

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

I  
J  
R  
C  
M



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

*Indexed & Listed at:*

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

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

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 5000 Cities in 187 countries/territories are visiting our journal on regular basis.

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

<http://ijrcm.org.in/>

# CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	<b>A STUDY OF OPERATIONAL PROCESS AT LEATHER TANNING INDUSTRY</b> <i>KANAKA B &amp; M. JEYARATHANAM</i>	1
2.	<b>NEED FOR TEACHING WELL- BEING THROUGH POSITIVE PSYCHOLOGY IN EDUCATIONAL INSTITUTIONS</b> <i>JAYASHREE SANGHANI, DR. SAROJ ARYA, SOWMYA MARE &amp; BRIG. JAGJIT AHUJA</i>	5
3.	<b>CORPORATE SOCIAL RESPONSIBILITY</b> <i>SUMAIYA FATHIMA</i>	11
4.	<b>ANALYSIS OF FINANCIAL STATEMENT OF ROURKELA STEEL PLANT BY USING THE TECHNIQUE OF RATIO ANALYSIS</b> <i>DR. ASHOK KUMAR RATH</i>	13
5.	<b>INTELLECTUAL CAPITAL AS A TALENT POOL CREATES ORGANISATIONAL EXCELLENCE</b> <i>DR. UPPUGUNDURI PADMAVATHI</i>	21
6.	<b>THE INFLUENCE OF CONSUMER MINDSET ON THE INTENTION TO PURCHASE FAIR TRADE GOODS IN ETHNIC CHINESE SOCIETY: THE MEDIATING ROLE OF MORAL IDENTITY</b> <i>GHI-FENG YEN, RU-YU WANG &amp; HSIN-TI YANG</i>	24
7.	<b>CUSTOMERS' PERCEPTION OF SIDBI IN TAMIL NADU</b> <i>DR. T. RENUHA &amp; DR. P. AMIRTHA GOWRI</i>	30
8.	<b>PSYCHOLOGICAL CONTRACT AND ITS CONTENTS: A STUDY WITH REFERENCE TO GOAN IT COMPANIES</b> <i>DR. K G SANKARANARAYANAN &amp; PARESH LINGADKAR</i>	34
9.	<b>INTERMEDIARY LIABILITIES: COMPARATIVE STUDY OF VARIOUS JURISDICTIONS</b> <i>ASTITWA BHARGAVA &amp; DR. MANMEETA SAXENA</i>	37
10.	<b>AWARENESS ON SUSTAINABILITY BASED EDUCATION FOR TEACHERS OF HIGHER EDUCATIONAL INSTITUTIONS: A CONCEPTUAL ANALYSIS</b> <i>DR. A. SENTHILKUMAR</i>	45
11.	<b>HIGHER EDUCATION IN INDIA: EMERGING ISSUES, CHALLENGES AND SUGGESTIONS</b> <i>ASHA RANI.K</i>	48
12.	<b>A STUDY ON FINANCIAL HEALTH OF DHAMPUR SUGAR MILLS LTD, UTTAR PRADESH</b> <i>A. ROJAMMAL &amp; DR. S. BABU</i>	52
13.	<b>A STUDY ON QUALITY OF WORK LIFE OF THE EMPLOYEES OF SELECTED COMPANIES IN NANJANGUDU INDUSTRIAL AREA, MYSURU DISTRICT</b> <i>NISHIRIYANARGEES &amp; B. GURUDATT KAMATH</i>	56
14.	<b>EFFECTIVENESS OF RTI ACT, 2005 IN PROVIDING INFORMATION: AN EMPIRICAL STUDY OF LUDHIANA CITY</b> <i>DR. POOJA CHATLEY &amp; MANNAT SABBHARWAL</i>	61
15.	<b>MECHANISM OF SOCIAL MEDIA TO BOOST INTERNATIONAL ENTREPRENEURSHIP</b> <i>MUSIBAU AKINTUNDE AJAGBE, NKAM MICHAEL CHO, MERCY ISIAVWE OGBARI &amp; EKANEM EDEM UDO UDO</i>	65
16.	<b>USAGE OF TECHNOLOGY ENABLED BANKING SERVICES IN INDIA: A STUDY AMONG SELECTED BANK CUSTOMERS IN MYSURU CITY, KARNATAKA</b> <i>SUMA P &amp; VIDYA D AVADHANI</i>	73
17.	<b>PLANNING FOR TRIBAL DEVELOPMENT IN HIMACHAL PRADESH</b> <i>ANJU SHARMA</i>	77
18.	<b>HIGHER EDUCATION IN INDIA: CHALLENGES AND SUGGESTIONS</b> <i>GOPAL SINGH</i>	85
19.	<b>GLOBAL PERSPECTIVES OF CORPORATE SOCIAL RESPONSIBILITY</b> <i>PUNEET KAUR</i>	87
20.	<b>EMPLOYEE ATTITUDE TOWARDS PROFESSIONAL COMMUNICATIONS AT WORK FAMILY NEXUS: A STUDY IN SELECT IT ORGANIZATIONS IN HYDERABAD</b> <i>SREEKANTH.YERRAMILI &amp; K. L. REVATHI</i>	94
	<b>REQUEST FOR FEEDBACK &amp; DISCLAIMER</b>	99

**CHIEF PATRON**

**PROF. K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur  
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)  
Chancellor, K. R. Mangalam University, Gurgaon  
Chancellor, Lingaya's University, Faridabad  
Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

**FOUNDER PATRON**

**LATE SH. RAM BHAJAN AGGARWAL**

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

**FORMER CO-ORDINATOR**

**DR. S. GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

**ADVISORS**

**PROF. M. S. SENAM RAJU**

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

**PROF. M. N. SHARMA**

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

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

**EDITOR**

**PROF. R. K. SHARMA**

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

**CO-EDITOR**

**DR. BHAVET**

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

**EDITORIAL ADVISORY BOARD**

**DR. RAJESH MODI**

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

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

**PROF. ANIL K. SAINI**

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

**DR. SAMBHAVNA**

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

**DR. MOHENDER KUMAR GUPTA**

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

**DR. SHIVAKUMAR DEENE**

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

***ASSOCIATE EDITORS***

**PROF. NAWAB ALI KHAN**

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

**PROF. ABHAY BANSAL**

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

**PROF. A. SURYANARAYANA**

Department of Business Management, Osmania University, Hyderabad

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

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

**SURJEET SINGH**

Asst. Professor, Department of Computer Science, G. M. N. (P.G.) College, Ambala Cantt.

***FORMER TECHNICAL ADVISOR***

**AMITA**

Faculty, Government M. S., Mohali

***FINANCIAL ADVISORS***

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

***LEGAL ADVISORS***

**JITENDER S. CHAHAL**

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

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

***SUPERINTENDENT***

**SURENDER KUMAR POONIA**

## **CALL FOR MANUSCRIPTS**

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

## **GUIDELINES FOR SUBMISSION OF MANUSCRIPT**

### 1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**

IJRCM

**Subject:** SUBMISSION OF MANUSCRIPT IN THE AREA OF \_\_\_\_\_.

**(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)**

**DEAR SIR/MADAM**

Please find my submission of manuscript titled ' \_\_\_\_\_ ' for likely publication in one of your journals.

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

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

<b>NAME OF CORRESPONDING AUTHOR</b>	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

\* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc.** **The qualification of author is not acceptable for the purpose.**

**NOTES:**

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration.***
  - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**  
**New Manuscript for Review in the area of** (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/Education/Psychology/Law/Math/other, please specify)
  - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
  - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
  - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
  - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
  - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised**.
  3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
  4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
  5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
  6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
  7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at [www.aea-web.org/econlit/jelCodes.php](http://www.aea-web.org/econlit/jelCodes.php). However, mentioning of JEL Code is not mandatory.
  8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
  9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
  10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
  11. **MAIN TEXT:**

**THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:****INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use (ed.) for one editor, and (ed.s) for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parenthesis.
  - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

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

**BOOKS**

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

**CONTRIBUTIONS TO BOOKS**

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

**JOURNAL AND OTHER ARTICLES**

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

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

**UNPUBLISHED DISSERTATIONS**

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

**ONLINE RESOURCES**

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

**WEBSITES**

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

**A STUDY OF OPERATIONAL PROCESS AT LEATHER TANNING INDUSTRY**

**KANAKA B**  
**ASST. PROFESSOR**  
**CHETANA'S INSTITUTE OF MANAGEMENT & RESEARCH**  
**MUMBAI**

**M. JEYARATHANAM**  
**EMERITUS PROFESSOR**  
**BHARATHIAR UNIVERSITY**  
**COIMBATORE**

**ABSTRACT**

*The global demand for leather and leather products increase day by day, since the global population and the standard of living of people increase rapidly every year. The leather and leather products sector now represents one of the most important industrial sectors in India, significantly contributing to the national economy. Tanning is an integral part of the process of converting raw hides and skins into finished leather. The condition of leather tanneries is indicated by many operational aspects. The present study analyses different aspects of tanneries operations of the leather tanneries at Vellore district in Tamilnadu, India. To evaluate the variance and relativity between the prevailing condition in tanneries operations and the impact of the variable on the operations of tanneries relevant ratios and statistical tools like mean, standard deviation, t-test were used. The present study concludes that the important operational aspect of leather tanning industry at Vellore district are that the process and power outages are associated with existing condition of this industry.*

**KEYWORDS**

operational process, leather industry, tanneries, clean technology.

**JEL CODE**

M11.

**1. INTRODUCTION**

With the growth in the purchasing power of people, there is always an increased demand for inexpensive leather. In developing countries, leather industry suffers from economic constraints. They suffer the inordinately high cost of capital or inflation rates. The leather processing industry is going through change due to global environmental regulations. In leather manufacturing, the most outstanding process is tanning. The production of finished leather from raw hides and skins can be grouped under three major operations, namely beam house operations; tanning operations; and, post-tanning operations.

Leather from Tamil Nadu is of superior quality and rich in global markets. In Tamil Nadu, tanneries are mostly concentrated in Vellore District. Major reasons attributed to this situation are availability of natural tanning materials from the forest of Javadu and Chittoor, sunny climate prevailing throughout the year is conducive for drying, and presence of Palar River to meet water intensive tanning processes. There is availability of good quality water in this District. The tanned leather has to be dried uniformly before it is exported. This prevents the formation of fungus on tanned leather. The presence of 'uniformly hot climate' provides a comparative cost advantage to the tanners, because they do not incur any expenditure on drying the tanned leather.

There are five main tannery clusters, all situated in Vellore District. These clusters are located in and around the towns of Vaniyambadi, Ambur, Pernambattu, Melvisharam and Ranipet (Lorraine Kennedy 1999). Most of the productions in the tanneries of Vellore District are for the purpose of export. The tanneries in Vellore District are located on the banks of the river Palar in the long stretch from Ranipet to Vaniyambadi. Thus, a large number of tanneries were established on the banks of the river Palar, which contains sub-soil water. With the concentration of tanneries in Vellore District, Chennai served mainly as the outlet for tanned products, more or less a centre for collecting the leather and its shipment.

A small tannery turning out 1,000 tanned skins per day needs 10,000 litres of water every day. On the other hand, a large tannery tanning 10,000 skins per day requires 2,00,000 liters of water per day. However, the quality of water plays a very important role here. The tanneries in Vellore, Ambur, Pernambattu, Ranipet and Wallajapet belt of the Vellore District process more than 700 tons of leather every day, accounting for 80 per cent of the leather produced in Tamil Nadu; and 40 per cent of the country. They earned more than Rs. 2,000 crores by way of foreign exchange annually (Report 1976).

**2. OPERATIONAL PROBLEMS**

Vellore district is one of the areas that contribute better part in the tanneries in Tamil Nadu. But, recently it faces several problems in its operations, such as infrastructure bottlenecks power failure and supply logistics which blocks the outcome of the leather industry (Shweta Singh & S. Rajamani 2011).

The process originally employed for tanning was a harmless vegetable process, which takes 40 - 45 days to complete. Pollution from tanneries became a problem when the tanneries switched over from Vegetable Tanning to the Chrome Tanning from the early seventies. Chrome Tanning requires a lot of water and yields waste water that requires treatment (Directory of Tanneries in India 2007). Tannery is a water intensive industry requiring enormous quantities of fresh water. Every 100 kilo grams of skin tanned use 32,000 litres of fresh water. The untreated effluents from tanneries are discharged on open lands or into the water sources thereby affecting the soil and groundwater as well as surface water causing serious environmental problems.

The tanning industry is linked to the functioning of sufficient environmental measures such as the setting up of primary and secondary water treatment plants. Cleaner Production is positive aspect to motivate factories toward seeking a joint solution to pollution control and increasing profitability (Ramjeawon 2004). In reality, expensive water treatment plants are commonly installed at huge supplier plants in the developing country but they have a tendency not to be used as they are costly to run due to high electricity and other maintenance costs.

The use of inefficient technology is largely responsible for the wasteful use of water and chemicals, high load of effluent pollutants and low productivity of the tanning industry. Whereas 80% of the industry is reserved for SMEs in the tanning sector from raw to semi-finished leathers with processing capacity of less than 1 to 2 tons per day Singh, Shweta and S., Rajamani (2007).

The leather sector is well known for its effluent problems. Treatment technologies in effect reduce pollutants in the liquid form and convert them into semi-solid or solid forms sludge can affect the quality of soil and groundwater, it is understandable that local authorities and governments should be concerned that the disposal of sludge to soils and dry wastes to landfill should not affect. Sequential washing is preferred instead of continuous washing to conserve water. This will lead to significant water saving and to a much reduced hydraulic load for the effluent treatment plant (Javed Ahmad Chattha and M. Mobeen Shaukat 2010).

A consequence of production expansion in some developing countries is that tannery input demands have outstripped locally available supplies and imports from the developed countries have become essential. It also motivates to augment raw material base, to enhance capacity, to address environmental concerns, human

resource development, to attract investment, to use modern technology and market of leathers globally (Satya Sundaram 2011). Global competition, e-business, the Internet, and advances in technology require flexibility and responsiveness.

### 3. OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To study the existing situation of tanneries in Vellore district.
2. To study the respondents' attitude towards operational process of tanneries in the Vellore district.
3. To give suitable suggestions to improve the operations of tanneries in Vellore district.

### 4. RESEARCH METHODOLOGY

The study is an empirical research based on the survey method which involves both primary and secondary data. The primary data are collected directly from the tannery owners, managers and staffs. The data regarding the operations of tanneries were collected with the help of a questionnaire designed for this purpose. The present study is confined to leather tanning industry of the Vellore district. The tanneries from Ranipet, Melvisharam, Ambur, Vaniyambadi and Vellore formed the universe of the study. The population of this study was the 449 leather tanning industries at Vellore district. Totally 114 questionnaires are properly filled by respondents (*Tannery owners*) and was taken for analysis.

### 5. RESULTS AND DISCUSSION

Some of the operational problems faced by tanneries taken up for study are related to availability and purchase of raw material, improving product quality, policy initiatives by the government, recycling of industrial waste, proper storage, clean technology, scanning RFID, usage of process sludge, sequential washing, network service and adequate power for manufacturing process.

#### 5.1 THE EXISTING SITUATION OF TANNERIES IN VELLORE DISTRICT

The tanneries in Vellore district are involved in producing raw leather; semi-finished leather and finished leather. It is observed that 15.8 per cent of tanneries in Vellore district produce raw leather, 20.8 per cent of tanneries produce semi finished leather and 47.3 per cent of tanneries produce finished leather and 16.7 per cent of tanneries produce semi-finished and finished leather. It is concluded that most of the tanneries in Vellore district undertake finished leather production.

Though India boasts of the largest livestock population in the world, it still imports raw hides and skins and finished leather due to poor quality, high local costs and inadequate availability. For the cattle hides, Arrah, Aurangabad, Dhanbad and Patna are major markets and for cow calf skins, Muzaffarpur, Pabai and Patna are famous markets. A few well known Tamilnadu tanners have their own collection agents for hides and skins in important markets in Bihar.

The raw hides and skins are purchased from India and abroad for the tanneries. It is observed that 65.0 per cent of tanneries purchased raw hides and skins from India and 20.1 per cent of tanneries purchased raw hides and skins from only from foreign countries (Austria, Germany, Italy, Argentina, Singapore, and China) and 14.9 per cent of tanneries bought from both India and foreign countries. It is concluded that most of the tanneries are purchasing raw hides and skins from India only.

To compete effectively in the global market, tanneries have to cut down production costs and improve product quality by technological upgradation and by using better chemicals. The technological move towards chrome processing came at a time when market demand in industrial countries shifted toward the chrome and semi-chrome processed leather. The government has announced certain concessions on imported specified machinery and chemicals for the purpose of improving the quality of leather products. It is inferred that 53.5 per cent of the respondents have considered technological upgradation will cut down unit production costs/improve product quality to enable them to compete effectively in the global markets. 31.6 per cent of tanneries have considered chemicals will improve the quality and for 14.9 per cent of tanneries both technological upgradation and chemicals will improve the product quality.

The government has announced certain concessions on imported specified machinery and chemicals for the purpose of improving the quality of leather products. The government has withdrawn duty on export of raw hides and skins, semi-finished leather, and leather products to make the leather industry more competitive. The tanneries need policy initiatives to tackle the problems of uneconomic units, technological obsolescence and environmental compliance. It is understood that 11.4 per cent of respondents need policy initiatives to tackle the problems of uneconomic units, 67.5 per cent of respondents require for technological obsolescence and 21.1 per cent of tannery owners' need policy initiatives for environmental compliance.

Precaution in handling and storage of chemicals is necessary to prevent from release in to the air and spillage onto the ground, which will contaminate the soil and groundwater. Good administration will avoid storage of material for a long time. It is found that 100 per cent of respondents have knowledge about proper storage and handling of particularly hazardous chemicals.

Implementation of Cleaner Production (CP) options in tanneries includes the use of the most viable cleaner technologies for at-source pollution abatement and waste management. It is observed that 100 per cent of respondent agree that clean technology standards and the development and implementation of cleaner technologies rely on the idea that prevention is better than cure.

Hide are coded in the scanning sequence allowing the Radio Frequency Identification (RFID) number to match hide stamp. This provides tractability from the tannery and traceability of hides to the producer. It is found that 100 per cent of respondent had not used RFID and they do not agree that Scanning RFID and using the hide stamper proved is an effective method of hide identification.

The wastewater produced during tanning activities and excess sludge from biological treatment is called tannery sludge. The disposal of this sludge is one of the challenging problems for wastewater treatment plants. The foremost solution of tannery sludge disposal is landfills. It is revealed that 21.1 per cent of respondent said that tannery sludge is processed for composting / agriculture after appropriate assessment for contaminants and potential impacts to soil and groundwater and 78.9 per cent of respondents' have a contrary view in this regard.

It is observed that 93 per cent of respondents observed that sequential washing has been used instead of continuous washing to conserve water and 7 per cent of respondents disagree with it.

The leather industry network would comprise of the following: livestock (Cattle, Buffalo, Goat), slaughterhouses, raw Hide/Skin collection, tanning Industry, leather Industry, other allied Industries and export market. It is understood that network service is not adequate for 77.2 per cent of respondents. However, 22.8 per cent of respondents are of the opinion that the network service is adequate at leather tanneries.

Tannery owners opined that unhygienic working conditions lead to health hazards for the workforce; the information sources about tanneries were the buyers, the CLRI, the CLE Website and leather magazines; vegetable-based tanning solutions can be substituted for chrome; institution of SIDO, SISI is helping tanneries to revive; tanneries are treated as priority sector by the government to help them financially; reservation of certain products for tanneries avoids competition from large-scale industries; technical tannery assistance is given to tanneries by the Government to increase production and state tanneries corporations ought to rationally distribute the raw materials during scarcity.

#### 5.2 LEVELS OF ATTITUDE OF RESPONDENTS TOWARDS OPERATIONAL PROCESS OF LEATHER TANNERIES AT VELLORE DISTRICT

The respondents' attitude to operational process of prevailing situation, process, power outages and government policies is studied and presented by using parametric one sample t- test. The level of attitude of respondents towards operational management is measured by applying Likert type five-point scale.

##### 5.2.1 ATTITUDE TO PREVAILING CONDITION OF TANNERIES AT VELLORE DISTRICT

The tannery owners' opinion related to availability of skilled labour force, amount of water for processing leather, facilities provided by government to improve the quality of domestic environment by trade liberalization, facilities for treatment and disposal of hazardous wastes, working conditions for the workforce, facilities for quality testing, utilization of training centres by tannery employees, modernization of tanneries, the information sources about tanneries have been computed from the mean score. The present study has made attempts to analyze the respondents' attitude to prevailing condition of the tanneries by using one sample t-test. Table 1 presented the parametric t-value for the prevailing conditions of tanneries in Vellore district.

TABLE 1: ATTITUDE OF RESPONDENTS TO PREVAILING CONDITIONS

Sl. No.	Attitude of Respondents to Prevailing Conditions	N	Mean	Std. Deviation	Std. Error Mean	t-Value	Significance
1	Tanneries have availability of skilled labour force.	114	3.5614	1.27630	.11954	4.697	.000
2	All tanneries need large amount of water for processing leather and depend on ground water sources for their daily requirements.	114	3.9912	.92646	.08677	11.423	.000
3	Government should be a facilitator to improve the quality of domestic environment by trade liberalization.	114	3.0789	1.28397	.12025	.657	.513
4	Sufficient facilities are available for treatment and disposal of hazardous wastes.	114	3.4386	1.02219	.09574	4.581	.000
5	Unhygienic working conditions lead to health hazards for the workforce.	114	4.3070	.63979	.05992	21.812	.000
6	Facilities for quality testing are sufficient.	114	3.9912	.87740	.08218	12.062	.000
7	Training centres are utilized by tannery employees.	114	3.5526	1.20539	.11289	4.895	.000
8	Modernization of tanneries with increased capacity would be cost effective.	114	3.6754	.90716	.08496	7.950	.000
9	The information sources about tanneries were buyers, the CLRI, the CLE website and leather magazines.	114	4.0789	.91347	.08555	12.611	.000
10	Tannery industry is capable of increasing its capacity.	114	3.5088	1.48887	.13945	3.649	.000

It is observed from the table above that the mean value of the prevailing condition of tanneries ranges from 3.0789 to 4.3070 with consistent and varying standard deviation. The t-value of 10 variables are 4.697, 11.423, .657, 4.581, 21.812, 12.062, 4.895, 7.950, 12.611, 3.649. The t-values are statistically significant at 5 per cent level for all variables except the t-value for the variable 'Government should be a facilitator to improve the quality of domestic environment by trade liberalization' is not significant.

The respondents strongly agree with the variables 'Unhygienic working conditions lead to health hazards for the workforce'; 'The information sources about tanneries were the buyers, the CLRI, the CLE Website and leather magazines'.

5.2.2. RESPONDENTS' ATTITUDE TO OPERATION PROCESS OF TANNERIES AT VELLORE DISTRICT

The present study has made an attempt to analyze respondents' attitude to operation process of the tanneries by using one sample t-test. The tannery owners' view related to price variation of raw material, absolute scarcity of raw materials, poor quality raw materials, government agencies regarding raw material supply, open market purchase of raw materials, improper design and maintenance practices, efficient chemical, use for modular production, value chain efficiencies, chrome tanning, online process control mechanism, efficiencies in usage of energy, chemicals and water capacity were taken.

The results of respondents' attitude to operation process of the tanneries are given in the table 2 which shows the mean value and parametric t-value of the operation process of tanneries in Vellore district.

TABLE 2: ATTITUDE OF RESPONDENTS TO OPERATION PROCESS

Sl. No.	Attitude of respondents on operation process	N	Mean	Std. Deviation	Std. Error Mean	t-value	Significance
1	Price variation of raw material very often affects the performance of Tanneries.	114	2.8158	1.19413	.11184	-1.647	.102
2	The absolute scarcity of raw materials leads to closure of industry.	114	3.1842	1.29373	.12117	1.520	.131
3	Poor quality raw materials affect the image of the products produced.	114	3.2719	1.35206	.12663	2.147	.034
4	There is no special staff to deal with Government agencies regarding raw material supply.	114	2.9386	1.35206	.12663	-.485	.629
5	Open market purchase of raw materials increases the production cost.	114	3.2807	1.34696	.12615	2.225	.028
6	Improper design and poor maintenance practices result in exposure to high levels of noise.	114	2.7368	1.24838	.11692	-2.251	.026
7	More efficient chemical use can both lower production costs and reduce pollution.	114	3.3684	1.38426	.12965	2.842	.005
8	For modular production, CAD/CAM and computer applications, aimed basically at achieving lower work in progress and shorter lead times.	114	3.2632	1.13709	.10650	2.471	.015
9	Vegetable-based tanning solutions can be substituted for chrome.	114	3.8684	.84679	.07931	10.950	.000
10	Cost competitiveness can be improved through value chain efficiencies.	114	4.0000	.77574	.07265	13.764	.000
11	Chrome tanning requires less processing time than traditional vegetable tanning.	114	4.1228	.85332	.07992	14.049	.000
12	There is need to emphasise product consistency through online process control mechanism which involves modernisation of all interfacing systems, efficiencies in usage of energy, chemicals and water capacity.	114	3.4474	1.09780	.10282	4.351	.000

It is understood from table 2 that the mean value of the respondents' attitude to operation process of tanneries ranges from 2.7368 to 4.1228 with consistent and varying standard deviations. The t-value of 12 variables are -1.647, 1.520, 2.147, -.485, 2.225, -2.251, 2.842, 2.471, 10.950, 13.764, 14.049, 4.351. The t-values are statistically significant at 5 per cent level except the variables 'Price variation of raw material very often affects the performance of Tanneries'; 'The absolute scarcity of raw materials leads to closure of industry'; and 'There are no special staff to deal with Government agencies regarding raw material supply'. The respondents strongly agree with the statements 'Chrome tanning requires less processing time than traditional vegetable tanning' and 'Cost competitiveness can be improved through value chain efficiencies'.

5.2.3 RESPONDENTS' ATTITUDE TO POWER OUTAGES OF TANNERIES AT VELLORE DISTRICT

The present study attempts to analyze respondents' attitude to power outages of the tanneries. The tanneries' owner's views about power supply, installing alternatives like generators and thermal power units were considered. Table 3 explains the parametric t-value for the respondents' attitude to power outages of tanneries in Vellore district.

TABLE 3: ATTITUDE OF RESPONDENTS TO POWER OUTAGES

Sl. No.	Attitude of respondents on Power Outages	N	Mean	Std. Deviation	Std. Error Mean	t-value	Significance
1	Power supply is not properly regulated.	114	3.3070	1.25597	.11763	2.610	.010
2	Only limited hours of power supply is given.	114	4.0263	.95436	.08938	11.482	.000
3	Within the limited hours of power supply, it is difficult to complete the production.	114	3.9211	.88392	.08279	11.126	.000
4	Many labour hours are wasted and unutilized during power – cut.	114	3.8684	.84679	.07931	10.950	.000
5	Tanneries cannot go for installing alternatives like generators and thermal power units.	114	3.7105	.92864	.08697	8.169	.000
6	Time management to maximize the production within the specific hours is highly difficult.	114	3.4649	1.22785	.11500	4.043	.000
7	Captive power in Tamilnadu plant leads to fluctuation of power affects the tanneries.	114	3.5877	.97592	.09140	6.430	.000

It is observed from table 3 that the mean values of the respondents' attitude to power outages of tanneries range from 3.3070 to 4.0263 with consistent and varying standard deviations. The t-value of 7 variables are 2.610, 11.482, 11.126, 10.950, 8.169, 4.043, 6.430 showed that all the 7 variables are statistically significant at 5 per cent. The respondents strongly agree with the variable 'Only limited hours of power supply are given'.

### 5.3 BASED ON THE FINDINGS OF THE STUDY THE RESEARCHER HAS DRAWN THE FOLLOWING RECOMMENDATIONS

Scanning RFID and using the hide stamper can be an effective method of hide identification, even though it interrupted the workflow significantly. Proper design and maintenance procedure may reduce high levels of noise. Clean technology standards can be implemented, which relies on the idea that preventing is better than reusing. Modernization of tanneries with increased capacity would be cost effective. Tanneries can go for installing alternatives like generators and thermal power units to overcome power outages. Government should be a facilitator to improve the quality of domestic environment by trade liberalization. Tanneries can be encouraged to be private limited. Its innovative technologies are essential for protecting the leather tanning industry from consequences. Another area of study identified was on the excellence of process improvement in leather tanning industry.

### REFERENCES

1. Directory of Tanneries in India, State Pollution Control Board, Chennai, 2007.
2. Javed Ahmad Chattha and M. Mobeen Shaukat, March 2010, "An Assessment of Environmental Concerns in the Leather Industry and Proposed Remedies: A Case Study of Pakistan", Viewed on April 25, 2016 <http://www.environmental-expert.com/Files/0/articles/2226/2045.pdf>.
3. Loraine Kennedy (1999), "Cooperating for Survival: Tannery Pollution and Joint Action in the Palar Valley (India)", World Development Vol. 27, No. 9, pp. 1673±1691, Elsevier Science Ltd.
4. Ramjeawon (2004), "A case Study of Cleaner Production Opportunities in Small and Medium Enterprises on the island of Mauritius", Electronic Green Journal, 1 (20).
5. Report on "Leather Industry in Tamil Nadu and Pondicherry," July 1976, pp. 7.
6. Sarkar, K.T. (1962), Practice of Leather Manufacture, Oxford University Press, London, pp. 33.
7. Satya Sundaram, Leather: Investments Pouring, Investments in India's leather industry are flowing from countries like Italy, Spain and Portugal through joint ventures, Leather & Leather Products - of Planning Commission, May 23, 2011, [http://planningcommission.gov.in/aboutus/committee/wrkgrp12/wg\\_leath0203.pdf](http://planningcommission.gov.in/aboutus/committee/wrkgrp12/wg_leath0203.pdf).
8. Shweta Singh & S. Rajamani, (2011), "Environmental compliance and sustainability of small and medium leather tanneries", Leather News India.
9. Singh, Shweta and S., Rajamani (2007). *Sustainability of SMEs on environmental compliance in leather industry in developing countries*. In: International Economic Conference on Trade and Industry (IECTI) 2007, 3 - 5 December 2007, Bayview Hotel Georgetown, Penang.

**NEED FOR TEACHING WELL- BEING THROUGH POSITIVE PSYCHOLOGY IN EDUCATIONAL INSTITUTIONS**

**JAYASHREE SANGHANI**  
**RESEARCH SCHOLAR**  
**MEWAR UNIVERSITY**  
**CHITTORGARH**

**DR. SAROJ ARYA**  
**RESEARCH SUPERVISOR**  
**MEWAR UNIVERSITY**  
**CHITTORGARH**

**SOWMYA MARE**  
**RESEARCH ASST.**  
**REACH BEYOND NGO**  
**#16, P&T COLONY**  
**SECUNDERABAD**

**BRIG. JAGJIT AHUJA**  
**DIRECTOR**  
**REACH BEYOND NGO**  
**#16, P&T COLONY**  
**SECUNDERABAD**

**ABSTRACT**

*The educational institutions- schools & colleges for more than a century paved the boulevard towards a successful adult work. In the present educational system, the students face a lot of pressure, stress and expectation from self and by others which leads to experiencing a lot of negative emotions. These factors hinder children's all round development and their scholastic achievements leading to low self-efficacy and belief in self. This becomes a concern for parents, teachers and the students themselves. Positive mood produces broader attention, more creative thinking, & more holistic thinking. When you are in a good mood, you are better at 'What's right here?' & when you are in a bad mood, you are better at 'what's wrong here?' Both positive & negative ways of thinking are important in the right situation, but all too often schools emphasize critical thinking and following orders rather than creative thinking and learning new stuff. For people to lead truly flourishing lives they need to feel they are personally satisfied and developing, as well as functioning positively in regard to society. Unfortunately, too many people are instead languishing – living unhappy, unfulfilled lives as well as lacking social and community engagement. Few good reasons that well-being should be taught in educational institutions are the Current flood of depression and the nominal increase in happiness & satisfaction over the last two generations. It would be an antidote to the runaway incidence of depression, a way to increase life satisfaction, and an aid to better learning and more creative thinking.*

**KEYWORDS**

well-being, positive psychology in educational institutions.

**INTRODUCTION**

**D**oung people in the age group of 8-19 years in India, mostly undergoing their studies in the educational institutions constitute one of the precious resources of the country. They are characterized by growth and development. They are always in a phase of vulnerability, being influenced by several intrinsic and extrinsic factors affecting their health and Well-Being. In the present educational system these students face a lot of pressure, stress and expectation from self and by others which leads to experiencing a lot of negative emotions. As the competition is increasing day by day, people are living in an age of insecurity and uncertainty. They are not sure, what their tomorrow will bring and instead of being satisfied with the way their present is going on, they are becoming insomniac while worrying about their tomorrows. These factors hinder children's all round development and their scholastic achievements leading to low self-efficacy, belief in self, leading to depressive thoughts. This becomes a concern for parents, teachers and the students themselves.

This is a paradox; particularly for those who believe that well-being comes from the environment. Almost everything is better now than it was 50 years ago: there is about three times more actual purchasing power, dwellings are much bigger, there are many more cars, and clothes are more attractive (Easterbrook, 2003). Progress has not been limited to the material: there is more education, more music, and more women's rights, less racism, less pollution, fewer tyrants, more entertainment, more books, and fewer soldiers dying on the battlefield (e.g., Schuman et al., 1997; U.S. Environmental Protection Agency, 2006; Snyder et al., 2008).

The prevalence of depression among young people is shockingly high worldwide. Nearly 20% of youth experience an episode of clinical depression by the end of high school (Lewinsohn et al., 1993). Nearly 10-30% in India. By some estimates depression is about ten times more common now than it was 50 years ago (Wickramaratne et al., 1989). In addition, several studies suggest that the age of first onset has decreased from adulthood to adolescence (Weissman, 1987; Lewinsohn et al., 1993).

According to World Health Organization (WHO) estimates about 1 million people commit suicide each year. In India, nearly 1, 36,000 persons voluntarily end their lives in a Suicidal act as per Official Reports in 2011. About 40% percent of Suicides in India are committed by persons below the age of 30 years. Among 912 completed suicides 2.2% age group 10-15 years, 16.2% age group 16-20 years, 21.6% age group 21.25 years. Bansal et al 2009 Urban School Based cross sectional study found 18.4 percent of school going adolescents to be depressed and 15.2% were distressed.

Deb et al in a sample of students aged 14 to 19 years showed that 20.9, 21.9 & 18.1% of the children experienced psychological, physical and sexual violence. 'Health behaviours and problems among young people in India cause, for concern and call for action. – Singh Sunitha and Gopal Krishna Gururaj, Rec., Jan 31, 2013. Dept., of Epidemiology, Centre for Public Health, WHO collaborating centre for Inquiry Prevention and Safety Promotion, National Institute of Mental Health and Neuro Science, Bangalore, India. Sahoo et.al, using Depression+Anxiety Stress Scale (DASS) observed that 20% young adults experienced stress, 18.5% Depressive symptoms and 24.2% Anxiety. Sharma and Sidhu in a study, among adolescents aged 16-19 years using Self-made Questionnaire based of Bisht Battery of Stress found that 90.6 Percent adolescents had academic Stress.

Widespread depression and spotty increases in happiness are good reasons that well-being should be taught—if it could be taught. Increase in wellbeing are likely to produce increases in learning, the traditional goal of education. Positive mood produces broader attention (Fredrickson, 1998; Bolte et al., 2003; Fredrickson & Branigan, 2005; Rowe et al., 2007), more creative thinking (Isen et al., 1987; Estrada et al., 1994), and more holistic thinking (Isen et al., 1991; Kuhl, 1983, 2000), in contrast to negative mood which produces narrower attention (Bolte et al., 2003), more critical thinking, and more analytic thinking (Kuhl, 1983, 2000). Both ways of thinking are important, but schools emphasize critical, rather than creative thinking, and the negative mood so often found in the classroom facilitates only critical thinking.

Well-being should be taught in school: as an antidote to depression, as a vehicle for increasing life satisfaction, and as an aid to better learning and more creative thinking. Because most young people attend school, schools provide the opportunity to reach them and enhance their well-being on a wide scale.

Schools are an excellent location for well-being initiatives for several reasons. Children and adolescents spend much of their waking time in school. For example, in the United States, 6–17 year-olds typically spend 30–35 hours per week in school (Hofferth & Sandberg, 2001). Thus, students' day-to-day interactions and experiences with peers, teachers and coaches are integral to their well-being and are important targets for well-being programmes. In addition, most parents and educators see the promotion of well-being and character as an important, if not central, aspect of schooling (Cohen, 2006). Surveys of American parents over the past 30 years indicate that their most important goal for education was to prepare children to become responsible citizens (Cohen, 2006).

Whilst historically schools may have aimed for academic excellence as sole evidence for their success, there are growing numbers of schools who are now acknowledging the need to develop students in a more holistic way, with a stronger focus on wellbeing. Much of this is in recognition of the increasing statistics on psychological distress and mental illness in our children and adolescents, and the realization of the need to take a more proactive rather than reactive approach to mental health.

Schools now are seen as institutions where their role extends beyond academic competence to further preparing the 'whole child' (Huit, 2010). In fact, the focus on schools as a means for preparing young people for adulthood is one of the hallmarks of developed countries (National Commission on Excellence in Education, 1983). Therefore, it would appear schools have a duty of care to educate their students on the research and application of wellbeing and implement interventions aimed at increasing the optimal functioning of their students and staff, thus hopefully reducing the incidence of mental illness which often appears during the early stages of puberty.

As researchers (Clifton and Rath) believe that 'positive emotions are an essential daily requirement for survival.' Hence Positive Psychology being taught from the initial stages of life to a child helps us develop them into more optimistic and self-reliant individuals, striving to attain their dreams

In the present educational system where the students face a lot of pressure, stress and expectation from self and by others, this leads to experiencing a lot of Negative emotions. Growing evidence suggests that, beyond making students feel good, the introduction and experience of Positive Emotions such as joy, happiness and contentment holds numerous social intellectual and physical benefits (Fredrickson, 2001, Lyubomirsky, King & Diener, 2005), enhancing student's levels of Positive Emotion thus appears to be an important empirical objective.

In this paper, we investigate how positive affect can be increased and sustained over time. Furthermore, researchers know very little about how individuals enhance their positive moods or emotions in their daily naturalistic setting. (Tkach & Lyubomirsky). One of the few intervention studies aimed at raising global happiness provide clues into some of the factors that predict increases and maintenance of positive emotions. For example, Fordyce (1977, 1983) trained undergraduate in a set of 14 fundamental techniques (e.g. spend time socializing, become presented, stop worrying etc) as part of their curriculum. Those instructed to implement the suggested techniques showed significant happiness boosts several weeks later relative to control participants and a subset of student followed up for a year or more after the study reported sustained happiness increase (Fordyce, 1983 study 7)

More recent studies have been successful at enhancing positive mood and wellbeing through induction of habitual activities such as "counting one's blessing committing acts of kindness, identifying and using signature strengths, remembering oneself at one's best and working on personal goals (Emmons & McCullough, 2003; Seligman, Steen Park & Peterson, 2005; Sheldon Kasser, Smith & Share, 2002)

## WHY WELL- BEING NOW?

When nations are at war, poor, in famine or in civil turmoil, it is natural that their institutions should be about defense and damage, about minimizing the disabling conditions of life. When nations are wealthy, at peace and in relative harmony, however, they, like Florence of the 15th century, turn to what makes life worth living, not just to curtailing the disabling conditions of life, but to building the enabling conditions of life.

What is all our wealth for, anyway? Surely not just to produce more wealth. Gross domestic product (GDP) was, during the Industrial Revolution, a decent first approximation to how well a nation was doing. Now, however, every time we build a prison, every time there is a divorce or a suicide, the GDP goes up. The aim of wealth should not be to blindly produce more wealth, but to produce more well-being.

General well-being—how much positive emotion, how much engagement at work, how much meaning in life our citizens have—is now quantifiable and it complements, and makes sense of, GDP. Public policy can be aimed at increasing general well-being and the successes or failures of policy can be measured quantitatively against this standard.

Prosperity-as-usual has been equated with wealth. The time has come for a *new prosperity*, a prosperity that combines well-being with wealth. Learning to value and to attain this new prosperity must start early—in the formative years of schooling—and it is this new prosperity, kindled by Positive Education that the world can now choose.

## POSITIVE PSYCHOLOGY

It is defined as **the scientific study of well-being and optimal human functioning** (Gable & Haidt, 2005). Since a seminal article by Seligman and Csikszentmihalyi (2000) that called for a renewed focus within the social sciences on positive aspects of human functioning, the field has grown rapidly and is now established as a credible and ever-evolving field of research and practice (Rusk & Waters, 2013).

The focus of positive psychology is on strengths and virtues study and practice for the purpose of preventive psychological health as well as enhancement of individual and civic virtues. The intent of positive psychology is to shift focus from solely on psychological deficits to a balance of remediation of difficulties and proactive building of strengths and qualities (Seligman & Csikszentmihalyi, 2000).

The theoretical underpinnings of positive psychology stem from the work of Seligman (2002), who has proposed that happiness consists of the pleasant life, the engaged life and the meaningful life. The pleasant life is achieved when people are able to experience positive emotions about their past, present and future lives. The engaged life is felt when one is deeply involved and absorbed in what one is doing in multiple life roles, including love, work, and play. The meaningful and flourishing life is defined as using one's strengths in the service of something larger than oneself (Seligman, 2002)

## WELL- BEING THROUGH POSITIVE PSYCHOLOGY

It is defined as education for both traditional skills and for happiness. The synergy between learning and positive emotion all argue that the skills for happiness should be taught in school. There is substantial evidence from well controlled studies that skills that increase resilience, positive emotion, engagement and meaning can be taught to schoolchildren." From Positive education: Positive psychology and classroom interventions by Martin E.P. Seligman, Randal M. Ernst, Jane Gillham, Karen Reivich, and Mark Linkins. Well- Being has been equated with wealth. Based on this formulation, it is commonly said in the rich nations that this may be the last generation to do better than its parents. That may be true of money, but is it more money that every parent wants his children to have? I don't believe so. I believe that what every parent wants for their children is more well-being than they themselves had. By this measure, there is every hope that our children will do better than their parents. The time has come for a new prosperity, one that takes flourishing seriously as the goal of education and of parenting. Learning to value and to attain flourishing must start early—in the formative years of schooling—and it is this new prosperity, kindled by positive education that the world can now choose.

The correlation between well-being and positive psychology has been proven by many social scientists to be strong and positive one. According to McNulty (2012) "positive psychology at the subjective level is about valued subjective experiences". Well-being is an important factor in this subjective experience, as well as, contentment, satisfaction of the past, optimism for the future and happiness in the present. People are more likely to experience positive psychology if they take in the good things in each experience or situation. Even in the past if a person only focuses on the negative the brain will only be able to recognize the negative. The more the brain has access to the negative the easier, because that is what is more memorable. It takes more effort for the brain to remember the positive experiences because typically it is the smaller actions and experiences that are the positive ones. When people have well-being they are experiencing a sense of emotional Freedom. There is nothing negative that is holding them back from experiencing positive emotions. This is true if a person is in a certain setting because it has been proved in a past research that a certain setting can hold a lot of memories for an individual just because of what was shared there and the meaning of it. For this "well-being is often equated with the experience of pleasure and the absence of [pain] over time". The less psychological pain an individual is experiencing them more he or she is going to experience well-being.

When someone is positively well-being they are also experiencing a few other things. It involves a sense of self-fulfillment, which is the feeling of being happy and satisfied because one is doing something that fully uses your abilities and talents (Merriam-Webster). The feeling of having a purpose in life and connection with others are also contributors to the idea of well-being.

When people feel as though they have a [purpose] in the world they feel like they belong; they feel like they matter.

## PRINCIPLES FOR TEACHING WELL-BEING

**Positive education** is an approach to education that draws on positive psychology's emphasis of individual strengths and personal motivation to promote learning. Unlike traditional school approaches in which teachers attempt to tailor their material to a mythical "average" student, and move the class altogether using the material through one teaching and testing style, positive schooling teachers use techniques that focus on the well-being of individual students. Positive Education mainly focuses on:

- Promoting positive relationships
- Emphasizing strengths;
- Building competencies;
- Providing opportunities to learn healthy behaviors;
- Connecting youth with caring adults.

### BENEFITS

There can be a long list of benefits of which the most important to all the stake holders are -

- Reduces and prevents symptoms of depression.
- Reduces hopelessness.
- Prevents clinical levels of depression and anxiety.
- Reduces and prevents anxiety.
- May reduce behavioral problems.
- Works equally well for children of different racial/ethnic backgrounds.

### TO THE STUDENTS

Happier students are higher achievers. A growing body of evidence suggests that the inclusion of positive psychological methods and character education into schooling can improve the well-being and mental health of young people. Such 'psychological fitness,' when taught in schools, also raises academic achievement. These ideas, therefore, have an important role to play in addressing educational underperformance in schools.

Positive Education embeds scientifically validated practices to improve both the academic success and overall well-being of students. It includes the practical application of research in areas such as optimism, resilience and self-regulation (also called "GRIT"), as well as positive emotion, strengths, and emotional intelligence. It has applications to every place where teaching and learning takes place: in the home, and in the classroom, on the athletic field and in the social arena. Educational specialists and researchers from the world's leading universities have demonstrated that compared to their unhappy peers, happier students develop broader attention, more creative thinking, greater levels of community involvement, and they earn substantially more income as adults when compared to their unhappy peers. Positive Education—the embedding of positive psychology research findings into education best practices—has also been shown to reduce or even prevent depression and anxiety, increase enjoyment and engagement in school, improve curiosity and love of learning, and enhance social skills like empathy, cooperation, assertiveness, and self-control, all of which are correlated with increased academic achievement.

There are many benefits to implementing a positive education strategy in schools. Such systems can have a positive impact on everyone involved in the education system – from the students and staff to the school as a whole community.

### TO THE TEACHERS

Members of staff are perhaps the most overlooked body when considering the introduction of a new strategy to a school. As personal motivation is a key element of positive education, a focus on this can be of great benefit staff as well as the students. There is not enough time in the busy school day for every single pupil to constantly be encouraged and guided by a member of staff. However, if they have a positive mind-set and are self-motivated students have the skills they need to achieve a sense of well-being at school and be successful. If the students are self-motivated with a positive outlook on their education, members of staff are then able to focus their time on providing enriching and fulfilling educational experience.

### TO THE EDUCATIONAL INSTITUTIONS

Positive education has the potential to bring the school closer to the community. A shared mind-set and outlook on education means that as a whole, the school can move forward together and strive for the same things, promoting a positive and conflict-free environment. Positive psychology interventions have been successfully implemented in a number of schools and seek to support the students who struggle to maintain positive emotions.

Positive education is becoming increasingly common worldwide and is integrating with existing pastoral care structure, typically with a guidance tutorial system. It is not about teaching young people believing that happiness requires a life free of all negativity, but that by focusing on the positives and applying their own solutions and strategies, they can achieve a feeling of fulfillment and well-being.

## PRACTICAL APPLICATIONS IN DIFFERENT EDUCATIONAL CONTEXTS

- Wellington College in the UK, Geelong Grammar School in Australia, and St Peter's College in Australia have all reengineered their schools to build positive psychology principles into their educational models.
- The English Literature curriculum for 9th graders at Strath Haven High School outside of Philadelphia, Pennsylvania, has been redesigned so that students also learn about and use their own character strengths.
- The KIPP Charter School group in the US focuses on building the character strengths of their pupils and even produces character report cards to track improvement.

## FINDINGS

A study on 'Positive Psychology Intervention in Education' was conducted by Reach BeYond, presented at Mt. Carmel College, Bangalore. The Aim of the study was to measure effectiveness of positive psychological interventions on positive emotional state and well-being of students aged between 13-17 years. The tools used were Positive Affect and Negative Affect for Children (PANAS) and Multi-Dimensional Student Life Satisfaction Scale (MSLSS) and the positive interventions of Three good things, Gratitude, Altruism, and Personal Counseling conducted brought to cognition of students about benefits of being positive. It increases self-

efficacy, and the role of self in being positive. To stay positive one needs to be aware of the above mentioned domain wise benefits and develop optimism and stay positive. This can be further strengthened by the habit of being disciplined and dedication to practice these strategies so as to enhance one's positive attitude towards life. These interventions were given in a limited span of three months; better results can be achieved when the interventions are given on a consistent basis for a longer period. (\*Empirical findings are attached as an Annexure).

**GEELONG GRAMMAR SCHOOL PROJECT FINDINGS**

The results to date have been promising. Relative to age-matched European norms, year 7 -12 students in 2010 had very positive results on the Individual Flourishing Questionnaire, measuring PERMA, resilience, optimism, vitality, confidence, and calmness (Williams, 2011). Also, in 2012, the majority of year 10 students agreed that PosEd has changed the way they think about themselves and/or others (66%) that it is worthwhile that PosEd is a compulsory year 10 subject (74%), and that they think that what they've learnt in PosEd would be valuable to friends and family (87%) (Williams,2013). Looking ahead to long-term outcomes, GGS now have baseline data for the SocialEmotional Wellbeing Survey from 2011, and is currently participating in an Australian Research Council funded longitudinal study investigating whether PosEd at GGS promotes positive mental health that is sustained over time. This partnership will assist with their measurement and evaluation.

**EMPIRICAL FINDINGS CARRIED OUT BY REACH BEYOND**

**AIMS AND OBJECTIVES**

- To measure the effects of Positive Psychological interventions on positive emotional state and well-being of the students.
- To measure the effect of Positive Psychological Intervention on student's life satisfaction.

**METHODOLOGY**

A three-month longitudinal study comprising of 12 sessions, one session per week, was conducted to examine the effect of Positive Psychological intervention on positive emotional state and overall well-being. This intervention study was conducted with variables such as Positive Affect, Negative Affect and Life Satisfaction. The tools used were- Positive Affect Negative Affect Schedule for children (PANAS-C) and Multi-Dimensional Students Life Satisfaction Scale (MSLSS).

**SAMPLE**

With purposive sampling a written consent was taken from the parents of sample group of 5 students. All students (boys and girls) studying in Public Schools between the age group of 13yrs to 17yrs studying in grades 8,9,10,11. The schools in which these students are studying in are Chirec Public School, St.Anns Girls High School,Vidyaranya High School, KendriyaVidyalaya Picket, and St. Patarick's Boys High School.

**TOOLS USED**

To assess affect, we used the Positive Affect and Negative Affect Schedule (PANAS, Watson, Clark and Tellegen, 1988)

**POSITIVE AFFECT NEGATIVE AFFECT SCHEDULE (PANAS-C)**

PANAS has become a commonly used measure has been used in lot of studies to quantify two dimensions of affect – positive (pleasant, excited) and negative (unpleasant, distressed & upset).

This scale consists of a number of words that describe different feelings and emotions. Each emotion can be answered with respect to the intensity of one's feeling on a scale of fine response. Where slightly not at all being least and extremely being the maximum.

This exercise was done by the parents of the students who were part of this study a pretest and posttest was done with a gap of three months.

The parents were given the list of words that describe different feelings and emotions and were instructed to circle the appropriate number from the five options to indicate the extent to which the child feels that is generally on an average.

**MULTIDIMENSIONAL STUDENTS LIFE SATISFACTION SCALE (MSLSS)**

This scale contains items pertaining to multidimensional profile of children's life satisfaction judgment, divided into 5 specific domains i.e., Family, friends, school, living environment and self. The questions used the kind of thoughts about life the students has been living with past several weeks.the students is told to think about how his life and then think about how his life has been during most of this time. The students were requested to circle the numbers (from 1 to 6) next to each statement that indicates the extent to which they agree or disagree with each statement. Here it was important to know what they thought, so very clearly they were instructed to answer the question. The way they really feel and not how they thought they should. There were no right/ wrong answers.

**RESULTS & DISCUSSION**

**PRE-INTERVENTION SCORES ONPANAS (POSITIVE AFFECT & NEGATIVE AFFECT SCALE) FOR CHILDREN**

S.No	Student's Name	POSITIVE AFFECT	NEGATIVE AFFECT
1	A	41	32
2	B	39	20
3	C	37	41
4	D	30	21
5	E	31	28
	Mean	35.6	28.4

**POST-INTERVENTION SCORES ON PANAS (POSITIVE AFFECT & NEGATIVE AFFECT SCALE) FOR CHILDREN**

S.No	Student's Name	POSITIVE AFFECT	NEGATIVE AFFECT
1	A	31	27
2	B	41	17
3	C	44	22
4	D	36	29
5	E	34	16
	Mea Mean	37.2	22.2

**PANAS**

**Positive affect Domain:** On positive affect domain parents pre-post interventionscores had positive increase indicates that they realized their children were interesting, they were excited about them. They felt strong; they felt proud, alert, determined and active.

On Positive Affect domain Children's pre-post intervention scores showed a mean increase of 1.6, indicating they realized the benefits of being positive.

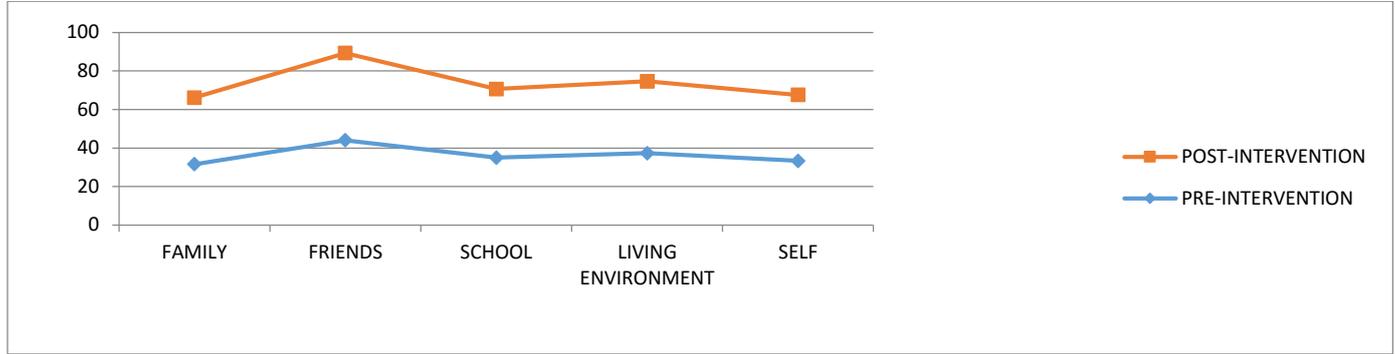
**On Negative affect domain: Parents** pre and post intervention scores shown negative decrease. This indicates they felt that their children were less scared, irritable, nervous, hostile & upset. The negative emotions like irritable scared, nervous, hostile & upset got reduced.

On Negative Affect Children's domain pre-post intervention scores showed a mean decrease of 6.2

MEAN SCORE ON MULTIDIMENSIONAL STUDENTS' LIFE SATISFACTION SCALE

Domain	Pre-Intervention	Post-Intervention
Family	31.6	34.6
Friends	44.4	45.3
School	35.0	35.6
Living-Environment	37.3	37.3
Self	33.3	34.3
Mean	36.32	37.42

DOMAIN WISE GRAPHICAL REPRESENTATION OF MULTIDIMENSIONAL STUDENTS' LIFE SATISFACTION SCALE



PRE-INTERVENTION STUDENT'S LIFE SATISFACTION

S.No	Name	Scores
1	A	211
2	B	172
3	C	127
4	D	162
5	E	132
	Mea Mean	160.8

POST-INTERVENTION STUDENT'S LIFE SATISFACTION

S.No	Name	Scores
1	A	213
2	B	161
3	C	179
4	D	189
5	E	176
	MM Mean	183.6

**Family Domain:** The pre-intervention mean score of the children was 31.6 and post-intervention mean score was 34.6. This indicates there is a positive evaluation of family, students, started by students enjoying with their parents at home, they spend time together, talk nicely, do funny things among themselves, treated fairly by parents. They think that their family is better than most.

**Friends Domain:** Pre-intervention mean score was 44.4 and post-intervention mean score was 45.3. The increase in mean score indicates children felt that friends were treating them well, they were having a lot of fun time with them, and they thought they had enough friends.

**School:** Pre-intervention mean score was 35.0 and post-intervention score was 35.6. The slight increase in score indicates that they evaluate school is better than earlier. They look forward to going to school, liked to be in school, enjoy school activities, and felt that they learned a lot at school.

**Living Environment:** Pre & post-intervention mean score was 37.3. There was no increase in mean score. It indicates that there was no significant change in attitude towards their environment, neighbors, town people & living place.

**Self:** The pre-intervention mean score was 33.3 and post-intervention mean score was 34.3. The increase indicates the children thought that they were looking good, fun to be around, people like them, there were lots of things they could do well, they like themselves and most people like them.

**MSLSS on average:** Pre-Post-intervention scores showed an increase in Life Satisfaction on a mean level of 22.8, indicating their Life Satisfaction has increased and they have realized the role of self in being positive as it increases Self-Efficacy.

CONCLUSION

The scope for each student to reach his/her optimum potential lies within the principles of Positive Psychology. The use of positive psychology in the realm of education may have the potential to be a new model for successful education. It can be fostered by including 'Positive Education' as an academic subject for all the class levels from Kindergarten to Graduation. The lessons provide them with an understanding of what factors contribute for a life to thrive and flourish, as well as teaching them some practical skills for everyday use. The field of Positive Education, although still in the early stages of development, seems to have a promising future. Overall, the goal of positive education is to turn all students into teachers who will pass down their wisdom and knowledge to others and teachers who will continue the ways of positive education. Adopting and implementing Positive psychology is beneficial in all spheres and at the level of schools and students, it can encourage students to strive to do the best they can, whereas scolding has the opposite effect. Ignoring or criticizing students can hinder their education. Well-Being enables individuals to identify their positive emotions and use them to become self-motivated with a positive mind-set to learn and work to the best of their ability. It has been an accepted fact that the learning of art and Science of Yoga has a direct bearing in the well-being of the students. Now teaching of Yoga has been introduced in all the Educational Institutions. This is a very good step in bringing the students to the fold of Positive Psychology to further help them in their well-being.

REFERENCES

1. Bolte, A., Goschke, T. & Kuhl, J. (2003) Emotion and intuition: effects of positive and negative mood on implicit judgments of semantic coherence, *Psychological Science*, 14, 416-421.
2. Clifton, D. & Rath, T. (2005) 'Every moment matters', - How full is your bucket? Positive strategies for work and life. *Gallup Press*, New York, pp. 47-51

3. Clifton, D.O. & Harter, J.K. (2003). Investing in strengths. In A.K. Cameron, B.J. Dutton & C.R. Quinn (Eds.), *Positive organizational scholarship* (pp.111–121). San Francisco: Berrett-Koehler Publishers, Inc.
4. Cohen, J. (2006) Social, emotional, ethical, and academic education: creating a climate for learning, participation in democracy, and well-being, *Harvard Educational Review*, 76, 201–237.
5. Easterbrook, G. (2003) *The progress paradox: how life gets better while people feel worse* (New York, Random House).
6. Fredrickson, B.L. (1998) What good are positive emotions? *Review of General Psychiatry*, 2, 300–319.
7. Gable, E.L., Reis, H.T., Impett, E.A. & Asher, E.R. (2004) What do you do when things go right? The intrapersonal and interpersonal benefits of sharing positive events, *Journal of Personality and Social Psychology*, 87, 228–245.
8. Hofferth, S.L. & Sandberg, J.F. (2001) How American children spend their time, *Journal of Marriage and the Family*, 63, 295–308.
9. Isen, A.M., Daubman, K.A. & Nowicki, G.P. (1987) Positive affect facilitates creative problem solving, *Journal of Personality and Social Psychology*, 52, 1122–1131.
10. Isen, A.M., Rosenzweig, A.S. & Young, M.J. (1991) The influence of positive affect on clinical problem solving, *Medical Decision Making*, 11, 221–227.
11. Kuhl, J. (1983) Emotion, cognition, and motivation: II. The functional significance of emotions in perception, memory, problem-solving, and overt action, *Sprache&Kognition*, 2, 228–253.
12. Kuhl, J. (2000) A functional-design approach to motivation and self-regulation: the dynamics of personality systems interactions, in: M. Boekaerts, P.R. Pintrich & M. Zeidner (Eds), *Handbook of self-regulation* (San Diego, Academic Press), 111–169.
13. Lewinsohn, P.M., Rohde, P., Seeley, J.R. & Fischer, S.A. (1993) Age-cohort changes in the lifetime occurrence of depression and other mental disorders, *Journal of Abnormal Psychology*, 102, 110–120.
14. Lyubomirsky, S. (2001). Why Are Some People Happier Than Others? The Role of Cognitive and Motivational Processes in Well-Being. *American Psychologist*. Vol. 56. No. 3, 239-249
15. Schuman, H., Steeh, C., Bobo, L. & Krysan, M. (1997) *Racial attitudes in America: trends and interpretations* (Cambridge, MA, Harvard University Press).
16. Seligman, M. E. P. (1998). *Learned Optimism: How to Change Your Mind and Your Life* (2nd Ed.). *New York: Pocket Books*
17. Seligman, M. E. P. (2002). *Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment*. *New York: Free Press*.
18. Seligman, M., Ernst, R. Gillham, K. & Linkins, M. (2009). Positive Education: positive psychology and classroom interventions. *Oxford Review of Education*, 35(3), 293-311.
19. Seligman, M., Steen, T., Park, N., & Peterson, C. (2005). Positive psychology progress: Empirical validation of interventions. *American Psychologist*, 60, 410-421.
20. Snyder, T.D., Dillow, S.A. & Hoffman, C.M. (2008) *Digest of education statistics 2007* (Washington, DC, U.S. Department of Education).
21. Wickramaratne, P.J., Weissman, M.M., Leaf, P.J. & Holford, T.R. (1989) Age, period and cohort effects on the risk of major depression: results from five United States communities, *Journal of Clinical Epidemiology*, 42, 333–343.

**CORPORATE SOCIAL RESPONSIBILITY**

**SUMAIYA FATHIMA**  
**PRINCIPAL**  
**BET SADATHUNNISA COLLEGE**  
**BISMILLAHNAGAR, BENGALURU**

**ABSTRACT**

*This paper aims to provide a better understanding of multistakeholder perceptions of corporate social responsibility (CSR). CSR is addressed in terms of social and environmental responsibilities. CSR can encompass a wide variety of tactics; from giving nonprofit organizations a portion of a company's proceeds, to giving away a product or service to a worthy recipient for every sale with the enactment of the Companies Act, 2013, India has become the forerunner to mandate spend on Corporate Social Responsibility (CSR) activities through a statutory provision. Companies that demonstrate their commitment to various causes are perceived as less selfish than companies whose corporate social responsibility endeavors are nonexistent. Undertaking socially responsible initiatives is truly a win-win situation. Not only will your company appeal to socially conscious consumers and employees, but you'll also make a real difference in the world. Keep in mind that in CSR, transparency and honesty about what you're doing are paramount to earning the public's trust*

**KEYWORDS**

multi-stakeholders, consumers, employees, transparency, honesty, non-profit organizations.

**INTRODUCTION**

Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to company's efforts that go beyond what may be required by regulators or environmental protection groups.

**REVIEW OF LITERATURE**

CSR perception data is an important field to research. It is important for the researcher to be familiar with both previous theory and researches published so far in the field of investigation or study. Business includes its reputation, corporation itself, employee's relation knowledge, goals etc. SR programs are popping up in major businesses, and have even become a form of self-regulation that is integrated into most business models. It is projected that within the next ten years, CSR will be a requirement for any business that wants to succeed.

**RESEARCH METHODOLOGY**

Justification research of theories on corporate social information disclosure behaviour and the research of CSR impact to company's reputation and financial performance: CSR programmes contribute to the overall profitability ratios of the companies. For academic and industry discourse it is recommended that further study should be conducted to establish the real value in monetary terms how much CSRs contribute to the organizations profitability. Also further research should be conducted to quantify how much or to what 4 degree these CSR programmes have impacted on the society and its corresponding value generation for the company.

**DISCUSSION**

Corporate Social Responsibility (CSR) Provisions are applicable to every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or Net profit of rupees five crore or more.

**DIFFERENCE BETWEEN CHARITY AND CSR**

Charity	CSR
Donating money, Goods, Time or Effort	It is how company align towards a social cause
For Poor and needy cause	It can people centric or planet centric
Selfless giving towards any kind of social need	Company derive long term benefit from CSR as it is not a selfless act

The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession. Accordingly, the amount spent by a company towards CSR cannot be claimed as business expenditure.

As per the section 135 (1) if the company fall in any of the category during any financial year, it shall constitute the CSR committee. But As per section 135(5) - The Board of every company referred to in sub-section (5), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy (it implies that company must be in existence for at least three years)

Provision to Section 135(5) of the Companies Act 2013 provides that a company shall give preference to the local area and the areas around it where it operates for Spending the amount earmarked for CSR activities. In case of multi-locational operations, the company could exercise discretion in choosing the area for which it wants to give preference. Any shortfall in spending in CSR shall be explained in the financial statements and the Board of Directors shall state the amount unspent and reasons for not spending that amount. Any such shortfall is not required to be provided for in the books of accounts. However, if a company has already undertaken certain CSR activity for which a contractual liability has been incurred then, a provision for the requisite amount payable to record that liability needs to be recognized as per the applicable Accounting Standards.

