessary for management education. Waks and Frank (1999) have talked about the applicability of ISO 9000 principles in improving quality of management education. Researchers (Rao, et al, 2010) in their research have found that ISO has played a very important role in improving quality of organizations. A study by researchers (Burli, et al, 2012) have focused on the implementation of total quality management principles through ISO in engineering colleges of India. The results revealed that implementation of ISO can form the basis of improving quality of education.

There are several studies on implementation of ISO in various organizations. There are also several studies related to implementation of ISO in European business schools. But there is no significant research done on improving quality of management education in India through ISO. Researchers (Nargundkar, et al, 2009) have proposed a conceptual framework for testing the quality of management education in India. However, the framework does not relate to ISO principles. The current research seeks to test whether ISO has resulted in improving the quality of management institutes in India.

**REVIEW OF LITERATURE**

A study by Singh and Sareen (2006) reveals that ISO benefits four kinds of stakeholders in an education system, ie faculty, students, system and external benefits. Study by these researchers reveals that the biggest beneficiary to an education system by ISO is documentation. Another study by Gamboa (2012) on vocational schools is of the view that it is an under – researched area. However, there are several benefits form implementation and ISO can be one of the critical success factor of an institute. Another study by OECD on higher education reveals that ISO can play a very important role in improving the quality of education at global level.

Another study (Alalfy, 2015) on Egyptian universities revealed the failure of ISO in improving quality. However, a further study revealed that ISO was not correctly implemented by these universities, A proper implementation in phases will certainly bring appropriate results. Another study by Chen, et al (2004) on ISO implementation at universities in Taiwan revealed that commitment of top management in implementation played a very important role in the success.

Another study by Bakti (2011) on comparison between ISO certified and non ISO certified institutes showed that students of ISO certified institutes had better perception of quality education compared to non ISO certified institutes. The research also showed that ISO played a very important role in building image of an institution.

Sir John Daniel President and CEO, Commonwealth of Learning defined quality as 'fitness for purpose at minimum cost to society'. Higher education is a growing sector in India that has the potential of making India a developed country in future. The quality of higher education will definitely play a role in a nation's progress. For achieving the status of a developed nation by 2020, there is no choice but to significantly increase the access with quality in higher education for generating the 'ignited minds' (Abdul Kalam, 'Ignited Minds', 2002); the reason is that higher education generates front-line leadership in businesses. Entry and participation in higher education help to ensure the development and maintenance of a highly educated population and competitive labour force. Higher education is also associated with better access to employment and higher life-time earnings. Higher participation higher education ensures larger number of people acquiring high level skills and knowledge valued by the labour market in knowledge societies. Hence raising access to higher education in any economy is the need to keep growing, and therefore it is also an index of development.

Till recently, being "recognized was the only form of validating institutions. An institution was evaluated by the recognizing agency in order to find out whether the institution met the standards put forth by it. But recognition was a one-time process. Accreditation, on the other hand, is a continuous process. Higher education accreditation is a type of quality assurance process under which services and operations of post-secondary educational institutions or programs are evaluated by an external body to determine if applicable standards are met. If standards are met, accredited status is granted by the agency". (Wikipedia). Accreditation is broadly used for understanding the "Quality Status" of an institution. This accreditation status indicates that the particular Higher Educational Institution (HEI) – a College, a University, or any other recognized Unit therein, meets the standards of quality as set by the Accreditation Agency, in terms of its performance, related to the educational processes and outcomes, covering the curriculum, teaching-learning, evaluation, faculty, research, infrastructure, learning resources, organization, governance, financial well-being and student services (NAAC). Accreditation is basically the process by which a (non-)governmental or private body evaluates the quality of a higher education institution as a whole or of a specific educational programme in order to formally recognize it as having met certain predetermined minimal criteria or standards. This results usually in the awarding of a status (a yes/no decision), of recognition, and sometimes of a license to operate within a time-limited validity (Vlăsceanu, et al., 2007, p. 25).

**Accreditation is important because**

1. the institution knows its strengths, weaknesses, and opportunities through an informed review process;
2. there is an identification of internal areas of planning and resource allocation collegiality;
3. institution can identify and initiate innovative pedagogy;
4. it gives a new sense of direction and identity for the institution;
5. it makes available reliable information to employers about the quality of education received by the new recruits;
6. it enables intra and inter-institutional interactions (Source NAAC).

Different countries have different quality assurance models for their educational institutions. In India, higher education has several in-built quality controls like the University Grants Commission's guidelines and NAAC (National Assessment and Accreditation Council). The latter was established in 1994 in order to improve the quality of Indian higher education and to be a quality assurance agency in the arena of international education. The accreditation process strives to establish a quality conscious system in higher education wherein relevance to business needs, excellence, contributions to economic growth, and international competitiveness in the education field (Sahay and Thakur 2007).

Dey (2011) reviewed the benefits of accreditation in Indian higher education. The study found that institutions learn of their strengths and shortcomings and can take appropriate action. All the stakeholders namely, the government, students and employers benefit from the information and analysis of institutional performance.

Mangnale et al (2011) studied the role of Internal Quality Assurance Cell in managing quality in education in Maharashtra State, India. The researchers found that both students as well as institutions wanted a more constructive role from IQAC in protecting the quality of higher education. Institutions were provided academic activity that reflected their aspirations in the form of highly qualified faculty, focus on research, library services and community services.

Accreditation is a prominent method of evaluation in higher education in Europe (Stensaker 2011). In India, accreditation for universities is mandatory by law unless the university was created through a Parliament Act. The Ministry of Human Resources regulates the functioning of all Indian Universities chiefly through its main regulatory body namely University Grants Commission. The other government regulatory bodies are All India Council for Technical Education (AICTE) and the National Assessment and Accreditation Council (Prasad and Stella, 2004). All three have been active in ensuring the quality of higher education in India.

In Europe the national assessments of higher education normally result in public reports. The public reports are seen as important information to students, authorities and society in general. Education that crosses national borders, mobility, competition as well as the commercialisation and internationalisation of education are reasons why a country's trust in the level and quality of its own national higher education is no longer sufficient in itself. The challenge is to demonstrate quality in an understandable and reliable way, to the outside world as well. Audits are based on enhancement led evaluation. An audit focuses on the quality management procedures and their effectiveness. To evaluate the quality system, the audit focuses on:

1. The quality policy of the higher education institution
2. Strategic and operations management
3. Development of the quality system
4. Quality management of the higher education institution's basic duties namely,
  - a) Degree education
  - b) Research, development and innovation activities, as well as artistic activities
  - c) The societal impact and regional development work (incl. social responsibility, continuing education, open-university and open university of applied sciences education, as well as paid-services education)
  - d) Optional audit target
5. Samples of degree education: degree programmes
6. The entire quality system

The current trend is one whereby quality concerns are increasingly focusing on the total effectiveness of an education provider, whether that is a vocational school, a university or a private training institution. The current concerns for quality in education are no isolated or temporary phenomenon, but are part of broader macro-economic trends. The new approach to quality assurance and management in higher education are characterized by the following:

- a shift in emphasis in schools, from a focus on the quality of the teacher towards the performance of the institution as a whole;
- the introduction of new or additional quality control mechanisms in higher education;
- the creation, for the first time, of quality assurance systems and performance related mechanisms in continuing education and training.

Today there is an increased concern for the performance of the learner (the effectiveness of learning) and the effectiveness and efficiency of the provider as a whole. ISO (International Organization for Standardization) is the world's largest developer and publisher of International Standards. ISO is a network of the national standards institutes of 161 countries, one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. It is a non-governmental organization that forms a bridge between the public and private sectors. On the one hand, many of its member institutes are part of the governmental structure of their countries, or are mandated by their government. On the other hand, other members have their roots uniquely in the private sector, having been set up by national partnerships of industry associations. Therefore, ISO enables a consensus to be reached on solutions that meet both the requirements of business and the broader needs of society. "ISO" is derived from the Greek 'isos', meaning "equal". Whatever the country, whatever the language, the short form of the organization's name is always ISO.

Implementations of ISO 9001 will have the following benefits:

- a. Enable the institute to develop standard operating procedures (SOPs) for its functions and activities. These SOPs are codified in a Quality Manual and procedures.
- b. Compare and benchmark these standard operating procedures with other similar organizations.
- c. Identify areas for improving functioning of the institution.
- d. Codify institutional and personal memories and experiences for future generations. Hence, when a person leaves, he or she will be able to leave behind SOPs for others to follow and improve.
- e. Bring in transparency and accountability in the operations of the institution.
- f. Allow the institute to audit itself against the ISO 9001 standards.
- g. Allows the Institution to focus on strategic issues.
- h. The annual third party audit keeps the educational institution on its toes.
- i. The potential for losing the ISO 9001 certification during the audit every third year allows the system to sustain itself over time.

ISO 9001 is not a substitute for results. It is a complement. ISO 9001 guarantees that the internal processes will be of a certain quality. It is an internationally recognized and most widely adopted Quality Management System. On the other hand, IS 15700 has been developed by Bureau of Indian Standards (BIS) and is not known outside India. Even in India, it has not yet been adopted by a significant number of organizations. ISO 9001 can be certified by a large number of highly reputable Indian and foreign certification bodies. In comparison, IS 15700 can be certified by only BIS. ISO 9001 covers all aspects of a management system namely, management processes, core processes and support processes. On the other hand, IS 15700 covers mostly service delivery aspects of the organization. ISO 9001 is periodically updated based on lessons learnt worldwide. In a globalized world, India needs to be at par with the best. There is an internationally approved standard (ISO 17021:2011) for ensuring the quality and competence of certifying bodies across the world. BIS is not required to adopt such a standard.

## IMPLEMENTATION OF ISO

The study was done on a prominent management institute of India which had implemented ISO 9001:2008 standards since 2009. The procedure for implementation includes preparing standard operating procedures, documentation, feedback mechanism followed by internal and external audit. ISO emphasizes on continual improvement. The various respondents involved are students, Faculty, staff and Director of the institute. Interaction was done with various departments on what change in quality has taken place because of implementation of ISO. The internal and external audit reports for last five years were studied. Based on the study, the following improvements were observed.

1. Academics dept: The Academics department had moved from a manual system to an online system. Attendance, time table, daily correspondence was carried out through an online mechanism. This eliminated the paperwork. The department took continuous feedback from the students every semester based on which the curriculum was improved. The feedback was also shared with the faculty so as to enable them to deliver better to the students.
2. Library: The library had moved from a manual system to an automated system. Over the years, the library offered a host of services such as inter library loan service, referencing, archives, newsletters, starting of a library club by students, feedback analysis and implementation and usage of various research databases. The library portal was linked to the university portal for access of various books and journals.
3. Research: A research department was established with a research and advisory committee in place. Over the years, the institute was in the forefront of publishing research papers. Research conferences were organized every year and an inhouse research journal with ISSN was also established. Faculty were encouraged to attend research oriented FDPs to enhance their research potential.
4. Exam department: The exam department processes were streamlined and lead time in declaration of results was reduced tremendously. There were no complaints of leak of paper or any major complaint from the exam department. The students and faculty were satisfied with the overall conduct of the department.
5. IT department: The IT department had taken sufficient efforts over the years to make the department more energy efficient. The IT infrastructure was enhanced and upgraded computers were purchased. An IT cell comprising of students was established to handle student issues and give suggestions on improvement. An online public information system was established to provide information through television to all in the campus. Training on various IT softwares were given to faculty, staff and students.
6. Placement department: The placement department, over the years has shown consistently 100 % placements for students. There has been a significant rise in the number of salary packages per student and also pre-placement offers. Implementation of ISO has therefore helped in continual improvement of the placement department thereby getting accolades from the student community.
7. Alumni department: Through streamlining of ISO process and ensuring continual improvement in the process year on year, the alumni department has been able to engage the alumni in institutional development activities.
8. Administration department: The administration department has taken significant initiatives to provide efficient and effective support to other departments through continual improvement. Standardization of procedures has made the department more user friendly.
9. Infrastructure: The infrastructure comprises of academic building, hostels, mess and canteen. There are various standard operating procedures and feedback mechanism to provide infrastructure support to students and other employees. There are also standard operating procedures for ensuring safety and security of the campus.

## FEEDBACK OF STAKEHOLDERS

Each department has a feedback mechanism and the detailed analysis is discussed at various forums. The feedback of each department reveals a higher level of satisfaction amongst students, faculty, staff, alumni and recruiting organizations.

## CONCLUSION AND DISCUSSIONS

The study on ISO on a management institute has shown the benefits in terms of quality improvements in all the departments involved. The stakeholders ie students, faculty, staff, alumni and corporate organizations have indicated their satisfaction towards quality improvement through the feedback mechanism. The overall good image of the institute is a result of quality. This is in line with the views of other researchers (Nargundkar, et al) that ISO plays a very important role in quality. The study also validates the research of Singh and Sareen (2006) that ISO plays a very important role in the satisfaction of stakeholders.

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## REPORTING QUALITY OF SOCIAL SUSTAINABILITY INDICATORS OF INDIAN MANUFACTURING FIRMS: AN ANALYSIS

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### ABSTRACT

Corporate sustainability has evolved as a new corporate management paradigm, which is an alternative to the traditional growth and profit maximization model. Indian manufacturing firms are becoming proactive about reporting on social performance indicators as per Global Reporting Initiative (GRI) framework in their Sustainability Reports. In this study method of content analysis has been utilized to design a index for assessing the social sustainability disclosure quality of reporting on these social parameters during a 2 year time frame spanning 2011-13 by Indian manufacturing firms listed on the Nifty. Thereafter ranking of these firms as per scores assigned has been undertaken to find firms which are more conscious about reporting on social performance indicators. The paper examines the change in the quality of social disclosure over the said period. Attempt has been made to see if improvement in quality of social reporting is reflected in the financial performance of these firms in terms of EPS and ROA.

### KEYWORDS

sustainability reporting quality, content analysis, disclosure index, financial performance, manufacturing firms.

### INTRODUCTION

A related issue in this context is CSR. While traditionally financial accountability was important, for many years now social and environmental accounting has also been gaining in importance. The term CSR encompasses a variety of issues revolving around companies' interactions with society. These include ethics, governance, social activities such as philanthropy and community involvement, product safety, equal opportunities, human rights and environmental activities.

CSR involves the performance of companies in monetary, social and environmental terms and includes the impact of business activities on stakeholders like suppliers, customers, employees, local community and the environment. The modern viewpoint of CSR implies that companies voluntarily integrate social and environmental concerns in their operations and interaction with stakeholders. Business entities have responsibilities beyond the production of goods and services at a profit; the firms' responsibilities lie in helping to solve important social problems, especially those they have helped to create; the firms they have a broader constituency than shareholders; they have impacts that go beyond simple marketplace transactions; and they serve a wider range of human values than can be captured by a sole focus on economic values.

Corporate social performance is an important factor in the company's sustainability drive. It has been observed that a firm's good economic performance will enable to create more impact for environmental and social aspects. The outcome of social aspects will be focused towards safety, health, working hours and productivity of human resources

Indian society was always regulated by long-term practices to protect society as well as the environment. Indians since ancient time believe in resource preservation and need base consumption. Changing economic condition and improvement in income level resulted into a remarkable shift in the consumption behavior of Indian middle class. Government and social organizations are trying to educate organizations about sustainable consumption.

Production, distribution and sale of goods and services are at the heart of business missions since they create value for owners, shareholders, stakeholders and society. Along with the creation of value comes a larger responsibility commonly designated as corporate social responsibility (CSR).

CSR refers to the responsibilities of firms contributing to sustainable development (UNEP-SETAC, 2009). Firms must integrate corporate social responsibility practices into every aspect of their operations, that will honor ethical values and respect people, communities, and the natural environment and will include a comprehensive set of policies, practices and programs that will be integrated into operations, supply chains and decision-making processes throughout the firm.

An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status. Social responsibility is to create maximum shareholders value working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.

Sustainability efforts along with corporate social responsibility (CSR), are now being treated as a component of risk management. Investors and customers are rewarding those firms which have recorded superior sales and shareholder value for incorporating corporate sustainability.

Research shows that the technique of content analysis has been successfully applied to analyze firms' annual financial reports, corporate social responsibility reports, reports on corporate governance and other business documents and gather information about the firms (Bice 2014). Content analysis is a systematic and scientific study of content communication which involves examining the content contained in reports / messages with reference to countable elements such as themes, paragraphs, words, concepts and characters (Prasad 2008). In this paper, the content analysis approach has been adopted to gain insight about the pattern of disclosure made by Indian manufacturing firms in their sustainability reports, using the GRI Guidelines.

With the forces of globalization gaining in prominence, it has become imperative for Indian manufacturing firms to concentrate on this issue of sustainability, which translates into a better image for them in the global scenario and ensures them long term success. The Indian firms need to adopt reporting guidelines like that of GRI, which are acceptable globally.

Firms aiming to be sustainable are increasingly adopting the GRI reporting framework for reporting their economic, environment and social performance. It is of the report, and presents a balanced and reasonable idea of the firm's performance. The social aspect of sustainability report consists of performance indicators which inform the public about the impact a firm has on the society within which it operates.

### REVIEW OF LITERATURE

Yao et al (2011) identified that in order to attract investors, newer firms are eager to disclose more information on social issues.

Dincer (2011) conducted a study on 92 firms listed on Istanbul Stock Exchange, based on the framework proposed by Ullman (1985) and it was observed that publishing of CSR report is due to the considerable influence exerted by the government and creditors. It was also noted that financial institutions and shareholders are concerned with the financial performance of the firm, and not so much in its sustainable strategies or activities.



As posited by Van der Laan Smith et al. (2005), firms in countries with greater importance on social issues and additional focus on multi stakeholders, will display stronger and improved quality of social disclosure, as compared with firms originating in countries with lesser focus on social issues and more influence exerted by shareholders.

Grahoval, M (2010) suggested that corporate social responsibility reporting acts as a motivation force for firms, since this has been adding value in terms of resources. The author also suggested that corporate social reporting can be used as a communication tool to establish accountability and performance for better decision making by customers.

Fontaine M, (2013) suggested that CSR activities should be integrated within the business model so as create a positive impact on stakeholders like environment, customers, employees, communities, since CSR policies should be framed in line with business strategies and a well defined regulatory mechanism should be established for its monitoring.

Ali et al (2010) suggested that positive relationship exist between CSR and employee organizational commitment and also a positive relationship exist between CSR and organizational performance. Employees organizational commitment can be enhanced by involving them in identifying activities needed for community and also involving them in such implementation activities.

Cheng et al (2014) suggested that firms with more focus towards corporate social responsibility will not look at short term gains but will have more opportunity for reduction of overall cost associated with the firm, due to more stakeholder engagement.

Dhaliwal et al (2011) agreed with Cheng et al (2014), and indicated that firms will elaborate their long term plans by maintaining a proper procedure for their disclosure of corporate social responsibility. This will create a positive impact towards environmental and social aspects of the firms' and will also improve the internal working procedure making it more focused towards regulatory compliances. This will create a positive impact on investors

Rahardjo Hartono. et al (2013) suggested that factors responsible for successful practicing of corporate sustainable management, such as commitments of shareholder, strength of the workforce within the firm, ability to achieve higher performance, to withstand high sustainability culture, and to develop cooperative understanding between economic stakeholders.

Nunes Breno et al (2013) suggested that manufacturing firms require to frame decisions which will be suitable for sustainable operations. Such decisions will be depended on established drivers, which will further create the path for sustainable operation practices. Such sustainability drivers are legislation, internal policy, customer satisfaction, performance, competitors and corporate image and values.

Kusuma and Koesrindartoto (2014), revealed that a positive relationship exists between sustainability disclosure and various financial performance parameters like return on asset, return on equity, return on invested capital, EBITDA margin, depreciation, amortization margin and net operating profit less adjusted taxes margin.

Kanwal Munaza et al (2013) explored the relationship between CSR and Financial performance parameters like Net income and Total Assets of 15 companies listed on Karachi stock exchange, using the correlation analysis. The result shows that the relationship between the CSR and Financial performance of the firm is moderately positive in nature. Firms which make CSR expenditure reap benefits of long term sustainable development and also have better financial performance.

Aggarwal Priyanka (2013) in her study tries to find "whether sustainable companies are more profitable". The study examines how the financial performance of 20 Indian companies is affected by their sustainability rating. The impact of Community, Employees, Environment and Governance (i.e. the major components of sustainability) on financial performance has also been separately analyzed. It was found that the association between overall sustainability rating and financial performance was not significant but the four components of sustainability affect financial performance in a significant but varying manner.

Govindarajan et al (2013) examined the level of CSR initiatives taken by 12 Indian companies in the Oil and Gas industry companies and its influence on their performance given by Total Assets, Net worth, EPS, Profit before Tax and Debts. A corporate social performance CSP disclosure score was computed for each selected company taking into consideration CSR ratings given by Karmayog, the company's allocation of fund for CSR activities in the budget and finally the area of focus made by the company in their CSR activities or involvement. The results of the study show authors found that CSP disclosure score is significant with financial and as well as stock market performances at 0.05 levels in these Oil and Gas companies

## NEED / IMPORTANCE OF STUDY

Performance is now being measured based on the impact of companies on society as a whole, not only in the present but also into the future. The firm's ultimate goal should not be just profitability (creating economic value for its shareholders); rather, it should be three-fold (creating economic, social, and environmental value).

Firms are an integral part of society and therefore they have a large role to play in its sustenance, by developing healthy ecosystems, fostering social inclusiveness and equity, for upholding the essentials of ethical practices and good governance. Therefore, firms realized that effective corporate social responsibility policies, will project them as socially responsible firms, and thereby they will be able to achieve sustainable growth in their operations in the long run and their products and services will be preferred by the customers.

In this context the concept of The Triple Bottom Line (TBL) has come into prominence. TBL focuses not only on the economic value added by organization, but also on the environmental and social value they add, and destroy. At its narrowest, the term 'Triple Bottom Line' is used as a framework for measuring and reporting corporate performance against economic, social and environmental dimensions, a necessary element for corporate sustainability. In this research work, we are particularly interested in the impact of Triple Bottom Line performance outcomes in Indian manufacturing companies, with respect to social aspects.

## STATEMENT OF THE PROBLEM

The need to measure and examine the quality of reporting on social performance indicators which are being published by 10 Indian manufacturing firms using GRI framework. The novelty of indexing is required to evaluate the quality of disclosure on the 4 sub indicators, namely labour practice, human practice, society and product responsibility,

## OBJECTIVES

The objective of this study is to determine:

- Design an index for measuring social responsibility practice adopted by Indian manufacturing firms, following GRI framework during 2011-12 and 2012-13
- The ranks of the Indian manufacturing firms as per their social sustainability disclosure index and make comparisons thereof.
- Study the improvement / deterioration in the quality of social sustainability reporting, between 2011-12 and 2012-13 by noting the changes in the year-wise ranks assigned.
- Whether the change in the social sustainability reporting quality (as proxied by social sustainability disclosure index) has any correlation with change in the financial parameters of the firms (as proxied by EPS and ROA) over the said period.

## HYPOTHESIS

Ho1: Improvement in social disclosure index is positively correlated with EPS considered as a financial parameter of the firms under study.

Ha1: Improvement in social disclosure index is positively correlated with ROA considered as a financial parameter of the firms under study.

## RESEARCH METHODOLOGY

Data and facts have been collected from the Annual Reports and Sustainability Reports published by Indian and American manufacturing companies. Out of 40 manufacturing companies listed in the Nifty, of the National Stock Exchange in India only 10 firms have published sustainability reports for the financial years 2011 - 2012 and 2012 - 2013, as per the Global Reporting Initiative framework. Hence all these 10 firms have been included in the study. The sample consists of 3 public

sector units (PSUs) namely Gail (India) Limited, Oil and Natural Gas Corporation Limited, Bharat Petroleum Corporation Limited and 7 private sector firms like Tata Steel Limited, Tata Motors Limited, ITC Limited, Hindalco Industries Limited, Reliance Industries Limited, Mahindra & Mahindra Limited, Larsen & Toubro Limited. Computation of social sustainability disclosure index: According to GRI (Global Reporting Initiative) framework, there are 3 sustainability indicators namely i) economic ii) environment and iii) social, comprising of 9, 30 and 45 sub clauses respectively, on which reporting is required. The content analysis approach was used to examine the nature of reporting by the sampled Indian firms on each of the 45 sub clauses of social indicators, as the unit of our count. The content of the disclosure made, was scrutinized and a scoring system was devised to reflect the quality of the disclosures.

Firms which have fully reported against a particular sub-clause of social indicator of the GRI framework, have been awarded 2 points. Likewise, for partial reporting and for non reporting against a particular sub-clause, 1 and 0 points have been awarded respectively. This procedure has been followed for each of the 2 financial years (2011-12 & 2012-13).

For each financial year, the scores assigned to the component sub clauses of the social indicator were summated to find the total social disclosure score, (TSD), and then divided by the maximum score possible (M), to compute the disclosure index of social indicator (Disoc) as given below.

Maximum possible score is 90 considering that full reporting has been done on all 45 clauses of the social indicator in that full year.

Disclosure Index:  $Disoc = TSD / 90$

## RESULTS AND DISCUSSIONS

TABLE 1: RANKING OF FIRMS VIS-À-VIS SOCIAL DISCLOSURE INDEX YEAR 2011-13

NAME OF FIRM	SOCIAL DISCLOSURE INDEX YEAR 2011-13	RANK
Reliance Industries Limited	0.975	1
Tata Steel Limited	0.945	2
Tata Motors Limited	0.905	3
Oil and Natural Gas Corporation Limited	0.89	4
Gail (India) Limited	0.87	5
Larsen & Toubro Limited	0.82	6
Mahindra & Mahindra Limited	0.735	7
Hindalco Industries Limited	0.705	8
Bharat Petroleum Corporation Limited	0.645	9
ITC Limited	0.515	10

The above table shows the ranks assigned to the Indian manufacturing firms as per their average social sustainability disclosure index generated for the period 2011-13. Reliance Industries Limited has been ranked 1<sup>st</sup> amongst the 10 firms. Tata Steel Limited and Tata Motors Limited have attained 2<sup>nd</sup> and 3<sup>rd</sup> position respectively. It is followed closely by ONGC and Gail(India) Limited. Hindalco Industries Limited and BPCL did not assign equal importance towards social sustainability reporting. ITC limited has been ranked last amongst the 10 firms.

TABLE 2: IMPROVEMENT / DETORINATION OF SOCIAL DISCLOSURE INDEX W.R.T. 2 YEARS

NAME OF FIRM	SOCIAL DISCLOSURE INDEX YEAR 2011-12	SOCIAL DISCLOSURE INDEX YEAR 2012-13	IMPROVEMENT / DETORINATION
Reliance Industries Limited	0.98	0.97	Detoriation
Tata Steel Limited	0.91	0.98	Improvement
Tata Motors Limited	0.88	0.93	Improvement
Oil and Natural Gas Corporation Limited	0.89	0.89	Same
Gail (India) Limited	0.98	0.76	Detoriation
Larsen & Toubro Limited	0.81	0.83	Improvement
Mahindra & Mahindra Limited	0.69	0.78	Improvement
Hindalco Industries Limited	0.7	0.71	Improvement
Bharat Petroleum Corporation Limited	0.66	0.63	Detoriation
ITC Limited	0.5	0.53	Improvement

As indicated in Table 2, ITC Limited, Larsen & Toubro Limited have improved in social disclosure index in 2012-13 as compared to 2011-12, since there has more reporting in the sub clause of labour practices by both the firms. In case of Tata Steel Limited, social disclosure index in 2012-13 improved vis-à-vis 2011-12 since there has been improvement in reporting in the sub clause of labour practices and human practice, where as Tata Motors has bettered their reporting in the sub clauses of labour practices, society and product responsibility. Oil and Natural Gas Corporation Limited has been able to maintain the same pattern of disclosure in 2012-13 as compared to 2011-12. There has been significant deterioration in the social disclosure index of Gail (India) Limited, Hindalco Industries Limited, and Bharat Petroleum Corporation Limited. Gail (India) Limited did not report on labour practice, society and product responsibility clauses of social indicators in 2012-13. Hindalco Industries Limited reported fewer on human practice, whereas for Bharat Petroleum Corporation Limited the reporting was very less in product responsibility, but reporting improved in labour practice and society, Mahindra & Mahindra improved in 3 sub clauses of social indicator namely human practice society and product responsibility during 2012-13.

TABLE 3: CORRELATION BETWEEN SOCIAL DISCLOSURE INDEX AND EPS, ROA

		Change in EPS	Change in ROA
Indian firms	Pearson Correlation	-.268	-.216
	Sig. (2 tailed)	.454	.549

Literature review establishes evidence of relationship between social sustainability initiatives and financial performance. In this study, proportionate change in financial parameters like EPS and ROA between 2011-12 and 2012-13 has been computed and thereafter correlated with the proportionate change in social sustainability disclosure index over the 2 year period, as shown in Table 3. Pearson's correlation coefficient between change in sustainability disclosure index and change in EPS is -0.268 while it is -0.216 in case of change in ROA. The results indicate that there is a weak and negative correlation between the change in the quality of social sustainability reporting and the change in the financial performance parameters during the period.

## FINDINGS

It is evident that during the period 2011-12 the firms (mean= 0.800) for social indicators in comparison to (mean= 0.801). It implies that the 6 firms in 2011-12, namely Reliance Industries Limited, Tata Steel Limited, Tata Motors Limited, Oil and Natural Gas Corporation Limited, Gail (India) Limited and Larsen & Toubro Limited are diligent with respect to 5 firms in 2012-13, all the above firms have maintained the same status except Gail (India) Limited, while providing disclosure on various sub clauses of social indicators.

It is to be noted that this contradicts our belief that greater efforts to enhance the social impact will help the firm to generate better financial margins, which is evident from the rejection of the hypothesis. The firms need to be more focused on social indicators which have been considered to generate the social disclosure index.

## RECOMMENDATIONS / SUGGESTIONS

ITC Limited has scored 45 out of 90 in 2011- 12, it was 48 in 2012-13 while reporting the 4 sub clauses of social indicators, which signify that ITC remained the same status while reporting human practices, society and product responsibility social sub clauses, whereas reporting improved in labour practices over the 2 year period. Hindalco improved while reporting human practices, but the reporting pattern remained same for the other 3 sub clauses during the period. In case of BPCL the total reporting score decreased from 2011-12 to 2012-13, this is marked from the reporting pattern which indicates that it had improved while reporting labour practice and society sub clauses, but it the reporting was lesser for product responsibility sub clause during the period of study, in case of human practice sub clause the score was same for 2 years. GAIL (India) Limited scored 88 in 2011-12, but it could score only 68 in 2012-13, which signify that while reporting, it had lagged on all sub clauses on social indicator, it had reduced to 53% while reporting product responsibility sub clause. This indicates that above 4 firms did not focus with much importance on product responsibility sub clause that translates into better firm performance, which is being used by firms to generate greater customer satisfaction. Whereas the firms have improved or remained same while reporting labour practices and human practices, which indicates that they are focusing with great importance on the social issues to gain more confidence, loyalty and brand equity of the social stakeholders. Therefore, it is imperative for all Indian manufacturing firms to focus their attentions in all the aspects of social clause to create a positive impact on customer satisfaction, social feature and labour regulations, thereby improving the performance of the firms.

## CONCLUSIONS

This study makes certain that firms need to become more responsible for enhancing the quality of life for their workforce and the community, with different philanthropic activities adopted by them.

Literature review suggested that corporate social responsibility reporting acts as an encouragement strength for firms, in terms of communication instrument, which provides opportunity to customers for improved judgment making with respect to awareness of product quality through intense publicity done by firms

Content analysis method emerged as an insight regarding the outline of disclosure which enabled us to assess the quality and quantity of social disclosure made by Indian manufacturing firms following the GRI framework.

This research fails to establish that betterment in the quality of social sustainability disclosure translates into better financial performance for the firms. This implies that engaging in better reporting is a voluntary action on the part of the corporate and not so much motivated by the prospects of bettering their bottom line.

## LIMITATIONS

The database size is limited to 10 Indian manufacturing firms, which can be increased further, depending on publishing of sustainability reports in accordance with GRI framework, and the time span of the study can be increased beyond 2 years.

## SCOPE FOR FURTHER RESEARCH

Further research can be conducted on disclosures of economic and environment indicators by these Indian manufacturing firms, where a similar scoring system can be adopted for deriving economic and environmental disclosure indices, inter index comparative analysis can also be undertaken.

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**SERVICE QUALITY IN HIGHER EDUCATIONAL INSTITUTIONS: AN EMPIRICAL ASSESSMENT**

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**ABSTRACT**

*In higher education, students are the main customers of universities. As such, providing quality services and satisfying students' needs are vital for universities to succeed and sustain from the increasing competitiveness. Highly satisfied students spread a positive word of mouth communication, thus attracting new applicants with lower marketing costs. In view of the growing importance of quality education for an institution's growth and success, present investigations measures service quality in University of Kashmir. Based on data gathered from 425 respondents through a modified and statistically tested research instrument, the study concludes that by and large students are satisfied with the overall quality of educational services provided by the University; however, an overall improvement is needed in all dimensions of service quality to augment the quality educational services.*

**KEYWORDS**

higher education, service quality, dimensions of service quality, student satisfaction.

**INTRODUCTION**

In a competitive higher education marketplace, the quality of services delivered separates an institution from its competitors (Weideman, 1989) and, thus, has become a strategic option for many institutions of higher learning around the globe. It is important for educational institutions due to its influence on the post-enrolment communication behavior of the students (Parasuraman et. al., 1988; Cronin and Taylor, 1994; Marilyn, 2005; Angela, 2006; Berry, 2006; Ben, 2007). Highly satisfied students spread a positive word of mouth communication, thus attracting new applicants with lower marketing costs. Dissatisfied students, however, are likely to switch other competitive institutions (Plank and Chiagouris, 1997). Good quality education provides better learning opportunities and that the levels of satisfaction or dissatisfaction strongly affect the student's success or failure of learning (Aldridge and Rowley, 1998). Higher education plays a fundamental and an increasingly important role in human, social and economic development (Barro and Martin, 1995; Escrigas, 2008). In fact it is not possible for a country to achieve sustainable development without sustainable investment in human capital. Brunat (2006a) found that there is a positive correlation between education and economic development and advocated that an educated population is a springboard for jumping to high socio-economic performance (Hoque, et. al., 2013). Universities and faculties, therefore, strive to provide high quality services because they need to compete for their students (Faganel and Macur, 2005) and have become increasingly interested in establishing quality management systems in response to the demands imposed by a complex, uncertain environment (Athiyaman and O'Donnell, 1994; Jenkins, 1994; Sallis and Hingley, 1991). Universities are being forced to consider the student perspective of quality of services provided and there is an increased interest in measuring service quality in higher education (Wright and O'Neill, 2002; Ghouri, et. al., 2012). Oldfield and Baron (2000) stated that for delivering high quality and student satisfaction, higher education institutions must focus on what their students want instead of gathering data based on what institutions consider their students regard as important (Farahmandian, et. al., 2013). In view of the above cited literature and also keeping in view the growing importance of service quality in higher educational institutions, present study attempts to measure service quality in the University of Kashmir with a view to offer suggestions, on the basis of study results, for improvisations of quality education in higher academic institutions.

