



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT AND MANAGEMENT

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- 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.

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KNOWLEDGE INERTIA AND ITS RELATIONSHIPS WITH ORGANIZATIONAL LEARNING AND ORGANIZATIONAL INNOVATION

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ABSTRACT

Knowledge has become a significant asset both for individuals and organizations. Thus, successful knowledge management can be the chief determinant for the survival of an enterprise in a knowledge-based economy. Nevertheless, hurdles to efficient and effective knowledge management are many. One of these hurdles is knowledge inertia which may inhibit an organization's capability to learn and solve problems. However, when facing problems, people generally resort to their prior knowledge and experience for solutions. Such routine problem-solving strategy is termed "knowledge inertia". This study aims to establish the constructs of knowledge inertia and examine the relationships between knowledge inertia, organizational learning and organizational innovation. Structural equation modeling is employed to discuss the degree of influence each construct has on others. A questionnaire survey was conducted to collect data from 3 different Universities. A total of 495 valid responses were collected. Our results reveal that when a firm's members have either less learning inertia or experience inertia, the performance of the organizational learning and organizational innovation will be better.

KEYWORDS

Knowledge inertia, Organizational learning, Organizational innovation, Structural equation modeling.

INTRODUCTION

Knowledge has been considered the most important asset for individuals and organizations (Fugate, 2009). As the size of organization grows it becomes very hard to know each other, share experiences and ideas. Likewise, to find appropriate solutions of the problems and store knowledge for future use, therefore, a proper strategy is needed to store and retain this most important intellectual asset i.e. knowledge of organization. Besides, organizations are also facing difficulties when an expert leaves an organization because the expert knowledge is lost. Therefore they have to hire new people which require more trainings and time, thus there is need to retain and manage effectively expert knowledge to be used in future (Dingsoyr and Conradi, 2002). Knowledge management has been proposed as a methodology that can manage the knowledge of the organization. Knowledge Management is the process of sharing, distributing, organizing, creating, storing and understanding of knowledge about organization policies, processes and products (Ahmad and Khan, 2008). Cumulative evidence from past research in organization and management suggests that knowledge management is critical element of success of organizations (Fugate, 2009). Successful knowledge management can be the chief determinant for the survival of an enterprise in a knowledge-based economy. Several factors that contribute to the importance of managing knowledge are referenced below (Ahmad and Khan, 2008):

- **Competitive Advantage** - Knowledge can be an organization's most competitive advantage. Wealth results when an organization uses its knowledge to create customer value by addressing business problems. A firm's competitive advantage depends more than anything on its knowledge, or to be slightly more specific, on what it knows, how it uses what it knows and how fast it can know something new.
- **Technology** - Because of the tremendous advances in technology, enormous amounts of information can be disseminated to people regardless of their geographic location or time zone. The speed of transmission and frequency in which this information is received requires an adaptable, skilled and educated workforce. From a knowledge management perspective, the complexities associated with these technological changes will cause us to think differently about the manner in which people learn.
- **Organizational Change** - Due to organizational changes, restructuring, mergers and acquisitions, companies have lost some of their valued history and cultural norms. An organization's ability to create, acquire, process, maintain and retain old and new knowledge in the face of complexity, uncertainty and rapid change is critical.
- **Enhanced Decision-Making** - Learning from and applying past experiences can accelerate the completion of future work and enhance the decision-making process.
- **Workforce Demographics** - An aging workforce, coupled with retiring baby boomers and the loss of intellectual capital or institutional memory are creating a new sense of urgency for organizations. Although predicting employee separations is at times challenging, knowledge transfer is vital to sustaining critical business functions. While many employees may continue employment beyond retirement eligibility, these employees will inevitably leave the workforce.

Some of the benefits of an effective knowledge management program are as following (Hislop, 2005):

- Cultivating innovation by encouraging the free flow of ideas
- Improving customer service by streamlining response time
- Improving employee retention rates by recognizing the value of employees' knowledge and rewarding them for it
- Streamlining operations and reduce costs by eliminating redundant or unnecessary processes
- enhancing customer responsiveness by creating and delivering innovative products or services
- managing or enhancing relationships with existing and new customers, partners and suppliers
- Administering or improving more efficient and effective work practices and processes

Most knowledge management initiatives, however, fall short of their goals. Some surveys alert us to a grim reality. For example, Ruggles (1998) studied 431 US and European companies with knowledge management initiatives under way, and found that only 13 percent of the respondents felt they were successful in

transferring knowledge from one part of the firm to the other, whereas only 46 percent ranked their firm high on the ability to generate new knowledge. A primary reason for this is the view that IT is a silver bullet. Although it can enable people to transcend distance and time barriers through the use of tools such as e-mail and group support systems, it cannot motivate people to share knowledge. The biggest hurdle to knowledge management is not implementing a cutting-edge IT solution, but getting people to talk and share their know-how. Knowledge originates in the minds of individuals, so we must realize that unless organization members are motivated to share, no IT solution can deliver the desired goals (Desouza, 2003).

Desouza believes that some barriers prevent effective and efficient knowledge management. These barriers are (Desouza, 2003):

- Lack of expert managers for motivating employees
- Requisite knowledge too hard to capture and categorize
- Lack of adequate communication and action
- Forcing employees

Rosen, Furst and Blackburn identified six barriers to knowledge Management (Rosen et al., 2007):

- Lack of trust among team members
- Time constraints and competing deadline pressures
- Technology constraints on knowledge sharing
- Team leader constraints on knowledge sharing
- Failure to develop a transactive memory system
- Cultural constraints on information sharing

Lin, Tan and Chang classified knowledge management barriers into five categories (Lin et al., 2008):

1. *Knowledge characteristics*: Causal ambiguity and non-validated knowledge hinder knowledge flow. The first occurs when the reasons for success or failure in replicating a capability cannot be determined. Tacit knowledge involves human skills and is difficult to measure. In addition, knowledge without a record of past usefulness is likely to be questioned by the recipient.
2. *Knowledge source barriers*: Efficient sharing depends on people being willing to contribute material to the organization. However, they often have invested resources in building a competence feel it is theirs unless incentives are given.
3. *Knowledge receiver barriers*: A precondition for knowledge transfer is that the receiver has sufficient related knowledge to assess its value, and does not resist using material from outsiders.
4. *Contextual barriers*: During problem-solving, people develop and modify their understanding, and the context emerges and transforms. Context influences people's attitudes and choices, thus, context influences what problems are considered to be solvable or are solved. knowledge inertia
5. *Inadequate/lack of mechanisms*: Knowledge flow mechanisms are either intangible, such as mentoring, formal meetings and informal occasions or tangible, such as journals and IT.

Nevertheless, hurdles to efficient and effective knowledge management are many. Using the principles of inertia in physics to knowledge management, Liao (2002) states that knowledge inertia is a barrier to knowledge management and may inhibit an organization's capability to learn and solve problems. Often routine problem-solving procedures are adopted to save time and effort as well as to avoid risks. Stagnant knowledge sources and obsolete prior experience result in the same solutions and approaches being employed to deal with problems. Such predictability in management behavior may make an enterprise more risk in a highly vulnerable competitive environment. Inertia not only has negative impact on knowledge utilization, but may also disclose an enterprise's commercial secrets and strategies. In other words, organizations showing inertia in thinking and policy-making may suffer loss and failure. This further highlights the importance of innovations in knowledge management and that enterprises should devote efforts to avoid inertia.

KNOWLEDGE INERTIA

In physics, the principle of inertia states that objects continue in a state of rest or uniform motion unless acted upon by forces. Unless interrupted, an object's motion is subject to physical constraints and objects will move in the predicted trajectory. Human(s) can track and reach moving objects by predicting where the objects are going. This phenomenon suggests that human cognition also has inertia. The overall procedure explains several things. Firstly, prediction is based on the understanding that there is a trajectory if objects move then we can track and reach them according to their inertia. Secondly, changes in moving trajectory only happen if objects are interrupted by outside forces. This means that any change of inertia is caused by outside forces. Thirdly, change does not spontaneously, but must be implemented (Liao, 2002).

In human cognition, there is an explanatory process, which derives understanding from a view that other things have already been done. Our past knowledge helps us predict what we will hear next, disambiguate words, resolve pronouns, and make connections between the various things being discussed. This implies that our past knowledge of what has happened in some situations allow us to infer similar things and to explain it. There is evidence that a phenomenon similar to inertia, exists in knowledge use in both individuals and organizations. In individuals and organizations, a high degree of the solution of a problem is generated by the knowledge acquired from past experience and its extension to fit new situations. People use a memory of past experiences and knowledge as a guide to generate planning for new problems. Re-using past knowledge to solve a new problem becomes a law or principle that similar things will remain static or uniform until the situation is no longer feasible and then is changed by outside forces. Applying the concept of inertia to human behavior shows that individuals often resort to constant methods for dealing with problems (Liao et al., 2008). Organizational inertia is defined in the literature as:

Huff et al. (1992) describe inertia as an overarching concept that encompasses personal commitments, financial investment and institutional mechanisms supporting the current ways of doing things.

O'keefe and Wright contend that inertia is defined as the degree of the level of commitment to the organisation's current strategy, will grow over time as current ways of operating become deeply embedded in an organization, regardless of, and generally without reference to, developments in the environment (O'keefe and Wright, 2009).

Barnett and Pontikes (2008) believe that inertia describes the tendency to remain with the status quo and the resistance to strategic renewal outside the frame of current strategy.

Inertia in organization may take many forms such as the rational suppression of potentially valuable information in organizations (Friebel and Raith, 2004), rigid rules and lack of flexibility (Boyer and Robert, 2006, p: 324). Inertia and flexibility are for all practical purposes antonyms in the literature on organizations (Boyer and Robert, 2006, p: 324). However, the theory of organizational inertia does imply that the deleterious impact of that inertia can be long lasting, enduring for decades (Baker and Collins, 2009, p: 1944).

KNOWLEDGE INERTIA, ORGANIZATIONAL LEARNING AND ORGANIZATIONAL INNOVATION

Organizational learning is defined here as some combination of improving actions and acquiring new knowledge, whether these are new products or processes (Saka- Helmhout, 2009). Organizational learning is the process of acquisition, dissemination, interpretation, implementation and storage of new knowledge in organization (Au et al., 2009, p: 9).

Organizational innovation is the creation of valuable and useful new products/services within an organizational context (Johannessen, 2008, p: 409). Organizational innovation is the tendency of the organization to develop new or improved products/services and its success in bringing those products/services to the market (Gumusluoglu and Ilsev, 2009, p: 464).

Knowledge inertia may pose significant barriers to organizational learning; for example reduce the options considered feasible and inhibit the development of more appropriate strategies (Baker and Collins, 2009, p: 1944). Knowledge inertia may also be a significant barrier to change, innovation and adaptation in turbulent economic environments (Collinson and Wilson, 2006, p: 1361)

Routine problem-solving approaches and similar reasoning will be adopted to save time and effort and also avoid risks. Everything stemming from past experience and knowledge without revision and updating would imply predictable management behavior and problem-solving strategy of an enterprise (Liao, 2002). That is to say, inertia would result in lack of innovation and expected behavior, which may jeopardize the survival or undermine the advantage of an enterprise in a highly competitive environment (Liao et al., 2007). Hence, it is important for an organization or enterprise to avoid the negative impact of inertia on its capability to learn and it should utilize knowledge efficiently and effectively. Organizational learning would enhance the innovative capacity of an organization. Innovation is a result of individual and organizational learning and the only source of lasting competitive advantage in a knowledge intensive industry (Liao et al., 2008).

RESEARCH HYPOTHESES

From the literature we state research hypothesis as follows:

- H1: Knowledge inertia is negatively related to organizational learning.
 - H2: Knowledge inertia is negatively related to organizational innovation.
 - H3: Organization learning is positively related to organizational innovation.
 - H4: Organizational learning is the mediating variable between knowledge inertia and organizational innovation
- Figure 1 displays the theoretical framework of this research which summarizes our four hypotheses.

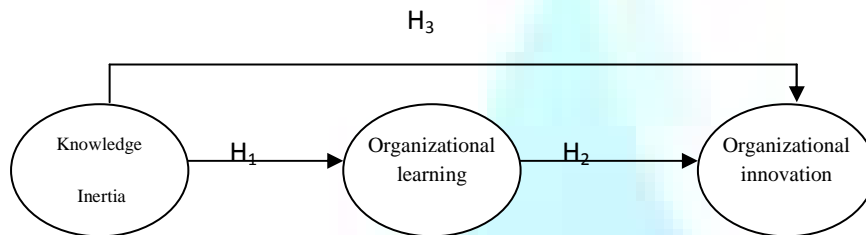


FIGURE 1 - THE THEORETICAL FRAMEWORK

RESEARCH METHODOLOGY

The data used in this study consist of questionnaire responses from employees in 3 different Universities in Yazd, namely Islamic Azad University, Payam e Noor University and Yazd University. The questionnaire included items of Knowledge inertia, organizational learning and organizational innovation. A total of 600 questionnaires were sent out, 200 to each university. A total of 495 valid responses were received.

The questions for measuring knowledge inertia were classified under two constructs: learning inertia and experience inertia. Learning inertia means Members of organization are influenced by inertia in knowledge learning. Experience inertia means Members of organization are influenced by inertia in solving problems with past knowledge and experience. The questions for measuring organizational learning were classified under three constructs: Commitment to learning (Organization regards learning as its most important basic value), Shared vision (Organization chiefs share future vision with its members) and Open-mindedness (Organization does not stick to its old way of thinking but embrace innovative ideas). The Variable organizational innovation was measured directly.

Reliability of constructs was evaluated by Cronbach's. Table 1 list the Cronbach's of the constructs. As can be seen, all constructs have Cronbach's above 0.7, which indicates high reliability (Nunnally, 1978).

TABLE 1 - CRONBACH'S A OF THE CONSTRUCTS

Variable	Construct	Cronbach's a
Knowledge inertia	learning inertia	0.755
	Experience inertia	0.741
organizational learning	Commitment to learning	0.809
	Shared vision	0.789
	Open-mindedness	0.765
organizational innovation	organizational innovation	0.817

DESCRIPTIVE STATISTICS

Table 2 displays the means, standard deviations and correlations of constructs.

TABLE 2 - DESCRIPTIVE STATISTICS AND CORRELATIONS OF CONSTRUCTS

Constructs	Means	S.D.	Learning inertia	Experience inertia	Commitment to learning	Shared vision	Open-mindedness	organizational innovation
Learning inertia	3.56	0.65	1.000					
Experience inertia	2.90	0.81	0.326**	1.000				
Commitment to learning	3.22	0.87	-0.225**	-0.070	1.000			
Shared Vision	2.64	0.98	-0.188**	-0.306**	0.257**	1.000		
Open-mindedness	3.41	0.68	-0.227**	-0.189**	0.537**	0.140**	1.000	
organizational innovation	3.43	0.73	-0.397**	-0.527**	0.163**	0.376**	0.144**	1.000

Note: *p-value <0.05, N =495.

As can be seen learning inertia and experience inertia are negatively related to organization learning, which implies that more learning and experience inertia among members will reduce the capacity for organizational learning. Learning inertia and experience inertia are also negatively related to organization innovation, which implies that more learning and experience inertia among members will reduce the capacity for organizational innovation. Commitment to learning, shared vision and open-mindedness are positively related to organizational innovation. This implies that high organizational learning can foster organizational innovation.

STRUCTURAL EQUATION MODEL AND DISCUSSION

Correlations can only reveal the degree of relationship between constructs. To further understand the direct and indirect effects, as well as the mediating effects among the constructs, Structural equation modeling was performed using LISREL. Fig. 2 shows the Path diagram of the completely mediating model.

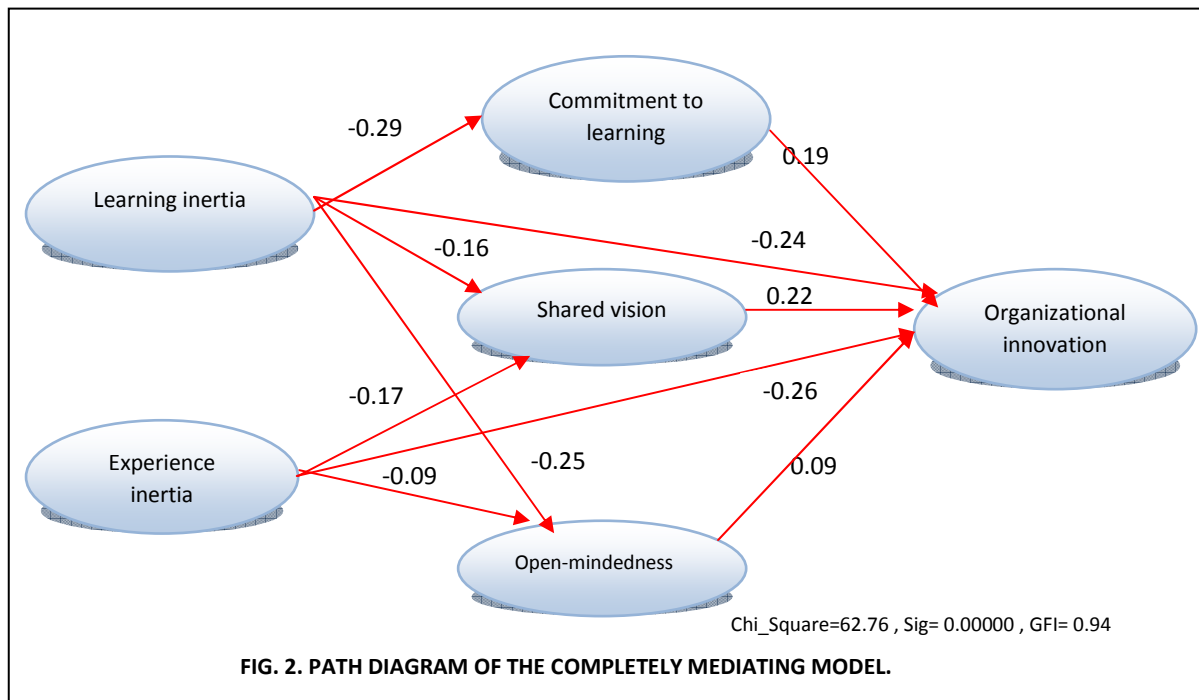


FIG. 2. PATH DIAGRAM OF THE COMPLETELY MEDIATING MODEL.

The model estimation results reveal the following relationships among three research variables:

Relationship between knowledge inertia and organizational learning: As seen in figure 2, relationships between learning inertia and the three constructs of organizational learning are negative and significant, indicating negative impact of learning inertia on organizational learning. That is to say, organization members with substantial learning inertia will undermine the organization’s commitment to learning, shared vision and open-mindedness. On the other hand, relationships between experience inertia and the three constructs of organizational learning are negative and significant, indicating negative impact of experience inertia on organizational learning. In other words, organization members with great experience inertia will decrease the performance of the organization on commitment to learning, shared vision and open-mindedness. According to the above, learning inertia and experience inertia have negative effect on organizational learning; hence H1 is partially supported.

Relationships between learning inertia and organizational innovation, also experience inertia and organizational innovation are negative and significant, indicating negative impact of learning inertia and experience inertia on organizational learning. In other words, organization members with great learning and experience inertia will decrease the performance of the organization on innovation; hence H2 is supported.

Relationship between organizational learning and organizational innovation: As seen in figure 2, relationships between the three constructs of organizational learning and organizational innovation are positive and significant, indicating positive impact of organizational learning on organizational innovation. In other words, higher organizational learning ability will lead to better performance in innovation; hence H3 is supported.

Table 3 shows effects of constructs on organizational innovation and Table 4 shows indirect effects of organizational inertia on organizational innovation

TABLE 3 - EFFECTS OF CONSTRUCTS ON ORGANIZATIONAL INNOVATION

Construct	Direct effect	Indirect effect	Total effect
Learning inertia	-0.24	-0.1128	-0.3528
Experience inertia	-0.26	-0.0455	-0.3055
Commitment to learning	0.19	---	0.19
Shared vision	0.22	---	0.22
Open-mindedness	0.09	---	0.09

TABLE 4 - INDIRECT EFFECTS OF KNOWLEDGE INERTIA ON ORGANIZATIONAL INNOVATION

Construct	Through Commitment to learning	Through Shared vision	Through Open-mindedness	Total Indirect effect
Learning inertia	-0.0551	-0.0352	-0.0225	-0.1128
Experience inertia	---	-0.0374	-0.0081	-0.0455

As seen in Table 3 and 4, the direct effects of learning inertia and experience inertia on organizational innovation are more significant than indirect effects; hence H4 is not supported and knowledge inertia directly affects the organizational innovation

CONCLUSION

Our results find evidence that learning inertia and experience inertia are directly and negatively related to organizational innovation, implying that knowledge inertia does affect the innovation behavior both of individual members and the organization as a whole. To promote organizational innovations, organizations should reduce knowledge inertia by encouraging members to acquire new ideas and methods. The sharing of accumulated experience can also enhance organizational learning ability and foster better performance in organizational innovation. Some of the strategies and “best practices” for over-coming knowledge inertia are:

- Team leaders should be responsible to facilitate knowledge sharing by creating a team culture in which members feel safe to share ideas, offer constructive criticism, and ask other team members for help when needed. Leaders must develop team trust –through shared visions, passion for the task, face to face contact and the like. Perhaps even more important, leaders must create a culture in which members are willing to and even encouraged to admit their mistakes.
- Leaders can be models who encourage employees. Leaders need to clarify norms surrounding expectations for and use of knowledge sharing communication technologies, train members in their use, and continually reinforce and reward members who adhere to agreedupon knowledge sharing practices.
- Coping with the time constraints and deadline pressures that frequently block knowledge sharing
- Helping employees improve knowledge sharing focused on providing the “right” communication technology. Some of knowledge sharing support systems includes shared web sites, document repositories, electronic bulletin boards, and meeting management.
- Building sensitivity to cultural diversity and overcoming cultural barriers to knowledge sharing. Identifying and addressing cultural differences is a gradual process.

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A STUDY OF HUMAN RESOURCE PERFORMANCE APPRAISAL SYSTEM WITH SPECIAL REFERENCE TO THE OUTSOURCES SKILED AND UNSKILLED WORKERS OF INTERNATIONAL TOBACCO COMPANY LIMITED, GHAZIABAD

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ABSTRACT

One of the widely used human resource development mechanism that goes a long way is systematically improving the performance level of an individual as well as organization is the performance appraisal system (P.A.S). Performance appraisal has become a very significant activity in most of the enterprise; it provides data about past, present and expected performance of the employees which is helpful in taking decision on selection training and development. I.T.C. being a giant sized industrial enterprise has adopted a scientific system of performance appraisal of its human resource the most widely used technique is the self appraisal system. The evaluation process comprises Establish performance standards, Communicate performance expectations to employees, Measure actual performance, Compare actual performance with standards, Discuss the appraisal with the employee, If necessary initial corrective action. Achievements have been received for the training and result have been obtained on the basis of Questionnaire related to work environment and personal motivation from outsources of skilled and unskilled workers for a total number of 400 skilled and 300 unskilled workers making a total of 700. Response indicates the Training program have been well organized and perceived by both at senior and junior levels generating a vibrant work culture. The survey indicated that the integrated approach has brought about a radical change in the overall performance of the employees particularly with reference to Clarity of role and responsibility at various levels; Inter personal relations and job relation have improved significantly, Motivation level and morale have gone up considerably, The program has helped the participants to introspect and modify their behavior and improved communication approach at various levels. These training programs and workshop have not only improved the overall climate and culture of the organization but also generated better quantity of life and satisfaction amongst the supervisors and workers in their personal lives.

KEYWORDS

Performance Appraisal System, Human, Tabacoo, Workers.

INTRODUCTION

teering a public enterprise in to-day highly turbulent business environment marked by unexpected crisis situation and changing economic market phenomena is indeed a difficult proposition it becomes all the more difficult when the enterprise is a large multi product and multi divisional one dealing with diverse markets and operating from locations situated far and wide, to survive and grow in a company has constantly review and innovatie H.R.D strategies.

The evaluation of the performance of employees is a key part of the function of staffing as the evaluation serves as a basis for judging the contribution and weaknesses of employees so that continuing efforts can be made to build a stronger and more effective organization.

Human resource are key organizational assets since organization performance depends on the quality of employee effort on their ability and motivation by raising the quality of individual employees contributions to production, organizations can make significant improvements in their performance.

Performance appraisal is a systematic way of evaluating a workers performance and his/her potential for development, this continuous monitoring of the performance and periodic evaluation helps in retaining promotional and retraining policies.

Performance can be appraised against some set standards to meet the needs of the organization and the employee, hence the technique must be sufficiently sensitive to pick up the difference between an effective and ineffective employee.

Appraisal has four major purposes

1. To let employees know formally how their current performance is being rated
2. To identify employees who deserve merit raises
3. To locate employees who need additional training
4. To identify candidates for promotion

I.T.C limited has a long history of 90 years the leader of Indian cigarette industry is a conglomerate of many diversified businesses having a overall turnover of Rs. 5000 crore form hotels & tourism, agro, paper, etc, it was an ideal case worth studying for any good manager or researcher.

RESEARCH OF THE PROBLEM

For the ever increasing complexity of challenge facing organization and the place of change, both signal the escalating pressures that will be brought to bear on human resource personnel to play proactive and strategic partner roles. Therefore, if PAS is implementing well, it can take the organization on a fast development track and faster productivity through commitment, motivated or competent people. Research findings indicate that performance appraisal system has a bearing on employee growth and productivity (Latham and Wexley, 1982).

While some organization have changed their appraisal systems in the last few years. Several others do not recognize the potential offered by it Performance Appraisal may have following objectives:

- Facilitating upward and downward communication and sensitizing senior executives to problems at lower levels;
- Developing and strengthening boss-subordinate relationships;
- Role clarity and performance planning.

NEED AND IMPORTANCE OF THE STUDY

Performance can be appraised against some set standards According to McGregor the format performance appraisal plans are designed to meet three needs, one of the organization and the other two of the individual. These are :-

- They provide systematic judgment to back up promotions, transfers, salary increments etc.
- They let the subordinate know where he stands and whether any changes are required in his behavior attitudes, skill or job knowledge.
- They are used as a base for coaching and counseling of the subordinates.

A sound performance appraisal system can be useful in:-

- Improving employee job performance by pinpointing the area or aspects that need improvement.
- Encouraging employees to express their views or to seek clarification on job duties.
- Serving as a predictor for future responsibilities.
- Serving as a key input for administering a formal organizational reward and punishment system.
- Preventing grievances, since the employees will know where they stand relative to their achievements
- Increasing the analytical ability of the supervisors, since they will be directly involved in making judgment about their work's performance level.

RESEARCH METHODOLOGY

The most effective performance appraisal system has the following characteristics: -

- The system must be bias-free. The evaluator must be objective and the methods of appraisal must be fair and equitable. The atmosphere must be that of confidence and trust.
- It must be relevant. It should only measure behaviors that are relevant to the successful job performance and not any other personal traits.
- It should be acceptable to all. The performance standards as well as the appraisal methods should be developed by joint participation and joint collaboration.
- It should be reliable, dependable, stable and consistent. High reliability is essential for correct decision making and validation studies. It should be sufficiently scientific, so that if an employee is evaluated by two different evaluators, than the result should be significantly the same.
- It must be able to objectively differentiate between a good employee and an ineffective employee. Rating an employee "average" does not adequately indicate the degree of effectiveness.

Performance appraisal has become a very significant activity in most of the enterprises. It provides data about past, present and expected performance of the employees which is helpful in taking decisions on selection, training and development, increase in pay, promotion, transfers, and the like. These days a large amount of money is spent on performance appraisal by most organizations. The benefits of performance appraisal are as follows:-

- It helps the supervisor to evaluate the performance of his employees systematically and periodically. It also helps him to assign that work to individuals for which they are best suited.
- Rating helps in guiding and correction of employees. The supervisor may use the result of the purpose of constructively guiding the employees in the efficient performance of work.
- The ability of the staff is recognized and can be adequately rewarded by giving them special increments.
- Performance appraisal can be used as a basis of sound personnel policy in relation to transfer and promotion. If the performance of an employee is better than other, he can be recommended for promotion, but if a person is not doing well on a job, he may be transferred to some other job.
- Rating can also be used to evaluate the training programmes. Weaknesses of employees are revealed by merit rating and the training programmes can be modified accordingly.
- Performance appraisal provides an incentive to the employees to better their performance in a bid to improve their rating over others.
- If the performance rating is done scientifically and systematically it will prevent grievances and develop a confidence amongst the employees because they are convinced of the impartial basis of evaluation. The records of merit rating are available in permanent form to protect the management against subsequent charges of discrimination which might be filed by the trade union leaders.

ABOUT ITC COMPANY

ITC Limited has a long history of about 90 years and now marched into the next millennium. ITCV, decidedly the leader of Indian cigarette industry, is a conglomerate of many diversified businesses having overall turnover to the tune of Rs. 5000 crore. The group having started from its core competency business of tobacco and financial services has evolved as leader in many other businesses such as hotels and tourism, agro-businesses, paper business, etc. During this course of development in business, the ITC has undergone many ups and downs in its business as well as managerial practices. Thus, it seems to be a case worth studying for any good manager or researcher.