FIG. 1



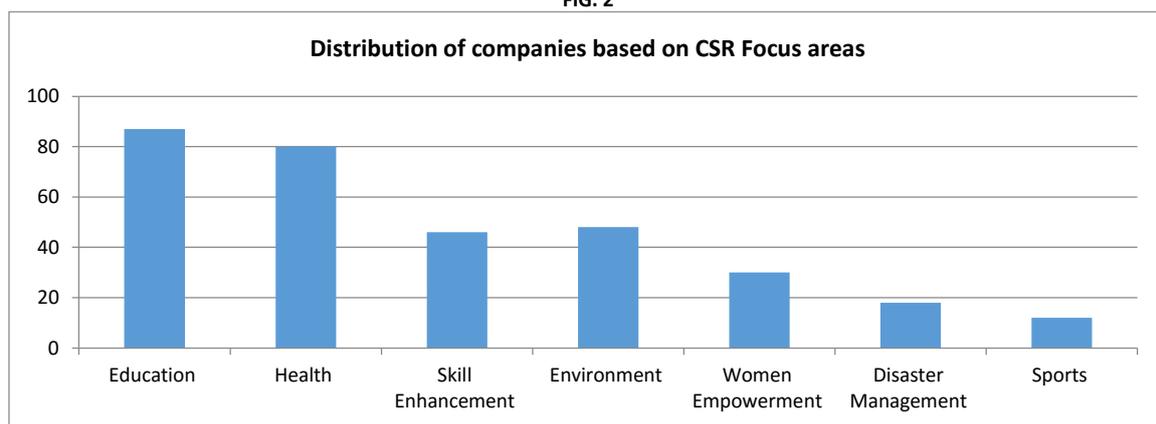
The relationship between a company and its employees can have a big impact So the first question comes down to how employees are dealt with, and whether they feel a sense of motivation and pride in working for the company. The issues affecting the workplace are wide-ranging and significant. Addressing them can go some way towards bridging the gap between the rhetoric of being 'an employer of choice' and the reality. CSR activities have given employees a platform to interact and make strong bonds within the organisation. "The employees are motivated by such activities and thus, the hierarchy is broken, which has built solid relationships. This in turn, creates a healthy work environment in the organization. The result is higher productivity and great leadership skills.

Environmental CSR initiatives play a key role for major corporations to impact climate change, water use footprint and energy use effectiveness. Some of the leading corporations that have achieved CSR success with environmental initiatives can motivate the competitive landscape of the marketplace to improve operational efficiency, rethink product designs, and seek out new and innovative technology.

CSR will help the healthcare sector to elaborate on social issues that could serve to improve their images and enhance the stakeholder engagement by making their performance indicators available to public. Preventive healthcare is a national health priority and a notified area under Schedule VII of the CSR Section 135 of the Companies Act. directly improves health, well-being and productivity of community/population, families and individuals, and promotes equity by benefiting most the disadvantaged and marginalised groups. It covers range of public health activities focused on prevention of diseases, promotion of good health and strengthening of health systems.

The Companies Act 2013 opens doors to a wide range of sectors for the companies to divert their CSR funds into; education is one of them. Like government, Indian corporate sector also plays a big role in improving quality of education. As per government mandate corporate with at least 5 crore revenue have to devote 2% of its annual revenue to Corporate Social Responsibility. The law has listed out a wide spectrum of activities under CSR, which cover activities such as promotion of education, gender equity and women’s empowerment, combating HIV/AIDS, malaria and other diseases, eradication of extreme poverty, contribution to the Prime Minister’s National Relief Fund and other central funds, social business projects, reduction in child mortality, improving maternal health, environmental sustainability and employment enhancing vocational skills among others is where corporate can contribute to this worthy cause. While traditionally, the CSR initiatives were restricted to providing financial support to educational institutes; more and more firms have now begun to associate the government to enhance education in rural and under-developed areas.

FIG. 2



**FINDINGS**

CSR activities can enhance firm value for firms with high public awareness, Second, for firms with low public awareness, the impact of CSR activities on firm value is either insignificant or negative. Third, advertising has a negative impact on the CSR–value relation if there is an inconsistency between the firm’s CSR efforts and the company’s overall reputation.

**CONCLUSION**

Though the new Companies Act, 2013, which made spending 2% of their profits on CSR mandatory, came into force only in April 2014, the last couple of years have seen a significant increase in CSR expenditure by firms. This can be attributed to the desire of companies to project themselves as socially responsible. The task of implementing CSR is complex, lot of efforts are required to acquire skills in defining and understanding ethical issue of business as the balance is required to be maintained not only Local and Global concerns but also balance present requirements with future issues

**REFERENCES**

- Gupta, B.K., Pal, S., Mittal, S., “Corporate Social Responsibility (CSR) in Indian Central Public Sector Enterprises” in International Journal of Management & Business studies ISSN: 2230-2463 IJMBS Vol. 3, Issue 2, April - June 2013
- Handbook on Corporate Social Responsibility in India, CII, www.pwc.in (2013)
- National Foundation of India, Comments on Draft CSR Rules under Section 135 of Companies Act 2013.
- Rishi, R., Srivastava, A., Dr. Antani, M. “New rules for Corporate Social Responsibility Announced” Nitish Desai Associates March, 12, 2014

## ANALYSIS OF FINANCIAL STATEMENT OF ROURKELA STEEL PLANT BY USING THE TECHNIQUE OF RATIO ANALYSIS

**DR. ASHOK KUMAR RATH**  
**PROFESSOR**  
**REGIONAL COLLEGE OF MANAGEMENT**  
**BHUBANESWAR**

### ABSTRACT

*The present study is an attempt to find out soundness of the financial ratios from financial statement at Rourkela steel plant. The liquidity position has increased in the year 2013-14 and profitability and sales of the company have shown a rise. Higher turnovers of assets and working capital in the year 2014-15 give a good sign of firm's liquidity and profitability position.*

### KEYWORDS

rourkela steel plant, analysis of financial statements.

### INTRODUCTION

Financial statements are summaries of the operating, financing, and investment activities of a business. Existence and growth of a firm depends upon the financial position. Before raising capital, it is essential to make estimates for long term and short term financial needs. In absence of correct estimates, the business may suffer either from inadequate or excess capital. It continues to struggle for existence if the capital is inadequate. On the other hand, if capital is in excess of needs, it will remain idle due to non-utilization of money and may reduce earnings in comparison to investment.

### OBJECTIVES OF THE STUDY

1. To assess the Financial position of the company through the ratios.
2. To know the efficiency of financial performance of RSP by using ratios as a yardstick to measure the efficiency of the company.
3. To understand the liquidity, profitability and efficiency positions of the company during the study period.
4. To evaluate the financial performance through ratio analysis between debtors and working capital.

### REVIEW OF LITERATURE

The review of literature guides the researchers for getting better understanding of methodology used, limitations of various available estimation procedures and data base and lucid interpretation and reconciliation of the conflicting results. A review of these analyses is important in order to develop an approach that can be employed in the context of the study of selected Indian Public Sector Manufacturing Enterprises viz. Steel, Minerals and Metals, Coal and Lignite, Power, Petroleum and Chemicals and Pharmaceuticals.

- 1- **Sankar. T. L & et.al (2010)** in their study entitled, "Financial Performance of State Level Public Enterprises" suffers from staggering investment, poor profitability, unnecessary investment, poor project planning and inadequate financial control.
- 2- **Kim & et.al (2011)** in Profitability, growth and risk (optimization), an attempt was made to understand the profitability differentials in terms of simultaneously determined inter-relational among profitability, growth and risk. The variables are endogenous in firm profit maximization.
- 3- **Pandey.I.M & et.al (2012)** in their study, "Financial Ratio Pattern In Indian Manufacturing Companies" they observed a declining trend in profitability relation to shareholders equity and total investment, whose impact had been deepened by the increasing interest burden. The Statistical techniques used are correlation, t-test, and Multiple Regression analysis to find out the relationship between the variable and to identify the factor influencing the profitability. Based on the analysis net sales and net profit have some relationship and working capital management was a highly influencing factor to find out profitability of selected textile companies in Coimbatore district. Companies must concentrate with other influencing factor for better profit of the company.

### COMPANY PROFILE

RSP was the first of the three steel plants taken up in the Public Sector. On December 31, 1953, an agreement was made between the Government of India and a Consortium consisting of Thyssen & Demag, Aktiengesellschaft, Duisburg to set up a steel plant of initial capacity of 0.5 MT subsequently a supplementary agreement was signed in July 1955 to set up a 1 MT plant. The Coke Oven Battery No.1 was commissioned on 3<sup>rd</sup> December, 1958 and the first of the three Blast Furnaces was commissioned on 3<sup>rd</sup> February, 1959. A major producer of diversified range of sophisticated steel products, RSP is an integral part of the Steel Authority of India Limited (SAIL) and is among India's few Plants producing 100% of the steel through the globally profuse Continuous Casting route since 1998. RSP is the only Plant having Pipe Plants. The Plant has recently undergone modernization upgradation in two phase involving around Rs.500 crores. The modernization process of RSP started in 1988. The Phase-I of modernization completed in 1994 and Phase-II modernization completed in 1997-98. After modernization, the capacity got augmented to 2 MTs of hot metal and 1.9 MTs of crude steel. Modernized units include; Ore bedding and Blending Plant, Sintering Plant-II, Steel Melting Shop-II, Tonnage Oxygen Plant-II etc. RSP is geared up producing defence and space quality plates through a Special Plate Plant.

### RESEARCH METHODOLOGY

#### RESEARCH FRAMEWORK

This study is based on the data about of Rourkela Steel plant for a detailed study of its financial statements, documents and system ratios and finally to recognize and determine the position of the company.

#### PERIOD OF THE STUDY

Financial Statement Analysis of Rourkela Steel Plant (RSP) Rourkela for the past five years from 2010-2011 to 2014-15.

#### SOURCES OF INFORMATION

Mainly the study was based on two types of data as follows:

- ❖ Primary Data
- ❖ Secondary Data

#### PRIMARY DATA

Primary data are those which are collected afresh & for the first time, & thus happens to be original character. These data are collected through discussion with the management, observation & briefing with the concerned officers. Collection of those data is time consuming but these are most important & reliable.

#### SECONDARY DATA

Secondary data are those which have already been collected by someone else & which have already been passed through statistical process. These data may either be published data or unpublished.

For collections of secondary data following are considered:

- 1) Book on subject
- 2) Published report relevant to the subject
- 3) Commercial data
- 4) Published records of the plant which includes:
  - a) Annual Report of the Rourkela Steel Plant.
  - b) Periodicals, Journals & magazines of RSP.
  - c) Financial statements & other related documents.
- 5) The unpublished source includes:
  - a) Data available in the system.
  - b) Financial Ledgers, Journals.
  - c) Document received along with Scholars.

**DATA ANALYSIS AND INTERPRETATION**

1. Liquidity ratio:

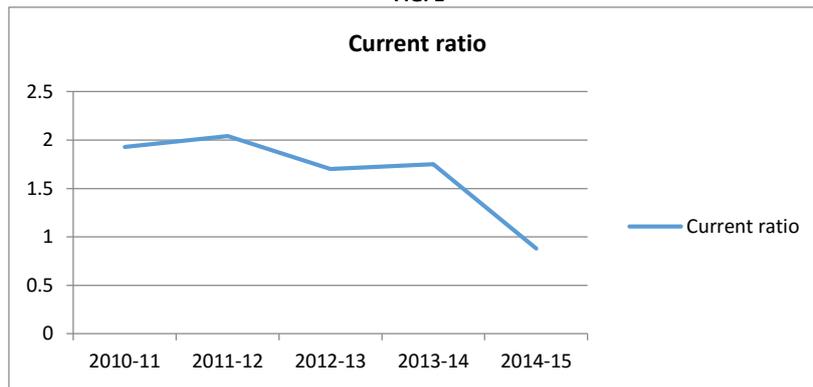
**A. Current Ratio** = Current assets/ Current liabilities

**TABLE 1: CALCULATION OF CURRENT RATIO FOR 5 YEARS**

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15
Current assets	965.12	1142.08	1147.18	1522.97	1341.59
Current liabilities	499.45	557.26	672.33	866.44	1522.52
Current ratio	1.93	2.04	1.70	1.75	0.88

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 1**



**INTERPRETATION**

The current ratio of RSP of the year i.e. F.Y 2011-12 in above chart is above the standard ratio which indicates that RSP has very good liquidity position and has the ability to pay its current obligations in time when it is required. There is continuous decreasing and increasing trend in its financial health in subsequent years from F.Y. 2011-15 shows under utilization of current assets of the organization.

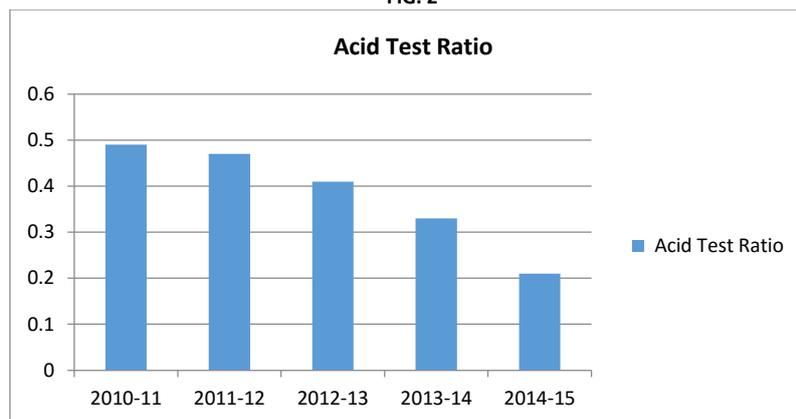
**B. Quick or Acid-Test Ratio:** Quick assets/Current Liabilities

**TABLE 2: CALCULATION OF QUICK RATIO FOR FIVE YEARS**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Current assets	965.12	1142.08	1147.18	1522.97	1341.59
Inventories	718.11	877.56	870.13	1228.56	1016.69
Quick Assets	247.01	264.52	277.05	294.41	324.9
Current Liabilities	499.45	557.26	672.33	866.44	1522.52
Acid Test Ratio	0.49	0.47	0.41	0.33	0.21

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 2**



**INTERPRETATION**

The quick ratio for the F.Y. 2010-11 was 0.49 and it was decreased by 0.02 and it was 0.47 in the F.Y. 2011-12 then the quick ratio was decreased by 0.06 i.e. 0.41 in FY 2012-13. The quick ratio was 0.33 in the year 2013-14 and it is decreased by 0.08 and in the F.Y. 2014-15 there was slight decline in ratio i.e. 0.21 and it was

decreased by 0.12 and all Quick ratio from F.Y. 2011- 15 are decreased because of large part of current asset of the firm is tie up in slow moving and unsellable investment of Finish goods and also slow moving of debts, but, the overall trend shows declining which is not a positive sign for RSP.

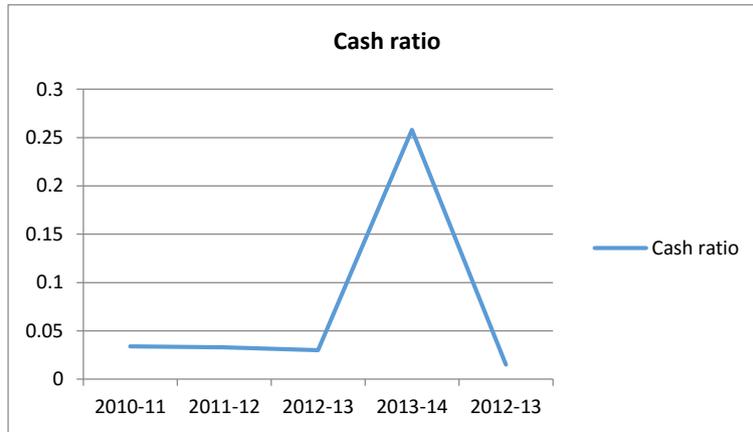
**C. Absolute liquid ratio:** Absolute liquid assets/ Current liabilities

**TABLE 3: CALCULATION OF ABSOLUTE LIQUID RATIO FOR 5 YEARS**

Particulars	2010-11	2011-12	2012-13	2013-14	2012-13
Absolute liquid assets	17.22	18.79	20.66	22.44	24.00
Current liabilities	499.45	557.26	672.33	866.44	1522.52
Cash ratio	0.034	0.033	0.030	0.258	0.015

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 3**



**INTERPRETATION**

The cash ratios of RSP for the preceding five years are below the standard norm 0.5:1 which is not satisfactory. However, a declining liquid position does not always mean bad liquidity position as the RSP is with fast moving inventories is sufficient enough to meet the current obligation.

**2) CURRENT ASSETS MOVEMENTS OR EFFICIENCY/ACTIVITY RATIO**

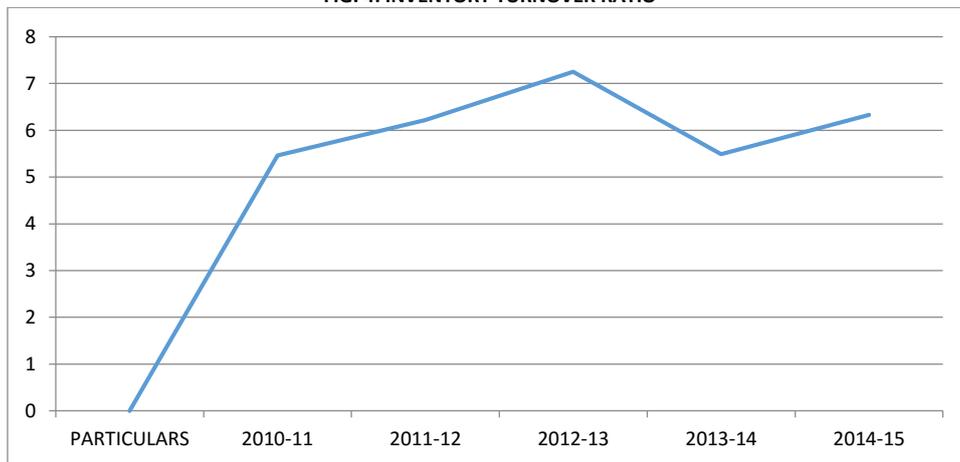
**A. Inventory turnover or stock turnover ratio:** Net Sale/Inventory

**TABLE 4: CALCULATION OF INVENTORY TURNOVER RATIO FOR 5 YEARS**

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15
NET SALES	3924.63	5461.91	6309.65	6753.96	6436.93
Inventories	718.11	877.56	870.13	1228.56	1016.69
Inventory turnover ratio	5.46 times	6.22 times	7.25 times	5.49 times	6.33 times

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 4: INVENTORY TURNOVER RATIO**



**INTERPRETATION**

The above chart shows that the stock gets converted into cash was 5.46 times, 6.22 times, 7.25 times, 5.49 times, 6.33 times in the FY 20010-15 respectively. The inventory turnover ratio of the FY 2012-13 is highest amongst the 5 FY. But there is increasing and decreasing trend which is due to the improper utilization of resources for operations.

**B. Inventory Conversion Period:** Day's in a year/Inventory turnover ratio

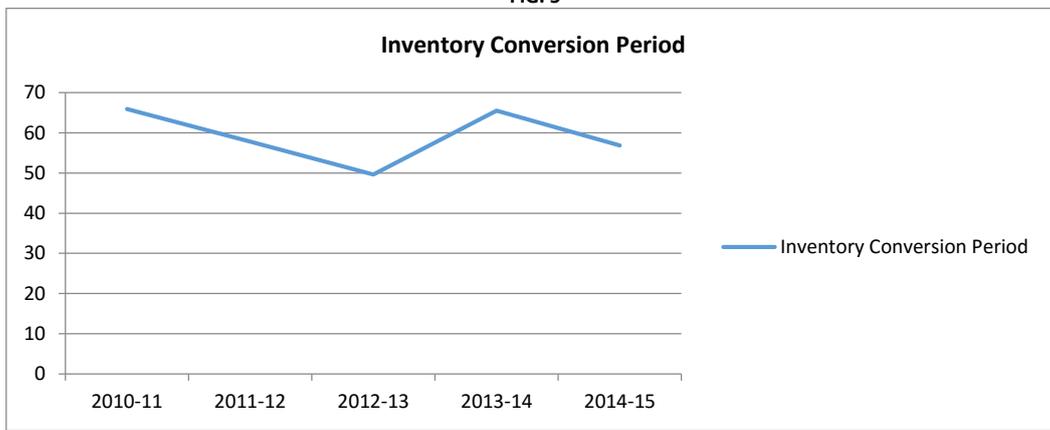
It may also be interest to see the avg. time taken for clearing the stock. This can be possible by calculating inventory conversion period.

**TABLE 5: CALCULATION OF INVENTORY CONVERSION PERIOD FOR 5 YEARS**

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15
Day's in a year	360	360	360	360	360
Inventory turnover ratio	5.46 times	6.22 times	7.25 times	5.49 times	6.33 times
Inventory Conversion Period	65.93 days	57.87 days	49.65 days	65.57 days	56.87 days

(Sources: Annual Report of Rourkela Steel plant)

FIG. 5



**INTERPRETATION**

The above chart shows that the conversion period was high in FY 2010-11 i.e. 65.93 days. This means, a very long conversion period would imply improper utilization of raw materials in conversion into finished good. The average collection period short in FY 2012-13 i.e. 50 days which mean that better is a credit management and the raw materials will be converted into finished goods within this time.

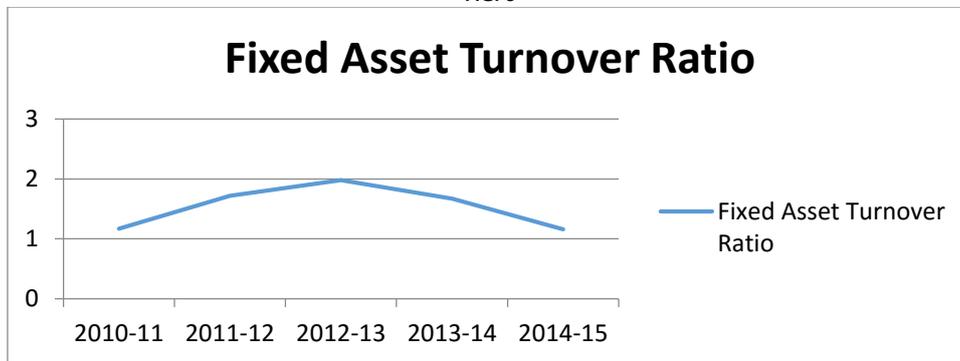
**C. Fixed Assets Turn Over Ratio:** Net sales / Net Fixed Assets

**TABLE 6: CALCULATION OF FIXED ASSETS TURNOVER RATIO**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Net Sales	3924.63	5461.91	6309.65	6753.96	6436.93
Net Fixed Assets	3334.77	3161.21	3181.24	4033.21	5507.98
Fixed Asset Turnover Ratio	1.17 times	1.72 times	1.98 times	1.67 times	1.16 times

(Sources: Annual Report of Rourkela Steel plant)

FIG. 6



**INTERPRETATION**

As we can see that in the above the fixed turnover ratio is in increasing and decreasing trend in these five years. As it is shown in above the Company is using its assets specially fixed assets more efficiently each year although it had a decrease in its efficiency in FY 2013-14 and FY2014-15 compared to FY 2012-13. We can see the ratio was maximum in the year 2010-11 and minimum in the year 2014-15.

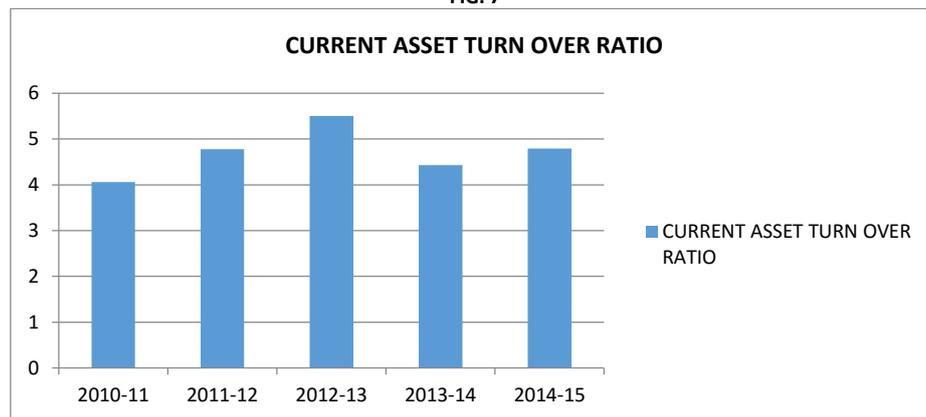
**D. Current Assets Turn Over Ratio:** NET SALES / CURRENT ASSETS ASSETS

**TABLE 7: COMPARATIVE CALCULATION OF CURRENT ASSET TURNOVER RATIO FOR 5 YEARS**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Net Sales	3924.63	5461.91	6309.65	6753.96	6436.93
Current Assets	965.12	1142.08	1147.18	1522.97	1341.59
CURRENT ASSET TURNOVER RATIO	4.06 times	4.78 times	5.50 times	4.43times	4.79 times

(Sources: Annual Report of Rourkela Steel plant)

FIG. 7



**INTERPRETATION**

A higher current assets turnover ratio is more desirable since it shows the better financial position of company and better usage of these current assets. It can be seen from above figure that the company has fluctuating figures regarding current assets turnover ratio. It means the company is using its current assets less efficiently.

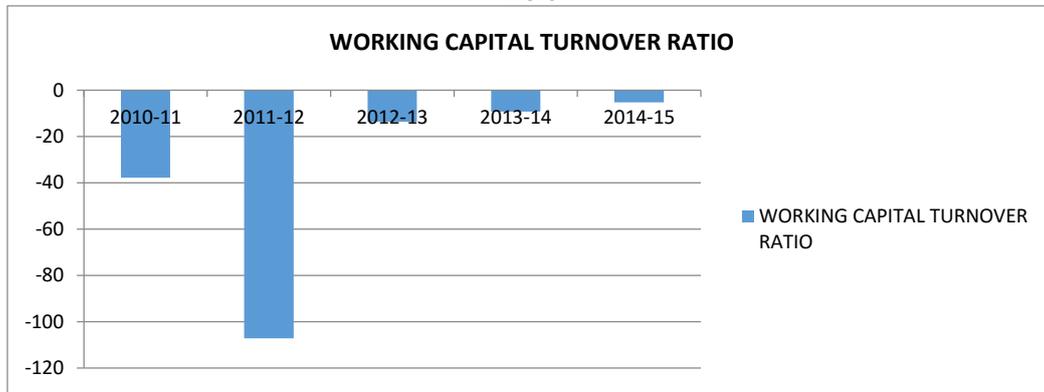
**E. Working Capital Turnover Ratio:** Net sales / working capital

**TABLE 8: THE FOLLOWING ARE THE WORKING CAPITAL TURNOVER RATIO OF THE LAST FIVE YEARS**

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Net sales	3924.63	5461.91	6309.65	6753.96	6436.93
Working capital	-103.81	-50.93	-464.82	-727.19	-1251.23
<b>WORKING CAPITAL TURNOVER RATIO</b>	-37.80	-107.24	-13.57	-9.28	-5.144

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 8**



**INTERPRETATION**

Here, in the above Graph Working capital turnover ratio is in continuous decreasing trend which is negative. Negative working capital means that a company currently is unable to meet its short-term liabilities with its current assets. That is a bad sign for the company for carrying their operations.

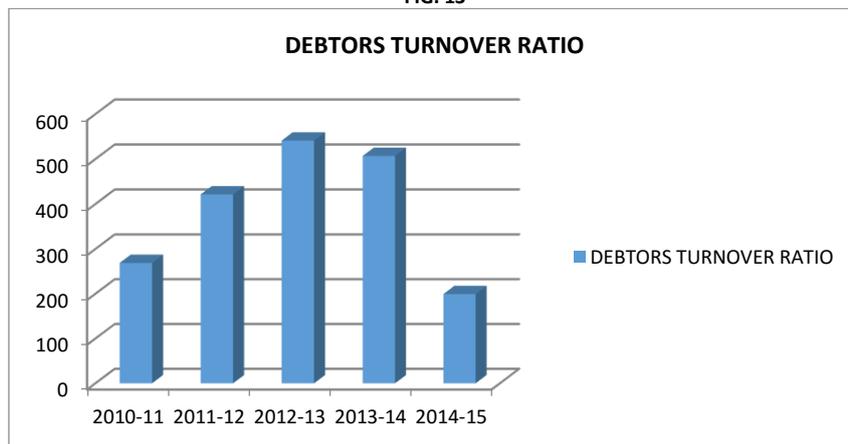
**F. Debtors Turnover Ratio:** Net credit sales/Average debtors

**TABLE 1: CALCULATION OF DEBTOR'S CAPITAL RATIO FOR LAST FIVE YEARS**

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15
Net Sales	3924.63	5461.91	6309.65	6753.96	6436.93
Sundry Debtors	14.60	12.96	11.66	13.32	32.31
<b>DEBTORS TURNOVER RATIO</b>	268.8 times	421.4 times	541.1 times	507.0 times	199.2 times

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 13**



**INTERPRETATION**

The above chart shows the ratio is in increasing and decreasing trend. The debtor's turnover for the year 2010-11 was 268.8 and the year 2011-12 was 421.4. The year 2012-13 shows highest ratio 541.1 which is due to change in the economic conditions and lack in managing receivables and there was continuous decline in the ratios and it reached to the minimal point among 5 FYs i.e. 199.2.

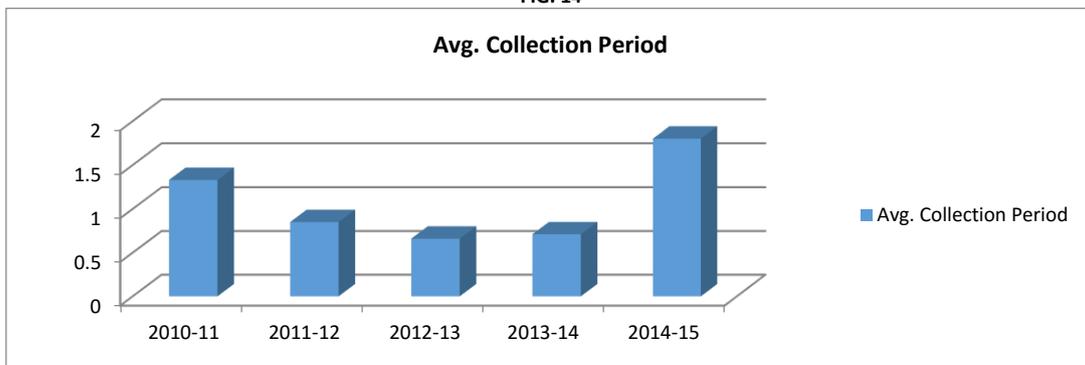
**G. Average Collection Period:** NO. OF DAYS IN A YEARS / DEBTORS TURNOVER RATIO

**TABLE 2: CALCULATION OF AVERAGE COLLECTION PERIOD FOR FIVE YEARS**

PARTICULARS	2010-11	2011-12	2012-13	2013-14	2014-15
Day's in a year	360	360	360	360	360
<b>DEBTORS TURNOVER RATIO</b>	268.8 times	421.4 times	541.1 times	507.0 times	199.2 times
Avg. Collection Period	1.33	0.85	0.66	0.71	1.80

(Sources: Annual Report of Rourkela Steel plant)

FIG. 14



**INTERPRETATION**

The above chart shows that the collection period which is high This means, a very long collection period would imply either for credit selection or an inadequate collection. The average collection period which is short which means that better is a credit management and prompt payment on the part of debtor.

**3. PROFITABILITY RATIO**

**A. GROSS PROFIT RATIO**

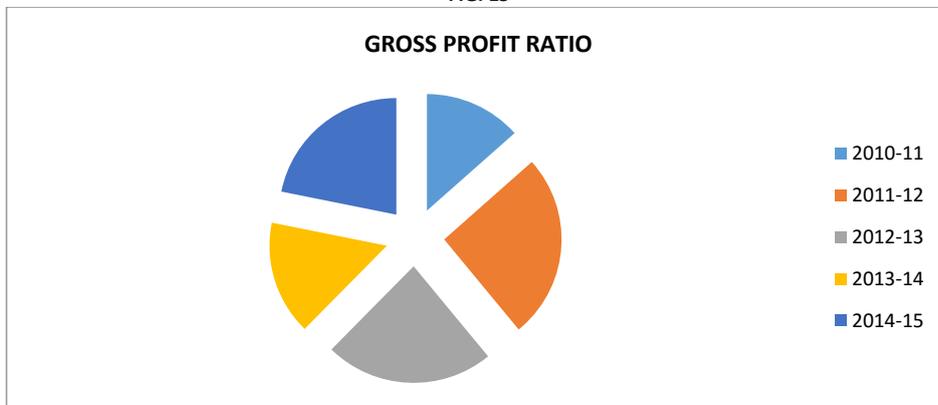
$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

TABLE 3: CALCULATION OF GROSS PROFIT RATIO FOR 5 YEARS

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
NET SALES	3924.63	5461.91	6309.65	6753.96	6436.93
GROSS PROFIT	502.09	1334.80	1401.13	1018.62	1339.05
GROSS PROFIT RATIO	12.79	24.43	22.20	15.08	20.80

(Sources: Annual Report of Rourkela Steel plant)

FIG. 15



**INTERPRETATION**

High Gross profit ratio will help the firm service in the fall of income from services, rise in cost of production or declining demand. In 2010-11 the Gross profits is decreasing in compare to the year 2011-12 by 11.64 and compare to F. Y. 2012-13, 2013-14.and 2014-15 are decreasing by 2.23, 9.35, 3.68 respectively. Here company has achieved good efficiency in 2011-12 i.e. 24.43 compared to other financial years.

**B. NET PROFIT RATIO**

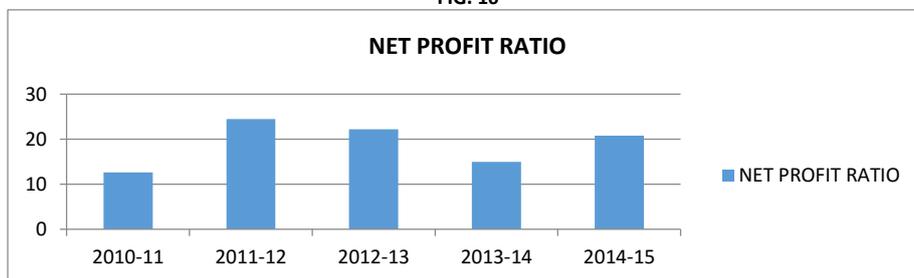
$$\text{Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Net Sales}} \times 100$$

TABLE 4: CALCULATION OF NET PROFIT RATIO FOR 5 YEARS

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
NET SALES	3924.63	5461.91	6309.65	6753.96	6436.93
NET PROFIT	496.51	1336.40	1401.33	1011.20	1339.79
NET PROFIT RATIO	12.65	24.46	22.20	14.97	20.81

(Sources: Annual Report of Rourkela Steel plant)

FIG. 16



**INTERPRETATION**

The above chart indicates the Net Profit Ratio in 2010-11 was 12.56 % which further increases to 24.46 % in FY 2011-12. Further it had fallen to 22.2% in FY 2012-13. That means company suffers the losses after the FY 2010-12. In FY 2011-12 the net profit was high to increase in the sales of the company. After the FY 2012-13 the net profit ratio of FY 2012-13 decreased by 7.23 % and there was slight increment in the FY 2014-15 i.e. 20.81 %. The net profit is increased because the income from services is increased.

**4. SOLVENCY OR GEARING RATIOS**

**A. Debt Equity ratio**

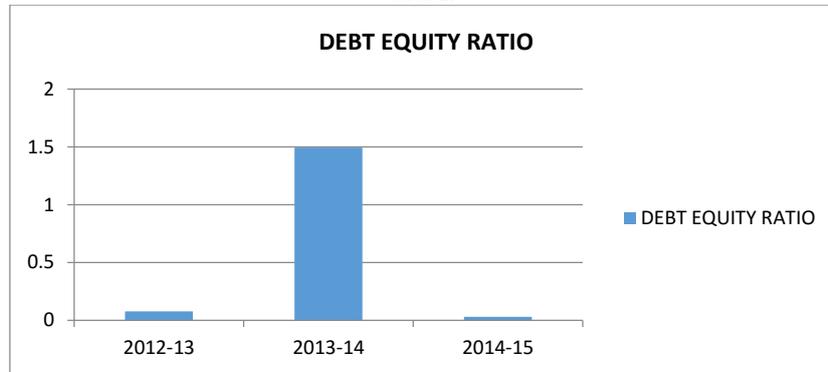
The ratio indicates the relative proportions of debt and equity in financing the assets of the firm. Debt equity ratio= debt / shareholders fund

**TABLE 5: CALCULATION OF DEBT EQUITY RATIO FOR 5 YEARS**

PARTICULARS	2012-13	2013-14	2014-15
DEBT	16.94	1.84	75.37
SHAREHOLDERS' FUND	218.08	1229.28	2569.28
DEBT EQUITY RATIO	0.077	1.496	0.029

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 17**



**INTERPRETATION**

In this ratio shareholders 'fund is the share capital plus reserve and surpluses. In case of high debt equity it would be obvious that the investment of creditors is more than owners. And if it is so high then it brings the firm in a risky position. The thumb rule is 1:1. A comparison of ratios signifies that the ratio has highest peak in the FY 2013-14 i.e. 1.496 which is above from rule of thumb. Before the beginning and after The FY 2013-14 the company is not in favorable position to increase in the debt position.

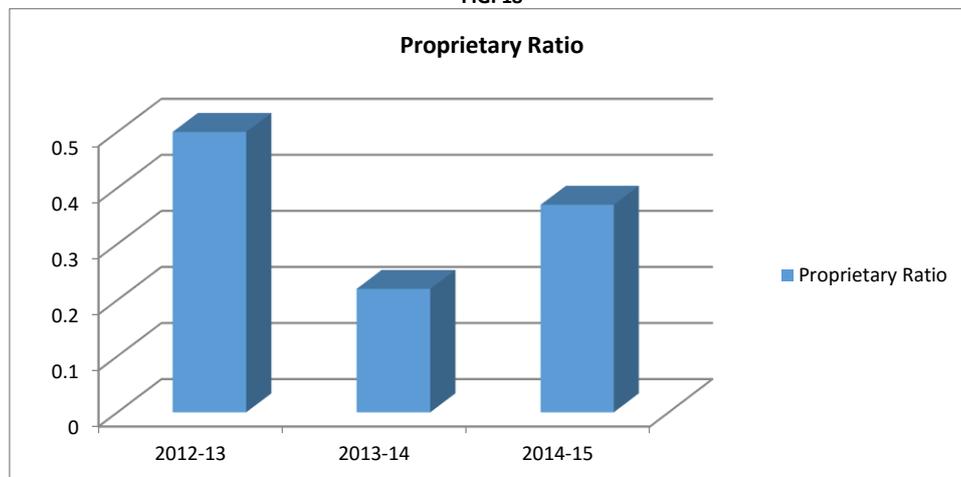
**B. Proprietary Ratio:** = Proprietors Funds /Total Assets

**TABLE 6: CALCULATION OF PROPRIETARY RATIO FOR 5 YEARS**

PARTICULARS	2012-13	2013-14	2014-15
Owner's fund	218.08	1229.28	2569.28
Total Asset	4328.42	5556.18	6849.57
Proprietary Ratio	0.50	0.22	0.37

(Sources: Annual Report of Rourkela Steel plant)

**FIG. 18**



**INTERPRETATION**

This ratio indicates the proportion of proprietor 's funds used for financing the total assets. As a very rough measure, it is suggested that 2/3rd to 3/4th of the total assets should be financed through borrowings. A high ratio will indicate high financial strength but a very high ratio will indicate that the firm is not using external funds adequately. In case of RSP there is slight increase in equity ratios. It is 0.50 %, 0.22%, 0.37% in the years 2012-13, 2013-14 & 2014-15 respectively.

**OBSERVATION AND FINDINGS**

Based on the ratios and calculations made on my project the findings are as follows:

1. Current ratios show that the firm has been facing some problems regarding paying short term liabilities for last 3 years, but it is trying to improve the situation but in the FY 2011 -12 the current ratios are above the standard ratio 2:1 which is considered satisfactory. It covers the risk of under utilization or improper utilization of resources.

2. The company has good profitability ratios in the FY 2011-12 which shows the good financial health and performance of the firm among five years of RSP. The net profit ratio which is 24.46, and gross profit ratio which is 24.43 shows the profitability and efficiency and utilization of resources employed in business.
3. Higher turnover of fixed assets, working capital, debtors, current assets is good sign and implies efficient utilization of resources. However higher turnover reflects efficient utilization resulting in higher liquidity and profitability in the business. The fixed turnover ratio and current asset turnover ratio in FY 2012-13 is 5.50 and 1.98 times respectively and here during five years the working capital turnover ratio is in negative trend because of increase in the provisions. Poor working capital leads to financial pressure on a company, increased borrowing, and late payments to creditor - all of which result in a lower credit rating. A lower credit rating means banks charge a higher interest rate, which can cost a corporation a lot of money over time. The firm's current profitability position is not good.
4. The debtor's turnover ratio of FY 2012-13 shows good sign for the liquidity position which depends on the speed with which debtors are realized in an accounting year and generally the higher the value of debtor's turnover, the more the efficient is the management of credit.
5. The debt equity ratio is high in the FY 2013-14 compared to other two years i.e. 1.496. This indicates that the company is very good in raising outside resources. It definitely increases the financial risks of the firm, but it may be easier to raise funds in future. If the firm is unable to perform well, then it may face difficulty with regards to the repayment of principal and interest.
6. The proprietary ratio is also high in the FY 2013-14 compared to other two years i.e. 0.22. If the ratio is high, this indicates that a company has a sufficient amount of equity to support the functions of the business, and probably has room in its financial structure to take on additional debt, if necessary. Conversely, a low ratio indicates that the business may be making use of too much debt or trade payables, rather than equity, to support operations (which may place the company at risk of bankruptcy). Thus, the ratio is a general indicator of financial stability.

### SUGGESTIONS AND RECOMMENDATION

The functioning and management of Rourkela steel plant is very good. Being a student just standing on the threshold of studies of management as discipline. But considering this as an initiative give out my view mention some of the suggestion as per my knowledge.

1. The Company is enjoying a good liquidity position. It should take steps to further improve its position by repositioning the composition of current assets as large amount has been block in inventories
2. Maintenance of cash and bank balance is improving to a large extent. Hence the fluctuation in Net working capital is reducing.
3. The difference in current asset and current liabilities is decreasing hence this is an indication of improper utilization of assets. Hence proper utilization of assets needs to be done.
4. Company should reduce its debtors so that the blocked Capital is properly utilized.
5. Company should use its own funds in financing its assets to minimize the Interest as well liability burden.
6. The firm must consider the capital structure with the prescribed ratio of 2:1 for the debt and the equity.

### CONCLUSIONS

The success of an organization primarily depends on its ability to sustain its comparative advantage irrespective of the strategy it adopts. Rourkela Steel Plant is a profitable organization. Its liquidity position has increased in the year 2011-12 and profitability and sales of the company have shown a rise. Higher turnovers of assets and working capital in the year 2012-13 give a good sign of firm's liquidity and profitability position. But continuous decline trend in the working capital ratio shows negative sign.

### REFERENCES

1. Financial Management by I. M. Pandey

### WEBSITE

2. [www.sail.co.in](http://www.sail.co.in)

**INTELLECTUAL CAPITAL AS A TALENT POOL CREATES ORGANISATIONAL EXCELLENCE**

**DR. UPPUGUNDURI PADMAVATHI**  
**PROFESSOR**  
**SRI DEVI WOMEN'S ENGINEERING COLLEGE**  
**VATTINAGULAPALLY**

**ABSTRACT**

*Social capital and structural capital is critical to talent development. Talent is all about an individual's knowledge and skills, but it ultimately depends upon the ability of individual. Several studies revealed that India would have more youth power as compared to other countries by 2020. The article emphasized on several models for the valuation of human capital and return on talent; corporates which are following valuation of their human capital and how it is valued and Problems associated for incorporation of Value of Human resources in Annual Reports. Talent in potential form is required to measure its return both in the macro and micro level of economy/ business. It measures the payback from investment in people. It indicates whether right people are hired and how effectively they are used to achieve organizational goals. The Economic model for value added can be revised by considering productivity, average cost per employee and number of employee in the organization, to find out value added by human resources to the organization/ stakeholders. Capitalisation super profits may be used for valuation of Human resources. It is observed that some PSUs in India have adopted Human resources accounting. It should make it mandatory for all the companies to show the value of human resources in their Annual Reports, to give the real state of affairs the company to their stakeholders.*

**KEYWORDS**

intellectual capital, return on talent, H R accounting, value added to company/shareholders.

**INTRODUCTION**

It is common in Directors' report that employees is the greatest asset for success of the company and they have to be retained at any cost. Every country in the globe is operating in an environment of rapid growth. Rewards and benefits are liberal and aimed at retaining a large mass of employee base to maintain high productivity levels. Talent is all about an individual's knowledge and skills, but it ultimately depends upon the ability of individual. Social capital and structural capital is critical to talent development. Organisational performance is determined by the performance of its employees. Determination of talent is required especially in labour scarce economies of western world in assessing recruiting and retaining talent and also in determining the differential benefits both in physical and financial terms that the enterprise has derived. Human Talent Accounting (HTA) provides useful information to the Management regarding Human Resource capital which helps to take the valuable decisions for recruitment, training & development, promotion and retrenchment, remuneration. Traditional accounts which records all the tangible and some intangible assets, but ignore the value of human resources in Balance sheet. Therefore, The Annual reports will not the real value and the contributions made by human resources for the success of the company. This article focuses on the valuation of Human resources and Return on talent

**OBJECTIVES**

1. To study several models for the valuation of human capital and return on talent.
2. To Find out any company/ corporate has valued their human capital and how it was valued.
3. To study the problems associated for incorporation of Value of Human resources in Annual Reports.

**REVIEW OF LITERATURE**

**Changing Face of Organisations:** Intellectual capital is not a tangible matter at the formative stage. It becomes visible only when the process of intellection has taken some shape towards the development of specific or general skills. All most every organization in the globe has the employees of various ranks who have hidden talent in various lines related and unrelated to their jobs. Talented people may or may not know of their skill or external world may not recognize it. Kainotophobia is wide spread and any thought about change is looked with suspicion. However, changing albeit at slow pace is matter of compulsion under threshold of globalization. (Chottopadhyay,2013), The organization will divide their employees as 'thrusters and sleepers'. The thrusters look for innovative and improvement while the latter prefer to rest on oars. Investment on innovation is more in former class, but emphasis is on technology, products and markets rather than the people who are the source of this. The Managements responsibility is to recognize and act effectively and productively dealing with them and creating conditions for application of possible conditions. In Disneyland, United States of America, where the engineers are indeed called as 'imagineers'. Their human quality and capabilities are unlimited.

**Knowledge Management:** Knowledge derived from different situations by different persons and subjected to rigorous reasoning may give rise to a form of generalization leading to formulation of rules that may be applicable in many organizations. Knowledge Management is an area of expertise that utilizes many approaches to give a new thrust towards innovation seeking to make the best of a situation in this competitive business world.

**Recognition of Talent-** (Jeffrey Pfeffer), stated that "Companies that manage people right will out perform companies that did not by 30 percent to 40 percent. Recognition or non-recognition of the talented people will spell out would spell out the difference in uncertain manner. Many organizations are known to have flattered as they have to remain satisfied with substandard levels of performance. It is said that it is more appropriate and effective to have more 'Peoplistic' communication in the organization irrespective of line of activities in rather overt contradistinction with the individualistic systems of communication. This is a better communication system not only for better performance, but also for achieving unison of the organization as one body. In addition, the effective communication system breaks down the traditional organizational hierarchy in practical terms and makes it possible to reach out to people at all levels in practically. No time. In terms of talent, the hierarchy loses its meaning and significance, because the advent of new products and services. This is possible that lowest level executives may have more knowledge in certain areas than the bosses. Therefore, effective and fast communication have practically enhanced peoples' emotional commitment to sort out the problems and to innovate, resulting into recognition of talent.

**Ideation-** Ideas do have wings and move at supersonic speed. Ideation finds fruition easily and it spans effectively not only in the entire organization but also in externalities in their entirety. In this competitive environment team work has to be developed for giving a shape to what is being done today, what is in store for tomorrow, making a way for future series of activities seeking to push the organization from existing level to those higher and brighter. Talent differentials may be quite significant in teams, but the leader of the team in practice has to have the responsibility inbringing out the best from every in his team. The top level leadership qualities may be coming from the bottom rather than the top (Marvin Bower).

**Human Capital Accounting-** Human resources like any other physical and financial assets have the ability of value creation and more over appreciate over a period of time. With the contributions human resources, many companies had taken turn- around from worst conditions to normal position. It is a tool for measuring efficiency of Human Resources policies and practices. One of the important decision factors for investment in the company is HTA. It is also useful for cost control through the elimination of inefficiency in Human Resources of the Organization, which results in profitability.

Brooking (1997) identified the importance of human capital to the organization and appropriate steps are necessary to account the contributions of human resources to the organization, if not the organization will lose them and when human capital leaves it will lose all competencies that is gained due to it.

Wall et al, (2004) identified the need for development of structural capital base to incorporate the value of their human capital as a part of their corporate culture which necessarily carry a higher value than their material value and identifies the need for development of measures for creating basis for such valuation scientifically.

Roose et al, (2005) showed how human resources/ capital of the organization carry higher value along with other intangibles which created a superior R&D, (Goodwill, Patents, Copyrights etc) and shows how motivated man power can create value to their operational process which in turn creates value to the organizations defined stakeholders.

Moustaghfir (2005) found in his study, how accounting for intangible stock, i.e. intellectual and knowledge resources by the organizations acts as very vital resources for achieving organizational objectives, for which he calls every organization to bring in transformation in their attitude towards their intellectual capital base that they carry with them in the organization.

Lilly S Marth and Reed, O Renald, identified the flaws in accounting standards for recording intellectual capital on their financial statements, either to treat such expenditure incurred for creation of their intellectual asset base as revenue expenditure or capitalize the same. The study suggested that regardless of acquiring their intellectual capital internally or externally they will have to be valued using comparative values (pre and post acquisition) as the stakeholders most of the times evaluate the performance and assign credit worthiness based only on the organisations' reported financial facts. Therefore, organizations while valuing their human assets will have to have scientific basis of evaluation as undervaluing such assets will make the companies real value understated and suggested for development of efficient accounting standards that can help in realizing optimal value for their operations and create value for the stake held by their stakeholders.

**Talent-** The talent is defined in the present context as a skill or aptitude that comes in open rather accidentally in the face of a challenging situation. Creativity is a kingbolt of talent. It is universal and found unsuspected spots in potential form. The noblest of talent abide and pass away silently. An organization consists of people with formally assigned roles who work together to achieve the organizational goals. Potential development and retention should be geared up towards the best performing talent as talented employees are the agents of change.

Human Talents Accounting (HRA)-It is a process of quantifying cost and value of human resources of an organization to know their contributions for the achievement of organizational goals and also to the better management of their services so as to get their best value till retirement.

American Accounting Association defined Human Resources Accounting as "The Process of identifying and measuring data about human resources and communicating this information to the interested parties." Human Resources Strength – Among the major countries of the world is given in table-1.

**TABLE 1: THE AVERAGE AGE OF CITIZENS IN 2020AD**

Country	Average age of citizens
India	29
US	37
China	37
Western European countries	45
Japan	48

Source: International Monetary Fund

The table indicates that India would have more youth power as compared to other countries. A proverb says "Catch them young" to marking out talent, is most appropriate.

**Return on Talent (ROT)** – Talent in potential form is required to measure its return both in the macro and micro level of economy/ business. It measures the payback from investment in people. It indicates whether right people are hired and how effectively they are used to achieve organizational goals.

**Return on talent Index-** To construct an index, monetary values are to be assigned for each element.

$ROT = (R - T_c) / T_c$ ,

Where

R=Return on talent;

T<sub>c</sub> = Total cost.

Total cost= Cost of spotting talent + cost of developing talent + cost of required environment in which talent can work +cost of rewarding.

Human Economic Value added (HEVA)

Apostle- Stern Stewart, defined, Economic Value added is the excess of net operating profit after tax over cost of capital. Fitz –enz (2000), brought the concept of Human Economic Value Added (HEVA).

HEVA= (Net operating profit after tax – Cost of capital)/ Full time equivalent of Human resources or labour. HEVA in simplest form is profit per employee.

**Economic profit-** Barber and Strack (2005)- The equation for the calculation of economic profit is based on conventional capital oriented one. The employee productivity is substituted for capital productivity i.e. return on investment. The average personnel cost per person employed corresponds to the cost of capital. The number people employed corresponds to the amount of invested capital. Economic profit is reformulated by substituting some basic components to on productivity of the people rather capital. The equation highlights the employee related drivers of a people – investment business. (Services Sector).

**Economic profit- perceptible**

Economic Profit = (ROI- COC) IC

ROI= percentage of Return on Investment; COC= Percentage of Cost of Capital and IC= Invested capital.

Return on Investment can be replaced with its equivalent Earnings divided by Invested Capital

$= [E/IC - COC] IC$  Where E/IC= Earnings/ invested capital

Earnings= Revenue- Employee costs

Employee costs= personal costs (PC)+ supplier costs (SC)+ depreciation

$= R - (PC + SC + D) - (COC \times IC)$

The above formula can be modified by incorporating key people oriented elements for calculation of return on investment. They are number of people employed, employee productivity and average personnel cost per person employed.

$= \{ [R - EC - (COC \times IC) / P] - (A \times P) \}$

Where R= Return, P= Employee productivity; A= Average cost per person and P= People employed.

Accordingly, Economic Profit = [EPR- ACP] P Where EPR= Employee productivity rate/ return; ACP= Average cost per person and P= People employed

This model can be applied where the organization is a perfect candidate for this people centered metrics. In other words, this model is suitable where there are high employee costs, and limited spending on research & development and high ratio of employee costs to capital costs.

**Other valuation models of Human Resources:**

**Historical cost Method (Brummentmodel):** This method is developed by Brumment with the aim of measuring firm's investment on human resources. The cost of recruitment, selection, training and development for the employees will be capitalized to find out the value of investment and to be shown on the asset side of the Balance sheet. The capital expenditure is amortised over the expected life of the human assets. The amortised portion is charged to Profit & Loss A/c. If any employee leaves early, unamortised amount is transferred to Profit & Loss A/c treating it as a loss. The problem associated in this model is to find out the effective life of human assets.

**Replacement Cost Method (R. Likert and E.G. Flamhottz model)-**

The value of Human resources is equal to replacement cost of recruitment, selection, training and development for the employees. It is very difficult to find out replacement of all employees in the organization. More over replacement cost will not reveal competency/ skill set of employee, which reflects the return on talent.

**Opportunity cost Method (Hekimaian and Jones model)**- Under this model the value of the human resources is equal to capitalized value of total bid cost of all scarce employees.

**Rewards valuation model (Flanholtz model)**- This model suggests to identify the major variables to determine individual's expected realizable value to the organization. The expected realizable value of an individual is the present value of the services he is expected to be given in the service period remain in the organization. This model is worked out on the assumption that the person's value in the organization depends upon his position in the organization. People occupy different roles in the organization as they move in future, they give more rewards in the form of services to the organization.

**Economic Models (Earnings Approach) / Lev and Schwartz model** – This model suggests that the value of human resources of the company is the summation of value of all the net present value expenditure on employees. This method has been adopted by many companies. However, this method does not consider training expenses, productivity attrition rate etc of employees.

### SUGGESTED MODEL FOR VALUING HUMAN RESOURCES / CAPITALISATION OF SUPER PROFITS

Super profit of the company is to be ascertained. It is to be capitalized at normal rate of return to find out the value of human resources and it can be shown the Balance sheet.

TABLE 2: ILLUSTRATION (Imaginary Figures)

Particulars	2014	2015
Capital Employed	Rs.1000 lakhs	Rs. 1100lakhs
Normal rate of return of the company	10%	10%
Profit after Tax	Rs. 120 lakhs	Rs.140lakhs
Less normal rate of Return on Capital employed (10%)	Rs.100 lakhs	Rs. 110 lakhs
Super Profit	Rs. 20 lakhs	Rs. 30 lakhs
Increased Earnings	Rs. 30 lakhs-20 lakhs= Rs. 10 lakhs	
Normal capitalization rate	10%	
Value of Human resources	(Super profit x 100)/ Normal capitalization rate =(Rs. 10lakhs x 100) 10 = Rs. 100lakhs	

The above model is based on the assumption that normal rate of return in the company / industry is the most appropriate variable for capitalizing the super profit, in spite there is a change in the capital employed of the company over a period

### FINDINGS

1. The concept of Human capital is not a new one, particularly in India.
2. On the study of various models on Human Resources Accounting, It is observed that some PSUs in India have adopted Human resources accounting such as Bharath Heavy Electricals Ltd., Steel Authority of India Limited, Minerals and Metals Corporation Ltd, National Thermal Corporation Ltd, Hidustan Coppers Limited, Oil India Ltd., TaTa, Birla, Wipro, Tech Mahindra, Infosis Technologies etc have adopted accounting of Human resources and showed the same as separate section in their Annual report.
3. Infosis Technologies followed Lev and Schwartz model in the valuation of their human resources.
4. Return on talent is the difference between employee productivity and average cost of the employee. Its emphasis is more in soft ware and service sectors, as they depend on human resources.

### PROBLEMS IN HUMAN TALENT

Human resources cannot be owned by the organization like other tangible assets such as Plant & Machinery, Furniture etc. Income tax department will not recognize Human Resources as business asset. Moreover, human resources cannot be measured in monetary terms such as praise, loyalty honesty etc. In addition, no future benefits are assured for human talent.

### SUGGESTIONS

1. The Professional bodies over the globe, must give due attention to find out the way of valuing human resources of the organization.
2. Uniform Accounting policy/ standard for valuing human resources is to brought in existence to bring the uniform measurement in all the companies.
3. It should make it mandatory for all the companies to show the value of human resources in their Annual Reports, to give the real state of affairs the company to their stakeholders.

### CONCLUSION

It may be under stood that Value of human capital and return on talent are measurable both in quantitative and qualitative terms. Development of the human capital will not only serve the purpose of today but also of tomorrow. In this competitive world, the emphasis should not only in finding out the talent but also they are constantly under focus. Return on talent is important all over the world, in spite of difference in its emphasis. In labour scarce economies, the focus is to get the return out of the best, while labour surplus economies emphasize on employment creation and disciplined utilization of human capital. Return on talent is the excess return of employee productivity over average cost per employee. Capitalisation of super profits method is one of the appropriate methods suitable for valuation of human resources.

### REFERENCES

1. Barber Flix and Stark Rainer (2005) "The surprising Economics of a People's Business", Harvard Business Review June, 83 (6),80-90.
2. Brooking (1997) *Intellectual capital*, London International Thomos Press
3. Carrodo, C.A. and Hulton, C.R. (2010) "Measuring Intangible capital: How do you measure a "Technological Revolution", American Economic Review (5).
4. Drucker P.F. (2001), *Management challenge for the 21<sup>st</sup> century*, Harper Collins, Newyork
5. Fitz-enz- lack, (2000), "The ROI human capital measuring the economic value of performance, American Management Assosiation, New York.
6. George Allen & Unwin, (1965), "Thrusters and sleepers", A PEP Study, London.
7. JefferPfeffer, *The Human Equation: Making profits by putting people first*, Harvard Business School, press, 1998.
8. Kulshrestha, M.S. (1964) "Accounting as a social Science", The Chartered Accountant (India), October, (pp208-211)
9. Llv, Baruch ch (2001), "Intangibles: Management, Measurement and Reporting, Brookings Institute Press, Washington DC.
10. LL Bryan (2007), "The new metrics of corporate performance, Profit per employee" MC Kinsey, Quarterly.
11. Marr, B. and Moustaghfir (2005), "Defining intellectual capital: A three dimensional approach," Management Decision, (43) (9), 1114-1128.
12. Marvins Bower, (1997) "The Will to lead: Running a Business with network of leaders," Harvard Business School, press.
13. Partha Chatterjee, (2013), "Return on talent and its Accounting- Role and Challenge for Cost and Management Accountants", The Management Accountant, vol.48 pp273-276.
14. Roos G, Pike s, and Fernstrom L (2005) "Managing Intellectual capital in Practice, Oxford Press.
15. Tayles, M., Pike R.H.and Sofian (2007), "Intellectual capital, Management Accounting Practices and Corporate performance: Perception of Managers" Accounting, Auditing & Accotnability Journal, (20) (4),522-548.

## THE INFLUENCE OF CONSUMER MINDSET ON THE INTENTION TO PURCHASE FAIR TRADE GOODS IN ETHNIC CHINESE SOCIETY: THE MEDIATING ROLE OF MORAL IDENTITY

**GHI-FENG YEN**

**PROFESSOR**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
CHUNG YUAN CHRISTIAN UNIVERSITY  
TAOYUAN CITY**

**RU-YU WANG**

**ASSOCIATE PROFESSOR**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
CHUNG YUAN CHRISTIAN UNIVERSITY  
TAOYUAN CITY**

**HSIN-TI YANG**

**RESEARCH SCHOLAR**

**DEPARTMENT OF BUSINESS ADMINISTRATION  
CHUNG YUAN CHRISTIAN UNIVERSITY  
TAOYUAN CITY**

### ABSTRACT

*This study investigates whether and how the individual mindset influences consumer response to fair trade goods. We applied structural equation modeling (SEM) to perform hypothesis testing and indirect effect verification. The results showed that collectivistic mindset positively influences the internalization and symbolization of moral identity. A further investigation on the mediating effect of moral identity showed that although a collectivistic mindset affects the purchase intention of fair trade goods indirectly through the internalization of moral identity. The results revealed the main influencing factors of ethical consumption in ethnic Chinese society in Taiwan. Implications for marketing decisions are considered.*

### KEYWORDS

collectivistic mindset, moral identity, fair trade goods, purchase intention.

### INTRODUCTION

In recent years, many scholars have studied topics related to ethical consumption such as goods that exhibit social responsibility (e.g. fair trade goods) or environmental concerns (e.g., green products). Their research results have enhanced our understanding of the influencing factors of consumers' ethical consumption behaviors (Andorfer & Liebe, 2015; Bray et al., 2011; Chan, 1999; Chang, 2011). However, as the amount of studies has increased, differences have emerged between theoretical assertions and empirical research results. For example, with fair trade goods investigations of the determinants of consumption have mostly concentrated on the individual characteristics of consumers, such as individual values (Doran, 2009), ethical regulations and gender (Taylor & Boasson, 2014), perspective on political liberalism (Taylor & Boasson, 2014), and religion (Salvador, Merchant, & Alexander, 2014). Most studies have focused on the United States and United Kingdom (Andorfer & Liebe, 2012). In addition, although individual consumption influences the overall social output, previous studies have overlooked the influence of overall factors on individual values. Andorfer and Liebe (2015) claimed that price is the only factor influencing the consumption of fair trade coffee. However, a number of consumers expressed being willing to pay more to support ethical products. For example, consumers are willing to pay more to purchase ecorelated green goods (Chen, 2008). Furthermore, in the United States, 82% of consumers are willing to pay 5% more of the price to purchase green goods (Levin, 1990), whereas in China, consumers are willing to pay 4.5% more to buy green products (Chan, 1999; Chang, 2011). Thus, Chinese consumers are willing to pay less money than their Western counterparts for green or fair trade goods. However, previous studies have indicated that people from interdependent societies are more willing to pay higher prices to buy cause-related goods (Chang & Cheng, 2015). Therefore, in the investigations of ethical consumption behaviors in ethnically Chinese societies, factors other than price may have been overlooked.

Social cognitive theory assumes that human behavior and cognition (along with other individual factors) interact with environmental events and reciprocal influence each other. Under a triadic reciprocal causation structure, people are simultaneously the products and producers of their environment. Moreover, mutual influence does not assume that different sources exert identical levels of influence, nor does it entail that mutual influence occurs simultaneously. The causal relationships require time to develop (Bandura, 1989). Therefore, different cultural environments mold distinct values, thereby influencing individual behaviors (Lu et al., 2012). According to scholars' analyses of traditional Chinese culture, the most influential factor of the psychology and behaviors of ethnically Chinese people is Confucianism (Lu, 2003). Because individual behaviors are subjected to the influences of both inner morality and the outer environment, people with a collectivistic mindset who have been immersed in Confucianism for a long time are more willing to support prosocial behaviors.

Aquino and Reed (2002) developed moral identity theory from the perspective of social-cognitive, considering moral identity as a network connecting individual moral characteristics, goals, and behaviors. A previous study showed that collectivists are more likely to support prosocial behaviors than are individualists (Chang & Cheng, 2015). Being part of the East-Asian Confucianism cultural circle, Taiwan exhibits salient features of collectivism (Hofstede, 1997), specifically insofar that individuals pay considerable attention to the meaning and values shared between themselves and others (Hashimoto et al., 2011). Because collectivism and Confucianism have cultivated the psychological traits of ethnically Chinese people, this cultural influence is a necessary factor of consideration when investigating ethical consumption.