**REVIEW OF LITERATURE**

During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Leonard and Sasser, 1982; Cronin and Taylor, 1992; Gammie, 1992; Hallowell, 1996; Chang and Chen, 1998; Gummeson, 1998; Lasser et. al., 2000; Newman, 2001; Sureshchander et. al., 2002). In order to achieve competitive advantage, many business organizations, particularly those in the service industry, are focusing on service quality (Dotchin and Oakland, 1994b; McColl, et. al., 1998). Arokiasamy (2012) stated that in today's world, in order to be able to create and retain a decent level of competitiveness, organizations and firms require to emphasize on quality as it is one of the most significant indicator for the success of an organization in an industry (Farahmandian, et. al., 2013). Similarly, Edvardsson (1998) highlighted that service quality is considered to be the cornerstone of marketing by many business people because of its ability to create sustainable competitive advantage and boost the bottom-line (Hoe, 2004).

The most notable contribution towards the assessment of quality of a given service has been conducted by Parasuraman, Zeithaml and Berry (1985). They defined service quality as the discrepancy between consumers' perceptions of services offered by a particular firm and their expectations about the firms offering such services (Chou et al., 2011). In other words, service quality is defined as to what extent service performance matches consumers' expectations (Parasuraman, et., al. 1985, 1988; Gronroos, 1984, 1994). If service performance matches or exceeds consumers' expectations, they will have favourable assessments towards service (Parasuraman, et. al., 1988). Evangelos and Graham (2007) along with Rajab, et. al., (2011) agree that everything about service quality depends on one's anticipation and expectation of the services and how the services meet with his/her expectations. Similarly, Kasper, et. al., (1999) defined service quality as the extent to which the service, the service process and the service organization can satisfy the expectations of the user. Robinson, (1999) also, defined service quality as the customers' attitude or judgment about the superiority of a service. Service quality is derived from a comparison of performance with ideal standards (Robinson, 1999; Lee, et. al., 2000).

The search of quality has become an important consumer trend (Parasuraman, et. al., 1985, 1988) and whole service industry is centered on the measurement of a consumer perceived quality and satisfaction (Berry, et. al., 1988). Parasuraman, et. al., (1985), offered the most widely accepted group of ten determinants of service quality that can be generalized for measuring any type of service. However, through empirical test, Parasuraman, et. al., (1988), condensed the ten dimensions into five and developed 22 item instrument called SERVQUAL for assessing customer perceptions of service quality. This new model consists of five dimensions such as 'tangibles' - appearance of physical facilities, equipment, personnel and communications materials; 'reliability' - ability to perform the promised



service dependably and accurately; 'assurance'- knowledge and courtesy of staff and their ability to convey trust and confidence; 'responsiveness' - willingness to help customers and provide prompt service; and 'empathy' - Caring and individualized attention, the firm provides to its customer (Parasuraman, et. al., 1988). Interestingly, many studies have emphasized on the importance of service quality in higher learning institutions (Illias, et. al., 2008; Athiyaman, 1997; Lee, et. al., 2000; Annamdevula and Bellamkonda, 2012). Illias, et. al., (2008) stated that the main factors that could affect the level of students' satisfaction were; students' perception on learning and teaching, support facilities for teaching and learning (libraries, computer and lab facilities), learning environment (rooms of lectures, laboratories, social space and university buildings), support facilities (health facilities, refectories, student accommodation, student services) and external aspects of being a student (such as finance, transportation). With all these capabilities, an institution will be able to meet student expectations and compete competitively. Service quality is the exclusively of experiences student engage in as part of their whole-person development.

Firdaus, (2005) designed HEDPERF (Higher Education Performance) which categorized five determinants of service quality in higher education. They are non-academic aspects, academic aspects, reputation, access, and program issues. Ford, et. al., (1999) included program issues in the determinants of service quality when they compared students' service quality perceptions in New Zealand and the USA. Cheng and Tam (1997) concluded that teaching methods were often used as indicators of education quality. Harvey and Hill (1995) found that teaching methods are one of the antecedents of student satisfaction. Industry links refer to the help students receive in making links with industry (Joseph and Joseph, 1997), including helpful career guidance and industry contacts provided by a university. Athiyaman (1997) used eight dimensions to examine university educational services namely, teaching, availability of staff for student consultation, library services, computing facilities, recreational facilities, class sizes, level and difficulty of subject content and student workload. Lee, et. al., (2000) explained that the two of the total quality experience variables "overall impression of the school" and "overall impression of the education quality" are the determinant variables in predicting the overall satisfaction. Annamdevula and Bellamkonda (2012) developed a measuring instrument of service quality called HiEdQUAL. This new measuring instrument consists of 27 items grouped into five dimensions, which they found to have significant positive influence on overall students' perceived service quality. The five factors are: teaching and course content, administrative services, academic facilities, campus infrastructure, and support services of service quality within the higher education sector.

The above cited literature brings to light that there is no consensus among the marketing scholars regarding the dimensionality of service quality construct. The five dimensional construct of Parasuraman, et. al., (1988), however, has been widely acknowledged in various research studies (Knutson, et. al., 1990; Blanchard and Galloway, 1994; Brysland and Curry, 2001; Atilgan, et. al., 2003; Khan, 2003; Lau, et. al., 2005; Ahmed, et. al., 2010; Markovic and Raspor, 2010; Shekarchizadeh, et. al., 2011; Al-Alak and Alnaser, 2012; Cerri, 2012).

## RESEARCH METHODOLOGY

Despite numerous attempts, there is no consensus among researchers on the measurement of service quality because of the intangible, heterogeneous and inseparable character of service. However, there are two widely acknowledged models used by researchers to measure service quality, i.e. SERVQUAL (Parasuraman, et. al., 1988) and SERVPERF (Cronin, et. al., 1992).

The foundation for the SERVQUAL scale is the gap model proposed by Parasuraman, et. al., (1985, 1988). The underpinning theory is that customer's evaluation of the quality is based on the comparison between their perceptions of what the organization should offer (expectations) and their perceptions of the performance of the organization providing the service. The SERVQUAL is a conceptual model that defines service quality from the customer's point of view, and consists of 22 similarly worded questions (22 for expectations and 22 for perceptions) for measuring customer expectations compared to customer perceptions of service quality (Parasuraman, et. al., 1985, 1988). SERVQUAL has become the most widely used instrument for measuring service quality in both profit and non-profit organizations. No other instrument has been tested as stringently and comprehensively as SERVQUAL (White and Abels, 1995).

While being widely applied, SERVQUAL have been criticized on both empirical and theoretical grounds (Cronin and Taylor, 1992, 1993, 1994; Babakus and Boller, 1992; Gundersen, et. al., 1996; Van Dyke et al., 1997). The authors denied the framework of SERVQUAL on perception/expectation basis and recommended "SERVPERF" consisting of 22 items which measures only performance. The marketing literature supports the argument that an instrument that measures customer experiences only may be the most valid by way of measuring perceived service quality (Zeithaml, et. al., 1996). Under the SERVPERF, a higher perceived performance represents higher service quality and higher customer satisfaction. Besides theoretical arguments, Cronin and Taylor (1992) provided empirical evidence across four industries (namely banks, pest control, dry cleaning and fast food) to confirm the superiority of their "performance-only" instrument over SERVQUAL Scale. The SERVPERF scale can be considered as an alternate of SERVQUAL and includes perceived performance component (Jain and Gupta, 2004).

Many researchers have preferred to use performance based instrument SERVPERF instead of SERVQUAL because of the advantages that SERVPERF has (Hill, 1995; Oldfield and Baron, 2000; Abdullah, 2006). The use of the SERVPERF would automatically shorten the SERVQUAL questionnaire by 50 percent (Cronin and Taylor, 1992). Many authors agree that customer's assessments may depend solely on performance, thereby suggesting that performance-based measure explains more of the variance in an overall measure of service quality (Oliver, 1989; Bolton and Drew, 1991a, b; Cronin and Taylor, 1992; Boulding et. al., 1993; Quester et. al., 1995). These findings are consistent with other researches that have compared SERVQUAL and SERVPERF methods in the scope of service activities, and finally confirming that SERVPERF (performance-only) results in more reliable estimations, greater convergent and discriminant validity, greater explained variance, and consequently less bias than the SERVQUAL (Cronin and Taylor, 1992). This explains the considerable support that has emerged overtime in favour of SERVPERF scale (Churchill and Suprenant, 1982; Bolton and Drew, 1991; Babakus and Boller, 1992; Boulding et. al., 1993; Gotlieb, et. al., 1994). In light of above research findings, present study has also used SERVPERF model with certain modifications to measure educational service quality in University of Kashmir.

## SAMPLE DESIGN

The study was conducted in the University of Kashmir for three months during the summer of 2014. The target population selected for this study comprised 3<sup>rd</sup> and 4<sup>th</sup> semester students only. These were purposely selected for the present study as they are relatively experienced and, therefore, have better understanding of evaluating educational service quality. The questionnaire was piloted on fifty (50) students randomly selected from various faculties of University of Kashmir. Convenience sampling approach (Getz, and Brown, 2006) was employed, in which 550 questionnaires were distributed to the students in thirty-eight (38) departments comprising nine (9) faculties who agreed to participate in the survey. Four hundred and fifty (450) questionnaires were received back representing a response rate of 81.81 percent. However, only four hundred twenty-five (425) questionnaires were found suitable for further analysis and the remaining were discarded. The sample comprises of fifty-two (52) percent males and forty-eight (48) percent females and all respondents were falling in the same age bracket of below twenty-five (25) years.

## RESEARCH INSTRUMENT

The study is based on the primary data collected from the students of various faculties in the University of Kashmir, Srinagar, through a questionnaire designed and developed after consultations and discussions on the aforesaid research problem with the panel of students, administrators and academicians as well as after reviewing the relevant literature. Some modifications were made to SERVPERF instrument in order to suit the context of educational service quality. The questionnaire was divided into two parts. Part 1<sup>st</sup> was designed to measure the perceptions of students regarding educational service quality and part 2<sup>nd</sup> contained questions relating to some demographic aspects of the respondents. The researchers introduced the tool of measurement in such a way that it briefly illustrated the topic of the study and procedures of response. The measurement grades were placed on 10-point Likert's Type Scale ranging from strongly disagree (0) to strongly agree (10).

All the items chosen for the questionnaire were modified and rephrased in terms of both wording and contextual applications to suit the present research purpose. On the basis of literature review, an initial pool of 55 items was generated. The questionnaire was piloted on fifty (50) students. After the elimination, addition and rephrasing of several questions, the final questionnaire was prepared consisting of twenty-nine (29) items. All the items in the questionnaire were then arranged alphabetically.

## FACTOR ANALYSIS

The statistical package for the social sciences (SPSS) was used to analyze the data. Descriptive statistics were used to measure students' perception scores. To explore dimensionality of the twenty-nine (29) item scale, the study used R-mode Principle Component-Analysis with a Varimax Rotation and Eigen value more than 1, which extracted five factors and shows 63.52 percent of variance in the data (Table 1).



TABLE 1: FACTOR ANALYSIS (n=425)

Item (n=26)	Factors					Communalities
	F1	F2	F3	F4	F5	
V11	.569					.713
V13	.747					.779
V14	.816					.705
V15	.735					.778
V17	.701					.803
V18	.705					.545
V25	.547					.610
V3		.682				.484
V7		.582				.479
V9		.624				.452
V10		.558				.671
V22		.819				.763
V24		.587				.705
V27		.724				.757
V6			.554			.757
V23			.773			.690
V26			.778			.666
V29			.727			.638
V1				.563		.606
V4				.623		.733
V5				.666		.497
V16				.753		.729
V20				.586		.560
V12					.612	.627
V21					.777	.696
V28					.536	.651
<b>Eigen value</b>	<b>8.013</b>	<b>3.676</b>	<b>2.604</b>	<b>2.227</b>	<b>1.901</b>	<b>17.094</b>
<b>% of Variance</b>	<b>15.719</b>	<b>13.791</b>	<b>13.613</b>	<b>10.733</b>	<b>9.664</b>	<b>63.520</b>
<b>Cronbach's alpha (<math>\alpha</math>)</b>	<b>.857</b>	<b>.785</b>	<b>.664</b>	<b>.719</b>	<b>.766</b>	<b>.943</b>
<b>Number of items</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>26</b>

Most of the factor loadings were greater than 0.50, implying a reasonably high correlation between extracted factors and their individual items. The communalities of 26 items ranged from 0.374 to 0.803 indicating that a large amount of variance has been extracted by the factor solution. Three items (V2, V8, and V19 namely class time of your department is well suited to you, teaching and non-teaching staff of your department understands your specific needs, and, administrative staff is always accessible during office hours respectively) were below the suggested value of 0.50 (Haier and Andersen, 2006) and were not considered for further analysis. The remaining statements were grouped into five (5) factors labeled as **F1- 'Assurance'** (knowledge and accuracy of employees and their ability to convey trust and confidence), **F2- 'Tangibility'** (appearance of the facilities, equipment and communication material), **F3- 'Reliability'** (solving students' problems and performing error-free service at promised time), **F4 'Empathy'** (staff knowledge and ability to provide individual attention) and **F5 'Responsiveness'** (willingness to help customers and to provide prompt service). The first factor (assurance) contains most of the items and explains most of the variance (15.71%), thus, is an important determinant of perceived educational service quality.

In order to measure the consistency of research instrument, Cronbach's alpha test was used as a measure of reliability. The present generated scale achieved the overall Alpha scores of 0.943 which is highly acceptable reliability coefficient (Nunnally, 1978; Tabachnik and Fidell, 2001). Reliability test was performed on each dimension also which showed an alpha score of 0.857 (Assurance); 0.785 (Tangibility); 0.719 (Empathy); 0.766 (Responsiveness) are above 0.7 and are highly reliable constructs except reliability dimension (0.664) which is very close of 0.70 and can be considered pretty reliable.

The adequacy of the sample size has examined using both the Kaiser-Meyer Olkin (KMO) Sampling Adequacy Test and Bartlett's Test of Sphericity (BTS). The KMO measure for sample adequacy for service quality scores is 0.954 which exceeds satisfactory value of 0.6 (Tabachnik and Fidell, 2001) and revealed a Chi-Square at 8872.93, ( $P \leq 0.000$ ) which verified that correlation matrix was not an identity matrix, thus validating the suitability of factor analysis (Table 2).

TABLE 2: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.954
Bartlett's Test of Sphericity (Approx. Chi-Square)	8872.935*
<b>P-value</b>	<b>0.000*</b>

\* Significance at 1% level

## RESULTS OF THE STUDY

In present study, the main focus of analysis was to measure service quality and its dimensions namely assurance, tangibility, reliability, empathy and responsiveness. To achieve this objective, service quality perceptions were obtained using 10 point likert type scale. Mean service quality scores on all dimensions of service quality were calculated separately and averaged for each faculty of the institution, under reference.

### OVER-ALL SERVICE QUALITY IN HIGHER EDUCATION

The data on table 3 clearly shows satisfactory level of educational services as overall service quality score is 6.65 which is more than 50%. Faculty-wise analysis of the said table reveals relatively better service quality of Faculty of Oriental Learning (7.34) followed by Faculty of Education (7.17) and Faculty of Biological Science (7.05) whereas Faculty of Law has been reported relatively low (6.06) followed by Faculty of Social Science (6.12) and Faculty of Applied Science (6.28). Dimension wise analysis reveals relatively higher service quality on tangibility (6.95) followed by reliability (6.71), while as assurance is relatively low (6.42) followed by responsiveness and empathy (6.52).

TABLE 3: OVER-ALL SERVICE QUALITY SCORES ON HIGHER EDUCATION

S. No.	Name of the University Faculties	Dimensions of Service Quality					Total	Rank
		Assurance	Tangibility	Reliability	Empathy	Responsiveness		
1	Faculty of Applied Science	5.70	6.55	6.76	6.32	6.22	<b>6.28</b>	7
2	Faculty of Art	6.17	6.64	6.46	6.34	6.25	<b>6.38</b>	6
3	Faculty of Biological Science	6.83	7.24	7.06	6.99	7.22	<b>7.05</b>	3
4	Faculty of Commerce & Management	6.61	6.92	7.03	6.68	6.86	<b>6.80</b>	4
5	Faculty of Law	5.69	6.44	5.93	6.23	5.96	<b>6.06</b>	9
6	Faculty of Physical & Material Sciences	6.50	7.29	6.55	6.63	6.64	<b>6.76</b>	5
7	Faculty of Social Science	5.98	6.41	6.13	6.13	5.77	<b>6.12</b>	8
8	Faculty of Oriental Learning	7.31	7.44	7.28	7.65	6.84	<b>7.34</b>	1
9	Faculty of Education	7.01	7.51	7.16	7.22	6.76	<b>7.17</b>	2
<b>Over-all Service Quality (Averaged on all Faculties)</b>		<b>6.42</b>	<b>6.95</b>	<b>6.71</b>	<b>6.66</b>	<b>6.52</b>	<b>6.65</b>	
<b>Rank</b>		<b>5</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		

#### DIMENSION-WISE ANALYSIS

The analysis of the data on Table 4 clearly reveals better service performance on **assurance** dimension (6.42). Faculty-wise analysis of the said dimension brings to fore that service quality of Faculty of Oriental Learning (7.31) is comparatively high followed by Faculty of Education (7.01) and Faculty of Biological Science (6.83). However, Faculty of Law has been reported relatively low (5.69) by respective students followed by Faculty of Applied Science (5.70) and Faculty of Social Science (5.98). Its element-wise analysis reveals relatively higher service quality score on 'development of student knowledge followed by recognition of University degree and well mannered behavior of teaching and non teaching staff. However, university degree improving employment prospectus is reported poor (5.55) followed by teacher's competency in their academic backgrounds (5.5) and teachers making subjects understandable to students (5.5). The data on **tangibility** dimension reveals satisfactory level of education (6.94). Faculty-wise analysis reveals that service quality of Faculty of Education is comparatively high followed by Faculty of Oriental Learning and Faculty of Physical and Material Science (7.51, 7.44 and 7.29 respectively) while as Faculty of Social Science has been reported low followed by Faculty of Law and Faculty of Applied Science (6.41, 6.44 and 6.55 respectively). So far as its element-wise analysis is concerned, service quality score is comparatively higher on availability of books and periodicals in departmental library (7.86) followed by availability of adequate amenities (7.53) and cleanliness of washrooms, corridors, class rooms, library and labs (7.36). Lighting in class rooms has been reported low with a mean score of (5.73) followed by convenient location of University (6.55) and appearance of teaching and non teaching staff (6.93). On **reliability** dimension, the data (Table 4) indicates satisfactory level of educational services (6.71). Its faculty-wise analysis brings to light that faculty of Oriental Learning has outperformed all other faculties of University of Kashmir with high service quality score (7.73) followed by Faculty of Education (7.16) and Faculty of Biological Science (7.16, 7.06 respectively). Whereas Faculty of Law has been reported relatively low followed by Faculty of Social Science and Faculty of Art (5.93, 6.55 and 6.46 respectively). Element-wise analysis of the said dimension brings to light high service quality score on regular class work and completion of syllabus (ranked 1<sup>st</sup>) followed by properly scheduled classes, exams, providing timely information regarding exams, results, admission etc (ranked 2<sup>nd</sup>). However, maintaining error-free records of students and providing timely and adequate information to students have been reported low (6.02) and hence ranked 4<sup>th</sup> followed by correct record keeping of student's academic performances and administrative records (6.18) and ranked 3<sup>rd</sup>. Satisfactory service quality score has been reported on **Empathy** dimension (6.68) as reported by the respondents. Further analysis of the said dimension reveals relatively better service quality of Faculty of Oriental Learning followed by Faculty of Education and Faculty of Biological Science (7.65, 7.22 and 6.99 respectively). Faculty of Social Work reported comparatively low mean scores (ranked 9<sup>th</sup>) followed by Faculty of Law and Faculty of Applied Science (ranked 8<sup>th</sup> and 7<sup>th</sup> respectively). Element-wise analysis of the said dimension indicates, high service quality score on treating all students equally (ranked 1<sup>st</sup>) followed by individual attention given by teaching staff (ranked 2<sup>nd</sup>). However, lack of friendly environment and opportunities for interaction with other students have been recorded comparatively low (ranked 5<sup>th</sup>) followed by good communication skills of teachers and their teaching practices (ranked 4<sup>th</sup>). The data on **responsiveness** dimension brings to light that educational service quality is quiet satisfactory (6.50). Faculty-wise comparison of the said dimension shows relatively better service quality in Faculty of Biological Science (ranked 1<sup>st</sup>) followed by Faculty of Commerce and Management (ranked 2<sup>nd</sup>) and Faculty of Oriental Learning (ranked 3<sup>rd</sup>). While as Faculty of Social Science reported comparatively low mean score (ranked 9<sup>th</sup>) followed by Faculty of Law (ranked 8<sup>th</sup>) and Faculty of Applied Science (ranked 7<sup>th</sup>). Its element-wise analysis brings to light high service quality score on promptly response to student requests by teaching and non teaching staff followed by knowledge to answer student questions relating to the course content and polite reaction of student queries by teaching staff and valuable feedback of teaching staff about the progress of students (6.64, 6.55 and 6.31 respectively).

#### CONCLUSION AND SUGGESTIONS

The quality of higher education is fundamental to a country's development. In view of this fact, present study was conducted to measure the quality of educational services in the University of Kashmir. A modified SERVPERF instrument was used and exploratory factor analyses was performed which identified five dimensions namely, assurance, tangibility, reliability, empathy and responsiveness. Assurance followed by tangibility and reliability are three important antecedent of perceived service quality in educational services as they contain most of the items (7, 7 and 4 respectively) and explains maximum variance among all dimensions (15.719, 13.791 and 13.613 respectively). The findings of this study conclude that among five dimensions of service quality, assurance dimension emerged as the important indicator of educational service quality.

Considering the overall service quality scores (6.65), the study concludes that relatively better educational services are being provided by the University of Kashmir, however, service quality of Faculty of Oriental Learning has been reported relatively high (7.34) followed by Faculty of Education (7.17) and Faculty of Biological Science (7.05) while-as Faculty of Law has been reported comparatively low followed by Faculty of Social Science and Faculty of Applied Science with mean scores 6.06, 6.12 and 6.28 respectively implying improvement on assurance and reliability dimensions to improve overall quality of educational services. Dimension wise analysis reveals relatively higher service quality on tangibility (ranked 1<sup>st</sup>) followed by reliability, while as assurance is relatively low (ranked 5<sup>th</sup>) followed by responsiveness and empathy (ranked 3<sup>rd</sup>) which suggests an improvement in said dimensions particularly on degree from this university improves employment prospects, providing valuable feedback about student's progress, good communication skills and good teaching practices, and friendly environment and provision of opportunities for interaction with other student groups to improve overall quality of educational services. Also, relatively low scores have been observed on variables like lighting in class rooms, maintenance of error free records of students and provision of timely and adequate information to students, providing valuable feedback about student progress which demands more attention from the university administration, under reference, to augment the overall quality of educational services.

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TABLE 4: COMPARATIVE SERVICE QUALITY SCORES OF DIFFERENT FACULTIES

Service Quality Dimensions	Elements of Service Quality	Name of the University Faculties										Rank
		Applied Science	Art	Biological Science	Commerce & Mgt.	Law	Physical Science	Social Science	Oriental Learning	Education	Total	
Assurance	1. Degree from this university is recognized nationally and internationally	6.21	6.51	7.34	6.70	6.86	7.40	6.30	6.58	6.68	<b>6.73</b>	<b>2</b>
	2. Degree from this university improves employment prospects	4.71	5.20	5.67	5.95	4.20	5.34	5.09	7.09	6.66	<b>5.55</b>	<b>7</b>
	3. Teachers are competent for their academic backgrounds	4.94	5.68	6.27	6.15	4.68	5.72	5.52	7.36	7.00	<b>5.92</b>	<b>5.5</b>
	4. Teachers' make subjects understandable to students	4.98	5.68	6.22	6.25	5.20	5.52	5.70	7.17	6.58	<b>5.92</b>	<b>5.5</b>
	5. The course content develops student knowledge	7.21	7.04	8.25	7.91	7.41	8.63	7.93	8.34	8.14	<b>7.87</b>	<b>1</b>
	6. Teaching and Non-teaching staff are courteous and their behavior builds confidence	5.89	6.67	7.08	7.05	5.62	6.80	5.66	7.56	7.12	<b>6.61</b>	<b>3</b>
	7. Teaching and Non-teaching staff has knowledge of university rules and regulations	5.94	6.42	6.98	6.27	5.89	6.09	5.66	7.04	6.92	<b>6.36</b>	<b>4</b>
	<b>Over-all Service Quality on Assurance (Averaged on all Faculties)</b>	<b>5.70</b>	<b>6.17</b>	<b>6.83</b>	<b>6.61</b>	<b>5.69</b>	<b>6.50</b>	<b>5.98</b>	<b>7.31</b>	<b>7.01</b>	<b>6.42</b>	
<b>Rank</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>2</b>			
Tangibility	1. Appropriate location of University	6.46	6.00	6.39	6.52	6.51	7.01	5.67	7.58	6.84	<b>6.55</b>	<b>6</b>
	2. Departmental library has a wide range of books and periodicals	8.16	7.55	7.74	7.86	7.44	8.44	7.49	7.78	8.26	<b>7.86</b>	<b>1</b>
	3. Your department has clean wash rooms, corridors, class rooms, library and labs	6.80	7.42	8.00	7.16	6.31	7.71	7.24	7.53	8.06	<b>7.36</b>	<b>3</b>
	4. Department has modern equipment.	6.28	7.01	7.44	6.87	6.37	7.56	6.38	7.31	7.34	<b>6.95</b>	<b>4</b>
	5. Lighting in class rooms of your department is appropriate	4.42	4.97	5.53	5.80	4.48	5.44	4.44	6.97	6.28	<b>5.37</b>	<b>7</b>
	6. University has adequate amenities (Canteen, Bank, ATMs etc.)	7.01	7.11	7.75	7.75	7.55	7.63	7.18	7.78	8.04	<b>7.53</b>	<b>2</b>
	7. Teaching and Non-teaching staffs are always well dressed	6.73	6.44	7.84	6.45	6.44	7.12	6.47	7.12	7.80	<b>6.93</b>	<b>5</b>
	<b>Over-all Service Quality on Tangibility (Averaged on all Faculties)</b>	<b>6.55</b>	<b>6.64</b>	<b>7.24</b>	<b>6.92</b>	<b>6.44</b>	<b>7.29</b>	<b>6.41</b>	<b>7.44</b>	<b>7.51</b>	<b>6.94</b>	
<b>Rank</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>1</b>			
Reliability	1. Regular class work and completion of syllabus in time	8.05	7.10	8.18	7.91	8.13	8.04	7.53	7.24	7.40	<b>7.73</b>	<b>1</b>
	2. Classes and exams are properly scheduled and dept provides timely information regarding exams, results, admission etc.	7.21	7.18	7.96	7.50	5.00	6.14	6.35	7.43	7.36	<b>6.90</b>	<b>2</b>
	3. Academic performances and administrative records are kept correctly	6.26	6.40	5.79	5.87	5.03	5.87	5.18	7.70	7.48	<b>6.18</b>	<b>3</b>
	4. Maintenance of error free records of students and provision of timely and adequate information to students	5.51	5.17	6.31	6.84	5.55	6.17	5.47	6.73	6.42	<b>6.02</b>	<b>4</b>
	<b>Over-all Service Quality on Reliability (Averaged on all Faculties)</b>	<b>6.76</b>	<b>6.46</b>	<b>7.06</b>	<b>7.03</b>	<b>5.93</b>	<b>6.55</b>	<b>6.13</b>	<b>7.28</b>	<b>7.16</b>	<b>6.71</b>	
<b>Rank</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>1</b>	<b>2</b>			
Empathy	1. Equal treatment to students by teaching staff	7.16	6.44	7.29	7.23	8.17	7.31	6.78	7.70	7.22	<b>7.26</b>	<b>1</b>
	2. Individualized attention to students	6.26	6.82	7.24	6.66	6.79	6.51	6.40	8.19	7.70	<b>6.95</b>	<b>2</b>
	3. Friendly environment and provision of opportunities for interaction with other student groups	6.50	6.78	6.43	6.47	5.13	6.54	5.92	7.34	7.20	<b>6.48</b>	<b>4</b>
	4. Good communication skills and good teaching practices	5.01	5.00	6.43	5.70	4.49	5.55	5.38	7.65	7.06	<b>5.81</b>	<b>5</b>
	5. Teaching and non-teaching staff keeps your best interest in heart	6.67	6.65	7.56	7.33	6.10	7.23	6.20	7.39	6.92	<b>6.89</b>	<b>3</b>
	<b>Over-all Service Quality on Empathy (Averaged on all Faculties)</b>	<b>6.32</b>	<b>6.34</b>	<b>6.99</b>	<b>6.68</b>	<b>6.23</b>	<b>6.63</b>	<b>6.13</b>	<b>7.65</b>	<b>7.22</b>	<b>6.68</b>	
<b>Rank</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>5</b>	<b>9</b>	<b>1</b>	<b>2</b>			
Responsiveness	1. Teaching and Non-teaching staff responds promptly to your requests all the time	6.50	6.48	7.32	6.91	6.03	7.14	5.95	6.58	6.88	<b>6.64</b>	<b>1</b>
	2. Providing valuable feedback about student progress	5.37	6.04	7.03	6.87	5.68	6.38	5.75	7.19	6.46	<b>6.31</b>	<b>3</b>
	3. Teaching staff have the knowledge to answer your questions	6.78	6.22	7.31	6.80	6.17	6.40	5.61	6.75	6.94	<b>6.55</b>	<b>2</b>
	<b>Over-all Service Quality on Responsiveness (Averaged on all Faculties)</b>	<b>6.22</b>	<b>6.25</b>	<b>7.22</b>	<b>6.86</b>	<b>5.96</b>	<b>6.64</b>	<b>5.77</b>	<b>6.84</b>	<b>6.76</b>	<b>6.50</b>	
<b>Rank</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>5</b>	<b>9</b>	<b>3</b>	<b>4</b>			



## AN EMPIRICAL STUDY ON PMJDY SCHEME IMPLEMENTATION AT KANEKAL MANDAL OF ANANTAPUR DISTRICT

**G DIVAKARA REDDY**  
**BRANCH MANAGER**  
**ANDHRA PRAGATHI GRAMEENA BANK**  
**KANEKAL BRANCH**  
**KANEKAL**

### ABSTRACT

*This study is mainly aimed to assess the level of understanding, awareness and satisfaction on PMJDY Scheme of Gol in Kanekal Mandal of Anantapur District by taking beneficiaries feedback in the form questionnaire. This paper is useful for policy makers and business leader to hone their schemes.*

### KEYWORDS

PMJDY (Pradhan Mantri Jan Dhan Yojana), PMSBY (Pradhana Mantri Suraksha Yojana), PMJJBY (Pradhana Mantri Jeevan Jyoti Yojana), RupayCard, Overdraft(OD).

### INTRODUCTION

Financial inclusion is a concept widely popular in India from last decade now it is consolidated under a Govt of India's Prime Minister Jan Dhan Yojana (PMJDY) which is aimed to provide the basic financial services to the downtrodden at affordable cost. PMJDY scheme was launched by Gol from 15.08.2014 to achieve the complete financial inclusion in a short period. Under this scheme in a year banks have opened 17.74 crore accounts and mobilized deposits of Rs.22000crores through these accounts. About 8.17 crore people enrolled under PMSBY insurance scheme and 2.76 crore people enrolled under PMJJBY insurance scheme as on 22.08.2015. People availed overdraft facility under the scheme was crossed 10Lakh as on its first anniversary. It is very much useful for downtrodden people when they are in need of money and it inculcate the saving habit as well.

### REVIEW OF LITERATURE

Ms Santana Guha (2015) also discussed the in her article about role of PMJDY 'The Role of Pradhan Mantri Jan Dhan Yojana in Financial Inclusion: An Evaluative Study'.

### OBJECTIVES OF STUDY

The objectives of the study are as follows:

1. To Know feedback on PMJJBY policy under PMJDY Scheme
2. To Know feedback on PMSBY policy under PMJDY Scheme
3. To Know feedback on overdraft facility for PMJDY account
4. To Know awareness on RupayCard

### RESEARCH METHODOLOGY AND SAMPLE DESIGN

The present study is based on both primary and secondary data. The primary data is collected by framing a structured questionnaire. The structured questionnaire on the scheme was prepared personally and handed over to the respondents/beneficiaries by the researcher to collect primary data. In all 300 questionnaires were circulated and the response from the customers is tabulated to bring out the article. The respondents were randomly selected and it is 300 in numbers. The present study is focused on PMJDY Scheme understanding level among the beneficiaries in Kanekal revenue Mandal of Anantapur Revenue District.

### SCOPE OF STUDY

This paper is contemplated to know beneficiaries' understanding and feedback on PMJDY scheme which is aimed to bring downtrodden peoples into banking fold and providing basic financial services to them at affordable cost. For study 300 beneficiaries were selected through Simple Random Sampling technique in Kanekal revenue Mandal.

### STATISTICAL TOOLS AND TECHNIQUES

The present study used the following Statistical Techniques for testing the hypotheses

1. Tables
2. Percentage Analysis
3. Pie Chart

### DATA ANALYSIS AND INTERPRETATION

**TABLE 1: PERSONAL INFORMATION**

Gender of the respondents		
Gender	No. of Respondents	Percentage
Female	189	63
Male	111	37
Total	300	100

Source: Primary Data

Table 1 shows Gender wise distribution of respondents.

**TABLE 2: AGE**

Age of respondents		
Age	No. of respondents	Percentage
18-30	68	23
31-45	119	39
46-60	90	30
61 and above	23	8
Total	300	100

Source: Primary Data

Table 2 shows age wise breakup of respondents'.

**TABLE 3: EDUCATION**

Education qualification of respondents		
Education Level	No. of respondents	Percentage
Illiterate	69	23
5 <sup>th</sup> Standard	126	42
10 <sup>th</sup> Standard	58	19
Intermediate/10+2	22	8
Graduation	16	5
Post Graduation and Above	09	3
Total	300	100

Source: Primary Data

Table 3 shows educational level among the respondents.

**TABLE 4: INCOME LEVEL**

Monthly Income of Respondents		
Income Level	No. Of respondents	Percentage
Below Rs.2000	20	7
2001-5000	65	22
5001-8000	49	16
8001-15000	124	41
15001 and above	42	14
Total	300	100

Source: Primary Data

Table 4 shows income level of the respondents.

**TABLE 5: OCCUPATION**

Occupation of Respondents		
Occupation	No. Of respondents	Percentage
Labor	96	32
Farmers	138	46
Private Employees	04	1
Govt. Employees	03	1
Small Traders	41	14
Others	18	6
Total	300	100

Source: Primary data

Table 5 shows occupation wise distribution of the respondents.

**TABLE 6: MARITAL STATUS**

Marital Status of the Respondents		
Marital Status	No. Of respondents	Percentage
Married	212	71
Unmarried	65	22
Married Single/Divorce/Widow	23	7
Total	300	100

Source: Primary data

Table 6 shows marital status wise distribution of the respondents.