It is the story of Scissors cigarette, the breadwinner brand of ITC, a doyen of Indian industry and the leader in cigarette. It is the story of ITC's struggle, with its breadwinner brand facing near extinction on account of competition. It is the story of how the company handled its dilemma-'to revive the brand or exit' - how it opted in favour of reviving the brand and how it succeeded in its mission.

The ITC Scissors case is essentially a story of effective product management. From 1921 to date. Scissors had a long product life. It has seen many ups and downs and suffered some of the worst set-backs; but everytime, it has risen to new peaks of excellence and growth. In view of this unique phenomenon, the Scissors case represents one of the best examples of effective PLC management. The case vividly portrays how the company evolved a superb product market strategy, how it handled the inescapable product decline with care and caution, how it retrieved the product to normalcy and prolonged almost limitlessly its mature and profitable of life.

ITC has its head quarter at Virginia House, 37 Chowringhee Road, Calcutta. Its annual turnover is more than Rs. 6000 crores approximately and market capitalisation is more than Rs. 8,000 crores. It ranks 5th among the giant corporations. The company has network of branches & offices in the country. The Ghaziabad unit of the company is situated at Guldhar (Near Muradnagar) on the main Ghaziabad Meerut highway about 5 km from the heart of the city. It is connected with all important roads and highways. The production dept. of the company is fully air-conditioned because artificial humidification is very necessary for the manufacture of cigarettes. The total strength of the employees in Ghaziabad unit including temporary, casual and contract labour is about 2500.

In the year 1963-64, M/s NARHARI & CHAUDHARY CO. LTD., a leading Tobacco-Exporter of Guntur (A.P.) purchased the present premises of the company which was owned by a soap manufacturer. RAM INDUSTRIAL CORPORATION which is adjacent to the factory.

M/s NARHARI & CHAUDHARY CO. LTD. (known as NCC) was a leading Raw Tobacco Exporter to Czechoslovakia. One of the partners of the NCC had a Czech wife, who was related to the top official of SKODA. Taking advantage of the relationship, NCC managed to procure cigarette making machinery along with packing machines from SKODA on BARTER SYSTEM. These machines were installed in the present plot under dilapidated sheds.

In the year 1964-65, NCC made an alliance with another reputed and leading export house "NAV BHARAT ENTERPRISE PVT. LTD. GUNTUR" as NCC did not have adequate finance, technical know-how etc. to produce and market cigarettes. However, with this alliance a new company was formed titled as TOBACCO COMPANY PVT. LTD., having its registered office at Hyderabad (A.P.).

Subsequently, ITC employed some technical personnel from the then IMPERIAL TOBACCO COMPANY LTD., Bangalore and this attempt was not successful because of lack of funds. After hanging on for months together, they sold M/s ITC to M/s. MARCOPOLO & COMPANY LTD., Mumbai, the oldest tobaccoist who had the sole distributorship for M/s GODFREY PHILIPS INDIA LIMITED.

After reconstruction of the buildings, ITC started manufacturing on SKODA machines. The factory ultimately went into commercial production from 1967 against manufacturing charges of the GPI brands. D. MACROPOLO was a limited company and ITC became a limited company after take over. Over a period of time even D. MACROPOLO merged with GPI and ITC became a subsidiary of GPI. Since then there has been a continuous technological up-gradation in the factory which started increasing the filter cigarette production gradually and also started wrapping the cigarette packs. Also new generation tobacco cutting machines were installed to improve the quality.

In 1970 the IMPERIAL TOBACCO COMPANY of India changed its name to INTERNATIONAL TOBACCO COMPANY LTD. This holds a new programme of diversification, which was aligned to national priorities and the phased disinvestment in foreign equity.

QUESTIONNAIRE PERTAINING TO WORKING ENVIRONMENT AND PERSONAL MOTIVATION FOR OUTSOURCING AND OTHER PERCENTAGE WITH PIE DIAGRAM TECHNIQUES & METHODS OF PERFORMANCE APPRAISAL – MODERN TECHNIQUES

QUESTIONNAIRE FOR OUT SOURCE SKILLED & UNSKILLED

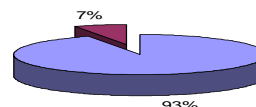
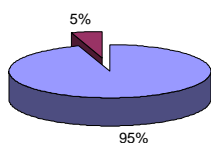
(Total No. 400 skilled & 300 Unskilled = 700)

Question pertaining to work Environment.

Skilled – 400 (Unskilled – 300)

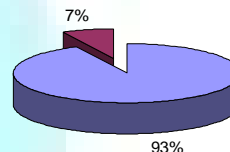
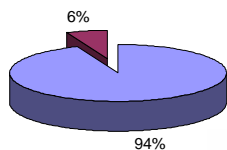
Q1. Do you have the proper equipments and space to do the job?

	Skilled	%	Unskilled	%
Yes	380/-	95%	280/-	93.333%
No	20/-	5%	20/-	6.666%



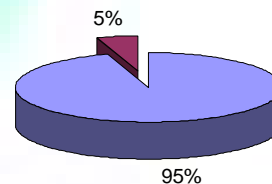
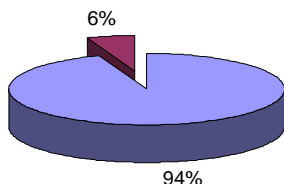
Q2. Is the work bad distributed equally between various people in the department among some cader employee?

	Skilled	%	Unskilled	%
Yes	375/-	9.75%	278/-	92.666%
No	25/-	6.25%	22/-	7.333%



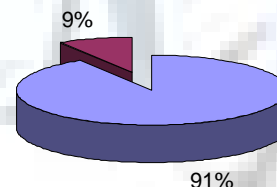
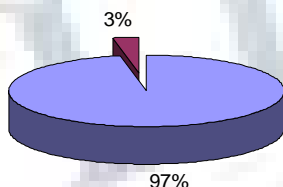
Q3. Do some people go beyond their authority in issuing order or delaying order?

	Skilled	%	Unskilled	%
Yes	378/-	94.5%	285/-	95%
No	22/-	5.55%	15	5%



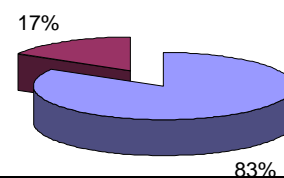
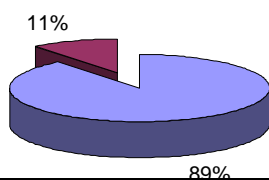
Q4. If you have a good idea to your boss would you get credit for it or not.

	Skilled	%	Unskilled	%
Yes	388/-	97%	273/-	91%
No	12	3.0%	27/-	9%



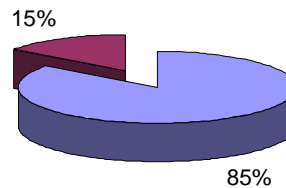
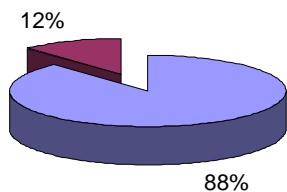
Q5. Do you free to make decision on the job?

	Skilled	%	Unskilled	%
Yes	357/-	89.25%	250/-	83.333%
No	43/-	10.75%	50/-	16.666%



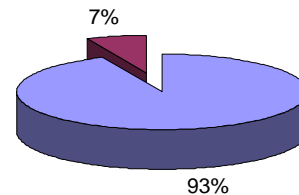
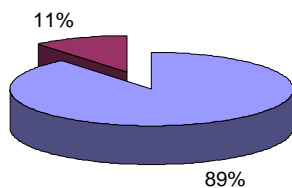
Q6. Since you have been working here. Do you possess any course certificate related to your work?

	Skilled	%	Unskilled	%
Yes	352/-	88.00%	255/-	85%
No	48/-	12%	45/-	15%



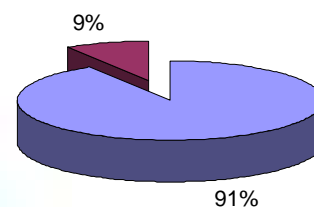
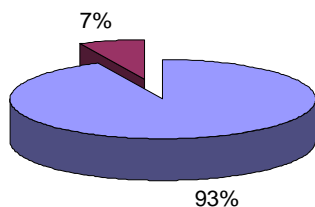
Q7. Are you proud of your organisation and its work culture?

	Skilled	%	Unskilled	%
Yes	357/-	89.25%	280/-	93.333%
No	43/-	10.75%	20/-	6.666%



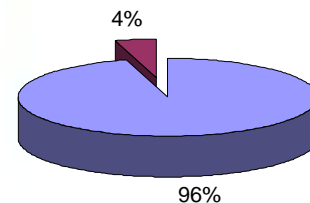
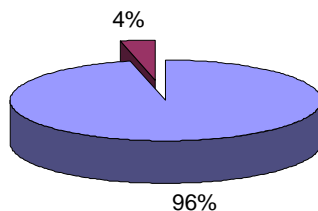
Q8. Does the management provide you training opportunities?

	Skilled	%	Unskilled	%
Yes	372/-	93%	273/-	91%
No	28/-	7%	27/-	9%



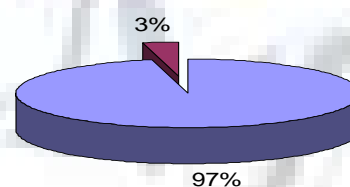
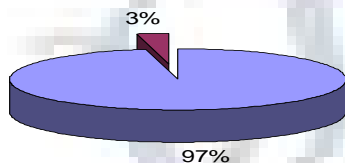
Q9. Do you know what the maximum salary is for your job today?

	Skilled	%	Unskilled	%
Yes	385/-	96.25%	287/-	95.666%
No	15/-	3.75%	13/-	4.333%



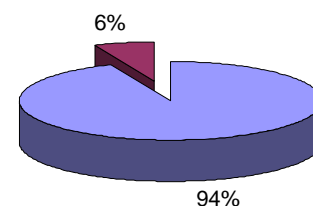
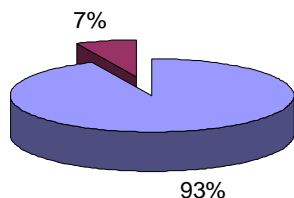
Q10. Do your family members and friends like to hear about the things that happen in your co?

	Skilled	%	Unskilled	%
Yes	388/-	97%	190/-	96.666%
No	12/-	3%	10/-	3.333/-



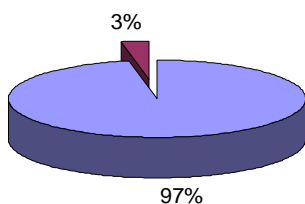
Q11. Do you feel that various development programme are being carried on at proper time in the organisation?

	Skilled	%	Unskilled	%
Yes	372/-	93%	281/-	93.666%
No	28/-	7%	19/-	6.333%

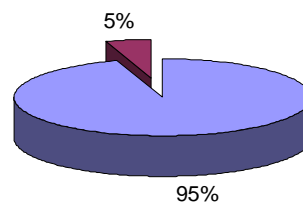


Q12. Did you explore the full knowledge regarding your potential so that proper training can be provided?

	Skilled	%	Unskilled	%
Yes	388/-	97%	285/-	95%
No	12/-	3%	15/-	5%



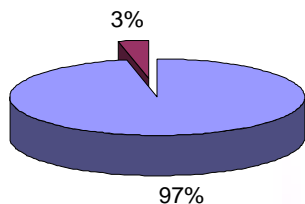
97%



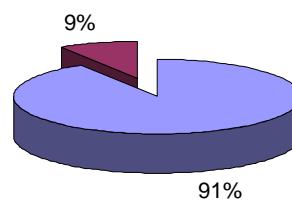
95%

Q13. Are you playing a vital role in the group, you are a member of a team?

	Skilled	%	Unskilled	%
Yes	387/-	96.75%	273	91%
No	13/-	3.25%	17/-	9%



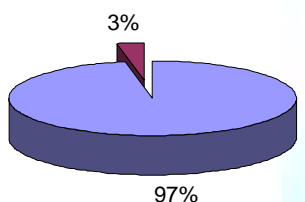
97%



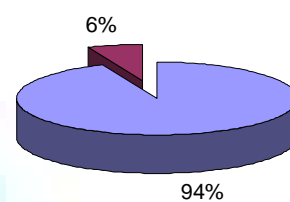
91%

Q14. What is the better way of training in your opinion (A) on job (Yes) (B) off the job (No)

	Skilled	%	Unskilled	%
Yes	388/-	97%	281/-	93.666%
No	12/-	3%	19/-	6.333%



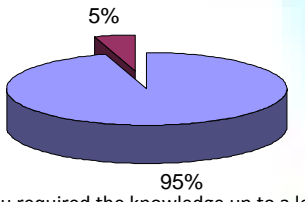
97%



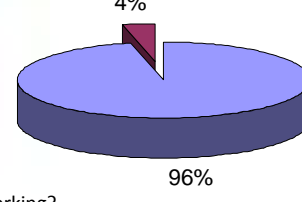
94%

Q15. Do you find it helpful to know your role in well manner with the help of case studies related to your work?

	Skilled	%	Unskilled	%
Yes	381/-	95.25%	289/-	96.333%
No	19/-	4.75%	11/-	3.666%



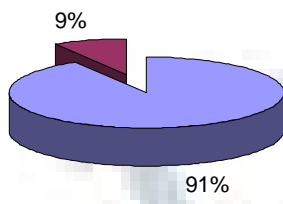
95%



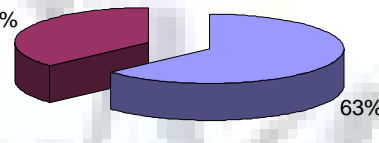
96%

Q16. Have you required the knowledge up to a level that you want to use this knowledge in your practical working?

	Skilled	%	Unskilled	%
Yes	391/-	97.75%	283/-	94.333%
No	09/-	2.25%	17/-	5.6666%



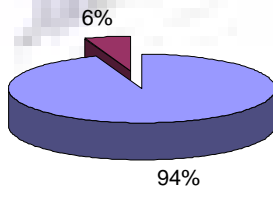
91%



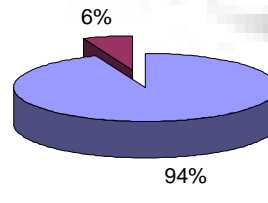
63%

Q17. Do you feel that you can stay / working in this co for a long period?

	Skilled	%	Unskilled	%
Yes	378/-	94.5%	282/-	94%
No	22/-	5.5%	18/-	6%



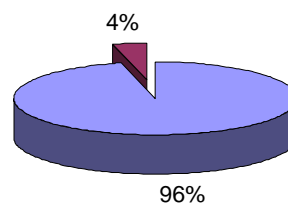
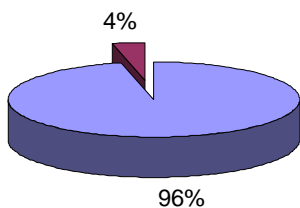
94%



94%

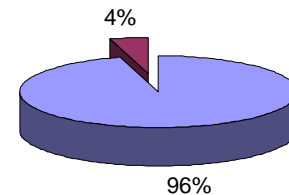
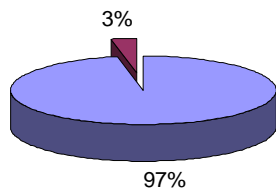
Q18. Does working condition of the co suits you?

	Skilled	%	Unskilled	%
Yes	385/-	96.25%	288/-	96%
No	15/-	3.75%	12/-	4%



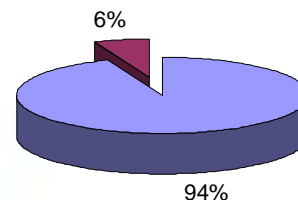
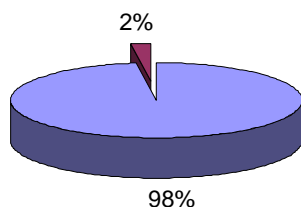
Q19. Do you senior solve your day today problems?

	Skilled	%	Unskilled	%
Yes	388/-	97%	287/-	95.666%
No	20/-	5%	20/-	6.666%



Q20. Does the management of the company care about the welfare of workers?

	Skilled	%	Unskilled	%
Yes	391/-	97.75%	282/-	94%
No	9/-	2.25%	18/-	6%



FINDINGS

HRD IN I.T.C.

In ITC, HRD is an approach to the systematic expansion of people’s work related abilities, focused on the attainment of both organizational and personal goals. The focus is on people, who are perceived as possessing skills, potential and who have ability to grow, change and develop. While the accent is on increasing talent and abilities, HRD in ITC works towards development of people in their organisational setting. The effort are balanced between the organisation’s need the individual development although this ideal is obviously difficult to achieve, but every attempt in being made to get as near to it as possible.

While the diversity of circumstances of individual public enterprises would dictate circumstances of training of individual manager in variety of ways, the essential pattern are applicable in appropriate forms to all public enterprises, what ever their size. Hence this study of ITC also provides positive direction and guidance to other in the area of Human Resource Development.

To sum up the findings of the data collected and analysed, the researcher proceeds on the basis conclusion, as revealed by the study, that both the management and executives recognize the importance and need of HRD in ITC and company is taking due interest and care to this effect.

EXECUTIVE DEVELOPMENT POLICIES

ITC has clear policy objectives to ensure continuous development of competent management personnel and make best use of both the human and material resources of the business. The training and development policy provides opportunities of advancement and growth to the executives and of promotion from within. It also provide of time both on the job and off the job. Majority of the executives in the middle cadre have been exposed to training and development programmes.

PERFORMANCE APPRAISAL

ITC has a formal performance appraisal and counselling skills system. The target setting programme coupled with the performance appraisal and counselling programme provide formal processes to ensure manager/employee contact for development and counselling, away from the hustle and bustle of daily activities. An important feature is the self appraisal and counselling programme. ITC believes that employee are responsible and trustworthy enough to be able to review their own performance in a matured and balanced manner and they have, faith in this.

The basic objectives of the Performance Appraisal System in ITC are :

- Assessment of Performance and Review.
- Individual Training and Development need identification.
- Feedback and Follow-up of development.
- Determine career growth.
- Influence job rotation.
- Extension or termination of contract/promotion.
- Granting incentives and rewards.
- Appreciation / foreign deputation.

The scheme is part of the overall Performance Review System that periodically reviews group/product wise performance and achievement to targets against what is outlined in the Annual Performance Plan.

SUGGESTIONS

- The company should send their employees for workshop and Training programme on role analysis as the ratio is not upto mark.
Senior Management = 5%
Middle Management = 40%
Lower Management = 6%
- The fair dealing of boss & supervision have ever since derestricted & hurt the feeling of skilled by 6% and unskilled by% the organisation should check this out (on Company pay role). 3% of skilled & 9% of unskilled (outsourc).
- The 14.666% of skilled workers and 24% of unskilled workers pay role are not satisfied with the present salary 3.75% or skilled & 4.333% of unskilled (out sourcing are not satisfied hence some this should be done in this respect
- 16.666% of skilled worker & 24% of unskilled (company pay role), 7% skilled & 9% unskilled (out sourcing) workers feel that they can improve their technical & managerial abilities if chances are given to them. Thus company should manifes such type of abilities from time to time.
- The 6.25% of skilled workers & 7.333% of unskilled workers (out Source) feel that work load is not distributed equally. Hence techniques should be applied for equal distribution of work.
- 5% of skilled & 6.666% of unskilled workers (for out sourcing) feel that proper equipments and space is not available in the job.
- 3% of skilled & 4.333% of unskilled worker of out sourcing does not seems to match & patch up with their seniors in solving their day to day problems of the company. Hence improvement is required in this respect.
- 3% of skilled labour & 6.333% of unskilled worker of outsourcing feels that the better way of training is off the job means no the technical / training programme.
- 9% of unskilled workers and 3.25% of skilled of out sourcing feel that they do not play a vital role in the group. Their cause disaltractive activities or problems should be assessed time to time.
- 3% of skilled & 9% of unskilled workers of out sourcing feel that even if they can give a good idea to the boss he may not give credit to him. one should think and give impotence to them also.

Outsourcin g		Company pay role	
Skilled	= 7 %	Skilled	= 88 . 666 %
Unskilled	= 6 . 333 %	Unskilled	= 50 %

CONCLUSION

The survey indicated that the integrated approach has brought about a radical change in the overall performance of the skilled and unskilled workers. The changes are visible particularly with reference to the following aspects :

- Clarity of role and responsibility at various levels.
- The interpersonal relations and job relation have improved significantly.
- The motivation level and morale have gone up considerably.
- The programme has helped the participants to introspect and modify their behaviour.
- Improved communication approach at various levels.

It has also been observed that these training programmes and workshop have not only improved the overall climate and culture of the organisation, but have also generated better quality of life and satisfaction amongst the particularly amongst the supervisors and workers in their personal lives.

Periodically the management development inputs are being given to staff to ensure that the cohesive team can achieve results. Staff members are also sent on external technical programmes to update their knowledge on the state-of-the art in the field of electronics, telecom and management and are given the opportunity to go on foreign deputation to get an exposure in advance technologies and new areas of interest. Also as part of development input good articles on technical/management areas are circulated to everybody.

To sum up, these programmes have become greatly instrumental in generating a swing for the creating of Learning Organisation. In order that these programme may be able to produce the maximum desired results, it is necessary that these programme are taken to a logical conclusion by covering the entire organisation, including the top management. Steps to achieve these objectives have also been started by ITC.

There is a very positive response to training in ITC. Even some initially viewed training with skepticism, today see it as useful. In ITC, the contribution of the training function makes related to the processes of self-renewal, personal growth, appraisal and counselling, team building and target setting. In ITC, identifying, nurturing and development appropriate leadership values and styles are critical when building a collective ethos. Strategically, over the next year or two, the training function is poised to play a vital in building value leader within the organisation.

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BUDGET DISCIPLINE UNDER MILITARY AND CIVILIAN REGIMES: ANY DIFFERENCE IN NIGERIA?**EGBIDE BEN-CALEB**

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ABSTRACT

The Nigeria budgetary practices has been characterised with indiscipline and flagrant disregards to budgetary rules and procedures. This culture has been substantially attributed to the long years of military rule. This paper juxtaposes military and civilian regimes in Nigeria with respect to adherence to budgetary estimates. Eight years for each regime were purposively considered (1991 –1998 and 1999-2006). Time series data were retrieved from secondary sources and analyzed using simple variances, percentages, descriptive statistics as well as independent T-Test. The paper found that although budget discipline under democratic regime is arithmetically higher that budget discipline under military system, the difference is not statistically significant. It was therefore recommended that since budget is a law (appropriation Act); it should be accorded the same respect like any other act of the National Assembly as a justification for the democratic tenet of the rule of law. To that end budget implementation and control should be judiciously enforced with a view to achieving the lofty objectives that accompanies each year's budget, as well as reduce the negative pressure that budget indiscipline engenders.

KEYWORDS

Budget, Civilian, Discipline, Military, Niger

INTRODUCTION

The superior performance of every economy is largely determined by efficient fiscal and monetary policies management. These two macro economic variables are in most countries congregated in the national budget. Besides, being a critical planning and control device, budget gives expression to the macro economic objectives of the government as well as the fiscal strategies for their attainment. However, the extent to which such objectives are achieved depends to a great extent on the discipline exercised by government in the implementation and control of the budget. It is also recognized that the attainment of budget can be thwarted by external economic forces uncontrollable for an organization or nation; many aspects of a budget are controllable by the operators- hence discipline is required.

Budget discipline connotes the extent to which an institution or nation stays within the budget or simply, the ratio of budgetary expenditure to actual expenditure, as different from fiscal discipline which is the ratio of budget deficit to the Gross Domestic Product (GDP) (Nazarovetes, 2001). Lack of budget discipline has been identified as one of the main factors accounting for the disappointing budgetary performance of many countries in Africa (Lienert & Sarraf, 2001). Indiscipline in the management of resources is iniquitous to the economic progress of any nation irrespective of the nature of government (Military or Civilian).

In Nigeria, the budgetary processes is said to be characterised by lack of discipline and flagrant disregard for budgetary procedures (Obidegwu, 2005; Abe, 2009), leading to the unimpressive performance of Nigerian economy. This reported financial and fiscal rascality of the Nigerian federal government has been substantially attributed to the long years of military rule, which to a great extent associate budget indiscipline to the type of government in power (Orebiyi & Ogochukwu, 2005).

It is to this end that this paper attempts to investigate the budgetary practices of Nigeria at different regimes (Military and Democracy). The paper is predicated on the proposition that there is no significant difference between military autocracy and civilian democracy in terms of adherence to budgetary estimate. The study is intended to emphasise the fact that the sustainability of the Nigerian nascent democracy is dependent on the delivery of tangible dividends to a larger majority of the citizens, and one way of doing that is through discipline in the management of scarce resources.

The rest of the paper is organised into the following sub headings; section ii undertakes a theoretical discourse of military and civilian administration as well as an X-ray of budget discipline under military and civilian regimes. In section iii, the methodology of the study was captured, giving way for data presentation, analyses and discussion of result which took their turn in section IV. The paper was concluded in section v after making recommendations as considered necessary.

LITERATURE REVIEW**MILITARY AND CIVILIAN ADMINISTRATIONS: A THEORETICAL DISCOURSE**

As a way of establishing the foundational thesis of this paper, it is important we engage in a theoretical analysis of both the military and civilian administrations. Though our focus is the Nigerian State, we still consider a general discourse of the basic tenets of both administrations as a necessity without necessarily avoiding the Nigerian historical experiments of the military and civilian administrations. First, the concepts of power and authority are central concepts that distinguish the two administrations. For the military, power is a fundamental factor given that no organized electoral process serves as the basis of the enthronement of military form of government. Carl Frederick (1963) sees power as the capacity to modify the conduct of others in a manner that is desired. Lasswell and Kaplan (1950) conceived power as the process of affecting the policy options of others through the actual or threatened use of sanctions for non-conformity to prescribed behavioural pattern. From the definitions above, power implies the coercive method employed by those not entitled to our obedience.

Their rules and regulations are complied with not because they are legitimate but because sanctions are provoked to compel compulsory obedience. This is peculiar to the military system of government.

Authority, on the other hand, entails willingness to obey given that the one demanding for obedience has the consent of the people. For April Carter (1979) authority implies force exercised or capable of being exercised with the general approval of those concerned. For D.D Raphael (1990) when we speak of power in a social context, we are usually thinking of a specific kind of ability, the ability to make other people do what one wants them to do while to have authority to do something is to have the right to do it.

The military system of government generally lacks legitimacy due to the fact that it emerges through coup d'état which is nothing but forcefully seizure of political power without the consent of the people given through elections. It is the general modus operandi of a military system of government to operate without given cognizance to the importance of the peoples' opinion. But for a civilian administration, the people are supposed to form the bedrock on which its legitimacy and operations are built. This is because its emergence is supposed to be a product of the peoples' collective consensus. Therefore, militocracy and democracy (under which civilian administrators exercise political power) are antithetical.

Democracy is certainly not in the same camp as Militocracy. Democratic principles rest its supreme power in the people collectively giving them the power to choose their own leaders. In this case the common people are the source of political power and not the other way round. Such elected democrat understand right from the start that they are only representing the people who have reposed so much faith and confidence in them (Mosuro, 1997:11)

Military administration is an aberration of the ideal form of governance given that military power is not predicated on the general will and consent of the people. Military government is usually enthroned through coup d'état, which is a 'political act directed at the unauthorized seizure of power through the direct use of, or the threat of the use of violent forces' (Obi, 1999), without recourse to any form of electoral processes or procedural justice (without regards for the constitution). Military regime is characterized by unitary hierarchical structure and intrinsic arbitrariness and authoritarianism (Adamolekun, 1991); while the civilian government operates a shared political power with the tiers of government and the electorates.

Another important factor that distinguishes the military from its civilian counterpart is the suspension of the constitution. The military operates by decrees to which obedience is by coercion while the civilian government operates within the purview of the constitution to which obedience is based on right to demand it and there is a legitimate ground for its enforcement. Unfortunately, the Nigerian constitution has been a brain work of the several military regimes. For instance, scholars argue that the 1999 constitution lack moral authority (the legitimacy question) and legal validity because its conception and promulgation lack legitimacy, having been introduced by the previous military government (Ogowewo, 2000)

Military is identified as the government of men and not of law because its practitioners (Soldiers) are men not trained in the art of politics and constitutionality but rather in warfare situations where the lives of the opponents are not valued.

The first military coup in Nigeria led to the death of several Northerners including the then Prime Minister Sir Abubakar Tafawa Balewa and several other politicians. Since then, the Nigerian state has witnessed several coups leading to the loss of lives. Thus, given the evils with which the military terminates incumbent political processes, scholars in search of the end to military rule in Nigeria discovered the theoretical underpinnings of military incursion into politics.