Previous studies have reported that self-identity is a crucial influencing factor of attitude (Shaw & Shiu 2002), and that if individual identity concentrates on the conception of self, the individual's moral self-schema is more likely to be influential than other self-schemas that compose self-identity (Aquino et al., 2009). In other words, moral identity is part of self-identity and should be considered an antecedent that influences the behavioral intention of ethical consumption. According to He, Gouran and Kolo (2016), situational factors and Moral Identity have the joint effect to motivate moral behaviors. In ethnically Chinese societies, collectivistic mindset probably exerts great influence on individual identity, further influencing ethical consumption behaviors. The present study investigates whether and how psychological antecedent and individual difference influence consumer response to fair trade goods. The results presented the main influencing factors of ethical consumption decision-making in ethnically Chinese societies, serving as a reference for subsequent studies.

**LITERATURE REVIEW AND HYPOTHESES****ETHICAL CONSUMPTION AND RESEARCH GAP**

Historically, ethical consumption emerged in the eighteenth to nineteenth centuries from European and American countries. By the twenty-first century, fair trade products had become the mainstream of ethical consumption. Cooper-Martin and Holbrook (1993) defined ethical consumption behaviors as when “the consumption decision-making, purchase behavior, and consumption experience are all influenced by ethical considerations of consumers.” Since the mid-1990s, multiple scholars have studied ethical consumption behaviors. Strong (1996) approached the topic from the theory of planned behavior, observing that individual belief influences individual attitude and behavior intention. Shaw and Clarke (1999) focused on belief structure, determining that the main influencing factors of belief are information and trustworthy and normative social factors such as peer, family, and religion influences. Shaw and Clarke (1999) also determined that ethical obligation and self-identity are likely to exert stronger influence on attitude–behavior than are the other influencing factors proposed by the early theory of planned behavior (Bray et al., 2011).

Recently, scholars have studied the influence of cultural and individual factors on green buying intention (Lu et al., 2015). Other scholars have researched the influence of consumers’ collectivistic and individualistic mindsets on their doubts regarding advertisements of cause-related marketing. Andorfer and Liebe (2015) also revealed in their study that in 2006, approximately two-thirds of American respondents answered that they were willing to buy fair-trade coffee, which cost a little more than ordinary coffee (Hertel et al., 2009), and that more than half of German respondents indicated that they were willing to buy most fair-trade goods. However, in reality, the market share of fair-trade coffee remains small, respectively comprising 20%, 7%, 3%, and 1% of the overall coffee market in the United Kingdom, France, the United States, and Germany. This phenomenon has been referred to as the attitude–behavior gap (Kim et al., 1997) by scholars or the ethical purchase gap (Bray et al., 2011). To summarize the aforementioned studies, individuals’ psychological traits influence individuals’ motivation, thus generating different purchase behaviors (Chang & Cheng, 2015).

Previous studies have claimed that consumers are mainly influenced by their own budget and the price of the goods when making consumption decisions (Andorfer & Liebe, 2012). In other words, price fluctuation affects consumer demand. In general, the demand is enhanced when the price is reduced. However, the consumption of certain goods aims to highlight social status; in this case, the higher the price is, the greater the demand becomes (Andorfer & Liebe, 2015). Several fair trade goods require consumers to collaboratively enable ethical premiums. In other words, the price of these products is slightly higher than that of ordinary ones, but the manufacturer or supplier can reinvest the premium to create a sustainable management model or to reduce poverty in communities (Nicholls & Opal, 2005), thereby achieving mutual benefits for both parties of the goods transaction. From the perspective of altruism, prosocial behaviors are altruistic behaviors performed by members of organizations (Penner, Dovidio, Piliavin, & Schroeder, 2005). Fair trade goods aim at improving the living and work environment of laborers or farmers in developing countries.

Consequently, the transaction price of the crops or handicrafts is fair enough to reimburse the production cost pertaining to farmers and labors (Andorfer & Liebe, 2015). Prosocial behaviors enable consumers to enhance personal benefits through their motivation to aid others (Winterich et al., 2013a). Because the goals of fair trade goods are to reduce poverty and enhance the working environment of laborers and farmers, supporting fair trade goods can be categorized as a type of prosocial behavior.

**COLLECTIVISTIC MINDSET OF CONSUMER**

Previous studies have reported that individuals with a collectivistic mindset tend to exhibit an other-serving motivation as well as behaviors that conform to social norms and others’ expectations (Markus & Kitayama, 1991). Mindset refers to the specific methods of cognitive operations, which can be applied as key factors in explaining the judgment and decision-making of individuals (Hamilton et al., 2011). Therefore, collectivism and individualism can also be considered as the mindsets to evaluate the relative value of individuals and groups (Triandis, 1989). The social cognitive theory claimed that a triadic reciprocal model exists among individual, environment, and behavior. Cultural differences influence the beliefs, attitudes, norms, characters, values, and behaviors of individuals (Triandis, 1994). For example, people with a collectivistic mindset value the group goal more than an individual one, whereas those with an individualistic mindset emphasize individual benefits more than group ones. In collectivist ethnically Chinese societies, a collectivistic mindset includes collective identification, emotional dependence, sharing rights and obligations, and emphasizes in-group harmony (Hofstede, 1980; Triandis, 1995).

On an individual level, Markus and Kitayama (1991) proposed a self-construal related to the self–other relationship under multiple cultural contexts. From a psychological perspective, construal can be divided into interdependent self-construal and independent self-construal. This cultural dichotomy can be viewed as a pair of corresponding contrasts between individualism and collectivism on the individual and cultural levels. Previous studies have reported that consumers with an interdependent self-construal prefer cause-related marketing emphasizing discounts; moreover, different perspectives of self-construal influence individual moral emotions to cause-related marketing (Chang & Cheng, 2015). Other scholars have observed that consumers with an interdependent self-construal are more likely to pay higher prices for cause-related products (Vaidyanathan et al., 2013). Because people in a collectivist culture are more likely to support prosocial behaviors, and consumers with an interdependent self-construal are more willing to support cause-related marketing, the following hypothesis can be inferred from both cultural and individual levels:

**H1: A collectivistic mindset positively influences individual intention to purchase fair trade goods.**

**MORAL IDENTITY**

Regarding the individual psychological aspect, Blasi (1984) proposed the perspective of moral identity, claiming that individual moral values and goals constitute the core of an individual’s self, and are essential to the individual. If individuals possess a strong or well-developed sense of self-as-moral they are likely to produce moral judgments with self-consistency, and further produce moral behaviors. Aquino and Reed (2002) divided moral identity into two dimensions, namely internalization and symbolization. Individuals who exhibit a high level of moral internalization do so as a result of having long used substantial moral-related knowledge to rapidly influence their self-concept (Aquino et al., 2009). The more influence moral identity exerts on self-concept, the more likely individuals are to employ a moral perspective to assess their own and others’ behaviors (Sparks, 2015). Furthermore, individuals organize their self-concept on the basis of their moral beliefs, and are highly likely to transform these beliefs into actions (Damon & Hart, 1992). Previous studies have reported that the internalization of moral identity is related to the relevance of moral characteristics to the self; in other words, to the way individuals value themselves. Nonetheless, the symbolization of moral identity means that individuals communicate in society with behaviors that exhibit moral characteristics and expect to receive approval from others. In other words, explicit behaviors are conducted to gain approval and praise. In particular, individuals that exhibit a low level of moral identity internalization and high level of identity symbolization tend to perform prosocial behaviors when receiving recognition (Winterich et al., 2013a).

However, showing a **low level** of moral **internalization** does not mean that individuals are amoral, nor that they lack connections to moral characteristics in their memories. The trait only shows that an individual’s internal processing speed is slower and that his or her mental process is more complicated than that of those with a **high level** of moral **internalization** (Aquino & Reed, 2002). However, the dimension of the symbolization of moral identity means that individuals attempt to communicate their moral identity to the external world through their behaviors. In other words, individuals that exhibit a **high level** of symbolization of moral identity tend to express their moral goals or thoughts to others, whereas individuals that exhibit a **low level** of symbolization of moral identity are less inclined to behave as such in a public setting (Winterich et al., 2013a).

In ethnically Chinese societies, individuals internalize moral identity under the influence of traditional Confucian thought, which emphasizes that benevolence and righteousness are the basic principles of life. Individuals also sustain self-consistency according to their individual moral values. Therefore, being influenced by Confucian thoughts in their moral identity, individuals treat others according to the principle of reciprocity. Furthermore, in ethnically Chinese societies, individuals emphasize interpersonal relationships and “face” (Huang, 1987), caring about how other view them. In accordance with the social-cognitive model, Aquino, Freeman, Reed, Lim, and Felps (2009) proposed that the interaction between situational factors and moral identity influences moral behaviors. In other words, if situational factors enhance the intensity of moral identity in the self-concept, situational factors are likely to motivate moral behaviors. Multiple studies have claimed that by living in a collectivist culture, ethnically Chinese people exhibit a situational orientation. Specifically, the term designates that ethnically Chinese people pay more attention to different social situations than do Westerners, and exhibit multiple values and attitudes accordingly. Ethnically Chinese people possess an interdependent and inclusive self (Lu, 2003). Heavily influenced by traditional Confucian culture, ethnically Chinese people conducting social behaviors

that involve the self as the main subject follow established sociomoral order, emphasizing the relational self (Ho, 1995). Therefore, the other–self relationship is quintessential in ethnically Chinese societies where relationships are crucial. The term *guanxi* orientation best represents the essence of the behaviors in ethnically Chinese societies (Huang, 1987). For ethnically Chinese people, their lives become meaningful only through coexistence with others (Lu, 2003).

In a collectivist society, people exhibit strong desires to be accepted, approved, and recognized by others. Praise or punishment from others exerts considerable influence on the determination or change of individual behaviors. In particular, because of a socially oriented self-concept, ethnically Chinese people seek a high level of individual–social integration and emphasize social rules and norms when interpreting situational demands. Consequently, they can perform behaviors that are appropriate for the specific environment while successfully adhering to their role responsibility. Ethnically Chinese people can also gain social recognition by cultivating their own morality (Lu et al., 2012). Therefore, in a collectivist environment, the collectivistic mindset and moral identity of individuals are both influenced by the cultural environment. Furthermore, a collectivistic mindset influences consumption decision-making through moral identity. Consequently, the following hypotheses are proposed:

**H2: The collectivistic mindset influences the intention to purchase fair trade goods through the mediating effect of moral identity internalization.**

**H3: The collectivistic mindset influences the intention to purchase fair trade goods through the mediating effect of moral identity symbolization.**

Figure 1 presents an integrated model that jointly covers the direct and indirect effects caused by the research variable and summarizes the predicted relationships between those variables.

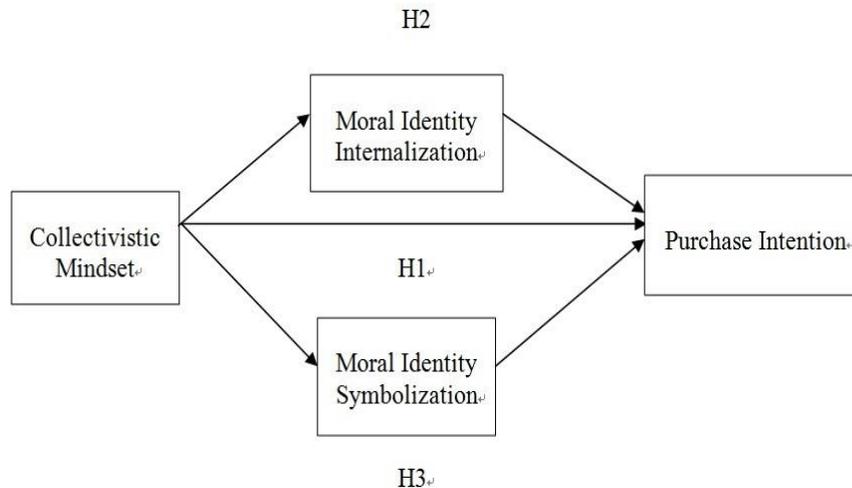


Fig. 1 The conceptual framework

## METHODS

### PARTICIPANTS AND PROCEDURES

To examine the proposed hypotheses, a survey was conducted at a university in Northern Taiwan. The field work was conducted in mid-2015. A diverse group of 367 undergraduate and graduate students and faculty members was recruited to participate in this study. Most respondents were 20–24 years old (72.21%) and female (65%).

### INSTRUMENTS AND MEASURES

The constructs were adopted from various studies and were measured using multiple items. Moral identity was measured using 10 items that were adopted from the Self-Importance of Moral Identity Scale proposed by Aquino and Reed (2002). Five items were used to measure each dimension (moral identity internalization and symbolization). Collectivism was measured using a five-item scale from a study by Chang and Cheng (2015). Purchase intention was assessed using four items from a study by White et al. (2012). All measures were assessed on 7-point Likert scales ranging from 1 (*strongly disagree*) to 7 (*strongly agree*).

To ensure the quality of the questionnaire, the following procedures were adopted in this study. First, we employed the translation–back translation procedure suggested by Van de Vijver and Leung (1997) to ensure consistency between the Chinese and English versions of the measurement items. The English questionnaire was initially translated into Chinese and then retranslated into English by a second translator, after which the two versions were compared. A pretest was then completed by 30 undergraduate students. After a reliability analysis was performed, any item with an item-to-total value below .3 was deleted. Six items were removed: two for collectivism, two for moral identity internalization, and two for moral identity symbolization (see Table 2 in the Appendix). Respondents required approximately 15 min to complete the questionnaire.

## RESULTS

Data analysis was conducted in three parts. Following the two-step approach proposed by Anderson and Gerbing (1988), confirmatory factor analysis was first conducted to evaluate the quality of the measurement model by examining the reliability and validity of each construct. H1 was then tested by assessing the structural model. AMOS Version 18.0 was employed to assess both the measurement and structural models. Finally, bootstrapping was employed to confirm the indirect effects of moral identity internalization and symbolization proposed in H2 and H3. The results are detailed in the following sections.

### MEASUREMENT MODEL

The results of the confirmatory factor analysis are presented in Table 2. The findings indicate that the measurement model fit the data well ( $\chi^2 = 121.996$ , degrees of freedom [ $df$ ] = 59,  $\chi^2/df = 2.068$ , goodness-of-fit index [GFI] = .950, normed fit index [NFI] = .946, comparative fit index [CFI] = .971, root mean square error of approximation [RMSEA] = .054). The factor loadings of all the scale items were greater than .5 (range, .582–.927) and significant at the level of .001. Thus, the convergent validity of the measurement items was confirmed in accordance with the criteria set by Anderson and Gerbing (1988).

Table 1 displays the correlations, summary statistics, and internal consistency estimates among the constructs. The Cronbach's alpha values of the measured constructs (range, .747–.883) met the criterion proposed by Nunnally (1978; i.e., higher than .70). The composite reliability of the scales of the four constructs in Table 2 range from .763 to .888, which is within the acceptable range recommended by Fornell and Larcker (1981). The reliability analysis results indicate that the measures of all the constructs were reliable.

The discriminant validity of the constructs was assessed through two methods. The average variance extracted (AVE) of each construct was calculated and compared with the correlation coefficient between each pair of constructs. According to Fornell and Larcker (1981), discriminant validity is supported if the square of the correlation coefficient is less than the AVE. Adherence to this rule was verified by comparing the AVE values (range, .522–.669) with the correlation coefficients (range, .289–.490) for each pair of constructs, as shown in Table 1.

TABLE 1: CORRELATIONS, SUMMARY STATISTICS AND INTERNAL CONSISTENCY

Constructs	(1)	(2)	(3)	(4)	Mean	SD
1.COL	<b>.753</b>				5.528	.887
2.MIS	.469	<b>.746</b>			4.493	1.001
3.MII	.490	.405	<b>.723</b>		5.737	.909
4.PI	.318	.289	.418	<b>.818</b>	5.347	.969
5. α	.793	.747	.760	.883		

Diagonal elements (in bold) are  $\sqrt{AVE}$  (Rooted Average Variance Extracted)

COL collectivism, MIS moral identity symbolization, MII moral identity internalization, PI purchase intention, SD Standard deviation

TABLE 2: RESULTS OF CONFIRMATORY FACTOR ANALYSIS

	t-value	Factor Loadings	CR	AVE
<b>Collectivism</b>				
It's important for me to readily help others in need of help	14.018	0.806	0.797	0.567
I could do what is good for most of the people in the group, even if it means that the individual with receive less	15.211	0.748		
Sharing with others is important	16.694	0.701		
<b>Moral Identity Internalization</b>				
It would make me feel good to be a person who has these characteristics	17.600	0.833	0.786	0.556
Being someone who has these characteristics is an important part of who I am	16.600	0.796		
Having these characteristics is not really important to me	11.260	0.582		
<b>Moral Identity Symbolization</b>				
The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics.	15.917	0.807	0.763	0.522
The kinds of books and magazines that I read identify me as having these characteristics	14.634	0.749		
I am actively involved in activities that communicate to others that I have these characteristics.	11.216	0.594		
<b>Fair Trade Purchase Intention</b>				
I would be likely to purchase this product	21.609	0.901	0.888	0.669
I would be willing to buy this product	22.628	0.927		
I would likely make this product one of my first choices in this product category	16.242	0.743		
I would exert a great deal of effort to purchase this product	14.213	0.674		

CR Composite Reliability, AVE Average Variance Extracted

**STRUCTURAL MODEL**

Structural equation modeling (SEM) was conducted for hypothesis testing. The goodness model-fit indices of structure model were  $\chi^2 = 131.13$ ,  $df = 60$ ,  $\chi^2/df = 2.186$ , GFI = .947, NFI = .946, CFI = .967, RMSEA = .057. All the fit indices indicated an acceptable fit between the model and data. H1 states that collectivistic mindset is positively related to fair trade purchase intention. However, this effect was nonsignificant ( $\beta = .006$ ,  $z = .056$ ,  $p = .955$ ). Thus, H1 is not supported.

**INDIRECT EFFECTS OF MORAL IDENTITY INTERNALIZATION AND SYMBOLIZATION**

To further confirm the mediating roles of moral identity internalization and symbolization, bootstrapping was employed to examine the indirect effects of these factors because bootstrapping is more powerful than the Sobel test and the causal step approach to testing intervening variable effects (Hayes, 2009; MacKinnon et al., 2004; Williams & MacKinnon, 2008). According to the suggestion of Hayes (2009), bootstrapping was performed to generate a sample of 1,000 observations to derive percentile-based confidence intervals (CIs), which were adjusted to yield bias-corrected CIs (Table 3). If a zero value is not between the lower and upper confidence limits, then the indirect effect is significant with 95% confidence. The results reveal that the 95% bias-corrected bootstrap CIs for specific indirect effects through moral identity internalization do not include a zero value (.221 to .541, with a point estimate of .349). However, these CIs for specific indirect effects through moral identity symbolization include zero (CI, -.065 to .184; point estimate, .044). Thus, H2 is supported, but H3 is not supported. Table 3 also indicates that the direct effect of collectivism on fair trade purchase intention was nonsignificant (CI, -.229 to .245; point estimate, .006). Therefore, collectivistic mindset indirectly affects only fair trade purchase intention through moral identity internalization (see Mathieu & Taylor, 2006 for a discussion on the distinction between indirect effect and mediation).

TABLE 3: BOOTSTRAPPING INDIRECT EFFECTS

Mediation effect	Product of coefficients			Bootstrap 1000 times Confidence Interval			
	Estimate	SE	Z-value	bias-corrected CI		Percentile CI	
				Lower	Upper	Lower	Upper
COL to MII to PI	.349	.076	4.592	.221	.541	.210	.504
COL to MIS to PI	.044	.061	.721	-.065	.184	-.066	.182
COL to PI	.006	.125	.048	-.229	.245	-.228	.247

**DISCUSSION AND SUGGESTIONS**

Investigating the decision-making of ethical consumption is theoretically complex, because the decision-making process is subjected to the mutual influence of moral and emotional factors (Singhapakdi & Vitell, 1991). This study investigates whether and how psychological antecedent and individual difference influence consumer response to fair trade goods. The hypotheses proposed in this study were verified through structural equation modeling, and three main findings were identified as follows.

First, the research result showed that moral identity played a mediating role in the decision-making of ethical consumption. The present study reported that a collectivistic mindset did not directly influence intention to purchase fair trade goods, but indirectly affected the intention through the internalization of moral identity. Moral identity can be triggered by situational factors (Aquino et al., 2009). In ethnically Chinese societies, individuals are flexible and changeable, showing appropriate behaviors according to various situations (Lu et al., 2012). In other words, in certain situations, when the internalization of moral identity is initiated, individuals with a collectivistic mindset produce a purchase intention for fair trade goods. By contrast, when the internalization of moral identity is not initiated, individuals may use price as the basis to make the consumption decision of ethical products. If ethical products are more expensive than ordinary ones are, consumers are more inclined to refuse purchasing them. Previous studies have reported that consumers who possess an interdependent self-construal are willing to pay a higher price to purchase cause-related products (Vaidyanathan et al., 2013). Because an interdependent self-construal is a self-concept corresponding to collectivism, consumers who possess such a construal can be inferred to exhibit a higher level of internalization of moral identity. Subsequent studies are suggested to focus on the interaction between interdependent self-construal and the internalization of moral identity.

Second, a collectivistic mindset positively influenced the internalization and symbolization of moral identity. Moral identity is stored in individual memory, comprising complex moral values, personal objectives, characteristics, and a blueprint of behaviors, and requires long-term accumulation to be fully established (Aquino & Reed, 2002). Therefore, the research results showed that in a collectivist society, individuals' internal psychological traits are molded by their environment; moreover, individuals' internal moral concepts are cultivated by Confucian thought. The research results again verified the points previously proposed by other scholars, namely that moral values are equivalent to cultural values, and that they are gradually formed by environmental influences (Lu et al., 2012).

Finally, the internalization of moral identity positively influenced individual intention to purchase fair trade goods. Individuals that possess a high level of moral internalization do so as a result of having long employed substantial moral-related knowledge to rapidly influence their self-concept (Aquino et al., 2009). In other words, individuals that exhibit a high level of moral internalization endeavor to sustain their internal self-consistency, and tend to pay attention to whether their behaviors meet the moral criteria. Because the price of fair trade products is set to a just standard that is sufficient to cover the production cost of farmers and labors (Andorfer & Liebe, 2015), such products are ethical to individuals who exhibit a high level of moral internalization. Therefore, in terms of practices, if companies wish to promote fair trade goods, they should start by inducing the internalization of moral identity in consumers. In particular, because collectivism emphasizes the individual-group relationship, companies can adopt a group buying model. Marketers are encouraged to choose media or program contexts related to collectivism.

The present study obtained an unexpected result: the symbolization of moral identity did not exert a significant influence on the intention to purchase fair trade goods. Because the fair trade good applied in the present study was coffee, a possible cause can be inferred that the price of coffee was too low for the consumers to use it to highlight their social status (Andorfer & Liebe, 2015). Subsequent studies should conduct further exploration on ethical products with a higher price. People in a collectivist society are eager to be accepted, approved, and recognized by others. Therefore, if ethical products with high prices are praised by the media, then ethnically Chinese people can be expected to symbolize their moral identity quickly, thereby engaging in more prosocial behaviors. Marketers can also use recognition to induce consumers' symbolization toward purchasing behavior.

This study makes two major contributions to the literature. First, to date, little research has focused on the psychological trait and individual difference of consumers toward fair trade goods. When studying the influence of individual characteristics on behaviors, most previous studies have considered moral identity as a confounding variable to investigate the interaction between variables (Winterich et al., 2013a; Winterich et al., 2013b; Xie et al., 2015). However, the present study considered moral identity as a mediating variable. The results showed that the internalization of moral identity completely mediated the relationship between collectivistic mindset and intention to purchase fair trade goods. The results showed that the internalization of moral identity is a main influencing factor of the ethical consumption decision-making of ethnically Chinese consumers.

One of the limitations of this study pertains to the narrow focus of the study. Our primary interest was in how collectivistic mindset, measured at psychological level, relate to consumer attitudes and behavior toward fair trade goods in ethnic Chinese societies. Because of this interest, we focused on a limited set of antecedents. Therefore, individualistic mindset was not included. Second, this research depended exclusively on participants' self-reports which may have been vulnerable to the effects of common method variance. However, the flaws may be overstated (Spector 2006) because in our case, self-reports may be the most accurate means of assessing psychological characteristics. The third potential limitation of this study is that the empirical model presented here is specific to young adults, and, therefore, may not be transferable to older generations.

The current work points to a number of opportunities for future research. In this study, mindset has been investigated at the individual and psychological level. Future research may explore it at the cultural level (e.g., differences in individual or collectivism across countries) (e.g., Leigh and Choi 2007; Chang and Cheng 2015). Furthermore, future studies could consider more complicated models such as the hierarchical Bayes model (Allenby and Ginter 1995) to incorporate consumer heterogeneity and to investigate how consumers' response to fair trade goods may be affected by consumer demographic and psychographic profiles.

## REFERENCES

- Allenby, G. M., and Ginter, J. L. (1995), "Using extremes to design products and segment markets," *Journal of Marketing Research*, Vol.32, No.4, pp.392-403.
- Anderson, J. C., and Gerbing, D. W. (1988), "Structural equation modeling in practice: A review and recommended two-step approach," *Psychological Bulletin*, Vol.103, No.3, pp. 411-423.
- Andorfer, V. A., and Liebe, U. (2012), "Research on fair trade consumption—A Review," *Journal of Business Ethics*, Vol.106, No.4, pp.415-435.
- Andorfer, V. A., and Liebe, U. (2015), "Do information, price, or morals influence ethical consumption? A natural field experiment and customer survey on the purchase of fair trade coffee," *Social Science Research*, Vol.52, pp. 330-350.
- Aquino, K., and Reed, A. I. (2002), "The self-importance of moral identity," *Journal of Personality and Social Psychology*, Vol.83, pp.1423-1440.
- Aquino, K., Freeman, D., Reed, A. I., Lim, V. K. G. and Felps, W. (2009), "Testing a social cognitive model of moral behavior: The interactive influence of situation and moral identity centrality," *Journal of Personality and Social Psychology*, Vol.97, pp. 123-141.
- Bandura, A. (1986), "Social foundations of thought and action: A social cognitive theory". Englewood Cliffs, NJ: Prentice- Hall, Inc
- Bandura, A. (1989), "Social cognitive theory of organizational management," *Academy of Management Review*, Vol.14, No.3, pp.361-384.
- Blasi, A. (1984), "Moral identity: Its role in moral functioning. In W. Kurtines and J. Gewirtz (Eds), *Morality, moral behavior and moral development*". (pp. 128-139). New York: Wiley.
- Bray, J., Johns, N., and Kilburn, D. (2011), "An exploratory study into the factors impeding ethical consumption," *Journal of Business Ethics*, Vol.98, No.4, pp.597-608.
- Chan, R. Y. K. (1999), "Environmental attitudes and behavior of consumers in China: Survey findings and implications," *Journal of International Consumer Marketing*, Vol. 11, No.4, pp.25-52.
- Chang, C. C. (2011), "Feeling ambivalent about going green," *Journal of Advertising*, Vol. 40, No.4, pp.19-31.
- Chang, C.T., and Cheng, Z.H. (2015), "Tugging on heartstrings: shopping orientation, mindset, ad consumer responses to cause-related marketing," *Journal of Business Ethics*, Vol.127, No.2, pp.337-350.
- Chen, Y. S. (2008), "The driver of green innovation and green image—Green core competence," *Journal of Business Ethics*, Vol.81, No.3, pp.531-543.
- Cooper-Martin, E., and Holbrook, M. B. (1993), "Ethical consumption experiences and ethical space," *Advances in Consumer Research*, Vol.20, No.1, pp.113-118.
- Damon, W., and Hart, D. (1992), "Self-understanding and its role in social and moral development. In M. Bornstein and M. E. Lamb (Eds.)," *Developmental psychology: An advanced textbook (3<sup>rd</sup> ed., 421-464.)* Hillsdale, NJ: Erlbaum.
- Doran, C. J. (2009), "The role of personal values in fair trade consumption," *Journal of Business Ethics*, Vol.84, No.4, pp.549-563.
- Fornell, C., and Larcker, D. F. (1981), "Evaluating structural equation models with unobservable variables and measurement error," *Journal of Marketing Research*, Vol.18, No.1, pp.39-50.
- Hamilton, R., Vohs, K. D., Sellier, A. L., and Meyvis, T. (2011), "Being of two minds: Switching mindsets exhausts self-regulatory resources," *Organizational Behavior and Human Decision Processes*, Vol.115, No.1, pp.13-24.
- Hashimoto, H., Li, Y., and Yamagishi, T. (2011), "Beliefs and preferences in cultural agents and cultural game players," *Asian Journal of Social Psychology*, Vol.14, pp. 140-147.
- Hayes, A. F. (2009), "Beyond Baron and Kenny: Statistical mediation analysis in the new millennium," *Communication Monographs*, Vol.76, No.4, pp.408-420.
- He, H., Zhu, W., Gouran, D. and Kolo, O. (2016), "Moral identity centrality and cause-related marketing: The moderating effects of brand social responsibility image and emotional brand attachment," *European Journal of Marketing*, Vol.50, No.1-2, pp.236-259.
- Hertel, S., Scruggs, L., and Heidkamp, C. (2009), "Human rights and public opinion: from attitudes to action", *Pol. Sci. Quart.* Vol.124, pp.43-459.
- Ho, D. Y. F. (1995), "Selfhood and identity in Confucianism, Taoism, Buddhism, and Hinduism: Constructs with the West," *Journal for the Theory of Social Behavior*, Vol.25, pp.115-139.
- Hofstede, G. (1997), "Cultures and organizations: Software of the mind". NY: McGraw Hill.
- Huang, K. K. (1987), "Face and favor: The Chinese power game," *American Journal of Sociological Society*, Vol.92, pp.944-974.
- Kim, Y-K., Forney, J., and Arnold E. (1997), "Environmental messages in fashion advertisements: Impact on consumer responses," *Clothing and Textiles Research Journal*, Vol.15, No.3, pp.147-154.

28. Leigh, J. H., and Choi, Y. (2007), "The impact of attributions about life events on perceptions of foreign products: Contrasts in individualism and collectivism," *Psychology & Marketing*, Vol.24, No.1, pp.41-68.
29. Levin, G. (1990), "Consumer turning green: JWT Survey," *Advertising Age*, Vol.61, No.47, p.74.
30. Lu, L. (2003), "Defining the self-other relation: The emergence of a composite self," *Indigenous Psychological Research in Chinese Societies*, Vol.20, pp.139-207.
31. Lu, L., Chang T. T., and Chang, Y. Y. (2012), "The meaning of work and family and its role in coping with work and family conflict: Practicing the Chinese bicultural self," *Indigenous Psychological Research in Chinese Societies*, Vol.37, pp.141-189.
32. Lu, L.C., Chang, H. H., and Chang, A. (2015), "Personality and green buying intention: The mediate role of consumer ethical beliefs," *Journal of Business Ethics*, Vol.127, No.1, pp.205-219.
33. MacKinnon, D. P., Lockwood, C. M. and Williams, J. (2004), "Confidence limits for the indirect effect: Distribution of the product and resampling methods," *Multivariate Behavioral Research*, Vol.39, pp.99-128.
34. Markus, H. R., and Kitayama, S. (1991), "Culture and the self: Implications for cognition, emotion, and motivation," *Psychological Review*, Vol.98, No.2, pp.224-253.
35. Mathieu, J. E., and Taylor, S. R. (2006), "Clarifying conditions and decision points for meditational type inferences in Organizational Behavior," *Journal of Organizational Behavior*, Vol.27, pp.1031-1056.
36. Montada, L., and Lerner, M. J., eds. (1998), "Responses to Victimizations and Belief in a Just World". New York: Plenum Press.
37. Nicholls, A. and Opal, C. (2005), "Fair Trade: Market-driven Ethical Consumption". Sage, London.
38. Penner, L. A., Dovidio, J. F., Piliavin, J. A. and Schroeder, D. A. (2005), "Prosocial behavior: Multilevel Perspectives". In S. T. Fiske, D. L. Schacter & A. E. Kazdin (Eds.) *Annual Reviews*.
39. Reed, A., II. (2002), "Social identity as a useful perspective for self-concept-based consumer research," *Psychology and Marketing*, Vol.19, pp.235-266.
40. Salvador, R., Merchant, A., and Alexander, E. (2014), "Faith and fair trade: The moderating role of contextual religious salience," *Journal of Business Ethics*, Vol.121, No.3, pp.353-371.
41. Shaw, D. and Clarke, I. (1999), "Belief formation in ethical consumer groups: an exploratory study," *Marketing Intelligence and Planning*, Vol.17, No.2, pp.109-119.
42. Shaw, D. and Shiu, E. (2002), "The role of ethical obligation and self-identity in ethical consumer choice," *International Journal of Consumer Studies*, Vol.26, No.2, pp. 109-116.
43. Singhapakdi, A. and Vitell, S. J. (1991), "Selected factors influencing marketer's deontological norms," *Journal of the Academy of Marketing Science*, Vol.19, No.1, pp. 37-42.
44. Sparks, J. R. (2015), "A social cognitive explanation of situational and individual effects on moral sensitivity," *Journal of Applied Social Psychology*, Vol.45, pp.45-54.
45. Spector, P. E. (2006), "Method variance in organizational research: Truth or urban legend?" *Organizational Research Methods*, Vol.9, No.2, pp.221-232.
46. Srong, C. (1996), "Features contributing to the growth of ethical consumerism—A preliminary investigation," *Marketing Intelligence and Planning*, Vol.145, pp.5-10.
47. Taylor, J. E., and Boasson, V. (2014), "Who buys fair trade and why (or why not)? A random survey of households," *Journal of Consumer Affairs*, No.48, Vol.2, pp.418-430.
48. Triandis, H. C. (1989), "The self and social behavior in differing cultural contexts," *Psychological Review*, Vol.96, No.3, pp.506-520.
49. Triandis, H. C. (1994), "Theoretical and methodological approaches to the study of collectivism and individualism". In U. Kim, H. C. Triandis, & C. Kagitcibasi (Eds.), *Individualism and collectivism: Theory, method, and applications* (pp. 41-51). Thousand Oaks: Sage.
50. Triandis, H. C. (1995), "Individualism and collectivism". Boulder, CO: Westview Press.
51. Vaidyanathan, R., Aggarwal, P., and Kozlowski, W. (2013), "Interdependent self-construal in collectivist cultures: Effects on compliance in a cause-related marketing context," *Journal of Marketing Communications*, Vol.19, No.1, pp.44-57.
52. Van de Vijver, F., and Leung, K. (1997), "Methods and data analysis of comparative research". In J. W. Berry, Y. H. Poortinga, & J. Pandey (Eds.), *Handbook of cross-cultural psychology* (pp.247-300). Needham Heights, MA: Allyn & Bacon.
53. White K., MacDonnell, R., and Ellard, J. H. (2012), "Belief in a just world: consumer intentions and behaviors toward ethical products," *Journal of Marketing*, Vol.76, No.1, pp.103-118.
54. Williams, J., and MacKinnon, D. P. (2008), "Resampling and distribution of the product methods for testing indirect effects in complex models," *Structural Equation Modeling*, Vol.15, pp.23-51.
55. Winterich, K. P., Aquino, K., Mittal, V. and Swartz, R. (2013a), "When the symbolization of moral identity motives prosocial behavior: The role of recognition and moral identity internalization," *Journal of Applied Psychology*, Vol.98, No.5, pp. 759-770.
56. Winterich, K. P., Mittal, V., and Aquino, K. (2013b), "When does recognition increase charitable behavior? Toward a moral identity-based model," *Journal of Marketing*, Vol.77, No.3, pp.121-134.
57. Xie, C., Bagozzi, R. P., and Gronhaug, K. (2015), "The role of moral emotions and individual differences in consumer responses to corporate green and non-green action," *Journal of the Academy of Marketing Science*, Vol.43, No.3, pp.333-356.

**CUSTOMERS' PERCEPTION OF SIDBI IN TAMIL NADU****DR. T. RENUHA****HEAD****DEPARTMENT OF BUSINESS ADMINISTRATION  
GOVINDAMMAL ADITANAR COLLEGE FOR WOMEN  
TIRUCHENDUR****DR. P. AMIRTHA GOWRI****ASSOCIATE PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES  
DR. SIVANTHI ADITANAR COLLEGE OF ENGINEERING  
TIRUCHENDUR****ABSTRACT**

*Small Industries Development Bank of India (SIDBI) provides direct assistance to small industries and also through other financial institutions through various schemes of assistance tailored to meet the requirements of Micro Small and Medium Enterprises. 74 concerns accounting five per cent of the customers in Tamil Nadu were selected by simple random sampling by applying lottery method and considering the complacency the sample size was confined to 65 concerns only. The data were analysed with the help of simple percentage, mean, standard deviation, co-efficient of variation and 'F' test. The clients' perception was analysed and found that the respondents were much concerned with the physical attributes, communication facilities and psychological approach of the Bank. The results of the 'F' test showed that the relationship between the business profile of the respondents and their perception of services of Small Industries Development Bank of India were equally significant and insignificant.*

**KEYWORDS**

business profile, complacency, direct assistance, Micro Small and Medium Enterprises, perception.

**1. INTRODUCTION**

Customer is the king in the kingdom of marketing and banking has no exception to this. Banking industry has gone through drastic changes due to LPG economy and it needs to expand its services to wide variety of products. The ultimate performance of a bank depends upon the satisfaction of the customers which in turn depends upon their perception. The perception of the customers has also drastically changed over the years. Now, the purpose of the business is customer centric leading to 'Relating the Customer'. Hence Customer Relationship Management is a key strategic initiative available to banks to offer world class services to its customers. It is the key element of differentiation that allows a bank to develop its customer base and sales capacity. SIDBI undertakes to perform its duty in this regard, through its promotional and developmental activities. To assess the effectiveness of the services provided by the Bank, it becomes necessary to consider the views of the clients.

**2. REVIEW OF LITERATURE**

George Mathew (2013) studied, "Efficacy of Small Industries Development in Kerala", in terms of new units registered, total number of units, investments, production, total employment, number of sick units found that all indicators including the investment in fixed capital has a low position compared to its population base in the country. Anand Chakravarthi (2012) in his paper, "The role of SIDBI in developing the MSMEs in India", described the significant role of SIDBI and its sphere of activities in the promotion, financing and development of MSMEs. Ananth A and Arulraj A (2011) in their article, "A study on Banking Service Quality in Nagapattinam District, Tamil Nadu", pointed out that to attract the customers from unorganized sector the most important factor is to provide the borrower the required finance at the right time. Hasan Banu S and Sangeetha P (2008) in their paper, "Role of SME credit: a study in Theni District" have concluded that Banks need to introduce more dynamic and innovative SME loan schemes and need to focus on mass customization Vs mass market.

Viswanatha Reddy C and Himachalam D (2006) in their article entitled, "APSF: Entrepreneurs perception on Financial Services" have suggested that the financial institutions should take efforts to reduce the time gap between the submission of loan applications and sanction and disbursement of loans for the purpose of extending credit to improve the SMEs sector. Tarak Shah, Anshu Khedkar (2006) in their case study, "SIDBI – A Successful Financial Institution in SME Financing", concluded that the Bank has been generating lower revenue with higher investment from indirect financing and more return from direct financing with relatively lower capital employed in this segment. So it must start focusing on direct financing since it is more rewarding as well as socially viable than refinancing where processing is more due to intermediation of different types of banking entities. Dr. R. Neelamegam and R. Maria Inigo (1997) in their article, "SIDBI and the small Industry", concluded that the SIDBI had exerted its full effort, not only in the financial areas but also in the non – financial areas through a comprehensive package of extension activities

**3. NEED FOR THE STUDY**

The small scale sector has been an important constituent of liberalization in the country. SIDBI as the apex bank for small scale industries undertakes the financing function and also renders promotional and support services. It provides financial assistance through other financial institution and also directly to MSMEs. Hence there is a need to impart a thorough understanding of the perception of its clients on the services of SIDBI. Direct credit is a major thrust area of the Bank's business growth strategy. SIDBI has introduced new products and modified the existing products to meet both the fund and non –fund based credit needs of MSME sector. The share of direct credit in its total assistance disbursed was 39.89 per cent in the year 2006- 07, followed by 36.56 per cent in the year 2011- 12.

**4. STATEMENT OF THE PROBLEM**

Effective marketing requires sound decision making which in turn depends upon the availability of accurate and up to date information. Relevant data and information about customers' response to the new services introduced, price changes effected, use of promotional media etc. is essential. This would also enable to assess the area where one is not doing well for the purpose of review. In rendering the financial services, a bank has the implicit responsibility towards its customers. It is in terms of quality, reliability and safety of its product and services. Hence the respondents' perception of SIDBI is assessed. The State-wise distribution of MSMEs show that more than fifty-five per cent of these enterprises are in six states only and Tamil Nadu stands third in the rank (All India Census 2006-07). Hence Tamil Nadu is chosen as the study area and the study entitled, "Customers' perception of SIDBI in Tamil Nadu is undertaken".

**5. OBJECTIVES OF THE STUDY**

1. To know the business profile of the respondents

2. To study the source of awareness of SIDBI
3. To assess the perception of the clients on the services provided by SIDBI
4. To understand the relationship between business profile of the respondents and their perception.
5. To make suggestions for the improvement of the services of SIDBI.

**6. HYPOTHESIS**

The null hypothesis framed is “The business profile of the respondents does not significantly affect their perception towards influencing factor”

**7. METHODOLOGY AND TOOLS**

- With the help of the structured questionnaire data are collected from 65 concerns which constitute five per cent of the customers who had obtained loans directly from SIDBI in Tamil Nadu. The respondents are selected by using lottery method.
- The views of the clients are analyzed with the statistical tools like percentage, mean, standard deviation, coefficient of variation and ‘F’ test.

**8. ANALYSIS AND INTERPERTATION**

**A. BUSINESS PROFILE OF THE RESPONDENTS**

Business profile of the respondents include ‘form of organization’ ‘size of the enterprise’ and ‘nature of the business’ ‘ locality of the business’ and ‘annual income of the business’. It is essential to know these details as it would make a difference in their perception of the performance of SIDBI. Among 65 sample respondents,

- The form of organization of 30 respondents (46 per cent) is Sole proprietorship,
- 25 respondents (38 per cent) run medium enterprises
- 51 respondents (78 per cent) carries on manufacturing business
- 42 respondents (65 per cent) have established their enterprises in urban area
- The annual income of 22 respondents (34 per cent) is Rs.100000 – Rs. 200000

**B. SOURCE OF AWERNESS OF SIDBI**

95 per cent of the respondents are aware of the functions of SIDBI through ‘peer groups’ and SIDBI’s website. 18 per cent of the respondents were aware of the functions of SIDBI through Credit Advisory Centers and the remaining 17 per cent of the respondents are aware of it through Official campaign, Mass media and Publicity.

**C. GENERAL OPENION ON THE PERFORMANCE OF SIDBI**

The respondents’ perception of SIDBI are assessed under six factors namely ‘Reliability and Effectiveness’, ‘Assurance’, ‘Service Portfolio’, ‘Access’, ‘Price’, and ‘Tangibles’ and summarized in Table 1.

**TABLE 1: GENERAL OPENION ON THE PERFORMANCE OF SIDBI**

RELIABILITY AND EFFECTIVENESS	Mean	Standard Deviation	Coefficient of variation
Enhancement of capacity wide unsecured loan	3.23	1.08	33.44
Loan assistance for unplanned credit needs	3.63	1.18	32.51
Built up capacity to access other bank’s finance	4.03	0.78	19.38
Easier to meet the expansion/modernization requirements	4.13	0.73	17.68
Increased profitability	3.68	0.96	26.09
<b>ASSURANCE</b>			
No interference in the regular running of the business	3.48	1.36	39.08
Improvement in financial image	3.73	1.23	32.98
Personal care	4.03	0.67	16.63
Confidentiality of transactions	4.08	0.89	21.81
Good relationship	4.28	0.52	12.15
<b>SERVICE PORTFOLIO</b>			
Global level acquisition of modern technologies	3.53	1.28	36.26
Global level business collaborations	3.23	1.26	39.01
Inculcation of managerial skills	2.48	1.38	55.65
Well trained and motivated officials	3.78	1.08	28.57
Computerized services	4.23	0.65	15.37
<b>ACCESS</b>			
Quick processing of loan application	4.5	0.4	8.89
No unnecessary formalities	3.93	1.02	25.95
Timely resolution of grievances	3.28	1.41	42.99
Quick accession through electronic mode	4.63	0.31	6.07
Transactions through mobile phone	4.13	0.78	18.89
<b>PRICE FACTORS</b>			
Suitable periodic repayment schedule	4.18	0.72	17.22
Low repayment schedule	4.03	0.78	19.38
Low interest rate	3.63	1.07	29.48
Feedback on the current interest rate structure	1.68	0.45	26.79
Low commitment charges	2.42	1.12	35.73
<b>TANGIBLES</b>			
Efficacious work environment	4.43	0.42	9.48
Cordial front banking staff	4.18	0.54	12.92
Neat maintenance of facilities	3.98	1.01	25.38
Neat appearance of employees	4.36	0.28	6.42
Safety in doing transaction	3.94	1.02	25.89

Among the 5 factors assessed under each head, ‘Easier to meet the expansion / modernization requirements’, ‘Good relationship’, ‘Computerized Services’, ‘Quick accession through electronic mode’, ‘Suitable periodic repayment schedule’, ‘Efficacious work Environment’ are perceived as the foremost component factors.

**D. OVERALL PERCEPTION OF THE RESPONDENTS OF SIDBI**

The overall perception of the respondents of SIDBI with respect to the six factors namely ‘Reliability and Effectiveness’, ‘Assurance’, ‘Service Portfolio’, ‘Access’, ‘Price’, and ‘Tangibles’ is assessed and presented in Table 2.

TABLE 2: OVERALL PERCEPTION OF THE RESPONDENTS

Factors	Total score	Mean score	Rank
Reliability and Effectiveness	1215	18.69	IV
Assurance	1274	19.6	III
Service Portfolio	1121	17.25	V
Access	1331	20.47	II
Price	1036	15.94	VI
Tangibles	1358	20.89	I

It is inferred from the perceived order of the ranks that the respondents are much concerned with the physical attributes, communication facilities and psychological approach of the Bank rather than the financial products.

**E. ANALYSIS OF RELATIONSHIP BETWEEN BUSINESS PROFILE AND PERCEPTION OF THE RESPONDENTS**

Since the perception of an individual is qualitative and may differ according to their business profile, an attempt is made to analyse the relationship between the business profile of the respondents and the perception of the respondents

'F' test is applied to study whether there is significant relationship between business profile and the influencing factors. For this purpose, the null hypothesis framed is "The business profile of the respondents does not significantly affect their perception towards influencing factor", and the results of 'F' test are recorded in Table 3.

TABLE 3: RESULTS OF 'F' TEST

Factor	Business Profile	d.f	C.V	T.V	S/ IS
Reliability and Effectiveness	Form of Organisation	3, 16	2.14	3.24	INS
	Size of the Enterprise	2, 12	1.97	3.88	INS
	Nature of the Business	1, 8	6.07	5.32	S
	Locality of the Business	2, 12	4.03	3.88	S
	Annual Earnings of the Business	3, 16	2.58	3.24	INS
Assurance	Form of Organization	3, 16	1.96	3.24	INS
	Size of the Enterprise	2, 12	1.23	3.88	INS
	Nature of the Business	1, 8	7.58	5.32	S
	Locality of the Business	2, 12	5.71	3.88	S
	Annual Earnings of the Business	3, 16	3.12	3.24	INS
Service Portfolio	Form of Organization	3,16	1.37	3.24	INS
	Size of the Enterprise	2,12	3.12	3.88	INS
	Nature of the Business	1,8	6.55	5.32	S
	Locality of the Business	2,12	3.97	3.88	S
	Annual Earnings of the Business	3,16	1.84	3.24	INS
Access	Form of Organisation	3,16	4.02	3.24	S
	Size of the Enterprise	2,12	5.68	3.88	S
	Nature of the Business	1,8	5.14	5.32	INS
	Locality of the Business	2,12	3.73	3.88	INS
	Annual Earnings of the Business	3,16	3.91	3.24	S
Price	Form of Organisation	3,16	5.03	3.24	S
	Size of the Enterprise	2,12	3.98	3.88	S
	Nature of the Business	1,8	7.13	5.32	S
	Locality of the Business	2,12	2.18	3.88	INS
	Annual Earnings of the Business	3,16	4.01	3.24	S
Tangibles	Form of Organisation	3,16	1.05	3.24	INS
	Size of the Enterprise	2,12	3.94	3.88	S
	Nature of the Business	1,8	4.13	5.32	INS
	Locality of the Business	2,12	2.18	3.88	INS
	Annual Earnings of the Business	3,16	4.22	3.24	S

[d. f- degrees of freedom. C.V- Calculated Value. T.V- Table Value. S-Significant, INS-Insignificant]

The results of the 'F' test showed that the 'Form of Organisation' significantly affect the respondents' perception towards 'Access' and 'Price'; 'Size of the Enterprise' significantly affects the respondents' perception towards 'Access' 'Price' and 'Tangibles'; 'Nature of the Business' significantly affects the respondents' perception towards 'Reliability and Effectiveness', 'Assurance', 'Service portfolio' and 'Price'; 'Locality of the Business' significantly affects the respondents' perception towards 'Reliability and Effectiveness', 'Assurance' and 'Service portfolio' and the 'Annual Earnings of the Business' significantly affects the respondents' perception towards 'Access', 'Price' and 'Tangibles'.

**9. FINDINGS**

- Majority of the respondents are sole proprietors of medium enterprises carrying on manufacturing business having established their business in urban area and earns the annual income of Rs.100000 – Rs. 200000 from the concerned business.
- 95 per cent of the respondents are aware of the functions of SIDBI through 'peer groups' and SIDBI's website.
- Easier to meet the expansion / modernization requirements', 'Good relationship', 'Computerized Services', 'Quick accession through electronic mode', 'Suitable periodic repayment schedule', 'Efficacious work Environment' are perceived as the foremost component factors.
- The perceived order of the ranks of the factors shows that the respondents are much concerned with the physical attributes, communication facilities and psychological approach of the Bank rather than the financial products.
- The results of the 'F' test showed that
  - the respondents' perception towards 'Access' and 'Price' has significant relationship with the 'Form of Organisation'
  - the respondents' perception towards 'Access' 'Price' and 'Tangibles' is significantly affected by the 'Size of the Enterprise'.
  - the respondents' perception towards 'Reliability and Effectiveness', 'Assurance', 'Service portfolio' and 'Price' has significantly depends upon by the 'Nature of the Business'
  - 'Locality of the Business' has significantly influenced the respondents' perception towards 'Reliability and Effectiveness', 'Assurance' and 'Service portfolio' and
  - the 'Annual Earnings of the Business' significantly affects the respondents' perception towards 'Access', 'Price' and 'Tangibles'

**10. SUGGESTIONS**

- The changed scenario, in the post liberalisation phase, MSMEs have great weakness in marketing. So it is felt that, there is need to provide more marketing assistance programme to MSMEs.
- It is also felt that, there is need to put in more efforts in the inculcation of managerial skills for the entrepreneurs of MSMEs since it is the component factor which has scored less among the five factors assessed under Service Portfolio
- Objectives of the promotion and development programmes can be achieved only if the MSMEs are informed about it. Majority of the MSMEs are not aware of the promotion and development activities of SIDBI. So steps should be taken to make the people aware by conducting programmes in association with the MSME entrepreneurs' in associations with the industrial estates.
- The share of 'Direct finance' assistance of SIDBI is to be increased by which more income can be generated rather than by indirect assistance.
- Support given by the national and state Governments to the MSMEs is not adequate enough to solve their problems. However, for the sector to fully utilize its potential, it is essential that the entrepreneurs along with the Government support take necessary steps for their development.

**11. CONCLUSION**

The informational gaps are addressed by SIDBI's newly launched website [www.smallB.in](http://www.smallB.in) in which not only handholds a new entrepreneur to set up units but also provides all necessary information to existing entrepreneurs to grow in future. If the above mentioned suggestions if followed would help SIDBI to make the MSME domain more vibrant, resilient and competitive.

**12. LIMITATIONS**

The study area selected for the study is the state of Tamil Nadu. As such the results of the study may not be applicable to any other state.

The data was collected during the period of Jan 2013 – March 2013. Since opinion and efficiency changes over a period of time, the accuracy of results is affected by this limiting factor.

**13. SCOPE FOR FURTHER RESEARCH**

The study can be undertaken in other states which are top ranked in the contribution of MSMEs and at a different period of time.

**REFERENCES****BOOKS**

1. P.N. Varshney and D. K. Mittal (2007), "Indian **Financial System**", Sultan and Sons, New Delhi, p.2.52.
2. S.K. Mishra, U.K. Puri, (2004), "**Indian Economy**", Himalaya Publishing House, New Delhi, P.215
3. Vasant Desai (1994), "**Development Banking**", Himalaya Publishing House, New Delhi, p.213.
4. Vasant Desai (2001), "**Development Banking and Financial Intermediaries**", Himalaya Publishing House, New Delhi, p.48.
5. Vasant Desai (2001), "**Small- Scale Industries and Entrepreneurship**", Himalaya Publishing House, New Delhi, p.5.

**JOURNALS AND OTHER ARTICLES**

6. Anand Chakravarthi, "The role of SIDBI in developing the MSMEs in India" **Technology and Business management**, 2012, pp. 714-724
7. Ananth A and Arulraj A, "A study on Banking Service Quality in Nagapattinam District, Tamil Nadu", *Indian Journal of Marketing*, Vol.41 No.2. Feb.2011 Pp 3-14.
8. George Mathew the "Efficacy of Small Industries Development in Kerala", **Southern Economist**, Vol.52. No.2, May 15, 2013, pp. 27 -32.
9. Hasan Banu S and Sangeetha P "Role of SME credit: a study in Theni District" *Indian Journal of Marketing*, Vol.38. No.12. Feb.2008 Pp 41-58.
10. R. Neelamegam and R. Maria Inigo, "**SIDBI and the Small Industry**", **Third Concept**, Vol.10, No.120, February 1997, pp.41-43.
11. Tarak Shah, Anshu Khedkar (2006), "Case study on SIDBI – A Successful Financial Institution in SME Financing", Submitted to **Indian Institute of Planning and Management (IIPM) Ahmedabad**, pp.43-45
12. Viswanatha Reddy C and Himachalam D (2006) in their article entitled, "APSF: Entrepreneurs perception on Financial Services", *SEDME*, Vol.33. No.2, June 2006.

**REPORT**

13. Annual Reports of SIDBI from 2000-2001 to 2011-2012
14. SIDBI Report on MSMEs 2010-11.

**PSYCHOLOGICAL CONTRACT AND ITS CONTENTS: A STUDY WITH REFERENCE TO GOAN IT COMPANIES**

**DR. K G SANKARANARAYANAN**  
**DIRECTOR**  
**ZANTYE COLLEGE RESEARCH CENTRE**  
**BICHOLIM**

**PARESH LINGADKAR**  
**ASST. PROFESSOR & RESEARCH SCHOLAR**  
**ZANTYE COLLEGE RESEARCH CENTRE**  
**BICHOLIM**

**ABSTRACT**

*Psychological contracts consist of the beliefs employees hold regarding the terms and conditions of the exchange agreement between themselves and their organizations. It is worth taking seriously because of the possible detrimental effects of breach on organizational as well as employee outcomes. It is more pertinent for the IT sector (where labour turnover is relatively very high) to understand the above PC contents to formulate appropriate strategies for developing conducive and congenial working environment and thereby reducing the detrimental effects to the organization.*

**KEYWORDS**

psychological contract, contents of psychological contract, employee and employer contents.

**INTRODUCTION**

In management, economics and HR (human resources) the term 'Psychological Contract' commonly and somewhat loosely refers to the actual - but unwritten - expectations of an employee or workforce towards the employer. The Psychological Contract represents, in a basic sense, the obligations, rights, rewards, etc. that an employee believes he/she is 'owed' by his/her employer in return for the employee's work and loyalty.

Psychological Contract is defined as "The unwritten understandings and informal obligations between an employer and its employees regarding their mutual expectations of how each will perform their respective roles". Within a typical business, the psychological contract might include such things as the levels of employee commitment, job satisfaction and the quality of working conditions. Individuals enter an organization with a set of beliefs, values and needs with the expectation that these will be met, upheld and respected and their wellbeing ensured, preserved and protected.

How psychological work contracts form is answered simply by Anderson (1996) who suggested that a contract emerges when an employee perceives that the organization is obligated to reciprocate in some manner in response to contributions he or she has made. The process of psychological contract formation, appraisal and assessment is iterative and provides both the structure of the contract and its content. Within that structure and based on the content, the contract establishes the mechanisms (constructive, interpretive and corrective) through which individuals seek meaning from the work they pursue and from the organizational climate and environment within which that work is performed.

The psychological contract defines what the individual expects from the organization in order to achieve and maintain psychological wellbeing. Individuals are attracted to an organization because they believe the organization has the potential to contribute to their wellbeing. What that contribution will be and how it will be delivered is embedded in both the formal employment contract and the psychological work contract.

Within this discussion, a distinction is drawn between the content of psychological contracts and the processes through which the content of the contract is derived.

Anderson and Schalk (1998) contended that most employees are able to describe the content of their contract and every employee has one. They also argued that there is no real consensus about what the psychological contract is or what it actually encompasses. Cavanaugh and Noe (1999) supported Anderson and Schalk's viewpoint by agreeing that there is currently no consensus on what psychological contracts contain although they do suggest some agreement on relational components such as career development, organizational commitment and job security. Both Kotter (1973) and Sims (1994) proposed that the psychological contract may literally contain thousands of items and therefore making a complete list would be impracticable, if not impossible. It is from this list of 'thousands of items' that individuals draw specific and relevant items grouped into higher level and broader categories or classes to form the content of their own psychological contract. Freese and Schalk (1996) found that psychological contract contents are subdivided into five aspects such as job content, opportunities for personal development, social aspects, human resource management policy and rewards. De Vos, Buyens and Schalk (2005) also proposed five content areas being career development, job content, financial rewards, social atmosphere and respect for private life. Herriot, Manning and Kidd (1997) identified 12 organizational obligations which they labelled as training, fairness, needs, consult, discretion, humanity, recognition, environment, justice, pay, benefits and security. They also identified seven employee obligations which they labelled hours of work, honesty, loyalty, property, self-presentation and flexibility.

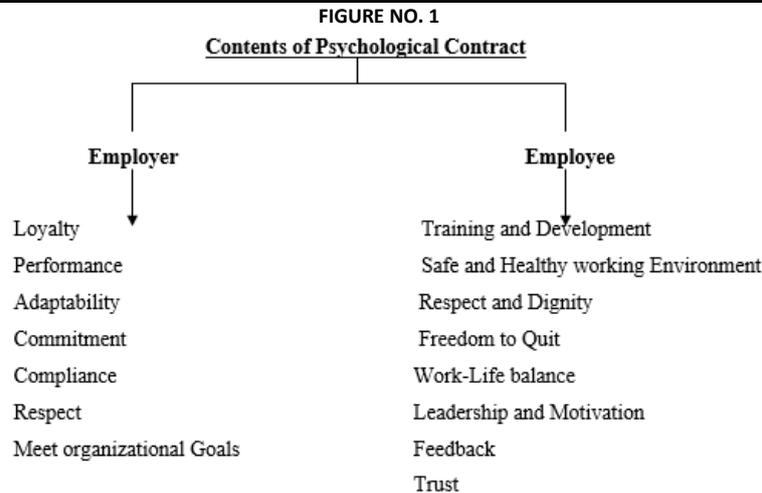
**METHODOLOGY**

One-to-one discussion was conducted with the help of questionnaire. Questions were asked as to what is expected by the employer from you as employee and what you as an employee expect from your employer. Further questions were asked on obligations, needs, commitments, promise, trust, etc. Total of 26 employees including team leaders and subordinates from Goan IT companies were contacted, out of which male employees were 22 and female employees were 4.

**CONTENTS OF PC**

Individual discussions (one to one) were conducted to identify the empirical indicators for the purpose of development of the construct. The discussion was a semi-structured, moderated by researcher with the purpose of collecting the data on the various parameters of the construct.

A total of twenty-six employees were made part of discussion. Four discussions were held with managerial participants representing employer perspective to PC. Twenty-two discussions were held with subordinates representing employee's perspective of PC. The responses of participants from discussions were analysed with the help of Atlas-ti Qualitative analytical package and churned out nine contents of employee psychological contract and seven contents of employer PC. These contents are:



## EMPLOYEE CONTENTS IN IT SECTOR

### 1) Training and Development

The IT employees expect that the employer will provide support which involves sharpening of skills, change his/her attitude, gaining more knowledge and enhance competencies that will help in performing assigned task better. They also expect that such opportunities to enhance skills will provide better career avenues both within and outside organization.

### 2) Safe and Healthy Working Environment

It is an expectation that the employer will provide safe and healthy working environment of people engaged in the work. It is an expectation where healthy, cooperative, friendly relationship and environment free from politics is provided rather than dominated by cut throat competition, power and politics.

### 3) Respect and Dignity

It is an employee's expectation from employer that he/she will be treated with respect and dignity. Employer will not discriminate on the basis of cast, creed, religion, gender, etc.

### 4) Freedom to Quit

Employees expect that the employer will allow the employee to quit the job whenever he/she wants rather than forced to stay on the basis of contract entered into.

### 5) Work-Life Balance

An employee expects that the employer will provide him/her time for family commitment too. Freedom will be given to employee to engage in personal commitments.

### 6) Recognition from Top Management

An employee expects that his/her employer must honour and acknowledge employee's contribution. Employee must be given monetary and non-monetary benefits.

### 7) Leadership and Motivation

The employees expect that the employer will provide leadership opportunities to him/her. Recognition leads to motivation. Employee also expects compensation similar to those of other employees doing the same type of job. Employees also expect that compensation must be related to performance.

### 8) Feedback

Employees expect from the employer that he/she must be given adequate feedback about his/her performance in order to improve rather than to punish.

### 9) Trust

Employees expect that the employer would trust him/her and the employer would provide challenging, interesting and meaningful duties and responsibilities and also provide decision making authority to take decisions with trust on employees that they will not misuse such authority.

## EMPLOYER CONTENTS IN IT SECTOR

### a) Loyalty

It is an employer's expectation that the employee will be loyal to the organization. The information about the organization will not be shared by the employee for personal gains. Confidentiality will be maintained.

### b) Performance

It is an employer's expectation that the employees will perform their job to the best of their abilities in a focused manner and shall achieve given targets and goals of the organization with given resources.

### c) Adaptability

It is an employer's expectation that the employee will quickly adapt to the changing business conditions, changing nature of the job and working environment. Employer's expectation that the employee will show a great deal of team spirit and maturity in handling different situations at the workplace.

### d) Commitment

It is an employer's expectation that the employee will commit himself/herself to the given task utilizing his/her full potential to achieve given target and goals of the organization.

### e) Compliance

It is an employer's expectation that the employee will follow the rules and regulations laid down by the organization. All employees are expected to adhere to the procedures laid down.

### f) Respect

It is an employer's expectation that the employee will treat all colleagues and superiors with respect. Moreover, employer expects that employees will not discriminate each other on the basis of caste, creed, religion, gender, etc.

### g) Meet organizational goals

It is an employer's expectation that the employee will commit himself/herself to the organizational goals with the given amount of resources. Further they expect that the employee will shoulder the given responsibilities and ensure stability in job performance.

## CONCLUSION

Psychological contracts consist of the beliefs employees hold regarding the terms and conditions of the exchange agreement between themselves and their organizations. The traditional employment relationship has been changed over a period of time. Recent researches on psychological contracts have generally focused

on two areas. First, the changing nature of the psychological contract and the general decline in mutual loyalty between employees and their organizations. Second, the negative consequences of psychological contract breach (or violation) on employee attitudes and behaviors. Thirdly, the psychological contract and its contents vary from industry to industry. It is worth taking seriously because of the possible detrimental effects of breach on organizational as well as employee outcomes. It is more pertinent for the IT sector (where labour turnover is relatively very high) to understand the above PC contents to formulate appropriate strategies for developing conducive and congenial working environment and thereby reducing the detrimental effects to the organization.

## REFERENCES

1. Anderson, N., & Schalk, R. (1998). The psychological contract in retrospect and prospect. *Journal of Organisational Behavior*, 19, 637-647. Andersson, L. M. (1996). Employee cynicism: an examination using a contract violation framework. *Human Relations*, 49(11), 1395-1418.
2. Argyris, C. (1960). *Understanding organisational behaviour*. Homewood, Illinois: Dorsey Press.
3. Coyle-Shapiro, Jackie, Ian Kessler. 2000. Consequences of the psychological contract for the employment relationship: A large scale survey. *J. Management Stud.* 37(7) 903–930.
4. Freese, C. and Schalk, (1996). 'Implications of differences in psychological contracts for human resources management'. *European Journal of Work and Organisational Psychology*, Vol. 5, 501-509
5. Robinson, S.L., Kraatz, M.S., & Rousseau, D.M. Changing obligations and the psychological contract: A longitudinal study. *Academy of Management Journal*, 1994, 37, 137-152.
6. Robinson, Sandra L., Denise M. Rousseau. 1994. Violating the psychological contract: Not the exception but the norm. *J. Organ. Behavior* 15(3) 245–260.
7. Rousseau, D.M. (1989) New hire perspectives of their own and their employer's obligations: A study of psychological contracts, in *Journal of Organisational Behaviour* 11, pp. 389-400.
8. Rousseau, Denise M. 1989. Psychological and implied contracts in organization. *Employee Responsibilities Rights J.* 2(2) 121–139.