**TABLE 7: PROMOTIONAL TECHNIQUES**

Information about of the PMJDY Scheme Promotional Technique		
Particulars	No of respondents	Percentage
News Papers	48	16
Television Advt	83	28
Pamphlets of Banks	25	8
Internet	6	2
Word mouth	84	28
Campaigns by Banks	54	18
Total	300	100

Source: Primary data

Table 7 shows different promotional techniques used by agencies among that Television advertisement and Banks' campaign stood at top in reaching people.

**TABLE 8: FEED BACK ON PREMIUM (PMSBY)**

Feed Back On Premium of PMSBY (Rs.12/-)		
Feed Back	No of Respondents	Percentage
Very high	03	1
High	15	1
Reasonable	132	44
Low	98	33
Very Low	52	17
Total	300	100

Source: Primary Data

Table 8 shows feedback from the respondents on Premium (PMSBY).

**TABLE 9: FEED BACK ON PREMIUM (PMJJBY)**

Feed Back On Premium of PMJJBY (Rs.330/-)		
Feed Back	No of Respondents	Percentage
Very high	124	41
High	113	38
Reasonable	31	10
Low	24	8
Very Low	08	3
Total	300	100

Source: Primary Data

Table 9 shows feedback from the respondents on Premium (PMJJBY).

**TABLE 10: FEED BACK ON SUM ASSURED IN PMJJBY & PMSBY**

Feed Back On Sum Assured in PMJJBY & PMSBY (Each Rs.200000/-)		
Feed Back	No of Respondents	Percentage
Very high	05	2
High	24	8
Satisfied	212	71
Low	43	14
Very Low	16	5
Total	300	100

Source: Primary data

Table 10 shows feedback from the respondents on sum assured in both policies.

**TABLE 11: FEED BACK ON ENROLLMENT EASE (PMSBY & PMJJBY)**

Feed Back On Enrollment ease		
Feed Back	No of Respondents	Percentage
Very Satisfied	261	87
Somewhat Satisfied	23	8
Neutral	05	2
Dissatisfied	03	1
Very Dissatisfied	08	2
Total	300	100

Source: Primary data

Table 11 shows feedback from the respondents on enrollment easement in both policies.

**TABLE 12: AWARENESS ON OVERDRAFT FACILITY**

Awareness on Overdraft facility		
Awareness	No of Respondents	Percentage
Yes	271	90
No	29	10
Total	300	100

Source: Primary data

Table 12 shows awareness among the respondents on Overdraft facility with PMJDY account.

**TABLE 13: AWARENESS ON RUPAYCARD FACILITY**

Awareness on Rupaycard facility with PMJDY Account		
Awareness	No of Respondents	Percentage
Yes	258	86
No	42	14
Total	300	100

Source: Primary data

Table 13 shows awareness among the respondents on Ruaycard facility with PMJDY account.

**TABLE 14: FEED BACK ON OVERDRAFT FACILITY**

Feed Back On Overdraft facility amount (i.e Max Rs.5000/-)		
Feed Back	No of Respondents	Percentage
Very high	02	1
Somewhat high	09	3
Sufficient	44	14
Low	71	24
Very Low	174	58
Total	300	100

Source: Primary data

Table 14 shows feedback from the respondents on over facility limit with PMJDY account.

**TABLE 15: AWARENESS ON INTEREST RATE ON OVER DRAFT**

Awareness on Interest rate on Over draft facility		
Awareness	No of Respondents	Percentage
Yes	216	72
No	84	28
Total	300	100

Source: Primary data

Table 15 shows awareness among the respondents on interest rate on Over draft facility with PMJDY account.

**TABLE 16: ENROLLMENT TREND FOR THE PMJDY SCHEME**

Enrollment Trends for The PMJDY Scheme		
Enrollment scheme	No of Respondents	Percentage
Only PMJJBY	02	1
Only PMSBY	52	17
Only Both Policies	197	66
Only Overdraft facility	3	1
Both policies and Over draft	46	15
Total	300	100

Source: Primary data

Table 16 shows enrolment trend among the respondents PMJDY account.

### MAJOR FINDINGS OF THE STUDY

1. Beneficiaries are opinioned that premium on PMSBY policy is reasonable unlike premium on PMJJBY policy is high.
2. Sum assured is satisfactory in respect of both insurance schemes
3. Majority people enrolled for both policies under scheme
4. Overdraft facility is quite popular but Maximum overdraft amount is felt very low
5. In promotion of PMJDY Scheme, Television advertisements and Banks' campaigns are most effective.
6. Financial institutions are proactive in enrolling people for the scheme.

### SUGGESTIONS

1. PMJJBY policy premium may be reduced to make it widely acceptable like PMSBY policy.
2. Maximum overdraft amount under the Scheme may be increased.
3. Need to augment awareness of beneficiaries on overdraft facility and RupayCard features.

### CONCLUSION

Financial inclusion under PMJDY Scheme is successfully implemented and complete financial inclusion is happening in short period. The scheme is going to boost downtrodden in upgrading their living standard.

### REFERENCES

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**HRM PRACTICES AND ITS CONTRIBUTION TO LEARNING ORGANIZATION: A LITERATURE REVIEW**

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**ABSTRACT**

*HRM practices are important for organizational success because managing human resources is very challenging task especially when a comparison is made with technology which is advancing at a faster pace and for its effective management, organization requires effective HRM system. Learning organization provides an opportunity for an individual to grow in his overall personality which is achieved through continuous learning. The objective of this study is to study about the HRM Practices and its contribution towards the learning organization and also the analysis of relationship between HRM practices and learning organization. The linkage between HRM practices and learning organization will enable the HR managers to design plans that will be in the benefit of the Organizational success in future. In this study, after carefully observing that the human resources are important for organizational success and with the help of examples from previous academic research, the impact of HR practices and its linkage with the learning organization is depicted. It can be concluded that the way in which the organization manages its human resources and its various policies, procedures contributes in maintaining an environment of learning among the employees and which ultimately leads to the organization's success as a whole.*

**KEYWORDS**

human resource management practices, learning organization.

**INTRODUCTION**

**H**RM practices are an important driver of an organizational success. Good HR practices also energize people working in the organization leading to the personality and career development of an individual at a faster pace. This whole process will eventually help the organization in achieving its goals and in maintaining a learning environment within the organization.

HRM Practices deals with the learning organization or the ability of an organization to learn, which in turn is dependent upon the HRM practices prevalent in an organization. Learning Organizations drive collaborative atmospheres like no other type of organizational approach. Furthermore, and perhaps more importantly, they involve simply doing the right thing and also include giving people hope, increasing satisfaction in the workplace, generating creativity and idea sharing, leveling vertical hierarchies, and augmenting participation. Learning organization provides an opportunity for an individual to grow in his overall personality.

Caligiuri (2013) highlighted that the HRM practices effectiveness is based on certain contingencies in multinational companies. It includes the moving parts such as country-level differences and cross-cultural differences in human resource activities which have a great effect on the HRM practices.

Green (2006) identified about "the direct impact of Human Resource Management (HRM) on organizational performance is positive and significant". It suggested that HRM influences the individual performances positively, job satisfaction and organizational commitment among the employees.

Kim (2005) said that "good employees are supposed to have such characteristics as high satisfaction with their jobs, high commitment towards the organization, high motivation to serve the public and strong intentions to work for the organization willingly and devotedly". Thus, it is contributing in the learning of the organization.

Garavan (2000) determined that routine work of HRM and HRD is in the learning organizations building as: encouraging employees utilizing and managing knowledge; demonstrating networks appropriately; also involving learning in a double-loop system.

Johnson (2000) detailed the best practice or high performance work practices are described as HR methods and systems that have universal, additive, and positive effects on organizational performance.

The researcher has considered the following Human Resource Management Practices in the study:

HRM Practices:

- 1. Recruitment and selection-** Some organizations like public sector adopt centralized recruitment whereas other organizations resort to decentralized system. There can be different sources of recruitment namely internal sources like vacancies, transfers, promotions, retired and retrenched employees, dependents and relatives of deceased and disabled employees or it can be external sources like education and training institutions, search engines, employment exchanges etc. Recruitment technically precedes selection. Selection is the process of matching the qualifications of applicants with job requirements.
- 2. Training and development-** Training is done to increase the skills and knowledge of an individual of doing a job specifically. There are different types of training programs like Orientation training, Job training, Safety training, Promotional training, Refresher training, Remedial training etc. to enhance the skills of employees.
- 3. Performance appraisal-** As defined by Kleiman (2000) performance appraisal is relate to the evaluation of the performances of its employees. It can easily create competitive advantage by the proper application of performance appraisal techniques by establishing performances of the employees at their job in two ways: by directing behaviors of the employees towards objectives of the organization and also ensuring that the objectives are met by controlling and monitoring that behavior.
- 4. Compensation and benefits-** According to Noe (2004), "incentive pay is pay tied to individual performance, profits and other measures of success. Organizations select forms of incentive pay to energize, direct or control employees' behavior. It is influential because the amount paid is linked to predefined behaviors or outcomes".

HR Focus (May 2003), has developed a system of pay, which are as follows:

- Define pay.
- Articulate your compensation philosophy
- Develop job descriptions and job value information.
- Obtain data.
- Establish salaries and ranges.
- Periodically review.
- Communicate.
- Support your policies.

Clark and d' Ambrosio (2005) identified "small or no salary increase and rising cost of health insurance paid by employees have made total compensation in many institutions less competitive".

- 5. Employee relations-** The term employee relations are used for both collectively and individually so as to analyze negative impact of human results from an economic perspective.



**LEARNING ORGANIZATION**

Aydin and Ceylan (2009) described "learning organizations as an organization capacity to develop capabilities to acquire new information and convert that information into knowledge". It is a combined process of internal and external organizational systems alignment, culture of learning, including an emphasis on exploration and information, open communication, staff empowerment, and support for professional development. Learning organization may become the only sustainable source of competitive advantage. Learning organization is responsible for building an organization.

Jackson (2006) defined that the need for the organizations to learn as holistic entities became more pronounced with the onslaught of globalization, favoring learning organization as a means of creating competitive advantage.

Peter Senge (1997) identified a learning organization is where (i) expansion of the employees capacity so as to increase the results of the organization, (ii) thinking patterns, where (iii) aspirations of the employees, (iv) learning is continually done in an organization. It takes a lot of commitment to build a learning organization. There are 5 characteristics of a learning organization: Systems thinking, personal mastery, mental models, building shared vision and team learning.

Systems thinking- The idea of the learning organization developed from a body of work called systems thinking.

Personal mastery- is the commitment of a person doing a job to the learning process. A learning organization is the sum of an individual's learning.

Mental models- These are perceptions of an individual as well as organizations. Also, these models must be changed so as to become a learning organization.

Shared vision- It is important in encouraging the employees so as to learn effectively in the development of a shared vision, because it provides common identities that provide focus and energy for learning. The learning organization tends to have flat, decentralized organizational structures.

Team learning- The advantages of the learning of the team is related to the employees growth which is happening quick and the organization's problem solving capability which in turn is enhanced through access to expertise and more importantly the knowledge.

Pedler, Burgoyne, Boydel (1991) defined that the learning organization is dependent on the training quality of the employees within the organization. A learning organization is characterized by the learning of an organization as a whole and also of its members to a great extent.

The advantages of learning organization are;

1. high levels of innovation are maintained and remained competitive
2. response to external pressures
3. knowledge so as to better form a relationship between resources and customer needs
4. quality of outputs is increased at all levels
5. Corporate image is improved because of people orientation
6. the pace of change is increased

**OBJECTIVES**

The following are the objectives of this research paper:

1. To review HRM practices and its contribution to the learning organization.
2. To provide key insights regarding implementation of HRM Practices.
3. To investigate the relationship between Human Resource Management practices and learning organization.
4. To recommend key HRM Practices that may lead to the improvement in learning organization.

**REVIEW OF LITERATURE****HRM AND LEARNING ORGANIZATION**

Ali (2013) prompted that "there could be a got to review the challenges for operating and its responsibilities in organizations to address the new trends. At a sensible level, it's a requirement to anticipate and indurate the seemingly challenges that are sequent to the immensely hyperbolic competition owing to speedy development of technology, especially, the impact of IT, and internal necessities". With technology up gradations, new breed of 'knowledge workers' in 'learning organizations' can create the differentiation. This intellectual capital can demand abundant nurturing from the enterprise, so as to present back within the form of superior results.

Cabral, Real, Valle, (2011) incontestable that "there is direct association of choice and appraisals practices and each dimensions of human capital with learning. Moreover, biological process practices are related to the worth of human capital, and therefore the choice and appraisal practices are associated with uniqueness".

Baldini (2005) assessed the role of human resources (HR) policies, practices in fostering data sharing (KS), institutional learning and alter (ILAC) within the CGIAR. It's supported interviews and reviews of 60 minutes documents. variety of common 60 minutes policies and practices were found that is classified into six broad classes like Leadership and strategy, organization, staffing, learning and employees development, performance management, rewarding. Whichever approach adopted, 3 factors sway be crucial for success: high leadership support, robust internal communications and an acutely aware and formal link to the organization's strategy.

Green (2006) rumored that organizations that vertically aligned and horizontally integrated operate and practices performed higher and made a lot of committed and glad operate workers UN agency exhibited improved individual and structure performance and so conjointly contributed to the educational of the organization.

Bhatnagar and Sharma (2003) centered on the empirical analysis of strategic roles and structure learning capability. They showed that strategic roles and structure learning capability are absolutely associated with one another and therefore the business partner role of will associate absolutely with the educational capability of the managers, so establishing Associate in nursing empirical link for variables that had solely an abstract relationship.

Budhwar and katou (2003) found that policies of achievement, training, promotion, incentives, benefits, involvement and health and safety are absolutely associated with learning organization.

Greer (2001) showed that the functions are a very important think about a company learning and conjointly in its performance effectively. So their study contributes to the speculation of strategic HRM, wherever it tries to prove however strategic roles are connected conceptually and by trial and error to learning organization capabilities at the social control level.

McCracken and Wallace (2000) prompted that active leadership from high management is important to maximizing the returns from. Lopez, jack and Ordas (2000) analyzed "the relationship between practices and learning organization. The results showed the introduction of techniques like selective hiring, strategic coaching, worker participation in deciding, and contingent reward will increase the flexibility of the organization to learn".

Garavan (2000) aforementioned that "the daily task of human resource development in building of a learning organization as: aiding workers in making and victimization knowledge; establishing applicable networks; and interesting in double-loop learning".

Delaney and Huselid (1996) found that practices that are in harmony with high involvement of strategy, like extremely selective staffing, compensations, and trainings, were absolutely coupled to learning organization and performance.

Senge, (1990) delineated that HRM is capable to supply varied ways in which to assist folks inside the organizations to attain 5 disciplines -- "Personal mastery", "Mental models", "Building shared vision", "Team learning" and "System thinking". Some helpful methods for HRM to play a replacement role are listed below:

1. Personal mastery: Since HRM is additionally chargeable for hiring workers, it'd be necessary to search out if the new workers are actually love their jobs and willing to find out things from their jobs. Recruiting people that have a positive operating perspective can profit the organization to make an improved culture.
2. Mental models: For the aim of coaching their minds, HRM will give folks with atomic weight categories. Additionally, honest rewarding systems are necessary for encouraging workers to be a lot of openness and positive to things and to colleagues and willing to adopt new challenges.
3. Building shared vision: For the aim of building shared vision, HRM must give two-ways communication flows and issue company newsletters in order that folks are going to be easier to carry shared visions of future with commitments and mutual understandings.
4. Team learning: For the aim of team learning, HRM must give on-the-job coaching categories and holding cluster activities or attention-grabbing comes to present folks probabilities to figure and to find out along.

5. System assuming: For the aim of serving to folks think a lot of consistently, HRM must produce pointers of general problem-solving procedures to workers.

## RECOMMENDATIONS/ SUGGESTIONS

It was found that HRM practices have a significant impact in creating a learning organization. But the recommended steps which an organization must follow in order to maintain a cordial learning environment within the organization by recruiting people that have a positive attitude towards their work and this can prove to be beneficial for the organization in maintaining an improved culture. Encouraging workers to openly share their ideas, views about different issues of the organization and also their willingness to adopt new challenges also maintains a positive learning organization. HRM must give communication flows within the organization so that the employees feel free to share visions of future for the organization with commitments and mutual understandings and this will help in building the shared vision. HRM must also assist to their employees in giving them steps to solve their grievances and conflicts so that a positive learning environment is maintained successfully.

## CONCLUSION

Previous researches have shown that the HRM practices have a significant effect on the organization when it comes to the best performance of the organization or the commitment required by employees of the organization. When employees are satisfied, it results in maintaining a cordial atmosphere within the organization i.e. the employees are willing to learn new processes, policies etc, which ultimately increases the profitability and goodwill of the firm.

As far as some studies are concerned, it is observed that in order to maintain environment of learning within the organization, it comes with the advancement in technology because with the advancement in technology, new breed of knowledge workers would definitely create the differentiation within the organization. And then, this can be utilized and nurtured by the organization to bring in the desired positive superior results. Furthermore, studies also revealed that appraisal practices will bring in the uniqueness and learning in the organization. The studies conducted within the CGIAR revealed the role of human resources (HR) policies, practices in fostering data sharing (KS), institutional learning and alter (ILAC).

It has also been observed that the organizations that are vertically aligned and horizontally integrated operate and practices also contribute to the education of the organization, leading to the learning organization. Moreover, it has also been found that the HR policies of achievement, training, promotion, incentives, benefits, involvement and health and safety are absolutely associated with learning organization. Also, In order to have learning organization, senior managers or leaders must contribute by using their skills in scanning their operative environments well enough and that will in turn help in maximizing the returns to the organization.

Furthermore, it can also be concluded that HRM practices of selective hiring, strategic coaching, worker participation in deciding, and contingent reward will increase the flexibility of the organization to learn. When a worker is given enough importance of allowing him to take important decisions for the firm, this eventually builds a strong relationship of the employee with his organization because then the employee begins to feel a sense of belongingness with the organization, feels motivated and an important part of the organization, also then the flow of knowledge, sharing of ideas, recommendations, suggestions begin to flow. HRM practices including compensations and trainings are also absolutely responsible for learning organization and organization performance.

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### ABSTRACT

*The important objective of KCC scheme are to provide insurance coverage and financial support to farmers in the event of failure of crops as a result of natural calamities, pests and diseases. To encourage the farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture to help stabilize farm income, particularly in disaster years and to support and stimulate primarily production of food crops and oil seeds. The present is conducted to analyze how far these objectives have been fulfilled and to give valuable suggestions for the improvement of the scheme. These major findings and suggestions are brought out from the study through the structured interview schedule. The scheme of KCC is under implementation by state co-operative banks through District Central Co-operative Banks and Primary Agricultural Credit Societies as also the RRB and Commercial banks under the aegis of NABARD. Co-operative banks have the largest share in implementation of the KCC scheme. The scheme has popular both amongst farmers and bankers.*

### KEYWORDS

KCCS, farmer awareness.

### 1. INTRODUCTION

The Kisan Credit Card Scheme was a step towards facilitating the access to short term credit for the farmers from the formal financial institutions. The Kisan credit card scheme was step up in 1998-1999 with three different sub limits such as production, asset maintenance and consumption needs.

The scheme was conceived as a uniform credit delivery mechanism which aimed at provisions of adequate and timely supply of short term credit to the farmers to meet their crop production requirement. The KCC instrument would allow the farmers to purchase agricultural inputs such as seeds, fertilizers, pesticides and also allow them to withdraw some cash for meeting their other crop production related requirements.

The scheme of KCC is under implementation by state co-operative banks through District Central Co-operative Banks and Primary Agricultural Credit Societies as also the RRB and Commercial banks under the aegis of NABARD. Co-operative banks have the largest share in implementation of the KCC scheme. The scheme has popular both amongst farmers and bankers.

#### 1.1 STATEMENT OF THE PROBLEM

Even after fourteen years of the launch of Kisan Credit Card Scheme, many farmers use the card as a production loan and unaware of the benefits provided by the card in the utilization of funds and guidance. There is need for greater publicity to popularize the scheme as also for the evaluation of the farmers. Against these backdrops the present study has been conducted.

#### 1.2 IMPORTANCE OF THE STUDY

The importance of KCC is very helpful to farmers to avail credit for their agricultural activity. It is an innovation in the field of credit which is implemented through the bank to provide financial security to farmers at grass root level. The KCC has gained greater significant in the present scenario of farmers suicide and guaranteeing agricultural insurance against natural calamities. An analysis of farmer's suicide was the financial problem due to borrowing money from informal sources like money lenders, private financial institutions.

The credit from informal sources normally possesses an increased rate of interest. To overcome this situation a model scheme was formulated by NABARD. The scheme has been launched to provide timely and adequate credit support to their production needs in an effective manner. It provides short term credit to farmers.

#### 1.3 OBJECTIVE OF THE STUDY

The main objectives of the study are as follows:

- To study the farmers perception on KCC.
- To study the adequacy of credit provided through KCC.
- To know the repayment performance of KCC beneficiaries.
- To study about the awareness of the Kisan Credit Card holders and their attitude towards Kisan credit card Scheme.
- To review the extend of utilization of Kisan Credit Card at Elappara Grammine Bank
- To examine the practical problems faced by the Kisan Credit Card holder.

#### 1.4 HYPOTHESIS

**H<sub>0</sub>:** The Kisan Credit Holders have no awareness about the benefits available through Kisan Credit Cards

**H<sub>1</sub>:** The Kisan Credit Holders have awareness about the benefits available through Kisan Credit Cards

#### 1.5 METHODOLOGY

The primary data necessary for the purpose were collected from the farmers having kisan credit card at Elappara Panchayath with the help of interview schedule was constructed to elicit information from farmers regarding Kisan Credit Card. All the KCC holders of the Kerala Gramine Bank at Elappara constitute the population of the study. The researcher has adopted convenience sampling for the study. In the study, a sample of 50 respondents were selected from the population. A

structured interview schedule is to be used for collecting primary. The data collected to be analyzed through simple statistical techniques like Average method, simple percentage method, mean, standard deviation etc. The secondary data necessary for the study have been collected through annual reports, books, journals and published papers.

#### 1.6 LIMITATIONS OF THE STUDY

- Time limit is the major limitation. So in depth study or analysis is not possible.
- The study is to be conducted in Elappara Panchayathu of Idukki district only.
- Information collected from 50 respondents only

## 2. REVIEW OF LITERATURE

### 2.1 INTRODUCTION

Kerala Gramin Bank (KGB) is a Regional Rural Bank (RRB) formed on 08/07/2013, under the Sub-Section (1) of Section 3 of the RRB Act 1976 (27 of 1976). The bank was formed by amalgamating the two RRBs of Kerala namely South Malabar Gramin Bank and North Malabar Gramin Bank through a notification by the government of India. The head office of Kerala Gramin Bank is at Malappuram and the sponsor bank is Canara Bank. Kerala Gramin Bank is the largest Regional Rural Bank in the country with a total business of above 15,000 Crore and a network of 542 branches spread all over Kerala. It is having dominant presence in all the 14 districts of Kerala State and is the only RRB in the State.

The share capital of the bank is 2 Crore contributed by the Central Government, State Government and Sponsor Bank in the ratio 50:15:35 respectively. As on 08.07.2013 Bank's total Deposits stood at 7306 Crores and total advance at 7707 Crore. The CD Ratio of the bank is 105%. The Bank has a well dedicated team of 2700 odd staff members.

The main focus of the bank is to initiate appropriate intervention for overall economic upliftment of the people of Kerala by giving financial assistance to the sectors like Agriculture, Micro, Small and Medium Enterprises, education, housing, micro-credit, weaker sections, SC/ST communities etc.

KGB has carved a niche for itself through its 36 year old history of dedicated and customized service to the clientele by its predecessor RRBs. With 542 branches as on 21/01/2014, it is the third largest bank in Kerala in terms of branch network. Further, its CD ratio is the highest among major banks of Kerala. KGB leads other Banks in the state in the number of persons assisted under Kisan Credit Card (KCC) and SME (Priority) schemes.

For the past 36 years the predecessor RRBs of the bank have succeeded in building warm relationship with its customers. Now KGB's objective is to intensify this relationship further and thus emerge as a strong, vibrant and socially committed 'Kerala's Own Bank'.

### 2.2 HISTORY OF KERALA GRAMIN BANK

Kerala Garmin Bank is India's largest Regional Rural Bank (RRB) with ₹18,000 crore of business, headquartered at Malappuram in Kerala, India. The bank is jointly owned by Government of India, Government of Kerala & sponsored by Canara Bank KGB has the third largest branch network among all the commercial banks operating in Kerala with 541 branches, 4 service branches, 9 regional offices, more than 125 ATMs and 294 kiosk banking outlets across the state. The Credit-Deposit Ratio of the bank is 107%, which is the highest among all major banks of Kerala. The bank was formed by amalgamating North Malabar Gramin Bank and South Malabar Garmin Bank in 2013. As a fully Government owned undertaking, KGB is in the forefront in meeting its social commitments and also in implementing various Government formulated policies and schemes. It is having dominant presence in all the 14 districts of Kerala State and is the only Regional Rural Bank in the State. The bank achieved 20% growth in the last financial year & plan to take the branch network to 1,000 in a couple of years.

### 2.3 KISAN CREDIT CARD – AN OVERVIEW

Agriculture continue to be an important sector of the economy with 18% share in the GDP, provides employment to nearly 2/3 of the work force in the country. Agriculture at present has undergone a significant shift from the subsistence level of production to market oriented production. Diversification and commercialization in agriculture has resulted in shifting of cropping pattern from traditional crops to high value crops and new markets.

Institutional credit, which played a very significant role in the development of agriculture sector. Thus credit acted as means to provide control over resources to enable the farmers to acquire the required capital for increasing agricultural production. The success of Green Revolution in Indian agriculture to a large extent laid on institutional credit support to agricultural sector in terms of expansion in inputs like fertilizers, irrigation, private capital formation etc.

### 2.4 AGRICULTURAL CREDIT DELIVERY SYSTEMS

Institutional credit dispensation systems for agriculture in India only a brief history starting with the setting up of co-operative societies in 1904. However, coverage of these societies to meet the credit requirement was so limited in certain pockets and negligible, that almost entire credit requirement of the farming community was met by informal money lending resources till 1950s. The recommendations of all India rural credit survey committee (1951-1954) has laid down the foundation of the institutional frame work for establishing a sound credit delivery system for financing agriculture and allied activities. The entry of commercial bank with bank nationalization in 1969 and the emergence of RRB in 1975 give wider reach to the short term credit delivery system of the country.

Though several suggestions for provision of credit through single source, including by the national commission for agriculture, the basic characteristics of the credit dispensation in India remained as multi product and multi-agency approach especially in 1970 and 1980s.

Under the system each farmer had the flexibility to approach an agency of his choice for an investment as per the standard stipulation laid down by the agency. Again component of investment credit or production credit would exclude maintenance cost as it presumed that maintenance is a recurring cost which the farm enterprises can meet out of its operational surplus. It was also presumed that the credit need of the firm and that of the investor are independent and mixing up of the same will adversely affect the economics of the firm: hence, no effort was made to cover the later by the institutional credit along with the farmer.

The functioning of the multi credit product approach has a number of intrinsic and structural rigidities, making most of the products inefficient and reducing its utility to sub optimal level. Very often the line of credit was made supplier friendly so as to make its operation to the minimum. The complicated credit environment created by the multiple credit delivery systems in rural area duplicated work load increasing the social cost associated with it.

The structure of the Agricultural Credit Delivery Systems (ACDS) in the country, evolved over the years, comprises of institutions in the formal and informal sector. In the formal sector, a multi-agency approach has been adopted and includes co-operatives, commercial Banks and RRB. The informal sector operates through non-institutional sources like money lenders, traders, merchants, commission agents, friends and relatives etc....

### 2.5 AGRICULTURAL CREDIT DELIVERY STRATEGY

The credit strategy for agricultural development in the country was founded on philosophy of "growth with equity". Various measures like administered interest rates, setting targets of lending to the agricultural sector, coupled with availability of refinance to the banks at softer terms had helped in increasing the flow of credit to the agricultural sector. Stipulating the targets to the bank ensured access of credit to marginal small farmer's. Loan to this group were made available at softer terms. Examples: lower down payment, longer maturity period and lower rate of interest.

### 2.6 KISAN CREDIT CARD

Recognizing the limitations of multi credit product and multi-agency approach, a stronger view emerged among policy makers particularly since the early 90s, on the need for an "integrated credit" product for accelerating sector specific development process. The introduction of a new credit product called 'Kisan Credit Card' in 1998-1999 with three different sub limits i.e.; production, asset maintenance and consumption needs is a step in this direction. This brings integration in to the multi credit product system by offering farm entrepreneur a single line of credit through a single window for multiple purposes. These includes acquisition of farm assets, maintenances thereof and meeting families intervening consumption needs. The introduction of an innovative credit product called KCC in 1998-1999 was essentially designed by NABARD, as an integrated product to address the challenge.

### 2.7 CONTENTS OF KISAN CREDIT CARD

Beneficiaries covered under the scheme are issued with a credit card and a pass book or a credit cum pass book incorporating the name, address, particulars of land holding, borrowing limit, validity period, a passport size photograph of holder etc. which may serve both as an identity card and facilitate recording of transactions on ongoing basis. Borrower is required to produce the card cum passbook whenever he operates the accounts.



**2.7.1 OBJECTIVES OF KCC SCHEME**

The following are the important objectives of KCC scheme:

1. To provide insurance coverage and financial support to the farmers in the event of failure of crops as a result of natural calamities, pests and diseases.
2. To encourage farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture.
3. To help stabilize farm income, particularly in disaster years.
4. To support and stimulate primarily production of food crops and seeds.

**2.7.2 FEATURES OF THE KCC SCHEME**

The following are some of the Main features of KCC scheme:

- Eligible farmers are to provide with KCC and a passbook or a card cum passbook.
- Revolving cash credit facility involving any number of withdrawals and repayment within the limit.
- Limit to be fixed on the basis of operational land holding, cropping pattern and scale of finance.
- Entire production credit needs for full year plus ancillary activities related to crop production to be considered while fixing the limit.
- Sub-limits may be fixed at the direction of banks.
- Card valid for three years subject annual review. As incentive for good performance, credit limit could be enhanced to take care of increase in cost, change in cropping pattern etc.
- Each withdrawal to be repaid within a maximum period of 12 months.
- Conversion or re-scheduling of loans also permissible in case of damage to crops due to natural calamities.
- Security, margin, rate, of interest etc. as per RBI norms.
- Operations may be through issuing branch through other designated branches at the discretion of the bank.
- Withdrawals through slips or cheques accompanied by card and passbook.

**2.8 ADVANTAGES OF KCC SCHEME****ADVANTAGES TO FARMERS**

- Access to adequate and timely credit to farmers.
- Full year credit requirement of the borrowers taken care of.
- Minimum paper work and simplification of documentation for withdrawals of funds from the bank.
- Flexibility to draw cash and buy inputs.
- Assured availability of credit at any time enabling reduced interest burden of the farmers.
- Sanction of the facility for 3 years subject to annual review and satisfactory operation and provision for enhancement.
- Flexibility of withdrawals from a branch other than the issuing branch at the discretion of the bank.

**ADVANTAGES TO THE BANKERS**

- Reduction in work load for branch staff by avoidance of repeat appraisal and processing of loan papers under KCC scheme.
- Minimum paper work and simplification of documentation for withdrawals of funds from the bank.
- Improvement in recycling of funds and better recovery of loans.
- Reduction on transaction cost to the banks.
- Better banker – client relationship.

**2.9 RASHTRIYA KRISHI BIM YOJANA**

Crop loans disbursed under KCC scheme for notified crops are covered under Rashtriya Krishi Bhima Yojana (RKBY). All farmers including share croppers, tenant farmers growing insurable crops are covered. 50% subsidy in premium allowed to small and marginal farmers, to be shared equally by the Govt. of India and state Govt. or union territory.

**2.10 IMPLEMENTATION ASPECTS OF THE KCC SCHEME**

The State Co-operative Banks (SCB), were first to launch the KCC scheme based on the model scheme circulated by NABARD in August 1998. Based on the instructions of the SCB, District Central Co-operative Banks introduced the scheme.

**2.10.1 ELIGIBILITY NORMS**

As almost one decade has been passed since introduction the KCC scheme, several changes has been experienced in eligibility norms of farmers for availing KCC. In case of primary agricultural credit societies, all the members with operational holdings who were not defaulters were eligible for insurance of KCC. Accordingly, the PACS secretary restricted the insurance of the KCC takings in to account the credit history of the member. If the credit card has been issued and it was not operational and caused to be operational once the loan disbursed was defaulted.

**2.10.2 CREDIT LIMIT**

Initially, while circulating the model scheme on KCC among the banks, RBI and NABARD had recommended KCC for the farmers where requirement of crop loan was Rs.5000 and more. However, this ceiling was subsequently waived and all the banks were advised that they could work out their own loan limit or ceiling.

**2.10.3 FIXATION OF CREDIT LIMIT**

The model scheme had stipulated that credit limit under KCC may be fixed on the basis of operational land holding, cropping pattern and scale of finance as recommended by the District Level Technical Committee or State Level Technical Committee. Whenever the DLTC/SLTC have not recommended scale of finance for the crops or in the opinion of the bank, recommended lower scales than the required amount, banks were allowed to fix appropriate scale of finance of the crop.

**2.10.4 CREDIT LIMIT FOR AGRICULTURE AND ALLIED ACTIVITIES AND NFS**

As per the KCC scheme guidelines, in the beginning all the banks had issued instructions for inclusion of short fund requirement for meeting the needs of allied activities like dairy, poultry or farm machinery as also the working capital requirement for Non-Financial Services (NFS) activities being undertaken by farmers in arriving at the limit. However, there is no system of providing credit limit for working capital requirement for agriculture, allied activities and NFS in the KCC itself. The co-operative banks did not provide for working capital requirements for ancillary activities related to crop production, allied activities and NFS.

**2.10.5 CREDIT LIMIT FOR CONSUMPTION AND OTHER TERM LOANS**

The co-operative banks were not able to meet the crop loan requirement of the members of the fullest extent. Therefore, the co-operative banks were not making any provision for consumption loan in the KCC limit sanctioned due to resources constraint.

**2.11 ATM - KISAN CREDIT CARD**

Since KCC like an overdraft subject to predetermined drawing power, agriculture borrower will find it convenient to draw the amount equal to the drawing power. At present the current account overdraft borrowers are allowed to access the ATM subject to their drawing power.

**2.12 REVIEW OF PREVIOUS STUDIES**

This session deals with critique review of previous studies related to kisan credit cards and agricultural sector in the economy.

**Shaik Saleem (2014)**, to reduce the broader dimension of poverty, it is needed to focus on rural development, particularly in agriculture, employment, health, education and nutrition. Agriculture is an important component of most rural economies especially in the developing countries. It is the size of agriculture within the local economy is sometimes used to define reality. Therefore, any successful rural development strategy will contain an agricultural development component; but they are not the same thing. The banks have a huge potential in Rural India. Even though the role of the banks in rural India is more of social responsibility and obligation, considering the potential of the rural India the banks would be largely benefited monetary wise. The purpose of study is analyses the growth in Kisan Credit Card scheme in India. The finding of the study reveal that there is high growth of KCCs since inception and this growth is leading to growth in GDP.