...the causes of military coups in the developing world especially Africa are linked to the weakness of the political structures and processes in post-colonial states, the prevalence of economic crises, and the institutional role of the military as the custodian of national defence (Obi, 1999:134)

The poor political structure of the first Republic gave birth to the first military incursion, led by Major Nzeogwu, into Nigerian young democracy. Major Nzeogwu gave a justification for his attack on the politicians thus:

Our enemies are the political profiteers, the swindlers, the men in high and low places that seek bribes and demand ten per cent (First, 1976:112)

The perceived crises in Nigerian politics seemed to be the basis for military incursion as the different military regimes justified their interventions as patriotic acts based on national interests (Obi, 1999). The different military regimes pledged to put an end to corruption, misrule and indiscipline, but in reality they went on to legitimize what they spoke against. The first military coup, January 15 1966, was the beginning of a journey into a 29-year military rule in Nigeria, with a brief hiatus between 1979 and 1983. From then till 1999, the history of governance in Nigeria was the history of excessive militocratic exercise of naked political power void of legitimacy until the enthronement of democratic governance administered by the civilian administrators who are expected to be the representatives of the people.

Obviously, the modus operandi of the two administrations differs. A military administration emerges through a forceful seizure of power while a civilian government is a product of the electoral process where the peoples' preference for who should lead them is expressed.

The concept of opposition parties is foreign to military government. An opposition party, for the military, is an enemy of the State that must be executed. But for civilian government, opposition parties are part of the game of politics. Even the people can rise and demand for accountability and transparency from their leaders under civilian government while such is treated with disdain under military government. In other words, the people have the power to change their representatives in the next elections under civilian government while military government is not a product of the peoples' willing consensus.

Every government must submit itself to the judgement of those who feel the consequences of its act. The reason for such submission is the simple historical fact that unconditional power has always proved, at least ultimate, disastrous to those over whom it is exercised (Laski, 1978:56)

While the civilian government can readily, whether willing or unwillingly, submit itself to the critical evaluation of those who suffer the effects of its policies, military government resort to naked power in clamping down all oppositions.

BUDGET DISCIPLINE UNDER MILITARY AND CIVILIAN ADMINISTRATION

Budget still remains the single most important policy document in the hand of government. This is because budget gives expression to the fiscal intentions of the government in managing an economy. According to Oloaoye (2010), public sector budget beside assembling the projected revenue and expenditure of government, addresses the allocation of resources to achieve societal goals; serves as an instrument for managing economic crisis and uncertainty, serves as an instrument of policy direction for the economy; it also represents a tool for defining government economic and societal focus as well as an instrument for economic management. However, budget is not an end by itself it is a means to an end, hence, the call for discipline at all stages of the budgetary process to ensure the achievement of budget objectives (Olomola, 2009)

Budget discipline connotes the extent to which an institution or nation stays within the budget or better still the ability of a government to confine itself to the limit of expenditure in the approved budget or supplementary budget (Aruwa, 2004). It is measured as the ratio of budgetary expenditure to actual expenditure, as different from fiscal discipline which is the ratio of budget deficit to the Gross Domestic Product (GDP) (Nazarovetes, 2001). They are three principal areas or dimensions of budget discipline according to (Oshisami, 1992 & Omolehinwa, 2001) these include; adherence to stated budgeting policies without wavering; adherence to budget calendar in the development, approval, implementation and monitoring as well as adherence to approved estimates in the appropriation act. These three levels of discipline are crucial for the effective working of the budget, and a breach in any level constitutes indiscipline. Indiscipline in the management of resources is iniquitous to the economic progress of any nation irrespective of the nature of government (Military or Civilian).

Observation in most literature is that budget indiscipline is a fundamental characteristic of budget practices of most countries in sub Sahara Africa including Nigeria (Lienert & Sarraf, 2001; Aruwa, 2004; Obidegwu, 2005; Abe, 2009; Oloaoye, 2010). However, Obidegwu attributed this callous fiscal behaviour to the degeneration in governance and the increasing lack of coherence between government policies and the budget. This suggests that fiscal indiscipline will be reduced if policies are integrated into the budget. It could also be deduced that the effectiveness of any budgetary system is dependent on the working of the government and the sincerity of her programmes.

In Nigeria, fiscal irresponsibility or budget indiscipline has been observed and identified to be one of the serious problems of budgetary process. According to Aruwa (2004) "the principle of strict budget discipline has evaded the implementation of the federal budget". This observation has been corroborated by a number of literatures. For instance, Orebiyi and Ugochukwu (2005) related budget implementation failures in Nigeria to non-adherence to rules and control mechanisms associated with long years of military rule, as they stated thus:

...in recent times, literature are limited with regards to budgetary control, practices and procedures in Nigeria. This can be partially attributed to the fact that Nigeria was under the military rule for more than 30 years out of the 44 years of her independence. Whenever budgets are formulated, planned, prepared and presented, the control mechanisms were never adhered to thus resulting in budget implementation failures (Orebiyi and Ugochukwu, 2005)

The above statement acknowledged the fact that budget failures in Nigeria are engendered by indiscipline, which they partially attributed to long years of military rule. If this is true, with over ten years of democratic government, has this felonious budgetary practices been abated? The answer is not in the affirmative even from literatures. Again, Orebiyi and Ugochukwu (2005) lamented the continuation of this bad practice of non-implementation of budget to the letter in the new democratic Nigeria. It was this worrisome fiscal management that led to the inclusion of budget discipline improvement in the Obasanjo's public sector reform agenda (Ahmed, 2007). This was to be done through effort to establish an annual budget framework and guideline to be followed by all tiers of government as embodied in the fiscal responsibility Act 2007. The extent of compliance and its effectiveness is still a moot.

Further more, Olomola (2009) studying strategies and consequences of budgetary reforms in Nigeria stated thus;

With regard to Nigerian budgets over the years, there is a sharp contrast as expected, between budgeting under military regimes and budgeting under civilian administration. Whereas the former was *ad hoc* and beclouded with arbitrariness, the latter is often subjected to scrutiny at various stages by the executive and legislative arms of government before the budget is finally approved. Irrespective of whether the government is military or civilian, however, the budget process has always been fraught with monumental abuses (Olomola, 2009)

The above observation affirms that the military *modus operandi* undermines the constitution, uses *ad hoc* procedures in budgeting and celebrates arbitrary budget estimations, as against the civilian regime where the budget is made to pass through constitutional and legal procedures. However, the theoretical dichotomy between the military and the civilian administration do not seem to be reflected in the overall budgetary performance hence, monumental abuses are always reported in both military and civilian regimes. This situation is further buttressed by Olaye (2010) who studying budget discipline in government, asserted "from whatever angle one looks at the subject of budget discipline, the Nigerian nation still has a long way to go".

From the forgoing, it seems conclusive that budget indiscipline is the order of the day whether in the military or civilian administration. However, an empirical analysis would be a better proof of the position, which none of the literatures above has provided. This is in fact the justification and relevance of this study.

METHODOLOGY

This paper adopted both qualitative and quantitative approaches. The secondary data were obtained from Central Bank of Nigeria Annual Reports; (2007, 2008); Central Bank of Nigeria Statistical Bulletin, December 2002, Vol 13 and Annual Audited Accounts of the Auditor General of Nigeria. Simple variance, percentage analyses, descriptive statistics as well as independent T- Test were employed for analyses, using MS Excel and Statistical Package for Social Sciences to aids the analyses

Budget Discipline was operationally defined as the ratio of budgetary expenditure to actual expenditure while budget variance in operationally the difference between budget expenditure and actual expenditure. Mathematically;

$$\text{Budget Discipline} = \frac{\text{Budget Expenditures}}{\text{Actual Expenditure}}$$

$$\text{Budget Expenditure Variance} = \text{Budget Expenditure} - \text{Actual Expenditure}$$

DATA PRESENTATION AND ANALYSES

This section presents the data use in this study with the analyses; the analyses undertaking here include; Variance analysis; percentage analyses as well as the independent sampled T-test.

TABLE 1: VARIANCE AND PERCENTAGE ANALYSES

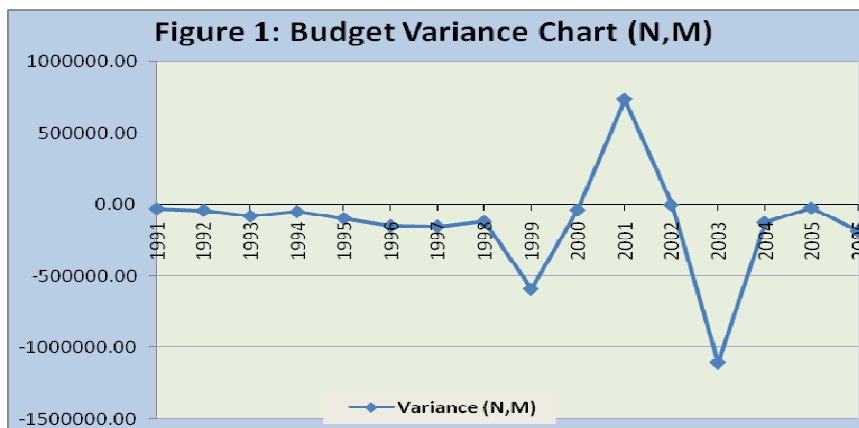
1 Year	2 Budget Exp (N,M)	3 Actual Exp (N,M)	4 Variance (N,M)	5 Budget Discipline	6 Budget Indiscipline	7% of Variation from the Budget
1991	38,666.40	66,584.40	-27,918.00	0.58	1.72	72
1992	52,035.90	92,797.40	-40,761.50	0.56	1.78	78
1993	112,100.50	191,228.90	-79,128.40	0.59	1.71	71
1994	110,200.00	160,893.20	-50,693.20	0.68	1.46	46
1995	153,496.00	248,768.10	-95,272.10	0.62	1.62	62
1996	189,000.00	337,217.60	-148,217.60	0.56	1.78	78
1997	276,723.20	428,215.20	-151,492.00	0.65	1.55	55
1998	367,917.00	487,113.40	-119,196.40	0.76	1.32	32
1999	358,103.20	947,690.00	-589,586.80	0.38	2.65	165
2000	664,735.30	701,059.40	-36,324.10	0.95	1.05	5
2001	1,752,778.70	1,018,025.60	734,753.10	1.72	0.58	-42
2002	1,018,155.90	1,018,155.80	0.10	1.00	1.00	0
2003	122,556.60	1,226,200.00	-1,103,643.40	0.10	10.01	901
2004	1,302,231.00	1,426,200.00	-123,969.00	0.91	1.10	10
2005	1,799,938.20	1,822,100.00	-22,161.80	0.99	1.01	1
2006	1,842,587.70	2,026,000.00	-183,412.30	0.91	1.10	10

Sources: Central Bank of Nigeria Annual Report; (2007, 2008); Central Bank of Nigeria Statistical Bulletin, December 2002, Vol 13; Annual Audited Accounts of the Auditor General of Nigeria. Columns 4-7 were computed by the researcher.

Table 1 show a 16 year variance and percentage analyses of the federal government annual expenditure. The variance analyses result (column 4) show that for the sixteen year period covered, the federal government has recorded mostly adverse variances except for two years (2001 and 2002) where favourable variance were recorded. The percentage of variations from the budget (column 7) ranges from -42% to 0% (favourable years) and 1% to a record high of 901% (adverse years). Several factors might have accounted for the enormity of these variances. Such factors may include but not limited to poor budget planning, faulty budget assumptions leading to estimation errors, inflation, external variables affecting national annual budget, corruption which is the chief variable of budget indiscipline to mention but a few.

The variance analyses result also show that eight years before the return to civilian democracy (1991-1998 military era) the actual budget expenditure consistently exceeded the targeted expenditure depicting poor discipline, hence the variance curve (figure 1) lie below the horizontal axis indicating adverse variances throughout the period with a mean discipline of 0.6240 and a standard deviation of 0.06849 (see table 2). Eight years after the enthronement of democracy (1999-2006), there seems to be an arithmetic improvement with respect to adherence to budget discipline. The period recorded two years of favourable variances (2001 and 2002) and six years of adverse variance including a record high adverse variance of N1103643.40M representing about 901%

extra budgetary expenditure in 2003. This is reflected in a higher mean discipline of 0.8698 but with a higher standard deviation of 0.47823 (Table 2). A higher standard deviation during democratic period indicates that the variances were more erratic than the military era as depicted by the variance curve in figure 1.



Source: Charted by the Authors Using Micro Soft Excel

Furthermore, the variance analyses reveals a high proclivity to spend off the budget (budget indiscipline) during transition or election years as demonstrated by the 1999 and 2003 colossal off budget expenditures of 165% and 901% respectively. These budgetary behaviours again suggest the problem of poor budget planning or faulty budgetary allocation. Transitions or elections are not accidental programs; one would have expected their cost to have been adequately factored into the year’s budget either in the appropriation acts or supplementary appropriation acts, thus, reducing the extra budgetary expenditure to the barest minimum if not totally eliminated. A situation where expenditure for the year is overshoot by about nine times the target cannot be justified by any economic or financial models except to confirm the non-alignment of economic political objectives with budgetary allocations as observed by Aruwa, (2004).

TABLE 2: GROUP STATISTICS

Type of Government	N	Mean	Std. Deviation	Std. Error Mean
Budget Discipline Military Government	8	.6240	.06849	.02421
Civilian Democracy	8	.8698	.47823	.16908

Source: computed by the authors using SPSS

Further more, in order to test the hypothesis of this study, an independent Sample T-test was conducted to compare budget discipline under the two regimes (military and democracy). From the result (table 3), the Levene’s test for equality of variance indicates that the data violates the assumption of equal variances since the sig. value of 0.048 does not exceed 0.05. The T-test for equality of mean has a value of -1.439 with a sig value of 0.192. Since the sig value is greater than 0.05 it means that the mean difference between the two independent scores is not significant. By this result, it is unsafe to reject the research hypothesis. We therefore conclude that there is no statistically significant difference between budget discipline under the military regimes and budget discipline under the civilian regime.

TABLE 3: INDEPENDENT SAMPLE TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Budget Discipline	Equal variances assumed	4.710	.048	-1.439	14	.172	-.24581	.17081	-.61216	.12053
	Equal variances not assumed			-1.439	7.287	.192	-.24581	.17081	-.64650	.15488

Sources: T-Test result computed from SPSS

CONCLUSION

The issue of discipline in the management of recourses can not be over emphasised. This is because mismanagement, waste or indiscipline not only frustrate the achievement of budgetary objectives but is also iniquitous to the economy irrespective of whether the government is military or civilian. This paper had applied both theoretical exploration and simple quantitative techniques to compare budget discipline under military autocracy and civilian democracy. The findings are here under summarised;

1. Budget indiscipline is a characteristic feature of the Nigeria budgetary process.
2. There is no statistically significant difference between budget discipline under military regime and budget discipline under civilian democracy in Nigeria.
3. There is high proclivity to over spend during transition years (as evidenced in 1999 and 2003) than it is for other years.

From the findings, it is therefore not surprising why the Nigeria budgetary performance had been describe as disappointing as it has contributed to further under developing the nation and adding to the poverty crises. If this culture of fiscal rascality in the Nigerian budgetary process is not fought, it will not only continue to undermine our developmental effort but will also threaten the sustainability of Nigeria nascent democracy given the country’s mono-product status. Worst still, is the fact that with respect to budgetary practices, the dichotomy between military and civilian regimes is only theoretical. Democracy anywhere is associated with the rule of law, probity and accountability among other tenets. It should not only guarantee prudence management of resources but ensure that there are managed for the common good of a greater number of the citizens.

It is to this end that we candidly recommend that the budget or the appropriation act should be accorded the same respect like any other act of the National Assembly as a justification for the democratic tenet of the rule of law. This will enable all stages of the budgetary process to be managed with a high sense of discipline and accountability, in order to guarantee the achievement of the lofty objectives that accompanies each year's budget, as well as reduce the negative pressure that budget indiscipline engenders.

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WORKPLACE WELLNESS LEADS TO EMPLOYEE POTENTIAL & HEALTHY ENVIRONMENT – A STUDY IN THE MIDDLE EAST

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ABSTRACT

This study reviews the key issues involved in the employee wellness in the industries in the Middle East cities. The study addresses the present work place stress and the problems faced by the employees because of the changes in the global business scenario. Further the write-up discusses the role of management in promoting wellness in the Corporates. The literature review highlights the wellness program as a support to healthier working practices. A wellness program was devised to provide a road map for implementing and sustaining an effective wellness program in the Middle East. The intent is that this tool will serve as a useful guide for a healthier state of well being for all employees. Further suggestions are put forward for the success of the wellness programs and its great influence on the creativity of employees at work.

KEYWORDS

wellness, healthier working environment, wellness program for corporates, employee potential, six dimensional model.

INTRODUCTION

Wellness defined by (Hatfield) as; *“the conscious and deliberate process by which people are actively involved in enhancing their well-being: intellectual, physical, social, emotional, occupational and spiritual”*. Wellness is considered to be the positive component of good health which reflects how one feels as well as one’s ability to function effectively. Health and Wellness can be described using 6 dimensions of wellness which relate to Physical fitness and nutrition, Emotional well-being, Intellectual well-being, Social, family, community and environment, Occupational aspects and Spiritual, values and ethics (Hettler). Wellness is therefore a state to be attained before disease starts or even risk factors set in. Wellness also can be promoted and inspired for at any stage of illness so that further progress of disease and deterioration of quality of life is prevented (Azman).

World Health Organization (WHO) defined health as more than freedom from illness, disease, and debilitating conditions (WHO, 1947). The suggestion by the World Health Organization that health has a positive component led to use of the term wellness. (Corbin & Pangrazi, 2001). Wellness is first and foremost a choice to assume responsibility for the quality of your life. It begins with a conscious decision to shape a healthy lifestyle. Wellness is a mind set, a predisposition to adopt a series of key principles in varied life areas that lead to high levels of well-being and life satisfaction. (Ardell, 2002). With a wellness lifestyle, a person is of right weight, fit, stress free and intelligent with a mind of his own, emotionally balanced, critical in thinking, open and alert to discoveries, and able to add meaning and purpose to life.

IMPORTANCE OF WELLNESS IN TRADING & SERVICE INDUSTRY

Wellness is the key for the future of the Middle East service industry and it is considered as an important health service goal that the Ministry of Health has laid down for designing and planning the health care for the countries. The health goals are Wellness focus, Person focus, Informed person, Self help, self care and self improvement, Care provided at home or close to home, Seamless, continuous care, Services tailored at individuals or groups, Effective, efficient and affordable services.

To achieve this vision, organizations should concentrate on its employee’s health & safety measure which is dedicated to build a smart partnership with individuals and their families to facilitate and support them in attaining their potential in workplace by motivating and appreciating the employees as a valuable asset. This leads to further improvement in sustaining their health status to enjoy a better quality of life.

THE ROLE OF THE MANAGEMENT IN PROMOTING WELLNESS

Various programmes and activities are being carried out both by the government and organizations management for implementing health facilities throughout the Middle East. The aim to create a successful wellness program is to assume that through hard work, passion and commitment, success will be achieved. But there is one key component that cannot be overlooked – that of leadership support. Without such support a program may be mediocre; with it the possibilities are endless. Since wellness encompasses many areas of health, a variety of health professionals can adequately fulfill the role. This person will need to be able to work well with others, advocate for change, and be creative in program development and implementation. Each organization is different, and what might work for one facility may not for another. It may be helpful to seek advice from someone with experience in this area. To arrange wellness program the management can consider “Six Components of wellness”.

Physical	Body, Endurance, Flexibility, Strength
Social	Family, Friends, Relationships
Occupational	Personal and Professional Development, Worthwhile Work
Intellectual	Mind, Creativity, Knowledge
Spiritual	Values, Purpose, Religion, Intuition
Emotional	Feelings, Self Esteem, Coping with Stress

Source: Hettler (1979)

Programming may include interventions from more than one component of wellness. A wellness program is not just about having the occasional lunchtime program. Wellness is about valuing the whole employee in all six dimensions. Worksite wellness focuses more specifically on how these six dimensions affect productivity and creativity at work.

Wellness is a multidimensional state of describing the existence of positive health in an individual as exemplified by quality of life and a sense of well-being. (Bouchard, Shephard, Stephens, Sutton, & McPherson, 1990).

Ardell (2002) discusses three domains of wellness including: mental, physical, and meaning & purpose. The physical domain has exercise and fitness, nutrition, appearance, adaptations/challenges, lifestyle habits. The mental domain includes emotional intelligence, effective decisions, stress management, factual knowledge and mental health. The meaning & purpose domain includes meaning and purpose, relationships, humor, and play. This study adopted a seven dimensional model created by Health Women's Healthy Living Goals (2006). The seven dimensions include physical, emotional, career, social, financial, spiritual, and personal & family. These domains are taken as the main variables for assessing wellness amongst the employees of the Middle East.

LITERATURE REVIEW

Although several research studies were conducted about the role of Wellness this research highlights the importance of health and wellness in work place. Polakoff and O'Rourke (1990) suggested creating an integrated health database of the entire workforce to assist with designing health programs and policies. Different authors suggested not viewing investments in improving employee health as a cost but as potential savings. A wellness program is an activity undertaken by the company to reduce health care needs. Savings can occur due to reduction in costs of medical treatment and also reductions in lost time from work directly as the result of illness and injury. These programs educate and motivate employees and their families to adopt better health habits. Falconer (1993) recommended three factors to determine if health care should be obtained or not, these include past costs related to the item, potential impact of an item that may occur in the future, and changes in the covered group. Companies were urged to not adopt a wellness plan that was one-size-fits-all. According to Danna and Griffin (1999), well-being is viewed as comprising the various life/non-work satisfactions enjoyed by individuals including satisfaction with social life, family life, recreation, spirituality and co-worker compatibility and general health. Health in turn is seen as a sub-component of well-being and comprises the combination of mental, psychological and physical indicators.

Madsen (2003) stated that understanding individual change readiness characteristics can help organization development professionals to prescribe and implement more effective change interventions. Wellness programs continue to increase in the work place every year. Readiness is the first part of the natural cycle of change in a number of models. Goetzel (2006) looked at a wide range of factors, including healthcare costs, age of workforce, and smoking and other lifestyle factors. Goetzel then created an (Return on Investment) ROI calculator that allowed him to figure out the minimum improvement required to break even on an investment, as well as the projected ROI that a specific set of improvement assumptions would yield. Klerk (2005) explored work wellness from a spiritual framework by focusing on the contribution that a person's sense of meaning in life can play in improving work wellness and wellness in general. Bob Brady (2007) suggested that if the construct clarity in workplace spirituality was in place, spirituality can be approximated and operationalized through one of its major elements, which is "meaning in life." White (2005) suggested some methods to advocate health care like providing plenty of nutrition options in cafeteria, making workplace smoke free, having fitness centers, offering on-site health educators, screening for high blood pressure and cholesterol, and designing health care program that will reach out to immediate family.

O'Reilly (2006) also suggested that the most likely interventions to improve health were support for healthier working practices, investment in employee assistance programs, and health screening. Watson (2007) stated in a study involving Scottish local authority staff that the leading causes of death in the developed world were ischaemic heart disease, stroke, and cancer. These conditions were caused by poor diet, smoking, and alcohol use. Bob Brady (2007) stated that occupational health professionals can play an important role by offering lifestyle screening, which can identify people likely to benefit from provision of health-related information. Results of the Watson (2007) study suggest that the workforce is amenable to the assessment of lifestyle issues and the receipt of information and advice aimed at promoting health. The job growth of health educators is driven by the rising costs of healthcare, increased awareness of preventable diseases, the need for early detection of diseases, and an increasing recognition of the need for qualified health educators (Teixeira, 2007).

Mueller and Kaufmann (2001) aimed to make a clear distinction between wellness and cure, from the health policy angle. Hence, a line should be drawn between wellness, which includes comprehensive service packages consisting of physical fitness, beauty care, healthy nutrition, meditation, mental education, and illness prevention. While wellness guests can claim services which are very similar to those used by "normal cure guests," wellness guests ask for those services with the motive of preserving or promoting their health, which contrasts with the cure guests' (Mueller & Kaufmann, 2001).

NEED OF THE STUDY

Research studies on employee wellness and importance in the global Trading & Service industry against the backdrop of the various challenges that are faced by global companies in general and Middle East companies in particular. Changes in global work scenario, multiple job opportunities enhanced quality of life to the modern executives. In today's business world people typically spend most of their waking hours at work because of the shifts. Different authors have done research on the issue of employee wellness but less evidence is available on the corporates especially in the Middle East. As a result, emphasis is on how the organizations investment will help in healthy workforce by conducting planned employee wellness programs there by helping in saving money validate the current study. Hence the objective of this study is to assess the wellness of employees working in corporate sectors in the Middle East.

OBJECTIVES OF THE STUDY

The broad objectives of this research study are as following.

1. To evaluate and identify the present scenario of Employee stress level at work place in Middle East and its effect on employee welfare.
2. To understand the need of the wellness programs in Middle East.
3. To device a suitable wellness program for the Corporates in Middle East
4. Suggestions to create a healthier environment through wellness programs.

SCOPE OF THE STUDY

The scope of the study is to assess the wellness of employees working in two select cities of Dubai, and Muscat in the Middle East. The present research study is further restricted to industries such as IT, BPOs & KPOs, Airline, and Hotel industry.

PRESENT SCENARIO OF EMPLOYEE STRESS LEVEL AT WORK PLACE IN MIDDLE EAST

Wellness needs to be a part of the culture of the organization but not a just program. A survey, titled “Working Well: A Global survey of Health Promotion and Workplace wellness strategies” pointed out that the organizations spent 35 percent more on the wellness program in 2010 compared to 2009(Buck consultants). It again noticed that the organizations that measure the impact of their wellness programs are seem to be more successful at improving the health of their employees (Barry Hall). But many of the organizations in the Middle East who undertakes the wellness programs don’t know how to measure the results, or majority of them don’t have the resources to do so. Though, the results are not measured accurately in most of the organizations, reducing the work place stress is considered to be top driver in almost all wellness programs. Employers in the Middle East are reporting with stress as their primary health care concern for their employees according to the recently released study. Lack of job satisfaction and security, changing work styles and patterns and globalization are increasingly hurting the employees at the bottom line. Stress causes excessive absenteeism, loss of productivity, lower worker morale and loss of sense of belongingness toward the organization (Barry Hall). The chronic diseases such as heart disease and diabetes rank first in many of the Middle East employees. It is found that even with high job satisfaction, the employees are forced to work beyond office hours and even evenings and weekends. Lack of balance between work and home and fear of job loss also rates immense impact on the organizations in using its employee potential (Kathy Gurchiek). Mental stress can cause inability to focus and concentrate in the work. According to the Dubai and Health Medical services Cardiovascular diseases were among the top 10 causes of deaths in UAE and Oman in 2009 and it is three times even higher in Dubai.19.5% of the adult population in UAE and Oman has Diabetes, and another 18% is at the risk of developing the same. Heart diseases, strokes and Diabetes alone estimated to reduce the growth Domestic product by 1%-5% in the Middle East. An online poll conducted by a recruitment company from 12,368 respondents from across the Middle East found that nearly three in five respondents have irregular eating habits that are causing loss of concentration, mood and behavioural changes in the work place.

NEED OF THE WELLNESS PROGRAM IN MIDDLE EAST

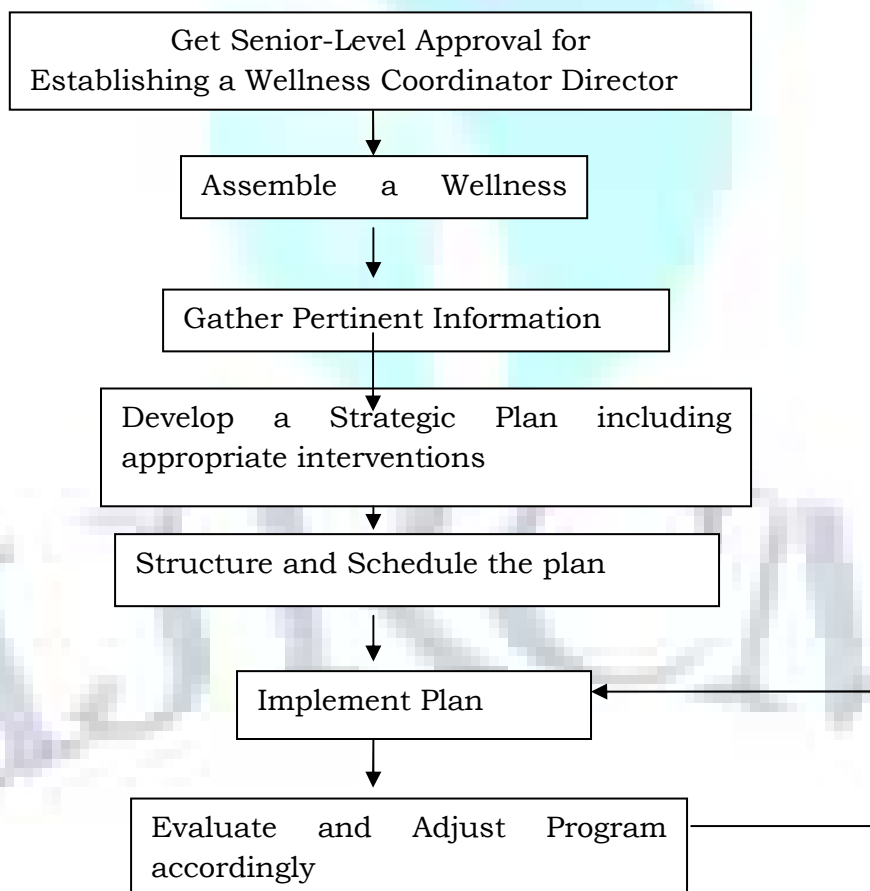
The above affirmed studies clearly reveal the need of the organizations to adopt appropriate wellness programs. It contributes to the Corporate Social Responsibility by improving the employee well being. These programs will inculcate a habit of individual responsibility and ownership to create and maintain their own work life balance and to achieve the organizational goals. It aids to reduce the stress at work place and accomplish personal fulfillment at the work place thereby increases the productivity, motivation, commitment and loyalty of work force.