**INTERMEDIARY LIABILITIES: COMPARATIVE STUDY OF VARIOUS JURISDICTIONS**

**ASTITWA BHARGAVA**  
**RESEARCH SCHOLAR**  
**NATIONAL LAW UNIVERSITY**  
**JODHPUR**

**DR. MANMEETA SAXENA**  
**ASSOCIATE PROFESSOR**  
**NATIONAL LAW UNIVERSITY**  
**JODHPUR**

**ABSTRACT**

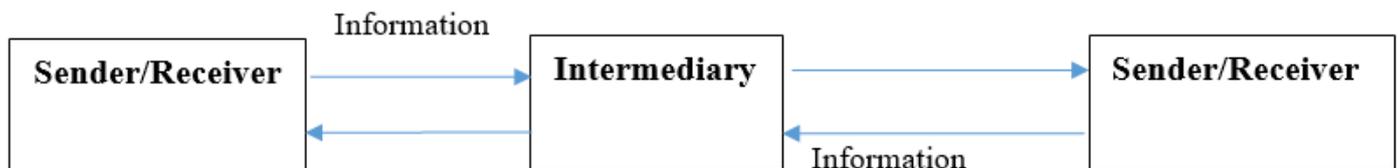
Service providers have become an indispensable part of the society and an intermediary is one of them. The role of an intermediary is crucial, as they act as a connecting knob between the two entities for the exchange of information, services, etc. and this imposes a prodigious responsibility to protect the data transmitted through them. Various jurisdictions enforce a wide range of liabilities on the intermediaries depending on the type of services they deliver. This research paper focuses on the liabilities of the intermediaries in United States of America, United Kingdom and India. The paper also discusses the need for these restrictions to be imposed on the intermediaries with the help of the judicial development.

**KEYWORDS**

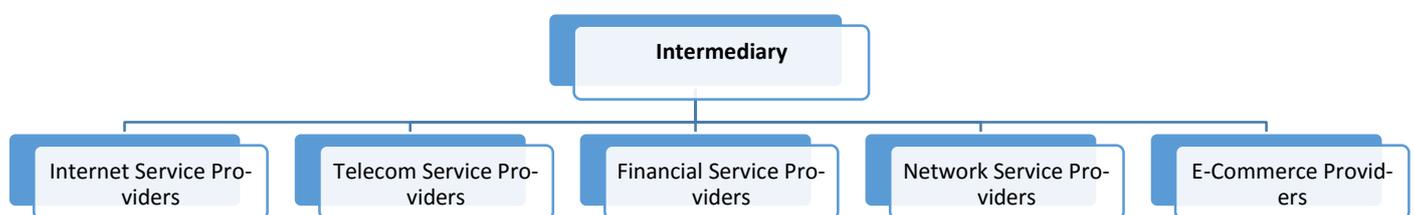
data protection, data privacy, intermediary, intermediary liabilities, internet service provider (isp), telecom service provider (tsp), network service provider (nsp).

**1. INTRODUCTION**

Internet which can be defined as the “network of networks”, has become a vital part of our life. Internet uses various ‘Information and Communication Technology’<sup>1</sup> tools and techniques to provide services to the Netizens<sup>2</sup>. Intermediaries<sup>3</sup> play a crucial role in providing Internet services to these netizens. An “intermediary”, with respect to any particular electronic records<sup>4</sup> means any person who on behalf of another person receives, stores or transmits that record or provides any services with respect to that record.<sup>5</sup>

**FIG. 1: FUNCTIONING OF AN INTERMEDIARY**

Intermediaries operate via software which processes information<sup>6</sup> automatically and without the knowledge of its content or the nature of the transaction, in some cases they are the most easily identified targets for legal activity if information content which they carry infringes a third party's right.<sup>7</sup> The classification of the intermediaries is made on the basis of the services they provide to their users like financial services, internet services, network services, telecom services, etc.

**FIG.2: CATEGORIES OF AN INTERMEDIARY<sup>8</sup>**

<sup>1</sup>Information and Communications Technology-or technologies is an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as videoconferencing and distance learning. Available at <<http://searchcio.techtarget.com/definition/ICT-information-and-communications-technology-or-technologies>> Accessed on August 12, 2015

<sup>2</sup>Netizens are the users of Internet.

<sup>3</sup>Sec. 2(1)(w) of the Information Technology Act, 2000 defines “intermediary”, with respect to any particular electronic records, means any person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes telecom service providers, network service providers, internet service providers, web-hosting service providers, search engines, online payment sites, online-auction sites, online-market places and cyber cafes.

<sup>4</sup>Sec. 2(1)(t) of the Information Technology Act, 2000 defines “electronic record” means data, record or data generated, image or sound stored, received or sent in an electronic form or micro film or computer generated micro fiche.

<sup>5</sup>Vakul Sharma, “Information Technology Law & Practice (Law & Emerging Technology Cyber Law & E-Commerce)”, Third Edition, 2013 (Reprint), Universal Law Publishing Co., ISBN: 978-93-5035-000-3, pg. no. 278

<sup>6</sup>Sec. 2(1)(v) of the Information Technology Act, 2000 defines “information” includes data, message, text, images, sound, voice, codes, computer programmes, software and data-bases or micro film or computer generated micro fiche.

<sup>7</sup>Chris Reed, “Internet Law”, Second Edition, 2010 (Reprint), Universal Law Publishing Co., ISBN:978-81-7534-474-7, pg.no.89.

<sup>8</sup>Categories of an Intermediary are not limited to this; they may vary depending on the type of service they offer.

Intermediaries' holds a great responsibility of not only providing the platform for the users but also to exchange the information (data message<sup>9</sup>) among the users and this brings a wide range of liabilities on them. The intermediary liabilities differ from jurisdiction to jurisdiction and subject matter to subject matter. Most of the countries around the globe have imposed liabilities on the intermediaries with respect to the third party data<sup>10</sup>. In 2008, India has also become a part of this club after imposing liabilities on the intermediaries after the amendment in Information Technology Act, 2000.

Vicarious liability arises where there is pre-existing relationship between defendant and infringer, such that the defendant potentially benefits from the infringer's activities.<sup>11</sup> For most ISPs, the mere fact that they provide internet access which enables users to access infringing material will not amount to contributing infringement, as they will have no knowledge of what their users are using that access for. However, intermediaries who have a closer connection with websites from which infringing material is available may be at risk of liability, particularly if they get benefited indirectly from the existence of those websites and have received notice that they are playing a role in the infringing activities.<sup>12</sup>

China, in particular, has decided to regulate ISPs by imposing obligations to monitor and control the content that transmits through their systems. The model uses the mixture of positive law and self-regulation.<sup>13</sup>

To control the working of the intermediaries, United Nations Educational, Scientific and Cultural Organization<sup>14</sup> (UNESCO) also issued a report on "Fostering Freedom Online, the Role of Internet Intermediaries" prepared by UNESCO's Division for Freedom of Expression and Media Development. The report was published to shed light on how internet intermediaries' services that arbitrate online communication and help various forms of online expression both foster and restrict freedom of expression across a range of jurisdictions, situations, technologies, and business models. The report focuses on the privacy issues in the online medium. The report is divided in the three sections namely Study-1 (Internet Service Providers), Study-2 (Search Engines) and Study-3 (Social Networking Platforms). It also discusses the laws and regulations related to the data privacy and intermediaries' liabilities.

## 2. INTERMEDIARY LIABILITIES IN UNITED KINGDOM

The UK Data Protection Act, 1998 defines 'data'<sup>15</sup> and 'personal data'<sup>16</sup>, both the categories are handled by the intermediaries. In *Godfrey v. Demon Internet Ltd.*,<sup>17</sup> the defendant ISP carried the newsgroup 'soc.culture.thai' and reserved postings in that hierarchy for about a fortnight during which time the posting was present to be read by its customers. On 13 January, 1997 someone McNow made a posting in the US in the newsgroup. This posting was improper, obscene and defamatory. On 17 January, 1997 the plaintiff, who was resident in England sent a letter by fax to the defendants, which requested them to remove the posting from their Usenet news server. The defendants could have removed the posting when they received the plaintiff's request, but it remained available until it got expired on or about 27 January, 1997. The plaintiff claimed damages for libel in respect of the posting after 17 January, 1997.

The U.K. Defamation Act, 1996 contains an "innocent dissemination" defense which is available only if the defendant takes "reasonable care," and "is unaware, and having no reason reason to believe," that he was publishing a defamatory statement. The court held that, since Demon was informed of the posting, it did not satisfy those two requirements, and was not entitled for the defense.

Moorland J. held:

*"In my judgment, the defendant, whenever it transmits and whenever there is transmitted from the storage of its news server a defamatory posting, publish that posting to any subscriber to its ISP who accesses the newsgroup containing that posting. Thus every time one of the defendant's customers accesses 'soc.culture.thai' and sees that posting defamatory of the plaintiff, there is a publication to that customer".*

*....."the situation is analogous to that of the bookseller who sells a book having defamatory content for the plaintiff, to that of the circulating library who provided books to subscribers and to that of distributors. I do not accept the argument that the defendant was merely the owner of an electronic device through which postings were transmitted" .....*

However, in *Bunt v. Tilley*<sup>18</sup>, the question was- whether an ISP could be held liable for having 'published' a defamatory statement where the extent of its involvement in the publication was that others had published the words complained of 'via the services provided' by the ISP. The ISPs sued in this case did not, unlike in *Godfrey v. Demon Internet. Ltd.*<sup>19</sup>, host the websites complained of, but merely provided the means by which the messages were conveyed between the author and the websites.

It was held by Easy I J., that-

*"an Internet Service Provider which acted not more than a passive role in facilitating postings on the internet could not be considered to be a publisher at common law. It was essential to demonstrate a degree of awareness or at least a presumption of general responsibility, such as had long been recognized in the context of editorial responsibility, in order to impose legal responsibility under the common law for the publication of words. Although it was not always required to have knowledge of defamatory content to be liable for defamatory publication, there had to be knowing participation in the process of publication of the relevant words. It was not enough that a person had played just a passive influential role in the process."*

<sup>9</sup> Article 1 (a) of the UNCITRAL Model Law on E-Commerce, 1996 defines "Data message" as information generated, sent, received or stored by electronic, optical or similar means including, but not limited to, electronic data interchange (EDI), electronic mail, telegram, telex or telecopy;

<sup>10</sup> Sec. 2(1)(o) of the Information Technology Act, 2000 defines "data" means a representation of information, knowledge, facts, concepts or instructions which are being prepared or have been prepared in a formalized manner, and is intended to be processed, is being processed or has been processed in a computer system or computer network, and may be in any form (including computer printouts, magnetic or optical storage media, punched cards, punched tapes) or stored internally in the memory of the computer;

<sup>11</sup> Performing Right Society Ltd. v. Bradford Corp. [1917-23] Mac CC 309, Australasian Performing Rights Association v. Miles [1962] NSW 405

<sup>12</sup> In Perfect 10 Inc. v. Cybernet Ventures Inc. Case No. CV 01-2595LGB (SHX)

<sup>13</sup> Chris Reed, "Internet Law", Second Edition, 2010 (Reprint), Universal Law Publishing Co., ISBN: 978-81-7534-474-7, pg.no.95

<sup>14</sup> UNESCO is a specialized agency of the United Nations (UN). Its purpose is to contribute to peace and security by promoting international collaboration through education, science, and culture to further universal respect for justice, the rule of law, and human rights along with fundamental freedom proclaimed in the United Nations Charter. It is the heir of the League of Nations' International Committee on Intellectual Cooperation. UNESCO has 195 member states and nine associate members. Most of its field offices are "cluster" offices covering three or more countries; national and regional offices also exist.

<sup>15</sup> The UK Data Protection Act, 1998 defines 'data' as information which-

- a) is being processed by means of equipment operating automatically in response to instructions given for that purpose,
- b) is recorded with the intention that it should be processed by means of such equipment,
- c) is recorded as part of a relevant filing system or with the intention that it should form part of a relevant filing system, or
- d) does not fall within paragraph (a), (b), or (c) but forms part of an accessible record.

<sup>16</sup> UK Data Protection Act, 1998 defines 'personal data' as data, which relates to a living individual who can be identified-

- a) from the data, or
- b) from the data and other information which is in the possession of, or is likely to come into the possession of, the data controller,
- c) and includes any expression of opinion about the individual and any indication of the intentions of the data controller or any other person in respect of the individual.

<sup>17</sup> (1999) 4 All ER 342 (HC)

<sup>18</sup> [2006] EWHC 407: [2006] 3 All ER 336 (QB)

<sup>19</sup> Supra 12

On the evidence in the instant case the claimant had no realistic way to establish that any of the internet service provider defendants had, in meaningful-sense, knowingly participated in the relevant publications. Publication is a question of fact, and it must depend on the circumstances of each case whether or not publication has taken place. The analogies that were held to inappropriate in Godfrey's case might yet be upheld where the facts do not disclose onward transmission with knowledge of the defamatory content.

To identify the accountability conditions for the intermediaries, the European Commission's Directive [2000/31/ EC, dated June 8, 2000] is consistent with the section 230 of the Communications Decency Act, 1996. It's Articles 12<sup>20</sup>, 13<sup>21</sup> and 14<sup>22</sup> highlight the extent of ISPs liability. Subsequently, the Electronic Commerce (EC Directive) Regulations, 2002, came into force in August, 2002. These Regulations define the circumstances in which Internet intermediaries should be considered liable for material which is hosted, cached, or carried by them but which they did not create. It is obligatory that the role of an ISP should be seen from its functional attributes.

### 3. INTERMEDIARY LIABILITIES IN US

The U.S. Congress enacted what is now known mainly as "Section 230"<sup>23</sup> to advance three policy goals:

- (a) to promote the continued rapid and innovative development of the Internet and other interactive media;
- (b) to remove disincentives to voluntary self-screening of content by service providers; and
- (c) to promote the development of tools (like filters) that maximize user control over what information the user receives online.

The Act was first applied in *Zemin v. America Online Inc.*,<sup>24</sup> where the court held: "Congress enacted § 230 to remove restraint to self-regulation worrying that the specter of liability would deter service providers from blocking and screening offensive material § 230 forbid the imposition of publisher liability on a service provider for the exercise of its editorial and self-controlling functions".

In *Doe v. America Online Inc.*,<sup>25</sup> plaintiff sued AOL for allowing a subscriber, one Russell, to use its chat rooms for marketing videotapes and photographs consisting of child pornography which plaintiff's minor son appears. The complaint alleged that AOL was negligent per se in allowing Russell to use its facilities for criminal distribution of obscene materials, and that it was likewise negligent on common-law principles. Plaintiff alleged that AOL had got complaints about Russell's utilize of its facilities for illegal purposes, but that "AOL neither warned Russell to end nor suspended his service." The Florida Supreme Court held that section 230 immunized AOL from negligence of liability based on a subscriber's use of its facilities to distribute child pornography.

By its plain language, section 230 creates a federal immunity to any cause of action that would make service providers liable for information originating with a third-party user of the service. In *Ben Ezra, Weinstein, and Co. v. America Online Inc.*,<sup>26</sup> the court held that section 230 insulated AOL from liability based on erroneous stock information that it provided. Plaintiff had alleged causes of action on account of negligence as well as defamation. The immunity conferred by section 230 is implemented to any "provider or user of an interactive computer service"<sup>27</sup>. In *Schneider v. Amazon.com, Inc.*,<sup>28</sup> an author sued Amazon.com for defamation and tortious intervention with a business expectancy, based on a negative and allegedly defamatory book review displayed by a third party. The plaintiff argued that Amazon.com was not a provider of an interactive computer service, as it did not help access to the Internet: to visit the site, a user must already be online through some other service provider. The court rejected plaintiff's argument explaining that Amazon's website postings appear indistinguishable from AOL's message board [in *Zoran v. America Online*] for section 230 purposes. Schneider points out those web site operators do not provide access to the internet, but this is irrelevant. That is, Amazon's web 'site allow visitors to the site to comment about authors and their work, thus providing an intonation service and hence could be referred as an interactive computer service.

### 4. INTERMEDIARY LIABILITIES IN INDIA

Intermediary plays a vital role in the development and growth of a nation. Especially in India after 1980, the role of intermediaries is very significant for the progress of Information and Communication Technology. The effective functioning of an Intermediary depends on the amount of freedom they have, but the regulations are essential as this freedom is not absolute. Clause 32 and Clause 33 of the "License Agreement for Provision of Internet Services" gives certain obligations regarding the 'confidentiality of the information'.<sup>29</sup>

<sup>20</sup>The ISP is not liable as long as it acts as a mere conduit of information provided by others. This immunity is applicable to the automatic intermediate and transient storage of the information transmitted only if the storage is "for the sole purpose of carrying out the transmission in the communication network, and provided that the information is not stored for any period longer than is reasonably necessary for the transmission"

<sup>21</sup>An ISP is not liable based on "caching," that is, "the automatic, intermediate and temporary storage of tilt information, perfumed for the sole purpose of making more efficient the informal-ion's onward transmission to other recipients of the service upon their request," if certain conditions are met, including:

- (a) the provider complies with rules regarding the updating of the information, specified in a manner widely recognized and used by industry;
- (b) the provider does not interfere with the lawful use of technology, widely recognized and used by industry, to obtain data on the use of the information; and
- (c) the provider acts expeditiously to remove or to disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.

<sup>22</sup>An ISP is not liable based on hosting a website or other material;

- (a) the provider does not have actual knowledge of illegal activity dr. information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or
- (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

<sup>23</sup>The Communications Decency Act of 1996 provides:

Section 230(c)(1): No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider.

Section 230(e)(2): The term "interactive computer service" means "any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including specifically a service or system that provides access to the internet and such systems operated or services offered by libraries or educational institutions."

Section 230(e)(3): The term "information content provider" as "any person or entity that is responsible, in whole or in part, for the creation or development of information provided through the Internet or any other interactive computer service".

<sup>24</sup> 129 F.3d 327, 330-31 (4<sup>th</sup> Cir. 1997)

<sup>25</sup> 783 So. 2d 1010 (Fla. 2001)

<sup>26</sup> 206 F.3d 980 (10<sup>th</sup> Cir. 2000)

<sup>27</sup> Sec 230 (f)(2) the term "interactive computer service" is defined as "any information service, system, or access software provider that provides or enables computer access by multiple users to a computer server, including specifically a service or system that provides access to the Internet and such systems operated or services offered by libraries or educational institutions".

<sup>28</sup> 31 P. 3d 37 (Wash. Ct. App. 2001)

<sup>29</sup>32.1 The LICENSEE shall not employ bulk encryption equipment in its network. However, the LICENSEE shall have the responsibility to ensure protection of privacy of communication and to ensure that unauthorized interception of MESSAGE does not take place.

32.2 Subject to conditions contained in these terms and conditions, the LICENSEE shall take all necessary steps to safeguard the privacy and confidentiality of any information about a third party and its business to whom it provides the SERVICE and from whom it has acquired such information by virtue of the SERVICE provided and shall use its best endeavors to secure that:

It also prohibits the intermediaries for performing certain activities.<sup>30</sup>Section 79 of the IT Act, 2000<sup>31</sup> provides this balance between "necessity of technology" and "necessity of technology", the intermediaries being facilitator of third party information, data, or communication link may be held liable for copyright infringement, trademark infringement/ dilution, privacy violations, obscenity, defamation, child pornography, spamming, etc. The offended parties may not only seek injunctions against such intermediaries to block/ remove the offending content, but may also initiate civil and criminal proceedings against them.

Section 79<sup>32</sup> of the IT Act, 2000 is for governing the functioning of the intermediaries. Significantly, in the amended section, the burden of proof is no longer with the intermediaries. It is for the prosecution to establish the liability of an intermediary. Earlier, under the previous Act, section 79 provided that "no person providing any service as a network service provider shall be liable.... if he proves"<sup>33</sup> placing the burden of proof on the intermediary to preclude liability. Under the exemption rule [sub-section (2) and (3) of Section 79 of the IT Act, 2000] the intermediaries are not liable for any third party information, data, or communication link made available or hosted by him. An intermediary may get the exemptions under Section 79 only if they it fulfills the criterion<sup>34</sup> under sub-section (2) and (3).

(i) No person acting on behalf of the LICENSEE or the LICENSEE divulges or uses any such information except as may be necessary in the course of providing such SERVICE to the Third Party; and

(ii) No such person seeks such information other than is necessary for the purpose of providing SERVICE to the Third Party.

Provided the above para shall not apply where:

(i) The information relates to a specific party and that party has consented in writing to such information being divulged or used, and such information is divulged or used in accordance with the terms of that consent; or

(ii) The information is already open to the public and otherwise known.

32.3 The LICENSEE shall take necessary steps to ensure that the LICENSEE and any person(s) acting on its behalf observe confidentiality of customer information.

32.4 The LICENSEE shall, prior to commencement of SERVICE, confirm in writing to the LICENSOR that the LICENSEE has taken all necessary steps to ensure that it and its employees shall observe confidentiality of customer information.

<sup>30</sup> 33.1 The LICENSEE shall not engage on the strength of this LICENCE in the provision of any other Service requiring separate license.

33.2 To remove any doubt, it is, hereby, clarified that nothing contained in condition in Para above shall preclude the LICENSEE from engaging in advertising and promotional activities relating to any of the service.

33.3 The LICENSEE shall take necessary measures to prevent objectionable, obscene, unauthorized or any other content, messages or communications infringing copyright, intellectual property etc., in any form, from being carried on his network, consistent with the established laws of the country. Once specific instances of such infringement are reported to the LICENSEE by the enforcement agencies, the LICENSEE shall ensure that the carriage of such material on his network is prevented immediately.

33.4 The LICENSEE is obliged to provide, without any delay, all the tracing facilities to trace nuisance, obnoxious or malicious calls, messages or communications transported through his equipment and network, to authorized officers of Government of India including Police, Customs, Excise, Intelligence Department officers etc. when such information is required for investigations or detection of crimes and in the interest of national security. Any damages arising on account of LICENSEE's failure in this regard shall be payable by the LICENSEE.

33.5 In case any confidential information is divulged to the LICENSEE for proper implementation of the agreement, it shall be binding on the LICENSEE and its employees and servants to maintain its secrecy and confidentiality.

33.6 Obscene material and applicability of Cyber Laws: The LICENSEE shall ensure that objectionable, obscene, unauthorised or any other content, messages or communications infringing copyright, Intellectual property right and international & domestic cyber laws, in any form or inconsistent with the laws of India, are not carried in his network, the ISP should take all necessary measures to prevent it. In particular, LICENSEE is obliged to provide, without delay, all the tracing facilities of the nuisance or malicious messages or communications transported through his equipment and network, to authorised officers of Government of India/State Government, when such information is required for investigations of crimes or in the interest of national security. The activities shall also be complied with the provisions of the Information Technology (IT) Act 2000, as modified from time to time. Any damages arising out of default on the part of licensee in this respect shall be sole responsibility of the licensee.

33.7 The use of the network for anti-national activities would be construed as an offence punishable under the Indian Penal Code or other applicable law. The networks cannot be used in such a manner as to endanger or make vulnerable a networked infrastructure. Acts such as break-ins or attempted break-ins of Indian networks shall be regarded as an anti-national act and shall be dealt with in accordance with the Indian Penal Code. ISPs must ensure that their services are not used for such purposes.

<sup>31</sup> Exemption from liability of intermediary in certain cases.

(1) Notwithstanding anything contained in any law for the time being in force but subject to the provisions of sub-section (2) and (3), an intermediary shall not be liable for any third party information, data, or communication link made available or hosted by him.

(2) The provisions of sub-section (1) shall apply if-

(a) the function of the intermediary is limited to providing access to a communication system over which information made available by third parties is transmitted or temporarily stored or hosted; or

(b) the intermediary does not-

(i) initiate the transmission,

(ii) select the receiver of the transmission, and

(iii) select or modify the information contained in the transmission;

(c) the intermediary observes due diligence while discharging his duties under this Act and also observes such other guidelines as the Central Government may prescribe in this behalf.

(3) The provisions of sub-section (1) shall not apply if-

(a) the intermediary has conspired or abetted or aided or induced, whether by threats or promise or otherwise in the commission of the unlawful act;

(b) upon receiving actual knowledge, or on being notified by the appropriate Government or its agency that any information, data or communication link residing in or connected to a computer resource controlled by the intermediary is being used to commit the unlawful act, the intermediary fails to expeditiously remove or disable access to that material on that resource without vitiating the evidence in any manner.

<sup>32</sup> Id

<sup>33</sup> Section 79 of the IT Act, 2000 (before Amendment) Network service providers not to be liable in certain cases.

For the removal of doubts, it is hereby declared that no person providing any service as a network service provider shall be liable under this Act, rules or regulations made thereunder for any third party information or data made available by him if he proves that the offence or contravention was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence or contravention.

Explanation: For the purposes of this section,-

(a) "network service provider" means an intermediary;

(b) "third party information" means any information dealt with by a network service provider in his capacity as an intermediary;

<sup>34</sup>Criterion 1:

(a) the intermediary merely provides access to third-party information, which is transmitted or temporarily stored or hosted by such intermediary and includes:

(i) storage for the purpose of carrying out transmissions (mere conduit), or

(ii) storage for the purpose of making more efficient the information's onward transmission (proxy caching), or

(iii) storage of information provided by a subscriber (hosting). Or

"Due diligence"<sup>35</sup> means reasonable measures taken by a person in order to avoid commission of offence or contravention, i.e., adopting necessary and reasonable steps to find if the information content it transmits is unlawful. A due diligence exercise is a statutory duty on the part of the intermediary to observe regulatory practices/ guidelines as maybe prescribed by the Central Government to prevent transmission or publication of the unlawful content. However, it is imperative to know that in *J.M. Mutual Fund and J.M. Capital Management Pvt. Ltd. v. Securities and Exchange Board of India*, it was held by the Securities Appellate Tribunal (SAT), Mumbai:

*"In our view no hard and fast rule or straight jacket method can be applied with respect to the principles of due diligence. Due diligence is nothing but a watchful caution and foresight as the circumstances of the particular case demands, the due diligence is an obligation to exercise reasonable care.*

Further the Supreme Court in *Chander Kanta Bansal v. Rajinder Singh Anand*,<sup>36</sup> *Arijit Pasayat and P. Sathasivarn, JJ.* Observed:

*The words "due diligence" is undefined in the Code. According to Oxford Dictionary (Edition 2006), the word "diligence" means careful and persistent application or effort. "Diligent" means careful and steady in application to one's work and responsibilities, showing care and effort. As per Black's Law Dictionary (8th End.), "diligence" means a continual effort to fulfill something, care; caution; the attention and protection required from a person in a given situation. "Due diligence" means the diligence reasonably awaited from, and normally exercised by, a person who seeks to fulfill a legal requirement or to remove an obligation. According to Words and Phrases by Drain-Dyspnea (Permanent Edition 13A) "due diligence", in law, means doing everything reasonable and rationale, not everything possible. "Due diligence" means reasonable diligence; it means such diligence as a wise man would exercise in the conduct of his own affairs....*

In *Sanjay Kumar Keddie v. Narcotics Control Bureaus*,<sup>37</sup> the petitioner's plea for seeking immunity from liability under the old Section 79 of the IT Act, 2000 was declined by the court since the petitioner's company Xponse Technologies Ltd. and Xpose IT Services Pvt. Ltd headed by Sanjay Kedia, were with clear knowledge and mala fide actions marketing through their own websites large quantity of psychotropic substances (Phentermine and Butalbital) to US and other countries violating the Narcotic Drugs and Psychotropic Substance Act, 1985. Hence, they were not entitled to immunity granted to intermediaries under Section 79 of IT Act, 2000.<sup>38</sup>

The question before the Supreme Court was- whether the company selling huge quantities of prescription drugs on Internet could be granted immunity, being a network service provider?

It was held by S.B. Sinha & Harjit Singh Bedi, JJ:

*"...That the Pones Technologies Ltd and Pones IT Services Pvt. Ltd. were not acting merely as a network service provider but were actually running internet pharmacy and dealing with prescription drugs like Phentermine and Butalbital." We thus find that the appellant and his associates were not innocent intermediaries or network service providers as defined under section 79 of the Technology Act but the said business was only a facade and camouflage for more sinister activity. In this situation, section 79 will not grant immunity to an accused who has violated the provisions of the Act as this provision gives immunity from prosecution for an offence only under Technology Act itself."*

In the famous *Bazee.com*<sup>39</sup> case tried under earlier Section 79<sup>40</sup>, the Court observed that the Director and CEO of Bazee.com could not prove lack of knowledge and that he had adopted due diligence in performing its duties when a third party placed a Delhi Public School MMS clip on its auction site Bazee.com. The court not only held that ISP could not escape liability under Section 79 of IT Act, 2000 but also explained a very important aspect of vicarious liability vis a vis ISPs. The Director's FIR was not quashed on ground that under Section 85<sup>41</sup> of the IT Act, 2000 where a director is vicariously liable for acts committed by the company as the director was in charge of conduct of business of the company when contravention was made. The court held that under Section 292 of Indian Penal Code, 1860, there is "no automatic liability" of a director for publication of obscene matter by a third party on its website as *mens rea* cannot be proved, therefore, FIR can be quashed against director but under IT Act, 2000 vicarious liability exists as "the deemed criminal liability of the directors even where the company is not arraigned as an accused and can be later added" and therefore, FIR under Section 67<sup>42</sup> (for publishing obscene content) read with Section 85<sup>43</sup> (dealing with offences by companies) cannot be quashed.

Since no due diligence standards were expressly prescribed and no safe harbor protection or exclusions for third party content transmissions or display were granted to internet service providers under old Section 79, the FIR was not quashed as despite actual notice infringing material was not removed for 2 days and

Criterion 2:

(b) the intermediary being a facilitator only plays a passive role in the sense that it does not:

- (i) initiate the transmission,
- (ii) select the receiver of the transmission, and
- (iii) select or modify the information contained in the transmission.

Criterion 3:

(c) the intermediary observes due diligence while discharging his duties under this Act and also observes such other guidelines as the Central Movement may prescribe in this behalf.

<sup>35</sup> "Such a measure of prudence, activity or assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent man under the particular circumstances; not measured by any absolute standard, but depending on the relative facts of the special case." Available at Black's Law Dictionary, 6th Edition, pg. no. 457

<sup>36</sup> AIR 2008 SC 2234

<sup>37</sup> Criminal Appeal No. 1659 of 2007, SLP (Crl.) No. 3892 of 2007.

<sup>38</sup> Karnika Seth, "Computers, Internet, and New Technology Law", First Updated Edition, LexisNexis, 2013, ISBN:978-81-8038-903-0 pg.no. 476.

<sup>39</sup> Avnish Bajaj v State, on 29th May, 2008, 150 (2008) DLT 769, (2008) 105 DR] 721.

<sup>40</sup> Supra 31

<sup>41</sup> Offences by companies- (1) Where a person committing a contravention of any of the provisions of this Act or of any rule, direction or order made thereunder is a company, every person who, at the time the contravention was committed, was in charge of, and was responsible to, the company for the conduct of business of the company as well as the company, shall be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to punishment if he proves that the contravention took place without his knowledge or that he exercised all due diligence to prevent such contravention.

(2) Notwithstanding anything contained in sub-section (1), where a contravention of any of the provisions of this Act or of any rule, direction or order made thereunder has been committed by a company and it is proved that the contravention has taken place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

Explanation- For the purposes of this section,

- (i) "company" means any body corporate and includes a firm or other association of individuals; and
- (ii) "director", in relation to a firm, means a partner in the firm.

<sup>42</sup> Punishment for publishing or transmitting obscene material in electronic form. Whoever publishes or transmits or causes to be published or transmitted in the electronic form, any material which is lascivious or appeals to the prurient interest or if its effect is such as to tend to deprave and corrupt persons who are likely, having regard

to all relevant circumstances, to read, see or hear the matter contained or embodied in it, shall be punished on first conviction with imprisonment of either description for a term which may extend to three years and with fine which may extend to five lakh rupees and in the event of a second or subsequent conviction with imprisonment of either description for a term which may extend to five years and also with fine which may extend to ten lakh rupees.

<sup>43</sup> Supra 40

its internal filters failed despite filters installed to check obscene information as the MMS clip used terms that were in filter blacklist. The traditional concept of vicarious liability requires that the defendant and actual infringer have an association of employment or partnership that invokes 'enterprise liability' on master if an employee negligently performs his duties as his acts bind the master in transactions as regards third parties.

In *Avnish Bajaj v State*<sup>44</sup>, vicarious liability was held to exist as enterprise liability. Later this decision was overruled. In *Aneeta Hada v M/s. Godfather Travels & Tours (P) Ltd.*<sup>45</sup> the Hon'ble Supreme Court considered the case of *Avnish Bajaj* along with other criminal appeals involving same question of law, whether a director can be held liable even where a company is not arraigned as an accused. The court took the view that under Section 85 of the Information Technology Act, 2000, which provides for deemed liability of directors in case of offences committed by companies, a director cannot be held liable without impleading the company as an accused. The court quashed the proceedings against the appellant director as the company was not even arraigned as an accused. The court applied the doctrine of strict construction, and took the view that commission of offence by the company is an express condition precedent to attract the vicarious liability of others. However, after the amendment in Section 79 of IT Act, 2000 the law became clearer as an intermediary is not liable unless there is actual knowledge with intermediary or intermediary modifies/selects third party content it publishes.

In *Goerner Infrastructure Equipment's Projects Ltd. v. Google India*<sup>46</sup>, the Bombay High Court held:

.....*prima facie*, at present stage, there is merit in the contention of the Plaintiffs that the article [Toxic Fumes] put up by the defendant on the blog site is defamatory defendant to disclose particulars, names and the address of the person who is author of the article".

Similarly, there have been at least hundred cases [Civil Suits] in India, wherein various High Courts have issued ad-interim injunctions against the intermediaries. The list includes, *Yugant Ram Marlapalle v. Union of India*<sup>47</sup>, *Mohit Kumar v. hh.mohitkumar@gmail.com*<sup>48</sup>, *JCB India v. Abhinav Gupta*<sup>49</sup>, *JCB India v. IP Address 122.163.98.166*<sup>50</sup>, *JCB India v. abhinavdeepti@indiatimes.com*<sup>51</sup>, *VMD CAD & Graphic Technologies v. Ambuj Kumar Goel*<sup>52</sup>, etc. In *Umashankar Sivasubramaniam v. ICICI*<sup>53</sup> court held that "the respondent bank has failed to put in place a foolproof Internet Banking System" with adequate levels of authentication and validation which would have prevented unauthorized access. Bank was found liable for not placing the adequate measures for the protection of information.

The Ministry of Communications and Information Technology, government of India issued the Information Technology (Intermediaries Guidelines) Rules in 2011. These rules lay down the due diligence requirements of intermediaries, inter alia, obligation to publish rules, privacy policy and terms of use agreement.<sup>54</sup> Rule 3(2) makes intermediaries responsible for informing the users of prohibition to host, display, upload, modify, publish transmit, update or share any information' which pertains to another person, or is defamatory or obscene, invades privacy, hate speech, encourages money laundering, or contains other unlawful content, or harmful to minors, infringes intellectual property or other proprietary rights, violates law, communicates 'grossly offensive or menacing' messages, or spoofing, phishing activities, impersonation, contain virus or other worms to damage a computer resource, or threatens 'unity, integrity, defence, security, or sovereignty of India, friendly relations with foreign States, or public order or incitement to commission of any cognizable offence or prevents investigation of any offence or insulting any other nation'.

Rule <sup>55</sup> states that intermediary shall not 'knowingly host or publish' such information or 'not initiate transmission or select the receiver of transmission and select or modify the information in the transmitted information'. Application of these provisions is likely to curtail freedom of speech and expression on the internet. Also, because the ambit of its application is quite large and vague, any form of objection or criticism may fall foul of the provision due to ambiguity in explaining meaning of "grossly offensive or menacing". Unless the intermediary verifies identity of person aggrieved, and checks if there is a legitimate complaint based on a legal provision, every frivolous complaint will be entertained by Intermediary leading to over censorship and removal of even legally valid content from internet. Rule 3(4) states that where an intermediary on its own or on actual knowledge by a complaint from an affected party in writing duly signed by electronic signature learns of unlawful content, it is responsible for disabling such content within thirty-six hours. However, a positive feature of the said rules is that it clarifies that mere transient storage of information with no human editorial control or removal of objectionable information on actual knowledge pursuant to an order or

<sup>44</sup> Supra 37

<sup>45</sup> 2012 (5) SCC 661.

<sup>46</sup> Notice of motion No. 668 of 2008 in Suit No. 506 of 2008.

<sup>47</sup> WP (Civil) 6554/2006 [Aurangabad Bench of Bombay High Court].

<sup>48</sup> CS (OS) No. 2366/2006.

<sup>49</sup> CS (OS) No. 691/2008.

<sup>50</sup> CS (OS) No. 1021/2008

<sup>51</sup> CS (OS) No. 1143/2008

<sup>52</sup> CS (OS) No. 142/2009

<sup>53</sup> Civil Jurisdiction Petition No. 2462 (2008)

<sup>54</sup> Due diligence to be observed by intermediary- The intermediary shall observe following due diligence while discharging his duties, namely:

(1) The intermediary shall publish the rules and regulations, privacy policy and user agreement for access-or usage of the intermediary's computer resource by any person.

(2) Such rules and regulations, terms and conditions or user agreement shall inform the users of computer resource not to host, display, upload, modify, publish, transmit, update or share any information that-

(a) belongs to another person and to which the user does not have any right to;

(b) is grossly harmful, harassing, blasphemous defamatory, obscene, pornographic, paedophilic, libellous, invasive of another's privacy, hateful, or racially, ethnically objectionable, disparaging, relating or encouraging money laundering or gambling, or otherwise unlawful in any manner whatever;

(c) harm minors in any way;

(d) infringes any patent, trademark, copyright or other proprietary rights;

(e) violates any law for the time being in force;

(f) deceives or misleads the addressee about the origin of such messages or communicates any information which is grossly offensive or menacing in nature;

(g) impersonate another person;

(h) contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer resource;

(i) threatens the unity, integrity, defence, security or sovereignty of India, friendly relations with foreign states, or public order or causes incitement to the commission of any cognisable offence or prevents investigation of any offence or is insulting any other nation

(3) The intermediary shall not knowingly host or publish any information or shall not initiate the transmission, select the receiver of transmission, and select or modify the information contained in the transmission as specified in sub-rule (2):

provided that the following actions by an intermediary shall not amount to hosting, publishing, editing or storing of any such information as specified in sub-rule: (2)-

(a) temporary or transient or intermediate storage of information automatically within the computer resource as an intrinsic feature of such computer resource, involving no exercise of any human editorial control, for onward transmission or communication to another computer resource;

(b) removal of access to any information, data or communication link by an intermediary after such information, data or communication link comes to the actual knowledge of a person authorised by the intermediary pursuant to any order or direction as per the provisions of the Act;

<sup>55</sup> Id.

direction envisaged by the Act will be permissible and not render an intermediary liable.<sup>56</sup> Similarly to the licensing agreement of the Intermediaries, they are also required to preserve and retain information as Central Government may specify under Section 67C of the IT Act, 2000.<sup>57</sup>

The Ministry of Communication and Information Technology (Department of Information Technology) in exercise of its power enshrined by Section 87 of The Information Technology Act notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011. These rules are read in juxtaposition with Section 43A<sup>58</sup> that fixes liability for data theft or loss on body corporate. Rule 3 sheds light on the meaning of "Sensitive Personal Data or Information"<sup>59</sup>. All business houses that collect, store, receive or transact any personal data or information is compelled to implement and pursue a privacy policy to manage sensitive personal information.

The privacy policy should proclaim what sort of personal information/ data is collected *raison d'être* for collection, disclosure norms as well as reasonable security practices being adopted by that body corporate. These rules compel the body corporate to acquire a written consent from that person whose personal information is being collected a prior notice shall be served to that person clearly explaining purpose of information collection, intended receiver of that information. In addition to that rules obligates a body corporate to retain that collected information only for the time period essential for legitimate purpose as well as the information to be used only for that purpose for which it was collected. The person whose information is being collected shall have access to his/her collected information so that correction/ updation of on request of individual can be done. It is mandatory for the body corporate to maintain security for the collected information. It requires a body corporate to espouse a reasonable security measures together with information security policy that hems in administrative, technical and physical security controls that matches with nature of business and the information assets taken into consideration.

Under Section 69B<sup>60</sup> an intermediary needs to offer technical assistance to the authorized government agency for online access to computer resource transmitting, receiving, storing of traffic data. Moreover under Section 70B(7)<sup>61</sup>, as regards protecting critical infrastructure, intermediaries are required to provide information to Indian Computer Emergency Response Team as per prescribed procedures of CERT.

## 5. CONCLUSION

Intermediaries are one of the key players in the Information and communication society. The significant role of an intermediary makes them a vital part of the society. India, US and UK have considered the intermediary liabilities as their primary concern due to the position they hold in the Information and Communication System. All the jurisdictions have implemented the rules and regulations for governing the functions of intermediaries, but more stringent regulatory frameworks are required to address the wider aspects of intermediary issues. Laws on Intermediaries liabilities are different in various nations, but there are some common elements to intermediary liability. In general, there is a recognition that intermediary who transmit information originating from third parties (including information hosted by the intermediary for such transmission) should not be absolutely liable for the actions of their users. There are two reasons for imposing liability on which most laws seem to be agreed:

- (a) Where the intermediary knows or has reason to believe that the information content it transmits is unlawful; and
- (b) Where, irrespective of the intermediary's knowledge, it benefits directly from transmission.

An additional reason for imposing liability, which is not accepted universally, is:

- (c) Where the intermediary fails to take reasonable steps to determine if the information content it transmits is lawful.<sup>62</sup>

In the above context, the concept of due-diligence and reasonable security practices are required to be strictly implemented. There is also a requirement for setting severe accountabilities for the acts of the intermediaries. There can also be a common content regulations policy in order to combat cybercrimes, hate speeches and cyber terrorism in cyberspace.

<sup>56</sup> Karnika Seth, "Computers, Internet, and New Technology Law", First Updated Edition, LexisNexis, 2013, ISBN: 978-81-8038-903-0 pg.no. 481.

<sup>57</sup> Preservation and retention of information by intermediaries- (1) Intermediary shall preserve and retain such information as may be specified for such duration and in such manner and format as the Central Government may prescribe.

(2) Any intermediary who intentionally or knowingly contravenes the provisions of sub-section (1) shall be punished with an imprisonment for a term which may extend to three years and shall also be liable to fine.

<sup>58</sup> Section 43A of Information Technology Act, 2000 explanation part clause (ii) states, "Reasonable Security Practices and Procedures means security practices and procedures designed to protect such information from unauthorized access, damage, use, modification, disclosure or impairment, as may be specified in an agreement between the parties or as may be specified in any law for the time being in force and in the absence of such agreement or any law, such reasonable security practices and procedures, as may be prescribed by the Central Government in consultation with such professional bodies or associations as it may deem fit."

<sup>59</sup> Rule 3 of the Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011 defines "sensitive personal data" means personal data as to the data subject's-

- (i) biometric data;
- (ii) deoxyribonucleic acid data;
- (iii) sexual preferences and practices;
- (iv) medical history and health;
- (v) political affiliation;
- (vi) commission, or alleged commission, of any offence;
- (vii) [ethnicity, religion, race or caste]; and
- (viii) [financial and credit information].

<sup>60</sup> Power to authorize to monitor and collect traffic data or information through any computer resource for Cyber Security. - (1) The Central Government may, to enhance Cyber Security and for identification, analysis and prevention of any intrusion or spread of computer contaminant in the country, by notification in the official Gazette, authorize any agency of the Government to monitor and collect traffic data or information generated, transmitted, received or stored in any computer resource.

(2) The Intermediary or any person in-charge of the Computer resource shall when called upon by the agency which has been authorized under sub-section (1), provide technical assistance and extend all facilities to such agency to enable online access or to secure and provide online access to the computer resource generating, transmitting, receiving or storing such traffic data or information.

(3) The procedure and safeguards for monitoring and collecting traffic data or information, shall be such as may be prescribed.

(4) Any intermediary who intentionally or knowingly contravenes the provisions of subsection (2) shall be punished with an imprisonment for a term which may extend to three years and shall also be liable to fine.

Explanation: For the purposes of this section,

- (i) "Computer Contaminant" shall have the meaning assigned to it in section 43

(ii) "traffic data" means any data identifying or purporting to identify any person, computer system or computer network or location to or from which the communication is or may be transmitted and includes communications origin, destination, route, time, date, size, duration or type of underlying service or any other information.

<sup>61</sup> 70B. Indian Computer Emergency Response Team to serve as national agency for incident response. -

(7) Any service provider intermediaries, data centers, body corporate or person who fails to provide the information called for the comply with the direction under sub-section (6), shall be punishable with imprisonment for a term which may extend to one year with fine which may extend to one lakh rupees or with both.

<sup>62</sup> Chris Reed, "Internet Law", Second Edition, 2010 (Reprint), Universal Law Publishing Co., ISBN: 978-81-7534-474-7, pg.no.121

**REFERENCES**

1. Chris Reed, "Internet Law", Second Edition, 2010 (Reprint), Universal Law Publishing Co., ISBN:978-81-7534-474-7.
2. Karnika Seth, "Computers, Internet, and New Technology Law", First Updated Edition, LexisNexis, 2013, ISBN:978-81-8038-903-0.
3. Vakul Sharma, "Information Technology Law & Practice (Law & Emerging Technology Cyber Law & E-Commerce)", Third Edition, 2013 (Reprint), Universal Law Publishing Co., ISBN: 978-93-5035-000-3.
4. Peter Carey, "Data Protection, A Practical Guide to UK and EU Law", Third Edition, Oxford University Press, 2009, ISBN 978-0-19-956354-8.
5. Apar Gupta, "Commentary on Information Technology Act", Second Edition, LexisNexis, Butter worths Wadhwa, Nagpur, 2011
6. Justice Yatindra Singh, "Cyber Laws" Fourth Edition, Universal Law Publishing Co. ISBN: 978-81-7534-831-8
7. Diane Rowland and Elizabeth Macdonald, "Information Technology Law", Third Edition, Cavendish Publishing Limited, 2000.
8. Aparna Viswanathan, "Cyber Law - Indian and International Perspectives on key topics including Data Security, E-commerce, Cloud Computing and Cyber Crimes", First Edition, LexisNexis, 2012, ISBN: 9788180387395.

## AWARENESS ON SUSTAINABILITY BASED EDUCATION FOR TEACHERS OF HIGHER EDUCATIONAL INSTITUTIONS: A CONCEPTUAL ANALYSIS

**DR. A. SENTHILKUMAR**  
**ASST. PROFESSOR**  
**SCHOOL OF EXCELLENCE IN LAW**  
**THE TAMILNADU DR. AMBEDKAR LAW UNIVERSITY**  
**CHENNAI**

### ABSTRACT

*Sustainable Development implies economic development reciprocally with the protection of environmental quality, each supporting the other. People round the world acknowledge that current economic development trends aren't sustainable which public awareness, education and coaching square measure a requirement to moving society toward sustainable. Sustainable Education may be a conception that's regionally relevant and culturally applicable in its programmes, addresses native surroundings conditions and native economic conditions and society ones. Even though India holds the pride of getting nice march in educational activity, they need not managed to handle desires of their folks sustainably. This paper emphasizes on the priority for sustainable development primarily based education as this needed is to supply quality education that addresses the wants of the immediate society. This paper concludes that lecturers obtaining qualified ought to be totally aware of sustainable development primarily based education.*

### KEYWORDS

sustainable development, higher education, sustainable education.

### INTRODUCTION

People around the globe perceive that present monetary development patterns are not sustainable and that open mindfulness, education and preparing are an absolute necessity to moving society toward supportability. Sustainable Education (SE) and can be characterized as that education that is locally pertinent and socially fitting in its projects, addresses neighborhood environment conditions and nearby monetary conditions and society ones. Similarly, as with all works related with sustainable development, the name and substance must be locally significant and socially suitable. Individuals put resources into education since it fills a need. Education for Sustainable Development guarantees to make the liveable for this and future eras.

Development that addresses the issues of the present without trading off the capacity of future eras to address their own issues. In all parts of the world education is given the fundamental spot by distributing gigantic assets and adequate time for it is the base of any effective society. Notwithstanding, education all things considered is not what is of quality; what is important is its capacity to serve the aggregate needs. Education, both formal and non-formal, open mindfulness and preparing are key procedures by which individuals and social orders can achieve their most extreme potential. As society turns out to be increasingly diverse, the educational foundations are unable to assume social commitments to prepare for business, to tackle social issues, and to set moral bearings for society. The aim of advanced education is various fold. They are worried with development and development of the understudies, the advancement and refinement of information, and social effects on the general public. In any case, all the learning projects ought to be arranged to a focal reason (Henderson and Henderson, 1974).

Sustainable Development suggests financial development commonly with the assurance of ecological quality, every supporting the other. Sustainable Development, in this manner, is keeping up a harmony between the individual need to enhance ways of life and feeling of prosperity on one hand, and safeguarding regular assets and biological communities, on which individuals living at present and pending eras depend. Robert Prescott Allen, originator and director for some World Conservation Union activities and has eighteen years of experience assessing and exhorting development methodologies at four landmasses, once characterized that "Supportability is simply one more method for saying the great life as a mix of abnormal state of human prosperity and abnormal state of biological system prosperity that backings it. The standard of advanced education is to accomplish this outcome. With the development of society, a portion of the past ideas with regards to the standard of education have likewise changed. Faultless hypothetical learning, when connected to practical issues of subsistence, gets to be innovation. As innovation, it definitely goes into the range of financial matters. At the point when learning is subjected to financial constrains, it basically gets to be liable to political powers. Today, education must satisfy the appreciation of the necessities and standards of the general public. Government must change over itself into an office of the general public from its part as a device of force. These belief systems, accordingly, turn into the points of advanced education.

Give us a chance to consider a case of a production line that produces mechanical chemicals some place in India. A great many specialists would be utilized in that industry. Give us a chance to expect that there is a stream adjacent and the waste water from that concoction industry discovers its way into that waterway. Villagers living downstream began challenging that the mechanical effluents demolished their rural grounds, made cows passages furthermore created skin ailments. The contamination control powers prescribed to close the processing plant, yet the laborers union dissents as the manufacturing plant conclusion would influence their employments. Presently the inquiry that brings up in this circumstance is that 'Why would it be a good idea for us to incorporate natural worries with development concerns?'. The absolute most likely results of this circumstance could be as per the following-

- ❖ The Pollution Control Authority may shut down the industrial facility, yet a huge number of specialists would wind up jobless.
- ❖ The concoction plant may proceed, yet this would fall apart the earth, eventually prompting a decrease in the nature of human life.

Decades later individuals understood that environment and development should have been seen together. Development requires broad utilization of common assets and all the fundamental assets required for living originate from the Earth. In the above circumstance, would we be able to say that spotless development systems would be a feasible result? How that effect the specialists in the production line? Would the ranchers whose homesteads get the waste water and the group consent to this arrangement? These sort of inquiries rise up out of the understanding that development will be long haul on the off chance that it is sustainable.

Sustainable development ought to concentrate on a long haul basic vision for development, value, and protection. Kofi Annan dependably use to demand innovative work to concentrate more on the sicknesses of poor people, which have generally been dismissed furthermore on water, vitality, wellbeing, horticulture, and biodiversity. The connection between quality advanced education and sustainable development is undeniable, as likewise the desperation of producing organizations between the offices managing them.

### INTERFACE OF EDUCATION WITH SUSTAINABLE DEVELOPMENT

Education being a fundamental segment of human development, its interface with sustainable development is entrenched. Education is maybe the absolute most essential means for strengthening and for a maintained change in prosperity. Changes in educational achievements are joined by change in wellbeing and life span of the populace and the nation's financial development. Education strengthens the financial elements of society towards equity and advances a social request helpful for a libertarian ethos. The guideline of balance or nondiscrimination is the establishment of worldwide human rights law.

Separation results from profound established mentalities of populace and it is for governments to lead the pack to actuate the adjustment in states of mind through education. To put it plainly, education is the best social venture. This is the essentialness of value advanced education. India's record in education development is a blended pack of accomplishment and disappointments. In what capacity can there be full development, a great deal less sustainable development if more than a large portion of the populace involving ladies, youngsters and the other minimized segments stay ignorant and in this way unempowered? The

Constitutional procurements ensuring uniformity of status and opportunity together with those for governmental policy regarding minorities in society outfit the instrument to amend the lopsidedness, if they are utilized adequately.

It is the assignment of the information producers to advance new innovations and to make them work for human development. New innovations sponsored by appropriate open strategies will prompt more beneficial lives, more prominent social flexibilities, expanded learning and more noteworthy profitability. Distributive equity would turn into an achievable objective. Innovation systems are growing individuals' points of view and making potential to accomplish snappier advancement. Experimental or mechanical development has importance and worth to our kin in the event that it gives compelling, moderate and sustainable answers for the issues of underdevelopment, destitution, lack of education, appetite and safe drinking water. Amartya Sen portrays them as the colossal 'unfreedom'; and his theory on 'Development as Freedom' depends on that start. Despite the fact that each year three lac experts, four lac post-graduates, and more than one thousand doctorates are added to the nation's repository of HR, yet the 'unfreedom', which are remnants of neediness keep on holding us in subjugation. Sustainable development is a fundamental human right. Unless this objective is come to with the intense device of education, the reason for advanced education would stay unfulfilled. The connection between the two must be fashioned into an indistinguishable bond to enable the general population.

In a Convocation address at the Sambalpur University, the previous President of India, APJ Abdul Kalam focused on the requirement for riches era through biodiversity as India positioned among the main couple of countries having a rich biodiversity. He said that there was potential for building up numerous natural items for nourishment, aversion and cure of illnesses. India has rich legacy of Ayurvedic information. Additionally, the nation has the potential for advancing gardening and aquaculture. In any case, the business action of shrimp development in the waterfront district, carried on regardless of Supreme Court's intercession, is representing a grave risk to aquaculture and marine life.

The Internet is diminishing physical separations, expanding opportunities and developing investment around the world. Data innovation has tremendously enhanced the learning save money with more prominent open door for sharing information for bigger regular great. In any case, the specialist dangers of innovation must be protected. The Bhopal gas debacle is one case of such hazard, alongside the Chernobyl atomic fiasco and the draining Ozone layer. These perils result from poor approaches, lacking control and fumble. Innovation without the contribution of humanism has a dehumanizing impact.

At the point when the understudies are at the undergrad level, they have solid hopeful driving forces and the desire to enhance the world with the vitality to make a move. Consequently, this is a proper stage to use channelize energetic energies in the right course. At the advanced education level, useful experience should be consolidated with scholarly inputs. The lesson that rights and obligations are correlative ought to shape a piece of education. Science without deep sense of being has a dehumanizing impact, which should be forestalled by giving education likewise in the obligations. Such was the conviction of Swami Vivekananda, who said in the year 1893 at Chicago that: "With the development of science and Technology, if the humankind is to survive, mankind needs to get the advantage of science and innovation, and there ought to be a combination of science and most profound sense of being".

## REASON

UNESCO (2006) report says that advanced education organizations and its educators everywhere expected to offer Sustainable Development arranged courses as a major aspect of their educational programs. McKeown (2002) watched that dissimilar to other new imaginative courses, sustainable development courses are not started by organizations and in addition instructors. In any case, numerous prominent individuals opine and specialists demonstrated that education is the vehicle to achieve sustainability. UNESCO demanded creating abilities and information for advanced education instructors on maintainability development arranged courses (UNESCO, 2006).

In India there are issues like poor monetary development, neediness, ecological debasement, malady, contrary and insignificant 'sorts of education', defilement, poor foundation, terrible administration and lack of awareness. The parody is that India have unfathomable assets both characteristic and human, yet at the same time part of individuals in this nation keep on suffering. India holds the pride of having made incredible walk in quest for advanced education with numerous more colleges, establishments and organized frameworks of education from rudimentary to college level. Yet at the same time those have not figured out how to address needs of their kin economically. The sympathy toward supportability development based education is to give quality education that addresses the necessities of the quick society. It is along these lines natural that educators getting qualified ought to be completely aware of supportability development based education.

## CENTRALITY

The worldwide test today is giving quality and significant education that guarantees a sustainable future; procurement of education that is good with the prompt environment. Education that instructs and prepares all individuals to work and act dependably, ration the earth, coincide concordantly with other world subjects, maintain a strategic distance from and resolve clashes genially. This calculated paper would advance the mindfulness that it was key to give sustainable development arranged education when preparing educators. This paper would demand the education organizers in plan of essential approaches, standards of learning and discover answers for huge issues in connection to education gave and in addition fortify its center qualities in procurement of sustainable development arranged education. Likewise, this paper would likewise grant learning to the overall population on sustainable development situated education and the study could propose zones of study significant to instructor preparing in line sustainable development arranged education.

## EDUCATION FOR SUSTAINABLE DEVELOPMENT

Sustainable Education (SE) call for giving individuals information and abilities for long lasting learning keeping in mind the end goal to help them find new answers for their natural, financial and social issues (McKeown 2002). McKeown (2002) distinguished the accompanying supportability ranges influenced by education. To start with is usage in which an informed citizenry is key to executing educated choice and upgrade sustainable development. Truth be told, a national sustainability arrangement can be upgraded or constrained by the level of education accomplished by the country's natives. Furthermore, basic leadership in which instructed nationals use sound judgment which influence social, financial and natural prosperity. A portion of the inquiries we have to ask ourselves are: How do taught nationals add to sustainable basic leadership? What part do instructed individuals play in basic leadership? At last, personal satisfaction where education raises the monetary status of the families, enhances life conditions, brings down newborn child mortality, and enhances the educational achievement of the people to come, along these lines enhancing the following eras' odds for financial and social prosperity. Enhanced education holds both individual and national ramifications.

## PUSHES ON SUSTAINABLE DEVELOPMENT BASED EDUCATION

Sustainable Education (SE) has four noteworthy pushes in particular: Improve fundamental education, Reorient existing education to address SD, Develop open comprehension and mindfulness and Training. The fundamental education ought to concentrate on basic leadership, be completely created to meet difficulties, quality upgraded and deliberately arrange for what is taught. Reorienting existing education must be done from nursery through college. It ought to be proper and pertinent. It needs to coordinate monetary, natural and societal parts. Reorienting education additionally requires instructing and learning information, aptitudes, points of view, and values that will manage and persuade individuals to seek after sustainable employments, to take an interest in a vote based society and to live in a sustainable way.

The need to reorient essential and optional education to address maintainability has gotten worldwide consideration, yet the need at the college level is generally as awesome. Out in the open comprehension and mindfulness the initial step is to build up clear objectives and guarantee all partners know and have disguised them. Aptitudes to add to these objectives are then to be produced. Data and Communication Technology and media would be utilized to disperse Sustainable Education (SE) objectives and in addition instructing the general population and understudies. In conclusion, preparing in Sustainable Education (SE) needs to happen at all levels and in all areas of education.

**SUSTAINABLE DEVELOPMENT BASED EDUCATION FOR HIGHER EDUCATION TEACHERS**

Instructors must be pre-adjusted and in-overhauled on Sustainable Education (SE). Sustainable Education (SE) subjects are to be formally incorporated in the educational modules. Instructors need to distinguish and perceive segments of Sustainable Education (SE). Subsequently, instructors and overseers must comprehend the idea of maintainability. Instructors from every order can look at the educational modules and school exercises existing to commitments to Sustainable Education (SE). The following thing, instructors can distinguish potential ranges of existing educational modules in which to embed cases that outline supportability or extra learning, issues, points of view, abilities or qualities identified with sustainability. There must be Sustainable Education (SE) projects to be taught unmistakably to understudies and understudies to pass on learning, issues, aptitudes, discernments and qualities connected with Sustainable Education (SE).

Sustainable Education (SE) is multidisciplinary. Nobody control can or ought to claim responsibility for Education (SE). Actually, Sustainable Education (SE) stances such wide and enveloping difficulties that it requires commitments from numerous controls like Basic Sciences, Arts, Applied Sciences, Engineering, Management, and so on. Perusing builds up the capacity to recognize actuality and feeling and helps understudies get to be basic perusers. Every order additionally has related pedagogical strategies.

**CONCLUSION**

Sustainability identifies with methods for contemplating the world, and types of social and individual practice that prompt: moral, enabled and by and by satisfied people; groups based on cooperative engagement, resilience and value; social frameworks and establishments that are participatory, straightforward and just; and natural practices that esteem and maintain biodiversity and life-supporting environmental procedures. Present Indian government insisted the significance of education in accomplishing Sustainable Education (SE). It is unfortunate however to note that little has been done to take obligation on Sustainable Education (SE). Inability to actualize Sustainable Education (SE) could be ascribed to the way that nobody knows where to begin or how to begin despite Sustainable Education (SE) remaining an earnest requirement for the present with a specific end goal to accomplish sustainable development. Another purpose behind little accomplishments in Sustainable Education (SE) could be on account of the cause of the Sustainable Education (SE) is not from education circles. Presumably instructors have not conceptualized it legitimately or even they are simply hesitant. Nonetheless, regardless of the diverse explanations behind not grasping Sustainable Education (SE) an ideal opportunity to work is presently and all have to overlook their disparities and set up heads together to teach one and all on SD.

**REFERENCES**

1. Henderson, Algo D. and Henderson, Jean Glidden (1974). Higher education in America: problems, priorities, and prospects. San Francisco: Jossey-Bass, 1974.
2. McKeown, R. (2002). Education for Sustainable Development Toolkit Version 2. University of Tennessee USA: Centre for Geography and E.E.122
3. UNESCO (2006). [www.unesco.org/education/dESD](http://www.unesco.org/education/dESD)
4. UNESCO. (2002). Education, Public Awareness and Training for Sustainability: Input to the Report of the Secretary General to the Second Preparatory Session for the World Summit on Sustainable Development. UNESCO: Paris.

**HIGHER EDUCATION IN INDIA: EMERGING ISSUES, CHALLENGES AND SUGGESTIONS**

**ASHA RANI.K**  
**ASST.PROFESSOR**  
**DEPARTMENT OF MANAGEMENT**  
**NEW HORIZON COLLEGE**  
**KSATURINAGAR**

**ABSTRACT**

*Education is one of the significant factors instrumental to the development of a country. It should be transformed to the needs of the time and changing scenario of the world. It provides an opportunity to critically reflect upon the social, economic, cultural, moral and spiritual issues facing humanity. India needs more efficient and educated people to drive our economy forward. There are many Indian around the corner who known for their capabilities and skills. To develop India as an education hub or to become a prosperous partner in global economy, India has to qualitatively strengthen education in general and higher education with research and development in particular. This paper is mainly focused on the overall performance of higher education system in India. We try to find out the initiatives taken by the government to raise level of education system. This paper aims to identify emerging issues and challenges in the field of Higher Education in India. Finally, the paper concludes here is need of plans requires solutions that combine, employers and youth need of Expectations of from various stakeholders Students, Industry, Educational Institutions, Parents and Government.*

**KEYWORDS**

challenges, financing, higher education, issues.

**INTRODUCTION**

Higher education is very important for a developing country like India and it is encouraging to increasing human development. Higher education in India has experienced phenomenal expansion since independence. India has produced scientists, engineers, technologists, doctors, teachers and managers who are in great demand all over the world. Now it is one of the top ten countries in our industrial and technological capacity, because of the significant contribution of manpower and tools provided by higher education, especially, technical education. India has already entered into the era of knowledge explosion. It has proved its tremendous potential by its performance in nuclear and space domains. In the coming few decades will be heralded by space craft, satellites, internets and others offshoots of scientific enquires. Higher Education provides opportunities to the people to reflect on the critical social, cultural, moral, economic and spiritual issues facing humanity. Higher education provides specialized knowledge and skilled persons for national development. In next few decades, India will have world's largest set of young people. While the correlation between people and higher education is not up to the mark. The increasing youth population can be a great asset if potential employability is brought to fruition. Conversely, if we fail to provide education and employment then it will open a downside gate for Indian economy. Education is an essential tool for achieving sustainability. The Education Commission 1964-66 described the role of education in social and economic transformation through a statement- the density of a nation is shaped in its class rooms. Education creates human capital which is the core of economic progress and assumes that the externalities generated by human capital are the source of self sustaining economic process. This paper aims to identify emerging issues and challenges in the field of Higher Education.

**OBJECTIVES**

1. To analyze the current scenario of higher education system in India
2. To study the of total student and girl's enrolment in Higher Education
3. To identify on the Emerging issues of higher education in India
4. To identify on the Emerging Challenges of higher education in India
5. Suggestions for improving quality of higher education and Conclusion

**HIGHER EDUCATION SCENARIO IN INDIA**

There has been appreciable growth of higher education since 1951. Number of university level institutions and colleges has grown up from 28 to 677 and 578 to 3800 respectively from 1951 to 2014. As a result, the number of teachers as well as students has also increased significantly. The growth of students' enrolment is more than the growth of number of teachers over the period of time, may be due to the massive investment by government at school level in form of primary as well as secondary education. Rise in enrolments and institutions at school level, there is mushrooming growth in higher education institutions at the end of 2014 there were 677 Universities and 38000 colleges in India. But still we need more than 1500 universities to cater the demand. Our education system is improving not only in number of colleges and universities but also in enrolment. Most of these universities have affiliated colleges where undergraduate courses are approved and taught. But still, if we compare this improving stat with increasing population, then we have to rethink, is it still improving

**EMERGING ISSUES**

The role of higher education in the emerging scenario of knowledge economy is very crucial and multifaceted for any country in general and India in particular. There are many basic problems faced by higher education system in India. These include Lower level of teaching quality, Financing of higher education, More concentrated on theories and rather than practical knowledge, Traditional methods of teaching, Privatization, Inadequate facilities and infrastructure Quota system.