**Dhanabhakayam et.al (2012)**, the KCC instrument would allow farmers to purchase agriculture inputs such as seeds, fertilizers, pesticides and also allow them to withdraw some cash for meeting their other crop production related requirements. Objective of the study (i) To study about the awareness of the Kisan credit card holders and their attitude towards Kisan credit card (ii) To review the extend of utilization of Kisan credit card in Coimbatore district. The sampling unit is confined to the Coimbatore district. The primary data were collected from the farmers interview schedule was constructed to elicit information from farmers regarding Kisan credit card. The secondary data necessary for the study have been collected through pamphlets, brochures, annual reports and of the published papers of Canara bank. The sample size for the study is 66 respondents. Even though there are various agricultural credits provided by the banks.

**Diwas Raj Bista (2012)**, the performance of Kisan Credit Card (KCC) scheme in India has been studied by finding its share in the total amount of loan disbursed to agriculture. The flow of credit through KCCs has been investigated from three types of financial institutions, viz. cooperative banks, regional rural banks and commercial banks in terms of total loan amount, enrolment of membership and amount per card. Region-wise study has revealed a wide disparity in the performance of these institutions. The case study of Bihar has depicted a similar picture with a vast disparity across different districts of the state in terms of amount, number of cards and amount per card. The gross returns and consequently net margins have been found higher for KCC- beneficiary than non-beneficiary farmers. The factors influencing the adoption of KCC scheme and constraints perceived by the farmers have been identified. Some measures have also been suggested to attract more farmers towards the scheme.

**Bhat (2012)**, As 1/3rd of population in India is living in rural areas, there is much necessity for Inclusion of rural people in the financial system. As far as rural credit system is concerned in India, it has many dimensions and informal source of finance was once the only and dominant form of rural credit. The appearance of banks has no doubt reduced the share of informal source but not up to the desired extent. To solve the above problem, NABARD started different programmes to supply adequate credit to farmers, which has made the rural finance system more inclusive and sociable. The present paper deals with the role of Kisan Credit Card as an Instrument for Financial Inclusion and the progress made so far. Objective: 1) to know the conceptual framework of KCC. 2) To analyse the progress done by banks in the implementation of the Scheme. 3) to study the different issues and constraints related to the scheme 4) to provide some suggestions for its effective implementation

**Arvind Sharma (2013)**, the government of India has been launching several schemes for the rural and urban area of the country. But the evaluation or assessment of these schemes is crucial to know the impact among the beneficiaries. The study was conducted in Ashta block of Sehore district of Madhya Pradesh. Due to impact of short term crop loan, highest increase in yield was with wheat crop which amounted to 82.37 per cent. The highest percentage of magnitude of increased income (75.28%) was for wheat crop followed by 68.78 and 46.75 per cent respectively for gram and arhar respectively.

**Sajane (2010)**, Farm credit is a strategic input. The kisan credit card aims at providing timely and adequate credit to the farmers in a cost effective and flexible manner. In addition to credit for crop production, the scheme provides credit for ancillary activities. The scheme is being implemented in the country by all the banks from the year 1998-99. The present study was undertaken with specific objectives to analyze the growth in the number of kisan credit card users, to analyze cost of credit and the adequacy of credit provided under kisan credit card in comparison with credit without kisan credit card. The study used secondary data on kisan credit card issued and amount sanctioned which was collected from District Lead Banks along with primary data relating to borrowing, interest and cost of borrowing etc. from randomly selected 60 kisan credit card and 60 non- kisan credit card sample farmers. The data pertained to the crop year 2008-09. The growth of kisan credit card users in the Belgaum district was negative (-393.38 %) and on the other hand, in Sangli district, the growth was positive (36.18 %). The total cost of credit as percentage of borrowed amount was higher in the non- kisan credit card category (11.06 %) as compared to that in the kisan credit card (4.77 %). It was also evident that the credit given by the banks for food crops (jowar and paddy) was less as compared to that for cash crops (potato, sugar cane and soybean).

**Diwas Raj Bista et.al (2013)**, the performance of Kisan Credit Card (KCC) scheme in India has been studied by finding its share in the total amount of loan disbursed to agriculture. The flow of credit through KCCs has been investigated from three types of financial institutions, viz. cooperative banks, regional rural banks and commercial banks in terms of total loan amount, enrolment of membership and amount per card. Region-wise study has revealed a wide disparity in the performance of these institutions. The case study of Bihar has depicted a similar picture with a vast disparity across different districts of the state in terms of amount, number of cards and amount per card. The gross returns and consequently net margins have been found higher for KCC beneficiary than non-beneficiary farmers. The factors influencing the adoption of KCC scheme and constraints perceived by the farmers have been identified. Some measures have also been suggested to attract more farmers towards the scheme.

**Faruqu (2012)**, Provision of timely and adequate credit has been one of the major challenges for banks in India in dispensation of agricultural and rural credit to the farmers. Constant innovation is required in order to achieve the aim. Agricultural credit cards are not a new concept in the field of agricultural banking in India. The scheme had already been introduced in a number of public sector banks in a few states much earlier. These schemes were niche-marketed and were exclusively preserved for the privileged class of farmers and the small and marginal farmers did not have much access to them. Similarly, cash credit facilities were being extended by several public sector banks and cooperative banks to farmers with the view to improving their access to credit. Again this scheme was used only selectively. The KCC scheme was started by the Government of India (GOI) in consultation with the RBI (Reserve Bank of India) and NABARD (National Bank for Agricultural and Rural Development) 1998-99 to join the features of both these schemes and to overcome their shortcomings.

**Bansal (2014)**, Indian Economy is largely dependent upon agriculture as majority of its population is employed in it. Indian agriculture has been relying on mercies of monsoons for its survival. But still certain other inputs which contribute significantly in the growth of agriculture are necessary. For acquiring the essential inputs and for financing activities, the Indian farmer needs credit. Thus, the role of credit in agricultural economy is crucial and it helps in enhancing productivity and promoting standard of living of the farmers. Farmers heavily depend on non-institutional sources of credit due to frequent needs, inadequate availability of institutional credit, unnecessary delays, cumbersome procedure and improper practices adopted by institutional lending agencies. Provision of timely and adequate credit has been one of the major challenges for banks in India in dispensation of agricultural and rural credit to the farmers.

**Meena & Reddy (2011)**, In India, The Kisan Credit Card Scheme was initiated in 1998-99 providing entrance to short term credit in the agricultural sector. The paper vitally examines the growth in Kisan Credit Cards issued, pattern of credit acquisition by the farmers, its impact on farmer's income and constraints faced by the farmers holding Kisan Credit Card (KCC) across Karauli district in Rajasthan State, India. The study used both primary and secondary data from the year 2001 to 2011 used for analyzing the objectives. Stratified random sampling method was used for Selection of samples. The results revealed that the number of kisan credit cards (KCC) issued from past 10 years was continuously positive and is increasing in the Commercial Banks (29.80), Regional Rural Banks (19.57) whereas Co-operative Banks (-6.76) are showing decline trends. The study also examines that; Commercial Banks are the major source for farmers for the credit which sanctioned Rs. 8,156 lakhs (77.23%) of the total credit given by the banks to the farmers.

**Thakur (2013)**, More than 60% of our people depend upon agriculture for their livelihood. Agriculture at present has undergone a significant shift from the subsistence level of production to market oriented production. Institutional credit has played a very important role in the development of the agricultural sector. Credit played an important role by facilitating technological up gradation and commercialization of agriculture. Recognizing the limitations of multi-credit product and multi-agency approach, a stronger view emerged among policy makers on the need for an 'integrated credit' product for the accelerating sector/area/activity specific development process. This resulted in the introduction of a new credit product called 'Kissan Credit Card' (KCC) in 1998-99. The Kissan Credit Card scheme was a step towards facilitating the access to short-term credit for the borrowers from the formal financial institutions. This scheme has facilitated the availability of credit in time and has simplified the procedure for availing loan from banks to a large extent.

**Shinde (2011)**, Credit is one of the critical inputs in agriculture and an effective means of rural development in India. The study was undertaken to assess the impact of Kissan Credit Card (KCC) scheme on farm economy and factors influencing adoption of scheme and constraints faced by the farmers. The informal sources of finance, be they local money lenders, landlords, traders, etc., charge more than 20% rate of interest, often keep land as collateral against loan and have a very high recovery rate. A comprehensive credit policy was announced by the Government of India on 18 June 2004, containing measures for doubling agriculture credit flow in the next three years and providing debt relief to farmers affected by natural calamities.

**Ahirwar (2012)**, Kisan Credit Card has emerged as an innovative and indispensable credit delivery mechanism to meet the credit needs of farmers in a timely and hassle free manner. Realizing its potential for simplifications of loan procedures and in reducing the drudgery of cumbersome documentations to issue the Kisan

Credit Cards to farmers on the basis of their holding for uniform adoption by the banks so that the farmers may use them to readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc., and draw cash for their production needs. The present study was carried out during the year 2009-10, in Ashoknagar district of Madhya Pradesh with 300 KCC holders. The results revealed that the majority of KCC holders fully utilized the credit for the productive purpose. About 83 percent amount of total loan disbursed was properly utilized by sample KCC holders.

**Parwate (2012)**, Kissan Credit Card (KCC) emerged as an innovative credit delivery mechanism to meet out production credit requirements of the farmers in a timely and adequate manner. Realizing its potential for simplifications of loan procedures and in reducing the drudgery of cumbersome documentations to issue the Kissan Credit Cards to farmers on the basis of their holding for uniform adoption by the banks so that the farmers may use them to readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc., and draw cash for their production needs. The present investigation was carried out during the year 2009, in two purposively selected block of Raipur district of Chhattisgarh state with 120 KCC holders. The results revealed that the majority of them utilized the KCC benefits for crop insurance (95.6%), obtained loan up to maximum allotted limit (93.6%), utilized whole amount of loan for the purpose for which it was drawn/obtained (85.3%), utilized the loan facilities under KCC for all the cropping season (40.0%).

**Sunder (2014)**, Institutional credit has played a very important role in the development of the agricultural sector. In fact, credit acted as a means to provide control over resources to enable the farmers to acquire the required capital for increasing agricultural production. The major success of green revolution in Indian agriculture to a large extent is the impact of institutional credit support to the agricultural sector in terms of expansion in inputs like fertilizers, irrigation, private capital formation, etc. The introduction of a new credit product called 'Kissan Credit Card' (KCC) in 1998-99 with three different sub-limits viz. production, asset maintenance and consumption needs are a step in this direction. Since inception of the scheme up to March 2012, banking system has issued 124365 numbers of KCCs in the Jammu & Kashmir state. The corresponding number of cards issued at all India level as on October, 2011 has been 1078.36 lakh

**Sudhakar Patra (2012)**, the objective of the paper is to analyses the impact and determinants of credit under Kissan (Farmer) Credit Card (KCC) scheme in India. The KCC came into existence in 1998-99 as a credit product that allowed farmers the required financial liquidity and avail credit when it was absolutely needed, providing flexibility, timeliness, cost effectiveness and hassle free services to the farmers. Out of the 300 farmers interviewed, 76 per cent of total sample farmers felt that the KCC was very much farmer friendly. The KCC holders got benefits like, (i) meeting credit requirements for crop cultivation for the whole year, (ii) availability of credit whenever the credit is needed, (iii) flexibility in drawing cash/buying inputs from any supplier of choice, (iv) reduction in quantum of interest due to withdrawal flexibility, (v) reduction in cost of credit for availing the bank loan etc. Cost of Cultivation (0.4428) as a whole influence significantly to the credit requirement under KCC compared to other variables, i.e. Consumption Loan (0.1236) and Loan for Non-farm sector (0.2241). the issue of credit cards by banks increased up to 2001-02, significantly decreased in 2002-03 and increased steadily thereafter till 2010.

**Gandhimathi (2014)**, many policy measures were undertaken to bring financial inclusion in agricultural sector in India. But they were not able to cater the credit needs of the marginal and small farmers. Hence, to cater the credit needs of the farmers other than agricultural purposes, to meet the consumption needs, to avoid misutilisation of credit, to have equitable distribution of credit and to achieve financial inclusion in the agricultural sector, Kissan Credit Card Scheme was introduced in 1998-1999. Since the main objective of Kissan Credit Card system is to improve the credit accessibility of the farmers and financial inclusion, an attempt was made to analyses the impact of Kissan Credit card scheme on agricultural financial inclusion in India. The findings of the study showed that the lone outstanding in the direct agricultural credit was higher for the co-operatives than the scheduled commercial banks till the year 1983-84. At the end of the pre Kissan Credit Card period, the outstanding loan amount for the co-operatives was Rs.213.90 core whereas it was Rs.284.45 core for the scheduled commercial banks.

### 3. ANALYSIS AND INTERPRETATION

#### 3.1 GENDER-WISE CLASSIFICATION

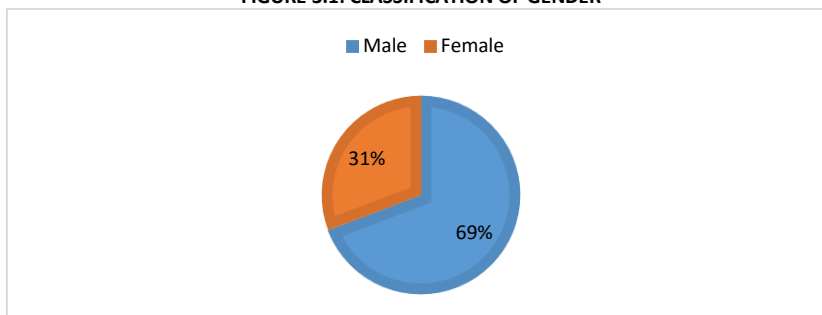
TABLE 3.1: CLASSIFICATION OF GENDER

Category	Frequency	Percent
Male	27	69.2
Female	12	30.8
Total	39	100.0

Source: Primary Data

Table No.3.1 shows that gender-wise classification of respondents. Out of the total respondents, 69 percent where male and 31 percent where female. From the given sample respondents it is clear that most of the respondents were male.

FIGURE 3.1: CLASSIFICATION OF GENDER



#### 3.2 AGE WISE CLASSIFICATION

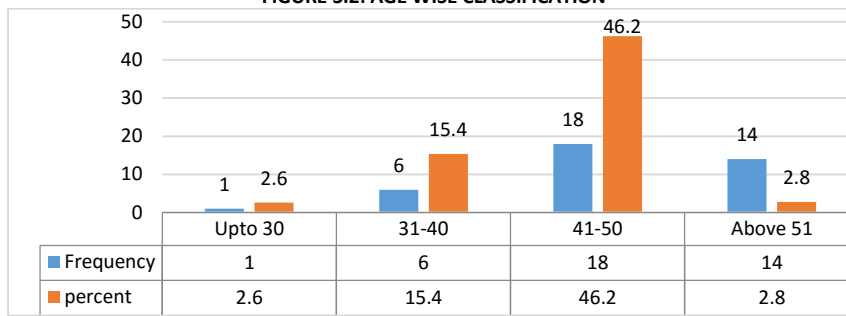
TABLE 3.2: AGE WISE CLASSIFICATION

Category	Frequency	Percent
Up to 30	1	2.6
31-40	6	15.4
41-50	18	46.2
Above 51	14	35.9
Total	39	100.0

Source: Primary Data

Table 3.2 shows that age wise classification of respondents. From the 39 sample respondents 46 percent where 41-50 age group 36 percent where above 51 age group,15.4 percent 31-40 age group and 2.6 percent is of age group of below 30. From here concluded that most of the respondents where between age group of 41 to 50.

FIGURE 3.2: AGE WISE CLASSIFICATION



3.3 EDUCATION WISE CLASSIFICATION

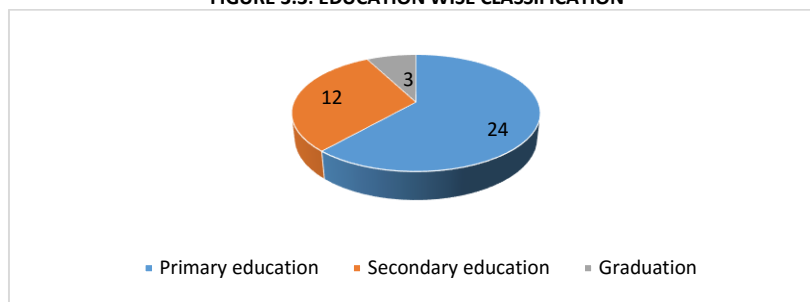
TABLE 3.3: EDUCATION WISE CLASSIFICATION

Category	Frequency	Percent
Primary Education	24	61.5
Secondary Education	12	30.8
Graduation	3	7.7
Total	39	100.0

Source: Primary Data

Table 3.3 shows that from the 39 sample respondents' classification of education determined that 61 percent where Primary educated 31 percent where Secondary educated and 7 percent where graduated personalities.

FIGURE 3.3: EDUCATION WISE CLASSIFICATION



3.4 INCOME WISE CLASSIFICATION

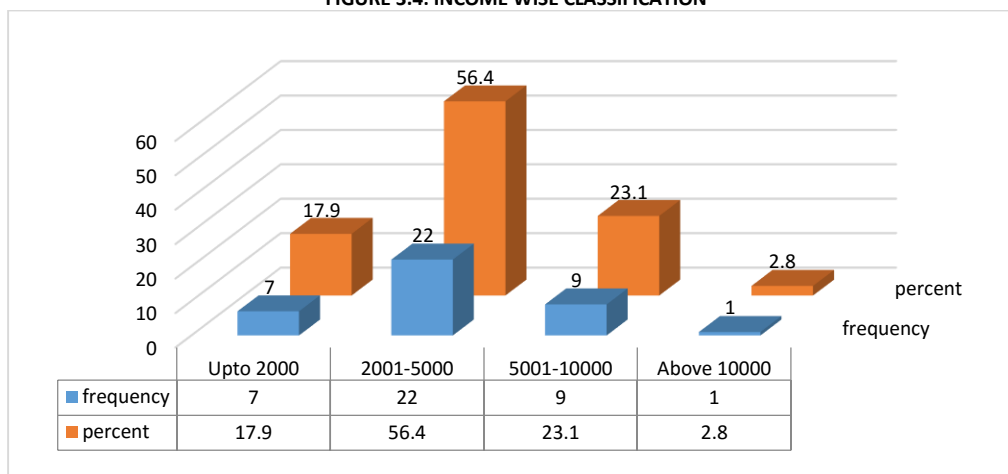
TABLE 3.4: INCOME WISE CLASSIFICATION

Category	Frequency	Percent
Up to 2000	7	17.9
2001-5000	22	56.4
5001-10000	9	23.1
Above 10000	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.4 shows that from the 39 sample respondents classification of income determined that 56 percent where the income between 2001-5000 23 percent where the income between 23 percent 18 percent where below the income of 2000 and 2.6 percent where above the income of 10000.

FIGURE 3.4: INCOME WISE CLASSIFICATION



3.5 PROCEDURE OF BANK IN K.C.C

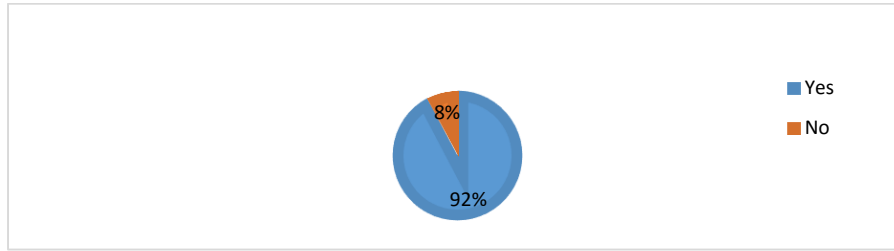
TABLE 3.5: PROCEDURE OF BANK IN K.C.C

Condition	Frequency	Percent
Yes	36	92.3
No	3	7.7
Total	39	100.0

Source: Primary Data

Table 3.5 Shows that banks procedure for withdrawing funds through K.C.C scheme. Out of the total respondent's majority opined that it was simple. In this study we find out that the banks are maintain very close relationships with the society

FIGURE 3.5: PROCEDURE OF BANK IN K.C.C



3.6 ATTITUDE OF BANK

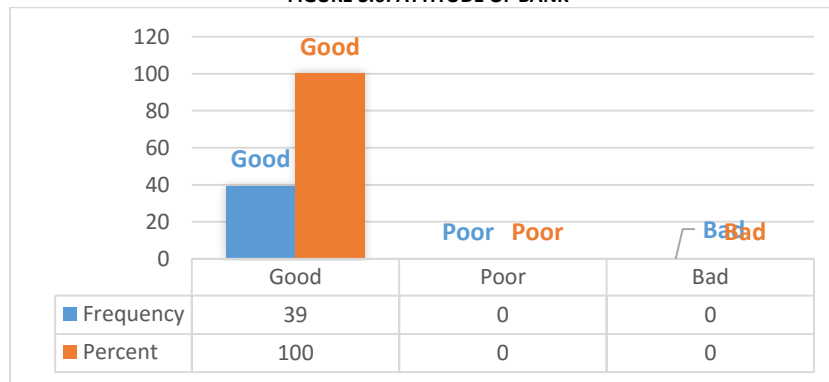
TABLE 3.6: ATTITUDE OF BANK

Condition	Frequency	Percent
Good	39	100.0
Poor	0	0.0
Bad	0	0.0
Total	39	100.0

Source: Primary Data

Table 3.6 Shows that the attitude of bank towards its Kisan Card holders. Out of these study cent per cent age of respondents are agreed to the attitude of the bank towards the card holders are good.

FIGURE 3.6: ATTITUDE OF BANK



3.7 PURPOSE OF CREDIT

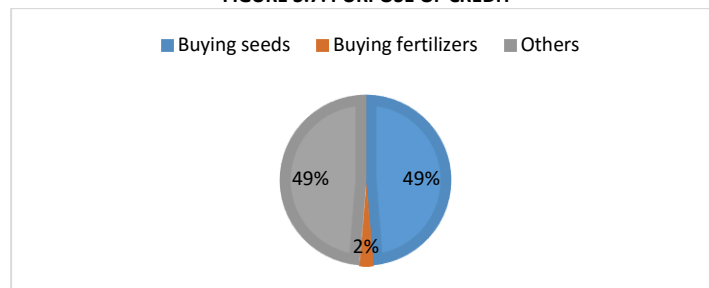
TABLE 3.7: PURPOSE OF CREDIT

Category	Frequency	Percent
Buying Seeds	19	48.7
Buying Fertilizers	1	2.6
Others	19	48.7
Total	39	100.0

Source: Primary Data

Table 3.7 Shows that the bank provide credit for agricultural purpose and sustainable development. The purpose of credit where categorized are buying seed, buying fertilizers and other purpose. Out of the total respondents 49 percentage use it for buying seeds and remaining respondents use fund for non-agricultural purpose.

FIGURE 3.7: PURPOSE OF CREDIT



3.8 NEED BASED CREDIT

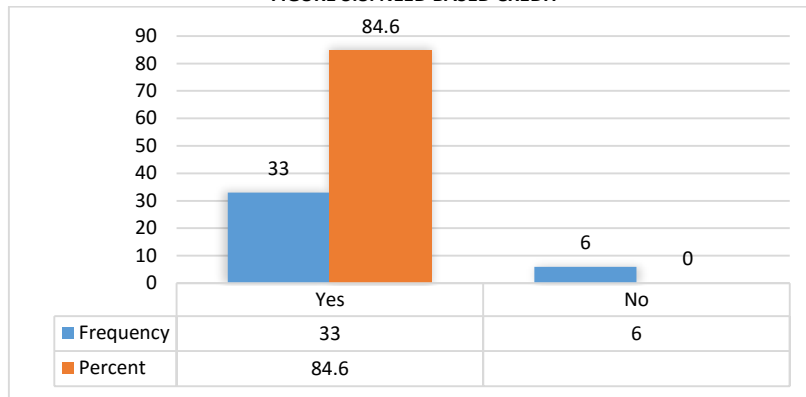
TABLE 3.8: NEED BASED CREDIT

Condition	Frequency	Percent
Yes	33	84.6
No	6	15.4
Total	39	100.0

Source: Primary Data

Table 3.8 Shows that the beneficiary get credit whenever needed. Need occurring to natural calamities, insects attack, plant dices etc. 85 percentage of the respondents opined that credit is available based on their needs.

FIGURE 3.8: NEED BASED CREDIT



3.9 ADEQUACY OF CREDIT

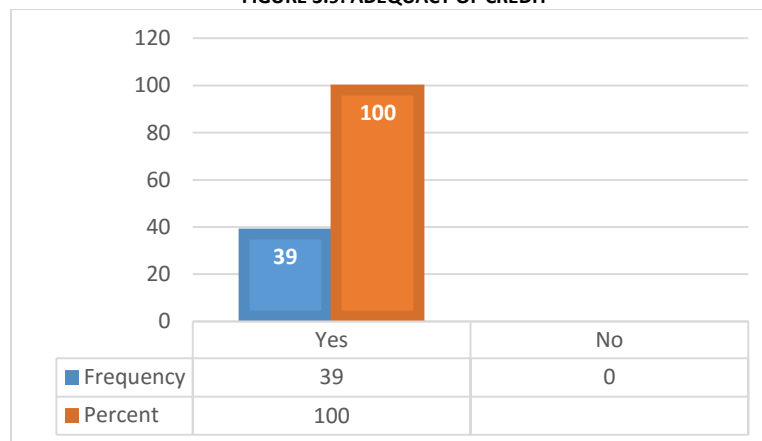
TABLE 3.9: ADEQUACY OF CREDIT

Category	Frequency	Percent
Yes	39	100.0
No	0	0.0
Total	39	100.0

Source: Primary Data

Table 3.9 shows that the credit availability was adequate to meet their needs. Cent percentage of the respondents shows that available credit was adequate to meet their needs. This shows that the bank provides enough fund to meet the beneficiaries' needs and this was a positive sign of the bank in providing credit

FIGURE 3.9: ADEQUACY OF CREDIT



3.10 FREQUENCY OF OPERATION

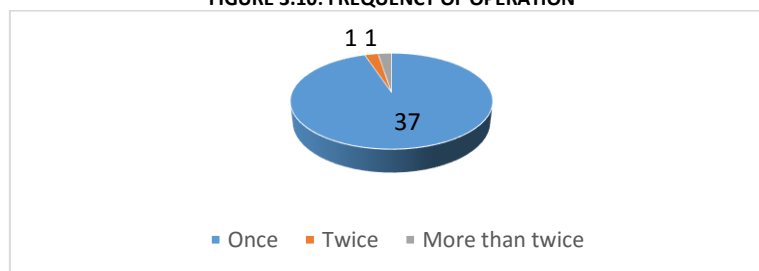
TABLE 3.10: FREQUENCY OF OPERATION

Category	Frequency	Percent
Once	37	94.9
Twice	1	2.6
More Than Twice	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.10 shows that frequency of operation of Kisan Credit Card in a year. It categorized as once in a year, twice in a year and more than twice in a year. Out of the total respondents as percent 95 percentage opined that the frequency of operation is once in a year

FIGURE 3.10: FREQUENCY OF OPERATION



3.11 LOAN REPAYMENT

TABLE 3.11: LOAN REPAYMENT

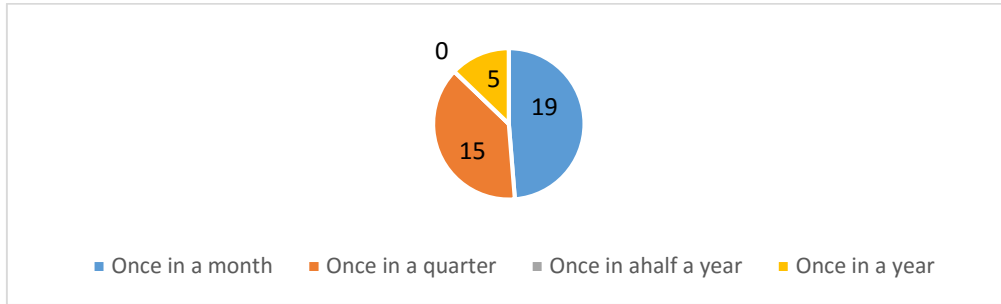
Category	Frequency	Percent
Once In A Month	19	48.7
Once In A Quarter	15	38.5
Once In Half A Year	0	0.00
Once In A year	5	12.8

Source: Primary Data



Table 3.11 shows that regularity in repayment of the loan amount. Out of this 49 percentage respondents are repaying the loan amount as once in a month and the remaining 38 percentage are the respondents are repaying the loan amount as once in a quarter

TABLE 3.11: LOAN REPAYMENT



3.12 REGULARITY IN REPAYMENT

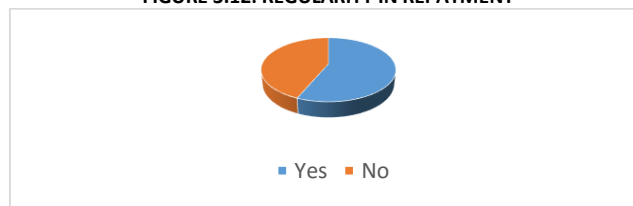
TABLE 3.12: REGULARITY IN REPAYMENT

Condition	Frequency	Percent
Yes	22	56.4
No	17	43.6
Total	39	100.0

Source: Primary Data

Table 3.12 Shows that the regularity of the respondents in repaying the loan amount of Kian Credit Card scheme. Out of this study 56 percentages of the respondents are regular in repaying the loan and the remaining 44 percentage of the respondents are not regular in repaying the loan amount

FIGURE 3.12: REGULARITY IN REPAYMENT



3.13 DIFFICULTY IN REPAYING THE LOAN

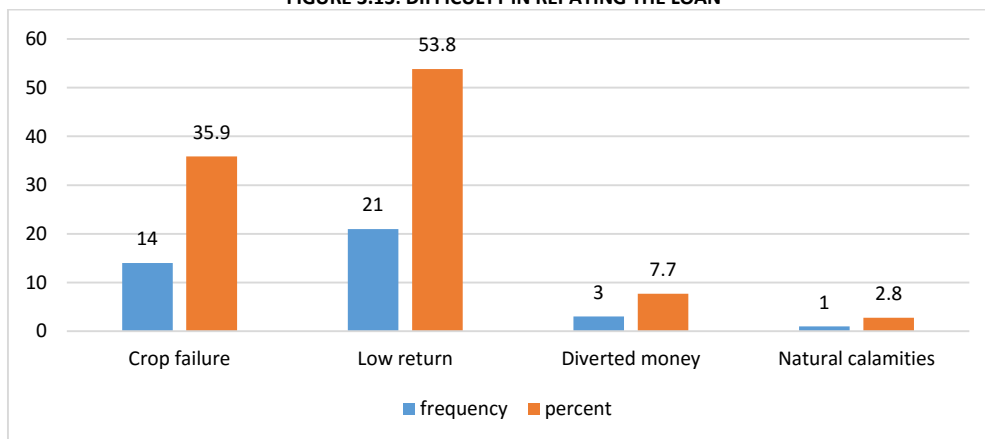
TABLE 3.13: DIFFICULTY IN REPAYING THE LOAN

Case	Frequency	Percent
Crop Failure	14	35.9
Low Return	21	53.8
Diverted Money	3	7.7
Natural Calamities	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.13 Shows that the difficulties faced by the respondents during the loan repayment period. The difficulties where crop failure, low return, divert money and natural calamities. 54 percentage of respondents opined that low return where the major difficulty respondents and 36 percentage of the respondents was crop failure.

FIGURE 3.13: DIFFICULTY IN REPAYING THE LOAN



3.14 INCREASING PRODUCTION

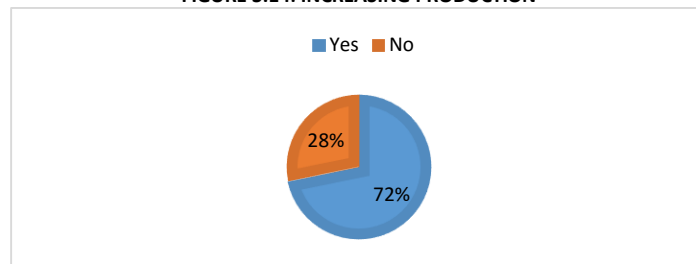
TABLE 3.14: INCREASING PRODUCTION

Category	Frequency	Percent
Yes	28	71.8
No	11	28.2
Total	39	100.0

Source: Primary Data

Table 3.14 Shows that there is any increase in agricultural production after getting credit through Kisan Credit Card scheme to card holders. In this study 72 percentage respondents are increased the agricultural production with the use of Kisan Credit Card scheme and the 28 percentage of the respondents are not increaser in the agricultural production with the use Kisan Credit Card scheme.

FIGURE 3.14: INCREASING PRODUCTION



3.15 APPROACHING MONEY LENDERS

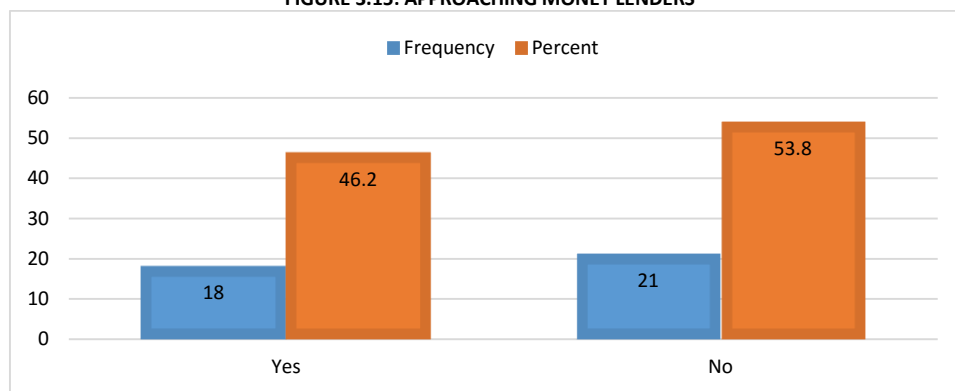
TABLE 3.15: APPROACHING MONEY LENDERS

Condition	Frequency	Percent
Yes	18	46.2
No	21	53.8
Total	39	100.0

Source: Primary Data

Table 3.15 Shows that the card holders are approaching money lenders even after getting Kisan credit. Out of this study 53 percentage of respondents are not approaching the money lenders for taking credit even after getting the Kisan Credit Card but the remaining 46 percentages of respondents are approaching money lenders for taking credit even after getting the Kisan Credit.

FIGURE 3.15: APPROACHING MONEY LENDERS



3.16 INCREASE THE STANDARD OF LIVING

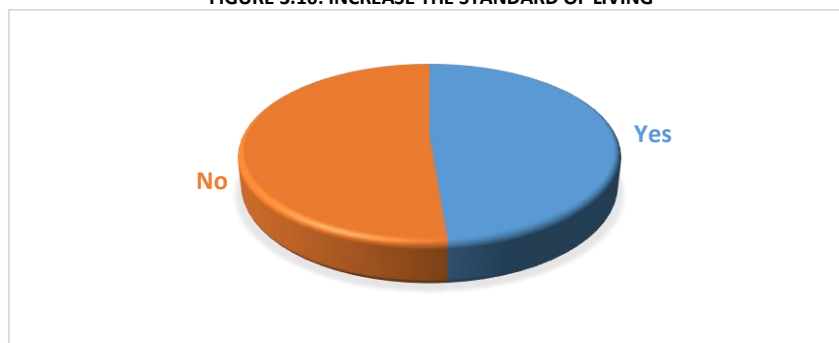
TABLE 3.16: INCREASE THE STANDARD OF LIVING

Condition	Frequency	Percent
Yes	19	48.7
No	20	51.3
Total	39	100.0

Source: Primary Data

Table 3.16 Shows that the standard of living increases the holders of Kisan Credit Car out of the study 51 percentage of the respondents standard of living is not increased but the remaining 49 percentage of respondent's standard of living increases from the Kisan Credit Card scheme.