SUGGESTED WELLNESS PROGRAM FOR THE CORPORATES IN THE MIDDLE EAST

The aim is to create a successful wellness program and one can assume that through hard work, passion and commitment, success will be achieved. Leadership is one of the vital elements in the wellness program. In the earliest stages, it may be a leap of faith to expect support for an employee wellness program, so it is important to provide justification. Below program is suggested for implementation of wellness program in Middle East.

FLOWCHART FOR THE IMPLEMENTAION OF THE WELLNESS PROGRAM

It is important to begin a wellness program strategically rather than just relying on gut feeling or random feedback and observations from the worksite. A well-thought out program has the best chance of succeeding in making a measurable change in the employees’ health habits and productivity. The following flowchart illustrates the basic steps for implementation of a wellness program.



The establishment of a wellness program has no end point, since the needs of employees and stakeholders are ever-evolving. With the advances in health-related research, it’s important to continually revise and adjust wellness programs for maximum effectiveness.

GETTING SUPPORT FOR THE WELLNESS PROGRAM

Consider some of the following strategies in order to get support for initiating a program.

Paint a clear picture - Be able to describe a vision for the wellness team, possible programming, and the business impact that's attainable for the organization.

Present the facts - Gathering data specific to the employee population can be conducted in a later step but it may become necessary to present initial information in order to support the intent. Documented support of employee wellness is available in health and business journals.

Compare and contrast - A market analysis to show management what similar organizations are offering, and their costs, can be beneficial.

Join forces - Show how employee wellness fits with the overall mission of the facility and how these efforts can tie together existing programs. This allows leadership to see how collaboration is effective in working towards a common goal.

Be clear with requests - Making a case for the overall benefit of employee wellness includes a specific request to approve the initiation of a program. Clearly state what's needed to proceed and how progress will be reported. Help leadership to understand the need for resources but know that they may need actual data to better visualize a return on investment. Make use of external data to strengthen the case.

Be willing to negotiate - After clearly expressing the request, concessions may have to be made. For instance, when requesting Full Time Employee (FTE) for creating a Wellness Coordinator position, a part-time or temporary arrangement may initially need to be considered. Proposing a temporary position may further help in getting a "foot in the door". However, be careful not to underestimate the time that it will take to build a program and see any measurable results.

ESTABLISHING A WELLNESS COORDINATOR/DIRECTOR

Coordinator/Director chosen to lead the program should be energetic, knowledgeable, and able to serve as a role model for healthy behavior and should also be a strong leader. This step is critical and will help to ensure effective communication, support and success. Since wellness encompasses many areas of health, a variety of health professionals can adequately fulfill the role. This person will need to be able to work well with others, advocate for change, and be creative in program development and implementation. It is crucial to choose a person that is well-respected by fellow employees and one who can easily gain their trust. It is also important to build rapport and establish a wellness team that understands the culture of the organization.

ASSEMBLING A WELLNESS TEAM

Selecting appropriate members to serve on a wellness team can be just as important as identifying the appropriate program director. Wellness team members should be as enthusiastic about promoting health as the coordinator, but may not need to be the expert in all or any area of wellness. Team members can be selected based on area of expertise or as representatives from various work areas of the organization. It is wise to include occupational health, employee association, and union/other labor representatives on the planning team. Be careful about involving too many or too few members on the team, as this can create a barrier to building a strong team. Having a variety of members allows for different perspectives, which can help in developing realistic interventions. However the team should be committed to dedicating time for building and implementing the program and is passionate about the efforts at hand.

GATHERING PERTINENT INFORMATION

A map for a wellness program is most effective if one knows where to start and how to get there. To determine a beginning point, it's essential to gather as much information as possible. Knowing the demographics of employees, including not only gender, age, education, and race, but also what hours employees work, how far they live from work, and whether they care for children or elderly parents, can be helpful in determining the direction of a program. The Human Resources department is often able to generate this information. In addition, it is vital to gather some type of health data, such as weight, lipids, blood pressure, past diagnosis, etc. This can be gathered from the worksite health insurer in aggregate data form, but the confidentiality of individual employees must be protected. Occupational Health data (including injuries at the workplace) can also be collected. Such data should be de-identified, unless otherwise approved by individual employees. All information should be confidential and ethically respected.

DEVELOP A STRATEGIC PLAN

After the data has been gathered, the next step is to formulate a plan for achieving the goals. A Strategic Plan should include the main objectives, the steps that will ensure achievement, and a way to measure success. A well-detailed plan is also helpful to determine the resources to be used, the people who will be responsible for overseeing certain components of the plan, and a target deadline that will keep everyone on course. The objectives should align with the wellness program's mission statement and that of the organization. Conversely, the organization's strategic plan should also contain a component to support employee wellness. A Strategic Plan should be updated often and revised at least once a year. The ultimate goal is to integrate wellness into the very culture of the organization; a culture that places real value on a healthier lifestyle for employees and their families.

As the strategic plan is developed, one may encounter a gap between the ideal program and what is affordable. Fortunately, there are numerous free resources available.

STRUCTURE AND SCHEDULE THE WELLNESS PLAN

Even the most well written strategic plan means nothing until it is put into practice. Formulating the strategies identified on the plan into a schedule assures that the objectives will be reached. Use the plan and strategic calendar to determine a completion date for the strategies. This is the time to be realistic. Honestly consider the time it will take to prepare for each event. Remember that great change does not happen overnight. Consider appropriate times of the year to address pertinent topics at the worksite. Consider the resources, including manpower that will be available to help implement each strategy at the ideal time of year.

SUCCESSFUL IMPLEMENTATION OF THE WELLNESS PROGRAM

The final step of the program is implementation and the hard work will result in a more successful program. The key now is to get participation and buy-in from all levels in the organization. Finally it is important to communicate this plan to management. Leaders need to know what role they play and how they can become a fundamental aspect of a wellness program. They should understand that satisfied employees are crucial to the success of an organization and they understand the importance of a healthy workforce. Consider developing a wellness portfolio to keep track of activities, goals, objectives, measures, and evaluation. The use of incentives can be a clever way to make the benefit of participating in an event or program greater than the cost. Incentives can include cash, refreshments, give-a-ways, discounts, drawing entries, recognition, time off, or educational/training time.

EVALUATION

Evaluation is one of the most critical points in the development of a program. If the strategic plan was built correctly, measures to gauge success are included in the implementation plan. An analysis of the results will determine what course corrections are needed. Do not worry if the goal has not yet been achieved. Evaluation is not a time for ego, but rather self-confidence as this is just one step in the journey. It is important not to ignore the information, but rather to use it in making an increasingly strong program.

SUGGESTIONS & RECOMMENDATIONS

To improve the lifestyle and to reduce the work stress the following suggestions are put forth-

1. Get high level support and commitment to effect a change in the organisation culture.
2. Create innovative low budget practices and take programs directly to the people at their jobs.
3. Budgeting for the program is a crucial factor before initiating the program.
4. Try to involve the families of the employees in the program.
5. Motivate employees to stay committed and improve their life experience.
6. Thorough survey of middle and upper management regarding their expectations for the program will not only help to gain their support but will also ensure success of a wellness program.

CONCLUSION

A piece of advice to remember amidst all of all the findings, strategic plans and operational objectives included in the study is that **Worksite Wellness** means working with people. If the employer needs quantifiable behavior change and return on investment in the organisation employees are the first priority. One must truly care about the employee's health and family in order to make long-lasting change. Mutual trust and honesty about personal struggles is a key to the success of a program and employees will often respond better to a genuine spirit, than a "number-cruncher" whose focus is to get more productivity out of the workforce. Be clear on the goals, steadfast with the plan, but true to the mission to achieve wellness.

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THE IMPACT OF PRODUCT PRICE CHANGES ON THE PROFITABILITY OF SMES IN NIGERIA

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ABSTRACT

This research work treats the impact of pricing on the profitability of organizations, a study of SMEs in Nigeria. The methodology adopted was the survey and empirical approach, with the administration of questionnaires to some SMEs in Nigeria, the financial report of a major sample company was also evaluated to measure the significant impact of pricing on profitability. The Pearson Correlation Coefficient statistical tool, the student t-test as well as the accounting financial ratios were used to measure the impact of change in price on the profitability of the sample company. The work found that there is a relationship between effective pricing and profitability and that any significant change in the price of a product will have its own effect on the turnover as well as the profit of the organization. Recommendations were made for the close monitoring of SMEs and that SMEs should employ the service of price experts when making pricing decisions.

KEYWORDS

Product, SME, Price, Financial, Profitability.

INTRODUCTION

For any organization that is involved in the production of goods and rendering of services, after answering the question what to produce, and who to produce for, there is need to answer the question how much will our potential customers be willing to pay for the good? This difficulty of price fixture and the effect changes in the price of products has on the profitability, has posed a sense of concern to most business enterprises in Nigeria. Pricing decision is a crucial decision every organization has to make, because this will eventually affect their corporate objectives, either directly or indirectly (Monroe, 2003). For every business entity, irrespective of their line of business and objective, cost minimization and profit maximization is a general factor to be considered and for non-profit making organizations, there will always be the need to reduce cost at all means and to maximize output. A business whether small or big, simple or complex, private or public, is created to provide competitive prices (Ayozie, 2008). According to Hilton (2005), setting the price for an organization's product or service is one of the most crucial decisions a manager faces, and one of the most difficult, due to the number of factors that must be considered. Horngren, et al (1996), buttresses this point by stating that managers are frequently faced with decisions on pricing and profitability of their products. Some of the objectives of business enterprises vary from maximization of profit, minimization of cost, maximization of shareholders fund, becoming a market leader, etc. From the various objectives of business organizations, the primary objective of any business enterprise is to maximize profit and minimize cost, except for charity organizations that are set up primarily not to make profit, but there will be need to minimize cost by all means, therefore the need to set prices, which therefore connotes that pricing decision arises in virtually all types of organizations, irrespective of their level of activities. According to Lovelock & Wirtz (2004), the principal approach to an effective pricing strategy is to manage revenues in ways that support the firms' profitability objectives, which leads to the question; how well can we complement the various factors that influence pricing decision, to achieve our overall objective, which is maximization of profit. This study is aimed at evaluating the various factors that influence pricing decision and how well an organization can manage these factors effectively to maximize profit. The study focuses on how product price changes affect the profit of an organization with a close assessment of the profit of a sample company.

LITERATURE REVIEW

Pricing is a major subject matter in the management sciences and has been viewed from different perspectives and dimensions. For this study three major backgrounds to the pricing theory will be considered and this consists of the Economists' perspective, the Accountants' perspective as well as from the Marketers' perspective. The accountants have given a background look at the study at hand giving it a comparison to how well a relationship can be established between total cost, price and profit. The marketers are mainly concerned with how well price can be set to suit the value the customers will be willing to pay (customer satisfaction). The economists have provided much of the theoretical background to pricing. The theory states that firms should seek the price which maximizes profit and will thereby obtain the most efficient use of the economic resources held by the firm. From the Accountants' point of view, pricing theory is based on the concept that a relationship can be established between price, quantity demanded, quantity sold and total revenue. Demand sympathizes with price and therefore varies with it, and if an estimate can be made of demand at different price levels it should be possible to derive a profit maximizing price, and a revenue maximizing price. Except if realistic estimates of demand at different price levels can be made, pricing theory is difficult to apply in practice (Asaolu and Nassar, 2007).

From the Economists' point of view, firms should seek the price which maximizes profit and will thereby obtain the most efficient use of the economic resources held by the firm. This price is at that level of sales where the addition to total revenue from the sale of the last unit (the marginal revenue, MR) is equal to the addition to total costs resulting from the production of that last unit (the marginal cost, MC). The economic theory is more concerned with the behavior of aggregates or markets, particularly how persistent and widespread behavior leads to stable results called equilibrium. One important aspect of the economic perspective is to realize that it views the firm as a price-taker rather than a price-maker. This means that management only determines the quantity of a product to produce, and the market sets price through the forces of supply and demand. In contrast to the economists' point of view, the marketing perspective views price as a decision variable, instead of a given variable. In line with the marketers point of view, price is a decision variable influenced by various factors (Lucey, 1996; Monroe, 2003). Pricing is the only element in the marketing mix that creates sales revenue, the other elements are costs. Price is the amount of money we must sacrifice to acquire something we desire. (Monroe, 2003; Oyeniya, 2004). Prices determine what products and services should be produced and in what amounts. Prices determine how these products and services should be produced, and for whom the products and services should be produced (Lawal et al, 2007).

For the purpose of this study, pricing will be looked at from the accountants' point of view, which looks at how a relationship can be established between price, quantity demanded, quantity sold and total revenue. Demand sympathizes with price and therefore varies with it, and if an estimate can be made of demand at different price levels, it should be possible to derive:-

1. A profit maximizing price
2. A revenue maximizing price

Except if realistic estimates of demand at different price levels can be made, pricing theory is difficult to apply in practice (Asaolu and Nassar, 2007). Price changes, is the process of either increasing or reducing the selling price of a product or service. It involves the process of responding to the various factors influencing the pricing decision. There are various ways of changing price, with respect to changes in cost of production and changes in other intervening variables, which may at the long run affect the long term objectives of the company, if not changed. Most organizations only pay attention to the amount of money to be received from the customer, without taking a close look at the quantity of goods delivered. One way to change price is to change the quantity of

money or goods and services to be paid by the buyer. Another way is to change the quantity of goods or services provided by the seller. Hilton (2005) stated that most industries, both market forces and cost considerations heavily influence prices. No organization or industry can price its products below their production costs indefinitely. And no company's management can set prices blindly at cost plus a markup without keeping an eye on the market. Therefore, the need for price changes, which is carried out strategically, through the use of good market survey and strategic pricing. Companies are sometimes price takers, which mean their products' prices are determined totally by the market. In most cases, however, firms have some flexibility in setting prices. The demand law, which is what obtains in most cases is the fact that as the price of a commodity increases, there will be a decline in the quantity demanded of that product.

CAUSES OF PRODUCT PRICE CHANGES

At every point in time when an organization discovers that the price charged on the sales of its product or services is too high or low, there will be need to make a pricing decision on whether to increase or reduce the current price charged, so that it does not affect the company pricing objective. When pricing decision is to be made, some factors have to be put into consideration, so that the decision will not affect the overall objective of the company. Some of the factors which must be considered among other things include:

- 1. Cost of Production:** For effective pricing, the total cost of production must be fully ascertained, leaving no stone unturned. The fixed cost as well as the variable cost must be determined and all the various costs that may be incurred in the marketing process must be inculcated e.g. advertising expense, transportation, etc. When cost is not fully ascertained, pricing decision becomes faulty and when the price is wrong, it will definitely affect the income of the company and eventually may affect the survival of the business, especially for the new business and also the small and medium enterprises. Alongside with the other factors that affect pricing decision, cost is a factor that must be looked into critically. When it is discovered that there is a significant increase or decrease in the cost of production, there will be need to either increase or reduce the product price as the case may be.
- 2. Nature of market competition:** The nature of market competition must also be considered when pricing decision is made. For a business that is in a monopolistic market, competition may not really affect the pricing decision, but a business in the oligopolistic market or a free market, where competition is tense, this has to be considered before price is set.
- 3. Customers and market segment:** When a producer knows his customers, he will be able to set his prices accurately. The market segment must be carefully identified and the amount they will be willing to pay for the product identified.
- 4. Demand:** For a new product, there is need to price such product strategically in such a way that it penetrates the market, even if it will be at par with the total cost, while for a highly demanded product, an increase in price may not really have a high effect on the demand for such products, so is the need for management when making pricing decisions to consider the demand for the product.
- 5. Consumer behavior and perception:** Consumers attitude and perception about the product must be considered, when making pricing decisions. The company should consider if an increase in price will lead to an increase or a decrease in demand, and vice versa. When the consumer behavior has been established, the producers, will then need to effect the necessary change as at when due.
- 6. Channel of distribution:** The cost of distribution and the channel of distribution must also be considered when the price of a product is to be set. It must be considered if the product will be supplied directly to the final consumer or has to pass through the various channels of distribution.
- 7. Macroeconomic trends:** The macroeconomic trends of the country must also be put into consideration when pricing decisions are made. In an unstable economy, where cost of living increases, without a change in the income of the people, an increase in the price of a product may affect demand for that product.
- 8. Company Objective:** When pricing decisions are made, they must be in line with the overall company objectives, as this is what will inform what the pricing objective really is, so that the pricing decisions made will not be against the company objective, and when it is discovered along the line that the present price is against the company overall objective, there will be need to change the price is such a way that the company objective is achieved.

THE EFFECT OF PRODUCT PRICE CHANGES ON PROFIT

A change in the price of a product will affect the quantity demanded, which will in turn affect the sales turnover and eventually affect the profit of the company. In accounting, the equation for calculating the profit is: Turnover - Cost of Sales - Overheads

This also shows that when turnover reduces, it will eventually have an effect on the profit. When there is a 5% increase in the cost of sales, with overheads remaining constant, with an increase in the price of the product, which will result in a reduction in quantity demanded and finally on the sales turnover. A decrease in demand, resulting in a decrease in turnover less cost of sales and overheads will eventually affect the profit generated by the company.

From the economists point of view, if price is constant, the total revenue curve must go through the origin (if zero units are sold, total revenue will be zero); but because some costs are fixed in the short run, the total cost curve does not go through the origin. As long as revenue received from the sale of an additional unit of output (marginal revenue) is greater than the additional costs of producing and selling that unit (marginal cost), the firm will expand output (Hilton 2005:637). Because price is constant, marginal revenue equals price, and the firm will produce at the quantity level where marginal revenue (price) equals marginal cost. (In economic analysis marginal is defined as the change resulting from a unit increase in effort). Profits are at a maximum where total revenue minus total cost is the greatest or where the slope of the total revenue curve equals the slope of the total cost curve. (In quantitative analysis, slope measures the amount of change in the dependent variable (revenue or costs) produced by a unit increase in the independent variable (quantity).

DATA ANALYSIS

Below is a summary of the profit and loss account of a company that changed its price (increase in price) in February, thus two months before the change in price and two months after the change in price.

TABLE 1: DATA FROM THE SAMPLE COMPANY (SALES REACTION TO CHANGE IN PRICE)

Product	January		February		May		July	
	Price	Sales (N)	Price	Sales(N)	Price	Sales (N)	Price	Sales
Big Loaf	N120	1,880,550	N120	1,795,204	N140	2,336,730	N140	3,083,702.8
Medium Loaf	N30	166,785	N30	45,090	N40	70,125	N40	124,197.5
Small Loaf	N25	152,640	N25	205,535	N30	134,395	N30	195,310
Mini Loaf	N20	524,920	N20	87,160	N25	159,455	N25	164,900
Big Fruit Loaf	N140	102,890	N140	141,970	N150	402,580	N150	786,720
Small Fruit Loaf	N70	183,370	N70	128,770	N80	272,600	N80	377,630

Source: Data collected by Researcher (2008)

From the table above, it can be seen that there was an initial decrease in the sales revenue between the month of January and February, and in May, due to the increase in price there was an increase in sales revenue as well as the month of July, but this change can be said to be non-commensurate to the change in price. There was a change of 17%, 33.3%, 25% & 7.1% increase in the price of the products. The change in revenue from the month of January to July is 27.9%, but quantity demanded as disclosed by the management of the company declined for some weeks, before there was a gradual increase in quantity demanded. The change in sales turnover was not evident, as a result of the inability to determine the quantity demanded.

TABLE 2: CORRELATION OF PRICE CHANGES AND PROFITABILITY

		Changed Price	Pricing profit
Changed Price	Pearson Correlation	1	-.111
	Sig. (2-tailed)		.155
	N	166	166
Pricing profit	Pearson Correlation	-.111	1
	Sig. (2-tailed)	.155	
	N	166	166

Source: Data collected by Researcher (2008)

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
pricingprofit	43.530	165	.000	1.12651	1.0754	1.1776
ChangedPrice	51.556	165	.000	1.07831	1.0370	1.1196

Source: Data collected by Researcher (2008)

From the tables above, there is a significant negative correlation between the two variables (Profit and Price Changes) at 0.05 level of significance. It can be decoded that there is a negative significant relationship between change in price and profit, thus, an increase in price will not necessarily result in an increase in profit.

TABLE 3: CHANGES IN GROSS PROFIT, NET PROFIT, OPERATING EXPENSES & SALES

Month	Gross Profit (N)	Net Profit (N)	Operating Expenses (N)	Sales (N)
January	3,061,050.91	2,824,408.91	356,343.96	5,738,160
February	2,455,971.20	2,068,965.20	506,707.96	4,771,884
May	2,191,552.20	1,800,630.85	510,623.31	6,141,000
July	3,154,538.32	2,987,176.82	287,063.46	7,336,429.30

Source: Data collected by Researcher (2008)

To measure the impact of change in price on the profit of organizations, three profitability ratios will be used.

TABLE 4: PROFITABILITY RATIOS

Month	Gross Profit Margin	Net Profit Margin	Operating Expenses Ratio
January	53.30%	49.20%	6.20%
February	51.50%	43.40%	10.60%
May	35.70%	29.30%	8.30%
July	43%	40.70%	3.90%

Source: Data collected by Researcher (2008)

From the above calculations, it can be seen that the company had a favourable Gross profit margin of 53.30% in January, which later dropped to 51.50% in February, but in May, due to the change in price of the products, and other concealed factors, there was a drastic reduction in the gross profit margin to 35.70% and in July, the company picked up and moved to 43%, but was unable to reach the 53.30%. The same trend occurred for the Net profit margin and a close look at the Operating expenses ratio, it can be said that the company had the highest operating expenses ratio in the month of February, which is the month preceding the change in price, thus in the month of May, this ratio reduced to 8.30% but was unable to get to 6.20% which is the figure for January, but in July, the Operating expenses ratio reduced drastically.

From the analysis above, it can be said that when there is a significant change in the price of a product, it will have an effect on the sales turnover generated, which will in turn affect the profit margin on the product, which may be either positive or negative, depending on the type of change and how this change is effectively executed and managed.

CONCLUSION AND IMPLICATIONS

From the various discussions above, it can be said conclusively that price changes is an inevitable factor in the operations of a business enterprise, and that any significant change in the price of a product will have an effect on the quantity demanded for the product which will in turn have an effect on the sales turnover and finally on the profit margin generated from that product, which will eventually have an effect on the corporate objective for a profit oriented company. To this end, it is expected that managers of business enterprises take cautious efforts in evaluating the market as well as the effect a one percent change will have on the profit of the business enterprise. Therefore if SME are a major tool for economic growth and development, there must be a close monitoring of the SMEs up to the point of maturity to reduce the rate of liquidation and collapse of SMEs in Nigeria and Africa at large. Also lack of adequate information about the various pricing techniques will affect the pricing decision of SMEs, which may in turn affect their survival and profitability.

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ANALYSIS OF VALUES AND UNDERSTANDING THE NATURE OF HUMAN PERSONALITY (GUNAS) IN THE INDIAN PSYCHO-PHILOSOPHICAL PERSPECTIVES

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ABSTRACT

A number of business and industrial enterprises disregard the importance of spiritual, ethical and human values that conditions human behaviour. As a result there are definite signs of deterioration in the ethical and moral standards of the people practically in all walks of life. Indian cultural values are being discredited because they are perceived as incongruous with modern business life. The spiritual tradition of India is rich and profound well of insight and wisdom, one that articulates with precision the whole sweep of human history, potential and purpose. It is a tradition that has successfully survived the millennia unchanged in its core structure and one that stands in stark contrast to the currently dominant mode of western rationalistic thought. The immediate problem that this poses for a full understanding of human functioning is that the **inner subjective experiences** of consciousness are deemed to lie beyond the realms of illusory and meaningless epi-phenomena. The great tradition of Indian thought that gives solutions to the modern economic malaise. Indian literature occupy the heights of human psychological accomplishment and could usefully call upon the insights of any of these sources to aid in addressing the problematic nature of modern-day businesses and have significant bearing on human behaviour. The Samkhya School contributes to the study of personality. The physical world is the manifestation of Prakrti, which is subtle and devoid of any consciousness. On the other hand, Purusa is the self within, Prakrti which is pure consciousness and sentience. Tamas-Rajas-Sattva Gunas give rise to the framework of Space-Time-Causation when evolution starts in association with Consciousness Principle. This paper highlights values that are found in Indian scriptures that would deepen one's thoughts to construct an Indianised value profile for Indian businessman and to epitomize personality of human beings underpinning Guna concept Viz., Sattva, Rajas and Tamas.

KEY WORDS

Guna Concepts – Sattva, rajas and tamas, Indian Psycho-philosophy, Indian Thoughts and Indian Traditional Values.

INTRODUCTION

The quality of work in a business organization is greatly influenced by ethical and moral values prevalent in the organization. However, a number of business and industrial enterprises disregard the importance of such values. As a result there are definite signs of deterioration in the ethical and moral standards of the people practically in all walks of life. Cheating is considered as a necessary condition for winning. Result-orientation is often used as a justification for unethical and amoral practices.

A Value is an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence. A value system is an enduring organization of beliefs concerning preferable modes of conduct or end-state of existence along a continuum of relative importance.

Some writers on Indian Management have taken a single value to analyze managerial or organizational behaviour. On the one hand, modern business characteristics, such as technology and efficiency, are being discredited because they are said not to correspond with the old Indian Cultural Values. Indian cultural values are being discredited because they are perceived as incongruous with modern business life. Religion has generally been seen as obstructing progress in business because some values are interpreted in narrow sense. The same has been said about paternalism and other typical Indian cultural values. Such analysis misses the inherent strength and adaptability of the cultural values, if properly understood and implemented in the daily business life. It is even dangerous to make such analysis as they are, firstly, often culturally biased, holding Western cultural values as the ultimate yardstick. Secondly, such analysis leads to a notion of cultural supremacy/mediocrity, yielding a low cultural self-confidence for the Indian Values. A low cultural self-confidence in turn reinforces the problems and supports a values corruption, when people start to doubt their own values and uncritically assimilate negative foreign values (Galib 1991).

Western thought is characterized by the competition, exploitation, materialism and consumerism of modern society. Again western thought lacks values - such as quality of relationship, ecological and spiritual values and respect and care for the other creatures on the planet. Recent western thinkers like Frijof Capra (1976) and Wilber (1992) tried to build conceptual bridges between the western and eastern models of man. From the list of Indian thoughts given below, one could understand the superiority of the Indian thought on human behaviour linking Indian ethos and culture.

INDIAN THOUGHT

1. Self-realization is the highest need (Moksha)
2. Duty-oriented people
3. "Giving Model" is practiced each employee will think what he can contribute to the success of their organization.
4. Values are given priority.
5. Loyalty is an ethical values in Indian context.
6. It is based on Transcended ideology.
7. Compassion is given preference.
8. Promotion is purely based on seniority.
9. Harmony and Co-operation.
10. Indian mind is synthetical.
11. Eastern mentality is the believing mind.
12. Renunciation – detachment is the important values.
13. Pragmatic approach

INDIAN PSYCHO-PHILOSOPHY

The spiritual tradition of India is rich and profound well of insight and wisdom, one that articulates with precision the whole sweep of human history, potential and purpose. It is a tradition that has successfully survived the millennia unchanged in its core structure and one that stands in stark contrast to the currently dominant mode of western rationalistic thought. If it is considered as a psychological system this difference comes into stark relief. The term psychology refers to the study of the nature of the psyche or the mind. In the modern western culture, dominated by the rationalistic empiricism of post-enlightenment thought, psychology has come to mean the statistical search for the universal laws that govern observable human behaviour and inferable cognition. As such, psychologists in the west attempt to capture psychological reality in the net of positivist analysis and in the spirit of scientific enquiry as adopting a methodology characterized by objectivism.

Westerners attempts to understand the nature of psychological existence revolve around the use of experiments in which the researchers separate herself completely from the phenomenon under study. This means that until very recently, only observable phenomena experienced through the 'objective observation of others' could be accepted as valid evidence. The immediate problem that this poses for a full understanding of human functioning is that the "inner subjective experiences" of consciousness are deemed to lie beyond the pale of real phenomena and are derogated to the realms of illusory and meaningless epi-phenomena. By holding fast to this method-driven conception, western psychology has, for the mass of its history, refused to entertain the very possibility of spirituality. In essence then, the Enlightenment agenda rendered a truly spiritual psychology impossible. To understand the realms of spirit and consciousness in the west one has to turn away from its formal study to seek answers in the etiolated annals of formal religion.