- **LOWER LEVEL OF TEACHING QUALITY:** Our education system is torture by issues of quality in many of its institutions and universities. Many of the issues like lack of faculty, poor quality teaching, Traditional teaching methods, outdated and rigid curricula and pedagogy, lack of accountability and quality assurance and separation of research and teaching are raise questions on Indian education system.
- **FINANCING OF HIGHER EDUCATION:** One of the most important things that have to be noticed is the issue of financial constraints regarding higher education before the government. Expenditure on education in common and on higher education in particular by the government, is one of the parameters to judge the quality in education for at all nation. The State Government has already been spending 20-30 per cent of its revenue budget on education. It cannot afford to spend more. In India, higher education has received less attention in terms of public spending than other levels. It is not feasible for India to make massive state investments in research and development that produced research led universities in the west such as MIT, University of California, Berkeley in the US or University of Cambridge in Britain. More concentrated on theories and rather than practical knowledge: Indian education system is more focused on theoretical knowledge rather than practical knowledge. In many jobs there is also a minimum requirement of percentage which is high.
- **TRADITIONAL METHODS OF TEACHING:** Professors still stick to those older methods of teaching like board, marker. They don't like to make use of audio visual aids in teaching. Also they are not up to date with the information available and what global industry demands.
- **PRIVATIZATION:** In the present scenario, privatization of higher education is apparently a fledgling but welcome trend and is essential to maintain creativity, adaptability and quality. The economic trail of liberalization and globalization demands it. In India both public and private institutions operate simultaneously.

Approximately 50 per cent of the higher education in India is imparted through private institutions, mainly unaided involving high cost. However, the situation is not so simple. Private providers, in the interest of maximizing profit, have every incentive to 'minimize costs' by compromising on the quality of education provided in their institutions. Last but not least, quality of teaching staff is one of the considerable issues for higher education sector to sustain in the future. Earlier, they were committed to their students to their subjects and to their profession. Today, high salaries are available but the commitment is less. Thus, it is the need of the hour to free the higher education system from unnecessary constraints and political interference.

- **INADEQUATE FACILITIES AND INFRASTRUCTURE:** In India, many of the universities don't have adequate infrastructure or facilities to teach students. Even many private universities are running courses without classrooms. Internet and Wi-Fi facility is still out of reach of many students.
- **QUOTA SYSTEM:** Bringing the reservation and quota system for different categories in education lost its quality. Even deserving candidates of general categories are ignored and on quota we have to select other person from reserved category even though he is not suitable.

### EMERGING CHALLENGES

The system of Indian Higher education is the second largest in the world which fulfills the educational requirements of millions of students who come from different sections of the society since it is the student community that can help to generate healthy academic atmosphere in institutions of higher learning. No doubt that India faces today a number of problems pertaining to poverty unemployment disappearance of moral and spiritual values. But in the last few decades a country-wide problems/challenges have emerged in Higher Education system in India they are discussed as under.

- **OUR HETEROGENEOUS EDUCATION SYSTEM,** based on geographical, rural-urban, rich-poor set up has posed in great challenge for the educational institutions. Varieties of colleges, universities, technical institutions have produced and different types and quality of Education. Some of them are really imparting qualitative education although a few others are doing the dirtiest job. Thanks to UGC, for publishing the list of such a fake Universities and Institutions indulging in educational malpractices.
- **INTERFERENCE OF POLITICAL FACTORS:** Most of the Institutions, imparting education (Aided-non-aided) are owned by the dominant political leaders, now playing key role in governing bodies of the Universities. They have established their own youth cells and encourage students' organization on political basis. They exploit the students' energy for their political purposes. The students forget their own objectives and begin to develop their career in politics.
- **ECONOMIC DIFFICULTIES:** Is one of the most troublesome changes that the present higher education system has imposed on the communities? The numbers of students are coming from the ordinary classes; many of them are unable to provide the minimum necessities of life for themselves. Economic miseries have grown due to the increasing prizes, habits of wasting money on luxuries, increasing population, scarcity of food supply, corruption, selfish etc. students hold part time jobs in order to pay for their educational expenses and should divide their attention between a job and College/University education. Near about seventy-five percent of the total student's community today, have been facing the financial problems. Earn while learn scheme cannot adequately support student to face economic challenges.
- **LACK OF MORAL VALUES:** Rapid growth of science and technology and subsequent industrialization has caused a great and danger to our old moral and values. The younger generation's dissatisfaction and revolt is the outcome of a decaying system of values.

### SUGGESTIONS FOR IMPROVING QUALITY OF HIGHER EDUCATION

There are some suggestions and Expectations from Government, Industry, Educational Institutions, Parents and Students for improving quality of higher education-

1. **TOWARDS A LEARNING SOCIETY-** As we move towards a learning society, every human activity will require contributions from experts, and this will place the entire sector of higher education in sharp focus. Although the priorities, which are being assigned today to the task of Education for All, will continue to be preponderant, the country will have to prepare itself to invest more and more on higher education and, simultaneously, measures will have to be taken to refine, diversify and upgrade higher education and research programmes.
2. **INDUSTRY AND ACADEMIA CONNECTION-** Industry and Academia connect necessary to ensure curriculum and skills in line with requirements. Skill building is really very crucial to ensure employability of academia to understand and make sure good jobs (keeping in view knowledge + skills+ global professional skills = good jobs).
3. **INCENTIVES TO TEACHERS AND RESEARCHERS-** Industry and students are expecting specialized courses to be offered so that they get the latest and best in education and they are also industry ready and employable. Vocational and Diploma courses need to be made more attractive to facilitate specialized programs being offered to students. Incentives should be provided to teachers and researchers to make these professions more attractive for the younger generation.
4. **INNOVATIVE PRACTICES-** The new technologies offer vast opportunities for progress in all walks of life. It offers opportunities for economic growth, improved health, better service delivery, improved learning and socio-cultural advances. Though efforts are required to improve the country's innovative capacity, yet the efforts should be to build on the existing strengths in light of new understanding of the research innovation- growth linkage.
5. **TO MOBILIZE RESOURCES-** The decline in public funding in the last two plan periods has resulted in serious effects on standards due to increasing costs on non-salary items and emoluments of staff, on the one hand, and declining resources, on the other. Effective measures will have to be adopted to mobilize resources for higher education. There is also a need to relate the fee structure to the student's capacity to pay for the cost. So that, students at lower economic levels can be given highly subsidized and fully subsidized education.
6. **COMING OF INFORMATION AGE-** The world is entering into an Information Age and developments in communication, information and technology will open up new and cost-effective approaches for providing the reach of higher education to the youth as well as to those who need continuing education for meeting the demands of explosion of information, fast-changing nature of occupations, and lifelong education. Knowledge, which is at the heart of higher education, is a crucial resource in the development of political democracy, the struggle for social justice and progress towards individual enlightenment.
7. **STUDENT-CENTERED EDUCATION AND DYNAMIC METHODS-** Methods of higher education also have to be appropriate to the needs of learning to learn, learning to do, learning to be and learning to become. Student-centered education and employment of dynamic methods of education will require from teachers new attitudes and new skills. Methods of teaching through lectures will have to subordinate to the methods that will lay stress on self-study, personal consultation between teachers and pupils, and dynamic sessions of seminars and workshops. Methods of distance education will have to be employed on a vast scale.
8. **PUBLIC PRIVATE PARTNERSHIP-** Public Private Partnership is most essential to bring in quality in the higher education system. Governments can ensure PPP through an appropriate policy. University Grants Commission and Ministry of HRD should play a major role in developing a purposeful interface between the Universities, Industries and National Research Laboratories (NRLs) as a step towards PPP. Funding to NRLs by the government should ensure the involvement of institutions of higher education engaged in research activities to facilitate availability of latest sophisticated equipment. There has been some effort both by the government and the private education institutions to develop the teaching staff at various levels. However, this needs to be intensified with appropriate attention to all the aspects related in order to prepare quality and sufficient number of educational staff. Such efforts need a very serious structuring for the research base institutions. We have to be optimistic that private-public partnership and the Industry interface will take place in the field of education at all levels, and particularly in the backward regions, which is the need of the hour. To achieve excellence, we thus need to create a real partnership between government, educators and industry- Partnerships that can provide our high-tech industries with skilled workers who meet the standards of their industry.
9. **TO PROVIDE NEED BASED JOB-ORIENTED COURSES-** All round development of personality is the purpose of education. But the present day education is neither imparting true knowledge of life and nor improving the talent of a student by which one can achieve laurels in the field one is interested. So, combination of arts subjects and computer science and science and humanities or literature should be introduced so that such courses could be useful for the students to do jobs after recruitment in some companies which would reduce unnecessary rush to higher education. The programme must be focused on graduate studies and research and developing strategies and mechanisms for the rapid and efficient transfer of knowledge and for its application to specific national and local conditions and needs. Meritorious doctoral students should be recognized through teaching assistantships with stipends over and above the research fellowships. Finally, based

on knowledge only vision of the future life and work can be had; based on this vision only a broad ambition can be fixed for oneself; and based on this ambition only one can lead interesting life doing satisfying job to do remarkable achievements in some field in the world.

10. **INTERNATIONAL COOPERATION**- Universities in India have been a primary conduit for the advancement and transmission of knowledge through traditional functions such as research, innovation, teaching, human resource development, and continuing education. International cooperation is gaining importance as yet another function. With the increased development of transport and communication, the global village is witnessing a growing emphasis on international cooperation and action to find satisfactory solutions to problems that have global dimensions and higher education is one of them.

11. **TOWARDS A NEW VISION**- India realizes, like other nations of the world, that humanity stands today at the head of a new age of a large synthesis of knowledge, and that the East and the West have to collaborate in bringing about concerted action for universal upliftment, and lasting peace and unity. In this new age, great cultural achievements of the past have to be recovered and enriched in the context of the contemporary advancement so that humanity can successfully meet the evolutionary and revolutionary challenges and bring about a new type of humanity and society marked by integrated powers of physical, emotional, dynamic, intellectual, ethical, aesthetic and spiritual potentialities.

12. **CROSS CULTURE PROGRAMMES**- After education, tour to all the places in India and world as far as possible with the cooperation of government is necessary so that one can understand about people, culture, arts, literature, religions, technological developments and progress of human society in the world.

13. **ACTION PLAN FOR IMPROVING QUALITY**- Academic and administrative audit should be conducted once in three years in colleges by external experts for ensuring quality in all aspects of academic activities. The self-finance colleges should come forward for accreditation and fulfill the requirements of accreditation. Universities and colleges should realize the need for quality education and come forward with action plan for improving quality in higher educational institutions.

14. **INDIVIDUALITY**- The life of one will not be interesting but rather boring, monotonous and frustrating. This is mainly due to parental interference in the education of the children. Parental guidance is necessary but it should not interfere in the creativity or individuality of the students. Also, in spite of the obsolete type of education system, some are achieving wonderful things in Sports, Music, Dance, Painting, Science and Technology in the world. This is only due to the encouragement of the parents and some dedicated teachers in the educational institutions. Higher education is necessary for one to achieve excellence in the line one is best. But one should be selected for higher education on the basis of merit only. Further, fees for education in general should not be high; especially, the fees for higher studies should be within the reach of every class of people in the nation.

15. **PRIVATIZATION OF HIGHER EDUCATION**- In any nation education is the basic necessity for the socio-economic development of the individuals and the society. In reality only 20% of the population is educated in India. So, improved standard of education as first priority should be offered to the majority by the govt. authorities with sincere political will. Also, privatization of higher education is absolutely necessary in a vast country like India as government alone is helpless to do so.

16. **QUALITY DEVELOPMENT**- Quality depends on its all functions and activities: teaching and academic programs, research and scholarship, staffing, students, building, facilities, equipments, services to the community and the academic environment. It also requires that higher education should be characterized by its international dimensions: exchange of knowledge, interactive networking, mobility of teachers and students and international research projects, while taking into account the national cultural values and circumstances. The level of education and knowledge being imparted by many colleges...is not up to the mark. Instead of concentrating on quantity, these institutions should concentrate on quality. The approach of doctoral research in social sciences needs to be more analytical and comparative and be related to society, policy and economy. A study conducted on Social Science Research Capacity in South Asia (2002) showed that the share of the Indian universities in the special articles published in the Economic and Political Weekly was only about a 25 percent. This too was dominated by only three universities, namely- Jawaharlal Nehru University, University of Mumbai & University of Delhi.

17. **WORLD CLASS EDUCATION**- Indian government is not giving priority to the development of Standard in education. India should aspire for the international standard in education. Many national universities like in the USA, UK, Australia, etc. allow studies in higher education for foreign students in their countries and through correspondence courses as well. In the same way India Universities of world class education can also offer courses of studies to foreign students taking advantage of the globalization process. To achieve that goal it should adopt uniform international syllabus in its educational institutions.

18. **PERSONALITY DEVELOPMENT**- Finally, education should be for the flowering of personality but not for the suppression of creativity or natural skill. In the globalized world opportunities for the educated people are naturally ample in scope. As a result business process outsourcing (BPO) activities have increased competition in the world trade leading towards the production of quality goods and their easy availability everywhere in the world market. That is the way the world can be developed for peace, prosperity and progress by able and skilful men.

19. **STATUS OF ACADEMIC RESEARCH STUDIES**- If we see the number of researchers engaged in Research and Development activities as compared to other countries we find that we have merely 119 researchers, whereas Japan has 5287 and US has 4484 researchers per million of population. Even in absolute terms, number of researchers in India is much smaller compared to US, China, Japan, Russia, and Germany. Numbers of doctoral degrees awarded in all subjects are 16, 602 out of which 6774 are in Arts and 5408 in science and rest in others (professional subjects). India has a little over 6000 doctorates in Science and engineering, compared to 9000 in China and 25000 in US. It increased rapidly from a little over 1000 in 1990 to over 9000 in recent years in China. In comparison, there has been a modest increase in India. National Science Foundation (NSF) - Science and Engineering Indicators (2002) shows that in the US, about 4% of the science and engineering graduates finish their doctorates. This figure is about 7% for Europe. In India this is not even 0.4%. Data on doctorates particularly in science, engineering and medicine suggests that only a few institutions have real research focus. In engineering there were merely 650 doctorates awarded in 2001-02. Of these 80 percent were from just 20-top universities. In science, 65 percent of the doctorates awarded were from the top-30 universities.

20. **STIPENDS TO RESEARCH FELLOWS**- The number of PhDs from Indian Universities should increase with proper standards. This should be seen in the context of extremely low fraction of PhDs in India in relation to M.Sc. /B.Tech, as compared to what it is in USA, UK, Germany, Japan etc. Meritorious doctoral students should be recognized through teaching assistantships with stipends over and above the research fellowships Identifying talented, meritorious students and encouraging them through recognition is very important to attract students into research and teaching.

21. **FAIR QUALITY ASSURANCE SYSTEM**- Colleges and Private institutes should set up Internal Quality Assurance Cell and must follow a minimum standard to give degrees. The quality assurance system must be independent of political and institutional interaction and it must have a basis in the legislation. There should be operational, financial and academic autonomy coupled with accountability. There is a need of an independent accreditation agency with a conglomerate of government, industry, academia; society etc. means all stakeholders of the education to ensure that the stakeholders particularly the students are not taken for a ride. They should be able to know whether a particular institution delivers value or not, then things can be under control to some extent. It is also important that all institutes of higher learning must make public the acceptability of their courses and degrees. (i.e. the status, recognition and acceptability of their courses by other institutions).

22. **TO INCREASE QUANTITY OF UNIVERSITIES**- We need more universities because we are more in number and present number of universities is too less. On 13th June, 2005 Government of India constituted a high level advisory body known as National Knowledge Commission (NKC) to advise the PM about the state of education in India and measures needed to reform this sector. It was headed by Sam Pitroda and submitted its report in November 2007. NKC has recommended setting up of 1500 universities by 2015 so that gross enrollment ratio increases to 15 percent. It has also called for establishing an Independent Regulatory Authority for Higher Education (IRAHE) to monitor the quality of overall higher education in India.

23. **EXAMINATION REFORMS**- Examination reforms, gradually shifting from the terminal, annual and semester examinations to regular and continuous assessment of student's performance in learning should be implemented

24. **HIGH-TECH LIBRARIES**- Our university libraries have a very good collection of books, but they are all in mess. A library must be online and conducive for serious study. Indian universities should concentrate more on providing quality education which is comparable to that of international standards.

## CONCLUSION

After independence, there has been tremendous increase in institutions of higher learning in all disciplines. But with the quantitative growth has it been able to attend to the core issue of quality. India is today one of the fastest developing countries of the world with the annual growth rate going above 9%. In order to

sustain that rate of growth, there is need to increase the number of institutes and also the quality of higher education in India. To reach and achieve the future requirements there is an urgent need to relook at the Financial Resources, Access and Equity, Quality Standards, Relevance and at the end the Responsiveness. To attain and sustain national, regional or international quality, certain components are particularly relevant, notably careful selection of staff and continuous staff development, in particular through the promotion of appropriate programs for academic development, including teaching/learning methodology and mobility between countries, between higher education institutions and the world of work, as well as student mobility within and between countries. Internal self-evaluation and external review must be conducted openly by independent specialists, if possible with international experts. Report of the National Knowledge Commission if implemented can help boost education sector in India. We are moving towards an era which would be defined by the parameters of knowledge and wisdom. India in order to become a developed nation by 2020 and knowledge power by 2015. The decisions that are going to be taken on these are likely to hold the key to India's future as a center of knowledge production. We need higher educated people who are skilled and who can drive our economy forward. When India can provide skilled people to the outside world then we can transfer our country from a developing nation to a developed nation very easily and quickly. According to Prime Minister of India Dr. Manmohan Singh *'The time has come to create a second wave of institution building and of excellence in the fields of education, research and capability building'*. We need an educational system that is modern, liberal and can adapt to the changing needs of a changing society, a changing economy and a changing world. The thrust of public policy for higher education in India has to be to address these challenges. However, one university can't make much difference. If the government welcomes more such initiatives, the future will be ours. We will be able to match and compete with other countries and the dream to be the world's greatest economy won't be difficult to achieve.

## REFERENCES

1. Agarwal, Pawan (2006) Higher Education in India: The Need for Change (ICIER Working Paper No. 180). New Delhi: Indian Council for Research on International Economic Relations, ([http://www.icier.org/publication/working\\_papers\\_180.html](http://www.icier.org/publication/working_papers_180.html))
2. Altbach, Philip G. (2006) The Private Higher Education Revolution: An Introduction. University News. January 2-8, 2006. Vol. 44 No.01.
3. Anandakrishnan, M. (2006) Privatization of higher education: Opportunities and anomalies. 'Privatization and commercialization of higher education' organized by NIEPA, May 2, 2006., New Delhi
4. Carl Dahlman and Anuja Utz, (2005) India and the Knowledge Economy: Leveraging Strengths and Opportunities (World Bank Report No.31267-IN), Washington DC: W. Bank, (<http://www.wds.worldbank.org/servlet/WDSContentServer/IB/312670IN.txt>)
5. Chronicle of Higher Education, various issues (cited as CHE) (<http://chronicle.com/>)
6. Delors, Jacques (1996) Learning the treasure within. Report to UNESCO of the International Commission on Education for the Twenty-first Century. UNESCO Publishing, Paris.
7. MHRD (2006) Annual Report. Ministry of Human Resource Development, Department of Secondary and Higher education. Government of India. New Delhi.
8. Planning Commission (1999) Approach paper to the Tenth Five-year Plan (2002- 2007). Planning Commission. New Delhi.
9. Stella, Antony (2002) External quality assurance in Indian higher education: Case study of the National Assessment and Accreditation Council (NAAC). International Institute for Educational Planning. Paris.
10. UGC (2005) Research Handbook: Towards nurturing research culture in higher education institutions in India. University Grants Commission. New Delhi.
11. World Bank (2004) 'Measuring Trade in Services Liberalisation and its Impact on Economic Growth: an illustration', World Bank Group Working Paper, downloadable from [http://econ.worldbank.org/files/2373\\_wps2655.pdf](http://econ.worldbank.org/files/2373_wps2655.pdf)

**A STUDY ON FINANCIAL HEALTH OF DHAMPUR SUGAR MILLS LTD, UTTAR PRADESH**

**A. ROJAMMAL**  
**RESEARCH SCHOLAR**  
**M. R. GOVERNMENT ARTS COLLEGE**  
**MANNARGUDI**

**DR. S. BABU**  
**ASST. PROFESSOR**  
**M. R. GOVERNMENT ARTS COLLEGE**  
**MANNARGUDI**

**ABSTRACT**

*Finance is more important to the business as the circulation of blood which is necessary for human body. Literally speaking, finance is the provision of adequate money when it is required. That is finance is needed for a business to promote, conduct and achieve the goal of organisation. For every company finance is much important right from the beginning that is conceiving an idea to obtain the organisational goals. Thus finance is very essential for the smooth running and survival of the business. The main aim of financial analysis is better understanding of firm's position and performance. It refers to the process of determining financial strength and weakness of the firm by establishing strategic relationship between the items of balance sheet and profit and loss account. To evaluate the financial conditions and performance of a company, the financial analysis needs certain yardsticks. Ratio analysis is a widely used tool, which is relevant in assessing the performance of a firm in respect of liquidity position, long term, and solvency. In addition to this, it helps to predict the financial distress of the business. An attempt has been made in the present study to have an insight into the examination of financial health of the organization by using z score model.*

**KEYWORDS**

Altman's Z score model, financial health, financial soundness and distress, ratios.

**INTRODUCTION**

**F**inancial health is a term used to describe the state of one's personal financial situation. There are many dimensions to financial health, including the amount of savings you have, how much you are setting away for retirement and how much of your income you are spending on fixed or non-discretionary expenses. It is difficult to infer organizational performance from one or two simple numbers. Nevertheless, in practice a number of different ratios are often calculated in strategic planning endeavors and, taken as a whole and with some caution, these ratios do provide some information about the relative performance of an organization. In particular, a careful analysis of a combination of these ratios may help you to distinguish between firms that will eventually fail and those that will continue to survive. Evidence suggests that, as early as five years before a firm fail, one may be able to detect trouble from the value of these financial ratios.

**REVIEW OF LITERATURE**

1. TS Devaraja (2009) – This is indeed an excellent research work: perhaps the first record of detailed financial performance of sugar industries in Karnataka that covers several aspects of sugar production, problems and prospects of sugar industries in the state. This study provides a comprehensive analysis of trends of the sugar production and financial performance of sugar firms set up in the public, cooperative and private sectors. The author has made genuine efforts to examine the financial performance of the sugar industry starting from the firm level to the state and national levels. The study also covers the current policy and policy options for improvement of the industry in Karnataka.
2. Dr. Vijay H. Vyas. (2015), Studied on financial health of oil and gas industry in India. The study has been made through using financial ratios and Altman's Z Score model. The Study found that all the sampled companies are financially sound.
3. Dr. A Muthusamy and Muthumeena (2015), Studied financial performance of Selected Private Airlines in India, the study has been used various ratios, mean, standard deviation, coefficient of variance, ANOVA, Correlation and 't'- Test. The study concluded that jet airways and spice jet airways have higher profitability when compared to other selected airlines in India.

**NEED FOR THE STUDY**

The most important aim of financial analysis is better understanding of firm's position and performance. This study is conducted to assess the financial health and viability of the company.

**STATEMENT OF THE PROBLEM**

The key objective of business enterprises is to earn profit. Profit making is considered essential for the survival and withstanding of the business. Business needs profit not only for its existence but also for expansion and diversification. To monitor the financial health of a company is not easy task today. It is necessary to benchmark the efficiency of utilisation of capital and assets, return to shareholders as well as predicting financial distress. Hence this study is conducted to evaluate the financial health of the company.

**OBJECTIVES OF THE STUDY**

1. To assess the financial health of Dhampur sugar Mills Ltd.
2. To predict the financial soundness of Dhampur sugar mills Ltd.

**RESEARCH METHODOLOGY**

The study was concerned with Dhampur Sugar Mills Ltd. The study was on the secondary data, which was obtained from the published sources for a period of 5 years from; 2011 to 2015. The collected data was analyzed with the help of ratio analysis and also the Z score analysis has been adopted to monitor financial health of the company to predict as well as to avoid business failure and subsequent bankruptcy.

**PROFILE OF THE COMPANY**

Dhampur Sugar Mills Ltd Ltd has been continuously striving to maximize the potential of sugarcane and this focused and continuous effort has resulted in Dhampur becoming one of India's leading integrated sugarcane processing companies, with a turnover of Rs. 17950.5 Million (year ending Mar 2015). In 1933, the company started with a production capacity of 300 TCD. Today the Dhampur Group has a combined capacity of 39,500 TCD. Company also operates captive power plant of 125 MV capacities.

**PERIOD OF THE STUDY**

The analysis is done for the period of 5 years starting from 1st April 2011 to 31st March 2015.

**SCOPE OF THE STUDY**

The study is conducted to evaluate the financial position of the company. The performance of Dhampur Sugar Mills Ltd is judged by its financial statements, which throws light on the financial position of the company. The topic selected for a study is on financial health using Altman's Z score model from the financial year 2011-2015.

**RESULTS AND DISCUSSION**

The prime objective of financial statement analysis is to spotlight the managerial performance, corporate efficiency, strength and weakness and credit worthiness that would have otherwise seen hidden in confusion of detail.

**MEASURING FINANCIAL HEALTH THROUGH RATIO ANALYSIS:**

Ratio analysis is a widely used tool of financial analysis, with the help of the ratio analysis can know the strengths and weakness of a firm, as well as its performance and current financial position. It provides a clear picture of the financial soundness of a business ratio analysis is typically used to measure liquidity, leverage, activity, profitability and growth. no single ratio calculation can provide a meaningful complete picture of a company's financial position. Keeping the above point in mind, this study uses 'Z' score model, which captures the predictive viability of a company's financial health by using a combination of financial ratios that ultimately predicts score, which are used to determine the financial health of a company.

**'Z' SCORE MODEL**

Edward I, Altman, a financial economist at New York University's Graduate School of Business, developed a model for predicting the likelihood that a company would go bankrupt. This model uses five financial ratios that combine in a specific way to produce a single number. This number, called the Z= score, is a general measure of corporate financial health. The most famous failure prediction model is Altman's Z-Score Model. Based on Multiple Discriminate Analysis (MDA), the model predicts a company's financial health based on a discriminate function of the firm.

$$Z = 1.2 X1 + 1.4 X2 + 3.3 X3 + 0.6 X4 + 1.0 X5$$

Where:

Z = Discriminate function score of a firm

X1= Working Capital / total assets

X2= Retained earnings / total sales

X3= Earnings before interest and taxes / total assets

X4= Market value of equity / book value of total liabilities or reciprocal of debt- equity ratio,

X5=Sales / total assets.

The Z – score model (developed in 1968) was based on a sample composed of 66 manufacturing companies' with 33 companies in each of two matched pair groups. Altman subsequently developed a revised Z – score model (with revised co –efficient and Z- score cut – offs) which dropped variables X\$ and X5 (above) and replaced them with a new variable X4= net worth (book value) / total liabilities. The X5 variables were allegedly dropped to minimize potential industry effects related to assets turnover.

**ALTMAN'S GUIDELINES FOR HEALTHY ZONE**

With the help of Altman guidelines, the financial health can be measured.

Altman Guidelines

Situation Z SCORE Zones Remarks

I	Below 1.8	Not Healthy Its failure is certain and extremely likely and would occur probably within a period of two years.
II	Between 1.8 and 2.99	Healthy Financial viability is considered healthy. The failure in this situation is uncertain to predict.
III	3.0 and above	Too healthy Its financial health is viable and there is no risk of a fail.

**TABLE NO. 1: 'Z' SCORE INGREDIENTS**

Ingredients Financial ratios	2015-16	2014-15	2013-14	2012-13	2011-12	Mean
X1 Working capital /Total assets	0.323875	0.212725	0.38114	0.246637	0.189126	0.270701
X2 Retained earnings / total sales	0.189835	0.199767	0.263454	0.265094	0.185118	0.220654
X3 EBIT / total assets	0.080814	0.082757	-0.16426	0.151266	0.182402	0.066596
X4 Value equity/total Debt	0.040112	0.047333	0.041627	0.061321	0.069829	0.52045
X5 Sales/total assets	0.97892	1.099607	0.859261	1.167134	1.879847	1.196954

Source: (annual reports of Dhampur Sugar Mills Ltd)

**TABLE NO. 2: VALUE OF 'Z' SCORE**

Ingredients Financial ratios	2015-16	2014-15	2013-14	2012-13	2011-12	Mean
X1: Working capital /Total assets	0.388651	0.25527	0.457367	0.295964	0.226951	0.324841
X2: Retained earnings / total sales	0.265769	0.279674	0.368835	0.371132	0.259165	0.308915
X3: EBIT / total assets	0.266688	0.273098	-0.54206	0.499177	0.601926	0.219766
X4: Value equity/total Debt	0.024067	0.0284	0.024976	0.036793	0.041897	0.031227
X5: Sales/total assets	0.97892	1.099607	0.859261	1.167134	1.879847	1.196954
<b>Z SCORE</b>	<b>1.924094</b>	<b>1.936049</b>	<b>1.168382</b>	<b>2.3702</b>	<b>3.009787</b>	<b>2.081702</b>

Source: (annual reports of Dhampur Sugar Mills Ltd.)

**INTERPRETATION**

This table reveals the 'Z' score value of Dhampur Sugar Mills Ltd. It shows that the 'Z' score value is highest in the year 2011-2012 as 3.0098 and is lowest in the year 2013-2014 as 1.168382. This indicates that the company is healthy.

**FINDINGS OF THE STUDY**

1. The working capital management of Dhampur Sugar Mills Ltd was above the satisfactory level.
2. Retained earnings to total sales ratios are fluctuating throughout the study period. The firm with low retained earnings to total assets have financed their assets through retention of profits and have utilized as much debt.
3. The debt equity ratio shows a fluctuating trend in the following years. It shows the long term solvency of a firm.

- Sales to total asset ratio indicates a positive position in the following years. It shows that the companies have the capacity to increase their sales over periods.
- With the help of 'Z' score model the financial health of Dhampur Sugar Mills Ltd is measured as healthy and the failure in this situation is uncertain to predict.

## SUGGESTIONS

Dhampur Sugar Mills Ltd., are satisfactory and Z score are in decreasing trend for the years from 2013-14 to 2015-16. So, the organization should concentrate on financial soundness and long term solvency of the organization. If they concentrate, then they can easily predict the failure and it will be overcome in the future.

## SCOPE FOR FUTURE RESEARCH

This Study Gives an idea about using Altman's Z Score model for assessing Financial Health and it gives various areas to concentrate like Liquidity, Profitability, Working Capital Management, Capital Structure and Financial Soundness.

## CONCLUSION

The financial healthiness of Dhampur Sugar Mills Ltd seems to be satisfactory. The firm should take corrective measure to increase the financial performance. On the basis of ratio analysis and 'Z' SCORE MODEL, the researcher can have concluded that the company is healthy and is financially viable and the failure in this situation is uncertain to predict.

## REFERENCES

### BOOKS

- Gitman L.J "principles of managerial Finance" 2005, Addison Wesley publication
- I M Panday "Financial Management" 8th Edition, New Delhi, Vikas Publishing Pvt Ltd, 2009
- Kulshetra N K "Management Accounting Concepts and Cases" Tata McCraw Hill Publications, New Delhi, 2009
- Sharma R K and K Shasi Gupta "Financial management" Kalyani Publishers, Ludhiana, New Delhi 2006
- Solomon E, "Theory of Financial Management", New York 1999

### JOURNAL AND OTHER ARTICLES

- Dr. A Muthusamy and Muthumeena (2015), Studied financial performance of Selected private Airlines in India, Zenith international journal of Business Economics and management research, vol.5(6), June 2015, pp229-245, ISSN 2249-7826
- Indian Journal of Finance, "A study on Financial Health of Sugar industry using Z-score model", 2009

### WEBSITE

- www.Dhampur.com

## ANNEXURE

### BALANCE SHEET OF DHAMPUR SUGAR MILLS

	----- in Rs. Cr. -----				
	Mar '15	Mar '14	Mar '13	Mar '12	Mar '11
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Sources of Funds</b>					
Total Share Capital	75.96	80.41	83.36	62.81	62.81
Equity Share Capital	58.78	57.28	53.98	53.98	53.98
Share Application Money	1.24	2.48	0	0	0
Preference Share Capital	17.18	23.13	29.38	8.83	8.83
Reserves	352.1	363.99	403.84	422.52	446.11
<b>Networth</b>	<b>429.3</b>	<b>446.88</b>	<b>487.2</b>	<b>485.33</b>	<b>508.92</b>
Secured Loans	1,421.78	1,158.29	1,273.41	857.58	697.11
Unsecured Loans	43.63	51.85	23.33	22.7	75.92
<b>Total Debt</b>	<b>1,465.41</b>	<b>1,210.14</b>	<b>1,296.74</b>	<b>880.28</b>	<b>773.03</b>
<b>Total Liabilities</b>	<b>1,894.71</b>	<b>1,657.02</b>	<b>1,783.94</b>	<b>1,365.61</b>	<b>1,281.95</b>
	Mar '15	Mar '14	Mar '13	Mar '12	Mar '11
	12 mths	12 mths	12 mths	12 mths	12 mths
<b>Application of Funds</b>					
Gross Block	1,952.10	1,726.22	1,642.74	1,446.76	1,371.52
Less: Accum. Depreciation	700.36	640.27	569.73	461.78	395.22
<b>Net Block</b>	<b>1,251.74</b>	<b>1,085.95</b>	<b>1,073.01</b>	<b>984.98</b>	<b>976.3</b>
Capital Work in Progress	17.74	207.03	19.42	34.83	17.74
<b>Investments</b>	<b>11.58</b>	<b>11.55</b>	<b>11.58</b>	<b>8.99</b>	<b>45.46</b>
Inventories	1,252.26	1,224.34	1,311.26	710.23	666.85
Sundry Debtors	221.69	110.25	144.06	216.27	85.22
Cash and Bank Balance	13.96	14.93	12.87	13.21	22.77
Total Current Assets	1,487.91	1,349.52	1,468.19	939.71	774.84
Loans and Advances	263.09	76.3	84.69	75.33	109.69
Total CA, Loans & Advances	1,751.00	1,425.82	1,552.88	1,015.04	884.53
Current Liabilities	1,106.69	1,042.96	829.06	645	611.31
Provisions	30.66	30.37	43.89	33.23	30.77
Total CL & Provisions	1,137.35	1,073.33	872.95	678.23	642.08
<b>Net Current Assets</b>	<b>613.65</b>	<b>352.49</b>	<b>679.93</b>	<b>336.81</b>	<b>242.45</b>
<b>Total Assets</b>	<b>1,894.71</b>	<b>1,657.02</b>	<b>1,783.94</b>	<b>1,365.61</b>	<b>1,281.95</b>
Contingent Liabilities	331.45	148.22	47.79	2.9	0.76
Book Value (Rs)	69.98	73.63	84.93	88.39	92.77

## Balance Sheet of Dhampur Sugar Mills

----- in Rs. Cr. -----					
	Mar '15	Mar '14	Mar '13	Mar '12	Mar '11
	12 mths				
<b>Income</b>					
Sales Turnover	1,854.77	1,822.07	1,532.87	1,593.85	2,409.87
Excise Duty	65.82	0	51.65	57.56	72.27
Net Sales	1,788.95	1,822.07	1,481.22	1,536.29	2,337.60
Other Income	6.1	6.59	7.39	4.52	26.16
Stock Adjustments	-19.93	-69.63	0	39.68	456.36
<b>Total Income</b>	<b>1,775.12</b>	<b>1,759.03</b>	<b>1,488.61</b>	<b>1,580.49</b>	<b>2,820.12</b>
<b>Expenditure</b>					
Raw Materials	1,408.26	1,395.93	1,519.10	1,203.84	2,307.48
Power & Fuel Cost	3.73	5.54	58.87	4.21	4.14
Employee Cost	74.33	72.7	71.1	58.96	93.08
Miscellaneous Expenses	135.68	147.73	132.57	106.91	181.59
Total Expenses	1,622.00	1,621.90	1,781.64	1,373.92	2,586.29
	<b>Mar '15</b>	<b>Mar '14</b>	<b>Mar '13</b>	<b>Mar '12</b>	<b>Mar '11</b>
	12 mths				
<b>Operating Profit</b>	<b>147.02</b>	<b>130.54</b>	<b>-300.42</b>	<b>202.05</b>	<b>207.67</b>
PBDIT	153.12	137.13	-293.03	206.57	233.83
Interest	149.66	142.21	112.67	94.87	127.24
PBDT	3.46	-5.08	-405.7	111.7	106.59
Depreciation	55.15	75.88	76.76	67.66	96.17
Profit Before Tax	-51.69	-80.96	-482.46	44.04	10.42
PBT (Post Extra-ord Items)	-51.69	-80.96	-482.46	44.04	10.42
Tax	-41.33	-5.59	16.54	15.5	1.74
<b>Reported Net Profit</b>	<b>-10.36</b>	<b>-75.37</b>	<b>22.76</b>	<b>28.54</b>	<b>8.68</b>
Total Value Addition	213.74	225.97	262.54	170.08	278.81
Preference Dividend	0	0.26	1.74	0.3	0.44
Equity Dividend	0	0	7.15	6.74	5.39
Corporate Dividend Tax	0	0.04	1.51	1.14	0.95
<b>Per share data (annualised)</b>					
Shares in issue (lakhs)	587.15	572.15	539.06	539.06	539.06
<b>Earning Per Share (Rs)</b>	<b>-1.76</b>	<b>-13.22</b>	<b>3.9</b>	<b>5.24</b>	<b>1.53</b>
Equity Dividend (%)	0	12.5	12.5	10	
Book Value (Rs)	69.98	73.63	84.93	88.39	92.77

Source: Dion Global Solutions Limited

## A STUDY ON QUALITY OF WORK LIFE OF THE EMPLOYEES OF SELECTED COMPANIES IN NANJANGUDU INDUSTRIAL AREA, MYSURU DISTRICT

**NISHIRIYANARGEES**  
**STUDENT**  
**DEPARTMENT OF MANAGEMENT & COMMERCE**  
**AMRITA SCHOOL OF ARTS & SCIENCES**  
**AMRITA VISHWA VIDYAPEETHAM**  
**AMRITA UNIVERSITY**  
**MYSURU CAMPUS**  
**MYSURU**

**B. GURUDATT KAMATH**  
**ASST. PROFESSOR**  
**DEPARTMENT OF MANAGEMENT & COMMERCE**  
**AMRITA SCHOOL OF ARTS & SCIENCES**  
**AMRITA VISHWA VIDYAPEETHAM**  
**AMRITA UNIVERSITY**  
**MYSURU CAMPUS**  
**MYSURU**

### ABSTRACT

*Quality of work life is becoming a vital issue to achieve the goals of the organization in every sector. Attrition, employee's commitment, productivity etc. depend upon the dimensions of Quality of work life i.e. job satisfaction, organizational commitment, reward and recognition, participative management, work life balance, proper grievances handling, welfare facilities, work environment, etc. If organization provides a better QWL then it develops the healthy working environment as well as satisfied employee. High QWL can give a result in better organizational performance, effectiveness, innovativeness, etc. Consequently, to contribute better life for all those peoples who are organizational members serve and with whom they deal and interact. Today, quality of work life also affects the corporate social responsibility. Quality of work life is the documentation between the employees and their organization it improves the family life as well as work life of the individual. The term Quality of Work Life (QWL) aims at changing entire organizational climate by humanizing work, individualizing the organization and changing the structural and managerial system. Also it creates an opportunity for the organisations to understand the employees behaviour towards their work. As it gives a brief explanation about the perception of the employees, it helps the companies to improve their working condition and also can motivate the employees to increase the performance.*

### KEYWORDS

career growth, job satisfaction, performance, quality of work life, safety and security.

### INTRODUCTION

The quality of work life was introduced in the late 1960's to understand the effects of the job/work on the employees working condition and their health and also it is a way to influence the employees positively to understand the work experience of the employees. In the middle of 1970's employees were more concern about the working condition and design of work where they are trying to improve their work life. In the next decade of 1980's quality of work life included other features like job satisfaction and productivity and these features where the reward system, working condition, working environment, employees' rights and needs.

However, the rapid changes in the business world, factors like globalisation, information technology, world business competitiveness and scarcity of natural resources have changed the overall outlook of how a good company is defined. The ethics of quality of work life and job satisfaction are important to consider predicting the sustainability and a good business organisation.

Quality of work life (QWL) refers to the favourableness or unfavourableness of a job environment for the people working in an organisation. The period of scientific management which focused solely on specialisation and efficiency, has undergone a revolutionary change.

The traditional management (like scientific management) gave inadequate attention to human values. In the present scenario, needs and aspirations of the employees are changing. Employers are now redesigning jobs for better QWL.

Quality of work life is a process of work organisation which enable its members at all levels to actively participate in shaping the organisation environment method and outcome. The level based process is aimed towards meeting the twin goal of enhanced effectiveness of organisation and improved quality of work life for employees

#### 1. ADEQUATE AND FAIR COMPENSATION

The salary structure of employees should be just, fair and equitable. It should ensure reasonable wages to employees so that they can keep a desirable standard of life. Payment of Wages Act, 1936 and Minimum Wages Act 1948 safeguard the interests of the workers regarding payment of wages.

It should be clearly understood that for QWL, cash payment is not the only answer. However, hefty salaries are being paid to the knowledge workers so as the meet their basic and higher level needs for improving their QWL.

#### 2. SAFE AND HEALTHY WORKING CONDITIONS

In India, Factories Act 1948 contains a number of provisions relating to safety and health of employees. Employers are increasingly trying to provide better working conditions to their workers as compared to their competitors. Flexi-hours of work, zero risk physical conditions of work and safety against noise, pollution, fume, gases etc. go a long way in effecting the quality of work life.

#### 3. OPPORTUNITY TO USE AND DEVELOP HUMAN CAPACITIES

The QWL will be better if the jobs allow sufficient autonomy and control to its employees. The workers must be given an opportunity to use their skills, abilities and initiative in planning and implementing the work. The senior persons can keep a watch and a constant control and also provide immediate feedback to the workers. Corrective measures can be taken immediately in the light of this feedback.

**4. OPPORTUNITY TO GROWTH AND SECURITY**

When employees are offered opportunities to grow in an organisation by providing promotion ladder, it helps in improving the QWL. There is an inner desire in every employee for career progression. If the job is dead-end, it must be made clear to the employee at the outset.

**5. SOCIAL INTEGRATION IN THE WORK ORGANISATION**

An employee develops a sense of belongingness to the organisation where he works. Discrimination among the employees on the basis of age, gender, cast, creed, religion etc. can act as a hindrance in the way of social intergration. Workers develop self-respect as a result of social integration and it improves the quality of work life.

**6. CONSTITUTION IN THE WORK ORGANISATION**

Every employee should be entitled to some privileges such as personal privacy, right to expression, right to equitable treatment etc. These should be governed by certain rules and regulations. In short, there should be the 'Rule of Law' as per the constitution of the enterprise.

**7. WORK AND TOTAL LIFE SPAN**

Certain employees are required to work for late hours or are frequently transferred or have to do a lot of travelling as a part of their duty. This definitely affects their QWL as they remain away from their families for a long period of time.

**8. SOCIAL RELEVANCE OF WORK LIFE**

Those business enterprises which are engaged in discharging their social responsibilities contribute to QWL. If a concern does not care for social obligations, the employees of such organisation cannot expect a better QWL. Low quality products, no control on pollution, bad employment practices are indicators of low QWL.

**REVIEW OF LITERATURE**

**Hackett, Sesser and Schlesinger (1997)** define QWL as the feelings that employees have towards their jobs, colleagues and organizations that ignite a chain leading to the organizations' growth and profitability. A good feeling towards their job means the employees feel happy doing work which will lead to a productive work environment. This definition provides an insight that the satisfying work environment is considered to provide better QWL.

**Lau, Wong, Chan and Law (2001)** operational zed QWL as the favourable working environment that supports and promotes satisfaction by providing employees with rewards, job security and career growth opportunities. Indirectly the definition indicates that an individual who is not satisfied with reward may be satisfied with the job security and to some extent would enjoy the career opportunity provided by the organization for their personal as well as professional growth.

**Karrer and Khurana (1996)** found significant correlations of Quality of work life of managers from three sectors of industry viz., Public, Private and Cooperative, with some of the background variables (education qualification, native/migrant status, income level) and with all of the motivational variables like job satisfaction and job involvement.

**Singh (1983)** conducted studies in chemical and textile factories in India that were designed to improve the Quality of Work Life by reorganizing the work and introducing participatory management.

**Bhatia and Valecha (1981)** studied the absenteeism rates of textile factory and recommended that closer attention should be paid to improve the Quality of Work Life.

**Trist (1981)** suggested that there should be optimum level of autonomy according to requirements of technology system.

**Allenspach's (1975)** report on flexible working hours based on experiments in Switzerland, discussed its advantages and disadvantages, including its effects on job satisfaction and employee and management attitude.

**STATEMENT OF THE PROBLEM**

The term Quality of Work life refers to values and attitude contained in working life of any employee. The working life of employees consists of various factors such as, Pay, Promotion, Opportunity for Continued Growth and Security, Benefits, Contingent Rewards, Safe and Healthy Working Conditions, Operating Procedures, Co-workers and Supervision, Nature of Work, Social Integration in the Work Organization, Work and Total Life Space, and Social Relevance of Working Life; each of which plays its role in evaluating working life Maintaining organizational health as well as the employee's satisfaction on a regular basis is one of key factor for achieving organizational success and also for the organizational sustainability. If quality of life at work could be improved, it would benefit and reward the individual employee and the organization, its employees and society as a whole. As employers try to address employee turnover and job satisfaction issues, they must first determine what the issues are. As more companies start to realize that a happy employee is a productive employee, they have started to look for ways to improve the work environment. Many have implemented various work-life programs to help employees, including alternate work arrangements. It cannot be defined or connoted in a few terms or sentences as it is the convergence of various factors like nature of the job, nature of the individual employee and employer, work environment, social condition, job facilities, objectives and goals of the organization, qualification, experience and visions of human elements involved.

**OBJECTIVES**

1. To find out how the quality of work life leads to high satisfaction and performance of employees.
2. To identify the major factor that influences the quality of work of life of employees.
3. To find out the dimensions used most and last under quality of work life.

**METHOD OF DATA COLLECTION**

Among the various methods, which can be used to collect the primary data, the researcher has adopted two methods which are Personal Interview method and Questionnaire method. The researcher has prepared questionnaires, which contained multiple choice questions. The respondent's opinions are collected with regard to the problem with the help of the questionnaires.

**SAMPLING UNIT**

The respondents of the study are part of population of employees of Nanjangudu Industrial area. Some of the employees are considered to be the sampling unit.

**SAMPLE SIZE**

Some of the employee's strength is identified; meanwhile the sampling size is confined only for 100 employees of various positions in their jobs. Convenient sampling is adopted to get insight about the study.

**TABLE 1: EMPLOYEES' SATISFACTION WITH CURRENT JOB**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	7	7
Agree	93	93
Moderate	0	0
Disagree	0	0
Highly Disagree	0	0
Total	100	100

Interpretation: Above table reveals that 7% of respondents are highly satisfied, 93% of respondents are satisfied, No employees remaining are neutral, dissatisfied and highly dissatisfied.

**TABLE 2: EMPLOYEES' SATISFACTION WITH SALARY PACKAGE**

Opinion	No. of respondent	Percentage (%)
Highly Satisfied	0	0
Satisfied	20	20
Neutral	66	66
Dissatisfied	14	14
Highly Dissatisfied	0	0
Total	100	100

Interpretation: From the above table we can say that 20% of respondents are satisfied with the current salary package, 66% of respondents are neutral, and the rest 14% of respondents are dissatisfied and 0% of respondents are highly satisfied and highly dissatisfied.

**TABLE 3: EMPLOYEE'S OPINION REGARDING THE QUALITY OF WORK LIFE**

Opinion	No. of respondent	Percentage (%)
Very Good	0	0
Good	44	44
Neutral	56	56
Bad	0	0
Very bad	0	0
Total	100	100

Interpretation: It is inferred 44% of respondent had good opinion about the quality of work life in the organization. 56% of respondents are ok about the quality of work life in Salem Steel Plant and no respondents say that quality of work life is very good, bad and very bad.

**TABLE 4: EMPLOYEES' OPINION REGARDING THE CORDIAL RELATIONSHIP BETWEEN THE EMPLOYEES AND SUPERIORS**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	8	8
Agree	66	66
Moderate	22	22
Disagree	4	4
Highly Disagree	0	0
Total	100	100

Interpretation: Above table shows that 8% of respondents strongly agree, 66% of respondents are agree, 22% of respondents are moderate, 4% are dissatisfied and 0% of respondents are highly disagree.

**TABLE 5: EMPLOYEES' OPINION REGARDING THE SAFETY AND HEALTHY WORKING CONDITIONS**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	10	10
Agree	64	64
Moderate	24	24
Disagree	2	2
Highly Disagree	0	0
Total	100	100

Interpretation: The table is showing that 10% of respondents are highly satisfied, 64% of respondents are satisfied, 24% of respondents are neutral 2% of respondents are dissatisfied and 0% of respondents are highly dissatisfied.

**TABLE 6: EMPLOYEES' OPINION REGARDING THE JOB SECURITY IN THE ORGANIZATION**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	6	6
Agree	62	62
Moderate	28	28
Disagree	11	11
Highly Disagree	0	0
Total	100	100

Interpretation: The chart shows that 6% of respondents are highly satisfied, 62% of respondents are satisfied, 28% of respondents are neutral, 11% of respondents are dissatisfied and 0% of respondent are highly dissatisfied.

**TABLE 7: EMPLOYEES' OPINION REGARDING THE CASUAL LEAVE FACILITY**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	68	68
Agree	32	32
Moderate	0	0
Disagree	0	0
Highly Disagree	0	0
Total	100	100

Interpretation: Above table shows that 68% of respondent strongly agree about the casual, 32% of respondents are agree and 0% of respondents are moderate, disagree and highly disagree.

**TABLE 8: EMPLOYEES' SATISFACTION WITH THE ESI, PF & BONUS**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	25	25
Agree	65	65
Moderate	10	10
Disagree	0	0
Highly Disagree	0	0
Total	100	100

Interpretation: The table shows that 25% of respondents are highly satisfied, 65% of respondents are satisfied, 10% of respondents are neutral and 0% of respondents are dissatisfied and highly dissatisfied.

**TABLE 9: EMPLOYEES' SATISFACTION WITH THE GRIEVANCE REDRESSES**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	36	36
Agree	42	42
Moderate	22	22
Disagree	0	0
Highly Disagree	0	0
Total	100	100

Interpretation: The chart shows that there are 36% of respondents are highly satisfied, 42% of respondents are satisfied, 22% of respondents are neutral and 0% of respondents are dissatisfied and highly dissatisfied.

**TABLE 10: EMPLOYEES' OPINION REGARDING THE PERFORMANCE APPRAISAL METHODS**

Opinion	No. of respondent	Percentage (%)
Strongly Agree	0	0
Agree	38	38
Moderate	42	42
Disagree	20	20
Highly Disagree	0	0
Total	100	100

Interpretation: The table shows that 38% of respondents are satisfied, 56% of respondents are neutral, 6% of respondents are dissatisfied and 0% of respondents are highly satisfied and highly dissatisfied.

## FINDINGS OF THE STUDY

The research is made with primary data collection from the employees working in Nanjangudu industrial area (selected companies). 100 employees have given the response for the study to analyse the variables relating to the quality of work life of employees in Nanjangudu industrial area. This research is made from the employees who are qualified with diploma and industrial trainers. The tool used in analysis is the simple percentage

The data's collected from the employees shows that the majority of the employees who are working in Nanjangudu industrial area are satisfied with the quality of work life. In fact, most of the employees are not completely accepting that they are satisfied with the standard of living when compared to their working condition. But, most of the employees have accepted that they have a better working condition which motivates the employees for better work performance and also to reduce the stress. Welfare measures are accepted by 45% of employees. The performance level of the employees is only till 30%, where rest of the employees have personal reasons regarding their low performance. In the interview some (24%) of the employee's opinions are due to lack of support from their higher authorities whereas the rest of the employees have lack of training as a reason for low performance but less than 10% are totally dissatisfied with the welfare measures. In general, quality of work life is a significant factor for the employees work performance, also the companies can increase the security measures to increase the quality of work life of employees which leads to the betterment of work performance of employees.

## SUGGESTIONS

The study has suggested to the companies for which they lack in the training and the welfare measures. And also a proper co-ordination among workers with their higher authorities. Finally, the companies which are lacking with the welfare measures can be increased and also could get the feedback from the employees to clear their problems.

1. Companies can provide special training programs to increase the work performance of the employees.
2. Companies can provide facility for the employees to release the stress of the employees
3. The safety measures and the welfare measures can be included.
4. The higher authorities can have friendly relationship with their subordinates.
5. The companies can adopt the regular system to assess the graveness of the employees.

Additional benefits like education allowances can be provided for the career growth of the employees.

## CONCLUSION

The study has found that the satisfaction level of the employees is high regarding quality of work life. The determining factor in the quality of work life with the satisfaction of employees are income and fair compensation, promotion in the career, positive and a fair relationship between the employees and the subordinates and also remedy for the problems of the employees. All these factors are co-related with the quality of work life in Nanjangudu industrial area.

## REFERENCES

1. Allenspach, H., Flexible Working Hours, Geneva, International Labour Office, 1975, p64.
2. Aswathappa, K, Human Resource and Personnel Management, second edition (2002), Tata McGraw Hill Publishing Company, New Delhi, Page (390,391,523).
3. Dolan, L.S, Garcia, S., Cabezas, C. and Tzafir, S.S., Predictors of "Quality of Work" and "Poor Health" Among Primary Health-Care Personnel in Catalonia. International Journal of Health Care Quality Assurance. 21(2); Pg. 203-218, 2008. IJEMR –June 2013-Vol 3 Issue 6 - Online - ISSN 2249-2585 - Print - ISSN 2249-8672.
4. Economics, Industry and Disability: A Look Ahead (Paul H. Brookes, Baltimore), pp.337-349, 1989.
5. Gilgeous, V., (1998), "Manufacturing managers: their quality of working life", Integrated Manufacturing System, Vol. 9, No. 3, pp.173-181.
6. Hackman, J.R., & Oldham, G.R., (1980), "Work redesign", Redings, M.A: Addison-Wesley.
7. Hair, J. F; Anderson, R. E and Tatham, R.L. 1999. Multivariate Data Analysis.2nd edition. Macmillan publishing company, New York.P 111-114.
8. Hart, P.M., Teacher Quality of Work Life: Integrating Work Experiences, Psychological Distress psychological distress, Occupational Organizational Psychology 67:109-132, 1994.
9. Herzberg, F., Mausner, B., and Snyderman, B. (1959), "The Motivation to Work" (2nd ed.) New York: John Wiley.
10. Hian, C.C., and Einstein, W.O., (1990), "Quality of Work Life (QWL): What can unions do? S.A.M. Advanced Management Journal, Vol. 55, No. 2, p. 17-22.
11. Karasek, R.A. "Control in the Workplace and its Health-Related Aspects", in Sauter, S.L., Hurrell, J.J., Cooper, C.L. (Eds), Job Control and Worker Health, Wiley, New York, NY, pp.129-59, 1989.
12. Kohl, M. L and Schooler, C., 'Job conditions and personality: A Longitudinal Running in the direction of the long axis of the body or any of its parts. Assessment of Reciprocal Effects', American Journal of Sociology 87: 1257-1286, 1982.

13. Koonmee, K., A. Singhapakdi, B. Virakul and D. J. Lee, Ethics institutionalization, Quality of Work Life and employee job related outcomes: A survey of human resource managers in Thailand, *Journal of Business Research*, 2010, 1-7, 20-26
14. Lau, R.S.M and May, B.E., (1998), "A win-win paradigm for Quality of Work Life and business performance", *Human Resource Development Quarterly*, fall 1998, Vol 9, No. 3.
15. Lee, J.D., Singhapakdi, A. and Sirgy, J.A., Further Validation of a Need-based Quality-of-work-life (QWL) Measure: Evidence from Marketing Practitioners. *Applied Research in Quality of Life*.2 (4), 273-287, 2007.
16. Robert Half Management Resources; *Investment Weekly News*. Atlanta: Jan 8, 2011. pg. 675
17. Royuela, V., Tamayo, J and Surinach, J., *The Institutional vs. the Academic Definition of the Quality of Work Life. What is the Focus of the European Commission?* Research Institute of Applied Economics 2007.

## EFFECTIVENESS OF RTI ACT, 2005 IN PROVIDING INFORMATION: AN EMPIRICAL STUDY OF LUDHIANA CITY

**DR. POOJA CHATLEY**  
**ASST. PROFESSOR**  
**KHALSA COLLEGE FOR WOMEN**  
**LUDHIANA**

**MANNAT SABBHARWAL**  
**STUDENT**  
**KHALSA COLLEGE FOR WOMEN**  
**LUDHIANA**

### ABSTRACT

*It's been almost a decade that the Right to Information Act, 2005 has been implemented in the country with the objective of ensuring accountable, interactive and participatory democracy. During this span of ten years, the government has been trying its best to make this Act an effective tool to bring about transparency in operations, tapping corrupt practices and thus ensuring good governance to the masses. But has the Act seen the light of the day that it was envisioned for? The present paper is an attempt to gather the perception of the masses regarding the Act, the ease and hassles in getting information from various government and private bodies, the satisfaction level on the information received and how well it has been accepted as a tool of governance. Appropriate statistical tools have been used to draw inferences and make generalisations.*

### KEYWORDS

RTI Act, information, transparency, effectiveness, governance.

### INTRODUCTION

The Right to Information Act, 2005 was passed by the UPA government in 2005 to provide for the setting up of a practical regime of right to information for the citizens. Under the provisions of the Act, any citizen may request information from a "public authority", which in turn is required to reply expeditiously to the information seeker with complete and true information. Various information commissions have been set up at the National and state levels to ensure action against the erring "public information officers" and ensure the effective implementation of the act at various levels. The Act facilitates that citizens can now question, audit, review, examine and assess government acts and decisions to ensure that these are consistent with the principles of public interest, good governance and justice. This act promises to promote transparency and accountability in administration by making the government more open to public scrutiny. In the last ten years, this Act has brewed a total revolution in the manner in which working of organisations is carried out and the record of information is maintained as more and more people have become aware and are using it as a tool to get information from various departments. A survey conducted by a group of RTI activists in Uttar Pradesh revealed that atleast 300 applications were filed under RTI every day and the average time taken to dispose- off an application in 80 percent of the cases was around six months (Indian Express, 2008). But there have also been cases where information seekers were bullied, intimidated and charged exorbitant money to get the information. Also, what has been seen over a period of time, is that almost 75 percent of the applications have been filed by men and by people in the metro cities, primarily on personal issues relating to service matters (Srivastava,2010).

### REVIEW OF LITERATURE

The Right to Information Act, 2005 was enacted by the National Parliament to dismantle the culture of secrecy and to change the mindset of the bureaucrats and political leaders and to create conditions for taking informed decisions (Ansari,2008). It is a landmark Act which came with the potentiality to change the very idea of governance and the power equation between the common people and the government (Hazra, 2013). Various studies reveal that the basic steps of filing an RTI application was clearly understood by the masses. The citizens felt confident in filing the application on their own and majority of the respondents felt that RTI was a tool to fight corruption. There were very few women who had used the RTI act to get information. Although many of them had used the RTI act for a personal cause, they had also used it as a part of a group petition to question the authorities on societal issues. Some of the users felt that revealing the name of the petitioner was risky and hence wanted NGOs to take up the cause (Raman, 2013). But in this decade of implementation, the people also faced many problems in the implementation of the provisions of this Act such as poor state of records maintained by the authorities, due to poverty and illiteracy, lack of budgetary allocation in the budget etc. (Ram, 2013)

### OBJECTIVES OF THE STUDY

1. To measure the awareness level about Right To Information Act among public
2. To inquire into the usage of RTI Act by public.
3. To evaluate the satisfaction level in gaining information through RTI.

### HYPOTHESIS

1. There is no difference between gender and awareness level about RTI.
2. There is no difference between gender and application filing for RTI.
3. There is no difference between awareness level and application filing about RTI.

### RESEARCH METHODOLOGY

A well-structured questionnaire has been administered to a convenient sample of 150 respondents of Ludhiana city to gather their responses on perception and effectiveness of RTI as an information seeking tool. Also, problems faced in filing application and getting information from requisite authorities have been evaluated. The data has been analysed using simple statistical tools of mean standard deviation and chi-square.

**ANALYSIS OF DATA**

The demographic profile of the respondents to whom the questionnaire was administered is as under:

**TABLE 1: DEMOGRAPHIC PROFILE OF RESPONDENTS**

PARTICULARS	Number of respondents	Percentage		
<b>Gender</b>				
MALE	65	43		
FEMALE	85	57		
<b>TOTAL</b>	<b>150</b>	<b>100</b>		
<b>Age</b>				
	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>	<b>%</b>
18-25	12	29	41	27.33
26-32	11	25	36	24
33-40	20	16	36	24
ABOVE 40	22	15	37	24.67
<b>TOTAL</b>	<b>65</b>	<b>85</b>	<b>150</b>	<b>100</b>
<b>Qualification</b>				
	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>	<b>%</b>
UNDERGRADUATE	21	12	33	22
GRADUATE	30	45	75	50
POST GRADUATE	14	28	42	28
<b>TOTAL</b>	<b>65</b>	<b>85</b>	<b>150</b>	<b>100</b>
<b>Occupation</b>				
	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>	<b>%</b>
STUDENT	13	30	43	28.67
BUSINESS	20	3	23	15.33
SERVICE	25	19	44	29.33
OTHER	7	33	40	26.67
<b>TOTAL</b>	<b>65</b>	<b>85</b>	<b>150</b>	<b>100</b>

The above table clearly shows that maximum no of respondents were women in the age group of 18 to 25 years who were graduate students. The male respondents were 43 percent in who were graduates and were employed either in business or were students.

The respondents were asked to share their level of awareness about the RTI Act, of which 80 percent of the respondents were aware about the Act while 20 percent of the respondents had no awareness about the Act. Also, almost all the male respondents were aware about the Act while incase of female respondents almost 32 percent of them were unaware about the existence of any such act.

**TABLE 2: AWARENESS ABOUT RTI ACT**

Awareness about RTI	Male	Females	Total
Yes	62	58	120
No	3	27	30
<b>Total</b>	<b>65</b>	<b>85</b>	<b>150</b>

Further, it was found that there is significant difference between gender and the level of awareness level about the RTI Act ( $\chi^2 = 16.96$ ) Hence the hypothesis that there is no difference between gender and awareness level about RTI stands rejected.

**TABLE 3: RELATIONSHIP BETWEEN GENDER AND AWARENESS LEVEL**

	Aware	Not Aware	Total
<b>Male</b>	62	3	65
<b>Female</b>	58	27	85
<b>Total</b>	<b>120</b>	<b>30</b>	<b>150</b>
<b>Chi- Square = 16.96 d.f = 1</b>			

The respondents were also asked to comment on their awareness about the type of right they think that 'Right to information' is. 64.16 percent of the respondents were aware that it has been included as a fundamental right while 7.5 percent of the respondents thought it to be a political right.

**TABLE 4: AWARENESS ABOUT TYPE OF RIGHT**

Type of Right	Number of respondents	Percentage
Fundamental Right	77	64.16
Civil Right	34	28.3
Political Right	9	7.5
<b>Total</b>	<b>120</b>	<b>100</b>

**TABLE 5: APPLICATION FILED UNDER RTI**

Application filed	Number of respondents	Percentage
Yes	102	85.00
No	48	15.00
<b>Total</b>	<b>150</b>	<b>100</b>

Regarding filing of application under RTI Act, 85.0 percent of the respondents had filed an application with various organisations for getting some information with the help of the Act while 15.00 percent of the respondents had never filed any application under the Act.

**TABLE 6: RELATIONSHIP BETWEEN GENDER AND APPLICATION FILING**

	Filed Application	Not Filed Application	Total
<b>Male</b>	53	12	65
<b>Female</b>	49	36	85
<b>Total</b>	<b>102</b>	<b>48</b>	<b>150</b>
<b>Chi- Square = 9.66 d.f. = 1</b>			

The study of the relation between gender and application filing reveals that there is significant difference between application filing by male and female applicants ( $\chi^2 = 9.66$  d.f =1). Similarly there is also a marked difference between the level of awareness of the respondents and application filing under the act ( $\chi^2 = 79.96$  d.f. = 1). Hence, gender and awareness level affect the filing of application by the respondents under the RTI Act.