FIGURE 3.16: INCREASE THE STANDARD OF LIVING



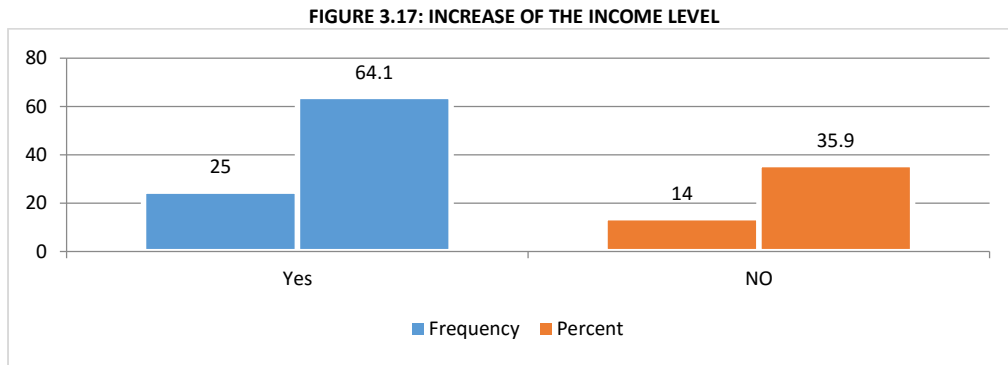
3.17 INCREASE OF THE INCOME

TABLE 3.17: INCREASE OF THE INCOME LEVEL

Condition	Frequency	Percent
Yes	25	64.1
No	14	35.9
Total	39	100.0

Source: Primary Data

Table 3.17 Shows that the increases of the income level of the Kisan Credit Card holders. Out of the study 64 percentage of the respondent's income level is increased with the use of Kisan Credit Card scheme and the remaining 35percentage respondents income level is not increased in the use of Kisan Credit Card scheme



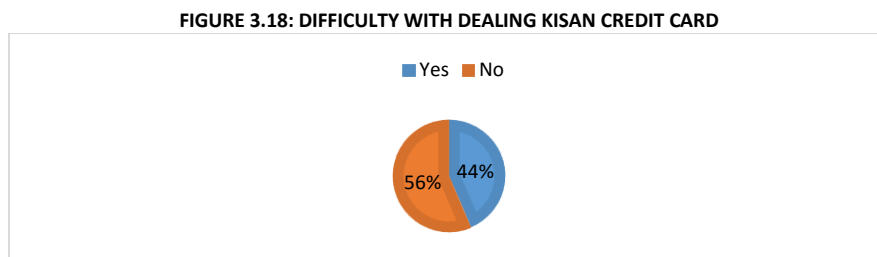
**3.18 DIFFICULTY WITH DEALING K.C.C**

**TABLE 3.18: DIFFICULTY WITH DEALING KISAN CREDIT CARD**

Condition	Frequency	Percent
Yes	17	43.6
No	22	56.4
Total	39	100.0

Source: Primary Data

Table 3.18 shows that difficulty with the dealing of Kisan Credit Card. In this study 56 percentage of the respondents are no difficulty with the dealing the Kisan Credit Card and the remaining 46 percentage of the respondents are difficulties with the dealing of Kisan Credit Card



**The Awareness Level of Respondents Regarding K.C.C**

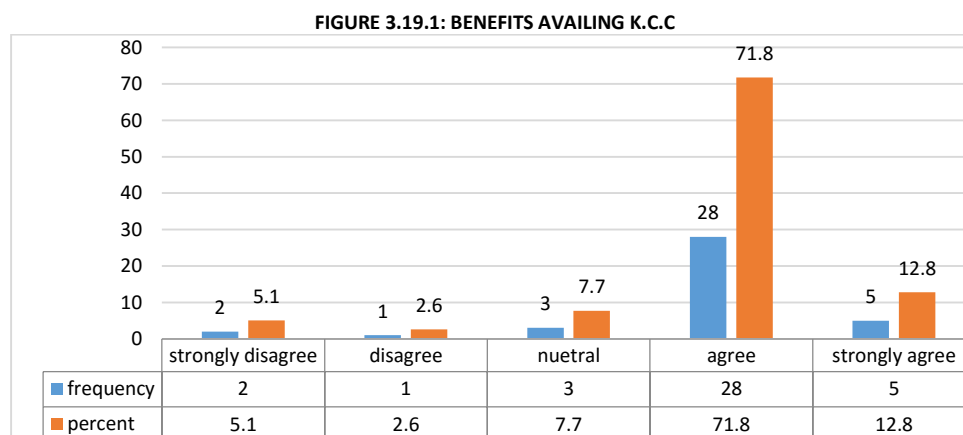
**3.19.1. BENEFITS AVAILING K.C.C**

**TABLE3.19.1: BENEFITS AVAILING K.C.C**

Condition	Frequency	Percent
Strongly Disagree	2	5.1
Disagree	1	2.6
Neutral	3	7.7
Agree	28	71.8
Strongly Agree	5	12.8
Total	39	100.0

Source: Primary Data

Table 3.19.1 Shows about the awareness of benefits availability of Kisan Credit Card and it's clear that out of the total card holders, majority of them are agree the awareness of benefits of Kisan Credit Card 72 and 13percent are strongly agreed but 5 percent were strongly disagree with benefits of availing Kisan Credit Card. 3 percent disagree and 8 percent are neutral aware about the benefits of kisan credit card



3.19.2 SUBSIDIES. ELIGIBLE CONCESSION & OTHER GOVERNMENT INCENTIVES

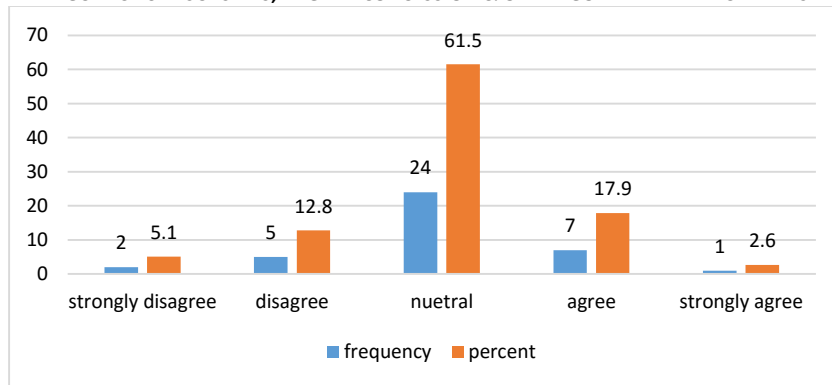
TABLE 3.19.2: SUBSIDIES, ELIGIBLE CONCESSION & OTHER GOVERNMENT INCENTIVES

Condition	Frequency	Percent
Strongly Disagree	2	5.1
Disagree	5	12.8
Neutral	24	61.5
Agree	7	17.9
Strongly Agree	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.19.2 Shows that the awareness about subsidies, eligible concession & other government incentives provided by the bank. Majority of the respondents are neutral aware about subsidies, eligible concession & other government incentives. 18 percent respondents were total aware about subsidies and 5 percentage respondents are unaware about subsidies, eligible concession & other government incentives.

FIGURE 3.19.2: SUBSIDIES, ELIGIBLE CONCESSION & OTHER GOVERNMENT INCENTIVES



3.19.3 SOURCE OF FUND

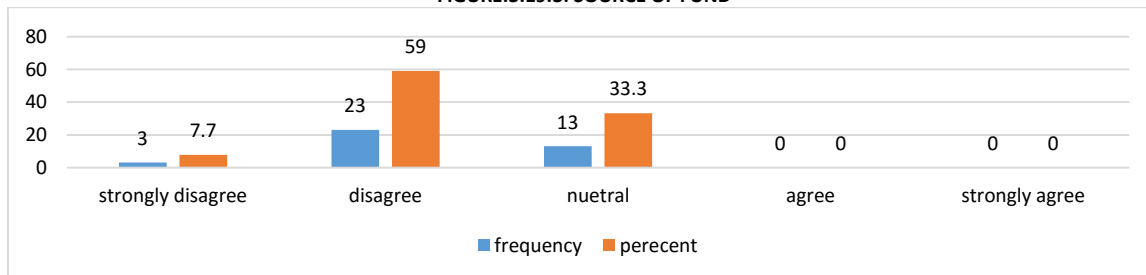
TABLE 3.19.3: SOURCE OF FUND

Condition	Frequency	Percent
Strongly Disagree	3	7.7
Disagree	23	59.0
Neutral	13	33.3
Agree	0	0
Strongly Agree	0	0
Total	39	100.0

Source: Primary Data

Table 3.19.3 Shows about the awareness of source of fund from the bank will provide to Kisan Credit Card scheme

FIGURE 3.19.3: SOURCE OF FUND



3.19.4 TAX EXEMPTIONS

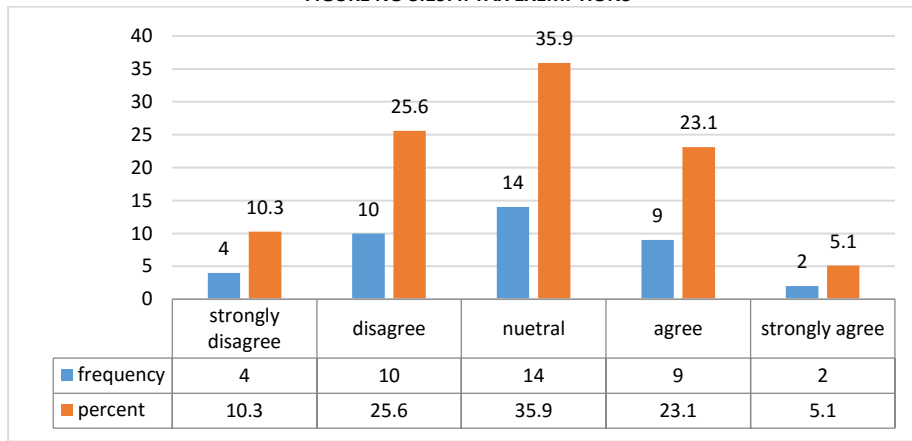
TABLE NO 3.19.4: TAX EXEMPTIONS

Condition	Frequency	Percent
Strongly Disagree	4	10.3
Disagree	10	25.6
Neutral	14	35.9
Agree	9	23.1
Strongly Agree	2	5.1
Total	39	100.0

Source: Primary Data

Table 3.19.4 shows about the awareness about the tax exemption of Kisan Credit Card. 5 percent of respondents are fully known the Kisan Credit Card is tax free fund and 23 percent of respondents are aware about the Kisan Credit Card exempt from tax. 36 percent respondents are normally knowing about the Kisan Credit Card is tax free fund. 26 percent respondents are unaware about the tax exemption of Kisan Credit Card

FIGURE NO 3.19.4: TAX EXEMPTIONS



3.19.5 LATEST TECHNOLOGY AVAILABLE

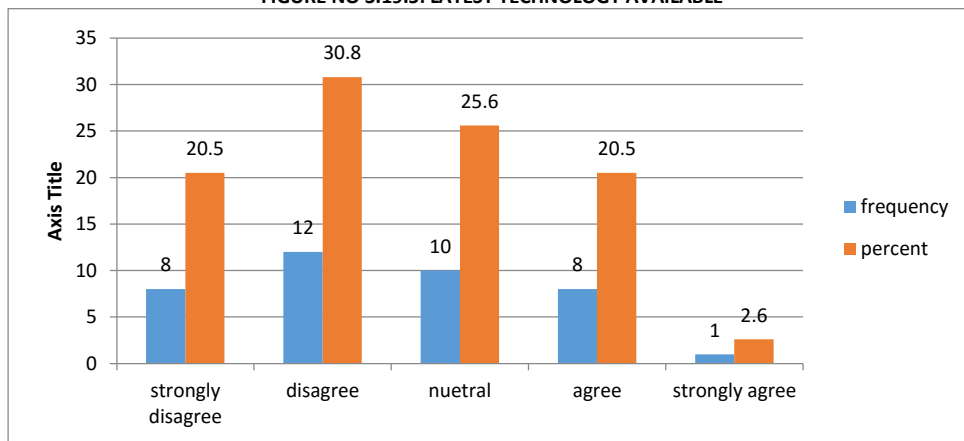
TABLE NO 3.19.5: LATEST TECHNOLOGY AVAILABLE

Condition	Frequency	Percent
Strongly Disagree	8	20.5
Disagree	12	30.8
Neutral	10	25.6
Agree	8	20.5
Strongly Agree	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.19.5 Shows about the awareness about the latest technology available of Kisan Credit Card. Majority of the respondents are unaware about the new technology that are available by the Kisan Credit Card. 26 percent are normally aware about the technologies. 20. Percent respondents are known about the technology available by the Kisan Credit Card and 206 percent are strongly aware about the latest technology available by the Kisan Credit Card

FIGURE NO 3.19.5: LATEST TECHNOLOGY AVAILABLE



3.19.6 TRAINING OFFERED BY GOVERNMENT AND BANK

TABLE NO 3.19.6: TRAINING OFFERED BY GOVERNMENT AND BANK

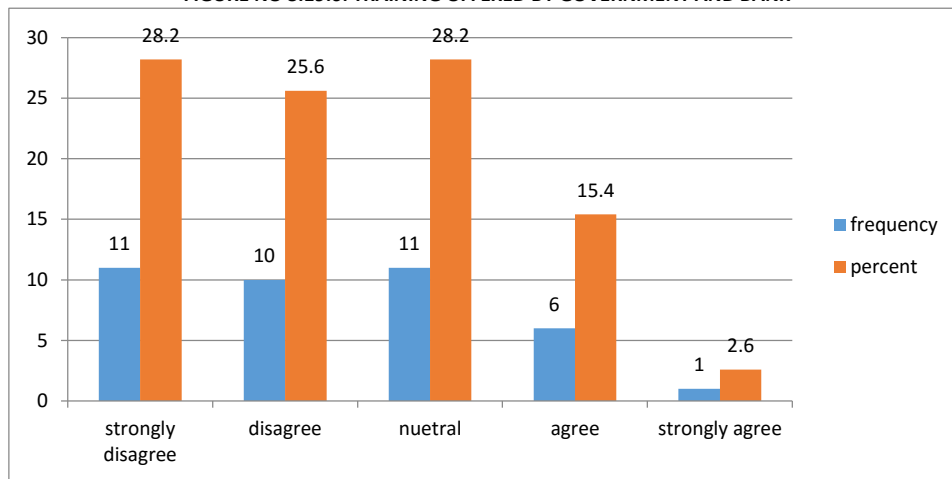
Condition	Frequency	Percent
Strongly Disagree	11	28.2
Disagree	10	25.6
Neutral	11	28.2
Agree	6	15.4
Strongly Agree	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.19.6 Shows about the awareness of training offered by the government and bank. Majority of the respondents are unaware about the training offered and provided by the government and bank and 28 percent are neutrally aware about the training programmes.15 percent respondents are aware about the training offers and 3percent of respondents are strongly aware about the training offers



FIGURE NO 3.19.6: TRAINING OFFERED BY GOVERNMENT AND BANK



3.19.7 THE MARKETING CHANNELS

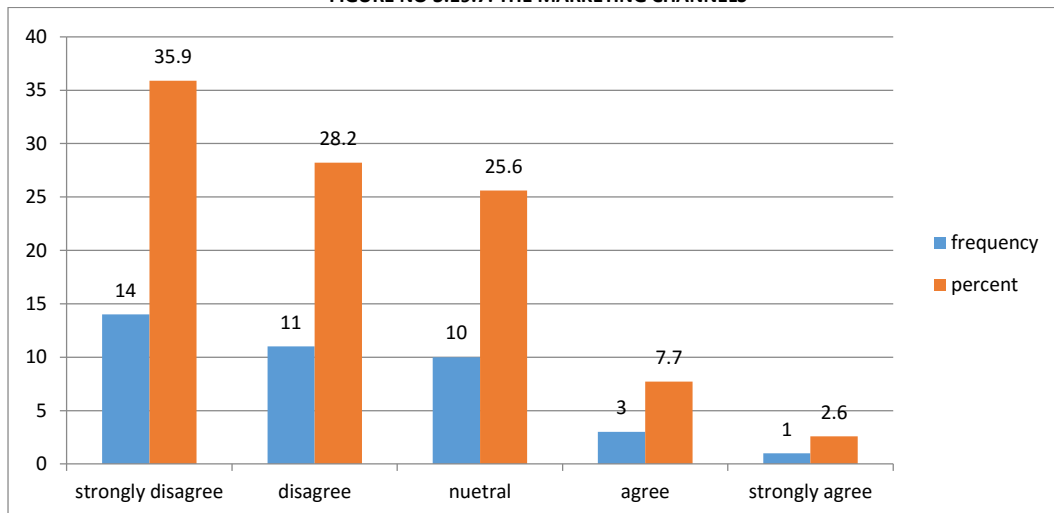
TABLE NO 3.19.7: THE MARKETING CHANNELS

Condition	Frequency	Percent
Strongly Disagree	14	35.9
Disagree	11	28.2
Neutral	10	25.6
Agree	3	7.7
Strongly Agree	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.19.7 Shows about the awareness of the marketing channels of bank. Majority of the respondents are unaware about the marketing channels of bank. 26 percent respondents are neutrally aware about the marketing channels. 8 percent respondents are aware about the marketing channels and 2.6 percent of respondents are strongly aware about the marketing channels of the bank

FIGURE NO 3.19.7: THE MARKETING CHANNELS



3.19.8 AGRICULTURAL PRODUCTION INNOVATION

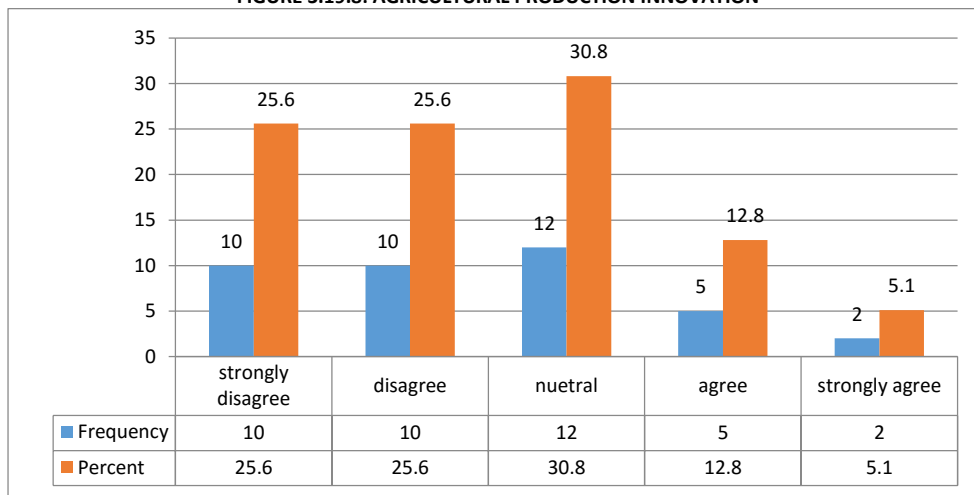
TABLE 3.19.8: AGRICULTURAL PRODUCTION INNOVATION

Condition	Frequency	Percent
Strongly Disagree	10	25.6
Disagree	10	25.6
Neutral	12	30.8
Agree	5	12.8
Strongly Agree	2	5.1
Total	39	100.0

Source: Primary Data

Table 3.19.8 Shows about the awareness about the awareness about the agricultural production innovation. Almost 51 percent of respondents are unaware about agricultural production innovation and majority of respondents are neutral aware about the agricultural production innovation and 5 percent of respondents are strongly aware about the agricultural production innovation

FIGURE 3.19.8: AGRICULTURAL PRODUCTION INNOVATION



3.19.9 USE FULL WEBSITES AND OTHER INFORMATION

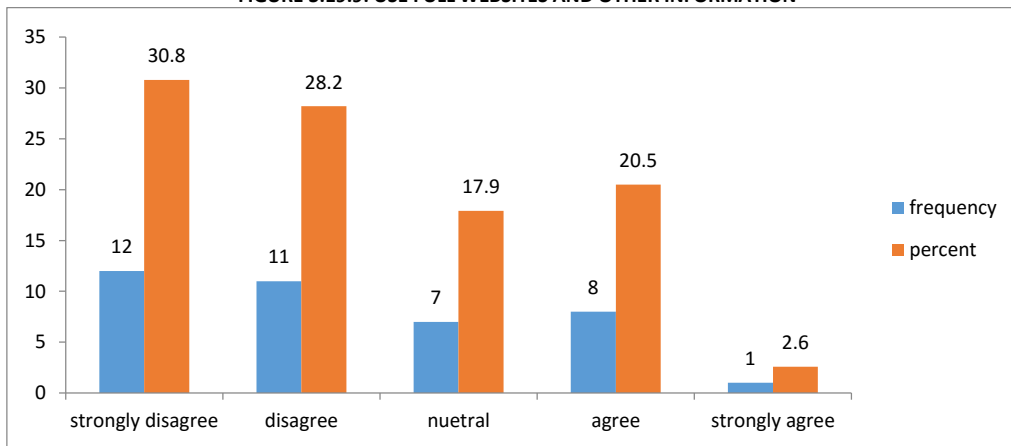
TABLE 3.19.9: USE FULL WEBSITES AND OTHER INFORMATION

Condition	Frequency	Percent
Strongly Disagree	12	30.8
Disagree	11	28.2
Neutral	7	17.9
Agree	8	20.5
Strongly Agree	1	2.6
Total	39	100.0

Source: Primary Data

Table 3.19.9 Shows about the awareness about the useful websites and other information. Here also majority of respondents are unaware about the websites and other information available for Kisan Credit Card. 17.9 percent of respondent are normally aware about the websites and other information and only 2.6 percent of respondents are strongly aware about the useful websites and other information's

FIGURE 3.19.9: USE FULL WEBSITES AND OTHER INFORMATION



3.19.10 SECURITIES DEMANDED BY BANK

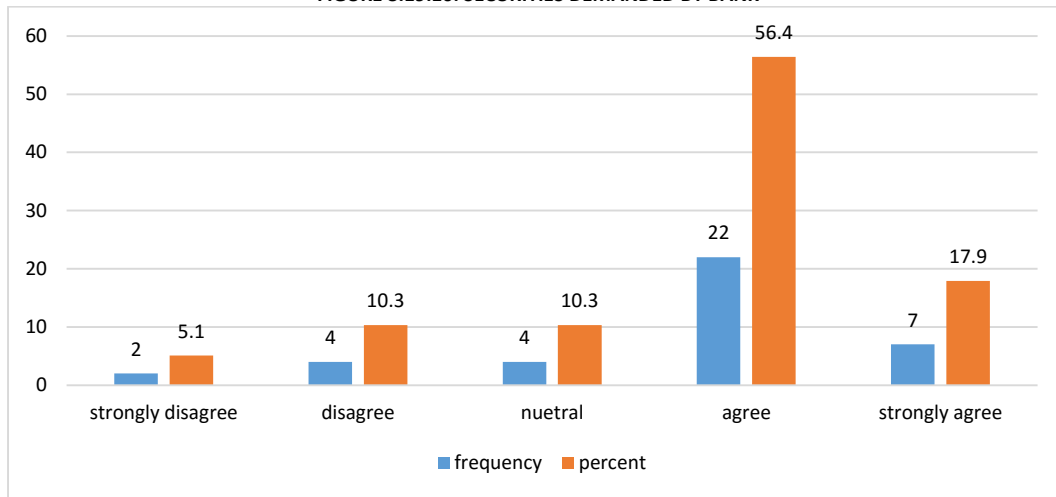
TABLE 3.19.10: SECURITIES DEMANDED BY BANK

Condition	Frequency	Percent
Strongly Disagree	2	5.1
Disagree	4	10.3
Neutral	4	10.3
Agree	22	56.4
Strongly Agree	7	17.9
Total	39	100.0

Source: Primary data

Table 3.19.10 Shows about the awareness of about the securities demanded by bank. Majority of the respondents are aware about the securities that are demanded by bank. 18 percent of respondents are strongly know about the Kisan Credit Card needed securities. 10.3 percent percent of respondents are neutrally aware about the securities demanded by bank. 10 percent respondent are unaware about the securities and 5 percent of respondents are strongly not aware about the securities demanded by bank.

FIGURE 3.19.10: SECURITIES DEMANDED BY BANK



3.19.11 MONITORING OF THE ACTIVITIES OF THE BANK

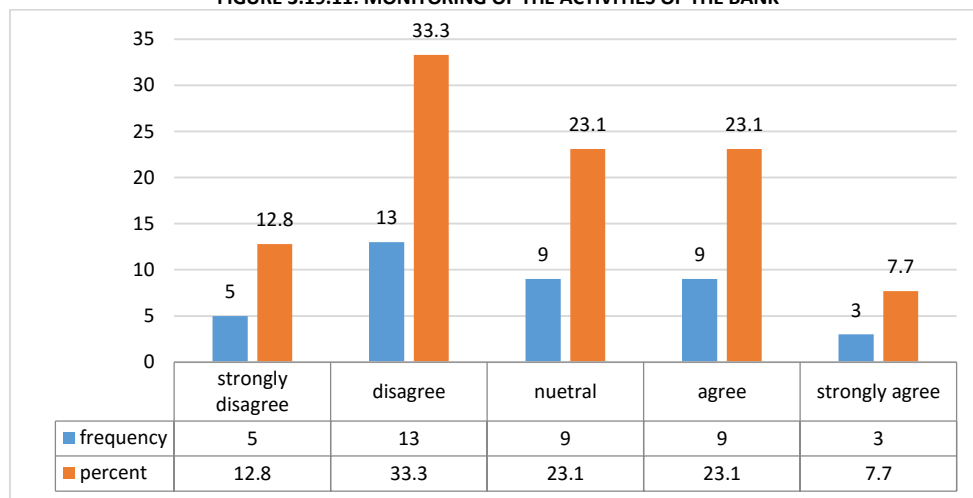
TABLE 3.19.11: MONITORING OF THE ACTIVITIES OF THE BANK

Condition	Frequency	Percent
Strongly Disagree	5	12.8
Disagree	13	33.3
Neutral	9	23.1
Agree	9	23.1
Strongly Agree	3	7.7
Total	39	100.0

Source: Primary Data

Table 3.19.11 Shows about the awareness about the monitoring of the activities of the bank. Majority of the respondents are unaware about the monitoring activities of the bank and 19 percent of respondents are not strongly aware about the monitoring activities of the bank. 23 percent of respondents are aware about the monitoring activities and 7 percent of respondents are strongly aware about the monitoring activities of the bank

FIGURE 3.19.11: MONITORING OF THE ACTIVITIES OF THE BANK



3.19.12 EXPLOITATION OF INTERMEDIARIES

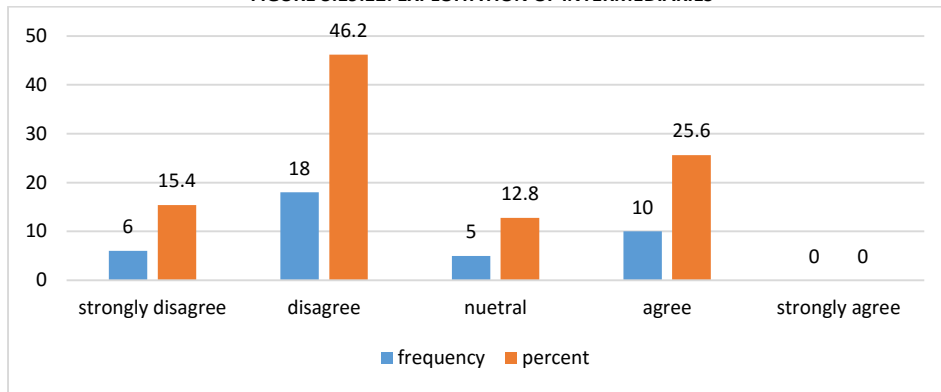
TABLE 3.19.12: EXPLOITATION OF INTERMEDIARIES

Condition	Frequency	Percent
Strongly Disagree	6	15.4
Disagree	18	46.2
Neutral	5	12.8
Agree	10	25.6
Strongly Agree	0	0
Total	39	100.0

Source: Primary Data

Table 3.19.12 Show about the awareness of exploitation of intermediaries. Majority of the respondents are not aware about the exploitation of intermediaries. 15 percent of respondents are strongly unaware about the exploitation of intermediaries.13 percent customers are neutrally aware about the intermediaries and 26 percent of respondents are aware about the exploitation of intermediaries

FIGURE 3.19.12: EXPLOITATION OF INTERMEDIARIES



3.19.13 INSURANCE COVERAGE

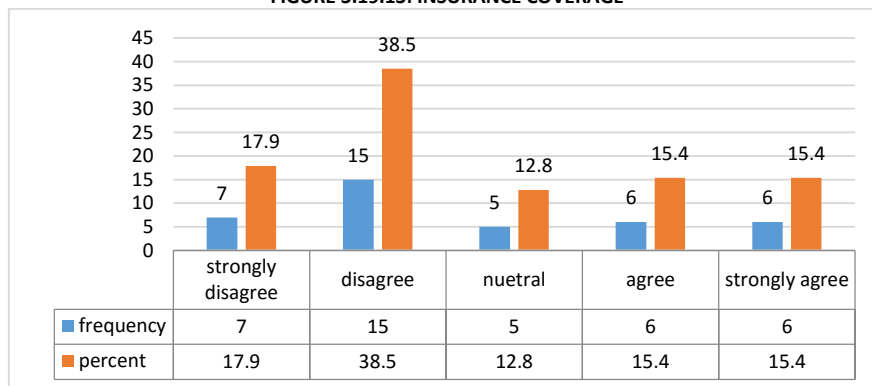
TABLE 3.19.13: INSURANCE COVERAGE

Condition	Frequency	Percent
Strongly Disagree	7	17.9
Disagree	15	38.5
Neutral	5	12.8
Agree	6	15.4
Strongly Agree	6	15.4
Total	39	100.0

Source: Primary Data

Table 3.19.13 shows about the awareness about the insurance coverage issued to the Kisan Credit Card holders. Majority of the respondents are unaware about the insurance coverage. 13 percent of respondents are neutral aware about the insurance coverage, 15 percent of respondents are aware about the insurance coverage and 15 percent of respondents are strongly aware about the insurance coverage.

FIGURE 3.19.13: INSURANCE COVERAGE



HYPOTHESIS TESTING

H<sub>0</sub>: The Kisan Credit Holders have no awareness about the benefits available through Kisan Credit Cards

H<sub>1</sub>: The Kisan Credit Holders have awareness about the benefits available through Kisan Credit Cards

TABLE 3.20: SHOWING THE MEAN, STANDARD DEVIATION, T-VALUE AND LEVEL OF SIGNIFICANCE OF THE VARIOUS BENEFITS AVAILABLE TO KISAN CREDIT CARDHOLDERS

Sl. No	Statement	Mean	S.D	T	Sig
20.1	I Am Aware Of The Benefits Availing Kisan Credit Card?	3.85	0.875	6.041	0.000
20.2	I Am Aware About The Subsidies, Eligible Concession And Other Govt. Incentives?	3.00	0.795	0.000	1.000
20.3	I Am Aware About The Sources Of Fund?	2.26	0.595	-7.810	0.000
20.4	I Am Aware About The Tax Exemption?	2.87	1.056	-0.758	0.453
20.5	I Am Aware About The Latest Technology Available?	2.54	1.120	-2.573	0.014
20.6	I Am Aware About The Training Offered By Govt. And You're Bank?	2.38	1.138	-3.376	0.002
20.7	I Am Aware About The Marketing Channels?	2.13	1.080	-5.039	0.000
20.8	I Am Aware About The Agricultural Production Innovation?	2.46	1.166	-2.883	0.006
20.9	I Am Aware About The Use Full Website And Other Information?	2.36	1.203	-3.328	0.002
20.10	I Am Aware About The Securities Demanded By The Bank?	3.72	1.050	4.270	0.000
20.11	I Am Aware About The Monitoring Of The Activities Of The Bank?	2.79	1.174	-1.091	0.282
20.12	I Am Aware About The Exploitation Of Intermediaries?	2.49	1.048	-3.056	0.004
20.13	I Am Aware About The Insurance Coverage?	2.72	1.356	-1.299	0.202

Source: Primary Data

One Sample t-test is used to test the null hypothesis (H<sub>0</sub>). If the mean value is significantly higher than the test value three, then the null hypothesis is rejected and if it is lower than the test value three, then the null hypothesis is accepted. When the mean value is equal to three then the null hypothesis is neither accepted not rejected.

The Kisan Credit Cardholders are aware on the following a benefit Schemes

1. The various benefits availing for Kisan Credit Card
2. The Securities demanded by the bank

The Kisan Credit Cardholders are not aware on the following benefit Schemes

1. The Sources of Fund
2. The latest technology available
3. The Training Offered by Government and Banks
4. The Marketing Channels
5. The Agricultural Production Innovation
6. The full website and other information
7. The exploitation of intermediaries

The Kisan Credit Cardholders are neither aware nor unaware on the following benefit Schemes

1. The Subsidies, Eligible Concession and other Govt. Incentives
2. The Tax Exemption
3. The monitoring of the activities of the bank
4. The insurance Coverage

## 4. FINDINGS, SUGGESTIONS AND CONCLUSIONS

### 4.1 INTRODUCTION

The important objective of KCC scheme are to provide insurance coverage and financial support to farmers in the event of failure of crops as a result of natural calamities, pests and diseases. To encourage the farmers to adopt progressive farming practices, high value inputs and higher technology in agriculture to help stabilize farm income, particularly in disaster years and to support and stimulate primarily production of food crops and oil seeds. The present is conducted to analyze how far these objectives have been fulfilled and to give valuable suggestions for the improvement of the scheme. These major findings and suggestions are brought out from the study through the structured interview schedule.

The scheme of KCC is under implementation by state co-operative banks through District Central Co-operative Banks and Primary Agricultural Credit Societies as also the RRB and Commercial banks under the aegis of NABARD. Co-operative banks have the largest share in implementation of the KCC scheme. The scheme has popular both amongst farmers and bankers.

### 4.2 OBJECTIVE OF THE STUDY

The main objectives of the study are as follows;

- To study the farmers perception on KCC.
- To study the adequacy of credit provided through KCC.
- To know the repayment performance of KCC beneficiaries.
- To study about the awareness of the Kisan Credit Card holders and their attitude towards Kisan credit card Scheme.
- To review the extend of utilization of Kisan Credit Card at Elappara Grammine Bank
- To examine the practical problems faced by the Kisan Credit Card holder

### 4.3 HYPOTHESIS

**H<sub>0</sub>:** The Kisan Credit Holders have no awareness about the benefits available through Kisan Credit Cards

**H<sub>1</sub>:** The Kisan Credit Holders have awareness about the benefits available through Kisan Credit Cards

### 4.4 FINDINGS

Based on the primary data collected and analyzed in the previous chapter, certain valuable findings were arrived at. Following is the summary of the profile of the respondents.