In Indian schema however such limitation has never obtained as the central importance of the spiritual life has never been denied. In India, the schism between rationality and spirituality has never emerged, thus psychology and the understanding of the Vedantic tradition in particular to develop a far more inclusive and holistic understanding of the nature of the psyche, one that integrates the findings of observable empirical reality with the subjective inner realization of conscious potential. In this sense alone Indian spiritual psychology has much to contribute to our understanding of the modern malaise, both with regard to its etiology and with regard to how we might advance from it to a more balanced and truly integrative mode of conscious existence. In the objectivist analysis of the western academy much a value-based schema is impossible

The term Indian Psycho-philosophy as Joseph Campbell points out in his epic work "The Masks of God", basic human nature is largely the same in every collective and culture. The fundamental motivations, emotions, instincts and aspirations of the species replicate themselves in common form across humanity and as such it would be mistaken to postulate a distinctively Indian condition of mind that is not shared by humanity as a whole. The representation of psyche can and do differ significantly across culture. Thus, the symbols, metaphors, logic and modes of articulating what human existence means and what behaviour is and ought to be do vary in accordance with the particular idioms of human culture. It is on this level that of the particular representative forms that seek to explicate our common psychological inheritance that the notion of a uniquely Indian Spiritual psychology or psycho-philosophy attains meaning.

The great tradition of Indian thought that gives solutions to the modern economic malaise, but even here have further distinguish between variety of profound and long-established spiritual systems. Within India we find a variety of highly developed religious frameworks each with its own well-worked out systems of psychological representations. Islam, Jainism, Bhuddism, Sikhism and Hinduism are pre-eminent in this listing and although there is a considerable overlap in the central philosophies of all of these advanced religious forms, but still the Vedantic system of thought that is central to the Hindu tradition. Indian spiritual psychology has a great deal to offer humanity by undoing the selfishness that lies at the heart of the modern malaise. It is Indian psychology truly comes into its own in terms of providing significant insight into the means for our continued advance. Western conceptions of psychology currently languish in the dead end of empiricist closed-mindedness, one that denies its potential to meaningfully contribute to ameliorating the modern malaise. In contrast, Indian psychology derives its whole purpose from formulating the means by which a separative and divisive individualism can be undergone in order that a more considerate and compassionate consciousness may emerge. In this time runaway individualism, it points humanity towards the only ultimately secure means of progressive advance.

Sri Aurobindo and others clearly point out, the collective mind is nothing more than the aggregation of its individual members. It is essential to recognize then that although Indian spiritual psychology specifically aims at the emancipation of the individual consciousness, its ultimate aim is the emancipation of humanity as a whole. It is in this context that the unique insights of Indian spiritual psychology and its practical methods for effecting the progressive movement towards the integrative ideals of human peace, harmony and justice.

In the great achievements of Indian psychology there are numberless luminaries each of which has developed particular means by which the ignorance and harmfulness of selfishness may be overcome. These are rishis and seers of Indian history, those who rose in their own consciousness to the point where the problems of human limitation were clearly realized and overcome. Such well-known names of Vivekananda, Ramakrishna, Krishnamurti and Sri Aurobindo. In addition to the astonishing profundity and clarity of these modern luminaries, India has also produced a wealth of historical literature of global significance in the struggle to understand the nature of consciousness and the means to conscious realization. Vedas, Upanishads and Epics of Indian literature occupy the heights of human psychological accomplishment and could usefully call upon the insights of any of these sources to aid in addressing the problematic nature of modern-day selfishness.

STRENGTH OF INDIAN PSYCHO-PHILOSOPHY

In the past India has developed many great scholars. This is because we have strong foundation for our management from Indian Philosophy. In administrative practice, especially in appointment, hereditary was considered important but merit was not ignored. With regard to gestural communication, the great law giver Kautilya had contributed through his book "Arthashastra". Thiruvalluvar's contribution to commerce and management is remarkable. One cannot ignore the contributions of Gita, Vedas, Upanishads, Manusmriti to management. But unfortunately we are not aware of these ideologies. Even today it is relevant and applicable and not out-dated. It goes without saying that Indian thought is superior to any other thinking. For example, in the Bhagavad-Gita we find the following questions raised:

1. What is it that he values most?
 2. What steps should be taken and what course of action should be followed to achieve a certain end?
 3. Is there a pattern in man's action?
 4. What are acquired and how can man condition himself to think and do right?
 5. What are the obligations to the smaller groups to which he belongs and to the society in general?
 6. What ends should be pursued and in what manner?
 7. How to avoid conflict, and if forced into conflict, how to overcome it?
 8. What are the qualities to acquire and cultivate, how to distinguish between right actions and wrong actions, how to organize group actions to certain ends?
- Indian's philosophies discuss each problem from all three points of view. The *modus operandi* of the Indian Philosopher consists of three stages: The first is known as *Purvapaksa* (Prior view), in which the philosopher presents his opponents position along with the latter's arguments in defense of it. In the second, known as *Khandana* (reputation), the philosopher refutes his opponent's position by systematic criticism and argumentation; and in the last, namely *uttarpraksa* (the subsequent view), he presents his own position along with proofs and arguments in defense of it. This stage is also called *Sidhanta* (conclusion). Indian philosophy is pragmatic because of its stronger practical bent.

Indian Philosophical system is classified as orthodox or unorthodox accordingly as it accepts or rejects the authority of Vadas, the oldest and most sacred scriptures of the Hindus. The following are generally regarded as orthodox systems: Samkhya, Yoga, Nyaya, Vaisesika, Mimamsa, and Vedanta. The unorthodox systems are Carvakism (materialism), Jainism, Budhism. One may, however consider Samkhya, Yoga, Nyaya, and Vaisesika to be neither orthodox nor unorthodox, since they originated independently of the Vedas – that is, without accepting or rejecting them. It may also be noted that in their original forms

Samkhya and Yoga are atheistic, whereas Nyaya and Vaisesika are theistic; however, the former are theistic in their later developments. All these are generally classified as orthodox schools.

From another point of view, some scholars combine the orthodox schools in pairs: Yoga-Samkhya, Nyaya-Vaisesika, and Mimamsa-Vedanta. The basis for this coupling is that the first element of each of the three pairs pertains to practice, and the second to theory. Thus Yoga is essentially a practical discipline of physical and mental training for the realization of the truths taught by the theoretical system of Samkhya; similarly Nyaya is primarily methodology, whereas Vaisesika is the metaphysical system upheld by Nyaya. Similar considerations hold with respect to Mimamsa and Vedanta.

The following characteristics are common to all systems of Indian philosophy, with the single exception of materialism (Ramakrishna Puligandla (1997))

1. All schools insist that no account of reality which fails to do justice to reason and experience can be accepted. By 'reason' is meant here the canons of formal reasoning as well as those of inductive inquiry. Similarly, 'experience' is to be understood in its broadest sense, which includes extraordinary commonsensical experience, scientific experience, and extraordinary states of consciousness.
2. All the systems maintain that every acceptable philosophy should aid man in realizing the *purusarthas* (the chief ends of human life). Briefly, all philosophies of India are philosophies of life. Any philosophy worthy of its title should not be a mere intellectual exercise but should have practical application in enabling man to live an enlightened life. A philosophy which makes no difference to the quality and style of our life is no philosophy, but an empty intellectual construction which may quench the thirst of the curious but is otherwise irrelevant. Indian philosophy has the power to transform man's life from one of ignorance, darkness, and bondage to one of knowledge, wisdom, and freedom.
3. All the systems of philosophy acknowledge man's essential spirituality, regard freedom as his highest and ultimate goal, and demand that philosophy show him the way to attain freedom.
4. All the schools teach that man's state of ignorance and suffering is not due to original sin but due to original ignorance.
5. Accordingly freedom and liberation can only be won by conquering ignorance through knowledge.
6. All the systems hold that there is no limit to the perfectibility of man. The reason for this view is that man contains within himself the secret of all existence, for example, as the Upanishads teach, man's inmost Self (*Atman*) is Brahman, and as Buddhism teaches, every man is Buddha, only he should know that to be the case.
7. All the schools argue that complete freedom (Moksa, Nirvana) is to be attained here and now in the bodily existence.
8. All the systems accept Yoga in some form or other as the spiritual discipline par excellence for the attainment of freedom.

Indian sacred texts are store house of values for human action. Values found in Srimad Bagavad Gita, Upanishads, Thirukural, Naladiyar, Athichudi, Vedantics, Arthashastra and Manusmriti has significant bearing on the human behaviour. These values are highlighted here in order to construct a value profile based on Indian psycho-philosophical perspectives.

ANALYSIS OF VALUES IN THE INDIAN PSYCHO-PHILOSOPHICAL PERSPECTIVES

Values identified from Indian Psycho-philosophy are reported below with their meaning.

I. VALUES (SATTVA)

VALUES (SATTVA)	EQUIVALENT MEANING
1. Gratitude (Krutagnata)	Being thankful, appreciation of and inclination to return kindness.
2. Self restraint (Samyama)	Controlling oneself.
3. Benevolence (Dana)	Renouncing one's right to one's wealth in favour of another person without any mental reservation.
4. Wisdom (Buddhi)	Experience and knowledge together with power of applying them critically or practically.
5. forgiveness (Kshama)	Act of forgiveness or pardon.
6. Sacrifice (Tyaga)	Giving up of valued things for the sake of another that is more worthy or more important or more urgent.
7. Transparency (Paradharshaka Guna)	Unsuspectingness and without hiding material fact.
8. Absence of Envy (Nirmatrcharyam /Nirmadha)	Admiring contemplation of more fortunate person, of, at, his advantages.
9. Contentment (Thrupti)	Satisfaction to one's hearts to the full extent of one's desire.
10. Purity (Shuddhihi)	Pureness, cleanliness, freedom from physical or moral pollution.
11. Sweetness of speech (Suddha vaachana)	Using sweet words instead of hurting others while talking.
12. Truthfulness (Satyam)	Habitually speaking the truth.
13. Valour (Dhairya/Sahas)	Having personal courage to face situations.
14. Worship (Pooja)	Engaging oneself in spiritual learning (reading holy books, hearing spiritual discourses).
15. Industry (Karya-gara or Karma-gara)	Habitual employment of useful work. In other words hard working.
16. Detachment (Nishkama)	Unaffected by externalities and having independence of judgement.
17. Equanimity (Nirdwandwa)	Evenness of mind, and is not moved by (is indifferent to) success or failure.
18. Simplicity (Saadharan)	Dispassionating, living a very simple life.
19. Faith (Visvas)	Reliance or trust not suspecting others while dealing.
20. Integrity (Udaatyta, Bhavana/Udaatta Guna)	More than honesty in one's action.
21. Compassion (Daya/Karuna)	Pity inclining one to be helpful or merciful.
22. Heroism (Veeram)	Heroic conduct or quality of a person.
23. Reverence (Sraddha)	High respect for old age, scholarship, learning authority or custom and tradition.
24. Righteousness (Nyaya)	Morally right, just, upright, virtuous, law-abiding.
25. Self-identity (Nirvan Shatakam)	Atma-jnanam leads to proper identification of Shatakam or Atman the Innate God.
26. Wholesomeness (poornatwa)	Having the maximum extent or degree of wisdom as inscribed and embellished by the poorna mantra.
27. Firmness (Dhridatwa)	Maintaining ones level or value-fix firmly.
28. Love (Prema / Preethi)	The feeling of identity of one's self with other persons. Bhakti as when we speak of love of God.
29. Bliss (Santosham)	Perfect joy or happiness.
30. Friendliness (maitri)	Expressing kindness to all mankind.
31. Joy (Santhosham)	Joy towards the good and virtuous.
32. Indifference to wicked (Upeksha)	Being good even to the wicked.
33. Self-realization (Moksha)	Realization of Atman within.
34. Absence of hatred (Nirdwesa)	Absence of hatred even towards a person who causes suffering to you.
35. Self-actualisation and (Atmayatharthyia Karana)	Realization of one's productive, creative reasoning potentials based on the Gita doctrine of Purusha Prayatna.
36. Modesty/Humility (Vinaya)	Total absence of self-aggrandizement; self-effacement; self-abnegation.
37. Cosmic causation (Karma)	Present sufferings and fortunes are the result of individual's action in this or earlier births.

38. Code of life (Dharma)	Code of ethics in one's position or station. Primordial Code – Sanatana Dharma i.e. code of basic virtues.
39. Personal relationship (Atmasambandha)	Preference for affiliative relationship rather than formal or talk-oriented relationship. Also relationship transcending bodily or mere physical relationship.
40. Loyalty (Bhakti)	Firm in allegiance.
41. Purity of mind (Manas-shuddhi)	Unagitated condition and freedom from anxiety.
42. Purity of motive (Suddha -bhavaha)	Freedom of the mind from hypocrisy, falsehood and fraudulence in one's conduct.
43. Non-violence (Ahimsa)	Non-violence in thought, word and action.
44. Smiling (Muditha)	Showing one's pleasure or satisfaction with a pleasant face.

II. VALUES (RAJAS)

	EQUIVALENT MEANING
1. Greed (Lobha)	Insatiable longing especially for wealth or food. Thirst for possession; coveting other's wealth etc.
2. Attachment (Mohayam)	Desire for material things and very close relationship with people.
3. Hypocrisy (Dwantham)	Pretending or not being original.
4. Stinginess (Krupanata)	Meanly, parsimonious, niggardliness, miserliness.
5. Treachery (Droham)	Violating faith or betraying trust.
6. Impetuosity (Vypareetya in Utsukata)	Over-enthusiasm as distinct from normal enthusiasm.
7. Pride (Garva)	High opinion of one's own qualities & merits.
8. Jealous (Matsayrya)	Feeling resentment or envy of person, his advantages etc. Some people could be erroneously jealous about normal attributes and attainment of others.
9. Vanity (Prathishta)	Unreality or emptiness. Empty pride.
10. Expecting Reward (Phada nireekshinam)	Intention of doing things for the purpose of getting reward. (Opposite to Nishkamkarma).
11. Wealth/Income (Sampath/Dhana)	Importance is given for monetary benefits.
12. Power (Adhikar)	Capacity to dominate other persons.

III. VALUES (TAMAS)

	EQUIVALENT MEANING
1. Status (Sthiti)	Rank or position in one's social group.
2. Malevolence (Matsaram)	Decision of doing evil to others.
3. Anger (Krodha)	Extreme displeasure – due to this one will lose temper.
4. Deceit (Mosam)	Misrepresentation in order to deceive others.
5. Obstinacy (Hatam)	Inflexible; firmly adhering to ones chosen course of action.
6. Arrogance (Ahankara/madam)	Being cruel and merciless while dealing with people.
7. Lust (Kama)	Passionate enjoyment for sensuous appetite regarded as sinful.
8. Ignorance (Ajnana)	Lack of knowledge.
9. Fear (Bhaya)	Painful emotion caused by impending danger or evil.
10. Laziness (Jadam)	Unwilling to work.
11. Procrastination (Kala-vilambam)	Defer action – postponing the work.
12. Suspicion (Samshayam)	State of mind of one who suspects that all is not well.
13. Delusion (Maya)	Creating false impression or symptom of madness.
14. Vindictiveness (Matsara)	Revengeful.
15. Heedlessness (Ajaagrata)	Not taking care for or development (indifference to progress).
16. Inertness (Stabdha)	Sending of goods not ordered, in hope that recipients will not take action to refuse them and must later make payment.
17. Aggressiveness (Akramah) reaction.	Self-assertive as a sign of emotional.
18. Lavishness (Vrithaa-vyayam as opposed to Mittra-vyayam)	Wasting of wealth for unproductive purpose.
19. Caste (Jati)	Structurisation of society on the basis of status ascribed by birth.

Based on the above values a Personal Value Questionnaire could be framed to know the personal value profile of typical Indian businessmen. The questionnaire will guide the one to understand, what are the terminal values, instrumental values, operating values, and weak values of Indian businessmen.

PERSONALITY IN INDIAN THOUGHT – GUNA CONCEPT

Chakraborty.S.K describes in his book on 'Values and Ethics for Organizations', *Guna* Theory - is a theory of psychological energies or forces that determine individual properties and dispositions. These forces are also the constituents of everything in creation, in *Prakrti*, in Nature. There are three such energies: *Sattva*, *rajas*, and *tamas*. *Sattva* energy is essentially enlightening and harmonizing, *rajas* is dynamic but blind and fragmentist, and *tamas* is indecisive and inert. Yet, as a flame requires a wick, wax, and a lighted matchstick, so also in a human being all these *gunas* are necessarily present, but in differing proportions. This is the key to differences in tendencies and proclivities, including ethical ones, amongst individuals.

The higher the proportion of *sattva* in an individual, the stronger are his/her ethical propensities. Transcendence, Oneness, understanding of the involved Self, all come naturally and easily when greater *sattva* prevails. A preponderance of *rajas*, while imparting strong action-orientation, inevitably carries with it greed, anger, jealousy, vanity, cunning, vindictiveness. These constituent psychological forces of *rajas* are the prime-movers of unethically. *Tamas* lacks action-orientation, yet includes many of the negative psychological forces (dis-values) of *rajas*, breeding a sort of passive, unproductive unethically.

Against the backdrop, this part of the paper attempts to explain the concept of personality in terms of three Gunas in the Indian psycho-philosophical perspectives viz., *Sattva*, *Rajas* and *tamas* as found in the Hindu scriptures.

SAMKHYA SCHOOL

Samkhya contributes to the study of personality is worth notable. There are two different accounts of the origin of the name of the school. According to the one, Samkhya derives its name from the word Samkhya, which means number, in that the school concerns itself with providing the right knowledge and understanding of reality by specifying the number and nature of the ultimate constituents of the universe. According to the other account, the term Samkhya means perfect knowledge, and since the philosophy is regarded by its followers as the system of perfect knowledge they gave it the name Samkhya.

Samkhya is dualistic realism. It is dualistic because of its doctrine of two ultimate realities: *Prakrti*, matter, and *Purusa*, self (spirit). Samkhya is realism in that it holds that both matter and spirit are equally real. With regard to the self, Samkhya is pluralistic because of its teaching that *purusa* is not one but many. The Samkhya distinction between *purusa* and *prakrti* is fundamentally that between the subject and the object. The subject can never be the object, and the object

can never be the subject. The self (*purusa*) and the non-self (*prakrti*) are radically different from each other. The dualistic metaphysics of Samkhya is thus founded on the undeniably bipolar character of our everyday experience as made up of the experiencer and the experienced. *Prakrti* is the ultimate cause of all objects, (Dale Riepe, 1964) including human body, senses, mind, and intellect. Every object is caused by other objects. *Prakrti* has a principle; it is the first and ultimate cause of all objects, gross, and subtle. It is both the material and the efficient cause of the physical world. Being the ultimate cause, *prakrti* itself is uncaused, eternal, and all-pervading; and being the subtlest and finest, *prakrti* cannot be perceived, but can only be inferred from its effects.

The Samkhya inference of the existence of *prakrti* is as follows: Every object of our experience is dependent upon and caused by other objects. Nothing arises out of nothing. In this manner, the whole physical world is a series of causes and effects can only account for the whole physical world is a series of causes and effects. But, the Samkhya continues, the series of causes and effects can only account for the arising of one object from another and cannot explain the fact of there being any objects at all. The Samkhya infers *prakrti* as the primal cause of all physical existence. *Prakrti* is the non-self and is devoid of consciousness [Chandradhar Sharma (1964)] and hence can only manifest itself as the various objects of experience of the *purusa*, the self.

The Samkhya, therefore, propounded the theory of a single indiscrete omnipresent substance called *prakrti*, the original substance – the source of all modifications, with natural elemental properties (*Gunas*) inherent in it, called *Sattva-Rajas-Tamas*, capable of manifesting themselves in different states and forms, like the same H₂O having the property of appearing as vapour, water, and ice etc., under different conditions. According to the Samkhya, *prakrti* is constituted of three *gunas*, namely *sattva*, *rajas*, and *tamas* (Isvarakrsna, 1887) and the whole subtle internal and the gross external universe and its psychophysical organisms evolve in association with the sentient *Purushas* for serving their purposes.

To account for experience and knowledge of beings, they also possessed the non-material and non-corporeal Principle of Sentience and Experience called *Purushas*. When the dynamic equilibrium of the three *gunas* is disturbed by the proximity and natural urge of the *Purushas* for experience, as a result of the permutation and combination of the different characteristics of the three *Gunas*, viz.: 1) *Tamas* (Inertia), 2) *Rajas* (Motion), and 3) *Sattva* (Stabilizing), with the capacity to manifest different qualities under different conditions and on different planes, respectively, such as: 1) Mass, Veiling, Darkness and Dullness; 2) Attraction and Repulsion, and Energy and Activity; and 3) Serenity, Lightness, Luminosity, and Revealing. These manifest in different ways under different conditions of permutation on the physical, psychical, and spiritual planes (cf. Gita, chs. XIV and XVII).

Tamas-Rajas-Sattva give rise to the framework of Space-Time-Causation when evolution starts in association with Consciousness Principle. The term *guna* ordinarily means quality or nature. But in the context of *prakrti*, *guna* is to be understood in the sense of constituent (component).

Sattva is the component whose essence is purity, fineness, subtlety, lightness, brightness, and pleasure. It is *sattva* which is most closely associated with ego, consciousness, mind, and intelligence. It should be emphasized however, that *sattva* is only a necessary but not a sufficient condition for consciousness, for consciousness is exclusively the *purusa*. *Rajas* represents the principle of activity and motion. In material objects *rajas* is responsible for motion and action of objects. In man *rajas* is the cause activity, restlessness, and pain. *Tamas* is the constituent which manifests itself in material objects as heaviness as well as opposition and resistance to motion and activity. In man it is the cause of ignorance, coarseness, stupidity, laziness, lack of sensitivity, and indifference.

The *gunas* constitute *prakrti* as a dynamic complex and not a static entity; *prakrti* is thus not mechanical aggregate of the three constituents, but an organic unity in which the three *gunas* are in a state of dynamic equilibrium. The *gunas* are ever changing. They cannot remain static even for a moment (Chandradhar Sharma, 1964) that is, the *gunas* not only oppose but are also dependent upon each other. The *gunas* are interdependent moments in every real or substantive existence. (B.N. Seal, 1915). On account of the homogeneous, non mechanical, organic unity of *prakrti*, the *gunas* cannot be separated. This is another way of saying that *prakrti* cannot be decomposed into the individual *gunas*, for otherwise the *gunas* and not *prakrti* would be the ultimate cause of all physical existence.

The Samkhya maintains that since *prakrti* is the ultimate cause of all physical existence, the three *gunas* which constitute *prakrti* also constitute every object of the physical world. Every object therefore produces in us pleasure, pain or indifference.

Prior to its evolution and differentiation into the world of objects, *prakrti* exists in a state of dynamic equilibrium due to the perfect balance between the three *gunas*. It is worth emphasizing that even before evolution *prakrti* is in a state of constant change and transformation – the *gunas* constantly balancing each other. Thus *prakrti* is never in a static state. Change and activity are its very essence (Hirianna, 1956). Consequently, every object in the world, being an effect of *prakrti*, is also in a state of constant change.

Further the Samkhya teaches that the evolution of *prakrti* is due to the imbalance and disequilibrium brought about by the dominance or predominance of one or the other of the three *gunas*. The evolution of *prakrti* results in twenty-three different kinds of objects (Vacaspati Misra, 1921). The first of these is intellect (*mahat*, *buddhi*, the great one), arising out of the preponderance of *sattva* (*Anirudhha's* *Vrtti*). *Mahat* is the basis of all intellectual modes. It is thus the faculty by which one could discriminate, deliberate, judge, and make decisions. It is by *mahat* that one could distinguish between the subject and object, self and non-self, experiencer and experienced.

The second, namely, ego (*ahamkara*), arises out of *mahat*. *Ahamkara* is the source of the sense of 'I' and 'mine'. It is what causes men to appropriate objects, set goals for ourselves, and initiates actions to realize them. From *ahamkara* emanate two sets of objects, The first consists of the Five sense-organs, the five motor organs, and mind (*manas*); the second is comprised of the five elements which, according to the Samkhya, may exist in two forms, subtle and gross (Isvarakrsna, 1887). It is the first group pertain to men's conscious life and consequently arise out of the *sattvic* components of *ahamkara*. On the other hand, the objects of the second group, of which the objective world is constituted, emanate from the *tamas* component of *ahamkara*. The *rajas* aspect of *ahamkara* does not produce any objects of its own but supplies the energy for the other two *gunas* to produce their respective objects.

The Samkhya account of the *purusa*. Samkhya is dualistic in that it recognizes two ultimate realities: *Prakrti*, the physical world, and *purusa*, the self. The physical world is the manifestation of *prakrti*, which is subtle and devoid of any consciousness. On the other hand, *purusa* is the self within, *Prakrti* which is pure consciousness and sentience. The distinction between *purusa* and is absolute and indissoluble. *Purusa* is radically different from the body, the senses, the *manas*, the ego, and even the intellect, all of which are physical. The self is not to be thought of as an object whose attribute is consciousness. Quite the contrary, the self is pure consciousness itself. The self cannot be an object, because if it were it would in principle be possible to experience it as one among many objects. It is the subject and hence can never be the object (Dale Riepe, 1964).

The *sattvikabhavas* are the spontaneous organic manifestations of emotions, which spring from *sattva* only. *Sattva* is an innate virtue of the mind which manifests emotions abiding in the self. (1) *Vikarah sattva-sambhutih sattvikah parikirtitah*, they are different from the other organic expressions because they spring from *sattva* only. (2) *Sattvatatrodभवतवत् ते भिना अपानुभवतवत्*. Visvanatha gives this definition of *sattvikabhavas*, Singa Bhupala defines *sattva* as that quality of the mind, which includes the mind towards joys and grief of others, and evoke similar emotions in it, which are characterized by pleasure and pain. He defines *sattvikabhavas* as those states which arise from the *sattva* of the mind excited by emotions. Saradatanaya also holds this view.

Bharatamuni regards *sattva* as a virtue of the mind, which enables it to concentrate itself on an object, and which is manifested in horripilation, shedding tears, change of colour, etc. *Sattvikabhavas* are eight in number: 1) inactivity (*stambha*), 2) perspiration (*sveda*), 3) bristling of hairs of the body (*romanca*), 4) change of voice (*svarabheda*), 5) trembling (*vepathu*), 6) change of colour (*vaivarnya*), 7) shedding tears (*assru*), and 8) insensibility (*pralaya*).

GUNAS IN VARNA DHARMA

'Varna' means occupational classes and 'Dharma' means 'a system' here. The *Bhagavad Gita* (Verses 41 to 44 in Chapter 18) and the *Manu Smriti* (an ancient book on social ethics and jurisprudence) describe the occupational system of social classes as found in ancient India. The occupational division was not necessarily hereditary. The occupational caste system was not rigid and there was a freedom to move from one caste to another. The social classes (*varna*) were (i) the *Brahmins*; (ii) the *Kshatriyas*; (iii) the *Vaisyas*; (iv) the *Sundras* and their duties were as follows.

The *Brahmin* studied and taught, conducted sacrifices (*yagnas*) and acted as priests. The *Gita* (18.42) says "Serenity, self restraint, austerity, purity, forgiveness, and also uprightness, knowledge, realization, belief in a hereafter – these are the duties of the *Brahmins*, born of their nature".

The *Kshatriya* protected the life and property of the people and ruled over them (e.g. the king, warriors and officers). The *Gita* (18.43) says 'Heroism, vigour, firmness, resourcefulness, not flying from battle, generosity and lordliness are the duties of the *Kshatriyas* born of their own nature'.

Those who are engaged in agriculture, cattle-rearing, banking, trade and industry are *Vaisyas*. And those who serve others are the *Sudras* (e.g. clerks, assistants and other labourers).

Swami Chinmayananda (1983) feels that *sattva* will be dominant among the priestly and teaching class of *Brahmins* who may also have a little *rajas* with minimum *tamas*; the *Kshatriyas* will have mostly *rajas*, with some *sattva* and a slash of *tamas*; the *Vaisyas* will have more *rajas*, less *sattva* and some *tamas*; and the *Sudras* will have more *tamas*, less *rajas* and much less *sattva*. He even ventures to give average percentage of the *guna* mix in the different classes.

BHAGAVATAM

Shrimad Bhagavatam also describes the three *gunas*. Bhagavatam describes particularly of devotion to Lord Narayana and specially his incarnation as Sri Krishna. It offers a comparative picture of *sattva*, *rajas*, and *tamas* (ch.12.3) as follows:

When *sattva* which is pure and tranquil and which has the power to illumine overcomes the other two *gunas*, then a man becomes endowed with happiness, virtue and knowledge. When *rajas*, which leads man to action, which rouses attachment, and causes the vision of multiplicity, overcomes *tamas* and *sattva*, then a man becomes active, finds wealth and fame, and suffers misery. When *tamas*, which is characterized by inertia, and which casts a veil of ignorance over one's mind and makes one lose the power of discrimination, overcomes *rajas* and *sattva*, then man becomes stricken with grief and delusion; he lives in a dream of hope; he becomes cruel; he falls asleep spiritually.

The emphasis in the above literature is that *sattva* is superior to *rajas* and *rajas* to *tamas*, and the aim of every man to develop more of the superior *guna* and have less of the inferior, and ultimately raise oneself above all the three *gunas* and realize God who is also *guna-less* (*nirguna Brahman*).