**TABLE 7: RELATIONSHIP BETWEEN AWARENESS AND APPLICATION FILING**

	Filed Application	Not Filed Application	Total
Aware	102	18	120
Not Aware	-	30	30
Total	102	48	150
Chi- Square = 79.96 d.f. = 1			

Of the 120 respondents who had sought information under RTI Act at various levels, majority of the respondents (65.8%) had sought information from different government organisations and departments while 19.16 percent of the respondents shared that they had sought information from semi-government bodies and 7.5 percent of the respondents had claimed information from private organisations. Very few (3.33%) of the respondents had sought information related to international relations in the country. Further, majority of the respondents (30.8%) had filed an RTI to expose the malpractices being carried out in the organisation, followed by 29.16 percent of the respondents who had filed the application with various bodies related to personal work and 26.67 percent had filed an application relating to public interest. (Table 8 and 9)

**TABLE 8: ORGANISATIONS FROM WHERE INFORMATION SOUGHT UNDER RTI**

Organisations from where Information sought	Number of respondents	Percentage
Information from private bodies	9	7.5
Information From Government Authorities	79	65.8
From bodies partly owned by government and partly owned by private sector	23	19.16
Personal information of an individual	5	4.2
Information related to International relations	4	3.33
Total	120	100

**TABLE 9: NATURE OF INFORMATION SOUGHT UNDER RTI**

Nature of Information	Number of respondents	Percentage
Related to personal work	35	29.16
Related to Public Interest	32	26.67
To expose a scam	16	13.33
To expose malpractices	37	30.80
Total	120	100.00

The respondents were also asked to list down their problems that they faced in using the RTI Act. 39.2 percent of the respondents felt that the major problem was in obtaining information from different agencies and organisations while 30.4 percent of the respondents faced problems in understanding the provisions of the Act. Very few respondents (9.8 % each) faced problem in writing an RTI Application or in submitting the application to the appropriate PIO or APIO.

**TABLE 10: PROBLEMS FACED IN SEEKING INFORMATION**

Problem	Number of respondents	Percentage
Writing proper application	10	9.8
Understanding the provisions of RTI	31	30.4
Obtaining the information	40	39.2
Submitting application to PIO or APIO	10	9.8
Report to the first/second appellate authority	11	10.8
Total	102	100

The respondents also faced problems in gathering information from these organisations. The major source of problem was incomplete information (35.44 %) and information not provided within the stipulated time period (25.5%). Also, organisations try to invoke the exemption clause (14.7%) and try to escape liability of providing the information or leak the details of the applicant to the concerned affected high ups who further either force the applicant to enter into a compromise or threaten him of dire consequences.

**TABLE 11: PROBLEMS FACED IN SEEKING INFORMATION**

Problems faced	Number of respondents	Percentage
Evoking exemption clauses	15	14.7
Leaking the details of application and applicant	5	4.9
Compromise request	13	12.7
Incomplete information	36	35.4
Life threat	7	6.8
Information not provided within specified time period	26	25.5

**TABLE 12: BENEFITS FROM IMPLEMENTATION OF RTI ACT**

S.no	Benefits seen	Mean Score	Standard Deviation
i.	Greater transparency	3.32	0.903
ii.	Citizen centric approach to development	3.41	0.77
iii.	Democratization of information and knowledge	3.45	0.92
iv.	Reduction in corruption	3.22	1.02
v.	Promotion of citizen-Government partnership	2.91	0.89
vi.	Reduction in scams	2.9	0.99

The respondents were also asked to give their perception about the benefits of the implementation of the Act and these responses were recorded on a Likert scale of 1 to 5. Regarding benefits from the implementation of the RTI Act, the respondents highly agreed to the benefit of “democratization of information and knowledge” (3.45), citizen centric approach to development (3.41) and greater transparency (3.32) while they disagree with the fact that implementation of RTI Act has reduced scams (2.9) or corruption.

**TABLE 13: PERCEPTION REGARDING IMPLEMENTATION OF THE ACT**

	No of Respondents	Percentage of respondents
<b>Very Good</b>	8	6.66
<b>Good</b>	12	10.00
<b>Average</b>	30	25.00
<b>Poor</b>	40	33.33
<b>Very Poor</b>	30	25.00
<b>Total</b>	120	100.00

Also, the general perception is that the Act has been poorly implemented. The reason for this poor level of implementation has been attributed to low levels of literacy and awareness among the people, non-availability of basic infrastructure for information recording etc., bureaucratic arrogance and the pervasive culture of secrecy in different organisations and departments.

**TABLE 14: FACTORS FOR POOR IMPLEMENTATION OF THE ACT**

Factors	Number of respondents	Percentage
The pervasive culture of secrecy	18	15.00
Arrogance within bureaucracy	21	17.50
Low levels of literacy and awareness amongst Indian people	36	30.00
Non-availability of basic infrastructure and machinery	36	30.00
Official Secrets Act 1923	9	7.5
Total	120	100

The respondents were also asked to give their suggestions regarding the ways and means to improve the implementation of the Act and these responses were recorded on a Likert scale of 1 to 5. Almost all the respondents agreed to the fact that there should be enhanced accountability of officials concerned, there should be convenience in filing RTI requests and if possible such requests should be accepted online also. There should be external / third party audit of organisations conducted from time to time to ensure that they are following the provisions of the Act as desired. Also, more efforts should be put in by the government to increase the awareness level of the public to different aspects of the RTI Act.

**TABLE 15: SUGGESTIONS FOR BETTER IMPLEMENTATION OF THE ACT**

S.no	Improvements Required	Mean score
i.	Creation of RTI implementation cell	3.6
ii.	Annual self-assessments	4.2
iii.	Creation of awareness among general public	4.4
iv.	Improving convenience in filing requests	4.8
v.	Enhanced accountability of officials	4.9
vi.	RTI portals for online requests	4.8
vii.	Third party audit to ensure compliance with provisions/guidelines of Act by public authorities	4.5

## CONCLUSION

As envisioned by the policy framers, the RTI Act has come a long way in bringing about transparency in governance and increasing accountability towards the masses. Also, the much sought after objective of providing access to information has been considerable achieved. But the implementation aspect still needs to be smoothened up by removing the bottlenecks like 'culture of secrecy', 'arrogance of bureaucracy' and improving the awareness among the masses about the applicability of the Act. The government also needs to take stringent action against organisations which fail to designate employees as PIO's and APIO's or follow other norms of the Act in totality.

## REFERENCES

- Hazra, Nirupam (2013), RTI – A right to good governance, *Yojana, Jan 2013*, pp. 55-57
- Kejriwal Arvind, "RTI: An enormous power with the people", India Together, Newsletter, digital edition, Aug7,2006 <http://www.indiatogether.org/2006/aug/ivw-arvind.htm> accessed on 30.4.16
- M. M. Ansari, Impact of Right to Information on Development: A Perspective on India's Recent Experiences, United Nations Educational Scientific and Cultural Organization, 2008. <<http://unesdoc.unesco.org/images/0018/001865/186510m.pdf>
- Ram, Chandi (2013) "Right to information law and its Implementation"
- Raman Vidhya (2013) "Study of factors influencing the adoption of Right to information Act".
- Srivastava Smita (2010), Right to information in India – Implementation and impact", *Afro Asian Journal of Social Sciences*, 1(1), 1-18.

**MECHANISM OF SOCIAL MEDIA TO BOOST INTERNATIONAL ENTREPRENEURSHIP****MUSIBAU AKINTUNDE AJAGBE****HEAD****DEPARTMENT OF MANAGEMENT****RITMAN UNIVERSITY****IKOT EKPENE****NKAM MICHAEL CHO****RESEARCH SCHOLAR****DEPARTMENT OF BUSINESS ADMINISTRATION & SUSTAINABILITY****ICT UNIVERSITY****YAOUNDE MESSASI CAMPUS****CAMEROON****MERCY ISIAVWE OGBARI****LECTURER****DEPARTMENT OF BUSINESS MANAGEMENT****COVENANT UNIVERSITY****OTA****EKANEM EDEM UDO UDO****SR. LECTURER****DEPARTMENT OF MANAGEMENT****RITMAN UNIVERSITY****IKOT EKPENE****ABSTRACT**

*Entrepreneurs all over seek ways of introducing their products to international markets, but international business environment pose a lot of opportunities and threats to foreign entrants. The cultural, political and technological environment has a lot to do in entrepreneurial success in global markets. The objective of the study is to critically determine the extent to which Social Media have contributed to the international venturing of entrepreneurs in Nigeria. One hundred questionnaires were administered to collect primary data that treated appropriate research questions inclusive of four hypotheses that were tested accordingly. Results indicates that technological advancement has significant impact on business transactions of international entrepreneurs. This is traceable to the fact that most small business entrepreneurs are becoming technologically inclined to transact day to day businesses. The study finds that so far the proper understanding of the usage of Social Media tools has offered more to the entrepreneurial venture decision making. Also the Social Media tool has been proven to enhance business dealings which also have to do with entrepreneurial success in the international markets. The study recommends that since technological products provide ample benefits for international entrepreneurs, organizations should endeavor to adopt technologies that supports international transactions.*

**KEYWORDS**

Nigeria, social media, communication, technology adoption, international business, entrepreneurship.

**1.0 INTRODUCTION**

**B**usinesses and people from one region of the world to another are frequently connected to one another more quickly compared to what obtains previously (Autio, 2007; Katsioloudes and Hadjidakis, 2007; Ajagbe et al., 2011). In the same vein, every good manufactured and services delivered in one region of the world is readily available at every part of the world courtesy the adoption of technology in international business communications and transactions (Hessels, 2007; Greenaway et al., 2008; Wang et al., 2012). The current phenomenon where the world is universally connected without boundaries has been termed as "Globalization." Katsioloudes and Hadjidakis, (2007) posits that globalization is quickly turning into the ideal term for portraying this contemporary times. Ismail et al. (2011) argues that entrepreneurs of today have to deal with customers who are changing with Communication mediums due to technological advances. These advances in technology are changing the nature of their products and services and requiring them to operate imaginatively and effectively in the emerging markets. Ogbari et al. (2015) opines that venturing in international businesses therefore, unlike domestic businesses, requires operating simultaneously in more than one kind of environment. It also involves coordinating one's business operations, and using the experience gained in one country for making decisions in another country. Otokiti (2007) posits that international business refers to the carrying out business activities across national boundaries for the satisfaction of human needs and wants. The author adds that the extent of a firm's involvement abroad is a function of its commitment to the pursuit of foreign markets. He concludes that the demands are tough and the stakes are high. Oyewobi et al. (2013) stresses that International business entrepreneurs are not only sensitive to different marketing environments internationally but tries to balance marketing moves globally in order to optimize their business outcomes. Hessels (2008) expatiates on the position of OECD (1997) expressing that Government is in support of cross-border free-enterprise particularly as it relates to exports. That is those exports that have at its base the intention to improve national wealth in order to advance and strengthen the nation's ability to compete internationally (OECD, 1997; Otokiti, 2010; Oyewobi et al., 2013). Cross-border entrepreneurship has grown over decades into an extensive occurrence. Hessels et al. (2008) hinted that the traditional international entrepreneurship firms were essentially accountable for the streams of universal exchange of goods and services and also Foreign Direct Investment (FDI) which have turned into the prime impetus of globalization.

In view of the growth of international entrepreneurship. Communication has been perceived to play an essentially important role in such development. However, Mkomange et al. (2013) perceives Communication to be a process that involves exchange of information, thoughts, ideas and emotions. The authors conclude that for Communication to be effective and barrier free, it requires a sender, a message and a receiver. Oliveira et al. (2014) adds that the Social Media has been a major business interactive tools that aids Communication. This could be as a result of the dominance of the Internet and advancement in global technology that has made Communication very easy. Hence, Information seems to be disseminated faster and links between persons are easily established. Ajagbe et al. (2011)

contributes that Information has a way of creating opportunities and risk for those using the Social Media. In essence the usage of Social Media have its positive and negative impact on the operations of entrepreneurial ventures (Mkomange and Ajagbe, 2012; Mkomange et al., 2013). Social Media encompass a variety of Web-based and mobile technologies (Madden and Zickuhr, 2011). For business professionals, Social Media may be used for professional networking, interfacing with partners and customers. Autio (2005) highlights that Social Media comprises a number of online and mobile resources that provide a forum for the generation, sharing, and discussion of individualized ideas and content. Madden and Zickuhr (2011) opines that Social Media are commonly defined by specific applications and/or Web tools. Most of these tools are widely accessible and free to use at minimal cost. These applications may be categorized by purpose, including such functions as Professional Networking (LinkedIn, Dexterity), Social Networking (Facebook, Google+), Recommending/Filtering (Yelp, Delicious), Media Sharing (Flickr, YouTube), Content Production (blogs, Twitter), Knowledge/Information Aggregation and Location-Based Services (Foursquare), among others. Katsioloudes and Hadjidakis (2007) argues that the use of Social Media tools such as Facebook, Twitter, Text Messaging, E-mail, Photo Sharing, Social Networking, and the likes do not have a single preordained outcome. Therefore, attempts to outline their effects on entrepreneurship venturing are too often reduced to dueling anecdotes. Dryer (2010) posits that there were 200 million Blogs worldwide, 450 million individuals on Facebook, 27 million Tweets every 24 hours, and 1.2 billion YouTube views each day. These amazing statistics reveal the volatile development Social Media has experienced over the previous years (Madden and Zickuhr, 2011). Nevertheless, the effects of Social Media on international business venturing for entrepreneurs seems unclear especially in developing economies as Nigeria. This is because the international market serves as an avenue for creative entrepreneurs to earn foreign income outside their country of existence. Zahra et al. (2000) opines that Social Media Communication factors are unpredictable and in most times they form the basis for decision for local entrepreneurs to break into new markets due to affordability. There are many ways to break into new markets which include exporting, foreign direct investment, joint venture and international partnerships. The options seem to tie their feasibility round what is obtainable in the market to break into (Acs and Audretsch, 2003; Hessel, 2008; Wang et al., 2012). In retrospect the effects of Social Media on international business to the entrepreneurs in developing economies cannot be overemphasized. This is as such effects on international business venturing in Nigeria has not reached an appreciable level. Hence, this study investigates the perspectives of Social Media on international business venturing considering opinions from Nigeria.

## 2.0 REVIEW OF RELATED LITERATURE

### 2.1 ENTREPRENEURSHIP VENTURING

Ajagbe and Ismail (2014) mention that Entrepreneurship Venturing contributes substantially to the growth of national economies by way of different indicators such as job generation, research and development spill over benefits and wealth creation. Also, Hessels (2008) adds that Entrepreneurship is thought to be a vital instrument for a nation's economic improvement because of its impact on both employment creation and innovation initiatives. The author continues that certain variations exist amidst nations in connection to the degree at which Entrepreneurship impacts positively to such economies. Hannafey (2003) suggests that the significance of Entrepreneurship for national economies is important in considering cross-border entrepreneurship. Also important is the involvement of small firms and young ventures in the international economy despite environmental forces that limit their performance outside their regions of operation. Yeoh (2004) describes international business engagements involving exporting and importing as avenues for young firms to enhance value, engender growth and get innovative expertise abroad. Hessels (2007) put forward that, the internationalization of small firms is both growing and accelerating. This imaginably could further add to a more prominent number of economic participants seeking international business opportunities. Firms are transacting in economies that are progressively becoming global (Wennekers, and Thurik, 1999; Greenaway et al., 2008; Bach et al., 2013). The universal reduction of exchange and investment barriers via the World Trade Organisation (WTO). The Regional institution of the economic cooperation agreements, such as the European Union (EU) have reduced barriers for Small and Medium Enterprises (SMEs) to make them more internationally effective (Schumpeter, 1934; Van Stel, 2006; Hessels, 2008). Similarly, scientific innovations for instance the extensive usage of Internet and E-mail and decreasing transportation expenses have brought about improved Information streams between nations which encourage small and new enterprise internationalization (Autio, 2005; Reynolds, 1997). This has made it simpler for small business outfit to acquire Information about international markets, international customers, liaise with international business associates and also to facilitate different cross country business operations (Wennekers and Thurik, 1999; Hessels, 2008).

### 2.2 PARTICIPANTS IN INTERNATIONAL BUSINESS

Katsioloudes and Hadjidakis (2007) contends that organizations of various kinds and sizes, and in a wide range of commercial ventures go into worldwide business exchanges. Assembling firms, administration firms, and retail firms all quest for clients outside their nations. As said before, a global firm is a business that draws in specifically in any type of worldwide business movement, for example, trading, importing, or universal generation. Not minding the way of the universal business exchanges, there are distinctive sorts of global firms. Yeoh (2004) and Katsioloudes and Hadjidakis (2007) affirms that small firms are turning out to be progressively dynamic in global exchange and speculation. Firms are taking snappier time to deliver goods and services to their clients than ever before. This is an after effect of enhanced innovative progressions; electronic conveyance is a cheap and viable strategy for some small firms. Ogbari et al. (2015) argues that numerous small firms are connecting with clients solely through the World Wide Web (WWW). Despite the wide range of scientific facilities available, some of them are still not capable to find international clients for their products.

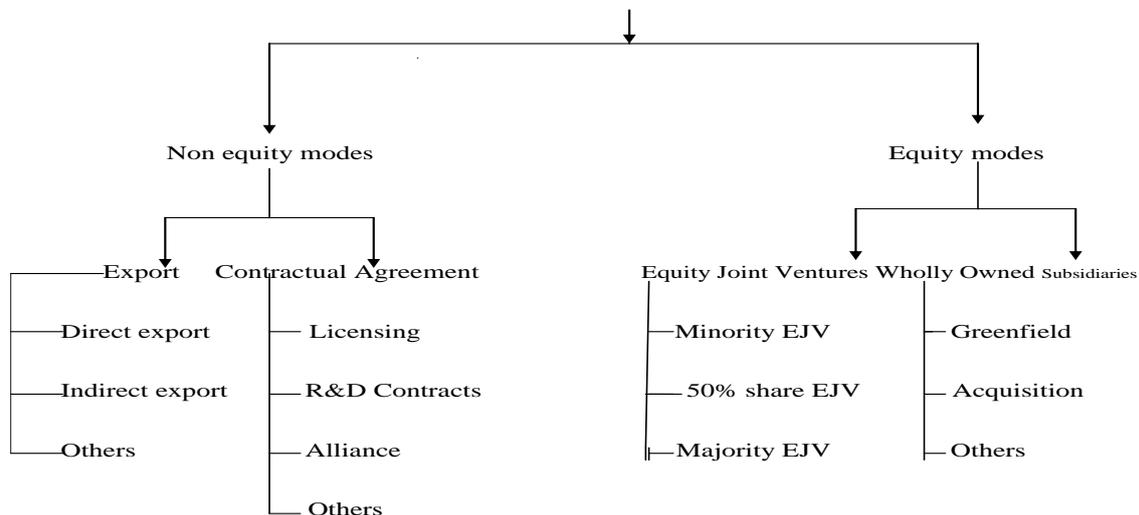
Acs and Audretsch (2003) opines that sure myths prevent young entrepreneurs from international operations. There are not adequate funding available to such group of entrepreneurs, they do not have adequate professional mentoring, the permitting prerequisites required for international transactions are not worth the exertion, just few firms can trade effectively, small firms do not always have the right individuals to help with international expertise, and they also find it hard to source relevant Information about global markets (Katsioloudes and Hadjidakis, 2007; Ajagbe and Ismail, 2014; Ajagbe, 2014). Notwithstanding, entrepreneurial firms assume an indispensable part in their domestic markets via creation of employment, advancement of technological productions plus export promotions (Ajagbe and Ismail, 2014). As reported by Barringer and Ireland (2005), organizations that operate as worldwide systems regularly discover it less demanding to react to unstable conditions via fluctuating manufacturing, advertising, and additional undertakings among domestic components.

Ajagbe et al. (2015) concludes that the multinational corporations' economic and political muscle makes them highly visible. Large companies generate a large number of jobs, greater investment, and significant tax revenue for the areas in which they operate. On the other hand, Otokiti (2010) affirms the position of Katsioloudes and Hadjidakis (2007), that the downsizing of substantial global corporations, or the end of plants all through the world, makes these organizations visible. Their dealings also involve lots of cash transactions, hence, their administration in international arrangements originates from nearby contribution of these organizations in cross-limit connections (Dana et al., 2009).

### 2.3 MODES OF ENTRY INTO INTERNATIONAL MARKETS

Otokiti (2012) insists that a firm has various options when it is endeavoring to assess a method of business sector passage. It ought to be recollected that there is no one strategy which is suitable to all organizations under a specific arrangement (Schumpeter, 1934; Allen, 2003). On the other hand, there are number of choices which organizations and people inside of them need to weigh up under the overall circumstances of the business sector. Otokiti (2012) further proposes that in picking mode of entry, various elements will shape their decisions. Velocity of passage required, money related assets accessible, adaptability required, time of rate of return, long term goals of the business, level of promoting control and level of hazard avoidance. There are variation of entry mode that a multinational company could choose. There are various approaches to arrange the choices of entry mode open to organizations, however no one strategy is precise due to the dynamic system of the international economy (Schumpeter, 1934; Grant, 1987; Acs and Audretsch, 2003). Figure 1 shows the hierarchical model of choice of entry mode and some of the variables are explained below.

FIGURE 1: HIERARCHICAL MODEL OF ENTRY MODE  
Choice of Entry modes



Source: Otokiti (2012)

## 2.4 RULES OF SELECTING ENTRY MODE

**Pragmatic Rule:** A delineation of the down to earth standard is the organization that commonly begins working together in outside business sectors with a generally safe passage mode. Bjorklund (2011) opines that just if the specific starting mode is not doable or beneficial will the organization keep on searching for a workable passage mode. The pragmatic rule has specific points of interest. Bach et al. (2013) includes that the danger of remote business sector passage with the wrong kind of passage mode is minimized subsequent to unworkable models are rejected. Hannafey (2003) places that expenses of data gathering and administration time are diminished subsequent to not every potential option are explored once a workable mode has been found. These points of interest are not immaterial, but rather nor is the expense of lost open door. Yeoh (2004) reports that the crucial shortcoming of the Pragmatic rule lies in its inability to guide organization's capacities and assets with the business sector opportunity.

**The Decision Rule:** The decision rule essentially expresses that the organization ought to pick the right entry mode. Shane (2003) contributes that the methodology requires that all suitable entry modes be efficiently assessed and evaluated. Entry evaluations should be made between anticipated expenses and advantages over a future time period. This, normal expenses and advantages are assessed, and are liable to evolving vulnerabilities. Swartz (2009) notice that the different method of passage is influenced by distinctive business sector and political dangers. Otokiti (2012) suggests that implementing a chosen guideline could be to pick the passage mode that expands the benefit commitment over the vital planning arrangement.

## 2.5 REASONS FIRMS ENTER FOREIGN MARKETS

**Minimize Competitive Risk:** Many companies enter into international business for defensive reasons. Baumol (2002) reports that such firms may need to guard themselves against household firms that may pick up focal points in remote markets. Firm A may expect that firm B will produce expansive benefits from a remote business sector if they take off alone to serve that market. Company B then may utilize those benefits to enhance its competitive position locally. Oyewobi et al. (2013) argues that firms that are scared of such actions, may enter an international market essentially to keep a contender from picking up focal points.

**Procurement of Resources:** Both manufacturers and distributors are on constant search for production material supplies as well as services from cross boarder relationships. Autio (2005) adds that they also look for foreign capital, technologies, and information they can use at home. Sometimes they do this to reduce their costs. For example, Nike relies on cheap manufacturing operations in Southeast Asian countries to make its products. Barringer and Ireland (2005) thinks that accumulating resources may enable a company to improve its product quality and differentiate itself from competitors, potentially increasing market share and profits.

**Extend Sales:** By coming to global markets, organizations boost their deals quicker than when they concentrate on a solitary market that is the local one. Shane and Venkataraman (2000) finds that the sales depend on buyers' enthusiasm for the item and their capacity to buy the item. The authors recommend that higher deals mean higher benefits and that in itself is an intention in organizations to go global.

**Expand Sources of Sales and Supplies:** Acs and Audretsch (2003) suggests that for firms to minimize vacillations in deals and benefits, there is continuous need to search for external business opportunities to exploit. Carree and Thurik (2003) includes that organizations may have the capacity to maintain a strategic distance from the full effect of value variances or deficiencies in any one nation, by getting supplies of the same item or segment from diverse nations.

## 2.6 ROLES OF THE MEDIA

Dana et al. (2009) reports that social life media plays various roles: Informative: supplying information as news or public information about social events, political and or socio-cultural; Interpretative: analyzing everyday events or facts; Expressive: consisting of a forum in which different people or social groups may present their points of view and gain cultural, political or social identity; Critical: mostly towards the system of government or investigation or focusing on the circumstances or abnormal aspects of society and the confrontation of different currents of opinion; Instructive-cultural: broadcasting of scientific and cultural information; Social cohesion: because it presents a mechanism of social solidarity in the event of disasters or individual situations that require special support from other members of society; Entertaining: by providing multiple forms of public leisure (Dana et al., 2009; Wang et al., 2012).

## 2.7 BENEFITS AND RISKS OF SOCIAL MEDIA

### 2.7.1 Advantages

**Low Costs:** It is surely cheaper to use online social networking for both personal and business purposes because most of it is usually free. While personal use is rather simple for anyone, the business functions are underestimated by many. Ajagbe et al. (2011) opines that in a long range informal communication site, you can scout out potential clients and target markets with only a couple snaps and keystrokes, adding a support to your typical ads and limited time procedures. It gives you a chance to find out about their preferences and abhorrences, which is gigantic (Shane, 2003; Barringer and Ireland, 2005).

**Builds Credibility:** Customers confidence could be won if one connects to them at the individual and professional stage. Ogbari et al. (2015) argues that despite having to do a bit of work, it definitely pays off as one can be tapped for an offer if someone catches wind of your products or services. As long as one do not pursue them too aggressively, one will do well here.

**Connections:** The virtual connector could be companions with individuals who have different companions, et cetera. There is prospective benefit in such affiliations. Ajagbe et al. (2011) stresses that through the adoption of social networking site, the connector can do what he likes to do and furthermore, get joined with these individuals to shape a web of associations that will allow some form of leverage if one play ones cards right.

**Opportunities to find job:** Some social sites afford people the opportunity to find jobs online by link clicks and other notable employment advertisements (Schumpeter, 1934; Zahra et al., 2000).

*It helps to overcome timidity:* The Social Media sites like Facebook and Twitter helps one to overcome timidity or shyness online by opening up over certain developmental issues and reactions.

*It is a free tool for advertising and promoting one's product:* The Social Media site could serve as a medium of advertising and publicity for companies and products, due to the huge population that visit the Internet for one thing or the other (Hessels et al., 2008; Ajagbe et al., 2011).

### 2.7.2 Disadvantages

*Lack of Anonymity:* You are putting out Information about your name, location, age, gender, and many other types of Information that you may not want to let others know (Autio, 2005; Mkomange et al., 2013). The vast majority would say be cautious, however nobody can be sure at any given time. For whatever length of time that individuals can know who you precisely are, but then some may discover approaches to destroy you.

*Tricks and Harassment:* Here are possibilities for disappointment of security at the individual and business setting. Mkomange and Ajagbe (2012) stresses that numerous destinations put on certain procedures to prevent such instances of badgering, digital stalking, online tricks, and fraud to a flat out least, one could never presume.

*Time Intensive:* There is need to emphasise that if it is not a thing of interest, it would simply be an exercise in futility for you. The way to societal schmoozing is that it should be pleasurable, not minding the fact one is engaging it for either entertainment purposes or for investment.

## 2.8 INTERNATIONAL BUSINESS AND SOCIAL MEDIA

Otokiti (2007) stresses that international business is all commercial transactions between two or more countries. He adds that private firms undertake such transactions for profit; governments may or may not do the same in their transactions. These transactions include sales, investments, and transportation. Today, universal occurrences and competition impact all firms extensively in light of the fact that most offer yield to and secure supplies from remote nations. Maddan and Zickuhr (2011) finds that many firms also compete against products and services that come from abroad. The researchers stresses further that a more mind boggling answer is that an organization working in the universal business field will take part in methods of business, for example, importing and exporting, that vary from those it is acclimated to on a local level. Dryer (2010) emphasizes that online networking, i.e., blogs, wikis, long range interpersonal Communication locales like Facebook and LinkedIn, sight and sound sharing destinations like YouTube and Flickr, and social labeling locales like Digg and Yelp, speaks to a progressive movement in the way organizations associates. The researcher contributes that online networking has democratized data and enabled conventional subjects with the capacity to consolidate, share Information and be heard more than ever. This makes Social Media a word of mouth on steroids that is beginning to morph from a fun and easy way to stay socially connected with friends into a dynamic and more interactive way of doing business and practicing law (Greenaway et al. 2008; Ajagbe et al. 2011).

Katsioloudes and Hadjidakis (2007) refers to international business as profit-related transactions carried out crosswise over national limits. The setting for those commercial undertakings within which the global manager roles is shaped by foremost advancements on the earth. Such advancements are globalization; the different provincial exchanging alliances, for example, the EU with the presentation of the Euro as its legitimately tradable currency; the North American Free Trade Agreement (NAFTA); the Commonwealth of Independent States (CIS); data innovation; workforce assorted qualities; the status of the developing economies of China, India, Mexico and Brazil. Including the unsteady political circumstance in different parts of the world, for example, the one in Afghanistan, the Middle East and in different parts of Africa. Shane (2003) regards international business as any firm that participates in global exchange or speculation. Otokiti (2005) argues that a firm does not need to wind up a multinational venture, putting specifically in operations in different nations, to participate in global business, albeit multinational endeavors are worldwide organizations.

Swartz (2009) points that nations vary in their way of life, political frameworks, financial frameworks, lawful frameworks, and levels of economic advancement. In spite of all the discussion about the rising "global village" and regardless of the pattern toward globalization of business sectors and creation, these major contrasts still remain and are exceptionally significant and persevering (Shane, 2003; Acs and Audretsch, 2003; Katsioloudes and Hadjidakis, 2007; Bach et al., 2013). Contrasts between nations require that a global business alter its practices nation by nation.

## 2.9 THEORIES OF INTERNATIONAL ECONOMICS

International trade is exchange of capital, goods, and services across international borders or territories (Baumol, 2002; Schumpeter, 1934; Autio, 2007; Otokiti, 2010). In most countries, it represents a significant share of gross domestic product. While international trade has been present throughout much of history, its economic, social, and political importance has been on the rise in recent times. Otokiti (2007) adds that Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing are all having a major impact on the international trade system. Ogbari et al. (2015) contributes that rising foreign business transactions is crucial to the continuance of globalization. International trade is a major source of economic revenue for any nation that is considered a world power. Bjorklund (2011) argues that without international trade, nations would be limited to the goods and services produced within their own borders. He stresses that it is in principle not different from domestic trade as the motivation and the behavior of parties involved in a trade does not change fundamentally depending on whether trade is across a border or not. The main difference is that international trade is typically more costly than domestic trade (Johanson and Vahlne, 1990; Swartz, 2009; Katsioloudes and Hadjidakis, 2007). The reason is that a border typically imposes additional costs such as tariffs, time costs due to border delays and costs associated with country differences such as language, the legal system or a different culture. International trade uses a variety of currencies, the most important of which are held as foreign reserves by governments and central banks. Oyewobi et al. (2013) put forward that trade in goods and services and only to a lesser extent to trade in capital, labor or other factors of production. Then trade in goods and services can serve as a substitute for trade in factors of production. Instead of importing the factor of production a country can import goods that make intensive use of the factor of production and are thus embodying the respective factor (Grant, 1987; Hannafey, 2003; Wang et al., 2012).

## 3.0 METHODOLOGY

The methodology adopted for this study is explanatory because it is a valuable means of finding relationships among variables of research and more importantly to assess the phenomena in a new perspective (Creswell, 2012; Dana and Dana, 2005; Yin, 2012). The sampled population consist of selected entrepreneurs in Lagos State. The overall population derived for the entrepreneurs are a total of 100. The sample frame for this study are entrepreneurs based in different parts of Lagos who ventures into international transactions. In determining the sample size, different opinions have been expressed by experts on this subject, while some experts have suggested that when population is large the sample size should be 5% of the entire population while others believe that the sample size should be 10% (Otokiti 2005; Meriam and Simpson, 1984; Yin, 2012). This is due to recommendations of earlier authors that for the most appropriate sample size of a study to be complete, it should include census of the population, because all the components of the population are represented (Asika, 1991; Trochim and James, 2006). This study adopts both primary and secondary sources of data. The primary source of data used questionnaire while the secondary data used include textbooks, journals, previous research works, Internet and magazines. Creswell (2012) suggests that the selection of instrument for a research should consider such factors as the nature of the study. Dana and Dana (2005) adds that there are four methods for measuring reliability, they include: test –retest method, split half reliability, parallel/equivalent form method or alternative form method and the Kruder Richardson or Cronbach alpha reliability tests (Creswell, 2012; Yin, 2012). For the purpose of this study, the Cronbach alpha was used because it is a type of reliability test that proceeds by utilizing a single administration of a single form based on the consistency of responses to all items of the test. In table 1 below, Cronbach alpha is for the 35 items analysed together. This shows that the items are highly reliable with .842 as they agree more than the widely accepted score of 0.6 which indicates that the research instrument adopted is reliable.

TABLE 1: RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.842	35

## 3.1 OPERATIONALIZATION OF RESEARCH VARIABLES

Examining the effects of Social Media on international business venturing includes the following Constructs:  
Dependent construct as – International business venturing and Independent as Social Media

The above is arithmetically expressed as  $Y = f(X)$

Where Y = Dependent Variable

X = Independent Variable.

Y = International business venturing

X = Social Media

Therefore, from this equation, the international business venturing would depend on the role of Social Media.

This is expressed as:

International Business Venturing = f (Social Media)

That is  $IBV = f(SM)$

Where  $IBV = Y$  and  $SM = X$

The X and Y are broken down as follows:

$Y = (y_1, y_2,)$

$Y_1 =$  InformationTechnology

$Y_2 =$  Social Media tools

Similarly  $X = (x_1, x_2, x_3, \dots, x_n)$

Where

$X_1 =$  Business venturing

$X_2 =$  Business relationship

$X_3 =$  International transactions

$X_4 =$  Revenue

**3.2 ANALYSIS OF DEMOGRAPHIC DATA**

This section presents discussions of the Information gathered from the participant’s demographic data. The presentation of demographic data was divided into two; the bio data of the participants were presented before the description of variables raised in the hypotheses. The participants as presented revealed a total of 38 females representing 43% and 51 males representing 57%. This indicates higher number of male participants for the study. The age of the participant’s shows that a total of 49 participants are less than 40 years of age representing 55%, 27 for 21-30 years accounted for 30%, above 45 years were 10 representing 11% and 3 representing 3.4% for above 50 years. This indicates a higher number of the respondents are within the age group of less than 40 years. The marital status of the participants as presented revealed a total of 47 representing 53% as single, and 42 representing 47 married. This shows that more men are venturing in international business through the Social Media in Nigeria. The educational status of the respondents as presented revealed a total of 9 representing 10.1% as respondents with secondary school certificate, 58 representing 65.2%, are HND/BSc. holders, MSc/MBA accounted for 21.3% and 3 representing 3.4% hold other qualifications. From this result, it can be reported that majority of those who participated in this study possess tertiary certificate. In addition, among the 89 respondents who completed the distributed questionnaires about 25 of them are top management representatives representing 28.1% and 13 middle executives representing 14.6%. And 51 representing low level management executives representing 57.3%. This indicates that most of the people who venture into international business via Social Media belong to the lower level management category. In venturing into the global market, about 70 participants representing 78.6% were involved in the use of Facebook and Twitter to customer relationship for global businesses while 19 representing 21.4% of the participants were indifferent about the use of such Social Media tools for venturing into global business relationships.

**4.0 TEST OF HYPOTHESIS**

**4.1 HYPOTHESIS ONE**

Objective 1: To examine whether the advancement in global Information Communication Technology affects international business venturing.

Research question 1: Has advancement in global Information Communication Technology affects international business venturing?

Hypothesis 1: Advancement in global Information Communication Technology does not affect international business venturing.

**TABLE 2: SUMMARY OF REGRESSION ANALYSIS**

R=.393					
R <sup>2</sup> =.154					
Adjusted R <sup>2</sup> =.145					
Std. Error of the Estimate=.644					
Variables	Sum of Squares	Df	Mean Square	F	Sig
Regression	6.588	1	6.588	15.895	.000
Residual	36.061	87	.414		
Total	42.650	88			

a. Predictors: (Constant), Information technology advancement

b. Dependent: IBVenturing: global presence

**4.2 HYPOTHESIS TWO**

Objective 2: To determine if Social Media tools enhance the business relationships of entrepreneurs in a foreign country. Research question 2: To what extent do Social Media tools enhance the business relationships of entrepreneurs in a foreign country?

Hypothesis 2: Social Media tools do not assist the business relationships of entrepreneurs in a foreign country.

**TABLE 3A: SUMMARY OF REGRESSION ANALYSIS**

R=.388					
R <sup>2</sup> =.151					
Adjusted R <sup>2</sup> =.141					
Std. Error of the Estimate=.646					
Variables	Sum of Squares	Df	Mean Square	F	Sig
Regression	6.446	1	6.446	15.461	.000
Residual	36.274	87	.417		
Total	42.721	88			

a. Predictors: (Constant), Social Media tools like Facebook and Twitter

b. Dependent: customer relationship.

TABLE 3B: COEFFICIENTS

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2.824	.229		12.333	.000
	Social Media tools like Facebook and twitter helps to build customer relationship for the business	.215	.055	.388	3.932	.000

a. Dependent Variable: BUSRelationship

4.3 HYPOTHESIS THREE

Objective 3: To ascertain whether Social Media affects international transactions of entrepreneurs.  
 Research Question 3: To what extent has Social Media affect international transactions of entrepreneurs?  
 Hypothesis 3: Social Media has no significant effect on international transactions of entrepreneurs.

TABLE 4: SUMMARY OF REGRESSION ANALYSIS

R=.626 R <sup>2</sup> =.392 Adjusted R <sup>2</sup> =.385 Std. Error of the Estimate=.584					
Variables	Sum of Squares	Df	Mean Square	F	Sig
Regression	19.135	1	19.135	56.081	.000
Residual	29.685	87	.341		
Total	48.820	88			

a. Predictors: (Constant), usage of Social Media  
 b. Dependent: INTDealings access more customers:

TABLE 5: COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.885	.251		7.518	.000
	The usage of Social Media for our product has made us to access more customers	.447	.060	.626	7.489	.000

a. Dependent Variable: INTDealings

4.4 HYPOTHESIS FOUR

Objective 4: To certify whether Social Media generate revenue for international entrepreneurs.  
 Research question 4: How do Social Media enhance the revenue of international entrepreneurs?  
 Hypothesis 4: Social Media has no significant effect on the revenue of international entrepreneurs.

TABLE 6: MODEL SUMMARY

Model	Predictors	R	R <sup>2</sup>	R <sup>2</sup> -Adjusted	Std. Error
1	Social Media	.149	.022	.011	.670

a. Predictors (Constant), Improved Technology  
 b. Dependent Variable: Material Productivity

TABLE 7: ANOVA

Model	Sources of Variation	Sum of Squares	df	Mean Square	F-ratio	Sig
1	Regression	.885	1	.885	1.975	.164
	Residual	39.002	87	.448		
	Total	39.887	88			

a. Predictors (Constant): Social Media  
 b. Dependent Variable: Revenue  
 a. Predictors: (Constant), Social Media has influenced Business turnover to be satisfactory  
 b. Dependent Variable: Revenue

TABLE 8: COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	3.429	.211		16.277	.000
	Social Media has influenced Business turnover to be satisfactory	.080	.057	.149	1.405	.164

a. Dependent Variable: Revenue

5.0 DISCUSSIONS OF RESULT

Regression analysis employed for the study as it is in consonance with the submission of Otokiti (2010) who opine it is suitable to determine the standards of factors aimed at a function that is responsible to best describe what somewhat fits a set of predictable constraints. Yin (2012) argues that, the function of a linear regression is a straight-line equation. Thus regression analysis was consequently applied to typify the relationship between global presence (a response variable) and Information Communication Technology as a predictor variable. The regression model adopted to test hypothesis one represents a simple linear regression model because there is just one independent variable 'x', in the model. In this study, regression models, the independent variable was referred to as regressor or predictor variable. The dependent variable 'y', is referred to as the response. The slope and the intercept of the line was used as regression coefficient. Whereas ours was interpreted as the change in the mean value of for a unit change.

The result in table 2 provides useful information about the regression analysis as discussed earlier. However, the simple R' column is the correlation between the actually observed independent variable (ICT) and the predicted dependent variable (IBV), predicted by the regression equation. 'R square' is the square of R and is also known as the 'coefficient of determination'. It stated the proportion (or percentage) of the (sample) variation in the dependent variable that should be attributed to the independent variable(s). In this study, 15.4% of Information and Communication Technology variable appeared accounted for global presence among the sampled entrepreneurs. The 'adjusted R square' which referred to the best estimate of R square for the population from which this study samples are drawn. Hence, the 'standard error of estimate' indicates that, on average, observed global presence scores deviated from the predicted regression line by a score of .644. This is not surprising, since it is already known that the regression model in the table explained 15.4 % of the variation, it cannot account for the other

84.6%. The first hypothesis which stated that "Advancement in global ICT does not affect IBV" was rejected at  $R = .393$ ,  $R^2 = .154$ ,  $F(15, 895) = 15.895$ ;  $p < .05$ . However, what this means is that Advancement in global ICT has significantly affected IBV among the various entrepreneurs sampled. The study also augments that location may have impacted on the ability of such entrepreneurs to venture internationally. This could have resulted due to the access of advance ICT to global presence. This is in consonance with the results of Greenaway et al. (2008), Autio (2005) and Reynolds (1997) who finds that technological advancements (including the widespread use of Internet and e-mail) and falling transportation costs have resulted in enhanced Information flows between countries. This the researchers maintains facilitates small and new venture internationalization and increase sales and expand business opportunities. More so, Ajagbe (2014) claims that innovative actions and its anticipating effect do not happen in exclusion and that business activities exist in conventional environmental framework.

Table 3 found 15.1% of the business relationships could be accounted for by Social Media tools. The 'adjusted R square' referred to the best estimate of R square for the population from which the sample was drawn. Hence, the 'standard error of estimate' indicates that, on average, observed business relationships deviated from the predicted regression line by a score of .646. This is not surprising, since it is already known that the regression model explains just 15.1% of the variation. This cannot account for the other 84.9% which most likely represents both measurement error in Social Media tools variable as well as other factors that influence business relationships that have not been considered. The second hypothesis which stated that "Social Media tools do not assist the business relationships of entrepreneurs in a foreign country" was rejected at  $R = .388$ ,  $R^2 = .151$ ,  $F(15, 461) = 15.461$ ;  $p < .05$ . The coefficient table above shows the simple model that expresses the extent to which Social Media tools usage affects international business relationship. From this table therefore,  $BUSRELATIONSHIP = 2.824 + 0.215$  Social Media tools usage. This means that for every 100% change in international business relationship, Social Media tools usage are responsible for 21.5% of the change. Thus, the null hypothesis is rejected and the alternative hypothesis accepted. This implies that Social Media tools usage significantly affects international business relationships. Findings from this study showed that there is significant relationship between Social Media tools and business relationships. What this means is that the usage of Social Media tools for international business encompasses endogenous differences between countries. One focus is on economies of scale. This result was strengthened by the findings of Baumol (2002) and Yeoh (2004) who reported that the wider market due to trade induces a cost advantage in an industry in one of the countries. The argued further that the usage of Social Media cannot be put aside, as Cross-border activities, such as exports, are an important means through which small and new ventures are able to create value, to generate growth and to access new knowledge and technologies abroad.

The model summary in table 4 shows that the extent to which the variance in Social Media can be explained by international dealings is 39.2%. The third hypothesis which stated that "Social Media has no significant effect on international transactions of entrepreneurs" was rejected at  $R = .626$ ,  $R^2 = .392$ ,  $F(56, 081) = 56.081$ ;  $p < .05$ .

The coefficient table above shows the simple model that expresses the extent to which Social Media usage for products affects international dealings. The model is shown mathematically as  $Y = a + bx$  where  $y$  is international dealings and  $x$  is Social Media, 'a' is a constant factor and  $b$  is the value of coefficient. From table 5 therefore,  $INTDEALINGS = 1.885 + 0.447$  Social Media for products. This means that for every 100% change in international dealings, Social Media usage for products are responsible for 44.7% of the change. Hence the null hypothesis was rejected. The implication is that Social Media usage significantly affects international dealings. This results are in line with the submission of Hessels (2007) and Autio (2005) which states that the expansion and acceleration of cross-border entrepreneurship should be considered in the light of substantial changes that took place in the past decades and that resulted in a reduction of transaction costs for undertaking international business and also that firms are operating in an economy that is becoming increasingly global.

The model summary in table 6 provides helpful Information about the regression analysis. It shows that the 'simple R' column is the correlation between the actually observed independent variable and the predicted dependent variable (i.e., predicted by the regression equation). 'R square' is the square of R and is also known as the 'coefficient of determination'. It states the proportion (or percentage) of the (sample) variation in the dependent variable that can be attributed to the independent variable. However, it reported a 2.2% of the variation at which Social Media can be explained by revenue. The fourth hypothesis which stated that Social Media has no significant effect on the revenue of international entrepreneurs was accepted at  $R = .149$ ,  $R^2 = .022$ ,  $F(1, 975) = 1.975$ ;  $p < .05$ . The coefficient table above shows the simple model that expresses the extent to which Social Media affects revenue of international entrepreneurs.  $Y = a + bx$  where  $y$  is revenue and  $x$  is Social Media, 'a' is a constant factor and  $b$  is the value of coefficient. From this table therefore,  $REVENUE = 3.429 + 0.80$  Social Media. This means that for every 100% change in revenue of international entrepreneurs, Social Media are responsible for 8.0% of the change. This implies that Social Media usage does not significantly affect revenue of international entrepreneurs.

Findings from this research showed that Social Media tools assist the business relationships of entrepreneurs in a foreign country. In essence an entrepreneur that does not understand the culture of the country that business is being done may not make much profit, for example language could be a barrier and lack of understanding of values of countries of dealings may be a hindrance to trade. This is in line with Swartz (2009) who points that nations vary in their way of life, political frameworks, financial frameworks, lawful frameworks, and levels of economic advancement. This indicates that things that are applicable to cultural values in Nigeria are not applicable in other European or Arab countries. Government regulation and Environmental challenge has a lot to do with international transactions and earnings of entrepreneurs. Entrepreneurs must consider government regulations that are prevalent in the country of operations as to know their limit for any dealings they want to do in the country. Finally, the ability of an entrepreneur to make substantial profit from international dealings is dependent on the potential to align the business with government regulations available (Shane, 2003; Acs and Audretsch, 2003; Katsioloudes and Hadjidakis, 2007; Bach et al., 2013). Contrasts between nations require that a global business alter its practices nation by nation.

## 6.0 RESEARCH CONCLUSIONS

This study which focused on the effect of Social Media on international business venturing used data collected from respondents from within Lagos who are involved in international entrepreneurship venturing. This was aimed at examining their opinion on whether Social Media in terms of the advancement in global usage of ICT has facilitated international business venturing. In this study, International economic theories were found on international entrepreneurship where related to Social Media - trade, absolute advantage, and competitive advantage theories. This study discovers that International business venturing in today's global world cannot be over-emphasized. International entrepreneurs all over the world go as far as possible to transact businesses out of their local regions to earn revenue, boost profitability, and maintain global presence and acceptability of their products in the markets. However, advancement in global ICT adoption was found to positively impact greatly on international business venturing. This may be due to the fact that all the entrepreneurs that were considered adopt the usage of technological products to transact their businesses. Most entrepreneurs only have technological interactions during the period of payment to settle for commodities. Social Media tools was found to be of huge assistance to the business relationships of entrepreneurs in a foreign country. In essence an entrepreneur that does not understand the culture of the host country reported low revenue, and also government regulations and environmental challenges has a lot to do with international transactions and earnings of entrepreneurs. The study suggests that Entrepreneurs must consider government regulations that are prevalent in the country of operations so as to know their limit for any dealings they want to do in the country. Finally, the ability of an entrepreneur to make substantial profit from international dealings is dependent on the potential to align the business with government regulations available. This study suggests that future researchers could widen the geographic coverage of this study so as to test the applicability of this study findings in a wider dimension.

## REFERENCES

1. Acs, Z.J. and Audretsch, D.B. (2003). Innovation and Technological Change, in: Z.J. Acs and D.B.
2. Ajagbe, A. M. (2014). Funding Criteria in Technology Based Firms in Malaysia. An Unpublished PhD Thesis Submitted to the Graduate School, Universiti Teknologi Malaysia.
3. Ajagbe, A. M. and Ismail, K. (2014). Factors Influencing Venture Capital Assessment of High Growth Companies in Malaysia. International Journal of Entrepreneurship and Small Business, 21(4), 457-494.
4. Ajagbe, A. M., Eluwa, E. S., Duncan, E. E., Mkomange, C. W. and A. N. Lasisi (2011). The Implications of Social Networking Sites on Education in Nigeria. Interdisciplinary Journal of Contemporary Research in Business, 3(7), 93-101.

5. Ajagbe, A. M., Isiawwe, T. D., Ogbari, E. I. M. and Sholanke, B. A. (2015). Financing Early Staged Technology Based Firms in Malaysia. *Research Journal of Finance and Accounting*, 6(4), 210-221.
6. Allen, K. (2003). *Launching new ventures: An entrepreneurial approach* (3rd ed.). Boston: Houghton Mifflin.
7. Asika, N. (1991). *Research Methodology in the Behavioural Science*, Ikeja: Longman.
8. Autio, E. (2005). Creative Tension: The Significance of Ben Oviatt's and Patricia McDougall's Article 'Toward a Theory of International New Ventures', *Journal of International Business Studies*, 36(1), 9-19.
9. Autio, E. (2007). *Global Entrepreneurship Monitor. 2007 Global Report on High Growth Entrepreneurship*, Babson College and London Business School, Wellesley, MA/London.
10. Bach, P. M., Zoroja, J. and Vukšić, B. V. (2013). Determinants of Firms' Digital Divide: A Review of Recent Research. *Procedia Technology*, 9, 120-128.
11. Barringer, B. and Ireland, D. (2005). *Entrepreneurship: Successfully launching new ventures*. NJ: Pearson Education.
12. Baumol, W.J. (2002). *The Free-Market Innovation Machine: Analyzing the Growth Miracle of Capitalism*, Princeton University Press, Princeton.
13. Bjorklund, M. (2011). Influence from the business environment on environmental Purchasing-Drivers and hinders of purchasing green transportation services. *Journal of Purchasing and Supply Management*, 17(1), 11-22.
14. Carree, M.A. and Thurik, A.R. (2003). The Impact of Entrepreneurship on Economic Growth, in: Z.J. Acs and D.B. Audretsch (Eds), *Handbook of Entrepreneurship Research*, Kluwer Academic Publishers, Boston, MA, pp. 437-471
15. Creswell, J. W. (2012). "Educational Research. Planning, Conducting and Evaluating Quantitive and Qualitative Research." Pearson Publishers, 4th edition Australia, 239.
16. Dana LP, Etamad H. and Wright R. W. (2009). The impact of globalization on SMEs. *Global Focus* 11(4): 93-105.
17. Dana, P. L. and Dana, E. T. (2005). Expanding the Scope of Methodologies used in Entrepreneurship Research. *International Journal of Entrepreneurship and Small Business*, 2(1), 79-88.
18. Dryer, R. L. (2010). Advising your clients (and You!) in the new world of Social Media: What every lawyer should know about twitter, facebook, youtube, & wikis. *Utah Bar Journal*, 23(3), 16-21.
19. Grant, R. M. (1987). Multinationality and performance among British manufacturing companies. *Journal of International Business Studies* 18(1): 79-89.
20. Greenaway, D., Gullstrand, J. and Kneller, R. (2008). Surviving Globalisation, *Journal of International Economics*, 74(2), 264-277.
21. Hannafey, F. (2003). Entrepreneurship and ethics: A literature review. *Journal of Business Ethics*, 46, 99-110.
22. Hessels, J. (2007). Reactie op: Kentering in het Denken over Mondiale Strategieën (Response to: A Shift in Thinking about Global Strategies), *ESB dossier Globaliseren in Nederland*, 92, 59.
23. Hessels, J. (2008). International entrepreneurship: Value creation across national borders (No. EPS-2008-144-ORG). *Erasmus Research Institute of Management (ERIM)*.
24. Hessels, J., Gelderen, M. van and Thurik, A.R. (2008). Drivers of Entrepreneurial Aspirations at the Country Level: The Role of Start-up Motivations and Social Security, *International Entrepreneurship and Management Journal*, forthcoming.
25. Ismail, K., Aslan, A. S. and Ajagbe, A. M. (2011). A Conceptualized Approach towards Building a Growth Model for Venture Capitalists Finance of TBFs. *International Journal of Innovation, Management and Technology*, 2(4), 315-320.
26. Johanson, J. and Vahlne, J.-E. 1990. The Mechanism of Internationalization, *International Marketing Review*, 7(4), 11-24.
27. Katsioloudes, M., & Hadjidakis, S. (2007). *International Business*. Routledge.
28. Madden M, and Zickuhr.K. (2011): Internet and American Life Project: 65% of online adults use social networking sites. [www.pewinternet.org/Reports/2011/Social-Networking-Sites.aspx](http://www.pewinternet.org/Reports/2011/Social-Networking-Sites.aspx)
29. Merriam, S. B. and Simpson, L. E. (1984). "A Guide for Research for Educators and Trainers of Adults." Malabar, Florida: Robert F. Krieger Publishing Co.
30. Mkomange, C.W. and M. A. Ajagbe (2012). The Roles and Importance of Technology in Mathematics Teaching and Learning-A Literature Review. *Interdisciplinary Journal of Contemporary Research in Business*, 3(11), 476-486.
31. Mkomange, C. W., S.C. Chukwuekezie, S. Zergani and M. A. Ajagbe (2013). The Impact of Implementing the Use of ICT in Mathematical Problem Solving in Malaysian Universities. *Interdisciplinary Journal of Contemporary Research in Business*, 4(10), 373-383.
32. OECD. 1997. *Globalisation and Small and Medium Enterprises* (Vol. 1), OECD, Paris.
33. Ogbari, E. I. M., Ajagbe, A. M., Isiawwe, T. D. and Ade-Turton, D. (2015). Effects of Subcontracting on Modern Day Organizations. *Australia Journal of Commerce Study*, 2(2), 1-11.
34. Oliveira, T., Thomas, M. and Espadanal, M. (2014). Assessing the determinants of cloud computing adoption: An analysis of the manufacturing and services sectors. *Information & Management*, 51, 497-510.
35. Otokiti, B. O. (2012). *Mode of Entry of Multinational Corporation and their Performance in the Nigeria Market* (Doctoral dissertation, Covenant University).
36. Otokiti, S. O. (2005). *Methodologies and Mechanics of Computational System*, New Delhi: Sultan Chan and Son.
37. Otokiti, S. O. (2007) *International Business; How to Get Started in the International Business Environment*, Dubai Printing Press, Dubai, United Arab Emirates.
38. Otokiti, S. O. (2010). *Manager in International Marketing and Export Management*. 7th ed. Pumark Educational Publishers, Lagos.
39. Oyewobi, L.O., Windapo, A.O. and Rotimi, O.B. (2013). The Effects of Business Environments on Corporate Strategies and Performance of Construction Organizations In: Smith, S.D and Ahiaga-Dagbui, D.
40. Reynolds, P. D. 1997. New and Small Firms in Expanding Markets, *Small Business Economics*, 9(1), 78-84.
41. Schumpeter, J.A. 1934. *The Theory of Economic Development*, Harvard University Press, Cambridge, MA.
42. Shane, S. (2003). *A general theory of entrepreneurship: The individual opportunity nexus*. Northhampton, MA: Edward Elgar.
43. Shane, S. and Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.
44. Swartz, J. (2009). "Ext- Facebook COO Get Top Job at my Space "USA Today (April, 27th, 2009) TB.
45. Trochim, W. and James, D. P. (2006). "Research Methods Knowledge Base. (3rd Ed). Mason." Ohio: Thomson Custom Publication.
46. Van Stel, A.J. 2006. *Empirical Analysis of Entrepreneurship and Economic Growth* (International Studies in Entrepreneurship Series, Vol. 13), Springer Science, New York.
47. Wang, C., Chen, K. and Chen, S. (2012). Total quality management, market orientation and hotel performance: The moderating effects of external environmental factors. *International Journal of Hospitality Management*, 31(1), 119-129.
48. Wennekers, A.R.M. and Thurik, A. R. (1999). Linking Entrepreneurship and Economic Growth, *Small Business Economics*, 13(1), 27-55.
49. Yeoh, P. L. (2004). International Learning: Antecedents and Performance Implications among Newly Internationalizing Companies in an Exporting Context, *International Marketing Review*, 21(4-5), 511-535.
50. Yin, K. R. (2012). "Applications of Case Study Research". Sage Publications Ltd. California.
51. Zahra, S. A., Ireland, R. D. and Hitt, M. A. (2000). International expansion by new venture firms: international diversity, mode of market entry, technological learning and performance. *Academy of Management Journal* 43(5): 925-950.

## USAGE OF TECHNOLOGY ENABLED BANKING SERVICES IN INDIA: A STUDY AMONG SELECTED BANK CUSTOMERS IN MYSURU CITY, KARNATAKA

**SUMA P**

**M. COM. STUDENT**

**DEPARTMENT OF MANAGEMENT & COMMERCE**

**AMRITA SCHOOL OF ARTS & SCIENCE**

**AMRITA VISHWA VIDYAPEETHAM**

**MYSURU CAMPUS**

**MYSURU**

**VIDYA D AVADHANI**

**LECTURER**

**DEPARTMENT OF MANAGEMENT & COMMERCE**

**AMRITA SCHOOL OF ARTS & SCIENCE**

**AMRITA VISHWA VIDYAPEETHAM**

**MYSURU CAMPUS**

**MYSURU**

### ABSTRACT

*Today the day starts and ends with technology, computers are used extensively for data storage, computation and communication. Internet offers, new opportunities to both consumers and producers of information in commerce transactions. In the five decades since liberty, banking in India has evolved through traditional phase, nationalization phase, post nationalization phase, reform phase. During reform phase, recommendations of the Narasimhan Committee (1991) covered the system for the transformation phase in the banking. Opening of new banks resulted in a paradigm swing in the ways of banking in India. The present study has adopted both descriptive and analytical methodologies. The descriptive methodology has been focused on review in the literary evidences that are available through external and internal sources. The primary aim of the study is to locate out the reasons and problems in availing the technology enabled services among the customers in Mysuru city. Based on the conversation, it is found that the wide publicity on technology enabled services usage and advantages, making sufficient and customer friendly technology enabled services at different points to avail with ease and access the same. This further gives ignition to financial services industry growth. The burning issue here is finance is closely associated with trust factor. By fixing a specific target strategy and reviewing on the issues from time to time can bring a lot of change in the usage patterns of the technology enabled services in banks in the years to come.*

### KEYWORDS

security issues, two factors, availability, user friendly products, service quality.

### INTRODUCTION

Technology services are professional services designed to facilitate the use of technology by enterprise and end users. Technology services provide specialized technology-oriented solutions by combining the process and functions of software, hardware, networks, telecommunications and electronics. Technology services may also include services not directly related to information technology, such as telephone and cable TV services.

Technology services cover such a broad range of industries and occupations; its scope cannot be easily quantified. However, most of us use some form of technology services on a daily basis. It also details technology –based workflow processes that expand the capacity of an organization to deliver services that generate revenue. Information technology is the bedrock for national development in a rapidly changing global environment. The usage of information technology broadly referring to computers and peripheral equipment has seen tremendous growth in services industries in the recent years. The most obvious example is perhaps the banking industries, where through the introduction of information technology related products in internet banking, electronic payments, security investments, information exchanges, banks now can provide more diverse services to customers with less manpower. Seeing this pattern of growth, it seems obvious that information technology can bring equivalent contribution to profits.

It simply refers to as the gathering, storing, manipulating and transferring information. It is the automation of process, controls and information production using computers telecommunication software and ancillary equipment such as ATM and debit card.

E-banking creates unprecedented opportunities for banks in the manner they organize financial product development and delivery via the Internet. The speed and scale of these challenges have rapidly increased with the pervasiveness of the Internet and extension of information economy (Holland and Westwood 2001). The use of E-banking technologies such as Automated Teller Machines, (ATM) Telebanking and home banking and Internet banking in the delivery of banking products and services has increasingly become an essential aspect of contemporary banking systems [Moles,1998]

### NEED FOR THE STUDY

For a long time, Indian banks faced very slight competition and operated in a confined economy. Now, well-computerized foreign banks are starting to compete seriously with the nationalized banks. Banks which use it mainly focus on three areas viz. Meeting a customer's service expectations, cutting down the costs, maintain and manage the competitive environment. For this, the banks are entering into new financial products and service options that would help them grow without losing existing customers and any new financial product or service that a bank offers will be essentially related to technology. Automation is the basic thing that banks need to have in place. It involves a combination of centralized networks, operations, and a core banking application. Automation enables banks to offer 24x7x365 service using lesser manpower. But to be really competitive, banks need to think beyond just basic automation. In this context this study has become very important to find out the service- satisfaction level of the customer. Therefore, the researcher decided to study the impact of information technology on the implementation and productivity of commercial banks in Mysuru city of Karnataka.

### OBJECTIVES

1. To know the level of usage of enabled banking services in different age groups.
2. To know the level of usage of enabled banking services in different gender.
3. To know the level of awareness among different education background.
4. To know the level of awareness on technology enabled banking services in Mysuru city.

5. To find out the reasons and the problems faced by the respondents for not using technology enabled banking services
6. To analyze the factors affecting the selection of technology offered by the banks.

## REVIEW OF LITERATURE

Dr. T. Sreelatha and C.H. Chandra Sekhar (2012) "Role of Technology in Indian Banking Sector". From this paper it is clear that for the next few years it plays a very important role in banking sector. In upcoming generation internet banking as well as mobile banking will have dominance in banking sector and from the analysis of paper it is clear that the systems are little difficult and not easy to understand. Hence, in the future banking sector will have its own role in overcoming the difficulties of it systems.

Dr. M. Prasanna Kumar (2014) "Information Technology: Roles Advantages and Disadvantages". Roles of it include communication inventory management, data management and customer relationship management and many other management systems. Regarding advantages globalization plays an important role due to globalization it is very easy to share a information in rapid manner and any barrier across geographic boundaries can be reduce, it also leads to in quicker and most easiest way of communication across the globe by simply typing the message or by sending the e-mail and to achieve the above object the cost required also too less. Along with this new jobs are being created due to the globalization it.

On the other hand, lower level jobs are being estimated due to the easiest way of communication as the technology is growing, one has to face the privacy problem because now a day hacking is the one of the head hack for the software engineers. Along with the above disadvantage one has to move the technology are also he/she may out of the field and going technology may also demolish the culture as most of the e-mails and messages should be sent in English language.

Moutinho, I., phillips, p.a. (2002), "The Impact of Strategic Planning On the Competitiveness, Performance and Effectiveness of Bank Branches: A Neural Network Analysis" he concluded that for this Scottish bank managers and improvement of customer services are two major importance of internet banking and those 2 plays a major role in enhancing the services towards customers.

Ahmad Kaleem and Saimaahmad (2008) "Bankers 'Perceptions of Electronic Banking in Pakistan" In this study 18 different literature are used to come to the following conclusion. In the begging of the analysis problems involved in electronic banking and benefits were analyzed and they had been rated as per the banker's reduction in inconvenience time consumption and cost of transaction are the major benefits and chances of fraud. Inclusion and security regarding information are the major problem bounded with electronic banking.

In the next stage different parameter such as experience type of bank, position hold qualification were taken as parameters to find different type of employees and their approach towards the company's profits. In the working phenomena and high cost services is the major risk involved.

## RESEARCH METHODOLOGY

The present study has followed both descriptive as well as empirical methods. The descriptive methodology has been focused on review in the literary. The study is based on the services and their satisfaction thereon. Measurement of satisfactory level is with respect to various service ingredients. Hence the analytical process has become necessary, resulting in the adoption of analytical methodology. A questionnaire has been designed in four segments consisting of Individual data, Determinant of customer fulfillment, Services provided by the bank. The research has been conducted on primary data, collected from selected commercial banks of Mysuru city. SBM, HSBC, HDFC, Railway Co-operative Bank, District Co-operative Bank. Sample size for the study is 500. Kannada, Hindi and English language is used for the better communication with the respondents. The study was conducted between the time period of September 2015 to December 2015.

## HYPOTHESES

- Null hypotheses H0: there is no significant relation between technology usage and education qualifications.
- Alternative hypotheses H1: there is a significant relationship between usages of technology in banking sectors. (Public sector and foreign banks).

## DATA ANALYSIS AND INTERPRETATION

TABLE 1: REPRESENTS DISTRIBUTION OF SAMPLE ON THE BASIS OF EXPERIENCE OF RESPONDENTS

Age group of the respondents	Frequency	Percentage
Below 20	48	9.6
21-30	222	44.4
31-40	188	37.6
41-50	35	7
50 and above	7	1.4
Total	500	100.0

It is clear from the table that most of the respondents between the age group of 21-30 (44%) are the main users of banking technologies. In the selected sample area age group of above 50 are the least users of new technologies offered by commercial banks. Overall statistics represents age group Between 21-40 is the major respondents who are dependent on technology on day to day basis.

TABLE 2: REPRESENT DISTRIBUTION OF SAMPLE ON THE BASIS OF GENDER RESPONDENTS

Gender	Frequency	Percentage
Male	280	56
Female	145	29
Other	75	15
Total	500	100

It indicates from the table that the most respondents on the gender the male's (56%) are the main users of banking technologies In the selected sample area on gender the others are least users in technologies.