#### PROFILE OF THE RESPONDENTS

Majority of the respondents are come under the category of male

- Age-wise distribution of sample reveals that 46 percent were in the age group of 41 to 50,36 percent were in the age group of Above 51,15 percent were in the Age group of 31 to 40 and 3 percent were in the Age group of below 30.
- Education-wise distribution of sample reveals that 62 percent were in the age group is in Primary Education, 31 percent were in Secondary Education and 7 percent were in has completed graduation.
- Income wise distribution of sample reveals that 56 percent of the respondents were in the income group of between 2001 - 5000, 23 percent of the respondents were in the income group of between 5001 to 10000, 18 percent of respondents were in income group of below 2000 and 3 percent were in the income group of 10000.

#### MAJOR FINDINGS BASED ON THE ATTITUDE OF BANK TOWARDS THE CARD HOLDERS

- In Procedure of bank in KCC shows that 93 percent were opinioned that it was simple and 7 percent were opinioned it was not.
- From sample respondents 100 percent respondents are agreed that the attitude of Bank towards them were having Good response.
- From sample respondents it was clear that 49 percent of the respondents is using the credit for buying's seeds and other uses, and rest 2 percent uses for buying fertilizers.
- From sample respondents it is clear that 85 percent of the respondents opinioned that they are getting beneficiary credit whenever needed.
- From sample respondents it shows that cent percent of the respondents agrees that the credit availability was adequate to meet their needs
- From sample respondents it is clear that 95 percent of the respondents uses frequently once in a year and 3 percent of the respondents uses twice in a year and 3 percent of respondents uses more than twice in a year.
- From Sample respondents it is clear that 49 percent of the respondents repays the loan amount once in a month,39 percent of the respondents repays the loan in once in a quarter and 13 percent of the respondents repays the loan amount in once in a year.
- From sample respondents it is clear that 56 percent of the respondents is regularly repays the loan amount and rest 44 percent of respondents does not repays the loan amount regularly.
- From sample respondents have difficulty in repaying the loan amount because of Low return (54 percent), Crop failure (36 percent), Diverted Money (7percent) and Natural Calamities(3 percent).
- From Sample respondents it shows that 72 percent of respondents had increased their production with the use of KCC and 28 percent does not increase their production.
- From Sample respondents it is clear that 54 percent of the respondents does not approached money lenders and rest 46 percent of the respondents were approached money lenders.
- From sample respondents it shows that 51 percent of the respondents does not increased their standard of living with the use of KCC and 49 percent of the respondents had increased their standard of living.
- From Sample respondents it is clear that 64 percent of the respondents were increased their income and rest 36 percent of the respondents were no increased their income.
- From Sample respondents it is clear that 56 percent of the respondents has no difficulty in KCC dealings and 44 percent of the respondents were having difficulty in KCC dealing.



**AWARENESS LEVEL OF RESPONDENTS REGARDING KCC**

- From Sample respondents it shows that 72 percent agreed that they aware of benefits availing from KCC, 13 percent of the respondents were strongly agreed about benefits availed by KCC, 8 percent were having neutral agreement of availing benefits from KCC.
- From sample respondents it is clear that 62 percent of the respondents were having neutral agreement of awareness of subsidies, concessions and other govt. securities, 18 percent of respondents were agreed that they are aware of subsidies, eligible concession and other govt. securities.
- From sample respondents it is clear that 59 percent of respondents were not aware about the source of fund provide by KCC and 33 percent of respondents were had agreed that they neutral opinion about sources provided by KCC and 7 percent of the respondents were Strongly agreed about the awareness of sources of fund.
- From sample respondents 36 percent of the respondents has aware neutral agreement of awaring of tax exemptions 23 percent of the respondents were agreed that they are aware of tax exemptions.
- From sample respondents it is clear that 31 percent of the respondents are disagreed the agreement of awareness of Latest technology available and 26 percent of the respondents agreed that they Agree and strongly agree about the latest technology available.
- From sample respondents 28 percent of the respondents were having neutral agreement and strongly disagree that they are aware about the training offered by Government and Bank.
- From sample respondents it is clear that 36 percent of the respondents were strongly disagreed about the awareness of the marketing channels, 29 percent have disagreed about the awareness of the marketing channels.
- From sample respondents it shows that 31 percent of the respondents have neutral agreement about the awareness of agricultural production innovation, 26 percent of the respondents were strongly disagreed and disagreed about the awareness of agricultural production innovation.
- From sample respondents it is clear that 31 percent of the respondents had strongly disagreed about the useful website and other information and 29 percent of the respondents had disagreed the awareness of useful websites and other information.
- From sample respondents it shows that 56 percent of the respondents were agreed that they are aware of Securities demanded by bank, 18 percent of the respondents were strongly agreed about they are aware of securities demanded by bank.
- From sample respondents it is clear that 33 percent of the respondents were agreed that they are aware of monitoring of the activities of the bank and 23 percent of the respondents were having neutral and agrees opinion of awareness of monitoring activities of the bank.
- From sample respondents it is clear that 46 percent of the respondents have disagreed about the awareness of exploitation of intermediaries, 26 percent of the respondents were agreed that they are aware of exploitation of intermediaries and 15 percent of the respondents were strongly disagreed about awareness of the exploitation of intermediaries.
- From sample respondents it shows that 39 percent of the respondents had disagreed that they are aware about the insurance coverage, 18 percent of the respondents Strongly disagreed about the aware of insurance coverage and 15 percent of the respondents were agreed and strongly agreed about the awareness of insurance coverage.
- From the sample respondents it shows that the Kisan Credit Cardholders are neither aware nor unaware on the following benefit Schemes, which are: the Subsidies, Eligible Concession and other Govt. Incentives, the Tax Exemption, the monitoring of the activities of the bank and the insurance Coverage

**4.5 SUGGESTIONS**

The following are the important suggestions brought out from the study.

- The beneficiaries are of not much aware of the ATM cum KCC facility. Hence proper awareness should be given to the beneficiaries by bank authorities.
- Most of the beneficiaries are not much aware of the insurance facility provided with the KCC scheme. They should be made aware about this facility through agencies providing KCC facility.
- The plastic card for drawing cash through ATM is much popular among the beneficiaries should be given such cards.
- Govt. of India has introduced RKBY for insurance of crops. This scheme admits only a few specified crops. It is recommended that the coverage of RKBY should be extended to all type of crops.
- It should be noted that the bank should take necessary steps to ensure that the loans are granted only to the eligible farmers.
- Not only to the existing customers but also to the eligible new farmers should be given KCCs.
- The study has further suggested that there is a need to adopt 'Mission Mode' approach to make KCC into farmer's friendly efficient instrument for effective credit delivery system accompanied by appropriate institutional mechanism.
- They have to bring out strategies to make awareness for the benefits available to the Kisan Credit Cardholders, mainly for the following benefits, which are: The Sources of Fund, the latest technology available, The Training Offered by Government and Banks, The Marketing Channels, The Agricultural Production Innovation, The full website and other information and the exploitation of intermediaries.
- In order to get more customers for KCC there should make some awareness program about the new and modern technology and KCC beneficiary scheme, securities provided by bank and other Government incentives.

These study findings will be useful to Bankers, Academicians, policy makers and development administrators in initiating following-up action.

**4.6 CONCLUSION**

Kisan Credit Card is the most important credit delivery mechanism. From the above study we could conclude that most of the beneficiaries have a good perception on Kisan Credit Card scheme. The credit provided through Kisan Credit Card is sufficient to meet the needs of farmers. The repayment performance of farmers is good.

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**A CASE STUDY ON CASH MANAGEMENT PRACTICES IN COOPERATIVE BANKS**

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**ABSTRACT**

*Inadequate recovery, poor management, lack of deposit mobilization, ineffective cash management procedures are some of the problems which hinder the growth of cooperative banks. In this study cash management with regard to cash holdings and flow of funds between branch level and head office has been studied in relation to a selected cooperative bank. A suggestive approach worked out by the author, if implemented, will streamline the procedure and practices of cash planning adopted by the Bank.*

**KEYWORDS**

cash management, co-operative bank, co-operative finances.

**INTRODUCTION**

Measurement of cash balances is an important part of the cash management. The relevance of cash balance in the study of cash management is because of its important role in an organization. It is the cash which keeps an organization going. Hence, every organization has to hold necessary cash for its existence. But in the modern business world, no business can afford the luxury of having too much of cash because of its non-availability particularly due to ever increasing difficulties and cost of borrowings. Moreover, cash being the least productive of assets incurs for organization as opportunity cost through its non-use. Brandth (1965) has amply emphasized the fact of opportunity cost of cash as, "The cost results from holding cash inactive in the bank or on the premises of the enterprise instead of employing it profitably in operations. The cost is present regardless of the amount in the balance but it becomes more significant as the quantity of cash increases. When the stock of cash falls to very low levels, cost consideration becomes secondary in importance to liquidity risk". In other words, there are distinct economic disadvantages in maintaining cash inventories which are too far below or above actual demand. It is, therefore, desirable that the cash balances in the bank as well as in the organization be minimized as much as possible at lowest figures adequate to meet current obligations. Chander and Chandel (2010) analyzed the financial efficiency and viability of HARCO Bank and found poor performance of the bank on capital adequacy, liquidity, earning quality and the management efficiency parameters. Mavaluri et. al., (2006) suggested that performance of banking in terms of profitability, productivity, asset quality and financial management has become important to stable the economy. They found that public sector banks have been more efficient than other banks operating in India. Dutta and Basak (2008) suggested that Co-operative banks should improve their recovery performance, adopt new system of computerized monitoring of loans, implement proper prudential norms and organize regular workshops to sustain in the competitive banking environment. Though research studies have been conducted to assess the efficacy of cooperative banks but no such serious study is visible in J & K state. Therefore, the study has been designed to study the cash management practices in one of the selected cooperative banks.

**METHODOLOGY**

The selected cooperative bank is one of the most suitable agencies for providing rural credit in the J&K State and has to play a decisive role in future loaning programmes of the State. The unsatisfactory functioning of the Bank during past has been the outcome of some glaring problems faced by the Bank viz., inadequate recovery, poor management, lack of proper coordination, lack of deposit mobilization, ineffective cash management procedures etc. In this study cash management practices and flow of funds between head office and branch offices have been studied through discussions with bank officers, cash flow practices and balance sheet data with a view to provide a suggestive approach for effective cash planning.

**RESULTS AND DISCUSSIONS**

The selected cooperative Bank has adopted the system of raising funds for its lending operations almost through floatation of debentures. The Bank is providing the long term credit to the farmers of the State through its branches located at Tehsil/Block headquarters. For this purpose, the head office provides funds to its branches. The branches have been asked to maintain three accounts, viz., General Accounts, Loan Account and Recovery Account with the branch of respective district co-operative bank. The General Account is to be maintained for the purpose of payment of salary to its staff and to meet the recurring and non-recurring expenses. The Loan Account at branches is being operated to disburse loans to borrowers and recovery accounts is maintained to deposit the amount recovered from borrowers which is to be passed on to the head office. There is no provision to transfer the money from one account to the other.

During the past years the bank has changed the system of providing funds to the branches for loaning by the head office directly. Under the system, the branches have to send their requirements to the district office weekly or whenever they require funds. Thereafter, the district office shall send the consolidated demand for the district to the head office. The head office provides the funds to the district office which are to be distributed among the branches of the district as per their requirements. The branch manager is made responsible to deposit the recovery amount in the recovery account and pass it on to the head office directly through bank draft. Besides this, the head office has delegated the powers to avail cash credit facilities from District Co-operative Bank to the extent of Rs. 2.0 lakhs to each branch. In spite of the above arrangement, the selected bank has huge amount in the shape of cash and bank balances at branch level as well as at head office level. The cash and bank balances of the bank as on 31<sup>st</sup> March 2010-11 to 2014-15 has been presented in the Table-1 which reveals that the cash and bank balances of the branches which were Rs. 236.81 lakhs as on 31<sup>st</sup> March 2011, in spite of a decreasing trend, was Rs. 133.11 lakhs as on 31<sup>st</sup> March 2015. On the other side the cash credit and overdraft account balances of the branches showed zero. Similarly, the cash and bank balances at the head office level have remained fluctuating over the number of years under study as against the cash credit and bank overdraft account balances showing a declining trend from Rs. 374.67 lakhs as on 31<sup>st</sup> March 2011 to Rs. 79.71 lakhs as on 31<sup>st</sup> March 2015. A nominal amount was in the transit each year, the highest figure of Rs. 7.77 lakhs were in 2010-11. If the cash credit and bank overdraft accounts get liquidated out of the money available in the cash and bank balances, there remains idle cash with the bank in the years 2010-11, 2012-13, 2013-14 and 2014-15 as against a deficit in the year 2011-12.

This indicates the attitude of the bank in the past not to use the money recovered for further lending which is based on their conservative thinking of keeping money very secure for redemption of debentures and contribution towards the sinking funds only. Similarly, the branches were maintaining three different accounts for different purpose and they were not empowered to transfer money from each other. In other words, the branches were bound to avail the cash credit and bank overdraft for loaning operations, although there was sufficient amount in the General and Recovery Account. Such practice is ultimately bound to block the liquid resources as well as resulting in loss of interest, as the bank not receiving return any on cash and bank balances, while it has to pay the interest at higher rate on cash credit and overdraft account balances than other sources. The practice of maintaining separate accounts for different purposes is old technique of controlling the diversion of money for other purposes which has been adopted by the Govt. departments and social institutions, where the cost of funds has no consideration as they have to receive the funds on accounts of aids, grants, etc. In the case of this selected bank dealing with borrowed funds, the maintenance of separate accounts is not justified as diversion of money can be controlled through modern financial techniques viz., funds flow analysis, cash budgeting etc.

The table further shows that there was a nominal amount of cash in transit every year, which indicates that the system is more time consuming and also there are chances of loss in transit. The district managers have powers to distribute the funds to the branches as per their requirements, but they have no power to transfer the funds of one branches to another branch of the district even the branches has the sufficient idle funds in account and the other is in acute need of funds.

### A SUGGESTIVE APPROACH

The selected cooperative bank had the idle funds at the level of branches and also at the level of head office. This position has not been beneficial to the bank. Therefore, it is suggestive that the bank should evolve the system of flow the funds from the head office to branches and vice-versa as under:

- The branches should function as pay office in the matter of cash receipts and payments. The branches should be directed to send the debit/credit notes for payments and receipts to the district co-operative bank under intimation to district office of the selected bank.
- District office should open a 'Central Account' in respective district co-operative bank of the district and ask the branches to maintain their accounts in the branches of district co-operative bank at their headquarter.
- The district office should have close contact with the district co-operative bank and have a clear and upto date position of the account. If the balance of the Central Account exceeds the subsequent weekly requirement of the branches of the districts, it should be remitted to the Central Account under intimation to head office or vice versa. For this purpose, an Assistant Manager (Accounts) should be deputed in the district office to look after and supervise the funds. In this connection, they should be trained with modern financial techniques.
- At the head office level, the bank should open a Central Account and watch the position. If there is any deficit, it should be recouped from drawing the cash credit and overdraft account from NABARD/J&K State Co-operative Bank. The amount of cash credit and overdraft accounts should be repaid through floatation of debentures. For this purpose, NABARD had allowed the banks to float the debentures once in a quarter or even once in a calendar month.
- If the selected bank has not sufficient funds for redemption of debentures or for contribution towards the sinking funds, the bank should draw the deficit amount from cash credit and overdraft for the time being.
- In case the amount available in Central Account exceeds the subsequent requirements, it should be utilized for redemption of special debentures before the due date or invented into call deposits.
- As suggested by Gupta & Jain (2012) the cooperative banks should plan to introduce new schemes for attracting new customers and satisfying the present ones.

If the selected bank adopts the above suggested system of flow of funds between branches and head office, it shall definitely minimize its liquid funds (cash and bank balance) which would result into low cost of funds on the one hand and make funds available without delay to the branches for providing the loans to the farmers on the other hand.

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### ANNEXURE

TABLE-1: CASH AND BANK BALANCE OF SELECTED COOPERATIVE BANK (As on 31<sup>st</sup> March)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Branch Balances:</b>					
Cash and Bank Balance	236.43	113.46	160.65	230.55	133.11
Cash Credit & Bank Overdraft	---	---	---	---	---
Net Balance (a-b)	<b>+236.43</b>	<b>+113.46</b>	<b>+160.65</b>	<b>+230.55</b>	<b>+133.11</b>
<b>Head Office Balance:</b>					
Cash and Bank Balance	180.69	311.55	212.67	160.86	160.89
Cash Credit & Bank Overdraft	374.67	463.65	176.10	79.71	---
Net Balance (a-b)	<b>-193.98</b>	<b>-152.10</b>	<b>+36.57</b>	<b>+81.15</b>	<b>+160.89</b>
Cash in Transit	7.77	0.75	0.69	0.96	1.41
<b>Total Net Cash and Bank Balance {1(c)+2(c)+3}</b>	<b>+50.22</b>	<b>-37.89</b>	<b>+197.91</b>	<b>+312.66</b>	<b>+295.41</b>

Source: Compiled from the Annual Reports of the Bank for the respective years

## FINANCIAL INCLUSION IN VILLAGES OF INDIA: A CASE STUDY OF VILLAGES OF SHYAMSUNDAR GRAM PANCHAYAT

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**ARAMBAGH**

### ABSTRACT

*Most residents of villages under Shyamsundar Gram Panchayat have at least one savings bank account in Burdwan Central Co-operative Bank, or Punjab National Bank, or State Bank of India, or Bank of India or Post Office Savings Bank of Shyamsundar Post Office. The maximum savings bank accounts are opened for getting payment for MGNREGA project, student scholarships from school, college or getting subsidies for LPG. A minimum number of savings accounts are opened otherwise and for micro savings or getting bank loans. If by financial inclusion we mean inclusion of all families in the organised banking network, then financial inclusion has been achieved in this gram panchayat. But the question is: to what extent have the people utilised banking services for their livelihood? Whether their standards of living improved due financial inclusion, or whether they get more loans from banks for meeting their needs or whether their savings have been deposited with the banks-these are some questions which need to be investigated to know the real impact of financial inclusion. In this paper an attempt has been made to investigate the factors that stand in the way of getting the full benefits of financial inclusion in the Shyamsundar Gram Panchayat area of Burdwan district. The information gap regarding banking products and the attitude of bank employees are to be probed for this purpose.*

### KEYWORDS

financial inclusion, banking products, information gap.

### INTRODUCTION

In simple language by financial inclusion, we mean inclusion of all families in organised banking network. In broad, financial inclusion means inclusion of all families with all banking facilities. In India an attempt has been made to provide banking facilities to all the families. Different direct and indirect strategies have been undertaken for covering all members in the banking network.

Financial inclusion is the delivery of financial services to all sections segments of society. It is argued that as banking services are in the nature of public good. The availability of banking and payment services to the entire population is the prime objective of financial inclusion.

The term "financial inclusion" has gained importance since the early 2000s. The United Nations defines the goals of financial inclusion as (i) access at a reasonable cost for all households to a full range of financial services, including savings or deposit services, payment and transfer services, credit and insurance; (ii) sound and safe institutions governed by clear regulation and industry performance standards; (iii) financial and institutional sustainability, to ensure continuity and certainty of investment; and (iv) competition to ensure choice and affordability for clients.

In India, so many steps have been taken to bring all the families within the organised banking network. All government subsidies, scholarship and payment are now transferred through bank accounts or post office savings accounts. For such type of government transfer payments Indian people are opening bank accounts quickly.

Shyamsundar Gram Panchayat is situated in Burdwan district. It is under the Rain-I Panchayat Samiti and it is more or less 20 KM away from Burdwan town. In Shyamsundar, there are two high schools and one college. In Shyamsundar there are around 1600 families and near about 11000 peoples/resident. In Shyamsundar Gram Panchayat, there is one branch of State Bank of India, one branch of Bank of India, one branch of Punjab National Bank and one branch of Burdwan Central Cooperative Bank and one Post Office Savings bank.

### OBJECTIVES OF THIS STUDY

The objectives of this study are (i) to assess the nature of financial inclusion among the peoples of Shyamsundar Gram Panchayat and (ii) to understand the real barriers of complete financial inclusion in villages.

### DATA COLLECTION AND METHODOLOGY

The primary data have been collected from 100 villagers on the basis of survey method with the help of a questionnaire. In addition to that data have been collected from the Shyamsundar Gram Panchayat, Shyamsundar Post Office and different bank branches situated in Shyamsundar. For collecting more data help of elected panchayat members has been taken.

After collecting primary and secondary data relating to bank account, banking service and nature of banking transactions of the people of this gram panchayat, the data have been analysed point wise to assess the status of financial inclusion of the people of this area.

### HYPOTHESIS

It is hypothesized that

- (i) Financial inclusion in true sense has not been achieved in villages in Shyamsundar Gram Panchayat

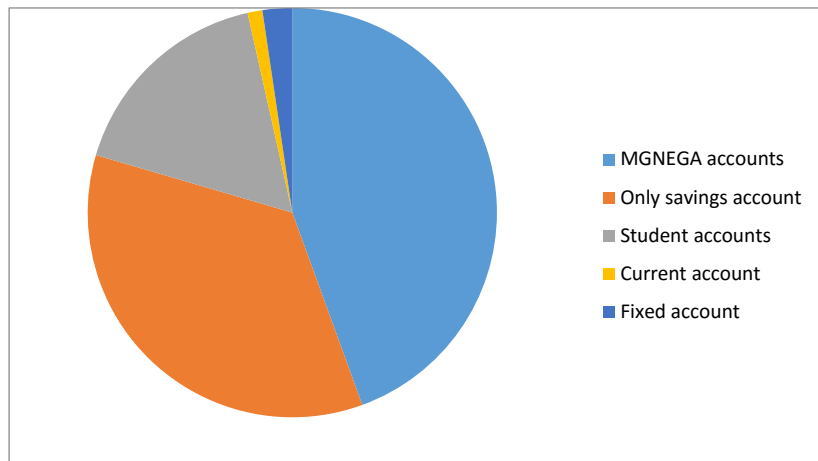
### DATA ANALYSIS

**Bank Account**-Most of the people of this area have at least one bank account. From the following table it is seen that 96% families of this area have at least one bank account or post office savings account. Out of 100 families 96 families have at least one bank account, 76 have MGNREGA (Accounts opened through Gram Panchayat), 60 families have saving account, 29 have student accounts (Accounts opened through school/college), 2 families have current account, and 4 families have fixed bank/post office account. The frequency of bank account per family is calculated at 1.71.

TABLE 1

Total no of respondents family	100
At least one bank account	96
MGNREGA accounts	76
Only savings account	60
Student accounts	29
Current account	2
Fixed account	4
Total	171

FIG. 1



**OBJECTIVES OF OPENING BANK ACCOUNT**

From the primary data following objectives of opening of bank accounts are identified for the people of Shyamsundar Gram Panchayat

- (i) MGNREGA Salary/Wages
- (ii) L.P.G subsidies
- (iii) Student Scholarship
- (iv) Savings
- (v) Term Loans
- (vi) Un-employment allowance
- (vii) House Building Loans
- (viii) Car Loans
- (ix) Truck Loan
- (x) Business Loans/CCL
- (xi) Gold Loans
- (xii) Agriculture Gold Loans
- (xiii) Salary/Professional Payment
- (xiv) Widow Allowance
- (xv) Agriculture Loans
- (xvi) Investment in Share
- (xvii) LIC Cheque Payment

**OBJECTIVE-WISE CLASSIFICATION OF ACCOUNTS IS GIVEN BELOW**

TABLE 2

OBJECTIVES OF BANK ACCOUNT	In Number	%
(i) MGNREGA Salary/Wages	76	44%
(ii) L.P.G subsidies	4	2%
(iii) Student Scholarship	29	17%
(iv) Savings(others)	4	2%
(v) Term Loans	11	6%
(vi) Un-employment allowance	5	3%
(viii) Car Loans	3	2%
(ix) Truck Loan	2	1%
(x) Business Loans/CCL	2	1%
(xi) Gold Loans	4	2%
(xii) Agriculture Gold Loans	5	3%
(xiii) Salary/Professional Payment	11	6%
(xiv) Widow Allowance	8	5%
(xv) Fixed Account	5	3%
(xvi) Investment in Share	2	1%
Total	171	100%

From the above table it is seen that out of 171 bank accounts, as per last transaction held 44% were used for MGNREGA wages payment, 17 % were used for scholarship payment and 5% for widow allowance. Very low percentages of banking transactions were related for loan taken. Only 2% of transactions are related to car loans, 1% transactions are related to truck loans, another 1% transactions are related to business loans, 2% transactions are related to gold loans and 3% transactions are related to agriculture gold loans.

**NATURE OF TRANSACTIONS**

From the data collected from bank branches where 171 accounts are held, the following nature of transactions are identified

- (i) Withdrawal of cash
- (ii) Deposit of cash
- (iii) Fund Transfer through bank counter
- (iv) Bill Payment through bank (SI/SO)
- (v) Online –Payment
- (vi) Bank Draft/DD for form fill up/Examination Fee/College Fee
- (vii) Others



The Percentage of above types of Transactions are given below  
(Last Transaction of accounts holders)

TABLE 3

(i) Withdrawal of cash	64%
(ii) Deposit of cash	22%
(iii) Fund Transfer through bank counter	3%
(iv) Bill Payment through bank account	2%
(v) Online –Payment	1%
(vi) Bank Draft/DD for form fill up/Examination Fee/College admission	4%
(vii) Others	4%
TOTAL	100%

From the above table it is seen that out of total banking transaction 64% are relating to withdrawal of cash, 22% are relating to deposit of cash or cheque, 3% are relating to fund transfer, and 4% are relating to Bank Draft and examination fees.

### FINDINGS OF THIS STUDY

From the above discussion it is clear that due to government initiatives, major families are now under banking network. But all the banking facilities are not enjoyed by the rural bank account holders. The main objectives of the poor bank account holders are to draw MGNREGA wages, student scholarship. Only a few bank account holders accumulated their savings in banks.

The basic reasons of limited uses of banking facilities are attitudes of bank employee, attitude of bank account holders. Some socio economic causes also lead such type of ineffective bank-customer relation, like poor income, less savings, less financial education etc.

### FACTORS STANDING IN THE WAY OF FULL UTILISATION OF BANKING FACILITIES BY THE RURAL PEOPLE

From the analysis of primary data as given by the 100 accounts holders and bank employee in the Shyamsundar gram panchayat following factors are identified as major causes of ineffective uses of banks accounts in support of their livelihood

- Lack of cooperation of bank employee**-A good number of respondents argue that due to lack of cooperation of bank employee of government banks, they are not get full benefits from banking system.
- Complex procedure and documentation for getting loans**-The procedure of sanctioning loans are very complex and a lot of documents are required for getting sectioned a bank loans. For these reason, most of rural bank customer avoid loans from banks.
- Lack of financial literacy**- As demanded by the bank- authority, majority of the rural bank-customers have no of knowledge about banking. As a result they cannot enjoy full banking facilities.
- Lack of regular income**- Most of the rural bank-customers have no regular income and savings. As a result they do not use bank account regularly.
- Ignorance of customer about different schemes of banks**-The bank employees argue that most of rural bank customers have no idea about different schemes of banks. As a result, they are not enjoying such facilities.
- Low rate of loans Recovery**-As experienced by the bank authority, due to low income, attitudes of loans holders, the rate of loans recovery is low in rural area. For this reason, banks have to think twice before sanctioning a loan.

### CONCLUSION

From the above analysis it is seen that due to different actions, most of the rural families have bank account but they are not enjoyed full banking facilities. In majority of cases bank accounts are used to encased government subsidies, scholarship, different allowances and MGNREGA wages payment. The main reasons of not enjoying banking products are low income and savings, low rate of financial education, attitude of the bank employee, and attitude of the customer. For true financial inclusion in rural area, attitudes of the bank employees and customer are to be changed, terms and conditions of sanctioning loans are to be liberalised, and the rate of financial literacy among the rural peoples are to be increased.

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## MARKETING STRATEGIES OF RETAIL SECTOR IN INDIA

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### ABSTRACT

*The Retail bazaar in India is booming beyond everyone's expectation. The Indian Retail sector has caught the world's imagination in the last few years. India's retail growth was largely driven by increasing disposable incomes, favorable demographics, changing lifestyles, growth of the middle class segment and a high potential for penetration into urban and rural markets. The organized retail sector accounts for 5 % which is expected to grow to 10 % by the end of 2016. A number of large corporate houses like Aditya Birla, Reliance, Pantaloons, Vishal, Tata Retail, RPG, Raheja's and Piramals's have diversified to add retail to their sector portfolio. This study revolves around the opportunities and challenges faced by organized retail players in India. It was found that organized retailers see competition from the unorganized sector as their biggest challenge, followed by competition between organized retailers and the inefficiency of distribution channels, internal logistical problem and retail shrinkage.*

### KEYWORDS

booming, disposable income, demographics, opportunities, challenges.

### INTRODUCTION

India is one of the largest emerging markets, with a population of over one billion. It is one of the largest economies in the world in terms of purchasing power. Retailing in India is at a nascent stage of its evolution, but within a small period of time certain trends are clearly emerging which are in line with the global experiences. Organized retailing has become more popular in big cities in India and most of the metropolitan cities and other big cities are flooded by modern organized retail stores. Many semirural areas have also witnessed entry of such organized retail outlets. India's retail sector is estimated to touch US\$ 833 billion by 2013 and US\$ 1.3 trillion by 2018, with a compound annual growth rate (CAGR) of 10%, which is quite lucrative. Retailing as a whole contributes almost 10% of India's GDP, and employs almost 8% of India's employable population. The organized sector accounts for a mere 5 per cent indicating a huge potential market opportunity that is lying in the waiting for the consumer-savvy organized retailer. Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Organized retailing is witnessing a wave of players entering the industry. These players are experimenting with various retail formats. A number of large corporate houses like Aditya, Reliance, Future Group (Big Bazaar), Vishal, Tata's, RPG, Raheja's and Piramals's have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, new age book stores, everyday low price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Today organized players have attacked every retail category. Organized retail chains comprise only 3% of the Indian market. Rest 97% market is comprised of mom-and-pop type shops. Now the number of organized retail stores is gradually increasing. According to ETIG (Economic Times Intelligence Group), the size of the organized retail industry was about Rs. 160 billion. Budget Government has allowed 26% Foreign Direct investment in retail sector. Organized retailing is on continuous increase of its market share from the past. Retailing can be categorized as of different sectors like food and groceries, clothing and textiles, consumer durables, footwear, furniture and furnishing, catering services, jewellery and watches, books, music and gifts, mobile handsets and others.

### RETAILING FORMATS IN INDIA

**MALLS:** Mall is largest form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts they range 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, Pantaloon, Big Bazaar.

**SPECIALTY STORES:** Focusing on specific market segments and have established themselves strongly in their sectors. 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 a couple of examples.

**DISCOUNT STORES:** 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. Discount Circuit is one such example.

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

**HYPER MARTS/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 into mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from 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.

### REVIEW OF LITERATURE

Marketing is "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." Marketing is a management process or social process or an effective communication through which goods and services move from concept to the customer and companies create value for customers and build strong customer relationships in order to capture value from customers in return, and also identifying, anticipating and satisfying customer requirements profitably. It includes the coordination of four elements called the 4 P's of marketing:

1. identification, selection and development of a **product**,
2. determination of its **price**,
3. selection of a distribution channel to reach the customer's **place**, and
4. development and implementation of a **promotional** strategy.

For business to consumer marketing, it is "the process by which companies create value for customers and build strong customer relationships, in order to capture value from customers in return". For business to business marketing it is creating value, solutions, and relationships either short term or long term with a company or brand. It generates the strategy that underlies sales techniques, business communication, and business developments. It is an integrated process through which companies build strong customer relationships and create value for their customers and for themselves.

Marketing is used to identify the customer, satisfy the customer, and keep the customer. With the customer as the focus of its activities, marketing management is one of the major components of business management. Marketing evolved to meet the stasis in developing new markets caused by mature markets and over-capacities in the last 2-3 centuries. The adoption of marketing strategies requires businesses to shift their focus from production to the perceived needs and wants of their customers as the means of staying profitable.

As a philosophy, marketing is based on thinking about the business in terms of customer needs and their satisfaction. Marketing differs from selling because (in the words of Harvard Business School's emeritus professor of marketing Theodore C. Levitt) "Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs."

There is even more confusion about what constitutes "marketing." Marketing entails several functions that include:

[\*] Developing the products or services that customers want.

[\*] Pricing the products or services correctly.

[\*] Making the products or services readily available to the customers.

[\*] And finally: Promoting the product or service, which if done correctly, not only convinces customers that the product or service is preferable to its competition, but that it is clearly the only choice. This is the field of marketing "communications" and of all the marketing components, it is the one most likely to be outsourced and the one most likely to be neglected if a company is making a profit.

## IMPORTANCE OF THE STUDY

1. It will extend to the actual field study of these outlets.
2. It will give information to prospective customers.
3. It will give information about Big Bazaar's Marketing Strategies, Marketing Mix/Retail Mix.
4. Help us gain independent knowledge about the consumer perception of the outlets identified.
5. The study can help the companies get additional research information.
6. It facilitates evaluation of brand name and customer satisfaction.

## RESEARCH OBJECTIVES

1. To identify performance of store operation.
2. To analyze how the merchandising mix influence consumer satisfaction level.
3. To understand how Big Bazaar convert 'Customers' in 'Consumers'.

## RESEARCH METHODOLOGY

### A. Sources of Data for Marketing Strategies

There are two types of data we have collected: 1. Primary Data & 2. Secondary Data.

- Primary Data was collected from discussion with the Big Bazaar's Corporate Managers
- Secondary Data was collected from Internet.

### B. Sources of Data for Consumers Satisfaction

There are two types of data we have collected: 1. Primary Data & 2. Secondary Data.

- Primary Data was collected from the feedback of the customers/consumers of Big Bazaar with the help of questionnaire.
- Secondary Data was collected from Internet.

## RESULTS AND DISCUSSION

### 1. Do You Frequently Shop @ Big-Bazaar? (Options: Yes/No)

Yes	148	74%
No	52	26%
Total	200	100%

### 2. How Frequently You Shop @ Big-Bazaar? (Options: every week/once in 2 week/once in 3 week/once in a month.)

Every week	44	22%
Once in 2 week	48	24%
Once in 3 week	32	16%
Once in a month	76	38%
Total	200	100%

Consumers approached were asked about their frequency in visits to shops. The frequency points furnished were: Every week, once in 2 week, once in 3 week and once in a month. By analysing the responses to this question, we, the researchers, as well as companies, can identify the number of times a customer is likely to shop in a month's time.

The highest responses have been attributed to once a month shopping. It can be deduced that consumers who shop only once a month look to buy groceries and other essentials to last them a month. Therefore, retail outlets have tough customers in those who shop once a month. Such customers look to buy in bulk. Moreover, such customers may not be open to experimenting with new stores. Hence, to capture this market, retail outlets must put in place strategies that attract them. Once they profess a liking to a certain store, they turn out to be very loyal customers.