THE GUNA SCHEMATA OF THE GITA

The *Gita* classifies the psychological characteristics of an individual into three *gunas* – the *sattva*, the good; the *rajas*, the passionate; and the *tamas*, the dull. Of the eighteen chapters in the *Gita*, chapters 14, 17 and 18 deal with the *Guna* Concept. Every individual will have a combination of these three *gunas* – *sattva*, *rajas*, and *tamas*. The predominance of one or the other of these determines the personality of the individual. Swami Chinmayananda (1983) compares this to different cups of coffee taken by different consumers, the coffee being a mixture of milk, decoction and sugar in different proportions (p.70).

RELEVANT RESEARCH FINDINGS ON THE CONCEPT OF GUNA

Chakraborty.S.K (1988) compares the two theories Transactional Analysis and *Guna* Dynamics and sketches the similarities and differences between them. He finds that *Guna* theory is more comprehensive in its scope than Transactional Analysis, and is, therefore, able to explain better, both the industry's impact on environment, and the aggravated negative tendencies in Indian society. He proposes a synthesis of the two theories for more effective handling of human relationships. Chakraborty is author of several books on the relevance of Indian psycho-philosophical theories to managers.

Vinod Garg and Bharat Vakharia (1999), explained through their work on Empowering Organisations Through the Geetha, the basic Themes of the Geetha namely, Modes of Nature (*Gunas* – *Sattva*, *Rajas*, and *Tamas*), Transcendentalism, Act For Krishna and Love, Devotion & Surrender to Krishna. *Gunas* had been compared with Human Motivation in the above work.

Correlations between Ethical Decision-Making and Different Personality Variables namely –*Sattva Guna*, *Rajasa Guna*, and *Tamas Guna*, Locus of Control and Machiavellianism have been carried out by using five vignettes in the works of Roy and Dhawan (1984). In addition to the above research work, Parvinder Kaur and Arvind Sinha (1992) have used Indian based Personality type in their work on Dimensions of *Guna* in Organisational Setting by analyzing data collected from 310 executives of 13 organisations, Kaur and Sinha identified four factors – *Tamas Guna*, *Rajas Positive Guna*, *Sattva Guna*, and *Rajas Negative Guna* and discussed the relationship of these variables with some organizationally relevant variables.

Elankumaran, S. (1994) had used vignettes in his research work to classify the personality, namely – *Sattvic*, *Rajasic*, and *Tamasic* based on Indian Psychology and compared with Organizational Climate and Job Satisfaction.

CONCLUSION

Values are universal in nature and formation of values are natural process and purposeful. Intellect and reason are in fact, directed by deeper values which essentially dwell in emotions and feelings. Human values are noble emotions, disvalues are ignoble. It is this set of emotions which is true master of oneself. If the direction comes more and more from human values, the quality of life will ethically uplifted. If the thirst springs mainly from disvalues ethicality will be deteriorated. Values are the basic principles, forces and guiding factors which formulates the personality structure. Personality is a diverse psychological concept and it is incorporates all the psychological process. It is possible that one may have a belief system or set of values deeply ingrained in his personality but when it comes to practical situations he may face dilemmas or conflicts of values. This conflict or dilemma is indeed, again a question of judging the true personality.

Personality would influence perception of the environment. Theoretically, a *sattvic* person is knowledgeable and has a more correct picture of the business environment. He will view business as his service to the society. So, he will take rationale decision which will benefit his customers. *Rajasic* person will be emotional and goal oriented and would like to be successful in his business and he may use any strategy to earn profit. Where as the *Tamasic* person is dull and full of ignorance. He is unlikely to have a correct picture of the business. He either feel happy about others advancement or take initiatives to improve his business. He will never bother about the consequences of his business.

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SCRIPTURAL SOURCES

Arthasastra: a treatise on state-craft which covers public administration, taxation, ethics and economic administration. It is popularly attributed to Kautilya and the 4th century BC. But its authorship could be diverse spread over a few centuries. The resemblance of the later-day Italian Machiavelli to the Arthasastra is striking. Both preach realistic ethics.

Bagavad Gita: Part of the Indian epic, Mahabharata, in Sanskrit attributed to Vyasa. Innumerable commentaries have been written on this by Indian philosophers down the centuries. It provides the quintessence of the ethics of the Upanishads and is certainly anti-ritualistic. Its advocacy of yoga is based on the Sankhya school of Indian philosophy.

Bhagavatam: A collection of ancient stories in Sanskrit.

Bijak Kabirdas: The poems of Kabirdas, a weaver by profession of the 15th century.

Gurbani: The sacred work of Guru Nanak in Punjabi. It is the synthesis of Islam and Hinduism.

Jatakas: Popular tales in Pali (People's variant of Sanskrit) suffused with Buddhist ethics.

Kural: An ethical text from South India in Tamil authored by Thiruvalluvar, possibly of the 1st century BC. It has very little of religion and god in it and its ethics are strongly secular and cover among other things the daily tasks of businessman, agriculturists, doctors and ordinary householders.

Mahabharata: A Sanskrit epic attributed to Vyasa.

Manusmriti: An ethical text attributed to the 5th century BC attributed to Manu. It explicitly sanctions caste distinction and discriminatory treatment against women.

Nitishataka: A well-known ethical text authored by Raja Bharthrihari of the 6th century AD.

Ramaana: An epic in Sanskrit attributed to Valmiki. Several regional versions have been brought out of the basic story. The most widely read of these is by Tulsidas in Awadhi (a variant of Hindi).

Vedas: The most ancient of scriptures in Sanskrit. A large part of it is lyrical poetry is addressed to nature. Some of the Vedas are ritualistic mantras which were believed to have marginal power.

Upanishads: A later development in Sanskrit of Indian thinking and are philosophically reflective. Their tenor and thinking is vastly different from the simpler Vedas. The Upanishads are, therefore, described as Vedanta.



MALNUTRITION AMONG INFANTS: KEY TRENDS AND STATUS

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ABSTRACT

The health status of infants is the powerful indicator of a nation's health, for; they are the precious human resource of tomorrow. Early childhood constitutes the most crucial period in life when the foundations are laid for the physical and sensual development. India has the largest child population with 157.8 million below the age of six years (2001 census), but is performing very poorly by most indices of child well-being worse than even sub-Saharan African countries. Forty six per cent of our children are nutritionally deprived. The central purpose of this paper is to examine and report on the trends and status of malnutrition in India. An attempt is made to identify and discuss malnutrition and child feeding practices, malnutrition and infant mortality, mother's health and malnutrition, reasons for the dismal performance of the programmes based on secondary data and information and to focus on the target specific programmes to combat the situation.

KEYWORDS

Malnutrition, Infant, Integrated Child Development Service, Health

INTRODUCTION

The health status of infants in any country is the reflection of the socio-economic development of that country. It is determined by various factors such as the level of income, standard of living, housing, sanitation, education, health consciousness, personal hygiene, availability, accessibility and use of public health distribution. The poor health status is the product of inadequate nutrition during the early period of a child's growth. A child during the earliest period of its life is referred as infant in the Oxford Dictionary. From the time of delivery to 3 years of age is infant stage. During this stage the child begins to walk, talk and becomes able to consume solid food. Physical and sensual development begins (Muthuswamy, 2000). Proper nutrition care and development during this period will lead to a healthy and productive life. Therefore, growth monitoring, health check up, identification of risk cases, treatment of minor diseases, deworming, prophylactic measures and referral of serious cases etc., should become the major concern of everybody. Deaths in infancy are indicative of a poor state of maternal and child health services (Bose, 2006).

However, child malnutrition is the central health problem in India and the largest human development gap that the nation faces (Shivakumar, 2006). India is performing poorly by most indices of well-being of children. The results of the recent National Health Family Survey (NFHS), show that not only is the nutrition and health status of children in the country poor, but also they are showing very slow signs of improvement. For instance, 46 percent of children under three are under weight which is an improvement of only one per cent age point compared to National Family Health Survey 2 which was carried out 8 years back. The corresponding level of child malnutrition is much lower in most other countries- 28 per cent in Sub Sahara Africa, and 8 per cent in China (Shivakumar, 2006). Ranked on an index that adjusts child malnutrition level to GDP, India had the second highest level of malnutrition - worse than all of Africa, second only to Bangladesh, and closely followed by Nepal and Pakistan. A high proportion of children are nutritionally challenged even prior to birth, with as many as 25 per cent of all babies born with low birth weight. This high proportion of under nourished children cannot be a matter of pride in a food-surplus economy, where government is regularly mooted public health programmes to combat the situation. Despite, its vibrant programmes like Integrated Child Development Services (ICDS), Reproductive Child Health (RCH), National Rural Health Mission (NRHM) the malnutrition among infants continues unabated.

A peep into the trends and status of malnutrition as reported in the National Family Health Surveys (NFHS) will give an insight into the graveness of the problem. In this paper an attempt is made to analyse the reasons for the dismal performance of these programmes and to focus on the target specific programmes for infants hailing from different socio-economic backgrounds in the country. We find that there is obvious imbalance between the targets set and goal achieved. The article is set out as follows. Section II reviews the relevant literature and section III discusses the trends and status of infant health in the country. Section IV deals with the government sponsored health programmes, while section V attempts to highlight the deficiencies of these public health programmes. The final section summarises study.

REVIEW OF LITERATURE

Studies show that malnourished children are at greater risk of dying than healthy children. Malnutrition has been identified as the biggest single contributor to child mortality in developing countries. A new analytical framework for the study of determinants of child survival in developing countries is proposed by Mosley, Chen (1984). The approach incorporates both social and biological variables and integrates research methods employed by social and medical scientists. The framework is based on the premise that all social and economic determinants of child mortality necessarily operate through a common set of biological mechanisms, or proximate determinants, to exert an impact on mortality.

The Cebu Study Team (1992) estimated child health production functions for diarrhea and febrile respiratory infection, and weight with data from Cebu in Philippines for children up to 2 years old and examined the infants with exclusive breast feeding, breast feeding supplemented with nonnutritive liquids, and breast feeding with nutritive supplements and found that children in any of the breast-fed categories weighed more than those not breast-fed. The results of the study from the National Health and Nutrition Survey (1989) conducted in Brazil strengthen the compelling case for breastfeeding by documenting its significant beneficial effects on reducing illness and improving growth among infants and young children. The clear benefits of breast feeding beyond a child's first six months are perhaps the most important finding of this study (Senaur et al.2000).

Infants born at low birth weight conventionally defined as a birth weight less than 2500 grams experience severe health and developmental difficulties that can impose substantial health costs on society (Almond, 2005). The onset of the malnutrition is usually between the child's six month and second birthday. In India the high prevalence of low birth weight (almost a third of the babies born in India weigh less than 2.5 kg at birth) is due to the young age, poor nutrition of the mother, which is compounded by the stress of repeated pregnancies. Mortality among these low birth weight babies is higher than in normal weight babies. The

main reasons are lack of awareness of the young child's food requirements, poor living conditions, unsafe water, and poor sanitation, resulting in repeated infections (Ghosh, 2006).

Studies from different parts of the country have reported a widespread prevalence of protein calorie malnutrition caused by inadequate food intake and deficiencies in the consumption of micro nutrients, vitamins and minerals. Child malnutrition is intimately related to inappropriate infant and young child feeding practices, and its beginnings set in during the first two years of an infant's life. As more than 90 per cent of the brain actually develops during the first two years of an infant's life, it is at this age the nutritional status of Indian children deteriorates in an irreversible way. If we are serious about malnutrition we have to focus on this age group says Shanti Ghosh (2006). This requires interventions such as home visits and nutritional counseling. The Tenth Five Year Plan (GOI 2002:337) document quoting NFHS-2 notes "As a result of these faulty infant feeding habits, there is steep increase in the prevalence of under nutrition from 16 per cent at less than six months, to 63 per cent in the 12-23 month's age". And this per cent age does not change much after two years. The Infant and Young Child Feeding programme (IYCF) is in need of an immediate reappraisal. To ensure the IYCF's optimal efficacy, it needs to be integrated into health, welfare and outreach programmes presently underway in urban as well as in remote and far-flung remote areas. Arun Gupta (2006) presents specific prescription on IYCF, "exclusive breastfeeding for the first six months (starting within one hour of birth) and continued breast feeding for two years or beyond, along with adequate and appropriate complementary feeding after six months" and calls it "Optimal IYCF", reflects a unique global consensus on issues related to IYCF. According to Jeane Dreze (2006), India has some of the worst indicators of child well-being. About half of all Indian children are undernourished more than half suffer from anemia, and a similar proportion escape full immunization. There is therefore, an urgent need to re-examine what India is doing for the survival, well-being and rights of children under the age of six years.

Ashokan (2006), in his study deal with issues related to health care system and its utilization specifically focusing on the implications for maternal and child health in rural areas. He points out to the wide gaps and inefficiency in health care services in rural areas and suggests for inter-sectoral co-ordination within the rural health network by integrating activities and the primary health centres, non-government organizations and the integrated child development services to meet the health needs of women and children.

Shivakumar (2007), that the onset of malnutrition in the womb itself and reflects an inter-generational transfer of malnutrition from the mother to the child, and he further says one of the reasons for the same is the 'limited reach of public health services and messages'. The cycle of malnutrition begins with undernourished mothers giving birth to low-weight infants. These infants grow into stunted and under weight children. With their physical and mental potential unachievable they tend to reach adulthood as men and women with poor physique and little prowess, either in the mental or physical sphere, doomed to earn a pittance, live a life of deprivation and give birth to yet another under nourished generation. While both men and women go through the life cycle together, it is only the women who the capacity to affect changes at every stage. Not only through her reproductive role, but equally so, through her caring function, does a women affect the nutritional status of her family. As such, policies to effect nutritional improvements must focus on women (Ramachandran Nira, 2005). A similar study conducted by Gangadharan (2006), found that children in the low socio-economic profiles both in urban and slum avoided certain dose of immunization. The problem of underweight children is acute in slum where 33.3 per cent are underweight. The problem of underweight is mainly the result of low calorie intake of the mothers during pregnancy period and low intake of food due to poverty resulting from low per capita income of the family. The malnourished mother gives birth to a low weight baby. Malnourishment after birth lowers the child's resistance to disease. A malnourished child may suffer mental impairment and thus, benefit less from any education that is provided for (Rout, 2007)

Mere reduction in Infant Mortality Rate (IMR) does not necessarily imply an improvement in the health of children who survive. It reflects only survival status of the child in the first year of life. Kerala has low IMR of 13 per 1000 for both rural and urban. The morbidity problem among the children in Kerala is high compared to other Indian states (Registrar General 1998). Though Kerala is considered with the advanced countries of the world in respect of several socio-economic indicators, the health status of mother and children are poor due to inadequate utilization of antenatal and postnatal health services, inadequate services provided by the Government. Health Centres and due to the condition of these hospitals (Gangadharan, 2006).

India is the home of the largest child population in the world. "The development of children is the first priority on the country's development agenda, not because they are the most vulnerable, but because they are our supreme assets and also the future human resources of the country". In these words the Tenth Five Year Plan underlines the fact that the future of India lies in the future of Indian children-across income groups, geographical locations, gender and communities. However, only about one per cent of the total union budget is spent on children under 6 years of age. In a democracy, every child must be regarded as indispensable and the government must be accountable for the deaths of children and mothers. Unfortunately, the issue of children's health seldom finds space in contemporary political discourse in India (Sinha, 2006). There is, therefore, an urgent need to prioritize policies towards children

Henry Mosley and Lincoln Chen in the Bulletin of the World Health Organisation 2003, presents an analytical framework for the study of child survival in developing countries. The purpose of an analytical framework in the study of child survival is to clarify our understanding of the many factors involved in the family's production of healthy children in order to provide a foundation for formulating health policies and strategies. There are numerous situations in which a multi-disciplinary approach to the study of child survival could provide guidance for health policymakers in the developing world. For example, in many developing countries, large differences in infant and child mortality have been observed between various regions, or between mothers with different educational or social characteristics within a given area. In-depth investigation to connect these ecological or socio-economic factors to specific proximate determinants can give policymakers insight into health-related development strategies that could reduce these differentials.

MALNUTRITION: KEY TRENDS AND STATUS

The National Family Health Surveys conducted during 1996-97, 1998-99 and 2005-06 are extremely useful indicators of infant health in the country. The results of these surveys give important insights into the health and nutrition conditions of the 29 states. The National Family Health Surveys have emerged as an important source of reliable information on demographic, health and nutrition for India.

The NFHS3 present data on three commonly used measures of child malnutrition among children under three years of age:

- (1) **Stunting (deficit in height for age):** It is a measure of linear growth retardation. It reflects a failure to receive adequate nutrition over a long period of time or from chronic or recurrent diarrhoea
- (2) **Wasting (deficit in weight for height):** It captures the thinness of children and indicates the prevalence of acute malnutrition. Wasting is typically the result of failure to receive adequate nutrition in the period immediately preceding the survey.
- (3) **Under weight (deficit in weight for age):** weight for age captures elements of both stunting and wasting that is chronic as well as acute under nutrition.

TABLE 1: NUTRITIONAL STATUS (PER CENT)

Particulars	NFHS1(1991-92)	NFHS2(1998-99)	NFHS3(2005-06)
Per cent age of underweight children below 3 years of age	51.5	47	45.9
Children 6-35 months incidence of anaemia	NA	74.2	79.2

Source: NFHS Fact sheet.

In NFHS3, the proportion of underweight children below 3 years of age is 46 per cent which is 1 per cent lower than 47 per cent in NFHS2. The proportion of underweight children in rural areas is significantly higher at 49 per cent compared to 36 percent in urban counter parts. In NFHS3, all the children with haemoglobin level below 11 g/dl are classified as anaemic. Nearly four fifth of the children aged 6- 35 months had some degree of anaemic. The per cent of children under 3 who are anaemic has actually increased from 74.2 per cent to 79.2 per cent which is 5 per cent age points higher compared to NFHS2. The prevalence of anaemia is higher in rural (81 per cent) compared to urban areas (73 per cent). The prevalence of anaemia among children in eight states- Chattisgarh, Madhya Pradesh, Gujarath, Karnataka, Haryana, Punjab, Uttar Pradesh and Bihar were found to be high. There is deterioration of nutritional status of infants during the survey period. Anaemia in India is primarily linked to poor nutrition.

TABLE 2: NUTRITIONAL STATUS OF INDIAN CHILDREN RESIDENCE WISE–NFHS3 (2005-06)

Children under 3 years who are	Urban (%)	Rural (%)	All India (%)
Stunted	31	41	38
Wasted	17	20	19
Underweight	36	49	46

Source: NFHS3 Fact Sheet

According to NFHS2 47 per cent of Indian children under the age of 3 are under weight. In other words, of the estimated 75 million survivors below the age of 3, about 36 million are under weight. This has profound negative consequences on the physical and mental health and development of children, and thus on the Indian society (Gupta, 2006).

TABLE3: NUTRIENT INTAKES OF CHILDREN UNDER SIX

Age(years)	Intake(calorie)	RDA(calories)
1-3	791	1240
3-6	1020	1690

RDA-Recommended Daily Allowance.

Source: National Nutrition Bureau, 2006

Looking at the results of a recent survey by the National Nutrition Monitoring Bureau it is seen that today there is a deficit of over 500 calories in the intake of children 1-3 years and 700 calorie among those 3-6 years old. Therefore, there is clearly gap in access to food (quality and quantity)and health services for children(Dipa Sinha) There are bound to be additional multiple vitamin deficiencies when there is a forty per cent deficit in calories.

The latest UNDP Human Development Report 2005, states India has the highest proportion of under-nourished children in the world, along with Bangladesh, Ethiopia and Nepal.

STATE OF IMMUNISATION

Childhood is an important stage where the child is prone to certain illness and faces a group of communicable diseases like polio, diphtheria whooping cough etc. proper immunization can prevent these among children.

TABLE 4: VACCINATION COVERAGE OF CHILDREN 12-23 MONTHS -2005-06

Vaccine	Urban	Rural	Total
BCG	87	75	78
3 Doses of Polio	83	77	78
3 DPT Injections	69	50	55
Measles	72	54	59
BCG+3polio+3 DPT+ Measles	58	39	44
Received vitamin A dosage in last 6 months	23	20	21

Source: NFHS3 Fact Sheet

MALNUTRITION AND CHILD FEEDING PRACTICES

The link between malnutrition and infant feeding has been well established (Chowdhry, 2006). Recent scientific evidence reveals that malnutrition directly or indirectly contributes to about 50 per cent to 55 per cent of all deaths among children under 5 years annually, and two-third of these deaths are often associated with inappropriate feeding practices occurring during first year of life. Mother's milk is the perfectly balanced food for the infants. It is nature's way of ensuring a sound, healthy start to life and it meets all the nutritional needs of the child safely and adequately. A longer duration of breast feeding is practiced in rural areas than in urban areas.

TABLE 5: MALNUTRITION AND CHILD FEEDING PRACTICE (PER CENT AGE) - 2005-06.

Particulars	Urban (%)	Rural (%)	Total(%)
Children under 3 years of age Breast fed within 1 hour of birth	29	22	23
Children aged 0-5months exclusively breast fed	40	48	46
Children aged 6-9 months received solid, semi solid food and breast milk	62	54	56

Source: NFHS3 Fact Sheet

It is observed that only 23 per cent of children under three years of age were breast-fed within one hour of birth and about 46 per cent were exclusively breast-fed of 0-5 months. 56 per cent of children aged 6-9 months who received solid, semi solid and breast milk. Inadequate complementary feeding, late introduction of complementary food, inadequate frequency quality (including micronutrient content) energy density and quantity-also contribute to young child malnutrition. Under nutrition increases nearly five folds between 0-6 months and 12-23 months of age mainly because of poor Infant and Young Child Feeding practices.

TABLE 6: TREATMENT OF CHILDREN DISEASES UNDER THREE YEARS OF AGE-NFHS3

	Urban (%)	Rural (%)	Total (%)
Children with diarrhoea in the last two weeks who received ORS	33	24	2
Children with diarrhoea in the last weeks taken to a health centre	55	56	58
Children with acute respiratory infection or fever in the last two weeks taken to health centre	72	90	64

Source:NFHS3

MALNUTRITION AND INFANT MORTALITY

Another indicator of health status among infants is the Infant Mortality Rate, which gives the number of deaths of children of age less than one year per one thousand live births in a year. The IMR is widely used as a measure of the health situation of the nation as a whole, and is included among the basic indicators of the state of development of a country. Globally, whopping 10.9 million children under the age of 5 die annually. Four million of them in the first month and 2.42 million (roughly one quarter) of these deaths are in India alone. Worse yet, the survivors are not able to develop to their full potential.The IMR has declined from 129 in 1970 to 114 in 1980, 80 in 1990, 68 in 2000 and 58 in 2004. Though there is decline in IMR over the period of time the IMR among rural children is much higher compared to urban counterparts. According to NFHS the incidence of IMR is found to fall with a rise in the level of education of the mother and with a rise in the standard of living index.The IMR was found to increase when the birth interval is less than 24 months. Children born to younger mothers of age less than 20 years and older mothers aged 40- 49 were found to have a higher IMR than mothers in middle age groups. The IMR was also found to rise when the birth order was more than six. Absence of medical care also led to a higher rate of IMR (Bose, 2006)

TABLE 7: MALNUTRITION AND INFANT MORTALITY

Infant Mortality Rate (per '000 live births)	1980	1990	2000	2001	2002	2003	2004
Rural	124	86	74	72	69	66	64
Urban	65	50	44	42	40	38	40
Combined	114	80	68	66	64	60	58

Source: Office of the Registrar General of India

CHILD MALNUTRITION AND MOTHER'S HEALTH

The linkages of child malnutrition with women's health and well being are very strong. The dietary inadequacy during pregnancy coupled with malnutrition, poor environment, sanitation and inadequate medical service make the child more vulnerable to fall into the vicious cycle of poverty-malnutrition-disease- poverty-ill health (Gupta et al.1998). According to NFHS3 ,close to one third of Indian women suffer from chronic energy deficiency and have a Body Mass Index of less than 18.5 kg/m² (Shivakumar, 2006) It is widely argued that the economic condition is the most important criterion of the nutritional status. The poor health and nutrition status of mothers is reflected in the large incidence of low birth weight babies. Many women remain in ill health and are ill-fed, they are prone give birth to low weight babies and tend not to be aware of how best to feed them (Somini, 2009).

LOW BIRTH WEIGHT (LBW)

Infants born at LBW conventionally defined as a birth weight less than 2500 grams-experience severe health and developmental difficulties that can impose substantial costs on society (Almond, 2005) Studies have also established correlation between LBW and high blood pressure, cerebral palsy, deafness, blindness, asthma and lung diseases, among children as well as with IQ, test scores, behavioral problems, cognitive development. Birth weight is the primary measure of a baby's health and welfare in economic research. Estimates for India reveal that 20-30 per cent babies weigh less than 2500 grams at birth. This suggests that the onset of malnutrition in the womb itself and reflects an intergenerational transfer of malnutrition from the mother to the child. In the United States , reducing the incidence of LBW has been a stated agenda of several social programmes targeting infant health, including Medicaid, and publicly funded nutrition programmes such as the Women, Infant and Children (WIC) programme. The causes of malnutrition are micro-nutrient deficiency, iodine deficiency, zinc deficiency, vitamin A deficiency.

PUBLIC HEALTH PROGRAMMES AND MALNUTRITION**INTEGRATED CHILD DEVELOPMENT SERVICES (ICDS) IN COMBATING MALNUTRITION**

The ICDS refers to a visionary system, providing interventions in nutrition, health and education concerned with the holistic development of the child. Launched on second October 1975, on an experimental basis in 33 blocks over the country, it is now a comprehensive programme and aims to integrate all related Government departments providing the necessary supportive services. Today, it is operational in almost every block, and the country has more than seven lakh Anganwadis. It is regarded as world's largest community based child development programme. The ICDS is aimed at the most vulnerable sections of the population and at disadvantaged areas such as backward rural areas, tribal tracts, and urban slums. Anganwadi centres are the focal points in the delivery of services. Provision of nutrition supplement to tackle nutritional deficiencies in women and children is one of the important components of the programme. This supplement is being served at the AWC's -300 calories + 10-12 grams of protein for children up to 6 years, 500 calories and 20-25 grams of protein to pregnant women, nursing mothers, and adolescent girls through ready to eat , or in the form of cooked hot meal. In addition intervention is provided for micro nutrient deficiencies through Vitamin A and Iron and folic Acid supplements. The growth monitoring and promotion component of the programme is aimed at early identification of malnutrition and its removal. Children below three years are weighed once a month and children between 3-6 years on a quarterly basis. Weight for age cards are maintained for all children, and special care is supposed to be taken for malnourished and at risk cases.

REPRODUCTIVE AND CHILD HEALTH PROGRAMME (RCH)

The RCH programmes that are being implemented by the GOI are expected to provide quality health services. There has been a positive paradigm shift from the method mix target-based activity to client-centred and demand-driven quality services in India. An attempt has been made by the government not only to reorient the programme and change the attitude of service providers at the grass root level, but also strengthen the services at outreach level. The new approach requires decentralization of planning, monitoring and evaluation of services. Under such objectives, district being the basic nucleus of administration, it is necessary to generate district level data on the utilization of the services provided by the government health facilities, other than service statistics (Sekher, 2006)

The Universal Immunisation Programme, Maternal and Child health programmes of eighties integrated under the Child Survival and safe Motherhood Programme of nineties and all these were integrated into RCH programme in the late nineties. The programme envisages up gradation of the level of facilities for providing various interventions and quality of care. The First Referral Units being set up at sub-district level will provide comprehensive emergency obstetric and new born care. Similarly, the RCH related facilities in Primary Health Centers will be substantially upgraded. The responsibility of making the programme a success lies in the hands of health managers, health workers, and the people alike (Srinivasan, Durgaprasad, 2000).

NATIONAL RURAL HEALTH MISSION (NRHM)

The launch of NRHM from 1st April, 2005, has provided the central and state government with a unique opportunity for carrying out necessary reforms in the health sector and to achieve the goals of the National Health Policy and National Population Policy. Government has set up an Anganwadis for every 1000 population in rural India, where one government worker provides immunization health education, growth monitoring and referral services for children and pregnant women to improve the health status of the rural population especially women and children. (Kumar, Sandhyavani, 2008)

The Accredited Social Health Activities (ASHA) under the NRHM is responsible for the promotion of an early initiation of breast feeding within one hour of birth, colostrums feeding and followup support for the first two weeks. She would also be responsible for home-based neonatal care by making home visits during the first month after birth. These activities of ASHA must be incentivised. ASHA has the additional responsibility of mobilizing the community towards local health planning, help in developing village health plan, escort women and children requiring medical treatment provide primary medical care, promote construction of toilets and so on.