TABLE 3: REPRESENTS DISTRIBUTION OF SAMPLE ON THE BASIS OF EDUCATIONAL BACKGROUND

Educational background	Frequency	Percentage
Up to SSLC	33	6.6
Up to PUC	27	5.4
Under graduates	154	30.8
Post graduates	110	22
Professional	176	35.2
Total	500	100

It indicates from the table that professionals are the customers who avail major services offered by the bankers and it is followed by under graduates. The reasons could be professionals are due to lack of time they find it convenient to operate and get the services of online without being moving from their work place to banks. Practically it is difficult to access the reason why undergraduates are using more banking services than postgraduates.

TESTING OF HYPOTHESIS

USAGE OF TECHNOLOGY ENABLED BANKING SERVICES IN INDIA

TABLE 4

Education qualification	More usage	Less usage	Total
SSLC	5	28	33
HSC	6	21	27
Under graduates	101	53	154
Post graduates	98	12	110
Professional	156	20	176

ONE WAY ANNOVA TEST

Variable	Sum of square	Degree of freedom	Means square	F value	Significance
Between groups	-30	1	-30	161	Hypothesis rejected
Within groups	-30		-30		
Total	-60	1			

Source: Out of SPSS

Information: Since the calculation value of (1) is greater than the table value  $f=0.05=161$  so that the null hypothesis rejected. Hence there is significant relation between education qualification and usage of technology.

TABLE 5: LEVEL OF AWARENESS ON TECHNOLOGY SERVICES AMONG THE DIFFERENT BANK CUSTOMERS

Level of awareness on technology services	Type of bank account maintained			
	Public sector bank Percentage	Foreign bank Percentage	Private bank Percentage	Co-operative bank Percentage
Internet banking	21	41	30	8
Mobile banking	20	40	32	8
Electronic Fund Transfer (EFT)	30	42	12	16
The electronic clearing system (credit)	25	30	30	15
The electronic clearing system (debit)	25	30	30	15
National Electronic Fund Transfer (NEFT)	30	30	30	10

It represents from the table those customers of having account in private sector banks are the one who is making use of all kinds of services provided by the banks, as we assumed that due to the prolonged working hour, traffic and logistic issue it is difficult for them to make a frequent visit to banks. As per the data available private sector bank account holders are being the highest group of service users and co-operative banking customers being the least users of new banking services.

HYPOTHESIS

H1: there is a significant relationship between usage of technology in banking sectors. (public sector and foreign banks.)

Statistical tool	'r' value	Significance
Karl Pearson's co-efficient	0.4	Moderate degree of positive correlation between public sector and foreign banks.

Hence r value is 0.4 there is a significant relationship between usage of technology in banking sectors. (public sector and foreign banks)

TABLE 6: PROBLEMS AND REASONS FOR NOT USING TECHNOLOGY SERVICES IN DIFFERENT BANK CUSTOMERS

No.	Problems and reasons	Percentage
1	Technology frauds and cyber crimes	9
2	Improper knowledge of technology	14
3	Resistance to change	28
4	Fear of mistake in operation	6
5	Difficulty in remembering the digits as a password	4
6	Technology failures	4
7	Frequent charge of technology	8
8	Delivery failures and implications	5
9	Poor availability and accessibility	12
10	Network related issues	10
	Total	100

TABLE 7: REASONS FOR NOT USING TECHNOLOGY –TWO FACTORS

Factors		Percentage
Operating problem	Lack of availability in many places	60
	Network related issues	
	Hidden cost	
Safety and security related issues	Technology failures	40
	Frequent change of technology	
	Technology do not ensure safety	
	Total	

There are two factors emerged, grouping the level of awareness of technological services offered by the Banks. They are titled as operating problems and safety and security problems.

TABLE 8: DISTRIBUTION OF SAMPLE ON THE BASIS OF TYPE OF OCCUPATION

Occupation Type	Frequency	Percentage
Private employee	210	42
Govt. Employee	65	13
Business	49	9.8
Professional's	176	35.2
Total	500	100.0

It indicates that most of the people who are working in private sectors are the major users of banking services than any other sector of employees. The probable reason could be the prolonged working hours of private employees, so they find it convenient to use the services offered by the banks. Prolonged working hours can be categorized as internal issue and traffic and logistics problems can be categorized as an external issue.

TABLE 9: DISTRIBUTION OF SAMPLE ON THE BASIS OF ANNUAL INCOME

Annual income (In Lakhs)	Frequency	Percentage
Below 1	51	10.2
1-3	81	16.2
3-5	190	38
Above-5	178	35.6
Total	500	100

Annual income between 3-5 lakh respondents in the sample Sample size of the study are the major users of technology enabled banking services. It indicates from the table 1.5 that 38 percentages of the sample respondents are of 3-5 lakh per year and least being below 1 lakh per year.

TABLE 10: SHOWING THE LEVEL OF AWARENESS OF TECHNOLOGY SERVICES AMONG THE DIFFERENT QUALIFICATION GROUPS

Education qualification	Education qualification				
	UPTO SSLC	HSC	UG	PG	Professional
<b>Technology services</b>	<b>Percentage</b>	<b>Percentage</b>	<b>Percentage</b>	<b>Percentage</b>	<b>Percentage</b>
Internet banking	8	10	21	31	30
Mobile banking	1	1	30	33	35
Electronic fund transfer (EFT)	2	5	32	31	30
The electronic clearing system (credit)	1	10	25	32	32
The electronic clearing system (debit)	1	10	25	32	32
National electronic fund transfer (NEFT)	0	8	30	30	32
Real time gross settlement (RTGS)	0	8	30	30	32

It represents from the table 1.9 that people or customers of having background UG, PG and professionals are more dependent or the group who are making use of banking new services than SSLC and HSC customers. From this table we can say that there is a correlation between educational background and usage of banking services.

It is clear from the study that customers of having background UG, PG and professionals are more dependent or the group who are making use of banking new services than SSLC and HSC customers.

## FINDINGS

- There is a maximum usage of technology enabled banking services by the age group of 21-30 years from the sample size.
- Professionals are the major users of technology enabled banking services as per the study that is 35.2%.
- There is a positive relation between education qualification and usage of technology.
- Study reveals that private sector employees are more comfortable in using technology enabled banking services.
- Annual income between 3-5 lakh respondents in the sample size of the study are the major users of technology enabled banking services.
- Operating, safety and security related issues are considered as two factors which are the reasons for not using technology enabled banking services by banking customers.

## CONCLUSION

From the above work, time (in hours) is the major criteria to establish the technology and to publish the services, importance and advantages and usage of the same and to provide same user friendly technologies to the public with ease and to use the same. This kind of work definitely initiates the growth of any industry but believness (trust factor) is the major criteria that is associated with finance that can be establish by providing proper services and by imparting sufficient knowledge to the public.

From past several decades' misuse of the currently available technologies had been a major headache for the Banks. Hence, these kinds of services can be used by fixing highly esteemed target and its strategy by reviewing the suggestions by the public from time to time. Can bring many changes in the technology usage patterns in the upcoming years, there by fixed esteemed target can be easily achievable.

## REFERENCES

1. Bluestein, Abram; Michael Moriarty; Ronald J Sanderson (2003). The Customer Satisfaction Audit, Axminster: Cambridge Strategy Publications. ISBN 9781902433981.
2. Chee Lee Goi (2007), Online transfers and accessibility- Journal of Economic Psychology 22(2): 217-245. ISSN 0167-4870.
3. Dr. Carlo Gabriel (2002), Tele banking- banking and technology, VOL-II, Issue-4, pp.8-14.
4. Holland, C. P. & Westwood, J. B. (2001). "Product-Market and Technology Strategies in Banking," Communications of the ACM, 44(5), 53-57.
5. John, Joby (2003). Fundamentals of Customer-Focused Management: Competing Through Service. Westport, Conn.: Praeger. ISBN 9781567205640.
6. Johnson, Michael D.; Anders Gustafssonb, Tor Wallin Andreassenc, Line Lervikc andJaesung Cha (2001). "The evolution and future of national customer satisfaction index models". Journal of Economic Psychology 22(2): 217-245. ISSN 0167-4870.
7. Kessler, Sheila (2003)., Customer satisfaction toolkit for ISO 9001:2000. Milwaukee, is.: ASQ Quality Press. ISBN 0873895592.
8. Mols, N. P. (1998). "The Behavioral Consequences of PC Banking," International Journal of Bank Marketing 16(5), 195-201.
9. Norizon. M. Kassim (2007), Web services in banking- Journal of service marketing, Vol.17.
10. Rajan (2006), Technology failures- IBA Bulletin, Vol. XXVI, No:8 (August), PP 30-37.
11. Rexha N, kingshott RPJ and AW ASS (2003) "The impact of Relational plan onAdoption of electronic Banking" Journal of service marketing, Vol.17
12. Singh S (2004) "A Appraisal of Customer service of Public Sector Banks," IBA Bulletin, Vol. XXVI, No:8 (August), PP 30-37.
13. Trembly (1991), Theoretical knowledge and usage pattern, journal of computing, vol-2, Issue-IV, pp.21-45.

## PLANNING FOR TRIBAL DEVELOPMENT IN HIMACHAL PRADESH

**ANJU SHARMA**  
**RESEARCH SCHOLAR**  
**DEPARTMENT OF ECONOMICS**  
**HIMACHAL PRADESH UNIVERSITY**  
**SHIMLA**

### ABSTRACT

*The tribal people of Himachal Pradesh constitute an integral part of the state. The total population of scheduled tribe in the state is about 5.2 percent of the total population. The present study is based on secondary information and provide overall picture of total funds allocated for tribal areas of Himachal Pradesh. The present study focus on the tribal region of Himachal Pradesh like Kinnaur, Lahul-Spiti, Pangi and Bharmour of Chamba district. The present study reveals that there is an increase in government fund in tribal areas, however the growth of all sector is not favourable.*

### KEYWORDS

tribal, fund allocation.

### INTRODUCTION

Removal of regional imbalances in development has remained the avowed goal of planning in India. Hence, a number of programmes were initiated in different plans for the development of backward area. During the 1950's and the early 1960's Indian planning encouraged a place prosperity based regional policy by installing state-owned industrial and service facilities in backward or lagging states<sup>63</sup>. Considering the entire state as backward developed is not justified. A backward state may have developed pockets and vice-versa. However, identification of backward areas was not an easy task. The stress on identifying less developed areas during the 1960's had to be modified because of the complexity in the measured of under-developed areas and the political overtones attached to it. Hence special assistance was provided for a variety of characteristics of underdevelopment for example hill areas, tribal areas, command areas, drought prone areas, and so on, often with overlapping of some schemes within the same area and implemented by different agencies in isolation<sup>64</sup>. The draft fifth plan (1974-79) refers to all such programmes as 'Backward Areas' north-eastern council and backward areas as the special area programmes. In the seventh (1980-90), Eighth (1992-97) and ninth (197-2002) plans the ecologically, socially, and strategically sensitive areas are covered under the special area development programmes. During the tenth five year plan, some selected programmes are under special area programme. Remaining backward areas are placed under the sectoral programmes.

Growth with justice is one of the main objective of planning in India. It promises promotion of socio-economic upliftment of backward people on the one hand and the development of resource potentials of backward areas, on the other. Hence, it involves both social and spatial justice. After independence shortage of capital to invest, rapid growth of population, poor performance of agriculture sector, high expenditure on defence and lack of infrastructure posed serious challenges before the nation<sup>65</sup>.

In 64 years of planning in India, eleven five year plans and three phases of annual plans (1966-69, 1978-80 and 1990-92) have been enacted. The twelfth five year plan (2012-2017) is presently going on. The first plan (1951-56), in order to remove the gross imbalances in economy caused by partition, placed the highest priority on agriculture, including irrigation and power projects. The second plan (1956-61) emphasised industrialisation to generate employment opportunities outside the farm sector and to remove regional imbalances in industrial development. The third plan (1961-66) aimed at self-sustaining growth, hence, it accorded priority to balanced growth of agriculture and industry. The fourth plan (1969-74), preceded by three annual plans (1966-69), focused on removal of structural and regional imbalances in development. The fifth plan (1974-79) laid emphasis on removal of regional imbalances in social infrastructure to raise the level of social development in backward areas. The sixth plan (1980-85) focused on the eradication of poverty and employment generation through integrated rural development programme. The seventh plan (1985-90) emphasised local area planning by stressing on democratic decentralisation. The eighth plan (1992-97) emphasised on building and strengthening peoples institution and making people active participants within the liberalisation and privatisation framework. The main focus was on population control, environmental protection and infrastructural development. The ninth plan (1992-97) aimed at growth with social justice and equity. The tenth plan (1997-2002) was prepared against a back drop of high expectations arising from some aspects of the recent performance. The tenth plan had emphasised the need to ensure equity and social justice taking into account the fact that rigidities in the economy can make poverty reducing effects of growth less effective. The eleventh plan aims at the eleventh plan aims at to make growth more inclusive by significantly increasing the outlay for the priority sector programme. The twelfth plan aim are rapid, sustainable and more inclusive growth. In this plan eliminate gender and social gap in school enrolment that is, between SCs, STs, Muslims and rest of the population by the end of the twelfth five year plan.

### PLANNING FOR TRIBAL DEVELOPMENT IN INDIA WITH SPECIAL REFERENCE TO HIMACHAL PRADESH

The schedule tribe in Himachal Pradesh are scattered throughout the State. The present study is, however, confined to only those areas of tribal concentration which are specified as scheduled areas in the state. A special feature about these areas in Himachal Pradesh is that part from being mountainous, rugged and mostly comparatively inaccessible, they are very vast in size and sparsely populated. The Kinnaur and Lahul-Spiti district and Pangi and Bharmour of Chamba district which areas are termed as Scheduled Areas and constitute 42.49 percent of the total geographical area of 55673 sq. Km of Himachal Pradesh. On the other hand, total population of these areas forms only 3.13 percent of the total population of Himachal Pradesh<sup>66</sup>. The tribal Sub-Plan development strategy envisages modified Area Development Approach devised during Sixth Five-Year Plan.<sup>67</sup>

The provision of the planning has been given in article 38 and 39 of the constitution of India but the Directive Principle contained in article 46. The development programmes for the scheduled tribes up to the end of the fourth plan tended to be formulated in adhoc manner without any perspective and were more in the nature of welfare schemes. The special programmes for these groups were conceived as supplement to the total development effort under general sectors of development. In practice, these special programmes merely substituted the benefits available to scheduled tribes under normal development schemes. This resulted in much lower investment for their development than envisaged. To obviate such a situation pertaining further, the strategy of tribal sub-plan was devised to ensure equitable share in plan investment to this backward tribal community.

<sup>63</sup> A.K. Dutt (1968) 'Levels of Planning in Netherlands with particular references to Regional Planning, Annals of the Association of American Geographers, Vol.54, No.4 P.P.670-685.

<sup>64</sup> I.S. Bhat (1972) 'A regional Planning Model in the context of National Planning in India' in Lalit sen (ed.) Reading on Micro-Level Planning and Rural Growth-Centres, National Institute of community Development, Hyderabad, PP.245-302.

<sup>65</sup> Krishna Mohan, Addressing Regional Backwardness An Analysis of Area Development Programmes in India, Manka Publications PVT.LTD. P.4.

<sup>66</sup> Tribal Development Department, Himachal Pradesh. Annual Tribal Sub-Plan 1987-88; March 1987, p.4

<sup>67</sup> Tribal Development Department, Himachal Pradesh. Annual Tribal Sub-Plan 1989-90; March 1987, p.4

Such a strategy laid primary responsibility for development of the tribal areas on state plan flow to such areas and this effort was supplemented from the control pool of special central assistance placed with the union home ministry for tribal development in the states which sum was Rs. 190 crores in the fifth plan and Rs. 470 crores for the sixth plan period. The ambit of tribal sub-plan was widened in the sixth plan to include tribal pockets where in a population of 10,000 in contiguous areas the scheduled tribes formed 50 percent or above. Special emphasis will be placed on minor irrigation, soil water conservation, co-operation, rural roads and land reforms in the infrastructure sector; drinking water supply, general education, technical education health in the social services sector, and agriculture, animals husbandry, dairy development, fisheries, forests and small villages and cottage industries in the production sector.

**First Five Year Plan:** Under this approach, it was realized that the process of Economic Development starts from the villages. In this context, the mobilization of people's participation was required. In order to implement this ideology, the Community Development Programme (CDP) was conceived. The block administration was created as a centre of rural development activities. This programme failed as blocks were quite big and left the weaker section untouched. (A.K.Tiwari)<sup>68</sup>.

The first plan, in order to remove the gross imbalances in economy caused by partition, placed the highest priority on agriculture, including irrigation and power projects. The first plan, through very well drafted, could not be translated effectively into reality. The development of rail transport and irrigation network received high priority during this plan.

The first systematic effort for the development of the tribal areas was initiated in 1955 in form of special multipurpose tribal development blocks. The modified version of this plan was taken up on a larger scale during the 2<sup>nd</sup> five year plan when the tribal development block were started. This programme was further expanded during the third plan.

First Plan (1951-56), through very well drafted, could not be translated effectively into reality. The development of rail transport and irrigation network received high priority during this plan.

**Second five year plan:** No specialized tribal development programme was launched during the 2<sup>nd</sup> plan period. However, steps were taken to strengthen the ongoing community development programme. In this respect the need for viable institutional base was felt and the Panchayati Raj system was introduced during the plan period. Besides specified rural economic development like, Intensive Agricultural District Programme (IDAP), Khadi and Village Industries Programmes (KVI), Multi-purpose Tribal development, Village housing project /Scheme was also introduced in rural areas of the country. (A.K.Tiwari)<sup>69</sup>.

The second plan emphasized industrialization to remove regional imbalance in industrial development. In this plan, while favouring structural changes carried forward the interventionist economic philosophy akin to that of the former Soviet Union. The new industrial licensing policy formulated in 1956 was a regulatory measure to control the industrial location. At the same time sufficient investment in social overhead was also made to keep the promise of social justice.

The second plan (1956-61), while favouring structural changes carried forward the interventionist economic philosophy akin to that of the former Soviet Union. The new industrial licensing policy formulated in 1956 was a regulatory measure to control the industrial location. At the same time sufficient investment in social overheads was also made to keep the promise of social justice. During the second plan heavy public investment was made to establish large industrial complexes in mineral rich backward areas resided in by the tribals in central India.

**Third five year plan:** All round development of agriculture development was envisaged. Increased agricultural production in the farm sector and activities allied to agriculture received top most priority during the plan period. Health and nutrition is regarded as important inputs required for improvement in quality of life. To ensure appropriate and adequate nutrition to the children, for their growth applied nutrition programme was introduced during this plan (A.K.Tiwari).<sup>70</sup>

The third plan aimed at self-sustaining growth, hence, it accorded priority to balanced growth of agriculture and industry. In this plan, the circumstances created by the war with China in 1962 and with Pakistan in 1965 followed by the consecutive droughts during 1965-67 trapped, India in serious crisis relating to balance of payments and food shortage.

The third plan (1961-69), the circumstance created by the war with China in 1962 and with Pakistan in 1965 followed by the consecutive droughts during 1965-67 trapped, India in the serious crisis relating to balance of payments and food shortage. The third plan (1961-65), warned against growing (social and spatial) disparities and their consequences. The fourth plan is considered as a watershed in the context of developing backward areas to minimize disparities in development. Initiating a two-pronged strategy, it initiated target group and target area programmes. The category of target areas included the hill border drought prone and industrially backward areas. These programmes, conceived during the fourth plan (1969-74), were implemented mainly the fifth plan (1974-79). The programme targeting disadvantaged areas to counter rising regional disparities in development were mainly initiated.

**Fourth five year plan:** This plan was started in the name of growth with social justice and effort to uplift the vulnerable sections of rural society. Programme such as Small Farmer Development Agency (SFDA), Small Farmer and Agricultural Development Agency, Drought Prone Area Programme (DPAP), Tribal Area Development Programme (TADP), were introduced as the important rural development programmes. These development programmes did succeed, but only in limited areas and numbers. This plan paved the path for a number of rural development and poverty alleviation programmes in the country. These programmes were implemented through the existing administrative apparatus at block and villages levels. Employment generation programmes like cash scheme for rural employment and pilot intensive rural employment programme were also launched during the plan period. This plan was designed to impact equal distribution of benefits among the rural needy and provide socio-economic justice to the small and marginal farmer<sup>71</sup>.

The Fourth Plan (1969-79) formulated under these circumstances attempted to bring more and more areas and people into the overall production system. Reaping the resource potential

of backward areas was carefully mixed with the use of large surplus labour. A number of programmes for the development of backward areas and the weaker sections of society were chalked out and put to action during the fifth plan (1974-79), the sixth plan (1980-85) continued efforts in this. The experiments started in the eighties matured into a full-blown economic reforms programmes in June 1991.

India has completely fifty four years of planned development. During this period the development strategy, including that of backward area development has been changing. The regime of strict control and subsidy is almost over and liberalisation, delicensing and competition are in place. It is high time to evaluate objectively our success and failure in the field of development planning, in general and backward areas development strategy in particular.

There has always been a concern for the development of backward areas in Indian plans. Even in the first plan (1951-56), showing concern for the development of scarcity prone areas, an allocation Rs. 150 million was made under the central sector allocations.

**Fifth five year plan:** In any economic development programme due to combination of factors which may be historical, territorial and some times even natural, some areas have been found to lag behind unless is a conscious efforts on the part of the planners is not attended to their needs on priority basis. Successive five year plans have drawn attention to this problem of intra-regional and inter-regional imbalances and emphasised that the realisation of the growth potential of the tribal should be taken up on priority basis in order to give practice shape to the ideals of egalitarianism and social justice. Further in view of the emphasis laid down on increasing the level of living of lowest 30 percent of the population, a significant fraction of which are in the tribal areas, it has been stressed that the strategy for socio-economic development should be structured in such a way that the relatively disadvantaged areas and sections of the population are gradually drawn unit, the mainstream of the development process. The constitution of India in its very preamble pledges to secure to all citizens justice, social economic and political. To redeem this pledge, article 38 enjoins the state to try to promote the welfare of the people by securing and protecting as affectively as it may, a social order in which justice, social economic and political shall inform all the institutions of the national life. Article 46 of the constitution further lays down that the state shall take special care of the educational and economic interests of weaker section and in particular of scheduled castes and scheduled tribes and to protect them from social injustice and all form of exploitation.

The first systematic effort for the development of the tribal areas was initiated in 1955 in the form of special multipurpose tribal development blocks. The modified version of this programmes was taken up on a larger scale during the 2<sup>nd</sup> five year plan when the tribal development block were started. This programme was

<sup>68</sup> A. K. Tiwari, 'Infrastructure for Sustainable Rural Development' Regal Publication New Delhi (2010), PP 78-84.

<sup>69</sup> ibid

<sup>70</sup> ibid

<sup>71</sup> ibid

further expanded during the third five year plan and all areas with more than 2/3<sup>rd</sup> tribal concentration were covered by the end of this period. Although it was agreed, to extend the programme to all those areas which had more than 50 percent tribal population, but it was not possible to do so during the Fourth five year plan. The development effort in the existing tribal development blocks was consolidated by extended the period of their operation. The area coverage, therefore, remained practically unchanged up to the end of the fourth five year plan. In the meantime, this programme was reviewed on a number of occasions notably by a study team appointed by the planning commission under the chairmanship of Shri. Shilu Ao. It was also found that the development efforts from the general sector programme was not adequate in these areas particularly, in the context of their comparatively lower economic base. It was therefore, decided to evolve a new strategy for the development of tribal areas from the beginning of the 5<sup>th</sup> five year plan. The problem of tribal development was broadly classified into two category areas having more than 50 percent tribal concentration and dispersed tribals. In respect of the former, it was decided to accept an area development approach with focus on tribals. For dispersed tribals, family-oriented programmes were decided for being taken up. Thus the strategy of tribal sub- plan areas of tribal concentration was evolved in the fifth five year plan beginning from 1974-75. The tribal sub- plan strategy adopted comprised

(I) identification of development block in the state where tribal population was majority and their constitution into I.T.D.P.s with a view to adapting there in an integrated and project based approach for development.

(II) Earmarking of funds for the tribal sub-plan and ensuring flow of funds from the state and central plan sectoral outlays, special central assistance and from financial institution;

(III) Creation of appropriate administrative structure in tribal areas and adoption of appropriate personnel policy. (Tribal sub- plan in Himachal Pradesh pp1-4)

The most important objective of fifth five year plan was: removal of poverty and achievement of self- reliance. In order to achieve these objectives, the programme like, community and area development programme(CADP), Hill Area Development Programme including the western Ghats Desert Development, Minimum Needs Programmes(MNP), Food for work programme (FFW) were introduced, during the plan period. "Growth with justice" was the hallmark of the 5<sup>th</sup> plan. Minimum need programme was included a conscious plan effort to enhance social consumption for specified sectors to promote general well –being, specially in the rural areas, with a view to improving their productivity and general quality of life.

The new strategy comprises preparation of sub- plans for areas of tribal concentration. For this purpose, the tribal areas have been divided into two parts:- a) the areas having more than 50 percent tribal concentration and the areas with dispersed tribal population category. Areas were taken up for sub- plan preparation in the first instance, beginning 1974-75.

The special programme for these groups were conceived as supplemented to the total development effort under general sector of development. In practice, these special programmes merely substituted the benefits available to the scheduled tribes under normal development schemes. This resulted in much lower investment for their development than envisaged. To obviate such a situation per- taining further, the strategy of tribal sub-plan was devised to ensure equitable share in plan investment to this backward tribal community.

Fifth plan lay emphasis on removal of regional imbalances in social infrastructure to raise the level of socio development in backward areas<sup>72</sup>. The draft fifth plan refers to all plan period (1974-79) was approved for Rs. 16 cr. (state plan Rs.12.81 cr. And SCA Rd. 3.19) the actual expenditure was Rs. 9.12 cr. (state plan Rs7.80 cr. And SCA Rs 1.32cr.) which gave utilisation at 83 percent. the state plan flow to the tribal sub-plan during the 5<sup>th</sup> plan (1974-79) was targeted at 5.36 percent and the actual achievement was 5.75 percent<sup>73</sup>.

TABLE 1.1: SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (1974-78) (Rs. In Lakhs)

S.N.	Heads of development	Tribal Sub-Plan			
		State Plan		Special Central Assistance	
		Outlays	Expenditure	Outlays	Expenditure
1.	Agriculture and allied activities	209.08 (23.11)	161.92 (77.44)	132.66 (70.19)	88.60 (66.79)
2.	Co-operation	20.35 (2.25)	11.46 (56.31)	15.46 (8.17)	15.46 (100)
3.	Water and Power Development	182.28 (20.15)	196.43 (107.76)	-	-
4.	Industry and minerals	13.26 (1.46)	9.00 (67.87)	8.03 (4.25)	5.48 (68.24)
5.	Transport and communication	237.86 (26.29)	204.05 (85.79)	3.86 (2.05)	-
6.	Social and community development	227.14 (25.10)	181.65 (79.97)	22.64 (11.98)	13.97 (61.70)
7.	Economic services	1.75 (0.19)	0.11 (6.29)	-	-
8.	General services	13.09 (1.45)	16.89 (129.03)	6.35 (3.36)	7.08 (111.50)
Total		904.81 (100)	781.51 (100)	189.00 (100.00)	130.59 (69.09)

Figures in parentheses in the outlay column show percentages to total and in expenditure column the figures show percentages to outlay in respective sectors.

Sources:-Draft sixth plan 1980-85 and draft annual plan 1981-82, p.57.

During the fifth plan period, the Tribal Sub-Plan was operational in the scheduled areas or the tribal areas of the state. Against a total outlay of Rs. 904.81lakhs under the state plan component, Rs.781.51lakhs giving the outlay utilization percentage of slightly over 86. Same is true about Special Central Assistance, out of the total outlay of Rs.189lakhs under SCA component actual expenditure was Rs. 130.59lakhs or 69 percent of the stipulated amount.

During the first five year plan 1974-78(which actually the first tribal sub-plan period) top most or first priority has very rightly gone in favour of transport and communication. Next to follow are social and community services sectors, agriculture and allied services and water and power development. Transport and communication sector accounts for 26.29 percent of the total Sub-Plan outlay while social and community services and agriculture and allied activities follow close behind with 25.10 percent and 23.11 percent share respectively. Water and power development takes little above 20 percent of the total outlay.

Taking a look at the actual utilisation of plan outlays only two sectors water and power development and general services can be distinguished from other sources as the actual expenditure have exceeded the plan outlay in their cases. Actual expenditure was 85.79 percent,79.97 percent and 77.44 percent of total outlay in the case of transport and communication, social and community services and agriculture and allied activities respectively. Almost the same pattern emerges in the case of Special Central Assistance component of the Tribal Sub-Plan.

**Sixth five year plan 1980-85:**-In the sixth plan emphasis from welfare family and beneficiary oriented development schemes within the general framework of socio- economic programme specifically directed at and designed for the benefit of the scheduled tribes. The sixth plan size of the state was approved at Rs.560

<sup>72</sup> Krishna Mohan, Addressing Regional Backwardness An Analysis of Area Development Programmes in India, Manka Publications PVT.LTD. P.4.

<sup>73</sup> Tribal Sub-Plan in Himachal Pradesh (1980-81).

crores and the actual size, as per outlays approved from year to year, comes to Rs.628.34 crores and the share of the tribal sub-plan against the approved outlay of Rs.47.47 crores comes to Rs.54.15 crores, overshooting the target of 8.48 percent and actual achievement for the 6<sup>th</sup> plan period has been 8.62 percent<sup>74</sup>.

Coverage of ST population under sub-plan treatment was sought to be extended through the adoption of the Modified Area Development Approach (MADA) where pockets of tribal concentration were identified. Two such pockets were identified in the state in 1981-81 and ST population coverage rose to 58 percent (1991). Also, emphasis shifted from welfare to family and beneficiary-oriented development scheme within the general framework of socio-economic programme. The main objectives of sixth plans were alleviation of poverty and a reduction in inter-class, inter-regional, and rural urban disparities were the important features sixth plan. The package of the poverty reduction programmes initiated during the sixth plan, therefore, continue at an accelerated pace so as to achieve the national objective of reduction of the percentage of as to achieve the national objective of reduction of the percentage of people below the poverty line to less than 10 by 1994-95. Larger investment in such programmes will also have the effect of increasing food production, creating employment and improving productivity.

TABLE 1.2 SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (1980-85) (Rs. In Lakhs)

S.N.	Heads of development	Tribal Sub-Plan			
		State Plan		Special Central Assistance	
		Outlays	Expenditure	Outlays	Expenditure
1.	Agriculture and allied activities	164.50 (13.60)	742.05 (114.80)	237.00 (36.52)	280.36 (118.30)
2.	Rural development	290.50 (6.12)	497.05 (171.14)	-	-
3.	Co-operation	81.00 (1.71)	77.48 (95.65)	74.00 (11.40)	76.67 (103.61)
4.	Irrigation and flood control	250.00 (5.27)	448.79 (179.52)	-	-
5.	Power	1026.00 (21.61)	1032.09 (100.59)	-	-
6.	Industry and minerals	115.00 (2.42)	110.44 (96.03)	55.00 (8.48)	47.19 (85.80)
7.	Transport	1145.00 (24.12)	1260.47 (110.08)	10.00 (1.54)	9.57 (95.70)
8.	Scientific services and research	-	2.50	-	-
9.	Social and community development	952.41 (20.03)	943.36 (99.15)	177.00 (27.27)	180.11 (101.11)
10.	Economic services	3.00 (0.06)	4.25 (141.67)	12.00 (1.85)	12.32 (102.67)
11.	General services	240.00 (5.06)	292.92 (122.05)	84.00 (12.94)	99.36 (118.29)
Total		4747.40 (100)	5410.50 (100)	649.00 (100)	705.58 (100)

It was during the sixth plan period that the pockets of tribal concentration were also brought under the ambit of the Tribal Sub-Plan. Modified Area Development Approach was designed during the plan to cover these pockets of tribal concentration. For such areas, a target groups or community approach was followed for the development of scheduled tribe's population living therein. With the inclusion of such pockets 62.75 percent of the total scheduled tribe's population stood covered by under the Tribal Sub-Plan.

Total outlay for the Tribal Sub-Plan during sixth five year plan was Rs. 5396lakhs. The state plan component was to be Rs.4747lakhs and rest Rs.649 lakhs was to be met with Special Central Assistance. Sector-wise outlay and expenditure during the sixth plan is given in table 1.2. Contrary to what happened during the fifth plan period, sixth five-year plan showed high rate of utilization of plan outlay. On an aggregative level, Rs.5410.50lakhs were spent from the state plan resources for the tribal sub-plan against an outlay of Rs 4747lakhs. The expenditure was about 14 percent higher than the outlay, giving the plan fund utilisation of 113.97 percent for the entire plan period 1980-85. Almost the same situation prevailed in the case of flow of funds through Special Central Assistance. Against an outlay of Rs. 649lakhs stipulated under this head for the Tribal Sub-Plan (1980-85), a sum of Rs.705.58lakhs was spent showing 108.72 percent utilization.

For the Sixth Five-Year Plan, three new sectors of development were created from within the eight existing sectors in the general planning exercise. These three sectors were (i)rural development which was earlier a sub-sector of the agriculture and allied services sectors(ii) Earlier water and power development sector was bifurcated into two sectors i.e. irrigation and flood control and power sector(iii)the third newly created sector was scientific services and research. Consequent upon this re-defining of sectors, the Tribal Sub-Plan was also formulated accordingly.

The sectoral priorities underwent significant change during Sixth Tribal Sub-Plan as compared to those in the preceding Tribal Sub-Plan. Given the redefined sectoral division transport sector still retained its highest priority although its share in the total outlay declined from 26.29 percent in the fifth plan to 24.12 percent in the Sixth Plan. The Social and Community services sector lost its second position to power sector. The share of this sector in the total outlay declined considerably from 25.10 percent in the fifth plan to 20.03 percent in the sixth plan. Agriculture and allied activities sector lost its third place to community and social service sector and therefore, got relegated to the fourth place with a substantial in its share out of the total sixth sub-plan outlay.

If the pattern of 1974-78 Sub-Plan with regard to the definition of different sectors is followed in the sense that Rural Development sector is clubbed with agriculture and allied activities and the power sector with irrigation and flood control slightly different set of priorities emerge. The top priority then goes to water and power development with 26.88 percent, (21.61 percent for power and 5.27 percent for irrigation and flood control), of the total outlay earmarked for the sector. Transport sector in that case gets the second priority. The other two sectors i.e. community and social services and agriculture and allied activities retain their third and fourth position respectively.

**Seventh plan:** For the seventh plan period 9 percent of the state plan outlay has been approved by the state planning board. Together with S.C.A. supplementation plan size of Rs.132.39 crores has been proposed. Highest priority in 7<sup>th</sup> plan was given to transport sector and after that social and community services followed by power, agriculture and allied services, rural development, general services, irrigation and flood control, industry and minerals, co-operation, economic services and scientific research. Sectoral programmes and strategy of 7<sup>th</sup> plan:

<sup>74</sup> Sectoral programmes (State Plan) P.20. Eighth five year plan 1985-90 and tribal sub-plan1985-86.

TABLE 1.3: SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (1985-90) (Rs. In Lakhs)

S.N.	Heads of Development	Tribal Sub-Plan	
		State Plan (Outlay)	Special Central Plan(outlay)
1.	Agriculture and allied activities	1967.50 (20.82)	548.00 (45.67)
2.	Rural Development	463.00 (4.90)	-
3.	Irrigation and Flood Control	383.50 (4.06)	-
4.	Power	2465.00 (26.08)	-
5.	Industry and mineral	131.00 (1.39)	60.00 (5.00)
6.	Transport	1975.00 (20.90)	10.00 (0.83)
7.	Science, technology and environment	8.00 (0.08)	-
8.	Community and social services	1574.00 (16.66)	332.00 (27.67)
9.	General economic services	168.00 (1.78)	25.00 (2.08)
10.	General services	315.00 (3.33)	225.00 (18.75)
	Total	9450.00 (100)	1200.00 (100)

Source: Annual Sub-Plan 1989-90.

For the seventh plan period an outlay of Rs 120.39 crores was proposed for the Tribal Sub-Plan. Out of the total outlay, the share of State Plan flow was Rs.94.50 crores and the Special Central Assistance component was to the tune of Rs.12.00 crores. The state plan component of Tribal Sub-Plan constitutes 9 percent of the general state plan outlay as against 5.75 percent and 8.48 percent for the fifth and sixth plans respectively. Total outlay for this plan was 97.35 percent higher than that for the sixth plan.

Sectoral distribution of the Sub-Plan outlay has been shown in table 1.3. Power sector emerged as the lead sector in the 7<sup>th</sup> Plan outlay priorities. This sector alone accounted for 26.08 percent of the total outlay. In the Sixth Plan, share of this sector was 21.61 percent. In order to have a comparison with fifth plan figures, the combined allocation to irrigation and flood control and power, formed 20.15 percent of the total Sub-Plan outlay which formed 26.88 percent and 30.14 percent for Sixth and Seventh Sub-Plans respectively.

Transport Sector and Agriculture and Allied Activities sectors ranked second and third in terms of their share in total Sub-Plan outlay. Transport sector has a share of 20.90 percent while Agriculture is close behind with 20.82 percent share. But if take rural development sectors as a part of Agriculture Sector its share increase to 25.72 percent and it attain second position in terms of priorities according to the relative share in total outlay. Agriculture Sector has improved in terms of its share in total outlay over its position in Sixth Sub-Plan wherein its share was 13.60 percent. The total expenditure for the Seventh Five Plan Sub-Plan is expected to exceed the outlay.

The Special Central Assistance proposed for the Seventh Tribal Sub-Plan was Rs. 12.00 crores. Special Central Assistance has gone in favour of Agriculture and Allied Activities and Social Services sectors.

**Eighth Five Year Plan and Annual Plan:** The tribal sub- plan strategy adopted from 5<sup>th</sup> plan onwards had yielded results and has proved beneficial for the development of tribals and tribal areas. It has generally helped focusing the attention of the planners and implementers on the special needs of the tribal society and tribal areas and on adopting a more integrated approach for their development. A fundamental change in the process of formulating the tribal sub-plan on Maharashtra Model has been introduced at the end of the 8<sup>th</sup> five year plan. The past practice of planning process from top to bottom exercise has been reversed and the decentralized planning process with ITDP as basis has been started. In such an arrangement the tribal development department is able to decide priorities of the scheme to be implemented in the tribal areas and will also be in a position to relate them to their felt needs. Under the new methodology the quantification of funds under T.S.P. strategy has been made less national and more relevant to the tribal areas. The state plan flow to the tribal sub-plan was targeted at 9 percent for the eighth plan period and the likely achievement is about 8.56 percent. Sectoral programmes and Strategy.

TABLE 1.4: SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (1992-97) (Rs. In Lakhs)

S.N.	Heads of Development	Tribal Sub-Plan	
		State Plan (Outlay)	Special Central Plan(outlay)
1.	Agriculture and allied activities	8477 (27.80)	907.00 (42.52)
2.	Rural Development	984 (3.22)	-
3.	Irrigation and Flood Control	1102 (3.61)	-
4.	Power	3234 (10.61)	-
5.	Industry and mineral	900 (2.95)	155.00 (7.27)
6.	Transport	5266 (17.27)	78.00 (3.65)
7.	Science, technology and environment	23 (0.07)	-
8.	Community and social services	972 (3.18)	512.00 (24.01)
9.	General economic services	8600 (28.21)	15.00 (0.703)
10.	General services	927 (3.04)	465.00 (21.81)
	Total	30486 (100)	2132 (100)

Source: Eighth Five year plan and annual Tribal Sub-Plan 1992-97.

In the Eighth Plan the share of state plan was Rs 304.86 crores of the total outlay of Tribal Sub-Plan and the Special Central Assistance was 21.32 crores. Sectoral distribution of the Sub-Plan Outlay has been shown in table 1.4. General Economic services as the lead sector in the Eighth Plan outlay priorities, followed by Agriculture second position, Transport and and Power got third and fourth position respectively. And irrigation and flood control, Rural Development, Social services General services comes next. General Economic Service sector alone accounted for 28.21 percent of the total outlay and Agriculture accounted 27.80 percent, Transport 17.27 percent and Power sector accounted 10.61 percent. Science and Technology accounted lowest share in total outlay of state plan.

The Special Central Assistance proposed for tribal Sub-Plan was 21.32 crores. The share of Agriculture and Allied activities was the maximum in SCA, followed by Community And Social Services and General Services in second and third place.

**Ninth plan and annual plan (1997-2002):**-The 9<sup>th</sup> five year plan shall commence on schedule from 1<sup>st</sup> april,1997 covering the year 1997-98 to 2001-02. As per guidelines of the planning commission, government of India and union welfare ministry, the 9<sup>th</sup> five year plan lays greater emphasis on accelerated growth in employment, provision of basic minimum services like drinking water, primary health services, primary education, housing to shelter less, mid- day meal in primary education, rural road connecting the villages and public distribution system have been given high priority. The ninth plan has given high priority for the welfare scheduled caste and scheduled tribes. Agriculture and rural development has been given highest priority. Besides these major efforts shall be made to reduction in population growth through intensified family welfare programme so that the social and economic benefits are ensured to maximum. The 9<sup>th</sup> five year plan shall lay greater emphasis on accelerated growth in employment, provision of basic minimum services to the people, eradication poverty, provision of food security. Main objective and strategy of this plan for different sectors:

**TABLE 1.5 SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (1997-02) (Rs. In Lakhs)**

S.N.	Heads of Development	Tribal Sub-Plan	
		State Plan (Outlay)	Special Central Plan(outlay)
1.	Agriculture and allied activities	9496 (19.18)	1440 (42.76)
2.	Rural Development	2370 (4.79)	-
3.	Irrigation and Flood Control	2700 (5.45)	-
4.	Power	1600 (3.23)	-
5.	Industry and mineral	1000 (2.02)	200 (6.09)
6.	Transport	11450 (23.13)	-
7.	Science, technology and environment	40 (0.08)	-
8.	Community and social services	1270 (2.57)	825 (25.07)
9.	General economic services	16539 (33.41)	25 (0.75)
10.	General services	2945 (5.95)	800 (24.31)
	Total	49500 (100)	3290 (100)

Source: Ninth Five year plan and annual Tribal Sub-Plan 1997-98.

For the Ninth Plan period an outlay of Rs.49500 lakhs was proposed for state plan and an outlay of Rs.2132lakh was proposed for Special Central Assistance. Sectoral distribution of the Sub-Plan outlay has been shown in table 1.5. General economic services emerged as the lead sector in the 9<sup>th</sup> Plan outlay. This sector alone allocated 33.44 percent of total state plan outlay. Transport and agriculture and allied activities ranked second and third respectively. In Special Central Assistance agriculture and allied activities lead sector and accounted about 42.76 percent of SCA outlay followed by community and social services and general services.

**Tenth five year plan:** The Tenth Plan was prepared against a backdrop of high expectations arising from some aspects of the recent performance. The target of 8 percent average annual growth for the period 2002-07 was considered feasible as the scope for realising improvement in efficiency is very large both in the public and private sectors.

**TABLE 1.6 SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (2002-07) (Rs. In Lakhs)**

S.N.	Heads of Development	Tribal Sub-Plan	
		State Plan (Outlay)	Special Central Plan(outlay)
1.	Agriculture and allied activities	11148 (13.01)	1897 (43.54)
2.	Rural Development	3581 (4.18)	-
3.	Irrigation and Flood Control	6752 (7.88)	-
4.	Power	941 (1.09)	-
5.	Industry and mineral	975 (1.13)	263 (6.06)
6.	Transport	21315 (24.89)	-
7.	Science, technology and environment	42 (0.04)	-
8.	Community and social services	35025 (40.90)	1086.38 (25.06)
9.	General economic services	736 (0.85)	33 (0.76)
10.	General services	5120 (5.97)	1053.62 (24.31)
	Total	85635 (100)	4333 (100)

Source: Tenth Five year plan and annual Tribal Sub-Plan 2002-03.

For the Tenth Plan period an outlay of Rs 85635 lakh was proposed for state plan and an outlay of Rs. 4333lakh was proposed for Special Central Assistance. Sectoral distribution of the Sub-Plan outlay have been shown in table 1.6. Community and social services emerged as the lead sector in the 10<sup>th</sup> Plan outlay. This sector alone allocated 40.90 percent of total state plan outlay. Transport and agriculture and allied activities ranked second and third respectively which accounted the share of 24.89 percent and 13.01 percent. In Special Central Assistance agriculture and allied activities lead sector and accounted about 43.54 percent of SCA outlay followed by community and social services and general services which accounted for 25.06 percent and 24.31 percent respectively.

**Eleventh Five Year Plan:-** The eleventh plan aims at to make growth more inclusive by significantly increasing the outlay for the priority sector programme.

**TABLE 1.7: SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (2007-12) (Rs. In Lakhs)**

S.N.	Heads of Development	Tribal Sub-Plan	
		State Plan (Outlay)	Special Central Plan(outlay)
1.	Agriculture and allied activities	14307 (11.35)	1262 (83.02)
2.	Rural Development	5426 (4.30)	-
3.	Irrigation and Flood Control	11259 (8.93)	-
4.	Power	851 (0.67)	-
5.	Industry and mineral	822 (0.65)	50 (3.28)
6.	Transport	31894 (25.31)	-
7.	Science, technology and environment	2 (0.0001)	-
8.	Community and social services	1357 (0.77)	208 (13.68)
9.	General economic services	41381 (33.19)	-
10.	General services	17261 (12.34)	-
	Total	126000 (100)	1520 (100)

Source: Eleventh Five year plan and annual Tribal Sub-Plan 2007-08.

For the Eleventh Plan period an outlay of Rs 126000 lakh was proposed for state plan and an outlay of Rs.1520 lakh was proposed for Special Central Assistance. Sectoral distribution of the Sub-Plan outlay have been shown in table 1.7. General Economic services emerged as the lead sector in the 11<sup>th</sup> Plan outlay. This sector alone allocated 33.18 percent of total state plan outlay. Transport and General services ranked second and third respectively which accounted the share of 25.31 percent and 12.34 percent. In Special Central Assistance agriculture and allied activities lead sector and accounted about 83.02 percent of SCA outlay followed by community and social services and Industry and Minerals which accounted for 13.68 percent and 3.28 percent respectively.

**Twelfth Five Year Plan:-** The twelfth plan aim are rapid, sustainable and more inclusive growth. In this plan eliminate gender and social gap in school enrolment that is, between SCs, STs, Muslims and rest of the population by the end of the twelfth five year plan.

**TABLE: 1.8 SECTORAL OUTLAY UNDER TRIBAL SUB- PLAN (2012-17) (Rs. In Lakhs)**

S.N.	Heads of Development	Tribal Sub-Plan
		State Plan (Outlay)
1.	Agriculture and allied activities	18439 (8.98)
2.	Rural Development	12660 (6.16)
3.	Irrigation and Flood Control	13416 (6.53)
4.	Power	19380 (9.44)
5.	Industry and mineral	1236 (0.60)
6.	Transport	42864 (20.00)
7.	Science, technology and environment	100 (0.04)
8.	Community and social services	907 (0.44)
9.	General economic services	70162 (34.19)
10.	General services	10461 (5.09)
	Total	189625 (100)

Source: Twelfth Five year plan and annual Tribal Sub-Plan 2002-03.

For the Twelfth Plan period an outlay of Rs 189625 lakh was proposed for state plan. Sectoral distribution of the Sub-Plan outlay have been shown in table 1.8. General Economic services emerged as the lead sector in the 12<sup>th</sup> Plan outlay. This sector alone allocated 34.19 percent of total state plan outlay. Transport and power ranked second and third respectively which accounted the share of 20 percent and 9.44 percent.

TABLE 1.9: FLOW OF TOTAL STATE OUTLAY TO TRIBAL SUB-PLAN (Rs. In Lakhs)

Years	Tribal Sub-Plan Outlay		
	State Plan	SCA	Total
Annual tribal sub- plan (1974-75)	111.81	-	111.81
Fifth Five Year paln (1974-79)	904.81	189.00	1093.81
Annual tribal sub-plan (1980-81)	717.17	130.00	847.17
Sixth Five year plan (1980-85)	4747.40	649.00	5396.4
Annual tribal sub-plan (1985-86)	1806.65	200.00	2006.65
Seventh Plan (1985-90)	12039	1200.00	121200
Annual tribal sub- Plan (1992-93)	4,374	318.00	4692
Eight Plan (1992-97)	22518	2132	24650
Annual tribal sub-Plan (1997-98)	9072	430	9502
Ninth Plan (1992-97)	49500	3290	52790
Annual tribal sub- Plan (2002-2003)	14850	767.00	15617
Tenth Plan (2002-07)	85635	4333	89968
Annual tribal sub-Plan (2007-2012)	18900	303.50	19203.5
Eleventh Plan (2007-12)	126000	1520	127520
Annual tribal sub- Plan (2012-2013)	33300	-	
Twelfth Plan (2012-17)	205200	-	

Source: Tribal Sub-Plan 2012-17, Department Scheduled Tribes HimAachal Pradesh.

Tribal Sub-Plan has been operational in Himachal Pradesh since the inception of the fifth plan. Even since the implementation of tribal sub-plan in the state, the flow of fund from the state plan to TSP has consistently been increasing showing the increasing keenness of the Himachal Pradesh Government in accelerating the pace of development of tribals and tribal areas. Plan-wise outlays approved for the Tribal Sub-Plan have been depicted in table 1.10. It is clear from the table that the size of the Tribal Sub- Plan has been considerably enlarged. The fifth plan had earmarked Rs.904.81 lakh for the Tribal Sub-Plan and no share of SCA for the same period. While sixth, seventh, eighth, ninth, tenth, eleventh and twelfth plans allocated an amount of Rs.4747.40lakhs, Rs.12039lakhs, Rs.22518lakhs, Rs.49500lakhs, Rs. 85635lakhs, Rs 126000lakhs and Rs. 189625lakhs for the Tribal Sub-Plan and for SCA had Earmarked Rs.189lakhs, Rs649lakhs, Rs1200lakhs, Rs 2132lakhs, Rs3290lakhs and 4390 respectively. The state plan and State Central Assistance outlay for annual tribal sub Plan 1974-75 had earmarked Rs.111lakhs for the tribal sub-plan and no share of SCA in the same time period. While annual tribal sub-plan 1980-81, 1985-86, 1992-92, 1997-98, 2002-03, 2007-08 and 2012-13 had earmarked Rs.717.17lakhs, Rs.1806.65lakhs, Rs. 4374Lakhs, Rs 9072lakhs, Rs 14850 lakhs, Rs 18900lakhs, Rs. And 33300lakhs respectively and SCA share in the same period had earmarked Rs 130lakhs, Rs 200 lakhs, Rs.318lakhs, Rs 430lakhs, Rs.767lakhs and Rs.303Lakhs respectively. The share of state plan and state central assistance has been increasing in the given time period because of government initiative for the development of tribal areas.

## CONCLUSION

After attaining independence, government of India initiated the process of planning for a well directed and rapid development of the nation. In the beginning the development of the scheduled castes, scheduled tribes and other backward sections of the population was also seen as a part of overall national endeavour towards towards the development of the country as a whole. Since the tribal areas had their special problems, it wa decided to supplement the community development programme in tribal areas with special Multi-Purpose Tribal Development Projects in 1954. This was the beginning of the special efforts for the development of tribal areas. The tribal area of Himachal Pradesh forms a continuous belt to the extreme North-East of the State. This area encompasses the district of Kinnaur and lahaul and Spiti, Pangi and Bharmour. Main tribal groups habitanting these areas are Kanaura or Kinnara, Jad, Lamba, Khampa, Bhot or Both, Swangla, Gaddi and Gujjars. In general, these communities are thought to be the originally inhabitants of these areas. As far as planning for tribal development is concerned, the entire planning period can be divided into two parts. First is the pre-Sub-Plan period (1951 to 1974) and second is the Post Sub-Plan period (1974 onwards). Nothing significant could be achieved on economic front during pre-Sub-Plan period. But this period assumes greater significance on two accounts as far as tribal development was concerned. The state and its machinery including the planners remained alive and concerned about the problems of the tribals. Beginning of Fifth Five Year Plan in 1974 could be taken as a water-shed in the history of Tribal development programmes. Agriculture is the core sector of the tribal economy of India. Agriculture, along with the geographical conditions of their habitant has shaped the entire life-style of most of the tribal. The tribal sub-plan strategy has outlined the objective of narrowing down the gap between the tribal and other areas in terms of the level of development as the priority area in terms of the directing the State efforts. The tribal areas of the state are, so far, nowhere near to coming at par with that of the State in terms of the levels of development. At the same time there are wide disparities within the tribal regions as well. Each tribal region has the potential to grow much faster than hitherto seen. The need of the hour is to make sincere efforts for their economic growth after evaluating the resources base of each region and following appropriate area-specific strategy of development.

## REFERENCES

1. A. K. Dutt (1968) 'Levels of Planning in Netherlands with particular references to Regional Planning, Annals of the Association of American Geographers, Vol. 54, No.4 P.P.670-685.
2. I. S. Bhat (1972) 'A regional Planning Model in the context of National Planning in India' in Lalit sen (ed.) Reading on Micro-Level Planning and Rural Growth-Centres, National Institute of community Development, Hyderabad, PP.245-302.
3. Krishna Mohan, Addressing Regional Backwardness An Analysis of Area Development Programmes in India, Manka Publications PVT.LTD. P.4.
4. Tribal Development Department, Himachal Pradesh. Annual Tribal Sub-Plan 1987-88; March 1987, p.4
5. Tribal Development Department, Himachal Pradesh. Annual Tribal Sub-Plan 1989-90; March 1987, p.4
6. A. K. Tiwari, 'Infrastructure for Sustainable Rural Development' Regal Publication New Delhi (2010), PP 78-84.
7. Ibid
8. Ibid
9. Ibid
10. Krishna Mohan, Addressing Regional Backwardness An Analysis of Area Development Programmes in India, Mank Publications PVT.LTD. P.4.
11. Tribal Sub-Plan in Himachal Pradesh (1980-81).
12. Sectoral programmes (State Plan) P.20.Eighth five year plan 1985-90 and tribal sub-plan1985-86.

HIGHER EDUCATION IN INDIA: CHALLENGES AND SUGGESTIONS

**GOPAL SINGH**  
**RESEARCH SCHOLAR**  
**INSTITUTE OF EDUCATION & RESEARCH**  
**MANGALAYATAN UNIVERSITY**  
**ALIGARH**

**ABSTRACT**

Education is a purposive, conscious or unconscious, psychological, sociological, scientific and philosophical process, which develops overall personality of an individual. Education is a process both in narrower as well as in wider sense. Ancient people used to collect facts and information about nature for survival. This is nothing but education. In wider sense, education is acquisition of experience throughout life. Experience brings changes in human life and behaviour. It is a primary function of formal education to accelerate and facilitate social progress. Social progress means social change. In India, education system divided in mainly primary education, secondary education, higher education and distance education. There is many Problems to provide quality in education.

**KEYWORDS**

education, educational pattern, higher education, quality.

**INTRODUCTION**

**E**ducation is an aim of human life. Education of human being begins at birth and it ends with his death. It is the third eye of a person. It gives him insight into all affairs. It teaches him how to act justly and rightly. It leads him to realize the true significance of life. Education removes darkness and shatters illusion. A person without education is really blind. Education is an indispensable need of mankind. According to Vivekanand: "Education is the manifestation of the divine perfection, already existing in man." Gandhi say about education "By education, I mean an all-round drawing out of the best in the Child and man body, mind and spirit." We can say that education is a purposive, conscious or unconscious, psychological, sociological, scientific and philosophical process, which develops overall personality of an individual.

**IMPORTANCE OF EDUCATION**

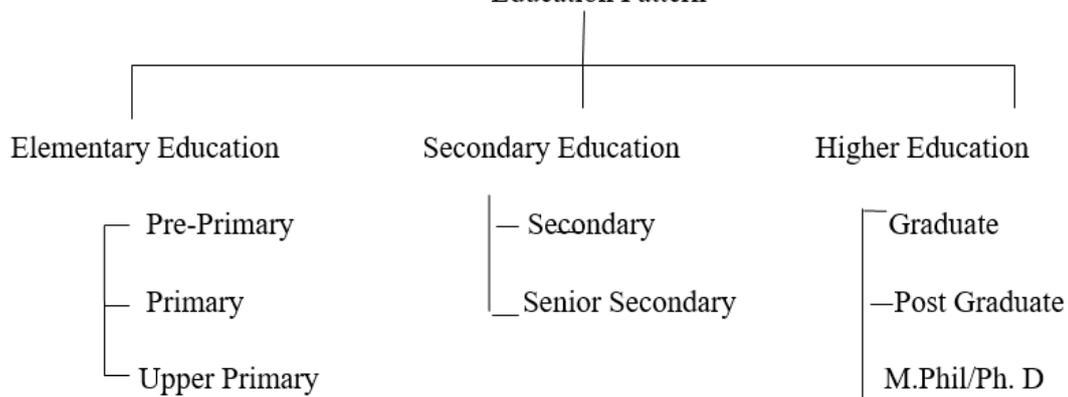
The education is process of instruction aimed at the all round development of individual, providing necessary tools and knowledge to understand and participate in day to day activities of today's world. Education not only impacts on human development and economic growth but also is fundamental requirement of democracy. At the start of a very young age, children learn to develop and use their mental, moral and physical powers, which they acquire through various types of education. Learning subjects in school is not enough one can learn history, maths, science in school and the book smart in addition, one can learn how to live life by knowing what to say when, acting a certain way in certain situations and be street-smart. Growth of economy and development of a country is depending upon the education system of that particular country. A perfect and successful batch of youth of a country is come from education sector. Education is key which allows people to move up in the world, seek better jobs and ultimately succeed in their lives. So education is very important and no one should be deprived of it.

**PRESENT EDUCATION SYSTEM IN INDIA**

In India, educational pattern divided mainly in three parts like primary education, secondary education and higher education. Primary and secondary education knows as school education where student takes basic knowledge about maths, science, social science and history of nation etc. Higher education refers to study programmers offered after senior secondary level leading to a degree or a diploma at university level. Distance education is also paying a good role in present educational system. It's provided degree and diploma in different fields by distance mode to whom not takes education regular any colleges and universities. There is educational pattern in India:

**EDUCATION PATTERN**

**FIG. 1: EDUCATION PATTERN IN INDIA**  
 Education Pattern



**HIGHER EDUCATION**

Higher education system of India is the world's third largest in terms of students, next to China and United States. Unlike China, however, India has advantage of English being primary language of higher education and research. India educates about 11 per cent of its youth in higher education as compared to 20 per cent in China. The main governing body at tertiary level is the University Grants Commission (India), which enforces its standards, advises the government, and helps coordinate between the centre and the state. Universities and its constituent colleges are main institutes of higher education in India. At present in 2011, there are 227 government-recognized Universities in India. Out of them 20 are central universities, 109 are deemed universities and 11 are Open Universities and rest are state universities. Most of these universities in India have affiliating colleges where undergraduate courses are being taught. Distance learning is also a feature of Indian higher education system. Even as higher education has been based on a Western "university model," it has developed in a way that is deeply rooted in societies of which it is a part.

## ROLE OF HIGHER EDUCATION

Higher education is a most part of a student education. He learns skills and techniques for higher education. Higher education changes society by new knowledge, skills, information and technology. Role of higher education is:

1. **Development of Human Resources-** For a long time higher education has fulfilled role of producing government and private sector leaders. Most important role of higher education is developing high-level human resources with necessary knowledge and skills for economic and social development. It is becoming important to expand higher education so that a wide range of human resources can be developed and the entire society's level of knowledge can be raised.
2. **Creation of Knowledge-**The ability to apply knowledge and technical skills is extremely important to economic development. Higher education must not merely teach new technology, but must develop human resources who can evaluate the need for these technologies and apply them.
3. **Self-realization of People-** Higher education helps people improve their income and quality of life through increasing knowledge or skills and then expand on their own choices available in life, including those related to work life.
4. **Development of a Healthy Society-** A role in reforming social system and cultivating social cohesion is demanded of higher education. This may be accomplished through production of the common asset of new knowledge, including spread of democratic values and respect for multiculturalism.

## CHALLENGES OF HIGHER EDUCATION IN INDIA

Since we have got independence we are facing challenges to establish a great and strong education system. Various governments come and gone, off course they tried to establish new education policies in education system but this is very sad to dictate that they were not sufficient for our country. Still we are facing lot of problems and challenges in our higher education system. There are many basic problems like inadequate infrastructure and facilities, large vacancies in faculty positions and poor faculty thereof, low student's enrolment rate, outmoded teaching methods, declining research standards, unmotivated students, overcrowded classrooms and widespread geographic, income, gender, and ethnic imbalances. There is no creativity in students. Our top class students are hard-worker but not innovative. They are not capable enough to produce new technology. There is a great need to revolution in higher education. There are just some challenges which should cover all aspect in present scenario of education and we have to implement hard on them.

## SUGGESTIONS FOR IMPROVING QUALITY OF HIGHER EDUCATION

Quality is an important factor when it comes to any product or service than it become well. There is four main role of higher education like:

1. Higher education as the production of qualified human resources
2. Higher education as training for a research career
3. Higher education as the efficient management of teaching provision; and
4. Higher education as a matter of extending life chances. So there is necessary to provide a quality in education to make a good and educate people for nation development.

There are some suggestions for improving quality of higher education.

1. **Industry and academic connection:** Industry and academic connect necessary to ensure curriculum and skills in line with requirements. Skill building is really very crucial to ensure employability of academic to understand and make sure good jobs.
2. **Student-centred education and methods:** Methods of higher education have to be appropriate to the needs of learning to learn, learning to do, learning to be and learning to become. Student-centred education and employment of dynamic methods of teaching will require from teacher's new attitude and new skills.
3. **International cooperation:** Universities in India have been a primary conduct for advancement and transmission of knowledge through traditional functions such as research, innovation, teaching, human resource development and continuing education.
4. **Action plan for quality:** Academic and administrative audit should be conducted once in three years in colleges by external experts for ensuring quality in all aspects of academic activities. University and colleges should realize need for quality education and come forward with action plan for improving quality in higher educational institutions.
5. **Privatization of higher education:** In any nation education is basic need for socio-economic development of individuals and society. Only 20% of population is educated in India. Privatization of higher education is absolutely necessary in a vast country like India as government alone is helpless to do so.
6. **Personality development:** Education should be for flowering of personality but not for suppression of creativity or natural skill. In the globalized world opportunities for educated people are naturally ample is scope. That is way the world can be developed for Peace, prosperity and progress by able and skilful man.
7. **Examination reforms:** Examination reforms, gradually shifting from terminal, annual, semester examinations to regular and continuous assessment of student's performance in learning should be implemented.

## CONCLUSION

According to former prime- minister dr. Manmohan Singh "The time has come to create a second ware of institution building and of excellence in fields of education, research and capability building." We need an educational system that is modern, liberal and can adapt to the changing needs of a changing society, a changing economy and changing world. The thrust of public policy for higher education in India has to be to address these challenges.

## REFERENCES

1. <http://www.mext.go.jp/English/org>
2. NCERT, Continuous Comprehensive Evaluation Manual for teachers Classes VI to VIII, New Delhi: NCERT
3. Panda, V. N. School Management. New Delhi: APH Publishing Corporation
4. Singh, J.D. Higher Education in India: Issues, challenges and suggestions.[www.jdarticle.com](http://www.jdarticle.com)

## GLOBAL PERSPECTIVES OF CORPORATE SOCIAL RESPONSIBILITY

PUNEET KAUR  
RESEARCH SCHOLAR  
I. K. GUJRAL PUNJAB TECHNICAL UNIVERSITY  
JALANDHAR

## ABSTRACT

*We live in an age in which companies equivalent in wealth to countries call the shots and control much of the earth's resources. Because corporates intervene in so many areas of social life, they must be responsible towards society and the environment. In India as in the rest of the world there is a growing realisation that capital markets and corporations are, after all, created by society and must therefore serve it, not merely profit from it. And that consumers and citizens' campaign can make all the difference. In the age of globalisation, corporations and business enterprises are no longer confined to the traditional boundaries of the nation-state. One of the key characteristics of globalisation is the spread of the market and the change in the mode of production. Recently however the term has come to the forefront of public attention and this is probably because of the problems of governance which have been revealed at both a national level and in the economic sphere at the level of the corporation. One core value of doing business is obviously the economic one, that is, business is expected to be profitable and to make money for the owners, shareholders, and investors. However, business is further expected to achieve this economic value in conformity with the value of legality, but also, since the law may be non-existent, deficient, or not enforced, with the value of morality. That is, business must act in a profitable, legal, and moral manner. Today, moreover, business must deal with another value – the expectation that business, as it grows and especially once it attains a certain size, wealth, and prominence, be "socially responsible."*

## KEYWORDS

corporate social responsibility, values, ethics, morality, philanthropy, globalisation, philosophical.