Consumers who shop once a week, on the other hand, pose very different challenges to retail stores. Such customers can be presumed to have a high disposable income and may buy more lifestyle or fashion products. Since they shop so frequently, they must continually be entertained and attracted to make repeat purchases at stores. When targeting this segment, companies must be able to get new stock every week, and update their marketing strategies continuously.

### 3. What comes to your mind when you think about Big-Bazaar? (Options: Discount/Product Variety/Brand/Quality/Offers/Others).

Discount	68	34%
Product Variety	48	24%
Brand	8	4%
Quality	16	8%
Offers	56	28%
Others	4	2%
Total	200	100%

We understood from analysis part why consumers choose big bazaar than other. Customers choose Big-Bazaar because of Discount, Product Variety and Offers. This part helps researchers, how to increase footfalls by providing better services/Discount/Product Variety/Offers etc.

### 4. Do you feel you find different product variety in Big-Bazaar. (Options: Yes/No).

Yes	132	66%
No	86	34%
Total	200	100%

This analysis part shows us that maximum consumers were satisfied with variety of products.

**5. Do you find the specific brand that you look in the Big-Bazaar? (Options: Yes/No).**

Yes	74	37%
No	126	63%
Total	200	100%

This analysis part show us that maximum customers were not satisfied with brand availability, this part help researchers, how to satisfied consumers by providing more branded products.

**6. In which section you spend more time while shopping? (Options: Food-Bazaar/Apparels/Kitchen-Section/Electronics-Section/Children & Toys Section/Sports Section/Others).**

Food-Bazaar	81	40.5%
Apparels	73	36.5%
Kitchen-Section	22	11%
Electronics-Section	5	2.5%
Children & Toys Section	4	2%
Sports Section	5	2.5%
Others	10	5%
Total	200	100%

From this analysis part we can understand the popular section of big bazaar. Food Bazaar, Apparels, Kitchen section is more popular while others sections are not so popular. Researchers may use this analysis part to make popular those other section, and continuous improvements of popular section to increase more footfalls and more satisfaction.

**7. Are you satisfied with you product? (Options: Yes/No).**

Yes	176	88%
No	24	12%
Total	200	100%

This analysis part shows directly the consumers satisfaction level related to the Product or Product Quality in Big-Bazaar. Result shows that maximum consumers are satisfied with their product while 12% consumers are not satisfied.

**8. Do you think this store has good parking facility? (Options: Yes/No).**

Yes	149	74.5%
No	51	25.5%
Total	200	100%

Parking facility is an important one to attract customers and provide them full satisfaction while they are in Big-Bazaar. Here we can see that maximum customers are satisfied with parking facility.

**9. How would you rate the following in our store ambience?****a) Music – Good/ok/Bad.**

Good	122	61%
Ok	48	24%
Bad	30	15%
Total	200	100%

**b) Temperature - Good/ok/Bad.**

Good	119	59.5%
Ok	56	28%
Bad	25	12.5%
Total	200	100%

**c) Lighting - Good/ok/Bad.**

Good	171	85.5%
Ok	20	10%
Bad	9	4.5%
Total	200	100%

**d) Cleanliness- Good/ok/Bad.**

Good	188	94%
Ok	10	5%
Bad	2	1%
Total	200	100%

The store ambience (store's music, temperature, cleanliness, and lighting) directly related to the customer satisfaction. So that it is important to maintain store ambience as decently as the customers feel good while they are enjoying marketing in the store. Continuous monitoring and improving store ambience attract more customers. Here maximum customers are satisfied and enjoying store ambience while they are shopping in the Big-Bazaar.

**10. How did you find the following qualities of our store staff?****a) Courteousness - Good/ok/Bad.**

Good	170	85%
Ok	20	10%
Bad	10	5%
Total	200	100%

**b) Grooming - Good/ok/Bad.**

Good	142	71%
Ok	17	8.5%
Bad	41	20.5%
Total	200	100%

**c) Efficiency & Knowledge - Good/ok/Bad.**

Good	116	58%
Ok	40	20%
Bad	44	22%
Total	200	100%

The store's stuffs always play an important role to customer while they are shopping in the Big-Bazaar. So it is very important to maintain good qualities in store stuffs and also improving their skills as they are more efficient and more helpful to the customers.

**11. How would you rate the following in our Products?**

a) Range - Good/ok/Bad.		
Good	155	77.5%
Ok	25	12.5%
Bad	20	10%
Total	200	100%

**FINDINGS & SUGGESTIONS**

In the surveys, interviews and study conducted above, I came across many factors that influence the consumers' perception of a store and their subsequent shopping and buying decisions. Here, I present the findings gathered and the suggestions we offer to companies based on the data gathered and analyzed.

The age groups were identified as key factors impacting shopping and purchase decisions of consumers. By analysing the responses to this question, Researchers and, as well as companies, can identify the demographics of the population that visit retail outlets.

The highest number of respondents falls in the age group 28-38. It can be deduced that most of the consumers who visit retail outlets regularly are the youth. The rest of the population who visit the retail outlets under study can be listed in the following descending order of distribution – the working age group, the older age group, the middle age group, and senior citizens.

It is not surprising that the youth most frequent malls and retail stores. What is unexpected, however, is the fact that more people who fall into the older age group visit the retail stores than those who fall in the middle age group.

Consumers were also asked to indicate their gender. The object of this question is to understand the demographics of the population under study. By analysing the responses to this question, we, the researchers, as well as companies, can identify the distribution in the number of men and women who visit the retail outlets and appropriate decisions can be made keeping these numbers in mind.

The highest number of respondents were female, as is depicted by the graph and chart presented above. The number of male respondents was less compared to the female respondents.

Two deductions can be made from the above data collected: one, more women visit retail outlets than men. Two, more women are willing to fill out questionnaires and take a survey than men.

This can help the companies and researchers in undertaking future decisions and studies. Since more women can be inferred to visit retail stores than men, companies can target their offerings and marketing strategies in two areas. Retail outlets can appeal to the women customers by offering more products eared especially towards women. They can provide a shopping experience that women are particularly attracted to.

Another way that retail chains can use the above data is to appeal to the men rather than the women. Since, fewer men visit retail stores as against women, the companies have a large base of potential customers. By providing products that are geared towards men and by providing a shopping experience that attracts men, the retail chains can expand their customer base.

**Findings form Question no. #1 And #2**

Consumers approached were asked about their frequency in visits to shops. The frequency points furnished were: Every week, once in 2 week, once in 3 week and once in a month. By analysing the responses to this question, we, the researchers, as well as companies, can identify the number of times a customer is likely to shop in a month's time.

The highest responses have been attributed to once a month shopping. It can be deduced that consumers who shop only once a month look to buy groceries and other essentials to last them a month. Therefore, retail outlets have tough customers in those who shop once a month. Such customers look to buy in bulk. Moreover, such customers may not be open to experimenting with new stores. Hence, to capture this market, retail outlets must put in place strategies that attract them. Once they profess a liking to a certain store, they turn out to be very loyal customers.

Consumers who shop once a week, on the other hand, pose very different challenges to retail stores. Such customers can be presumed to have a high disposable income and may buy more lifestyle or fashion products. Since they shop so frequently, they must continually be entertained and attracted to make repeat purchases at stores. When targeting this segment, companies must be able to get new stock every week, and update their marketing strategies continuously.

**Findings form Question no. #3**

We understood from analysis part why consumers choose big bazaar than other. Customers choose Big-Bazaar because of Discount, Product Variety and Offers. This part help researchers, how to increase footfalls by providing better services/Discount/Product Variety/Offer etc.

**Findings form Question no. #4 & #5**

This analysis part shows us that maximum consumers were satisfied with variety of products.

This analysis part show us that maximum customers were not satisfied with brand availability, this part help researchers, how to satisfied consumers by providing more branded products.

**Findings form Question no. #6**

From this analysis part we can understand the popular section of big bazaar. Food Bazaar, Apparels, Kitchen section is more popular while others sections are not so popular. Researchers may use this analysis part to make popular those other section, and continuous improvements of popular section to increase more footfalls and more satisfaction.

**Findings form Question no. #7**

This analysis part shows directly the consumers satisfaction level related to the Product or Product Quality in Big-Bazaar. Result shows that maximum consumers are satisfied with their product while 12% consumers are not satisfied.

**Findings form Question no. #8**

Parking facility is an important one to attract customers and provide them full satisfaction while they are in Big-Bazaar. Here we can see that maximum customers are satisfied with parking facility.

**Findings form Question no. #9**

The store ambience (store's music, temperature, cleanliness, and lighting) directly related to the customer satisfaction. So that it is important to maintain store ambience as decently as the customers feel good while they are enjoying marketing in the store. Continuous monitoring and improving store ambience attract more customers. Here maximum customers are satisfied and enjoying store ambience while they are shopping in the Big-Bazaar.

**Findings form Question no. #10**

The store's stuffs always play an important role to customer while they are shopping in the Big-Bazaar. So it is very important to maintain good qualities in store stuffs and also improving their skills as they are more efficient and more helpful to the customers.

**Findings form Question no. #11**

The Product range, Product quality, Product price and Product availability always play a significant role to the customer satisfaction.

Here maximum consumers are satisfied with their Product range, Product quality, Product price and Product availability, while some consumers less satisfied with this.

So it is important to maintain Product quality/availability/range as per customers' needs.

**Findings form Question no. #12 & #13**

In store navigation and store signage also play important role to satisfy customers while shopping in the store.

Here we can see that 72% customers are satisfied with in-store navigation while 47% customers are satisfied with in-store signage.

Easy navigation and signage in the store helps customers to shop spontaneously in the store. So always maintain easy and simple navigation and in-store signage into the store.

**Findings form Question no. #14**

The Cashiers, Sales persons, Check-out counter, Customer Service Desk, Loyalty Programs (Payback card and T24 Mobile connection) all these are directly and indirectly related to the customer satisfaction. Cashier interaction and cashier speed always play an important role for customer's satisfaction as well as CSD and Loyalty Programs also have the same importance to satisfy customers. Here maximum customers are satisfied with the Cashiers, Sales Persons, Check-out counter, CSD, Loyalty Programs. So it is important to maintain this thing and continuous monitoring this thing for more improved service.

**Findings form Question no. #15 & #16**

This analysis part directly indicates the customer's satisfaction level and most of them fully satisfied with Big-Bazaar.

**CONCLUSIONS AND RECOMMENDATIONS****Conclusions for Marketing Strategies of BB**

- To increase the footfall of the store during the weekday.
- Customers are more attracted towards Discount Schemes & Sales.
- Various Product lines also attract customers to choose their retail stores.
- Entertainment units & Kids zone should be provided in Retail stores in order to cater more customers.
- The after sales service of retail stores should be helpful & effective. This after sales service creates loyal customers.
- Major steps should be taken to stop shoplifting in retail stores, as it is one of the problematic characters for leading & large size retail stores.
- The retail stores should provide various kinds of loyalty rights in order to provide more customers.

**Recommendations for Marketing Strategies of BB**

- Retail Stores should focus more on Store Ambience, Store Space & Selling Areas.
- All the Retail Formats should have an effective Loyalty Program.
- More focus on Direct Marketing should be given in order to attract more & more customers.
- Better after sales service & customer service should be provided in order to make customers loyal.
- To manage proper proportion of Convenience, Staple & Impulse goods.
- Along with SMS the retail formats should use more innovative ways to alert customers.
- The Retail store should replenish the goods on time (before the stock ends).
- A proper proportion of Private & National Brands should be kept in Retail stores.

**LIMITATIONS**

1. This report based on some selected questionnaires only, and only some Customers feedback were analyzed here.
2. This report based on the only few of consumers/customers of Big-Bazaar not internationally.
3. This report based on the only 1 shopping mall.
4. This report may change with Social, Economic, and Political etc. parameters.
5. This report may also change with budget constraints, market changes.
6. This report may also have certain procedural errors.

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**YOUTH ENTREPRENEURSHIP DEVELOPMENT****DR. B. KANNAN.****ASST. PROFESSOR****PG & RESEARCH DEPARTMENT OF COMMERCE****PERIYAR E.V.R. COLLEGE (AUTONOMOUS)****TRICHY****R. DHANABAL****RESEARCH SCHOLAR****PG & RESEARCH DEPARTMENT OF COMMERCE****PERIYAR E.V.R. COLLEGE (AUTONOMOUS)****TRICHY****ABSTRACT**

*The youth are the major human resource for development and thus key agents of social changes, economic development and technological innovation. Therefore, there is a need for youth involvement and participation in the socio-economic, cultural, and political environment of a country and its development programmes, as well as in activities based on the youth's specific needs, desires and aspiration. If children are the future of a nation, youth are its present resource. The dynamic role of youth constructive and active work culture of the youth lends a nation its integrity and character. But the profile of the youth in India has been rather low and its role is extremely mediocre especially after India achieved independence. Youth constitute an important asset of the society.*

**KEYWORDS**

youth entrepreneurship, entrepreneur, unemployment, development programme, socio-economic.

**INTRODUCTION**

**W**e all share a vision of a just and more equitable global economic order. We all know that youth power can fuel the change we wish to see in the world. And yet, though 20% of all young people have the potential to become entrepreneurs, only 5% do. In motivating the other 15% to take to entrepreneurship and create employment, lies the challenge of change. Some important create facts which lead to youth entrepreneurship are:

- Asia has 300 million unemployed youth in the 18-35 age groups.
- China and India are the world's fastest growing economies.
- Youth unemployment and under-employment in South Asia is as high as 50-60 per cent.
- Manufacturing and service excellence in Asian countries drive global competitiveness.
- Millions of young Asians work for less than a dollar a day.
- Asia leads the world in design innovations in electronics and automobiles.

**OBJECTIVES**

1. To identify the Unemployment of youth and Disabled youth.
2. To know the characteristics of youth Entrepreneurship and the
3. To study the various classifications of youth Entrepreneurship.
4. To Analysis the youth Entrepreneur Development Programme.

**DEFINITION OF YOUTH**

The youth in India cover the age of 15 to 35 years. It is acknowledged that since all the persons within group are unlikely to be one homogenous group, but rather conglomeration of sub-group with differing social roles and requirements, the age group may, therefore, be divided into two broad sub-groups viz. 15 -19 years and 20-35 years. The availability of a human resource of such magnitude for achieving socio – economic change and technological excellence need commensurate infrastructure and suitable priorities to maximize its contribution to National Development.

**IMPORTANCE OF YOUTH**

- Youth are capable of becoming successful entrepreneurs and creating a large number of new jobs for there, if they are stimulated and assisted to apply one-to-one mentoring models, and develop their entrepreneurship awareness building skills, personal empowerment skills, entrepreneurial/ enterprise skills, business planning skills business management skills, support services availing skills and business improvement skills.
- Youth are an asset, invaluable partners for economic and social development. The expected inflow of young people into the labour market, rather than being viewed as a problem, should be regarded as presenting and enormous opportunity and potential for economic and social development.
- Today's youth will determine the future of India in the 21<sup>st</sup> century.
- Youth have a unique role in the achievement of environmentally sound and sustainable development.

**YOUTH UNEMPLOYMENT**

According to the Definition of United Nations, persons without or and currently available for work, who had already made arrangements to take up paid employment or undertake self-employment activity at a subsequent to the reference period, are to be considered unemployed, irrespective of whether or not they continued seeking work. All regarded as unemployed are persons temporarily absent from their jobs with no formal job attachment, which were currently available for work and seeking work. In situations where the conventional means of seeking work are of limited relevance, where the labor market is largely unorganized or of limited scope, where the labour absorption, is temporarily inadequate or where the labour force is largely self-employed, a relaxed definition of unemployment can be applied, based on only the first two of the above-mentioned criteria (without work and currently available for work). Such a relaxed definition of unemployment also is applied in the case of persons temporarily lead off without formal job attachment. The unemployment rate is the ratio of unemployed persons (numerator) to the economically active population or labor force (denominator), expressed as a percentage. Age specific unemployment rates relate unemployed persons of a specific age group to the economically active population or labor force of the same age group.

Seeking or available for work or unemployed: people, who are owing the lack of work, had not worked but either sought work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or expressed their willingness or availability for work under the prevailing conditions of work remuneration, were considered as those who were 'seeking or available for' (or unemployed)

Youth unemployment is by no means spread evenly amongst young people. A number of individual characteristics tend to increase or reduce the likelihood that a young person becomes unemployed. Let us look at of these in turn.

### DISABLED YOUTH

Another group in the labor market facing particular difficulties is the "disabled". Numerous studies have noted both the lower rates of labor force participation and higher unemployment rates. It might just be observed that the differential in labor market success between the disabled and those without disabilities tends to increase with age. In part this may be attributed to the tendency of disabilities to increase in severity with time, but also to the persistence of effects of an early lack of success in the labor market.

### WHAT IS ENTREPRENEURSHIP?

Most economic, psychological and sociological research points to the fact that entrepreneurship is a process and not a static phenomenon. Entrepreneurship is more than just a mechanical economic factor. Entrepreneurship has to do with change and is also commonly associated with choice-related issues. Existing definitions of entrepreneurship often related to the functional role of entrepreneurs and include coordination, innovation, uncertainty bearing, capital supply, decision making, ownership and resource allocation. Indeed, three of the most frequently mentioned functional roles of entrepreneurs are associated with major schools of thought on entrepreneurship.

### CHARACTERISTICS OF ENTREPRENEURSHIP

- The entrepreneur has an enthusiastic vision, the driving force of an enterprise.
- The entrepreneur's vision is usually supported by an interlocked collection of specific ideas not available to the marketplace.
- The overall blueprint to realize the vision is clear, however details may be incomplete, flexible, and evolving.
- The entrepreneur promotes the vision with enthusiastic passion.
- With persistence and determination, the entrepreneur develops strategies to change the vision into reality.
- The entrepreneur takes the initial responsibility to cause a vision to become a success.
- Entrepreneurs take prudent risks. They assess costs, market/customer needs and persuade others to join and help.
- An entrepreneur is usually a positive thinker and a decision maker.

### TYPES OF YOUTH ENTREPRENEURSHIP PROGRAMMES

#### *Business start-up programmes*

- Programmers' specifically for young women and young men.
- Programmes in which young people are a large proportion of participants,
- Programmes designed to promote or foster a more entrepreneurial culture.
- Sponsoring, running or judging youth enterprise competition,
- School based businesses and competitions,
- Promoting role models.

#### *Impact of these programmes*

- These programmers clearly help the young participants overcome the many obstacles they face in starting businesses.
- Unfortunately, these programmes do not reach sufficiently large numbers of young people.
- We should not necessarily think in terms of another project or programme but start thinking more strategically.

### FUTURE PERSPECTIVE OF ENTREPRENEURSHIP

- Entrepreneurship as in the past will determine technical innovations, status of social institutions and political management systems. On the basis of these factors, we can expect the future to be a place where basic needs will remain and only the wants will change. India will overcome the barriers of the infrastructure of procure; we will also visualize a strong manufacturing and agricultural sector.
- Entrepreneurs and not managers will be in demand, as only will be equipped to find order in chaos. The focus of entrepreneurial energy will shift from achieving volume sales to fulfill a specific requirement. Governance will become more growth and development. More autonomy will become the basis of all issues.
- The future will see entrepreneurship as the key driver of economic development, technological obsolescence will become order of the day and there will be more space for leisure. New businesses will be credited with providing variety of new jobs in the economy. New and small business will also develop more than their share product and service innovation. At one end we will see the technological upheavals is quick succession and on the other end there will be social value systems and cultural issues undergoing slow but dynamic transformations
- Our strategy should foster partnership between and build on the existing efforts of governments, employers' organization, trade unions, youth organizations and other civil society groups to learn from each other and to efforts and resources.

### ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (EDP)

Entrepreneurship Development Programmed (EDP) refers to a programme designated to help a person in strengthening the entrepreneurial motive and in acquiring skills and capabilities necessary for playing his/her entrepreneurial role effectively. Towards this end it is necessary to promote his/her understanding of motives, motivation, pattern, their impact on behavior and entrepreneurial value. A programme which seeks to do this can qualify to be called EDP. This has to be stressed here because there are a number of programmers which aim at providing informational or managerial inputs are required by a new entrepreneur, access. With programmed not touching entrepreneurial motivation and behavior cannot be called an EDP.

Entrepreneurial development which basically covers the areas of non-financial incentives is an important promotional activity that has assumed special importance in the context of our policy of board basing the entrepreneurial cadre and encouraging particularly small, medium and tiny sector entrepreneurs. EDPs thus achieve the twin objectives of widening the entrepreneurial base and creation of self-employment opportunities.

Entrepreneurship development programmes require a selection process that attempts to identify those target groups that have some of the key prerequisites for entrepreneurial success. While it can be argued that public funds should be spent on those who most need help, a selection process deploys limited resources where they are most effective, to the overall benefit of the community. Beneficiaries may be individuals and/or groups. An entrepreneur to recognize and design unique, innovation business opportunities, based on an analysis of local conditions and their own special skills.

Entrepreneurial development programmes may have to include support for entrepreneurship orientation and awareness, the development of the competencies (skills, experience and attitudes) necessary to recognize a market opportunity and organize the resources to meet it and the improvement of business performance for growth and competitiveness. ED training is usually more effective when linked to fiancé and other services such as marketing, quality assurance and productivity

improvement. For example, involving the development banks at an early stage of the support process helps to prepare the entrepreneur for the credit process and facilitates to prepare the entrepreneur for the credit process and facilitates the bank's appraisal of the business plan.

## CONCLUSION

The future will see entrepreneurship as the key driver of economic development. New businesses will be credited with providing variety of new jobs in the economy. Entrepreneurs and not managers will be in demand, as only they will be equipped to find order in chaos. In today's economy, technical and business skills are not enough to operate a business. Entrepreneurial skills are also required to anticipate changes, identify opportunities, and create a high-performance working environment according to the realities demanded by global competition. The development of entrepreneurship amongst engineers and general graduates is going to be an effective mechanism for technology innovations, helpful in the removal of regional imbalances and sustainable growth of small industries. Entrepreneurship requires a strong determination to reach goals regardless of personal sacrifice.

The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic contribution of the new ventures. More than increasing national income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and market place. Although government gives great support to basic and applied research, it has to have great success in translating the technological innovations to products or services. This leaves the entrepreneur, who frequently lacks both technical and business skills, to serve as the major link in the process of innovation development, and economic growth and revitalization

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**A STUDY ON AGRICULTURAL COMMODITY IN TRICHY****K. DHINESHNI****STUDENT****DEPARTMENT OF MANAGEMENT STUDIES****ANNA UNIVERSITY (BIT CAMPUS)****TRICHY****DR. S. P. DHANDAYUTHAPANI****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES****ANNA UNIVERSITY (BIT CAMPUS)****TRICHY****ABSTRACT**

*Agriculture provides the essential means of livelihood for majority of Indian's population. Agriculture accounts for large export earnings and provides raw material to large number of industries. The general price level of agricultural commodity is affected by a variety of market forces that can alter the current or expected balance between supply and demand. Study on agricultural commodity market in Trichy. The study deals with the commodities such as wheat, cereals, sugarcane, banana and pulses. The purpose of the study is to analyze price fixing method for above mentioned commodities.*

**KEYWORDS**

spot price, price discovering, seasonal factor.

**INTRODUCTION**

A commodity market is defined as the market that trades in primary economic sector rather than manufactured products. Commodities are classified into two types: Hard and soft commodities. Hard commodities are natural resources that must be mined or extracted (gold, rubber, oil etc.) where as soft commodities are agricultural products or livestock (corn, wheat, coffee, sugar, soybeans)

Agricultural Commodities are considered as a new assets class. The word commodity means an article of trade. The word originated from old French word "commodite" which means convenience. Commodities include agricultural products are fuels and metals and are traded in bulk on a commodity exchange on spot market. Commodities interchangeable with another product of the same types in which investors buy or sell through future contract. The price of the commodity is subjected to supply and demand.

Commodities are categorized as energy commodities, exotic, metals and agricultural commodities. India is an agricultural country and one third population depends on the agricultural sector directly or indirectly.

Spot price refers to the current price of a security which can be bought and sold at a particular place and time. Spot prices are most commonly used for serving as a base indicator of pricing future contracts based on the spot price of the security, traders and investors are able to make assumptions about the future price movements of the security.

Future price refers to two participants involving the future contracts agree to transactions the settlement data.

A future contract considered as a standardized forward contract which can be easily traded between parties other than two initial parties to the contract. At first the parties agree to buy and sell an asset or commodity for price agreed upon today (forward price) with delivery and payment occurring at a future market, the delivery date.

The purpose of the study to analyze price fixing method for above mentioned commodities

**PRICE DISCOVERING PROCESS IN TRICHY**

Arrivals of banana, wheat, cereals, groundnut and paddy which had come down sharply over the past few months owing to the drought condition have picked up at Gandhi market in the city over the past few days ahead of the festival season.

The price of the agricultural commodity however is expected to rule steady and not likely to come down owing the festival demand, wholesale traders at the market said the price of good quality commodity had increased by over the past couple of months as arrivals had trickled.

Price discovery is the general process used in determining spot prices. These prices are dependent upon market condition affecting supply and demand. For e.g. if the demand for a particular commodity is higher than its supply the price will typically increase and vice versa.

Price discovery refers to the act of determining the proper price of security commodity or good services by studying market supply and demand other factors associated with transaction.

**SPOT AND FUTURE MARKET**

Spot and future price refers that future price tend to be higher than spot price. Modern day commodity market can be classified as spot and future markets. Spot markets are called as physical markets where delivery of commodity within a day. All commodities are exchanged in a spot market. In the present days, buyers and sellers used to gather in the market where dealings in commodities lead to immediate delivery.

Future contract refers that agreement to buy or sell a set of commodities at a future date or future month at a price agreed upon by the buyer and seller at the market. Risk transfer and price discovery are two of the major roles of future market. By risk transfer from hedgers to speculators and arbitragers make to have an effective price risk management.

**SPOT AND FUTURE PRICES**

The spot price refers that current price studying on basis behavior. Basis the difference between cash price and the future price or it defined as relationship between the spot and the future contract.

Basis=Spot price-Future price.

**OBJECTIVES**

- To study on agricultural commodity price in Trichy.
- To identify growth rate in Trichy.

- To study on spot and future price in agricultural commodity in Trichy.
- To study on seasonal factors influencing on agricultural commodity.

**LITERATURE REVIEW**

Easwaran, (2008) Commodity future and derivatives considered as important role to play in the risk management process especially in agriculture. The present study deals with the future markets in agriculture commodity in India. The statistical analysis of data considered as on price discovery in a sample of four commodities traded in future exchange have indicate that price discovery is not necessary for agriculture commodity future market. The tools used for econometric analysis relationship between price return, volume, market depth and volume.

S. Karthikeyan, (2014) Consuming fruits consider as several benefits to human body. Among various gets an important place and which is followed by banana. Production process of one fourth of total banana production in the world. India is the leading country for banana production and properly usage of land for cultivating banana. The countries also adopt innovative method used for banana production.

Kumar, (2014) Agriculture still forms the life of our Indian and vital activity of human being. Agriculture sector in India providing nearly half of national income. Agriculture sector providing job opportunity for employees. Agriculture important role in the economic development process of a country. The data were collected from secondary source of economics and statistics 2011-2012. The productivity index values are calculated and differentiated the productivity regions in Trichy.

Mehta, (2013) This study analysis the market behavior and price discovery of Indian Agriculture commodity markets. Commodity future trading was permitted in 2003. The commodity market faced a phenomenal growth. The study considered on average monthly future price of nine commodity data on 2009-2010. The efficient methodology adopted in market increasing high level of productivity. Always increase in GDP in India. The result of the study on price discovery mechanism is quite different commodities suggests that causality can be used in forecasting spot and future price.

R. Sanders, (2012) the first decade faced more structural change in commodity future markets than all previous decades combined. Not only trading volumes and also open interest increased markedly time period also changes in both trading and participants. The available literature on indicates that the harmful impacts of the structural changes in commodity markets over the last decade have been minimal. In the situation expanding market participation may have decreased risk premiums and cost of hedging decreased price and financial market.

**METHODOLOGY**

The research study based on descriptive research has been applied and also data collected from and secondary data.

The modern literature study on Engle and Granger methodology for error correction in order to draw inference about causality. This method is used for some limitations like approach is only valid given an ergogeneity assumption. This test helps in understanding the long-run economic relationship between multiple variable. The present study on relationship between two variables on future price and spot price.

**HYPOTHESIS**

H0: There is no significant difference between spot price and future price.

Hypothesis is considered with a constant convenience yield. That is inventories decrease (increase) the spot price will increase (decrease) and the convenience yields will also increase (decrease).

**DATA ANALYSIS**

This study on both spot and future price for five commodities for time period from 2014 and 2015. The study needs both spot and future data, commodities based on availability of both spot and future data series. Nationalized commodity exchanges like the Multi Commodity Exchange(MCX)and National Commodities and Derivative Exchange (NCDEX).

The study on weekly prices of five commodities spot and future price date for a time period of 2014 and 2015. Wheat, groundnut, paddy, banana and cereals are the five commodities.

**ANALYSIS**

**TABLE 1: UNIT ROOT TEST RESULTS FOR RETURN SERIES**

Commodities	ADF Test statistics	
	Spot	Future
Wheat	-8.25232	-8.24508
Banana	-9.64712	-9.847
Pulses	-7.71459	-8.04178
Groundnut	-10.4524	-10.4076
Paddy	-9.02398	-9.17727
All are significant at 1%		

**TABLE 2: LONG HORIZON REGRESSION TEST RESULT FOR 5 COMMODITIES**

Commodity	Future				Spot			
	Coefficients				Coefficients			
	A	$\beta$	R2	F	$\alpha$	$\beta$	R2	F
Wheat	0.137926	0.221592	0.106966	35.33458	0.137366	0.19374	0.091086	29.56307
t-vale	0.394032	5.064918			0.398933	5.40549		
p-value	0.6938	0		0	0.6902	0		0
Banana	0.248652	0.165376	0.080108	26.9088	0.187552	0.101033	0.0444	14.35696
t-value	0.865099	4.675603			0.187552	0.101033	0.0444	14.35696
p-value	0.3877	0		0	0.4112	0.0164		0.000182
Pulses	0.383558	0.151046	0.071317	34.32673	0.381484	0.110271	0.050918	23.89131
t-value	1.56135	4.946153			1.889287	3.910399		
p-value	0.1191	0		0	0.059	0.0001		0
Groundnut	0.304035	0.218881	0.100409	38.8423	0.329133	0.201416		33.49595
t-value	1.247098	5.890722			1.340041	4.911022		
p-value	0.2132	0		0	0.1811	0		0
Paddy	0.2061	0.160397	0.075885	33.17499	0.176167	0.083829	0.03724	15.62672
t-value	0.83963	5.66321			1.009061	3.539805		
p-value	0.4016	0		0	0.3135	0.0004		0.000091

**CONCLUSION**

Present study on various developments in the Trichy commodity market. The relationship between spot and future prices are detail study come out with long-run equilibrium relationship between them. The disequilibrium between spot and future price and the speed of adjustment towards the equilibrium dynamics between

the prices. Further study on five commodities and seasonal variations. Seasonality is observed in all the agriculture commodities of future and spot price. Finally, five commodity prices have been modeled using state –specification. The forecasts are mostly efficient for most of the commodities considered under the study.

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**PORTRAYAL OF NATURE IN ENGLISH LITERATURE AND CONSERVATION OF NATURE**

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**ABSTRACT**

*The essence and importance of nature has been beautifully portrayed in English literature. Nature is depicted as a woman, a person, a child and also through various emotions, to be loving, friendly, inspiring and kind. Nature acts as a gentle guide to man as his association with nature is inseparable. Man connects every emotion of his with nature \_ happiness, sorrow, solitude, anger, romance and hatred. His civilization starts from nature and his beliefs are so strongly linked with nature that he even worships it in many forms. Till date there are many writers who convey great messages quoted with nature as the basic theme and have attempted to make man realize various truths and his responsibilities towards protecting the ecosystem for the benefit of all creatures. My paper is an attempt to create awareness by bringing to the fore nature as depicted in literature and remind the importance of nature which people are slowly forgetting. It is an attempt to conserve nature by quoting some prominent writings of eminent writers and their magnanimous portrayal of nature in English literature.*

**KEYWORDS**

English literature, nature, ecosystem, pesticides, Conservation, government laws.

**INTRODUCTION**

Nature manifests itself in all its splendour. It is indispensable for man to live without it. Its enormous beauty is in the core for living of all species on earth. It is time we realize that it is the only home we have. The endless beauty of nature has been the topic of various writers ever since man began to communicate through writing. The power of nature is something man cannot defeat at all times but its beauty can definitely be magnified with his efficient ways of describing it in literature. The various time periods of English literature from the old English literature -450 to 1066 or middle English literature 1066-1500 and the renaissance till 1660 have all had various oral and written descriptions of nature. Shakespeare too has made use of nature to make man understand his relationship to nature. Following which are also many other great works of poets who have written about nature in English literature.

**FINDINGS**

Aristotle said that poetry is the most philosophic of all writings. Its object is truth not individual and local but general operative. Notwithstanding upon external testimony but carried alive into the heart by person. The poet writes with the intention of giving immediate pleasure to human beings as a man and not of being any professional like lawyer, physician, mariner or philosopher [1] A poet is a man speaking to men, a person endowed with more sensibility, enthusiasm and tenderness and especially a person with greater knowledge of human nature. Good poetry is the spontaneous overflow of powerful feelings but through this is true poems to which any value can be attached will never produce on any variety of subjects, but by a man who being possessed of more than usual organic sensibility has also thought long and deep. True to this there are many poets and writers who have described nature in various dimensions.

Marcel Isnard argues that nature also means the principal power that animates or even creates the objects of nature[2] In Ode to the West wind, Shelly's persons is also aware of the passage of time and so asks the wind to 'Make me thy lyre'. Expressing the romantic desire as Bennet observes to transcend himself to become nature.[3] Romantic poets are basically nature poets as they explore nature to the fullest. The philosophical reflection on nature's creative powers lead to an ultimate consideration of man's relationship with the universe. In UK Phillip Gorse and Sarah Bowdich Lee were two popular nature writers in the early Victorian Era. Phillip Henry Gorse was an English naturalist and popularizer of natural sciences. He invented the sea water aquarium and also the study of marine biology [4] Sarah Bowdich Lee had intent in nature and has written an excellent work of natural history. The fresh water fishes of Great Britain.

Shakespeare in his first sonnet states 'From fairest creatures we desire increase' - that is we desire beautiful creatures to multiply in order to preserve their beauty's rose for the world. His sonnet 18 is simply a statement of praise about the beauty of the beloved summer which is personified as the 'eyes of heaven with its gold complexion' carrying the beauty of the beloved down to future generations. The eternal summer shall not fade precisely because it is embodied in the sonnet. His sonnet 73 invokes a series of metaphors to characterize the nature of what he perceives to be his old age. He compares age to 'time of year', late autumn. Old age is compared as 'after sunset faded in the west' and also compares himself to the glowing remnants of a fire, which lies on the ashes of his youth, like the fire is extinguished by time. His sonnet 130 also compares the speaker's lover to a number of other beauties and finally concludes that his love is rare and valuable. Any love in which false comparisons were involved to describe the loved ones beauty is not true.