REASONS FOR THE FAILURE OF PUBLIC HEALTH PROGRAMMES

The high proportion of malnutrition cannot be a matter of pride in a food-surplus economy. A number of commentators have argued that limited progress has been made by the several schemes implemented to address malnutrition in India and that a wide disparity exists in nutritional status between rural and urban areas. Moreover, there is gender discrimination in the same households as far as malnutrition is concerned. Commenting on the performance of ICDS, the Comptroller and Auditor General of India concluded in its report in 2000 that "it was a poorly integrated body of efforts falling apart. Twenty five years of operation of the scheme has done little in improving the health status of children, nor has it made any appreciable dent in prevailing conditions of child development, child health and maternal care. It is not possible to provide health by building hospitals and expertise of doctors. Our healthcare is in crisis, and is collapsing due to lack of proper planning and prioritization (Sasidharan, 2008). The effective reach of ICDS remains quite limited; there are only six lakh Anganwadis in the country as compared with an estimated 17 lakh required for universal coverage based on existing norms. Supplementary nutrition is currently provided to 3.4 crore children, as opposed to 16 crore children (half of whom are under nourished, in the age group of 0-6 years). The infrastructure base of the AWC's revealed a grim picture in most of the states. The lack of public ownership of the programme also opens the doors to large scale and blatant corruption. The ICDS suffers from high levels of corruption and mismanagement (Working group on children under six, 2006) The linkage between the Ministry of Health and the Family Welfare or the National Institute of Health and family Welfare at the apex and the Primary Health Centres at the village level is weak either due to the

inefficient functioning of the health delivery system or due to the ignorance, illiteracy and poverty of the people or both. Lack of coordination between ANM's and AWW's and ASHA in the implementation of the programme has resulted in poor performance.

Supplementary Nutrition Programme of ICDS does not reach Children under three adequately. The SNP consists of poor, cereal based items that have little nutritional value..

The Primary health care network in most areas is in a sad state. There are big shortages in funds, manpower, equipment, medicines, and in training (Bose,2006). The states have done little to reform the system. The poor suffer the most as they have to go to private practitioners, often quacks, or suffer from untreated ailments.

In the pilot study undertaken on ICDS Devendra Gupta (1998) observes the need for upgradation of physical infrastructural facilities and also focuses on the region specific programmes. The failure of the public health programmes is not only a result of poor implementation, corruption, and low motivation of health workers, but also systematic issues of low budgets, design flaws, low priority and poor focus, inadequate reach, lack of coordination. The key reasons for the dismal state are political, administrative and managerial. But there are a few examples where the initiatives taken up by the Government and NGO's at the regional level have given fruits in the achievement of targets which are listed below:

Mitannin- the health activists mobilized by Adivasi Adhikar Samiti to improve child malnutrition among tribals in Chattisgarh; **MV Foundation of Andhrapradesh** in mobilizing public on child health issue; **Bal Sanjivini Abhiyan launched** in Madhyapradesh to address IMR and malnutrition; **Kano Parbo Na (why can't we do it?)** the positive deviance approach in early childhood care in selected districts of West Bengal; **Aame be Paribo(we can also do it)** an innovative regional specific programme to tackle malnutrition for tribal children in two districts of Orissa; enlightened women in **Tamilnadu**; **Malnutrtion Mission in Maharastra** through community participation to address malnutrition among infants have evoked good response.

CONCLUSION

Malnutrition continues to be a big challenge for India. It is a problem wider than poverty and it should be remembered that malnutrition is not the result of single cause but of multi-faceted problems acting singly or in combination with other complex factors like poverty, purchasing power, health care, ignorance on health education and nutrition. There has been constant effort on the part of the government, to curb malnutrition, through public health programmes. In spite of having health facility practically in every village, programmes have not been marketed successfully. There is an obvious imbalance between the targets set and the goal achieved. Enough research has not taken place to throw light on the existing gap. Our study emphasizes the need for a more detailed investigation into the gap through the successful implementation of social marketing policies and practices. A suitable social marketing approach can bring about significant change in the behaviour of the service users and can bring about significant improvements in the effectiveness and efficiency of the programmes. To improve the prevailing situation, the problem of infant health is to be addressed both at macro level (national and state) and micro (district and village) levels. A paradigm shift in the approach from 'health for people' to 'health by people' has to be adopted for the effective implementation of the various programmes taken up by the government.

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SATISFACTION AND EFFECTIVENESS OF TRAINING AMONG THE EMPLOYEES OF TWAD BOARD – A CASE STUDY

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ABSTRACT

The liberalization of the Indian economy and the many changes has put an unprecedented pressure on most organization to improve performance. Many organizations in the private corporate sector are working on creating sustainable competitive advantage and on progressive globalization. The public sector is being called upon to improve its services or face privatization. People and their development are quite central to meeting these needs with more people and organization recognizing this fact now. The stress today is on wholeness development, which is awakening of the spiritual, moral and cultured economic and political dimensions. There has been a gradual shift in emphasis from machine to man. In other words organizations have to build up competitiveness on strength of not only in physical resources but also on its human resources and on its respective fields. Training attempts to improve staff performance on the current job or prepare them for an intended job. The service sector organizations play a very important social role. By extending benefits to the people of all social and economic segments, provides opportunities for development and for reduction of socio-economic disparities. The range of services in India has increased in both breadth and depth. Services create value by providing a bridge between producer of goods and the beneficiaries or between the production and consumption segments of the society. TWAD Board is a service industry and hence the type of service rendered by is directly affected by the skill and attitude of the TWAD Board employees. Adequate training programmes only improve and enhance the quality of the services. The management is required to understand the various factors which can influence the effectiveness of training among the employees and can give satisfaction to them. This study is conducted to ascertain the views of the employees regarding training.

KEYWORDS

Service Sector, Training, Development, Employee.

INTRODUCTION

As a result of globalization, business is exerting pressure world wide. All the firms need to reduce production cost and improve operational efficiency. Hence, it is important for all organizations to maintain an efficient workforce for attaining these aims. The firms can develop their employees as talented and knowledgeable workers by means of identifying their insufficiency and lack of knowledge in the required areas, and thereby providing sufficient training and development programmes to fill the gap. The organizational training effectiveness and its evaluation play a crucial role in an organization to decide whether the proposed business upshots are attained or not. An effective training programme is emerging as one of the most vibrant and exhilarating aspect for the firms to solve their managerial and human resource issues, and thereby winning advantage in the competitive market.

Training aims to change behavior at workplace in order to change stimulate efficiency and higher performance standards. It is concerned with work based learning. Evaluation of training effectiveness should not be treated only as a corrective measure for the existing training programmes offered by the organization, but also as a pro-active measure for making future training programmes effective. Today, only those firms are flourishing which became accustomed to the changes in the right time with the right course of action. Only an effective training facilitates in improving the human resource of the organization making them adaptable to changes that take place in their business environment. As the work turn out to be more complicated, the significance of the employee development also raises. However, it is also a process that a firm must place resources to, if it is to uphold workable and talented employees.

Concerning the choice of training methods for specified skills and tasks, our results suggest that the effectiveness of organizational training appears to vary as a function of the specified training delivery method, the skill or task being trained, and the criterion used to operationalize effectiveness. However, they have more latitude in the choice and design of the training delivery method and the match between the skill or task and the training method. For a specific task or training content domain, a given training method may be more effective than others. Because all training methods are capable of, and indeed are intended to, communicate specific skill, knowledge, attitudinal, or task information to trainees, different training methods can be selected to deliver different content (i.e., skill, knowledge, attitudinal, or task) information. Thus, the effect of skill or task type on the effectiveness of training is a function of the match between the training delivery method and the skill or task to be trained.

Training function is the corner stone of the sound management. Training involves the development of skills that are usually necessary to perform a specific job. Its purpose is to achieve a change in the behavior and to enable the workers to do their job better.

EDWIN B. FLIPPO defines training is the art of increasing the knowledge and skill of an employee for doing a particular job.

WHY TO HAVE TRAINING & DEVELOPMENT?

Poor work performance can result due to many reasons, including task requirements that exceed human potential, insufficient infrastructure or equipment, unsatisfactory and frustrating work environments, inadequate selection processes, negative or unhealthy work culture, insensitive policies and management, and contradictory performance standards. Training might not eradicate these problems, but it can be a powerful force in overcoming those, which result from inadequate or poor application of job skills.

METHODS OR TECHNIQUES OF TRAINING

Training methods are multifaceted in scope and dimension. Each method suitable for a particular situation will not suited in another situation. An effective training techniques generally fulfill this objectives provides motivation to the trainee to improve job rotation develop a willingness to change and provide for trainee active participation is the learning process.

I. ON THE JOB TRAINING (OJT)

Virtually every employee from bottom to top gets some on the job training (OJT). Here the trainees learn as they learn under the watchful eye of a trainer. Trainee is practiced in the actual work environment and with the some people they will work with after training immediate feedback is also available. On the job training is mostly given for unskilled and semiskilled jobs. The following are the training with in the industry.

COACHING: This technique involves direct personnel instructions and guidelines usually with extensive demonstration and continuous critical evaluation and correction. The employee is trained usually by his immediate superior. The advantage is increased motivation for the trainers and the disadvantages are possible to coaching by a superior.

UNDERSTUDY: The method makes the trainee an assistant to the current job holder. The trainee learns by experience, observation and limitation the advantage of this method is that training conducted a practical and realistic situations.

JOB INSTRUCTION TRAINING: This method requires skilled trainers, extensive job instruction training schedules and prior assessment of trainer's job knowledge. It involves listing of all necessary steps job in a sequence. Then the instructor describes what is to be done how it is to be done and why. This method is also known as training through step by step learning.

POSITION ROTATION / JOB ROTATION TRAINING: The major objective of job rotation training is boarding of the background of trainee in the organization. The trainee is related periodically from one job to another job. The main advantages are training takes place in actual situation, competition can be stimulation among the rotating trainers and it stimulates a more co-operative attitude by exposing a man to either follow problems of view points.

DEMONSTRATION & EXAMPLES (LEARNING BY SEEING): In this method the trainer describes and displays while he actually perform the activity. There will be a step by step explanation about why and what he is doing. Demonstration is often used in combination with Lectures, pictures, discussion etc.

SPECIAL PROJECT: This training may be asked to perform special assignment through he will be learning the work procedure. It is ordinarily done after identifying the individual weakness. Sometimes a number of trainees (task force) are given such a kind of training.

VESTIBULE TRAINING: In this training on attempt is made to duplicate as nearly as possible the actual material equipment and condition found in the work place. The working condition will be secondary to the actual work ship conditions. The workers are trained on these specific schools run by the organization.

II. OFF THE JOB TRAINING METHOD

This method is not a part of the every day job activity. The actual location may be company's class room or places which are found by the company or universities or associations which have no connection with company.

SPECIAL COURSE AND LECTURES: It is regarded as the simplest way of importing knowledge to the trainees. The ability such as fake, concept, principles, theories etc are taught under this method. It is given by a training specialist of formal superior or regular instructors assigned for training members. They are put to a face to face situation and is asked to communications. The group has no agenda, no established rules or established norms of performance. This creates a tension and anxiety in the mind of group members. To get relief they actively participate in communication, attempt to provide the missing structural: elements leadership set goals and set up or agenda.

TRAINING GROUP TRAINING: Members of a professional association receive training on new techniques and ideas by this method. Here training is provided by regular supply of professional internal; social contacts or gathering and members are kept informed about the latest development in their particular fields.

WHY TRAINING FAILS?

- Training confuses activity with improvement.
- Training in isolation usually fails
- Inappropriate structures for learning and application
- Failure to define useful objectives
- Training Programs lack a means of transferring learning to the job
- Failure to implement follow-up and appropriate support
- Management views training as a cost, not an investment
- Lack of organisational commitment

The Jack Phillips Centre for Research has identified 11 reasons for training/learning failure.

- Lack of alignment with business needs.
- Failure to recognise non-training solutions.
- Lack of specific direction and focus.
- The solution is too expensive.
- Regarding training as an event or series of events.
- Participants not held accountable for results.
- Failure to prepare the environment for transfer.
- Lack of management reinforcement and support.
- Failure to isolate the effects of training.
- Lack of commitment and involvement from executives.
- Failure to provide feedback and use information about results.

The researcher has identified some of these reasons for the failure of training programmes in TWAD Board. To overcome those failures and to offer some suggestions to improve the training programme, the researcher has proposed to take up this study.

INDUSTRY PROFILE

Two statutory Boards, namely, (a) Tamilnadu Water Supply and Drainage Board and (b) Chennai Metropolitan Water Supply and Sewerage Board are the major Governmental agencies through which the Government implements schemes to provide drinking water and sanitation facilities to the rural and urban areas of the State. Subsequently as the importance of the provision of protected drinking water to the residents of rural and urban areas gained significance, it was considered that a separate Board should be constituted to coordinate effectively all the works relating to water supply and drainage schemes. Hence in G.O.Ms.no.1800 R.D & L.A dated 23.9.1969, the TWAD Board was formed. Members of the Board were selected. Subsequently Tamil Nadu Water Supply and Drainage Board was formed on 14.4.1971 by an Act called the Tamil Nadu Water Supply and Drainage Board Act 1970 (Act No. 4 of 1971).

TWAD investigates, formulates and executes water supply and sewerage schemes, water supply schemes are implemented in rural as well as urban areas and sewerage schemes in urban areas. TWAD also maintains a large number of combined water supply schemes.

The Board was formed with a view to be set up as an autonomous body on a statutory footing so as to conduce speedier planning, investigation and execution of schemes and also enable it to raise substantial resources from financing institutions and in the open market to provide drinking water and drainage facilities to urban and rural areas in the State of Tamilnadu within the shortest possible time.

A perspective plan for standardized training should in an integral part of water resource development. It should cover training in information systems, sectoral planning, project planning and formulation, project management operation of projects and their physical structures and systems and the management of the water distribution systems. The training should extent to all the categories of personnel involved in these activities as also the farmers.

The Research Development and Training Activities are in the preview of the Human Research Development Cell, TWAD BOARD. The Research Development and Training Centre housed in the fourth floor of TWAD House, Chennai is vested with the responsibilities of Planning, Organising and Conducting training courses on

the Water Supply and Sanitation sector for TWAD Board staff besides Refresher courses sponsored by Government of India for Engineers drawn from various states at National level and courses for sister Government Organisations based on their request.

TWAD Board's training center is conducting various training programmes and refresher courses for the employees of TWAD Board and other State public health engineers by obtaining financial assistance from Central Public Health & Environmental Engineering Organization. The Main Training centre is at Chennai. Sub-training centres are at Madurai, Trichy and Coimbatore

STATEMENT OF THE PROBLEM

This particular topic is chosen because the training plays a major role in determining the performance of an employee. The study is to be conducted to evaluate the effectiveness of training and also the satisfaction the employees get through training, as only through training the employee should be made capable to withstand in this competitive environment.

It can be stated aptly that in the current scenario, training is no longer a choice but a necessity. A well-functioning training and development cell can also be used for generating revenue for the organisation by training members from other organisations. If well planned, it can be certainly beneficial for the individual; but for organisational success; training needs to be combined with effective HR planning, policy development, management and a positive organisation culture.

REVIEW OF LITERATURE

This section discloses the review of literatures on training effectiveness and the satisfaction of training and highlights the significant works on the same.

In a study conducted by the Foundation for Organisational Research and Education (FORE) which covered 50 undertakings in the Central Public Sector. The respondents were asked to express the extent of gaps existing in knowledge, skills and attitudinal aspects of the existing training programmes across top, senior, middle and junior management levels. The ranks, in the areas perceived to have gaps in the order of importance, as given below in the table.

TABLE: 1.1

Gap Areas	Levels of Management			
	Top	Senior	Middle	Junior
Knowledge in the functional area	6	6	1	4.5
Leadership and human relations	4	2	3	2
Managerial skills	2	1	2	3
Job-related attitudes	5	5	5	1
Attitudes-general	1	3	6	6
Teamwork	3	4	4	4.5

(1-Largest Gap, 6-Least Gap)

Source: Foundation for Organisational Research and Education (FORE)

In a study conducted by Earley, 1987; Harrison, 1992, found a match between high consideration and high structure and employee satisfaction with supervision. But, while high consideration was the preferred leadership behavior within each of the tested categories, this was not the case for structure. Low structure was the preferred leadership style by non-professional employees.

In his study Caroll, evaluate the effectiveness of training programmes. The training directors were asked to evaluate nine training techniques on their effectiveness in achieving knowledge acquisition, changing attitudes, providing problem-solving skills, developing interpersonal skills, gaining participant acceptance and achieving knowledge retention. For this purpose, a questionnaire was issued to 200 training directors with the request to rank the training methods (Case study, Conference, Lecture, Business games, Movie films, Role playing, sensitivity training and Programmed instruction) from "highly effective (5) to "not effective" (1). The directors judged the "Programmed instruction" as the most useful technique where Knowledge acquisition and knowledge retention were important. "Sensitivity training" ranked highest on changing attitudes and developing interpersonal skills. The "case study" method led in the problem-solving skill category and the conference method was said to be the most effective in gaining participant acceptance.

According to Van Dyk et al (1997), evaluation has the following three purposes: it is performed to make decisions about individual learners (their needs, the instructional plan and sequence, their grouping and feedback); course improvement (deciding on the most appropriate methods and material, and where and how to revise the material); and how effective the system is.

The social-learning model and learning principles tells that the training should provide the trainee with a given model to follow, specify goals to achieve, an opportunity to perfect the skills, feedback on how well the trainee is progressing and praise for transferring the acquired skills to the job. The value of these recommendations was shown in a training experiment at an international company in the northwestern United States. Forty employees, all supervisors, were identified for the experiment – twenty assigned to the training group and twenty to the control group. The training was done in nine two hour sessions, one session taking place each week. The results confirmed the value of training based on social-learning theory. The trained performed better than the control group. The supervisors who had the training received significantly higher performance appraisals than did those in the control groups.

A revival of Job Instruction Training achieved impressive results. In a journal James H. says that when twenty supervisors who had received training for twenty five hours over ten weeks in turn retrained their subordinates, all but three supervisors were able to show tangible results of job training in their areas. Productivity was significantly improved and reject sure cut by approximately two-thirds.

In a material from Saratoga Institute says that the evaluation of the training program can be done by its effectiveness. To conduct these analysis three measures has to be generated: costs, change and impact. The costs are those monetary outlays for providing the training. The change factor looks at the difference between what one knew after the training as compared with before the training. The last factor, impact, tries to show what change was solely attributed to the training program. It measures "after training results" to "before training status". This will determine the training effectiveness. If quantifiable differences are measured and recorded, and the ratios positive, then the program is effective and a justifiable expenditure.

OBJECTIVES OF STUDY

1. To find out and study the necessity of training programme in the organization.
2. To evaluate the effectiveness of training and the satisfaction of training among the employees in the organization.
3. To give suggestions to improve the existing training programme.

METHODOLOGY

This study is based on data from primary and secondary sources. Primary data is collected from the employees of TWAD Board of various cadres through a structured questionnaire. Secondary data were collected from the earlier research studies on training from different authors, books, training journals, internet and departmental circulars. Samples of 100 employees were selected from various branches of TWAD Board. A structural questionnaire was used to elicit information pertaining to the study from 100 respondents. For analysis a Master chart was prepared to cater the responses of each respondent and small cross tables were made from the master chart to obtain the total score of the sample respondents, Likert scaling technique was adopted. Chi-square was used to study the relationship between satisfaction of employees regarding training and the type of training given in the institution and also the effectiveness of training.

RESULTS AND DISCUSSION

This part of the chapter analyse the relationship between the type of training programme given in the institution and the satisfaction of the employees.

TABLE 1.2: SATISFACTION OF THE EMPLOYEES AND THE TYPE OF TRAINING PROGRAMME IN THE INSTITUTION

S.No.	Type of Training Programme	SATISFACTION					total
		Excellent	Very Good	Good	Fair	Bad	
1.	On the job	9	8	12	4	0	33
2.	Off the job	3	5	6	3	0	17
3.	Workshop series	3	4	6	2	1	16
4.	Role play series	3	3	3	2	0	11
5.	Executive training series	0	1	3	5	0	9
6.	Others	1	4	5	4	0	14
	Total	19	25	35	20	1	100

Bold figures indicates percentage

Source: Field Survey

The consolidated table 3.1 shows the comparison between the satisfaction of the employees of TWAD Board about the training programme and training programmes given in the institution. The table clearly points out that 35% of TWAD Board employees are of the view that all the training programmes are good, 25% of employees say it is very good and 19% says that it is excellent.

The table also reveals that 12% of employees are of the opinion that on the job training is good, 5% of employees said that executive training series is fair and 1% of employees are of the view that workshop series are bad.

In order to find the relationship between the satisfaction of the employees of TWAD Board about the training programme and training programmes given in the institution, the following null hypothesis were formulated "There is no significant difference between the satisfaction of the employees of TWAD Board about the training programme and training programmes given in the institution", the Chi-square test was applied to examine the null hypothesis and the computed results are given in the Table 1.3

TABLE 1.3: SATISFACTION AND THE TYPE OF TRAINING PROGRAMME IN THE INSTITUTION- CHI-SQUARE TEST

S.No.	PARTICULARS	TWAD EMPLOYEES
1.	Calculated Value	18.890
2.	Table Value at 5% level	31.410
3.	Degrees of freedom	20
	Inference	Not Significant

Table 1.3 reveals that the calculated value of Chi-square test is lower than the table value. Hence, the null hypothesis is accepted. Hence, there is no significant relationship between the satisfaction of the employees and the training programmes given in the institution.

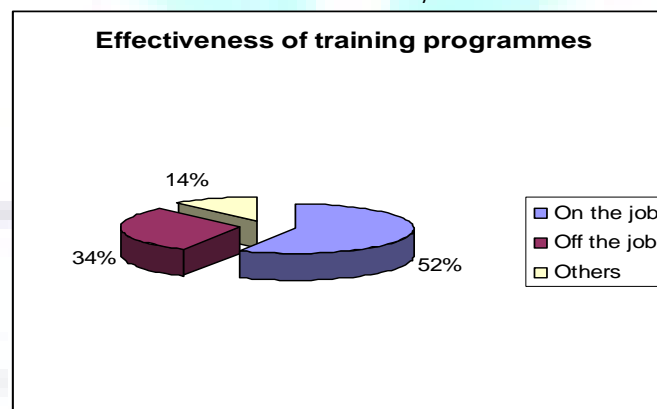
The below table shows the effectiveness of the training programmes by the institution.

TABLE 1.4

S.No.	Type of Training Programme	Effectiveness			
		Very Effective	Effective	Fair	total
1.	On the job	15	30	7	52
2.	Off the job	8	18	8	34
3.	Others	3	7	4	14
	Total	26	55	19	100

Bold figures indicates percentage

Source: Field Survey



From the above table, it is clear that 52% of the respondents prefer On Job Training, 34% prefer off the job training and the remaining 14% of the respondents prefer both the training programmes. Therefore, it is inferred that most of the respondents prefers On the Job type of training.

FINDINGS AND SUGGESTIONS

TWAD Board trainees are not held responsible for providing solid proof that the training course has really made an effect on them. Staff who go on training courses are often not followed up in any way after the course to ensure that the acquiring of new skills and knowledge has indeed taken place and is being used in the workplace. This can be solved by ensuring that a member of TWAD Board management organises a quick meeting with each member of staff who goes on a training course. In this meeting targets should be set for the training session. This will help the trainee to have clearly defined goals to work to, as well as ensuring that he/she has the right mentality of learning with the final aim of using these skills in the workplace. This will also eliminate the common employee belief that there is no reason for training courses apart from giving workers a break from the office.

A common problem is that several training methods are experimented with, and no real rewards are gained from any of them. TWAD Board must make sure that time must be allowed for the training to come into effect and the Board should support the training method in any way possible

A further problem with training is that workers are sometimes isolated on training courses, left to work and learn on their own, because the team can only afford one person out of the office on training at any one time. This means that on returning, the worker is the only one to have learnt a specific skill, and this new and effective method cannot be put into effect in a team where the vast majority use an older, more familiar method. A way of solving this is by finding the time to send entire teams off together on training courses, so that they all return with the same skills, and can each encourage one another to implement newly learnt methods. The trainers themselves also need clearly defined objectives for the course, so that they do not waste employees' time. The Board that sends employees on training courses is often at fault by putting too many time constraints on the training course. This means that trainers can skip over valuable points, making the course much less worthwhile.

The development of new training programmes and training methods should be based on a clear understanding of the needs within TWAD Board and should take into account the possibilities and limitations for training. Remove the barriers of participation in training programmes by the employees of TWAD Board. Enhance the incentives for training programmes.

1. In consultation with private management consultants and TWAD Board Senior Engineers, the existing TWAD policy in training programme may be suitably redesigned in future.
2. The apex management may allot more funds to its HRD wing and to do HRD activities without any barriers in future.
3. The employees may be given refresher courses frequently to extract better performance in future.
4. On the job training to the employees are strongly recommended.
5. The employees may be invariably given chances to work in all disciplines in the TWAD Board by providing them suitable training in future.
6. The training programmes may be monitored and reviewed periodically by the apex management so as to rectify the bottlenecks.
7. Updated/ advanced programmes in relevant categories may be introduced in association with technical institutions/ universities.
8. Suitable training courses may be conducted for apex management personnel such as General Manager, Directors, Chief Engineers, Superintending Engineers and Accounts/Administrative officers in order to focus their attention in future development of the organization.

The service sector organizations play a very important social role. By extending benefits to the people of all social and economic segments, provides opportunities for development and for reduction of socio-economic disparities. The range of services in India has increased in both breadth and depth. Services create value by providing a bridge between producer of goods and the beneficiaries or between the production and consumption segments of the society. TWAD Board is a service industry and hence the type of service rendered by is directly affected by the skill and attitude of the TWAD Board employees. Adequate training programmes only improve and enhance the quality of the services.

Most of the present training programmes are conducted by the external agencies. It will be appreciated if the field expertise of the department and veterans of the retired personnel added to the team; the outcome of the training performance will be good, more beneficial and purpose serving nature. The evaluation and the impact of assessment of the training programme may be monitored and reviewed periodically by the apex management so as to rectify the bottlenecks if any.

Regarding training programme 40% of the staff is given training according to their option. The training should be compulsory given to all employees so as to avoid a same person repeatedly attending all the programmes which will serve no benefit to the department.

This study has a few shortcomings or discussible issues, which may be taken into account when conducting similar studies in the future. Some points can be taken care which could guide in future research in this area. The present study is partly restricted through the small sample size. Larger samples will help to investigate more on training programmes.

The evaluation of training programme has to be done in the future research which will help to know more about the effectiveness of the training programmes. Finally depending on how training is done, it can be very productive and useful or a complete waste of time and money, it can bring teams together or split them apart. A systematic process is used to determine job performance requirements, specify training programme content, prepare supporting training materials, and maintain the training programme. As a global economy becomes reality, workplace training, continuing professional education and full-degree programs may be needed in distributive formats that can reach learners worldwide. The feasibility of long-distance training will depend on the availability of advanced cognitive learning formats that can transmit quality instruction without exhausting the resources of workplace safety programs and university degree programs. Studies will be needed to assure the quality and effectiveness of these nontraditional learning resources. It is clear that to identify the value added by training, requires either statistical separation of the actual performance data or institute work controls to try to isolate the training effects alone.

The efficiency and performance of an employee is often hampered by his personal characteristics and socio-economic background conditions. As these are out of the periphery of formal organizational jurisdiction and could hardly be changed, it is always better to concentrate on the employee morale and to increase the productivity. So the Management should aim to provide training based on their needs and personal characteristics which will result in an effective training.

- It seems that through training the organization can develop internal leadership, reinforce worker morale and motivation, and encourage a strong sense of team work.
- Management has to get through from unrealistic expectations for false results, lack of management commitment and support, resistance by middle level management, resentment by non participants and failure to get solutions implemented.
- The Company has to give more effective training programme based on the needs of employee to increase the employee performance.
- The Company should increase the training facilities to get a maximum out of the employees.
- More coaching should be provided to the employees to make the performance effective.
- Better communication channel should be adopted to make the employee performance better for the upcoming years.

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RETAIL INVESTOR'S PERCEPTION TOWARDS CORPORATE GOVERNANCE – A STUDY OF SELECTED CITIES**GADE SURENDAR****RESEARCH SCHOLAR****DEPARTMENT OF COMMERCE & BUSINESS MANAGEMENT****KAKATIYA UNIVERSITY****WARANGAL – 506 009****DR. S. KAMALESHWAR RAO****PROFESSOR****DEPARTMENT OF COMMERCE AND BUSINESS MANAGEMENT****KAKATIYA UNIVERSITY****WARANGAL****ABSTRACT**

Corporate governance is the framework for creating long-term trust between companies and the external providers of capital. Corporate governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders. This study is an attempt to find out the perception of the retail investors towards the corporate governance reports, its impact on them and the role of it in decision making process of investment. This study mainly used the primary data which is collected in the form questionnaire. Simple average and standard deviation are used to analyze the data. It is mainly focused whether the retail investors are aware of corporate governance and are they using them in their decision making process. Findings are very interesting majority of the respondents are aware of corporate governance and getting the reports. These reports have been using by them in their decision making.

KEYWORDS

Corporate Governance, Decision Making, Retail Investors.

INODUCTION

India has the largest number of listed companies in the world, and the efficiency and well being of the financial markets is critical for the economy in particular and the society as a whole. It is imperative to design and implement a dynamic mechanism of corporate governance, which protects the interests of relevant stakeholders without hindering the growth of enterprises. Directors and manager need to be aware of the interests of stakeholders in governance, however their responsibility towards them is judged.