## 1. INTRODUCTION

The issue of corporate social responsibility (CSR) has been debated since the 1950s. Latest analyses by Secchi (2007) and Lee (2008) reported that the definition of CSR has been changing in meaning and practice. The classical view of CSR was narrowly limited to philanthropy and then shifted to the emphasis on business-society relations particularly referring to the contribution that a corporation or firm provided for solving social problems. In the early twentieth century, social performance was tied up with market performance. The pioneer of this view, Oliver Sheldon (1923, cited in Bichta, 2003), however, encouraged management to take the initiative in raising both ethical standards and justice in society through the ethic of economizing. By doing so, business creates wealth in society and provides better standards of living. The present-day CSR (also called corporate responsibility, corporate citizenship, responsible business and corporate social opportunity) is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. This obligation shows that the organizations have to comply with legislation and voluntarily take initiatives to improve the well-being of their employees and their families as well as for the local community and society at large. CSR simply refers to strategies corporations or firms conduct their business in a way that is ethical and society friendly. CSR can involve a range of activities such as working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families, and involving in activities for environmental conservation and sustainability. In recent years the business strategy field has experienced the renaissance of corporate social responsibility (CSR) as a major topic of interest. The concept has not surfaced for the first time. CSR had already known considerable interest in the 1960s and 70s, spawning a broad range of scholarly contributions (Cheit, 1964; Heald, 1970; Ackermann & Bauer, 1976; Carroll, 1979), and a veritable industry of social auditors and consultants. CSR resurfaced forcefully over the past ten years in response to mounting public concern about globalization. Firms find themselves held responsible for human rights abuses by their suppliers in developing countries; interest groups demand corporate governance to be transparent and accountable. There are three emerging perspectives that inform corporate social responsibility: 1. One, a business perspective that recognises the importance of 'reputation capital' for capturing and sustaining markets. Seen thus, corporate social responsibility is basically a new business strategy to reduce investment risks and maximise profits by taking all the key stake-holders into confidence. The proponents of this perspective often include corporate social responsibility in their advertising and social marketing initiatives. 2. The second is an **eco-social perspective**. The proponents of this perspective are the new generation of corporations and the new-economy entrepreneurs who created a tremendous amount of wealth in a relatively short span of time. They recognise the fact that social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. They also recognise the fact that increasing poverty can lead to social and political instability. Such socio-political instability can, in turn, be detrimental to business, which operates from a variety of socio-political and cultural backgrounds.

Seen from the eco-social perspective, corporate social responsibility is both a value and a strategy to ensuring the sustainability of business. It is a value because it stresses the fact that business and markets are essentially aimed at the well-being of society. It is a strategy because it helps to reduce social tensions and facilitate markets. For the new generation of corporate leaders, **optimisation of profits** is the key, rather than the **maximisation of profit**. Hence there is a shift from accountability to shareholders to accountability to stakeholders (including employees, consumers and affected communities). There is a growing realisation that long-term business success can only be achieved by companies that recognise that the economy is an "open subsystem of the earth's ecosystem, which is finite, non-growing and materially closed". 3. There is a third and growing perspective that shapes the new principles and practice of corporate social responsibility. This is a **rights-based perspective** on corporate responsibility. This perspective stresses that consumers, employees, affected communities and shareholders have a right to know about corporations and their business. Corporations are private initiatives, true, but increasingly they are becoming public institutions whose survival depends on the consumers who buy their products and shareholders who invest in their stocks. This perspective stresses **accountability, transparency and social and environmental investment** as the key aspects of corporate social responsibility. **Corporate Governance & Social Responsibility: The Typology** Though the concept of corporate social responsibility has only recently been formulated, there is a long history in both the East and West of a commitment to social philanthropy, in the belief that the creation of wealth is primarily geared for social good. This aspect of **ethical business** in modern times can be traced back to 19th-century philanthropists like Robert Owen and the various Quaker-owned businesses. The Quakers "ran successful businesses, made money because they offered honest products and treated their people honestly, gave honest value for money, put back more than they took and told no lies." (Anita Roddick, *KLM Herald* magazine, August 1999) Traditional corporate philosophy is only one of the three broad areas in which business companies can, and should, discharge their social responsibility. These three areas are: 1. Traditional corporate philanthropy 2. Corporate social responsibility, with a focus on sustainable development and attending to stakeholder priorities 3. Ethical business

**Traditional corporate philanthropy** dates back to the 19th century and emerged out of a variety of factors, such as: 1. Concern for the welfare of the immediate members of the corporate body: the staff and employees, and their families. 2. Innovative contributions by visionary business leaders in quest of personal satisfaction, who built up philanthropic institutions out of their individual shares, 3. The desire to establish a strategic relationship with the State or society led some corporate bodies to invest in the establishment of institutions that fulfil the specific requirements of the community, 4. The establishment of trusts and foundations for tax benefits, which also support socially beneficial activities. **Corporate social responsibility** is qualitatively different from the traditional concept of corporate philanthropy. It acknowledges the debt that the corporation owes to the community within which it operates, as a stakeholder in corporate activity. It also defines

the business corporation's partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities. The emerging perspective on corporate social responsibility focuses on responsibility towards stakeholders (shareholders, employees, management, consumers and community) rather than on maximisation of profit for shareholders. There is also more stress on long-term sustainability of business and environment and the distribution of well-being. There is an increasing recognition of the triple-bottomline: **People, Planet and Profit**. The triple-bottomline stresses the following: 1. The stakeholders in a business are not just the company's shareholders 2. Sustainable development and economic sustainability 3. Corporate profits to be analysed in conjunction with social prosperity. In the traditional paradigm, most corporate bodies viewed CSR as the extension of a financial input for a humanitarian cause. However, the contemporary context is more complex: "A company that undertakes activities aimed at communities (be they philanthropic, social investment or commercial initiatives) but does not comply with business basics cannot be termed socially responsible." (Harish Srivastava and Shankar Venkateswaran, *The Business of Social Responsibility*, Books for Change, Bangalore; 2000)

## 2. RESEARCH OBJECTIVES

The *research paper* addresses the philosophical as well as practical approach to explaining and illustrating the concept of social responsibility in a modern-day global business environment. The four specific research objectives among them:

1. The roles played by business education in the development of key CSR skills,
2. The impact of customer perception on loyalty basing on CSR,
3. How corporate social responsibility is capable of enhancing corporate reputation and
4. Some of the main strategic decisions which are faced by countries like India, Philippines, Thailand, Indonesia, Europe etc in their strive to improve or enhance their performance of CSR.

## 3. LITERATURE REVIEW

Roles played by business educations towards the development of radical or key CSR: According to CEEMAN, an International management development association, social competencies are building for students in *various business schools* all over the world. These business schools offer relevant educational concepts with an aim of building the trainees" or students social competences. This is done through covering the principal methods and approaches which are used in enhancing the trainees" social, corporate responsibility levels in the course of their professional training as future business managers or leaders. Through the exploration of various issues, which are related, to **academic activities of business** organizations and through the teaching of various socially significant business disciplines, this ensures that these students who will become business leaders or managers are not only equipped with knowledge on improving their managerial culture but also enhances their understanding on the crucial role played by CSR in business enterprises.

Goldeye (2011, p. 1) concludes that the social aspect is one of the leading professional competence of any business manager or leader since it is through it that a leader"s activities can be assessed through the effectiveness of such a *leader's interaction with staff*, owners, the state and business partners.

According to Crespo, H, et al (2005, p.1), customer loyalty and valuation of various business services is profoundly influenced by Corporate Social Responsibility. It was ascertained that Corporate Social Responsibility had a lot of influence on the customers" behavior. This was done through the identification of the *various dimensions of social responsibility* from the point of view of consumers and the weight of each of the dimension in the global construct of social responsibility. It is not, however, easy for consumers or customers to memorize and acquire information regarding a company"s social responsibility.

Luo, X and Bhattacharya, C (2006, p. 1-10) argued that it was ascertained that for instance, in the mobile telephone services sector, there existed an extraordinarily strong relationship between the consumers or the clients who consumed the services and the firm due to the inseparability, intangibility, perishability and heterogeneity compared to other tangible products and, therefore,

the user, not only approaches the purchase in a different manner but also establishes a stronger and direct cordial relationship with the service providers. It was from this study that it was confirmed that the multidimensional nature of CSR had an immense influence on the perception of users or customers. There was, therefore, a direct existence of relation between the perception of customers and in service valuation and social responsibility.

According to the article by the **Harvard Law School** on Financial Regulation and Corporate governance, it was ascertained that activities, which were related, to Corporate Social Responsibility had a greater potential in the creation of various forms of value which were distinct to the customers. It was through the perception of customers towards this value that can mediate the relationship between a company"s CSR activities and its subsequent performance in finance. It is also through this article that it can be established that CSR increases a business firms" profitability due to increased loyalty of the clients, lower risks in reputation during crisis and willingness of paying the premium prices (Chandler, 2010, p.48-50).

The adoption of Corporate Social Responsibility by business organizations is beneficial because it leads to improved financial performance by the company, increased customer loyalty and sales, reduced regulatory oversight, workforce diversity, decreased liability, access to capital and product safety, more ability in attraction and retention of employees by the company, lower operational costs, greater quality and productivity and enhanced brand reputation and brand image among others (Joyner and Pyane, 2002, p. 297-311).

Various business enterprises have been faced with an uphill task in making decisions of whether they should adopt and implement the use of Corporate Social Responsibility in their enterprise. However, majority of the business firms have fully supported the adoption and use of Corporate Social Responsibility because of the various benefits that arise as a result of its application. Business firms who have failed to adopt and apply the use of CSR within their midst have attributed this failure to lack of funds to enable the use of various strategies and poor management or leadership styles of the business managers or leaders.

## 4. RESEARCH METHODOLOGY

Research methods refer to particular strategies, which are used, by researchers in the collection of evidence that is vital for building and eventual testing of the theories. There exist various research methods that can be used by the researcher in the collection of data and information regarding Corporate Social Responsibility. For instance, we have got experiments which are commonly **used in exploratory research**. The use of experiments as a method of data collection is expensive also time consuming and therefore it cannot be effectively be as method of data collection in Corporate Social Responsibility. In order to find the empirical relationship that exists between the various parameters in a research, the use of observation as a research method is deemed to be appropriate though it is also expensive and time consuming. The use of existing data can also be used as a method of data collection though its accuracy will depend on the experience of the researcher using it. In order to achieve the various *objectives of this research paper*, secondary data has been verified, collected from journals, articles and web by applying descriptive research method.

### 4.1 THE CONCEPT OF GLOBAL CORPORATE RESPONSIBILITY

All systems of governance are concerned primarily with managing the governing of associations and therefore with political authority, institutions, and, ultimately, control. Governance in this particular sense denotes formal political institutions that aim to coordinate and control interdependent social relations and that have the ability to enforce decisions. Increasingly however, Global Perspectives on CSR in a globalised world, is the concept of governance being used to describe the regulation of interdependent relations in the absence of overarching political authority, such as in the international system. Thus global governance can be considered as the management of global processes in the absence of a form of global government. There are some international bodies which seek to address these issues and prominent among these are the United Nations and the World Trade Organisation. Each of these has met with mixed success in instituting some form of governance in international relations but is part of recognition of the problem and an attempt to address worldwide problems that go beyond the capacity of individual states to solve (Rosenau, 1999). To use the term global CSR is not of course to imply that such a system actually exists, let alone to consider the effectiveness of its operations. It is merely to recognise that in this increasingly globalised world there is a need for some form of governance to deal with multinational and global issues.

The term global governance therefore is a descriptive term, recognizing the issue and referring to concrete cooperative problem-solving arrangements. These may be formal, taking the shape of laws or formally constituted institutions to manage collective affairs by a variety of actors – including states, intergovernmental

organisations, non-governmental organisations (NGOs), other civil society actors, private sector organisations, pressure groups and individuals). The system also includes of course informal (as in the case of practices or guidelines) or temporary units (as in the case of coalitions). Thus global governance can be considered to be the complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organisations, both inter- and non-governmental, through which collective interests on the global plane are articulated, rights and obligations are established, and differences are mediated.

Global governance is not of course the same thing as world government: indeed, it can be argued that such a system would not actually be necessary if there was such a thing as a world government. Currently however the various state governments have a legitimate monopoly on the use of force – on the power of enforcement. Global governance therefore refers to the political interaction that is required to solve problems that affect more than one state or region when there is no power of enforcing compliance. Improved global problem-solving need not of course require the establishing of more powerful formal global institutions, but it would involve the creation of a consensus on norms and practices to be applied. Steps are of course underway to establish these norms and one example that is currently being established is Corporate Governance and Corporate Social Responsibility the creation and improvement of global accountability mechanisms. In this respect, for example, the United Nations Global Compact10 – described as the world's largest voluntary corporate responsibility initiative – brings together companies, national and international agencies, trades unions and other labour organisations and various organs of civil society in order to support universal environmental protection, human rights and social principles. Participation is entirely voluntary, and there is no enforcement of the principles by an outside regulatory body. Companies adhere to these practices both because they make economic sense, and because their stakeholders, including their shareholders (most individuals and institutional investors) are concerned with these issues and this provides a mechanism whereby they can monitor the compliance of companies easily. Mechanisms such as the Global Compact can improve the ability of individuals and local communities to hold companies accountable.

#### 4.2 GOOD GOVERNANCE AND CORPORATE BEHAVIOUR

Good governance is of course important in every sphere of the society whether it be the corporate environment, or general society or the political environment. Good governance levels can, for example, improve public faith and confidence in the political environment. When the resources are too limited to meet the minimum expectations of the people, it is a good governance level that can help to promote the welfare of society. And of course a concern with governance is at least as prevalent in the corporate world. Good governance is essential for good corporate performance and one view of good corporate performance is that of stewardship and thus just as the management of an organisation is concerned with the stewardship of the financial resources of the organisation so too would management of the organisation be concerned with the stewardship of environmental resources. The difference however is that environmental resources are mostly located externally to the organisation. Stewardship in this context therefore is concerned with the resources of society as well as the resources of the organisation. As far as stewardship of external environmental resources is concerned then the central tenet of such stewardship is that of ensuring sustainability. Sustainability is focused on the future and is concerned with ensuring that the choices of resource utilisation in the future are not constrained by decisions taken in the present. This necessarily implies such concepts as generating and utilizing renewable resources, minimising pollution and using new techniques of manufacture and distribution. It also implies the acceptance of any costs involved in the present as an investment for the future. A great deal of concern has been expressed all over the world about shortcomings in the systems of corporate governance in operation and its organisation has been exercising the minds of business managers, academics and government officials all over the world. Often companies' main target is to become global – while at the same time remaining sustainable – as a means to get competitive power. But the most important question is concerned with what will be a firm's route to becoming global and what will be necessary in order to get global competitive power. There is more than one answer to this question and there are a variety of routes for a company to achieve this. Corporate governance can be considered as an environment of trust, ethics, moral values and confidence – as a synergic effort of all the constituents of society – that is the stakeholders, including government; the general public etc; professional/service providers – and the corporate sector. Of equal concern is the question of corporate social responsibility – what this means and how it can be operationalised. Although there is an accepted link between good corporate governance and corporate social responsibility the relationship between the two is not clearly defined and understood. Thus many firms consider that their governance is adequate because they comply with The Combined Code on Corporate Governance, which came into effect in 2003. Of course all firms reporting on the London Stock Exchange are required to comply with this code, and so these firms are doing no more than meeting their regulatory obligations. Many companies regard corporate governance as simply a part of investor relationships and do nothing more regarding such governance except to identify that it is important for investors/potential investors and to flag up that they have such governance policies. The more enlightened recognise that there is a clear link between governance and corporate social responsibility and make efforts to link the two. Often this is no more than making a claim that good governance is a part of their CSR policy as well as a part of their relationship with shareholders. It is recognised that these are issues which are significant in all parts of the world and a lot of attention is devoted to this global understanding. It cannot be understood without taking geographical, cultural and historical factors into account in order to understand the similarities, differences and concerns relating to people of different parts of the world.

#### 4.3 GOOD GOVERNANCE AND SUSTAINABILITY

It is clear that all these long term benefits are also directly related to the sustainability of a firm and that firm's success. We can evaluate corporate governance from different perspectives, such as that of the general economy; the company itself; private and institutional investors; or banking and other financial institutions. Some research results show that the quality of the corporate governance system of an economy may be an important determinant of its competitive conditions (Fulghieri and Suominen, 2005). Authors suggest the existence of a reverse causality between corporate governance and competition and also examined the role of competition in the production of good corporate governance. Van de Bergh and Levrau (2003) on the other hand investigated from the perspective of companies, investors and banks. From the company's perspective, it can no longer ignore the pressure for good corporate governance from the investor community. Installing proper governance mechanisms may provide a company with a competitive advantage in attracting investors who are prepared to pay a premium for well-governed companies. From an investor's perspective, corporate governance has become an important factor in investment decisions as it is recognised to have an impact on the financial risks of their portfolios. Institutional investors put issues of corporate governance on a par with financial indicators when evaluating investment decisions. From the creditor's perspective, there is a plea for increased attention for corporate governance in a bank's risk measurement methods: a plea which is supported by the new requirements put in place by Basel II. Bøhren and Ødegaard (2004) also showed that corporate governance matters for economic performance; insider ownership matters the most while outside ownership concentration destroys market value; direct ownership is superior to indirect; and that performance decreases with increasing board size, leverage, dividend payout, and the fraction of non-voting shares. Black et al. (2005) investigated the relationship between governance and firm value. They found evidence that better governed firms pay higher dividends, but no evidence that they report higher accounting profits.

#### 4.4 CORPORATE SOCIAL RESPONSIBILITY PRINCIPLES

Since corporate governance can be highly influential for firm performance, firms must know what are the corporate governance principles and how it will improve strategy to apply these principles. In practice there are four principles of good corporate governance, which are:

1. Transparency;
2. Accountability;
3. Responsibility;
4. Fairness.

All these principles are related with the firm's corporate social responsibility. Corporate governance principles therefore are important for a firm but the real issue is concerned with what corporate governance actually is. Management can be interpreted as managing a firm for the purpose of creating and maintaining value for shareholders. Corporate governance procedures determine every aspect of the role for management of the firm and try to keep in balance and to develop control mechanisms in order to increase both shareholder value and the satisfaction of other stakeholders. In other words corporate governance is concerned with creating a balance between the economic and social goals of a company including such aspects as the efficient use of resources, accountability in the use of its power, and the behaviour of the corporation in its social environment.

The definition and measurement of good corporate governance is still subject to debate. However, good corporate governance will address all these main points:

- ✓ Creating sustainable value.
- ✓ Ways of achieving the firm's goals.
- ✓ Increasing shareholders' satisfaction.
- ✓ Efficient and effective management.
- ✓ Increasing credibility.
- ✓ Ensuring efficient risk management.
- ✓ Providing an early warning system against all risk.
- ✓ Ensuring a responsive and accountable corporation.
- ✓ Describing the role of a firm's units.
- ✓ Developing control and internal auditing.
- ✓ Keeping a balance between economic and social benefit.
- ✓ Ensuring efficient use of resources.
- ✓ Controlling performance.
- ✓ Distributing responsibility fairly.
- ✓ Producing all necessary information for stakeholders.
- ✓ Keeping the board independent from management.
- ✓ Facilitating sustainable performance.

As can be seen, all of these issues have many ramifications and ensuring their compliance must be thought of as a long term procedure. However, firms naturally expect some tangible benefit from good governance, so good governance offers some long term benefit for firms, such as:

- ✓ Increasing the firm's market value.
- ✓ Increasing the firm's rating.
- ✓ Increasing competitive power.
- ✓ Attracting new investors, shareholders and more equity.
- ✓ More or higher credibility.
- ✓ Enhancing flexible borrowing condition/facilities from financial institutions.
- ✓ Decreasing credit interest rate and cost of capital.
- ✓ New investment opportunities.
- ✓ Attracting better personnel/employees.
- ✓ Reaching new markets.

#### 4.5 KEY ELEMENTS OF CORPORATE GOVERNANCE IN ASIA

In the context of corporate governance in Asia, one of the key elements to be taken into account is ownership concentration. Concentrated ownership with large shareholders, compared to the traditional Berle and Means proposition of dispersed ownership with atomistic shareholders, has attracted more interest in recent empirical literature. La Porta, Lopez-de-Silanes and Shleifer (1999) shows that widely-dispersed ownership is not prevalent around the world except in the United States and the United Kingdom; rather, concentrated ownership is a more common organizational form for modern firms in developed countries.

The outbreak of the Asian currency crisis in 1997 called attention to corporate ownership structure in Asian developing countries in relation to corporate governance and performance. Researchers, headed by Stjin Claessens of the World Bank, have traced the ultimate owners of East Asian firms and have found that corporate ownership is concentrated in the hands of few families. They provide evidence of the expropriation of minority shareholders with a gap between the control rights and the cash flow rights of controlling shareholders, and suggest that insider-control contributed to the firms' weak performance and risky investment prior to the crisis (Claessens, Djankov and Lang 1999b; Claessens, Djankov, Fan and Lang 1999a). Concentrated ownership and the associated problems of Asian firms have thus become hot issues in the negative sense.

Another key element, which closely relates to ownership concentration but should be distinguished from it, is the coincidence of ownership and management, or the existence of large shareholders who concurrently hold top managerial positions. How can we deal with such owner-manager firms in corporate governance analysis? The traditional shareholder-value perspective pre-supposes separation of ownership and management. The logical consequence is that, if ownership coincides with management, firms have no agency problem, so the self-governance of owner-managers works perfectly. In the Shleifer and Vishny extended framework of financiers and managers, relations between owner-managers and other financiers, such as minority shareholders, general investors through stock markets, creditors, and potential takeovers, and the way in which these financiers make owner-managers assure their return are worth analyzing. The stakeholder-society perspective would provide wider possibilities of analysis; relations between owner-managers and other stakeholders, for example, salaried professional managers, employees, joint venture partners, and the government (or power elite) as licensing authorities or patron. In the Aoki framework, the relevant governance mechanism in this context is (i) and (ii), namely owner-manager's control over workers with or without a threat of liquidation imposed by outside investors/creditors.

#### 4.6 DEVELOPING A FRAMEWORK FOR CORPORATE GOVERNANCE

The structures, institutions, and legal framework of corporate governance are developed and administered by individuals whose behaviors are shaped by cultural and personal concepts of hope, ambition, greed, fear, uncertainty, and hubris, as well as by the social ethos. A problem arises when these influences do not conform to the regulatory prescriptions of corporate governance. The ministry of corporate affairs is developing a reporting framework for corporate social responsibility (CSR), which could potentially be a game-changer for CSR in India. The government is formulating guidelines to classify what activity can be qualified as CSR and what expenditure can be counted as CSR spend, even as companies prepare to comply with a new guideline that encourages them to spend 2% of their net profits on such causes. The new Companies Bill, passed in the Lok Sabha, made it mandatory for firms to report on how much they spend on CSR every year. If companies spend less than 2% of their average net profit over the last three years, they are required to explain the reasons. India is the first nation in the world to frame such legislation. If companies in the BSE 100 were to comply with this fully, their combined CSR spend could total up to about 5,800 crore. The ministry is developing guidelines and reporting framework for companies to implement and report their CSR initiatives as per Clause 135 of the Companies Bill, 2012. The Indian Institute of Corporate Affairs is the nodal agency spearheading this effort along with the MCA. These guidelines will include an extended Schedule-7 of the Companies Bill including more activities that qualify as CSR spends. Some of these activities in the pipeline include promotion of sports and games, promotion of art and culture, welfare measures for differently able and adoption of villages, among others. The guidelines also include the types of organizations: trusts, societies, etc, that are eligible consumers of CSR capital.

The American approach tends to be rules-based while the European approach is more based on the development of principles – a slower process. In general rules are considered to be simpler to follow than principles, demarcating a clear line between acceptable and unacceptable behavior. Rules also reduce discretion on the part of individual managers or auditors. In practice however rules can be more complex than principles. They may be ill-equipped to deal with new types of transactions not covered by the code. Moreover, even if clear rules are followed, one can still find a way to circumvent their underlying purpose – this is harder to achieve if one is bound by a broader principle. There are of course many different models of corporate governance around the world. These differ according to the nature of the system of capitalism in which they are embedded. The liberal model that is common in Anglo-American countries tends to give priority to the interests of shareholders.

The coordinated model, which is normally found in Continental Europe and in Japan, recognizes in addition the interests of workers, managers, suppliers, customers, and the community. Both models have distinct competitive advantages, but in different ways. The liberal model of corporate governance encourages radical innovation and cost competition, whereas the coordinated model of corporate governance facilitates incremental innovation and quality competition. The board of directors is nominally selected by and responsible to the shareholders, but the articles of many companies make it difficult for all but the largest shareholders

to have any influence over the makeup of the board. Normally individual shareholders are not offered a choice of board nominees among which to choose, but are merely asked to rubber-stamp the nominees of the sitting board. Perverse incentives have pervaded many corporate boards in the developed world, with board members beholden to the chief executive whose actions they are intended to oversee.

Frequently, members of the boards of directors are CEOs of other corporations – in interlocking relationships, which many people see as posing a potential conflict of interest. The UK on the other hand has developed a flexible model of regulation of corporate governance, known as the „comply or explain“ code of governance. This is a principle-based code that lists a number of recommended practices, such as:

- ✓ the separation of CEO and Chairman of the Board;
- ✓ the introduction of a time limit for CEOs' contracts;
- ✓ the introduction of a minimum number of non-executive directors, and of independent directors;
- ✓ the designation of a senior non-executive director;
- ✓ the formation and composition of remuneration, audit and nomination committees.

Long before the collapse of Enron and WorldCom, the Philippines had its own share of corporate scandals like BW Resources Corporation, whose share prices hit record highs and then collapsed in 1999. These scandals brought down the stock market's image and weakened private investor confidence. The scandals have their roots in management's desire to project a false picture of performance, with the aim of driving up the value of the corporation in a competitive global market. Corporate governance is needed to make corporate managements more accountable, and their auditors more rigorous. But good governance requires fair legal frameworks that should be enforced impartially. In this country, the Philippine Securities and Exchange Commission (SEC), a principal player in matters of corporate governance, recently issued Memorandum Circular 2, Series of 2002, otherwise known as the Code of Corporate Governance, under resolution no. 135 dated April 4, 2002. The code is now effective and must be followed under pain of penalty.

The Code aims to promote corporate governance reforms that will raise investor confidence, develop the capital market and help achieve high sustained growth for the corporate sector and the economy. The code applies to:

- (1) corporations whose securities are registered or listed,
- (2) corporations who are grantees of permits/licenses and secondary franchises from the Commission,
- (3) public companies and
- (4) branches or subsidiaries of foreign corporations operating in the Philippines whose securities are registered or listed.

Some of the code's salient features are as follows:

- ✓ The code prescribes that the Board of Directors shall be primarily responsible for the governance of the corporation.
- ✓ The Board should establish the corporation's vision and mission, strategic objectives, policies and procedures that guide and direct the activities of the company, and the mechanism for monitoring management's performance.

The basic idea of the code is that one size does not fit all in matters of corporate governance and that instead of a statutory regime like the Sarbanes-Oxley Act in the US, it is best to leave some flexibility to companies so that they can make choices most adapted to their circumstances. If they have good reasons to deviate from the sound rule, they should be able to convincingly explain those to their shareholders. A form of the code has been in existence since 1992 and has had drastic effects on the way firms are governed in the UK. A recent study shows that in 1993, about 10 per cent of the FTSE 350 companies were fully compliant with all dimensions of the code while by 2003 more than 60 per cent were fully compliant. The same success was not achieved when looking at the explanation part for non-compliant companies. Many deviations are simply not explained and a large majority of explanations fail to identify specific circumstances justifying those deviations. Still, the overall view is that the UK's system works fairly well and in fact is often considered to be a benchmark, and therefore followed by a number of other countries. Nevertheless, it still shows that there is more to be done to develop a global framework of corporate governance.

In East Asian countries, the family-owned company tends to dominate. In countries such as Pakistan, Indonesia and the Philippines for example, the top 15 families control over 50 per cent of publicly owned corporations through a system of family cross-holdings, thus dominating the capital markets. Family owned companies also dominate the Latin model of corporate governance, that is companies in Mexico, Italy, Spain, France (to a certain extent), Brazil, Argentina, and other countries in South America.

Corporate governance principles and codes have been developed in different countries and have been issued by stock exchanges, corporations, institutional investors, or associations (institutes) of directors and managers with the support of governments and international organizations. As a rule, compliance with these governance recommendations is not mandated by law, although the codes which are linked to stock exchange listing requirements<sup>12</sup> will tend to have a coercive effect. Thus, for example, companies quoted on the London and Toronto Stock Exchanges formally need not follow the recommendations of their respective national codes, but they must disclose whether they follow the recommendations in those documents and, where not, they should provide explanations concerning divergent practices. Such disclosure requirements exert a significant pressure on listed companies for compliance.

#### 4.7 THE RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE

In its „Global Investor Opinion Survey“ of over 200 institutional investors first undertaken in 2000 (and updated in 2002), McKinsey found that 80 per cent of the respondents would pay a premium for well-governed companies. They defined a well-governed company as one that had mostly outside directors, who had no management ties, undertook formal evaluation of its directors, and was responsive to investors' requests for information on governance issues. The size of the premium varied by market, from 11 per cent for Canadian companies to around 40 per cent for companies where the regulatory backdrop was least certain (e.g. those in Morocco, Egypt or Russia). Other studies have similarly linked broad perceptions of the quality of companies to superior share price performance. On the other hand, research into the relationship between specific corporate governance controls and the financial performance of companies has had very mixed results.

#### 4.8 THE DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY

There has been considerable debate about the relationship between corporate social responsibility (CSR) and corporate governance but in recent years the term corporate social responsibility has gained prominence, both in business and in the press to such an extent that it seems to have become ubiquitous.

There are probably many reasons for the attention given to this phenomenon not least of which is the corporate excesses witnessed in recent years. For many people the various examples of this kind of behaviour – ranging from BCCI to Enron to Union Carbide to the collapse of Arthur Andersen – will have left an indelible impression among people that all is not well with the corporate world and that there are problems which need to be addressed<sup>13</sup> (Crowther and Rayman-Bacchus, 2004). One of the implications of this current concern however is that this is a new phenomenon – one which has not been of concern previously. Issues of socially responsible behaviour are not of course new and examples can be found from throughout the world and at least from the earliest days of the Industrial Revolution and the concomitant founding of large business entities (Crowther, 2002) and the divorce between ownership and management – or the divorcing of risk from rewards (Crowther, 2004). Thus, for example, in the UK (where the Industrial Revolution began), Robert Owen (1816, 1991) demonstrated dissatisfaction with the assumption that only the internal effects of actions need be considered and the external environment was a free resource to be exploited at will. Furthermore, he put his beliefs into practice through the inclusion within his sphere of industrial operations the provision of housing for his workers at New Lanark, Scotland.

#### 4.9 THE RELATIONSHIP BETWEEN CSR AND BUSINESS FINANCIAL SUCCESS

Often the more significant the power that multinational corporations and some groups of stakeholders in a firm have, the more is spoken about corporate social responsibility. Thus a concept that was some kind of luxury years ago, nowadays has reached the top of the public opinion discussion. Some steps taken in the corporation's development, in the environment, and in human values can be the guilty causes of this CSR fashion. If in the beginning firms were small and there was no distinction between ownership and management, the economic development made that there was a necessity to join more capital to set up bigger enterprises. Thus, there were owners, who gave the funds, and experts in management, who managed the company and were paid by the owners. Agency Theory establishes this relationship between the principal, the shareholder, and the agent, the manager, bearing in mind that the goals of the shareholders must be got through the management of the agents. But, which are the shareholders' objectives? Obviously to increase the enterprise value through the maximisation of

profits. But a company's structure is nowadays more complex than before and there have appeared other people, not owners, directly or indirectly implied in the company's operations – known as stakeholders. Multinational corporations have sometimes even more power than governments in their influence, and stakeholders have gained more power through the media and public opinion in order to require some kind of specific behaviour from companies. Within this new environment, although explained in a very simple way, the primary objective of the company has become wider. Although generally speaking, the assumption may be that the first goal is to get financial performance in the company, after it the next step will be to comply with other socially responsible policies. That is because to pay attention to social objectives, or to show an orientation to multiple stakeholder groups, could be considered a luxury, because it must have meant that the other basic company's goal had been met. This argument is the basis of the first hypothesis about the relationship between CSR, linked to pay attention to stakeholders, and business success: „Better performance results in greater attention to multiple stakeholders“ (Greenley and Foxall, 1997, p. 264). While the other hypothesis about this relationship will run in the opposite direction: „that orientation to multiple stakeholder groups influences performance“ (Greenley and Foxall, 1997, p. 264), which means to „attend“ to social policies in a better way. This double-sided relationship increases the difficulty to try to empirically prove it. Intuitively it seems as if there is a clear relationship between CSR and business success, but although the measurement of business success may be easy, through different economic and financial tools, such as ratios; the measurement of the degree of compliance of a company with social policies is really difficult. We can have in mind some kind of indicators such as funds donated to charitable objectives, but a company can spend immeasurable quantities of money on charitable questions and have problems in the relationship with labour unions because of bad working conditions, or low wages, for example. In this sense there are, since a long time ago, some companies whose objectives include philanthropic aims. We can highlight in this point the Spanish example of the saving banks, which emerged with the peculiar distinction of including in their aims charitable purposes. But finally, if they want to survive in the competitive market they have to bear in mind the „traditional“ objectives of profit maximisation. It may be understood as the initial values are ones, and then the market and the capitalism forces the firm to change them in order to survive in this maelstrom. Although at the same time the double-sided relationship operates, because people socially concerned, bear in mind these basic aims and the image of the saving banks is improved, which has got a direct relationship with the economic performance. This example may be only one speaking about the market inefficiencies<sup>17</sup> and the trend to acquire human values and ethics that must be forgotten when we are surrounded by this society and the market. In this attempt to satisfy the necessities of the stakeholders there can appear other conflicts between the interests of the different groups included in the wider concept of stakeholders. Sometimes due to this conflict of interests and to the specific features of the company it tries to establish different levels between the stakeholders, paying more attention to those ones that are most powerful, but are there some goals more socially responsible than others? In the end the hierarchy will depend on the other goals of the company, it will give an answer to those stakeholders that can threaten the performance of the economic goals. The difficulties in measuring the social performance of a company are also due to the ownership concept. This is because the concept of corporate social responsibility is really comprehensive. There are companies whose activities are really different but all of them have to bear in mind their social responsibility, and not only companies, but also people in whatever activity they do. From a politician to a teacher: ethics, code of conducts, human values, friendship with the environment, respect to the minorities (what should not be understood as a dictatorship of the minorities) and so on, are values that have to be borne in mind and included in the social responsibility concept. A good example of this diversity can be seen in this directory where are included opinions of different experts in such different topics as „building and construction“ or „auditing“, although everyone has got a deep relationship with the other. The same can be said about the regions, besides the classification according to topics in the directory, there has been included another classification of CSR in accordance with regions. The point of view of the concept can vary depending on the country or the region, because some important problems linked to basic human values are more evident in some countries than in others. These social problems cannot be isolated because they have got an important relationship with the degree of development of the country, so in the end it is the economy that pushes the world. Capitalism allows the differences between people, but what is not so fair is that these differences are not only due to your effort or work but are also due to have taken advantage of someone else's effort. And this can be the case with multinational corporations, which sometimes abuse of their power, closing factories in developed countries and moving them to developing countries because the wages are lower, or because the security and health conditions are not so strict and therefore cheaper to maintain for the company. And then the same companies obtain big amounts of profits to expense in philanthropic ways.

Development conditions of regions can determine the relationship between CSR and business success, as we have highlighted, if it is allowed in some developing countries to damage the environment or there are no appropriate labour unions and so on. Because lack of requirements or government's attention, the global players use these facilities to obtain a better economic performance although they can be aware of their damaging policies. But not only the development degree has to do with CSR, countries or regions are deeply associated with human values through education and culture. The values are so deep inside us that even it is said that people from different regions of the world who have shared the same education, for example, ethics courses at university, do not share the same human values, because they are marked by their origins. Perhaps it should be understood as the inclusion of ethics courses as university degrees is useless because finally people will go on thinking what they thought at the beginning, depending on the values of their origin culture. But everything is not so simple, because there have been proof of situations where different values have been imported from one culture to another and accepted as their own values without any problem (only point out the success of McDonalds food all over the world and even in the former communist countries, can be understood a McDonalds restaurant in the Red Square in Moscow?). So, it shows that the questions related to CSR are complicated and not so simple as they can seem at first glance. This complexity can be argued as a disadvantage to take into account when speaking about the creation of global standards about companies' socially responsible behaviour: there are so many different cases that to establish a general regulation may be really difficult. But at the same time this diversity can be argued to require this regulation, because there have been different initiatives, most of them private, and they have added diversity to the previous one and the subject requires a common effort to try to tackle the problem of its standards and principles. The latest financial scandals have proved that it is not enough for a business to work with its own codes or human values, that it is necessary to reach an agreement to establish a homogeneous regulation at least at the level of global players, multinational corporations that play globally.

## CONCLUSION

Corporate social responsibility (CSR) can be defined as a company's obligation to pursue goals and policies that are in society's best interests. A socially responsible company conducts business in an ethical manner. In many companies, a formal statement or code of ethics summarizes corporate values, and expectations. The practical need for CSR comes from changing social expectations, affluence, and globalization. Mostly, CSR is often criticized because it is believed that the first and foremost responsibility of a company is its financial responsibility to its shareholders. In order for Board Members to fulfill their responsibilities, they should be provided with complete, adequate and timely information prior to Board meetings on an on-going basis.

The Board is primarily accountable to the shareholders, and Management is primarily accountable to the Board. The Board, through the Audit Committee, shall recommend to the stockholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which financial statements are prepared and presented. The external auditor should be rotated every five (5) years or earlier or the handling partner should be changed.

The Board shall also constitute committees in aid of good corporate governance such as,

- a. The Audit Committee, whose responsibility is to inculcate in the minds of Board members the importance of a sound system of internal control and the Board's oversight responsibility;
- b. The Nomination Committee, whose function is to review and evaluate the qualifications of all persons nominated to the Board; and
- c. The Compensation or Remuneration Committee, whose task is to establish a formal and transparent procedure for developing a policy on executive remuneration.

The code also emphasizes the importance of the work of the Corporate Secretary, who must be a Filipino and an officer of the corporation. He should work and deal fairly and objectively with all the constituencies of the corporation.

The management may establish a performance evaluation system to measure the performance of the Board and top-level management of the corporation. Disclosure is a vital and dominant theme in the Code. The more transparent the internal workings of the company and cash flows, the more difficult it will be for

management and controlling shareholders to misappropriate or mismanage company assets. Corporations shall promulgate and adopt their corporate governance rules and principles in accordance with the Code. Any corporation who fails to adopt a manual of corporate governance shall be penalized after due notice and hearing.

It is also concluded that skills needed by CSR managers do vary due to the diverse disciplines involved and also the complexity of the roles and responsibilities of a CSR initiative. There are no specific qualifications required for this field. Because the field is new, transferable skills and knowledge from other related specializations such as environmental management, business ethics, transfer of technology, human resource management and community development, are valued. In short, the skills required by CSR managers are classified as business skills, people skills and technical skills; and the specific skills required are further determined by the mission and vision of the organizations where the CSR managers serve.

## REFERENCES

1. "Berle, A. "Corporate Powers as Powers in Trust". 1931.
2. 1000 Major Non-Financial Companies in Indonesia 1999/2000. Jakarta.
3. 1999a. "Expropriation of Minority Shareholders: Evidence from East Asia". World Bank Policy Research Working Paper no. 2088. Washington DC: World Bank.
4. 800 Major Non-Financial Companies in Indonesia 1997/1998. Jakarta. 1999.
5. A Study on 300 Prominent Indonesian Businessmen. Jakarta. 1997.
6. Aoki, Masahiko. 2001. *Towards a Comparative Institutional Analysis*. Cambridge: MIT. Baumol, William. 1959.
7. Barton, J. H. (2007). *New Trends in Technology Transfer: Implications for National and International Policy*, Issue Paper No. 18.
8. Berle, A. and G. Means. 1932. *The Modern Corporation and Private Property*. New York: Macmillan. CISI Raya Utama. 1990.
9. Bichta, C. (2003). Corporate socially responsible industry (CSR) practices in the context of Greek. *Social Responsibility and Environmental Management*, 10, 12-24.
10. *Business Behavior, Value and Growth*. New York: Macmillan. Bebchuk, Lucian Arye, Reinier Kraakman and George G. Triantis. 2000.
11. Career Service (2009). *Corporate Social Responsibility and Ethical Careers*. Available at: <http://www.careers.ed.ac.uk>, accessed on 12 Dec. 2008.
12. Carroll, A. B. (1999). Corporate Social Responsibility- Evolution of a Definitional Construct. *Business and Society*, 38 (3). 268-295
13. Claessens, Stijn, Simeon Djankov, Joseph P. H. Fan and Larry H. P. Lang.
14. Clark, William H., and Babson, Elizabeth K. (2012). Business Organizations: When "Business Purpose" Disappears; How Benefit Corporations are Redefining the Purpose of Business Organizations. *William Mitchell Law Review*, Vol. 38, pp. 817-844).
15. Corporate Social Responsibility Report, Maclean's, December 10, 2007
16. Harvard Law Review, 63, pp. 853-70.
17. [http://articles.economictimes.indiatimes.com/2013-05-03/news/39009683\\_1\\_clause-135-csr-initiatives-companies-bill](http://articles.economictimes.indiatimes.com/2013-05-03/news/39009683_1_clause-135-csr-initiatives-companies-bill)
18. <http://qz.com/117829/socially-conscious-companies-are-better-off-marketing-to-asian-countries/>
19. <http://www.acnnewswire.com/press-release/english/13767/afcsr-2013-in-bali,-indonesia:-csr-and-the-challenge-of-inclusive-growth>
20. Joyner and Pyane, *Journal of Business Ethics* December 2002, Volume 41, Issue 4, pp 297-311
21. Mr. Wilfredo A. Baltazar is Assistant Professor, accountancy department, College of Business and Economics, De La Salle University, 2002.

## EMPLOYEE ATTITUDE TOWARDS PROFESSIONAL COMMUNICATIONS AT WORK FAMILY NEXUS: A STUDY IN SELECT IT ORGANIZATIONS IN HYDERABAD

**SREEKANTH.YERRAMILI**  
RESEARCH SCHOLAR  
GITAM UNIVERSITY  
HYDERABAD

**K. L. REVATHI**  
ALUMNUS  
JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY  
KAKINADA

### ABSTRACT

The Advancement of Internet & Communication technologies in new millennium transformed the Work & Life interfaces of the Urban Societies into a new dimension. It has the vast array of both advantages & disadvantages together. In the wake of such changing paradigm of Work & Family Microsystems, Humanities research through its various interdisciplinary studies during the past few decades tried to inquire more in these areas of Work Life research which has formed into a new discipline all together now. This study tries to focus more into some mediating aspects at Nexus points of Work Family domains & The subsequent spillover effects on Individuals during the vanishing boundaries by virtue of Technological advancements & virtual Work & Family Microsystems & their positive & negative influences on Employees is observed in this study. Hyderabad, India a bustling & thriving IT & ITes economic hub with more of MNC working community is taken as focus area for this study. The study followed the Spill Over theory models for its questioner framing & conducted over a mixed group of MNC employees across different IT & ITes organizations in Hyderabad, India.

### KEYWORDS

work life balance, work-family nexus, professional communications, new work environments.

## 1. INTRODUCTION

### 1.1 IT & ITES INDUSTRY COMMUNICATION TECHNOLOGIES AT WORK LIFE NEXUS

Today's globally integrating work environments are commonly perceived downsizing the workload of employees by virtue of the most advanced Information & Communication Technologies. The connected networks at all places, Telecommuting facilities of working environments, cloud based network systems are enabled by new communication technology interfaces such as Mobile computing devices, tele-computing devices, email, smart-phones, videoconferencing etc. These provide employees various options for communicating & performing their daily work tasks & also for effective communications with co-workers, supervisors and/or clients any time anywhere making the work environments more virtual than real. The widely believed thought is that this flexibility can give individual workers the opportunity to better balance their work and home domains, as they can allocate their time over work and family activities in a way that suits their situation best (Parasuraman & Greenhaus, 2002). The birth of the technological age has resulted in drastic changes in employee work patterns, including the possibility of job sharing, flexible working, and career breaks (Patterson, 2001). So accordingly organizations have increasing expectations regarding employee availability that indirectly triggers employees sometimes feel compelled to work-related messages even during non-work times also (Derks & Bakker, 2012). In addition, technological advances have also resulted in a trend of rise in non-standard work schedules, including evening, night & week end work schedules Hurme, P. (2005). So in the onset it is noted that employees feel compelled to immediately respond to work related messages even during leisure time (Davis, 2002). Also a few studies have reported that some of the downside effects of usage of smart technologies is associated with common understanding that employees are obligatory to be available at any time & any place (Green 2001). In the same lines many employees commonly opine that the Flexible working conditions, Internet & Information technologies in a way blur the distinctions between the Work & Life domains, integrating them together for both positive & negative effects exchanged to each other domains.

## 2. NEED FOR STUDY & STATEMENT OF THE PROBLEM

India now being a growing hub for MNC Work Culture & International clients service systems due to the availability of adequately trained manpower (IACC 2005) & HR constitute the most important factor in this IT services' growth. The major challenges being expressed by the IT industry HR in India today is the low motivation & high attrition rates.

Many researches so far have already projected that Work Family Balance plays a pivotal factor in managing Employee Motivation, engagement, Job satisfaction & thereby minimizing attritions. The Propensity of employees towards work & Work inclinations are challenged mostly by virtue of extended office hours, Virtual Work Microsystems with 24\*7\*365 pattern of employee professional connectivities, disengagement & engagement of Employees between Work Life domains, boundaries distinctions of Work or Family systems are identified as primary factors challenging basic Work Life Harmony in recent times.

### 2.1 NEW WORK ENVIRONMENTS & CLOUD NETWORK STATIONS

The disengagement of Employees from work during personal times to harmonize Work Life domains is becoming harder to achieve by these "any time connected" work culture, one of the significant reasons is by virtue of the advanced Mobile, Internet & communication technologies. Their penetrations at homes, while in commute & almost everywhere, especially in the bigger cities across India. So the prevalence & usage of smart technologies by which typically Employees can log into work any time any place like Telecommuting, Remote-Work Stations, Work from Home, permalancing etc. These are redefining the paradigm of conventional Work Systems. This though has got a vast variant of benefits & facilitations both for organizations & employees & is also having its flip side effects. Because of these new advancements in Work cultures psychological challenges are becoming more prevalent than the traditional factors of illness (Peter & Siegrist, 2000). This in turn can affect employee recovery and as a consequence, influences health in a more negative way. Working is no longer limited to specific hours at a specific location. At the same time modern technology facilitates employees to be productive & contribute to work qualitatively even outside the office setup and outside conventional working hours makes it both convenient at the same time stressful & counter productive sometimes also as they are adding both positive & negative dimensions to the issue. So, the present study wants to focus on this aspects of disengaging of Employees, Levels of Employee propensity towards work related communications during personal times & the aspects of interventions of Internet & communication technologies in Work life harmonizing during the Personal times / Out of Office hours /Holidays /Leave/Vacation times in growing IT Cities like Hyderabad, India.

## 3. HYPOTHESIS TO BE TESTED

**H<sub>0</sub>:** There is No significant correlation between Employee attitude towards professional communications during week ends personal times & Initial hours of a professional week.

**Ha:** There is a significant correlation between Employee attitude towards professional communications during week ends personal times & Initial hours of a professional week.

**4. RESEARCH METHODOLOGY**

**4.1 THE THEORETICAL MODEL OF WORK LIFE BALANCE RESEARCH**

Based on Bronfenbrenner’s ecological systems theory (Bronfenbrenner, 1979) & elaboration through many such research frame works, theorists proposed an expanded multidimensional model of positive and negative spillover of affect, values, skills, and behaviors in Work Life Research during the past few decades. This comprehensive model of work-family interface that considers a range of positive and negative inter domain influences with the factor structure is considered widely for Work Life research. It comprises of the two distinct Independent variable Microsystems that are 1. Family MicroSystem 2. Work Microsystem. The present Study would like to focus more on the effects of Work Microsystems on family micro system particularly at the Work to personal time nexus.

**4.1.1 The Work Microsystems**

As proposed in Work Life Balance model (Dr. Joseph Grzywacz,19999), the major Work related contributing factors on family Microsystems include

- Role ambiguity
- Role conflict
- Number of hours worked
- Work schedule flexibility
- Decision latitude/Task autonomy

These are often discussed as predominant factors that are linked to work-family outcomes. Assess the amount of control the individual has over their work environment, Job pressure, assessing the amount of psychological strain associated with working, was measured by summing responses support at work assessing the extent to which relationships with co-workers and supervisors are perceived as supportive is assessed using these aspects.

**4.2 PRIMARY DATA**

The nature of this pirticular study is correlatory in nature & was conducted on a sample of 76 IT & ITes professional at entry & managerial levels in Hyderabad, India selected on random selection bases. The survey was carried us with both qualitative face-face inquiry & a quantitative questioner with factors sited in spillover theory were used in frameing the questioneer.

- The questions are scaled on 5 Point *likert* scale.
- SPSS 20 Software was used to study the Primary Data & analyze the results.

**4.3 QUESTIONER DESIGN**

• Questions are divided into two fundamental themes & coded accordingly for SPSS loading, *M Theme* – Mondays / Initial times of work week’s *S Theme* – Work-Off times /personal times, Oalong with other demographic questions like Gender, Experience, company etc. All the questions are coded unidirectional.

**4.4 OBJECTIVES OF THE STUDY**

- Professional Communications during out of office hours & Employees inclination to respond
- Nature of Work-Family nexus, pre-occupancy & temperament of employees during initial hours of Working Weeks is observed.
- Mode of effective communications to convey a message & its influence during the Work Life nexus points is observed
- Employees’ camaraderie, colleagues support & its positive effectiveness during out of office hour communications is studied.

**4.5 LIMITATION AND SCOPE FOR FURTHER STUDY**

Like any study, there are limitations that must be acknowledged. First, this study was cross-sectional and based on self-report data, which has the potential to inflate correlations and limits the ability to make causal inferences. The nexus point at end of the working week hours could also show some significant confluence on Work Life & could be inquired more into in further studies.

**4.6 ASSUMPTIONS MADE**

1. Survey predominantly focused on Work Microsystems’ spillover into the Family Microsystems & Balance parameters.
2. Familial Harmony is assumed as an uninfluent aspect& independent with any family to family spillovers being generalized & left to the respondent’s view point be it positive or negative on a typical Week End/ Holiday personal times.
3. Also the Work – Work Microsystems’ spillovers both positive &negative with in the Work micro system & its subcultures is assumed negligible (Ex: Some colleague’s mood induced into others’), being the volume of the time change over in the early hours of working Week is reported generally a short span.

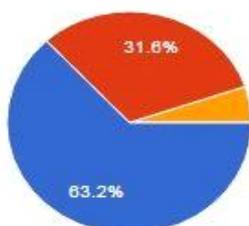
**5 RESULTS & DISCUSSION**

The typical aspects of IT professional’s attitudes in developing cities like Hyderabad, India project various aspects of Work Family nexus in developing countries globally.

The study was conducted across different professionals, including Women Workforce considering worklife concerns seeming more prevelent in Women employee’s empowerment & inclusion in the recent past. The broad level gender distribution of respondents is shown in the below diagram.

**EXHIBIT 1**

**Gender**



Male	63.2%
Female	31.6%
Want to stay anonymous	5.3%

The aspects of individuals’ disengagement levels & role of professional communications in such Work life scenarios in IT industry derive following inferences as follows.

The Professional Communication scenerios of Employees at work Family nexus points are themed into 2 catogeries (S1,S2,S3,S4,S5,S6 & M1,M2,M3) Personal Times & office Initial hours respectively and responcees were loaded into SPSS for analysis. A bivarient two tailed correlation matrix is plotted accordingly. The correlation of the questioneer & allignment of employees’ responcees is broadly plotted in the following tabels & is discussed through the inferences & generalised discussion further below

EXHIBIT 2

Descriptive Statistics			
Questions	Mean	Std. Deviation	N
S5	3.42	1.968	76
S6	2.76	1.018	76
S1	2.79	1.247	76
M1	4.13	0.957	76
M2	3.66	1.040	76
S2	2.58	1.123	76
M3	3.61	0.994	76
S3	3.95	0.862	76
S4	3.50	0.856	76

**PEARSON'S CORRELATION MATRIX**

The Pearson's Correlation matrix below reflects correlations between following scenarios.

EXHIBIT 3

Pearson Correlations Matrix										
		S5	S6	S1	M1	M2	S2	M3	S3	S4
S5	Pearson	1	0.077	-0.007	-0.171	-0.007	-0.064	-0.214	0.202	0.222
	Sig. (2-tailed)		0.508	0.953	0.139	0.953	0.586	0.064	0.081	0.054
	N	76	76	76	76	76	76	76	76	76
S6	Pearson	0.077	1	0.044	-0.104	<b>-0.355**</b>	-0.065	<b>-0.410**</b>	<b>-0.227*</b>	-0.076
	Sig. (2-tailed)	0.508		0.704	0.369	0.002	0.576	0.000	0.049	0.511
	N	76	76	76	76	76	76	76	76	76
S1	Pearson	-0.007	0.044	1	-0.111	-0.159	<b>0.336**</b>	0.147	-0.085	0.100
	Sig. (2-tailed)	0.953	0.704		0.342	0.170	0.003	0.205	0.466	0.391
	N	76	76	76	76	76	76	76	76	76
M1	Pearson	-0.171	-0.104	-0.111	1	<b>0.260*</b>	<b>-0.419**</b>	<b>0.504**</b>	-0.218	-0.081
	Sig. (2-tailed)	0.139	0.369	0.342		0.023	0.000	0.000	0.059	0.485
	N	76	76	76	76	76	76	76	76	76
M2	Pearson	-0.007	<b>-0.355**</b>	-0.159	<b>0.260*</b>	1	-0.057	<b>0.487**</b>	0.218	0.105
	Sig. (2-tailed)	0.953	0.002	0.170	0.023		0.628	0.000	0.059	0.368
	N	76	76	76	76	76	76	76	76	76
S2	Pearson	-0.064	-0.065	<b>0.336**</b>	<b>-0.419**</b>	-0.057	1	0.040	-0.023	0.055
	Sig. (2-tailed)	0.586	0.576	0.003	0.000	0.628		0.730	0.842	0.634
	N	76	76	76	76	76	76	76	76	76
M3	Pearson	-0.214	<b>-0.410**</b>	0.147	<b>0.504**</b>	<b>0.487**</b>	0.040	1	0.131	0.204
	Sig. (2-tailed)	0.064	0.000	0.205	0.000	0.000	0.730		0.260	0.078
	N	76	76	76	76	76	76	76	76	76
S3	Pearson	0.202	<b>-0.227*</b>	-0.085	-0.218	0.218	-0.023	0.131	1	0.181
	Sig. (2-tailed)	0.081	0.049	0.466	0.059	0.059	0.842	0.260		0.119
	N	76	76	76	76	76	76	76	76	76
S4	Pearson	0.222	-0.076	0.100	-0.081	0.105	0.055	0.204	0.181	1
	Sig. (2-tailed)	0.054	0.511	0.391	0.485	0.368	0.634	0.078	0.119	
	N	76	76	76	76	76	76	76	76	76

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

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

**5.1 POSITIVELY CORRELATED**

M1- Mondays/ Initial hour of your working week are Good Times to convey any office communications &

M2- Meetings (of any form) during 1st hours of a week convey communications Clear & precise

Pearson's Correlation (r) =.260\* at a Sig value (p)= 0.023

S2- Pre-occupancy levels at office during the initial hours of a professional week are more by family

S1- often employee opt to ignore the communications from office on week off days to respond flexibly while back once at work

Pearson's Correlation (r) =.336\*\* at a Sig value (p)= 0.003

M3- Initial Hours of the week are highly effective & productive for any Professional Work /Job task.

M1- Mondays/ Initial hour of your working week are Good Times to convey any office communications

Pearson's Correlation (r) =.504\*\* at a Sig value (p)= 0.000

M2- Meetings (of any form) during 1st hours of a week convey communications clear & precise

M3- Initial Hours of the week are highly effective & productive for any Professional Work /Job task.

Pearson's Correlation (r) =.487\*\* at a Sig value (p)= 0.000

**5.2 NEGATIVELY CORRELATED:**

S6- Inclination to take Office communications during Personal Times (Holidays /Out of Office Hours)

M2- Meetings (of any form) during 1st hours of a week convey communications clear & precise

Pearson's Correlation (r) = -.355\*\* at a Sig value (p) = 0.002

S6- Inclination to take Office communications during Personal Times (Holidays Out of Office Hours etc)

M3- Initial Hours of the week are highly effective & productive for any Professional Work /Job task.

Pearson's Correlation (r) = -.410\*\* at a Sig value (p) = 0.000

S6- Inclination to take Office communications during Personal Times (Holidays Out of Office Hours etc)

S3- While at time of some major challenge at family, if you receive a Promotion message /Hike in Salary during week-off days changes the day to good

Pearson's Correlation (r) = -.227\* at a Sig value (p)= 0.048

S2- Pre-occupancy levels at office during the initial hours of a professional week are more by family

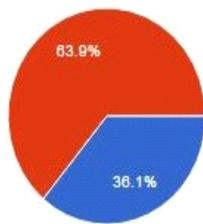
M1- Mondays/ Initial hour of your working week are Good Times to convey any office communications

Pearson's Correlation (r) = -.419\*\* at a Sig value (p)= 0.000

Further analysis into the qualitative data yielded following observations that a vast majority of IT professionals have frequent extened office obligations than structured working hours reflecting in segmentation issues & disengagement challenges between Work & Family domains, retirating the influence of professional communications on Work Family nexus points.

EXHIBIT 4

How many additional hours you work on average in a typical week (if any)



Nil (My nature of Work practices absolute Working Hours)	36.1%
My Job is Work Drive & Not Time driven (Might have to stretch)	63.9%

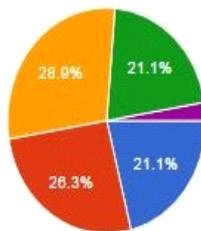
Here while Employees who said "Yes" in a Nominal Scale inquiry to *interest in office communications in personal time*, they rated Low Scores of inclination in other similar themed Ordinal Scaled questions, showing interestingly that they only feel obligatory to take Office communications at personal hours but need not be positively inclined.

Familial/personal influence on the Employee Work Microsystems is also reported very significant than work communications on Personal/Familial times where the employee's propensity to any work related response at personal times is mostly low.

A considerable majority of respondents opined familial/personal pre-occupancy during initial hours of a professional week at Office Microsystems.

EXHIBIT 5

Pre-occupancy levels at office during the initial hours of a professional week are

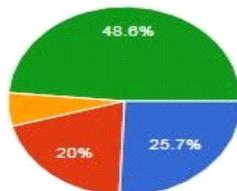


Nil (Move totally into work mode the moment enter office )	21.1%
25%	26.3%
50%	28.9%
75%	21.1%
100% (tailed by personal agendas for some time )	2.6%

So, also a majority of respondents feel Face-Face communications are most effective to communicate any tone of communication Positive / Challenge. As most opine that any other mode of communication sans the completeness in conveying the exact message & distracts the content adding to ambiguity & anxiety.

EXHIBIT 6

What would be a good communication mode during initial hours of a week to convey any important message



e-Mail	25.7%
Phone Call	20%
Phone SMS/ OC chat messenger	5.7%
Face to Face	48.6%

On the contrary, irrespective of the variables the major respondent's groups across levels opined that week-end office communications be it positive or negative will be mostly be prioritised for response & actioned the next working day of the week & showed lesser spillover on the personal time harmony. Same is observed during the Holidays & Leave times, no matter how professionally inclined the respondent is.

Also, a significant volume of respondents expressed peer level support has a great positive effect on professional communications during out of office hours, reiterating the importance of camaraderie at work & its positive effects on Work Life balance.

So from the above observations & correlations seen, it is evident that irrespective of the expected mood of the communication received Work to family positive spillover during personal times is responded less compared to Family to work Positive spillover being more effective. However, overall in this context it can be summarised that employees are following a sort of segmentation practice while making distinctions & priorities between Work to Family Microsystems and vice versa in order to disengage & transcend between different Work Life domains for a wholesome harmony.

CONCLUSION

The study reiterates that the ever changing era of Technology create many job opportunities & facilitated with new virtual work environments but the same has also created some persistent issues with respect to working conditions & work life harmonizing challenges that Individuals express through this study. Because of increased workload, insecurity in job and pressures to reach targets, many individuals are working more hours a week that could lead to an increase in stress behaviors resulting in poor Work Life enrichment. On the other hand, it is also highlighted that though telecommuting work systems provide higher levels of job fulfillment & convenience they also create stress as employee's experience conflicting demands on their time and energy because of demands from family microsystem creating a confused segmentation issues. It is also explained by respondents that modern communication technologies are associated with less recovery and disengagement from Work Microsystems which is an imperative for individuals being humans & as psychological disengagement is usually by transcendence & does not work as a switch. Though the study clearly showed a significant attitude of employees practicing Segmentation of Work /Family domains in the New trending work environments, employees opine it is imperative to be not only physically away from their workplace, but they also need to mentally avoid work related thoughts and activities to recover from stressful thought process during *No-work times*. No matter how much ever the trending technologies radicalise our New World View of "Work", fundamentally Human Resources at any degree of professionalism tend to perceive Work to be only in Objective Parameters & other personal domains to be more Subjective in nature tending towards intangible aesthetic angels. So, to summarize it is observed that, Employees emphasises considerable reluctance to Professional Communications during Work communications at Personal domain Nexus. So, also it is suggested that having a complete

involvement in Work or Family Microsystems by unplugging from one domain to another to a large extent can have positive effects on role fulfillments & positive psychological enrichment gains for overall Work Life happiness.

## REFERENCES

1. Bronfenbrenner, U. (1979). *The ecology of human development: Experiments by nature and design*. Cambridge, MA: Harvard University Press.
2. Derks, D., & Bakker, A.B. (2012). *The psychology of digital media at work*. Hove, UK: Psychology Press.
3. Gajendran, R. S., & Harrison, D. A. (2007). The good, the bad, and the unknown about telecommuting: Meta analysis of psychological mediators and individual consequences. *Journal of Applied Psychology*, 92(6), 1524-1541.
4. Gajendran, R.S., & Harrison, D.A. (2007). The good, the bad, and the unknown about telecommuting: Meta-analysis of psychological mediators and individual consequences. *Journal of Applied Psychology*, 92, 1524-1541.
5. Glass, J. L., & Finley, A. (2002). Coverage and effectiveness of family-responsive workplace policies. *Human Resource Management Review*, 12(3), 313-337.
6. Grant, A. M., & Parker, S. K. (2009). 7 redesigning work design theories: The rise of relational and proactive perspectives. *The Academy of Management Annals*, 3(1), 317-375.
7. Green, F. & McIntosh, S. (2001). Why has work effort become more intense? *Industrial Relations*, 43, 709-741.
8. Hurme, P. (2005). Mobile communication and work practices in knowledge-based organizations. *Human Technology*, 1(1), 101-108.
9. Hurme, P. (2005). Mobile communication and work practices in knowledgebased organizations. *Human Technology*, 1, 101-108.
10. J.H. Greenhaus (2003). *Journal of Vocational Behavior* 63 (2003) 510–531
11. Kelliher, Clare, & Anderson, D. (2010). Doing more with less? Flexible working practices and the intensification of work.
12. Kelliher, Clare, & Anderson, D. (2010). Doing more with less? Flexible working practices and the intensification of work. *Human Relations*, 63(1), 83-106.
13. Kim, H., & Stoner, M. (2008). Burnout and turnover intention among social workers: Effects of role stress, job autonomy and social support. *Administration in Social Work*, 32(3), 5-25.
14. Kompier, M. A. J. (2006). New system of work Scandinavian *Journal of Work, Environment & Health*, 32(6), 421-430.
15. Parasuraman, S., & Greenhaus, J.H. (2002). Toward reducing some critical gaps in work–family research. *Human Resource Management Review*, 12, 299–312.
16. Park, Y., Fritz, C., & Jex, S. M. (2011). Relationships between work-home segmentation and psychological detachment from work: The role of communication technology use at home. *Journal of Occupational Health Psychology*, 16(4), 457-467.
17. Patterson, F. (2001). Developments in work psychology: Emerging issues and future trends. *Journal of Occupational Psychology*, 74, 381-390.
18. Rennecker, J., & Godwin, L. (2005). Delays and interruptions: A self-perpetuating paradox of communication technology use. *Information and Organization*, 15, 247-266.
19. Sparks, K., Cooper, C., Fried, Y., & Shirom, A. (1997). The effect of hours on work with health: A meta-analytic review. *Journal of occupational and Organizational Psychology*, 70, 391- 408.
20. T. Joseph R. Jayakar, S. Suman Babu (2012), Professional Communication for Better Work-Life Balance, *Journal of Education and Practice*, Vol.3, No 6, 2012
21. Ten Brummelhuis, L. L., Bakker, A. B., Hetland, J., & Keulemans, L. (2012). Do new ways of working foster work engagement? *Psicothema*, 24(1), 113-120.
22. Towers, I., Duxbury, L., Higgins, C., & Thomas, J. (2006). Time thieves and space invaders: Technology, work and the organization. *Journal of Organizational Change Management*, 19(5), 583-618.
23. W.G.S.deKluijver. (2013); New Ways of working (NWW)and its impact on mental Health;31 January 2013.

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce, IT & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## **DISCLAIMER**

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