Wordsworth, well known as a poet of nature or Nature poet not just offered a beautiful picture of nature but also illustrated the healing power of nature on the spirit of man. Before him English poetry was poetry of town and drawing room but it was Wordsworth who drew the attention of the readers towards hills and hills skies and stars, rivers and trees. His independence towards nature led him to the heart of common things. Wordsworth's optimism and joy is best summarized through the famous poem "Daffodils". In this poem he suggests that Man's inhumanity appears even darker when compared to the pristine beauty and purity of nature [5] Daffodils was actually written after the death of his brother John that led him to loneliness. This poem was the result of the actual visualization of the daffodils when he was walking with his sister in the woods. Nature permeates the entire poem. Phrases like a crowd, host, continuous as the stars etc., presents deep implications. The Daffodils ousted the sparkling waves in glee and left an everlasting mark in the minds of the readers of this poem[6]

The solitary Reaper reflects Wordsworth's belief in the importance of the natural world, the power of memory and mind. The poem begins with a speaker asking to behold a young girl reaping and singing by herself in the field. Her singing is compared to a nightingale and a cuckoo bird. The poet tries to imagine what the song might be about. Given its sad tune he speculates that it might be about some past sorrow. He ends the poem by saying whatever the girl sings does not matter, it is the beauty of the song that touched his heart and lingers in his mind.[5] The Lyrical Ballads is the fruit of that long winter abroad. It marks both a literal and a literary homecoming. Inspired by memories of his childhood amongst lakes and field, he was determined to return what he increasingly saw as his paternal home.

Nature that has been described by so many writers emphasising the beauty of nature is not understood by the man of today. Man struggles to understand his insatiable need to create to meet the demands of an extra growing population. It has been widely viewed to be destroying the earth's ecosystem and ultimately himself, be it through pollution or the exploitation of natural resources. Nevertheless, if man desists from his destructiveness, nature can be preserved. Rachel Carson in her Silent Springs has described the hazards man is causing to nature by the use of pesticides. I would like to quote a few chapters from the book to re-emphasise the need to conserve nature.

Rachel Carson began her four years project of Silent Springs by gathering examples of environmental challenges attributed to DDT (Dichloro-diphenyl trichloro-ethane). It was introduced in 1874 by German chemists to win the farmers by killing insecticides. The storage of DDT begins with the smallest conceivable intake of the chemical present as residues on most foodstuff. The overriding theme of Silent Spring is the powerful and often negative effects humans have on the natural world.[7]. Her main argument is that pesticides have detrimental effects on the environment named 'Biocides' because the effects are rarely limited to the largest pests. She accuses the chemical industry of intentionally spreading disinfectants. Her book is devoted to pesticides effect on natural ecosystems. If we are going to live so intimately with these chemicals eating and drinking them taking them into the very marrow of our bones, we need to think about the nature and power also.[8] As the tide of chemicals born of industrial age has arisen to engulf our environment a change has come about in the nature of public health problems,

from smallpox, Cholera, plague we are now conceived with difficult kind of hazard that we have introduced. Multiple health problems created by radiation in all its forms. Can we escape pollution that is so thoroughly distributed throughout the world. [9] we stand now where two roads diverge – a smooth superhighway on which we progress with great speed, but at its end lies disaster. The other road the less travelled by offers our only chance to reach a destination that assures the preservation of our earth.[10]

### RECOMMENDATIONS

Therefore, nature which is so vital for our living has to be conserved. It is the duty of every individual to do his bit for the world. For individuals of the world to work the governments need to take the lead by making suitable laws and also ensure that those laws are strictly followed by all. Awareness to be created on a large scale in schools, colleges and all educational institutions making every child realize the need for conservation of nature. Like we have moral science we also have environmental studies, but if we merge literature with science and make the readers feel the beauty of nature through reading literature, things will change to a great extent. Every house must have a tree planted, we should create space as we do for our car parking. If a law is made that no electricity or water facility will be provided to the house that does not have at least one tree, by default all will ensure they have a tree in front of their homes. We must stop widening the cities and leave place for forests and agricultural land. Agriculture should be the focus of attention and not sites and flats on that land. If we don't realize the importance of agriculture, we will have to import even basic groceries and land up paying more for fulfilling our basic needs. Instead our focus must be to increase agriculture and increase exports and thereby increase our revenue.

### CONCLUSION

Literature is taught in schools and colleges even today for the simple reason that it is essential for a child to learn various aspects of life through language, then why not emphasize more on the beauty of nature and its importance through literature. There is abundant information but is not utilized by youngsters as the habit of reading is slowly vanishing. It's time to revive the reading habit and experience the beauty of nature by reading literature.

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**A STUDY ON SUPPLY CHAIN MANAGEMENT IN FMCG IN MYSURU CITY**

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**ABSTRACT**

The FMCG market in Indian is emerging at a quick speed despite of the economic downslide. The raising disposable earnings and lifestyle in most tier 2 and tier 3 cities are having an influence on the Fast Moving Consumer Goods development across the nation. This report examines the supply chain management for FMCG companies in Mysuru city. This starts with an overview of the FMCG sector in Mysuru and goes on to explain how the supply chain in such companies across the city have added value to the industry and how further betterment in the system can add onto the growth of the industry. The report also contains a summary of the key players, including their product portfolio, business operations, and strategies. The report concludes with an industry outlook section.

**KEYWORDS**

FMGC, supply chain management.

**INTRODUCTION**

The current issues that are affecting supply chain performance in FMCG are as follows:

**Distributor Performance** Inadequate efficiency of Suppliers and Transporters may cause low levels of client satisfaction and excessive route to Market costs. Although there are factors that Manufacturers cannot influence, especially poor infrastructure, there are many ways in which Distribution and Transport expectations can be considerably improved. Thus managing availability in complex distribution set ups is a challenge.

**Improving Distributor Performance** Companies look at improving distribution and transportation through improving current processes and systems.

**Logistics** Some companies operate with owned warehouses, distribution centers and trucks and are not sure whether this is the best option.

**Growth & Supply Chain Limitations** for all companies a key concern is to evaluate all areas of the provide cycle for ways to improve productivity, customer satisfaction and reduce supply chain operational costs and capital put in the supply chain. One common concern is a lot of completed products kept by the maker compared with the relatively low levels of finished products kept by the distributor.

**Planning** Poor forecasting and demand planning is causing production planning issues by continuously changing production plans on a weekly and sometimes daily basis. Production Planning tools are generally felt to be inadequate and either not available within the ERP system or used stand-alone spreadsheets and manual workaround solutions.

The other taxation structures, dealing with counterfeit goods, infrastructure, emergence of third party logistics provider and reservation for the small scale sector are some of the other challenges faced by FMCG industries.

**PURPOSE OF STUDY**

Mysuru city is going through a retail revolution. All the big business homes are coming into this Segment and it is growing at a very fast speed. Retail is providing incredible possibilities in career. However, this city also poses a big challenge to organized large retailers particularly in the FMCG sector. Food being perishable item, for the retailer to be successful the key is proper supply chain management. The task comes from a number of factors, e.g. Different lifestyle and hence different preference, very inadequate infrastructure like inappropriate roadways, bad connection between production centers and markets, lack of proper cold chain facility like refrigerated transportation, ware-housing etc. Under these conditions it is interesting to find out how huge structured retailers are dealing with these problems. In this paper a relative study is made in supply chain management adopted by different players in FMCG segment.

**REVIEW OF LITERATURE**

Article title **"7 principles of supply chain management"** David L. Anderson, Frank F. Britt, and Donavon J. Favre suggested that Companies that have achieved excellence in supply chain management tend to approach implementation of the guiding principles in mind. It enhanced both customer satisfaction and profitability by strengthening management of the supply chain.

**Supply Chain Management and Sustainability: Procrastinating Integration in Mainstream Research** article by Marisa P. de Brito and Erwin A. van der Laan 3. Highlight is the analysis of sustainability issues in supply chain management research will long remain an add-on for special-interest groups instead of an integral part of mainstream research as it should be. the reasons for procrastinating are the *conflicting nature of the task* and the *inherent context*, that is, the focus is inherently on operations and not on the environmental or social issues. The need for multi-objective and multi-disciplinary research and that referees are instructed to pay special attention to sustainability impacts.

**What is Management in Supply Chain Management? - A Critical Review of Definitions, Frameworks and Terminology** Dag Naslund University of North Florida and Lund University, Sweden Steven Williamson University of North Florida, research to confirm the significant stated benefits of SCM, this is a crucial yet challenging dilemma to solve. In many cases, we do not have seamless chains, optimized flows, or networks of integrated organizations. In reality, the frameworks and their corresponding terminologies, once more aptly illustrated, ultimately are dealing with companies trying to make dyadic relationships better by applying both qualitative and quantitative research projects to further develop these concepts in order to advance both practical applications and academic theories.

**DEFINING SUPPLY CHAIN MANAGEMENT**

Supply chain management (SCM) is the process of planning, employing and controlling the operations of the supply chain as effectively as possible. Supply Chain Management ranges all activity and storage of raw materials, work-in-process stock, and finished goods from point-of-origin to point-of-consumption.

In other words, Supply chain management (SCM) is the art and science to improve the way a company manages its raw components and final output in terms of a product or a service and offers it to customers. Supply chain can be identified as the physical, financial and information networks for the logistic activity of materials, funds and related information. It starts from the acquisition of raw materials to distribution of finished products to the end users. Participants of supply chain include all vendors, service providers and customers. In essence, Supply Chain Management incorporates supply and demand administration within and across companies.

Some experts distinguish Supply Chain Management and logistics, while others consider the terms to be interchangeable. It is useful to remember that these are the terms that are used intertwine to define and distinguish between these related terms.

Although Supply chain management is no longer a business school concept, but a track proven technology appropriate to just about every company, regardless of the industrial sector. It is a sequence of complicated data that optimize enterprise plans within given set of constraints, backed up by a fully integrated suite of financial, distribution, and human resource management system. Supply Chain Management features planning and management of all activities involved in sourcing, procurement, conversion and logistics management activities. Often, it also includes co-ordination and collaboration with channel partners and customers. Supply Chain Management integrates supply and demand within and across companies. Supply Chain Management execution is handling and co-ordination of the activity of materials, information and resources across the supply chain. Thus, Supply Chain encompasses all activities associated with the flow and transformation of materials and information from the raw material stage through to the end user.

Fast Moving Consumer Goods (FMCG) goods are commonly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular periods. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return.

The FMCG Industry is on a high growth curve with the overall demand expected to multiply over the next decade. This high growth is most likely to be accompanied by significant structural shifts such as changing customer preferences, emergence of modern retail dimensions, growing rural spend tendency.

The resultant new challenges that need to be addressed for an efficient and effective supply chain are:

- Managing generation of different varieties.
- Aligning to the outstart of new channels.
- Managing the challenges of reach.

Companies are now realizing that current supply chain configurations need to evolve to enable them to participate in achieving growth. This requires fresh thinking on the ways in which an organization would structure itself in terms of its key supply chain processes and drivers.

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Better infrastructure facilities will improve their supply chain.

A qualitative study conducted in the past has captured information about the supply chain management in FMCG sector.

**RESEARCH METHODOLOGY**

The methodology used for this study is that of primary research. Surveys were given out to 30 FMCG stockiest.

By collecting and analysing the results of the surveys we arrive at conclusions for each of the considered questions. In the survey we consider 12 questions.

**SAMPLING**

The sampling plan for the study decides the work area that is the population, which has to be surveyed. A Brief idea about the sampling for this research consisting of its different parameters.

**SAMPLING METHOD (JUDGMENT SAMPLING)**

In this type of the sampling the researcher uses his judgment to select population members who are good source for accurate information.

**SAMPLE SIZE**

Due to the shortage of time the research size is taken short so that the research can be done easily.

**DESCRIPTIVE RESEARCH**

The research is primarily descriptive as the problem is very specific and a certain set of answers only while provide the insight to the solution.

**EXPLANATORY RESEARCH**

This stage develops a precise theory which is used to explain empirical generalizations that are derived from descriptive stage.

**DATA COLLECTION**

The data has been primarily collected from the various customers.

**ANALYSIS AND INTERPRETATIONS****1. LEVEL OF AWARENESS TOWARDS SUPPLY CHAIN MANAGEMENT IN THE FMCG SECTOR**

As per the research conducted 70% of stockiest the level of awareness in this sector of SCM in FMCG have added the value to this industry and also further betterment in the system can add onto the increasing growth of the industry.

**2. DEGREE OF WILLINGNESS TO ACCEPT SUPPLY CHAIN MANAGEMENT FOR BETTER PROFITABILITY ACHIEVEMENT**

For the better profitability achievement 80% of the stockiest in this particular FMCG sector the willingness to accepting SCM is done. Only because they have made a good enhancement in this sector.

**3. CHOICES FOR A BETTER SUPPLY CHAIN SOLUTIONS**

- Some of the choices implemented in SCM in FMCG sectors stock management
- Assess, design, implement, manage, operate, improve.
- Distribution management.
- Transportation management

**4. INSUFFICIENT FUNDS AFFECTING THE IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT**

Without a proper investment in this sector the chain of the supply will not succeed so for a better SCM funds should be sufficient.

**5. SATISFACTION LEVEL WITH SUPPLY CHAIN SOLUTIONS**

The level of satisfaction in supply chain is about the speed of delivery of stocks, delivery of services which is promised at a particular place on a particular time.

**6. LEVEL UP TO WHICH NEW EMERGING TECHNOLOGIES ARE BENEFICIAL IN PROVIDING BETTER SUPPLY CHAIN SOLUTION**

With new technologies the sector is growing to a great extent 70% of Stockiest are into new technology where they are into a better supply chain solution and other 30% of the FMCG sector are still following the traditional system.

**7. ROLE OF SUPPLY CHAIN IN THE TOTAL PERFORMANCE OF A BUSINESS**

It reduces the inventory costs and also it provides a medium for sharing information among partners. And makes a better manufacturing strategy and by this automatically cash inflow increases.

**FINDINGS AND CONCLUSION**

Most of the stockiest of Mysuru are well aware about the Supply Chain Management fundamental but approximately 40 % stockiest are not aware about the same; they follow traditional way to deliver good to their customers.

Supply chain management is known to be one of the most important tools to increase total profitability. Particularly in case of stockiest business supply chain contribution forms major part of total profit. But in this city 45 % stockiest don't believe that supply chain helps form major part of their total profit. Willingness level to accept the supply chain management advantage of better profitability achievement is also not very satisfactory.

On the basis of above response, most of the stockiest have many options for alternative Supply Chain Solutions, some have moderate level of options for the same. But 55% stockiest have very few options for alternative Supply Chain Solutions. Those who have very few options for Supply Chain feel trouble when they want to increase supply chain performance.

Supply chain cost contributes to the major part of the total cost in the FMCG stockiest business. But effective supply chain management would be helpful in reduction of cost and increase profit.

Satisfaction level among respondents towards Supply Chain Solutions is high. Most of the respondents feel so.

According to the survey respondents feel that Supply Chain plays a major role in uplifting the total performance of the business.

Respondent Stockiest don't like to outsource supply chain solutions because their business is all about supply chain. Outsourcing supply chain solutions from third party supply chain service provider would directly impact their total profit. Supply Chain solutions hold a high importance in the FMCG sector as compared to other commodities' sector in Mysuru city.

As far as challenges in the FMCG sector are concerned, the picture is somewhat more practical and tactically oriented. The ongoing struggle to make the supply chain demand-driven and lean is the regarded as a serious and critical challenge to the FMCG sector.

So the need is to create a better promotional awareness by FMCG key players to offer different version of SCM solutions because stockiest feel that they can offer better time bound delivery of product to their customer and can manage their inventory in a better way such that it poses out to be a strategic advantage to their business.

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## ASSESSMENT OF FACTORS AFFECTING PERFORMANCE OF WOMEN ENTREPRENEURS IN MSEs: THE CASE OF EAST SHOA ZONE OF OROMIA REGIONAL STATE-ETHIOPIA

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### ABSTRACT

*This study was designed to assess the factors that affect the performance of women entrepreneurs in MSEs in East Shoa Zone, Ethiopia. A sample of 203 women entrepreneurs engaged in MSEs was taken for the study using stratified and simple random sampling. Data was collected using a self-administered questionnaire that was distributed to women entrepreneurs who have their own business in selected three towns of East Shoa Zone, Oromia Regional State, Ethiopia. Descriptive research was used to answer the research questions on the current status of the subject of the study and in reference to the objectives of the study. The study findings were able to show that, from the major factors that affect the performance of women entrepreneurs in MSEs, the impact of the economic environment is significant even though the influence of social factors is minimal. The survey result also shows that women entrepreneurs having problem when they enter into the business. The implications of this study are discussed along with some recommendations.*

### KEYWORDS

entrepreneurs, factors, micro and small enterprises, performance, women.

### INTRODUCTION

Women entrepreneurs have become important players in the entrepreneurial landscape (Pages, 2005). Although the number is still small as compared to businesses owned by men, this is encouraging as it shows that women no longer adhere to the stereotype that only men can be wage earners in the family. Besides numerous obligations assigned to women including reproductive chores, such as childcare and doing house work, women can find success through their own businesses.

Though there have been limitations, obstacles and roadblocks faced by these women in the past, society have begun to accept that women entrepreneurs do contribute greatly to a country's economy. As such, it is no longer unexpected to see women heading their own companies and being successful at the same time. The general mindset has changed so much that women who juggle family with careers are looked upon as capable and competent to handle business independently. Moreover, it is no longer strange to have business dealings with a female. In Ethiopia, women have played a very important role in the economic development and stabilize the economy in periods of recession. Thus, the Ethiopian government has been continuously created and developed quality, resilient, and successful entrepreneurship by cultivate an enterprising culture among Ethiopian women.

Even though we observe a number of women entrepreneurs in the business, recent studies show that most of them are found in Micro and Small Enterprises (MSEs). According to the Ethiopian Central Statistics Authority (2004), almost 50% of all new jobs created in Ethiopia are attributable to small businesses and enterprises, and roughly 49% of new businesses that were operational between 1991 and 2003 were owned by women. To take appropriate measures for these problems, knowing the factors associated with the problems is a precondition for a problem well stated is half solved. Therefore, the aim of this research is to identify the major factors that affect the performance of women entrepreneurs in MSEs in East Shoa Zone, Oromia Regional State, Ethiopia in running their own businesses and recommend the appropriate measures to be taken.

### REVIEW OF LITERATURE

Organizations do not exist in a vacuum. Each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple contexts that affect the organization and its performance, what it produces, and how it operates (Nabli and Nugent, 1989). As we refine and extend the original framework for organizational assessment, the concept of an enabling environment is key to understanding and explaining the forces that help shape the character and performance of organizations (Scott, 1995).

In term of the factors contributing to success of entrepreneurs in small business are varied. According to Yusuf (1995) the most critical factors contributing to business success consist of good management skills, access to financing, personal qualities, and satisfactory government support. Huck and McEwen (1991) studied in Jamaican business owners reported that business owners in Jamaica considered that the marketing factor is the most critical ingredient for the success of a business. Family's emotional or instrumental supports are one of the crucial success factors for women entrepreneurs. Lee and Choo (2001) studied work-family conflict in Singapore found that family members and others support can reduce the conflict of women entrepreneurs. Furthermore, owning business by female without interfering by family would have greater success in their business. Moreover, the women careers depend on the decision of their spouses rather than the other way around (Fernandez, 1981). A study of Nigerian women business owners by Ehigie and Umoren (2003) found that a high self-concept regarding their role in business and commitment to business can help women to become more successful entrepreneurs.

In Ethiopia, women have played a very important role in the economic development and stabilize the economy in periods of recession Thus, the Ethiopian government has been continuously created and developed quality, resilient, and successful entrepreneurship by cultivate an enterprising culture among Ethiopian women.

MSEs are playing major role for the economic development in Ethiopia. According to MOFED, (2010). the "opportunities readily available to Ethiopian women today were not there more than 24 years ago," As a result, more Ethiopian women are engaged in small and medium enterprises which have a favorable impact on regional development of a nation. Despite the rise in women entrepreneurs in Ethiopia specifically in SMEs, most of the researches on entrepreneurs are mainly focused on the men entrepreneurs than women entrepreneurs. Schorling (2006) study shows that in Ethiopia's situation MSEs are confronted by various problems, which are of structural, institutional and economic in nature. Lack of Capital, market and working premises, marketing problems, shortage of supply of raw materials and lack of qualified Human resources are the most pressing problems facing MSEs. Although the economic policy of Ethiopia paid due emphasis for entrepreneurship values and appreciation of the sector's contribution to the economy, there are still constraints related to infrastructure, credit, working premises, extension service, consultancy, information provision, prototype development, imbalance preferential treatment and many others, which therefore need proper attention and improvement.

Studies involving women entrepreneurs most of them relate to either on the reasons that women choose to become Entrepreneurs (Buttner and Moore, 1999; Lee, 1997; Sarri & Trihopoulou, 2005) or on the barriers that these women face while attempting to start up a business (Brindley, 2005; Menzies et al., 2004). Furthermore, most of these researches are done widely in the developed country like USA, UK under the individualistic culture orientation. In view of the growing number of women entrepreneurs in Ethiopia, a study on this topic is now appropriate. Therefore, it is important to conduct research involving women entrepreneurs under a collective culture. This study aims at filling the gap by exploring factors affecting women entrepreneurs' performance in MSEs. It examines the influence of three factors –economic factors, Socio-cultural factors, legal and administrative- on the performance of women entrepreneurs in MSEs. The present study is also conducted



## NEED /IMPORTANCE OF THE STUDY

The results of this study will highlight strategies that can be used by women entrepreneur's enterprises to overcome training, financial, entrepreneurial cultural and market access which hinder successful growth of the entrepreneurial business enterprises. Current and potential women entrepreneurs would gain from the study by getting an insight of the factors affecting the performance of their business, identifying the growth gaps and looking for the strategies to address them. Knowing their weaknesses would help them address and well diagnose.

Secondly, the government will find results of this study useful to economic planners who may require knowledge and adaptive strategies of successful business enterprises which can be used to identify needs for training, financing, entrepreneurial culture and market necessary for growth of business enterprises. This would help in crafting economic policies and strategies aimed at fighting poverty and unemployment through development of entrepreneurship. Thirdly, financial institutions will benefit from the study if they are interested in targeting business of women entrepreneurs and their enterprises particularly micro finance institutions (MFIs). They would be interested in gaining new knowledge of how to integrate all the necessary parameters required for sustained growth of women entrepreneur's enterprises rather than taking that provision of credit alone would guarantee success. Finally, other researchers, practitioners, consultants and business students who might use this study to borrow ideas on women entrepreneur's enterprises would find it very useful as a source of knowledge and a base for further research.

## STATEMENT OF THE PROBLEM

A national survey conducted by the Ethiopian Welfare Monitoring Unit as cited in Eshetu and Zeleke (2008) shows that women entrepreneurs in Ethiopia are not provided with adequate policy related and strategic support from the national government, and that the promotion of vibrant SMEs should be one of the most important priority strategies for empowering women, addressing abject poverty and unemployment in Ethiopia. Businesses and enterprises operated by women contribute for economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor. Historically, there has been a well-established tradition of women being involved in small businesses and enterprises. However, it is only recently that women's entrepreneurship has gained the attention of economic planners and policy makers particularly in developing countries in Ethiopia. Although the national government has come to acknowledge that supporting enterprises operated by women promotes gender equality and economic empowerment, the majority of enterprises operated by women face difficulty in terms of access to finance, resources, business skills and institutional support from the national government Ethiopian Ministry of Trade and Industry of Ethiopia (2003); National Bank of Ethiopia (2002); Negash & Kenea, (2003). The studies stressed that SMEs owned or operated by women in Ethiopia survive against tremendous odds of failure. Thus, in this study it is thought to assess the different factors that affect the performance of women entrepreneurs in MSEs in East Shoa Zone, Oromia Regional State, Ethiopia.

## OBJECTIVES

The general objective of the study was to *assess the factors that affect the performance of women entrepreneurs in MSEs* and to determine how those factors affects the performance of women entrepreneur's performance in MSEs and in east shoa zone, Ethiopia and the specific objectives were to:

- i. To determine the factors that affects the performance of women entrepreneurs in MSEs in east shoa zone, Ethiopia.
- ii. To determine how those factors affects the performance of women entrepreneurs in MSEs in east shoa zone, Ethiopia.
- iii. To analyze the relationship between performance of women entrepreneurs in MSEs and the factors affecting their performance in east shoa zone, Ethiopia

## BASIC RESEARCH QUESTIONS OF THE STUDY

The study enquired *the factors that affect the performance of women entrepreneurs in MSEs* East Shoa Zone, Ethiopia.

The study tried to answer the following specific research questions.

- What are the factors that affect the performance of women entrepreneurs in MSEs in east shoa zone, Ethiopia?
- How those factors affect the performance of women entrepreneurs in MSEs in east shoa zone, Ethiopia.
- What are the relationship between performance of women entrepreneurs in MSEs and the factors affecting their performance in east shoa zone, Ethiopia.

## RESEARCH METHODOLOGY

Descriptive research design was adopted in this study. According to William (2006), descriptive research design is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. While the study did not make use of hypothesis, the design was chosen in order for the study to answer questions on the current status of the subject of the research and in reference to the objectives of the study. The target population was women entrepreneurs in MSEs enterprises in east shoa zone of ormoia regional state, Ethiopia and *A sample of 203 women entrepreneurs engaged in 5 sectors was taken for the study using stratified and simple random sampling.* According to Mugenda (2003), a sample size is the number of items selected from a sample frame or accessible population for observation. Mugendas' asserts that a sample of 10% of the accessible population is quite representative.

## FINDINGS

Assessments of factors affecting performance of women entrepreneurs in MSEs depend on several factors that differ from place to place. This study conducted factors affecting performance of women entrepreneurs in MSEs East Shoa Zone of Regional State, Ethiopia attempted to include those factors that have direct and indirect relevance with the performance of women entrepreneurs in MSEs. The major findings of this study were discussed as follows:

The major economic factors that affect women entrepreneurs in MSEs according to their severity order are lack of own premises or land ( $X=1.92$  &  $s.d=1.28$ ), lack of financial access ( $X=1.93$  &  $s.d=1.34$ ), stiff competition in the market, ( $X=2.12$  &  $s.d=1.14$ ), inadequate access to training, lack of access to technology, and raw materials. Infrastructure problems ( $X=3.59$  &  $s.d=1.37$ ), and access to information ( $X=3.69$  &  $s.d=1.38$ ) are not serious economic problems for these entrepreneurs. The major socio-cultural factors that affect the respondent women entrepreneurs in MSEs in the study area according to their severity order are Conflicting gender roles ( $X=2.02$  &  $s.d=1.21$ ), Social acceptability and Contact (network) with outsiders ( $X=2.08$  &  $s.d=1.13$ ). However, prejudices or class biases ( $X=3.48$  &  $s.d=1.32$ ), gender inequality ( $X=3.55$  &  $s.d=1.43$ ), attitude of employees to the business ( $X=3.62$  &  $s.d=1.4$ ), harassments and relationship with the workforce are not as such problems that affect the performance of women entrepreneurs.

The major legal and administrative factors that affect the respondent women entrepreneurs in MSEs according to their severity order are lack of network with administrative bodies ( $X=1.85$  &  $s.d=1.23$ ), access to policy makers ( $X=1.9$  &  $s.d=1.28$ ), amount of tax levied ( $X=1.93$  &  $s.d=1.29$ ), interest rate charged, bureaucracies and red tapes, over all legal and regulatory environments. Nevertheless, government incentives, legal, institutional and policy constraints, assistant and support from government bodies and request of collaterals are not problems. Of the major factors that affect the respondent women entrepreneurs in MSEs, economic factors take the leading position (grand  $X=2.49$  & grand  $s.d=0.1$ ) followed by legal/administrative (grand  $X=2.59$  & grand  $s.d=0.06$ ) and socio/cultural factors (grand  $X=3.18$  & grand  $s.d=0.12$ ) respectively.

## RECOMMENDATION

Even though entrepreneurship is not free of risks, existing and potential entrepreneurs should not see it as a last resort. This is because starting own business creates sense of independence, flexibility and freedom; make own boss, give time and financial freedoms. The Government of Ethiopia should train the women entrepreneurs in a systematic and continuous process in order for women entrepreneurs to maintain quality products which can enable them fetch high prices and on the other hand it can lead to reduction of imported Products brought about by consumer preference for imported goods. Women entrepreneurs should be assisted by the government through subsidies so as to ensure that they buy the raw maters for their respective business (product/service) at a lower price. This

will help many unemployed Ethiopians in general and women in particular to venture into different businesses which will thus reduce unemployment status in Ethiopia. There is need to evaluate and modify both the local, traditional knowledge and foreign mechanism with the aim of developing appropriate strategies for improving businesses in Ethiopia. Management of SMEs should strive to get competent employees with proper training and skills so as to compete well in the market. Inventory to document the types and quantities and qualities of the range of the business success related factors should be researched, the support given should be research based.

To tackle the different economic, social/cultural and legal/ administrative bottlenecks they face, women entrepreneurs should make lobbies together to the concerned government officials by forming entrepreneur's associations. Besides this, women entrepreneurs in MSEs should search for other alternative supporting agents like NGOs, banks and other supporting organizations. Lastly, Women entrepreneurs in MSEs of the town should share experiences with other entrepreneurs in other towns and regions so that they can learn a lot from best practices of those entrepreneurs.

## CONCLUSION

Women Entrepreneurs in MSEs are important to almost all economies in the world, but especially to those in developing countries and, even if it is delivered practically, attention might not be given by women entrepreneurs. Even if this is the case, women entrepreneurs in MSEs still contribute for the countries development. MSEs are becoming an important area of emphasis for many developing countries in general and to Ethiopia in particular, primarily for its immense potentials as a source of employment given that there are a number of factors that affect their performance. In relation to legal/administrative issues, network with administrative bodies, access to policy makers, amount of tax and interest rate charged, bureaucracies and red tapes and the overall legal and administrative environmental factors are the serious problems of women entrepreneurs in MSEs in the town. But, issues related to government incentives, legal, instructional and policy constraints, assistance and support from government bodies and request of collateral for borrowing money are not found to be problems of women entrepreneurs in MSEs. This highlights that there are some beginnings in encouraging women entrepreneurs in MSEs even though this is not believed to be satisfactory. From the major factors that affect the performance of women entrepreneurs in MSEs, the impact of the economic environment is significant even though the influence of social factors is minimal. This implies, the impact of globalization is reflected in women entrepreneurs in MSEs; but the attitude of the society towards women entrepreneurs seems to be relatively changed.

## SCOPE OF FURTHER STUDIES

Factors affecting women entrepreneurs' performance in MSEs are not limited to the factors stated in this study, thus the researcher believes that there were various factors affecting the performance of women SMEs entrepreneurs in Ethiopia, which are not included in this study and This study could be suffering from the limitations of sampling bias. We acknowledge the failure to obtain a "truly representative" sample. The entire sample was located in the southern region (East Shoa Zone) In Oromia, Ethiopia. Thus, certain businesses may not be represented appropriately in the sample and the results of this research cannot be generalized to the entire women entrepreneur community. As such, the findings might be skewed towards women entrepreneurs who open small-and-medium sized enterprises and it also limited to some few sectors. It is therefore recommended that future researchers should try to find out other factors that may be of concern hindering the growth in various industries so that proper measures and recommendations are put in place to encourage investment in those sectors.

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**FACTORS AFFECTING ECONOMIC DEVELOPMENT AND GROWTH OF INDUSTRY IN INDIA**

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**ABSTRACT**

*Economies, all over the world; either developed or developing face business cycle economic activities. There are booms and blows can hit the industry hard. Although, they can't be evacuated but can definitely be mitigated. This research paper studies all those factors that can be taken into account by the central govt. to reduce the effect of the recession on the overall health of the industrial sector. Factors like interest rate, inflation and strength of the currency have turned out to be major factors determining the growth of the industry. However, the impact of the environment has also played a pivotal role.*

**KEYWORDS**

economic development, Indian industry.

**INTRODUCTION**

ustained economic growth is generally defined as a long-term expansion of the productive potential of the economy. With this, the economic growth should lead to higher living standards and rising employment in an economy. Industries experience cycles of economic growth and contraction based on many factors. These include the overall health of the markets, consumer preferences and even seemingly unrelated world news and events. Although some companies perform better than others in their industry, the global factors that affect the industry as a whole must be contemplated when planning to start or grow a business.

**INFLATION**

Inflation is generally high which results in the lesser demand on the hands of the consumer because in this way; the real income of the consumer has decreased. Salary being the same, he can afford only his necessities; which are having rocketed prices.

**INTEREST RATES**

Interest rates can impact the growth of an industry in several ways. In large-ticket industries such as vehicle manufacturers or cruise companies, an increase in interest rates can prevent customers from borrowing to finance the purchase of these types of products and services. When the interest rates are higher, the companies deter to expand and invest the new capital in any venture. On the other hand, the falling interest rates enhance the investments and help the industrial growth. This may lead to new innovations and higher level of employment as well. That is why, the Reserve Bank of India always fluctuates the Bank Rate, in order to control the economy.

**CURRENCY STRENGTH**

The value of the Indian Rupee compared to other foreign currencies such as the US Dollar, Yuan, yen and the pound is important even for companies that do not import or export goods to any of these countries. Consumers have a choice to purchase goods or services originating in the India or in other countries. If the Indian rupee strengthens, companies in the industry that purchase inputs from other countries are able to be more competitive in pricing. In industries that are heavily reliant on foreign raw materials and processing, such as the clothing industry, the entire sector can be lifted or depressed with a strengthening or weakening of the dollar.

**GOVERNMENT INTERVENTION**

Many industries are regulated by the government in one form or another. Government agencies such as the Environmental Protection Agency, the Food & Drug Administration or the Indian Department of Agriculture maintain standards that all operators in an industry must follow for the safety of consumers, employees, or natural resources. Some industries are more heavily regulated than others and new laws and rules can shake up an entire industry and depress growth.

**ENVIRONMENTAL IMPACT**

Economic growth in an industry can be impacted not only by the environmental effect the products or services have but also by consumers' perceptions of that impact. For example, the market for fur apparel declined drastically over the course of a few years in the 1990s when consumers perceived that raising and killing small animals for their fur was both inhumane and a poor use of land. Although the industry is once again picking up with international demand, the number of fur farmers in the country has substantially declined. If the public views an industry's products or services as being harmful or unsafe, most companies within the sector can experience a marked decline in sales quickly.

**OVERALL ECONOMIC HEALTH**

The economic state of the country and consumer confidence can also spur growth and development or harm it. In recessionary times, consumers begin limiting their purchases to the essentials, foregoing luxury or big-ticket items. Companies also scale back production, hiring and the development of new products and services to ensure that their finances can weather the storm. In periods of overall economic growth, these companies once again expand. The opposite is true in industries that deal in basic consumer goods that everyone needs regardless of the economy: food, diapers, and staple goods. Demand picks up for these necessities as consumers stock up on them and substitute basic goods for luxury goods (example: people buy more groceries to eat in rather than go to a restaurant). In inflationary times, the demand for staple goods declines as consumers can afford more luxury substitutes.

**CONCLUSION**

The Business Cycle Economic Activity is always punctuated by periods of growth followed by decline, just because of the trade nature. Every economy faces boom and bust. (Recent crash of 2007). Government policies can mitigate these trends but business cycle can never be abolished.

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