Stakeholders are any entity (person, group or possibly non-human entity) that can affect or can be affected by the actions or policies of an organization. It is a bi-directional relationship. Each stakeholder group has different expectations about what it wants and different claims upon the organization.

Modern corporations have seen as so powerful, socially, economically and politically, that unrestrained use of their power will inevitably damage other people's rights. For example they may blight an entire community by closing a major factory, thus enforcing long term unemployment on a large proportion of major workforce. But the newly unleashed forces of deregulation, disintermediation, institutionalization, and globalization and tax reforms are making the stakeholders more powerful and are forcing the companies to adopt healthier governance practices. These trends are expected to become even stronger in future. The key to better corporate governance in India today lies in a more efficient and vibrant capital markets.

This study the is an attempt to find out the perception of the retail investors towards the corporate governance reports, its impact on them and the role of it in decision making process of investment

MEANING

Corporate governance is the framework for creating long-term trust between companies and the external providers of capital. Corporate governance involves a set of relationships amongst the company's management, its board of directors, shareholders, auditors and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining these objectives as well as monitoring performance are determined. Thus, the key aspects of good corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders.

IMPORTANCE OF CORPORATE GOVERNANCE

Good corporate governance the extent to which companies is run in an open and honest manner is important for overall market confidence, the efficiency of capital allocation, the growth and development of countries' industrial bases, and ultimately the nations' overall wealth and welfare. Companies around the world are realizing that better corporate governance adds considerable value to their operational performance:

- It improves strategic thinking at the top by inducting independent directors who bring a wealth of experience, and a host of new ideas.
- It rationalizes the management and monitoring of risk that a firm faces globally. It limits the liability of top management and directors, by carefully articulating the decision making process.
- It assures the integrity of financial reports.
- It has long-term reputation effects among key stakeholders, both internally and externally.

WHOM THE CORPRATE GOVERNANCE REALLY PRESENT?

This issue of whether a company should be run solely in the interest of the shareholders or whether it should take into account the interest of all constituents has been widely discussed and debated. In India, the shareholder vs. stakeholder debate has been resolved by taking the view that since shareholders are residual claimants, in well performing capital and financial markets, whatever maximizes shareholder value should maximize corporate prosperity and best satisfy the claims of creditors, employees, shareholders, and the State. Moreover, there exist well-defined laws to protect the interests of employees, and recently framed legislations have considerably strengthened the rights of the creditors. In this context it is appropriate that corporate governance regulations in India seek to promote the rights of shareholders, while at the same time ensure the interests of other stakeholders are not adversely impacted.

OBJECTIVE OF THE STUDY

- The study is aimed at working on the following objectives:
- To know explain the concept of corporate
- To study the opinion of retail investors on corporate governance and its impact on them. And
- To examine the role of corporate governance in the investment decision of retail investors

SCOPE OF THE STUDY

This study covers; opinion and attitude of the retail investors towards corporate governance reports and its use in taking the investment decision. And finally it gives suggestions for better understanding the corporate governance reports ultimately better investment decisions.

METHODOLOGY

PRIMARY DATA

This study is based entirely on primary data collected through a well designed structured questionnaire. The data was collected from investors spread over four selected major cities in the country viz., Mumbai, Bangalore, Chennai and Hyderabad. Warangal is one of the fastly growing city and my native place; hence I have selected Warangal as one of the city to study. Admittedly, the sample does not represent the country's entire population but only "the universe of potential investors".

The depository participants, brokers and investor associations were also entrusted with the job of collecting back the issued questionnaires.

SECONDARY DATA

The secondary data was collected from the various sources available like websites mainly SEBI, RBI, BSE and NSE, magazines, journals etc. wherever necessary.

SAMPLE SIZE

I have selected 500 literary retail investors as sample size of our study from five cities namely Mumbai, Bangalore, Chennai and Hyderabad and Warangal. From each city 100 literary retail investors have selected.

TECHNIQUES FOR ANALYSIS

The opinion of the investors is taken on likert type statements. The level of agreement expressed by investors for various reasons was analyzed. For analysis purposes, while entering the data strongly agree option was assigned a weight of five and strongly disagree option was assigned a weight of one. In between these two extremes other levels such as agree, neither agree nor disagree and disagree were assigned weights of four, three and two respectively. Further standard deviation was used to judge the homogeneity of the mean

REVIEW OF LITERATURE

Joseph P.H. Fan and T.J. Wong (2001): "Do external auditors perform a corporate governance role in the emerging markets?-Evidence from East Asia". This study examined whether external independent auditors could be employed as monitors and as bonding mechanisms to alleviate the agency conflict. They have suggested that Big five auditors in emerging markets do have corporate governance role.

Michael S. Gibson (2002): In his article "Is Corporate Governance Ineffective in Emerging Markets?" tested whether corporate governance is ineffective in emerging markets. He did find two main results. First, CEOs of emerging market firms are more likely to lose their jobs when their firm's performance is poor, suggesting that corporate governance is not ineffective in emerging markets. The magnitude of the relationship is surprisingly similar to what Kaplan (1994a) found for the United States. Second, for the subset of firms with a large domestic shareholder, there is no link between CEO turnover and firm performance. For this subset of emerging market firms, corporate governance appears to be ineffective.

Kevin C.W. Chen and Zhihong Chena and K.C. John Wei (2003): In their study titled "Disclosure, Corporate Governance, and the Cost of Equity Capital: Evidence from Asia's Emerging Markets" found that both disclosure and non-disclosure corporate governance mechanisms have a significantly negative effect on the cost of equity capital. In addition, the effect of non-disclosure governance mechanisms is more profound than that of disclosure on the cost of equity capital

Jayanth Rama Varma: The problem in the Indian corporate sector is that of disciplining the dominant shareholder and protecting the minority shareholders. Clearly, the problem of corporate governance abuses by the dominant shareholder can be solved only by forces outside the company itself. The paper discusses the role of two such forces - the regulator and the capital market. Regulators face a difficult dilemma in that correction of governance abuses perpetrated by a dominant shareholder would often imply a micro-management of routine business decisions which lie beyond the regulators' mandate or competence. The capital market on the other hand lacks the coercive power of the regulator, but it has the ability to make business judgments.

C.V. Baxi (2005): He said Public policy on various aspects of the functioning of the corporate sector is evolving in terms of legal and regulatory support in the more recent past. The post-Cadbury debate the world over focuses on the central dimensions of corporate governance such as accountability and transparency. In countries like USA, special legislation has been introduced to promote a greater measure of transparency and accountability. Several countries have also adopted country codes and best practices. India needs to learn a great deal from the experiences of UK, USA, Canada and Europe in evolving an appropriate framework for enforcing higher standards of corporate governance.

Dr Y V Reddy (2005): Increasing regulatory comfort in regard to standards of governance in banks gives greater confidence to shift from external regulation to internal systems of controls and risk-management. Each of the directors of the banks has a role in continually enhancing the standards of governance in banks through a combination of appropriate knowledge and values.

Rajeev Sinha (2006): This article examined the utility of shareholder value analysis for corporate governance. In value-based management, shareholder value maximization is set as the objective of the firm. The adoption of this objective as the goal of the firm can promote effective corporate governance in three ways. First, it provides the necessary 'pre-commitment' between shareholders and managers regarding the goal of the firm. Second, it necessitates a greater flow of firm-specific information and the disaggregation of financial information. Finally, the goal of shareholder wealth maximization ensures a closer interdependence between strategy formation and the setting of operational objectives for managerial decisions.

Elena F Pérez Carrillo (2007): In their paper "Corporate Governance: Shareholders' interests and Other Stakeholders' interests" In this paper, argued that Shareholders and Stakeholders interests are compatible and both contribute to corporate long term efficiency and progress. It is further argued that it is essential to achieve a wide consensus on how to control Management actions in support of Stakeholders interests.

Nandini Rajagopalana and Yan Zhangb (2008): Examined the evolution of corporate governance reforms in the emerging economies of China and India. First described the two major driving forces behind governance reforms in these countries, privatization and globalization. After summarizing the evolution of governance reforms in each context, identified four major obstacles that impede their implementation in both countries, namely: (1) lack of incentives, (2) power of the dominant shareholder, (3) underdeveloped external monitoring systems, and (4) shortage of qualified independent directors.

India Knowledge@Wharton (2009): This study is discussed about how the Satyam misled the investors, employees, creditors, customers and other interested parties of the company. If such type of incidents few more definitely damage the brand India and investors also will go away from the investment in corporate sector.

DEMOGRAPHIC PROFILE OF THE RETAIL INVESTORS

AGE WISE DISTRIBUTION OF INVESTORS

The age wise distribution of investors is given in the following table. The Table reveals that below 35 years age group investors dominate the sample with 42.2 percent followed by the age group of 36-50 years with 30 percent.

TABLE 1: AGE WISE DISTRIBUTION OF INVESTORS

Age	No. of Investors	% of Investors
Up to 35	211	42.2
36 to 50	150	30.0
51 to 60	98	19.6
61 and above	41	8.2
Total	500	100.0

SEX WISE DISTRIBUTION OF INVESTORS**TABLE 2: SEX WISE DISTRIBUTION OF INVESTORS:**

Sex	No. of Investors	% of Investors
male	402	80.4
female	98	19.6
Total	500	100.0

Male investors constitute a large majority 80.4 percent as compared to 19.6 percent of the female investors. In other words, male investors were more than 4 times in numbers compared to female investors.

INCOME WISE DISTRIBUTION OF INVESTORS

The distribution of investors according to their income level is presented in Table

TABLE 3: INCOME WISE DISTRIBUTION OF INVESTORS

Monthly Income	No. of Investors	% of Investors
Upto20000	75	15.0
20001-30000	124	24.8
30001-40000	191	38.2
40000 above	110	22.0
Total	500	100.0

The modal income class is above Rs.30001 to 40000 per month. This group constitutes nearly two fifth of the sample and the Rs.20001-30000 income group accounts for another 24.8% while the rest two groups (up to Rs.20,000 and Rs.40,000 above per month) accounting the balance 37%.

EDUCATION (QUALIFICATION) WISE CLASSIFICATION OF INVESTORS

Education is an important parameter of analysis. It makes the investors more prudent and analytical, for one can learn more about the intricacies of the investment with increasing levels of education. The distribution of investors according to the levels of education is given in Table 4

TABLE 4: EDUCATION (QUALIFICATION) WISE CLASSIFICATION OF INVESTORS

Qualification	No. of Investors	% of Investors
Graduation	190	38.0
post graduation and above	229	45.8
Others	81	16.2
Total	500	100.0

The Table and reveals that half of the investors are post graduates, around 40% are graduates and others about 16%. Thus it can be said that 8 out of 10 investors are educated enough to understand the ongoing trends in the capital market and they can acclimatize themselves with the changing capital market environment.

OCCUPATION WISE CLASSIFICATION OF INVESTORS

The distribution of investors according to their occupations is given in Table 5

TABLE 5: OCCUPATION WISE CLASSIFICATION OF INVESTORS

Occupation	No. of Investors	% of Investors
Government services	116	23.2
Non Government services	158	31.6
Own business	121	24.2
Professional Practices	44	8.8
Retired	27	5.4
Others	34	6.8
Total	500	100.0

A cursory view of the Table 5 reveals that little more than one fourth (26.8%) of the investors comprises of non-government service investors and a little less than one fourth (24.2%) of the investors comprises of retired investors. Nearly 12% of the investors were practicing professionals, one fifth was in Government service and 14% of the investors had their own business.

In the backdrop of this information the investors were enquired whether they get corporate governance reports (given annual reports) in right time, for this question nearly 75 percent of the investors have said 'yes' and one fourth of the investors have said 'no'

TABLE 6: CORPORATE GOVERNANCE REPORTS

Do you get corporate governance Reports?	No. of investors	Percent
Yes	374	74.8
No	126	25.2
Total	500	100.0

It is further enquired whether they have gone through Corporate Governance Reports or not given in annual reports. Their response is given in Table

TABLE 7: INVESTOR'S KNOWLEDGE OF CORPORATE GOVERNANCE REPORTS

Have you Gone through Corporate Governance Reports?	No. of Investors	% of investors
yes	248	70.05
no	126	29.95
Total	354	100.00

The above Table reveals that more than 70 percent of the investors have gone through corporate governance reports included in the annual reports. It is heartening to know that a large number of investors have gone through them. It is further enquired if the investors have not gone through corporate governance reports, what is the reason for that; the answer to this question is mentioned in the following table.

TABLE 8: REASONS FOR NOT GONE THROUGH CG RPORTS

If, No indicate the reason from the following	No. of Investors	Percent
No time to go through the reports	26	20.63
Report don not represent true and fair picture	54	42.86
Reports do not reach in time	14	11.11
Others	32	25.40
Total	126	100.00

The above table says more than two fifth of the investors who have not gone through the reports 'Report don not represent true and fair picture' more than twenty percent of the investors said that 'no time to go through the reports', more than one fourth of the investors have said the other reasons and only 11 percent of the investors said 'reports do not reach in time.

However, does that report serve any purpose? Have they made use of any information given in those reports in their investment decisions? These questions are answered in the following table

TABLE 9: CORPORATE GOVERNANCE REPORT'S USEFULNESS TO INVESTORS

Is Corporate Governance Reports Useful in Investment Decision Making?	Number of Investors	% to Total
Yes	181	72.98
No	20	8.06
Can't Say	47	18.96
Total	248	100.00

The above table finds that nearly 73 percent of the investors who have gone through the corporate governance reports have found them useful in making investment decisions. Nearly 19 percent of the investors were unable to express their opinion and only very little amount of investors i.e., 8 percent have said no. In this context, it is interesting to know which of the information given in the corporate governance reports were used by them. The investors were asked to pick from four information titles, which are usually included in corporate governance reports were used by them. The investors were asked to pick from four information titles, which are usually included in corporate governance reports. The investors pick are given the following Table

TABLE 10: CORPRATE GOVERNANCE INFORMATION USED BY INVESTORS

Information Title	Number of Investors Used
Board of Directors particulars	153
Disclosures	92
Shareholder information	67
Investors Grievance committee	54

From the above table it can be understood that the shareholder information provided in the corporate governance reports is widely used by the investors in making their investment decisions. The shareholder information as provided by the report incorporates wide range of details from the date of annual general meetings to listing details, stock price data to distribution of shareholding and categories of shareholding, investor grievance received to investor correspondence details. The investors also use information on disclosures, investors' grievance committee and Board of Directors details.

Further the investors were asked to give their opinion on corporate governance related statements on a five point scale ranging from strongly agree to strongly disagree. The mean values and standard deviation of values from mean values of these statements are given in the following table. It reveals that the investors' opinions regarding various issues relating to corporate governance are not the same. The investors could neither agree nor disagree with the statements '*companies are more responsive to investor grievances*' and '*the system of independent directors can secure good corporate governance in Indian listed companies.*' It seems they would like to adopt a wait and see approach before giving their opinion on these two statements. Of course, it can be said that their opinions right now are slightly inclined towards agreeing for the statement '*companies are more responsive to investor grievances*' and slightly inclined towards disagreeing for the statement '*independent directors can secure good corporate governance in Indian listed companies*'. However, their opinions on other

statements indicate that they accept companies conduct annual general meetings regularly, they receive their dividends on time and corporate governance is slowly practiced in Indian companies. Their level of agreement is more in case of former two statements than the last one. The standard deviations of values from the mean values for all the statements are low indicating the high level of uniformity among the investors in agreeing to these.

TABLE 11: MEAN AND STANDARD DEVIATION OF INVESTOR'S OPINION ON CORPORATE GOVERNANCE

Statement	N	Mean	Standard Deviation
Companies conduct AGM regularly.	500	3.9614	0.8940
I receive dividend warrants in time.	500	3.9919	0.7391
Companies are more responsive to investor grievances.	500	3.0866	0.9101
Corporate governance is slowly practiced in Indian companies.	500	3.6111	0.8578
The system of Independent directors can secure good corporate governance in Indian listed companies.	500	2.9827	0.9589

CONCLUSION

Corporate governance ensures good relationship amongst a company's different stakeholders. Various steps have been taken by the companies to reach the individual investor, one of the important stake holders in any company. This study analyzed the reach of some of these measures. More than 70 percent of the sample investors have gone through corporate governance reports have found them useful in taking investment decisions. The sample investors' opinions regarding various issues relating to corporate governance are not the same. They accept that, '**companies conduct annual general meetings regularly**', '**they receive their dividends on time**' and '**corporate governance is slowly practiced in Indian companies**'. These opinions of the investors no doubt would go to long way in attracting more and more individual investors in to equity fold.

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ANNEXURE

QUESTIONNAIRE TO RETAIL INVESTORS

GUIDELINES FOR FILLING UP THE QUESTIONNAIRE:

For a majority of questions readymade answers are provided. Please tick (✓) the appropriate response from among the answers given, as applicable to you. Proper instructions are given along with question wherever necessary; respondents are requested to follow those instructions while answering the questions

- Name of the Investor _____
- Address: _____
- Age (in years):
 - Below 35 ()
 - 36 - 50 ()
 - 51 - 60 ()
 - 61 and above ()
- Educational Qualification: _____
- Sex: Male/Female.
- Occupation:
 - Government Services ()
 - Non Government Services ()
 - Own Business ()
 - Professional Practices ()
 - Retired ()
 - Others ()
- Monthly total Income (in Rs.):
 - Up to 20,000 ()
 - 20,000 --30,000 ()
 - 30,000-- 40,000 ()
 - 40,000 and above ()
- Do you get Corporate Governance Reports? Yes / No
- Have you gone through Corporate Governance Reports? Yes / No
If, No indicate the reason from the following
 - No time to go through the reports ()

- b) Report don not represent true and fair picture ()
- c) Reports do not reach in time ()
- d) Others ()
10. Is Corporate Governance Reports Useful in Investment Decision Making? Yes / No / Can't Say
- If Yes, Which of the following information is used for your decision making?
- a) Board of Directors ()
- b) Disclosures ()
- c) Shareholders information ()
- d) Investor's Grievance committee ()
11. What is your opinion about the following statements regarding Corporate Governance, Please indicate your opinion in respect of the following statements by ticking '1' Strongly Agree, '2' Agree, '3' Neither Agree nor Disagree, '4' Disagree, and '5' Strongly Disagree
- a) Companies conduct AGM regularly
1 2 3 4 5
- b) I receive dividend warrants in time
1 2 3 4 5
- c) Companies are more responsive to investor grievances
1 2 3 4 5
- d) Corporate governance is slowly practiced in Indian companies.
1 2 3 4 5
- e) The system of Independent directors can secure good corporate governance in Indian listed companies
1 2 3 4 5

PROFESSIONAL MANAGEMENT OF SCHOOLS: AN ANALYSIS OF PLANNING FUNCTION.**DR. N.P.PRABHAKAR****ASST. PROFESSOR & ACADEMIC COORDINATOR****ITM BUSINESS SCHOOL****WARANGAL – 506 001****DR. K. V. RAO****PROFESSOR, DEPARTMENT OF COMMERCE AND BUSINESS ADMINISTRATION****MEMBER OF ACADEMIC SENATE & EXECUTIVE COUNCIL****ACHARYA NAGARJUNA UNIVERSITY****GUNTUR – 522 510****ABSTRACT**

There is an increasing awareness around the world for incorporating professional management into traditional public services hitherto dominated by the governments to achieve resulted pro rata to the investments. Similar trend has been encompassing the school education sector. Many countries have been initiating reforms to facilitate school based management. It would be appropriate to analyze the prevailing practices of school management in the context of similar reforms being initiated in India. This paper is an integral part of the doctoral dissertation – ‘A study of Management Practices of Secondary Schools’. The main objective of this paper is to explore the prevailing planning practices in school management in terms of the three major components of planning – academic, infrastructure and financial planning. A sample of 188 secondary schools – about 34% of the population in Krishna district of Andhra Pradesh in India, was selected through stratified sampling technique. The primary data was collected through self designed questionnaire and interview schedules. Chi-Square Test and simple percentages were used to analyze the data with the help of SPSS-17. The findings reveal that the planning function is centralized at the higher levels of administrators. Even though liberty prevails in some areas such as instruction planning, the public school managements are not utilizing the provision while some private school managements are excelling in that area. The study suggests the policy makers to facilitate planning at school level to ignite the reforms on a faster pace to turn around the sector for efficiency and accountability.

KEYWORDS

School Basaed Management, Professional Management, Planning Function, Academic Planning, Financial Planning.

INTRODUCTION

f-late, professional management has been extended to more traditional areas of service management to achieve better results. School Based Management (SBM) is one such experiment in the area of education sector. Many countries – developed as well as developing, have been benefitting from such management oriented reforms in education sector ensuring fast development. India also has witnessed a phenomenal educational development since Independence. The public expenditure on education has gradually been increasing from a slightly less than 0.8% of the GDP during 1951-52 to about 4.02% during 2001-02 and 3.57% of the GDP in 2006 -07, aiming at meeting the targeted expenditure of 6.0% of the GDP (GOI,2004) as early as possible, as recommended by the Kothari Commission in 1966. However, as Kingdon (2007) observes, the story of India's educational achievements is one of mixed success. On the down side, India has 33% of the world's illiterates and is home to a high proportion of the world's out of school children and youth. On the positive side, it has made encouraging progress in raising schooling participation and emerged as an important player in the worldwide information technology revolution and thus emerged as a knowledge hub.

School management reforms, being practiced in many countries, are challenging the conventional education governance structures aiming at increasing school autonomy and empowering localized decision making. It aims to strengthen incentives for schools to deliver services that are responsive to the needs of the communities they serve. Advocates of this innovative system of school management point-out a wide range of potential benefits. They argue that the devolution of decision-making authority to schools can facilitate and enhance participation – a core strategy in the Dakar Framework for Action (2000). A stronger parental voice and more participation in school management will lead to greater incentives for education providers to offer more efficient services. Moving decisions away from remote planners and closer to those working at the schools who know much about the learners and their educational needs, as well as about local values and realities, is seen as a route to a more responsive system.

The origins of school management reforms can be traced to the United States in 1980s and Australia, Canada and the United Kingdom in 1990s. Similar programs have also been adopted in some developing countries viz. Latin America and South Asia, though sub-Saharan Africa also figures with increasing prominence. In India also, many committees on education and specifically, school education, have referred to the aspect of school management reforms. Indian government has been making efforts to implement these recommendations through some reforms. By strengthening the management aspects through reforms, at both the organizational as well as institutional level, the school education sector can be improved on par with the developed economies. Raju (2006) recommends autonomy not just for the private institutions and the self financed institutions, but also for the institutions which are under the government either fully or partly financed by the government. The type of autonomy should ensure that the stakeholders are protected, particularly the students, against dilution in quality. Concerning autonomy, the law must delegate the necessary decision making power to the institution – for changes in curricula and teaching methods, for internal self-governance, for interaction with other organizations nationally and internationally and for economic transactions. It is also very important that accountability must follow autonomy.

PLANNING FUNCTION IN SCHOOL MANAGEMENT

While speaking about professional management, planning obviously should be the starting step. It is the most basic and critical function of management, regardless of the type of organization being managed. Modern management argues for sound planning in small and relatively simple; large and more complex organizations and in nonprofit organizations such as educational institutions. The difference between a successful and an unsuccessful organization lies in their planning. Institutional planning provides the structure and mechanism for the development of an institution by effective utilization of the available resources. Without long-term planning, it will be difficult to achieve sustained growth in education sector. Decentralization is one of the major trends in educational management in recent years. Among the many such reforms that have been undertaken, the introduction of school-based management is one of the most critical developments. The implementation of such reform is increasingly advocated in different parts of the world as a way to increase the efficiency and effectiveness of schools (Abu, 1999). With the introduction of a system of professional management in England and Wales in 1988, schools are now operating in a radically improved context in which responsibility for strategic planning has been delegated from local education authorities (LEAs) to individual schools. Giles

(1995) suggests that if schools are to take full advantage of the opportunities offered by the ongoing reforms, a thorough review may be needed by the governments of their existing *laissez faire* attitudes towards planning.

In India, the Education Commission, 1964-66 emphasized that the effectiveness of any educational system is affected to a great extent by proper planning, particularly at institutional level. The components of planning in school management can be interpreted, in broader terms, as academic planning, infrastructure planning, and financial planning. During the last few decades, the importance of micro level and district level planning has been accepted by the Indian educational administrators. The present paper attempts to analyse the three aspects of planning function in school management at secondary level being practiced by the school heads. This article is an integral part of the research study – 'A Study of Management Practices of Secondary Schools.'

STATEMENT OF THE PROBLEM

It has been widely felt that Indian school system has continuously been failing to produce results in consonance with the resources allocated. The education sector in India has not yet fully internalized the developments in the field of management and continues to look at educational planning, administration and organization as aliens. The 'Challenges of Education', the 'National Policy on Education - 1986', the 'Program of Action - 1992' and many subsequent documents and reports brought this mutual exclusivity into focus and emphasized the need for professionalization of educational management. These reports realized that success in implementation of the National Policy on Education would be a function of its management process. According to Jean Drèze and Gazdar (1997), 'the most striking weakness of the schooling system in rural Uttar Pradesh is not so much the deficiency of physical infrastructure but the poor utilization of the existing facilities. . It is, in fact, important to note that in the context of development of India, the management of services sector assumes not only importance but is central to the development process itself. Education as a critical service sector and the agencies of education, a critical face of this angle, has been suffering from lack of professional management.

A study conducted by the Centre for Civil Society, New Delhi, in 2005 (Singh, 2006), stressed that the major problem lay not in the level of financial allocations, but rather in the organizational inefficiencies, lack of accountability and mis-utilization of funds. The effectiveness of education depends largely on how well its units of service are managed. Education can be made more relevant to the user through incorporating professional management at school level. The National Knowledge Commission of India (2009) has proposed to encourage decentralization, local autonomy in management of schools, flexibility in disbursement of funds to improve quality and generate accountability, improving school infrastructure and revamping school inspection with a greater role for local stakeholders. Karpade, Ashok and Meghanathan (2004) made 'an extensive study of successful school management in India: Case studies of Navodaya vidyalayas' and found that successful schools adopted systematic and participative management system in running day-to-day activities of schools. The study also revealed that people in managerial positions were delegated autonomy but also made them responsible for successful completion of the tasks. The study observes that by following systematic management process, the heads of schools could set higher and higher goals for themselves and for their schools and achieve them with team work and efficient managerial practices.

As India is progressing in achieving the goals of accessibility and enrolment in school education, this is the time to shift concentration towards the management issues for making the system result oriented. Better models of management can be derived for Indian school system by analyzing the school based management practices followed around the world. Thus, concentration on management of schools serves as a tool for 'turn around' of school education sector in India.

OBJECTIVES OF THE STUDY

The principal objective of the study is to study the planning procedures adopted at the select secondary schools.

HYPOTHESIS

That the selected schools are able to develop systematic plans, both academic and non academic, for their development.

METHODOLOGY

Stratified sampling has been utilized to draw the sample from the finite universe of 557 secondary schools operating under four major types of management in Krishna District of Andhra Pradesh in India. The sample has been made largely representative by selecting 188 secondary schools accounting for around 34% of the population and representing 49 out of a total of 50 mandal administrative units. The primary data is collected through self designed questionnaire and interview schedules from the Headmasters / Principals of the select secondary schools. The data is analyzed through Chi-Square Test with the help of SPSS version 17, to establish the consistency of the responses.

RESULTS AND DISCUSSION

Each institution has personality of its own and must develop itself to optimize its full potential. It is in this context that each school should have a development plan. It must essentially be developed by its stakeholder's viz., the Principal or Head Master, the teachers, the parents and the local community with the main intention to plan for optimization of the potentiality of the institution and improve the quality of education. Each school is considered, instead of a simple agency for providing educational service, as an independent entity with individually defined specific goals or objectives. The educational institute or school stands at the centre of the concept and serves as the basis for scientific management practices. The planning function at the school level is analyzed in terms of three components - academic, infrastructure and financial planning.

1. ACADEMIC PLANNING

The core of educational service is the attainment of academic goals. Educational planning without considering the academic aspects is a mere skeleton without life. Hence academic planning is of high priority in school management, since it constitutes the very purpose of a school's existence. In view of the diverse nature of the Indian society, academic planning needs a great attention. The principal subcomponents of academic planning are: curriculum, instruction and evaluation. It would be appropriate to explore these three subcomponents to find out the nature of academic planning in school management.

a. CURRICULUM

The term 'curriculum' is one of the most ambiguous terms in the present-day educational discourse in India. The curriculum is the plan for the implementation of educational aims. The success of any school system lies in careful planning of curriculum in the school year and in the evaluation of student performance. The curriculum should give balanced importance to all aspects and integrate them with each other in a planned manner. Curriculum planning enables a school to monitor the coverage, continuity and development of desired knowledge, skills, understanding and values across the stages of schooling. Curriculum planning not only focuses on what topics to be taught, but also on the skills that students require within specific subjects. A brief survey of the present-day class rooms would be enough to convince a keen observer that the most marked features of most of our educational practices in schools are a dull routine, bored teachers and students, and rote learning. Despite several policy documents, curricular frameworks, and pragmatic approaches mentioning the need for further decentralization of curricular material development, at least up to the district level, there has rarely been any effort to facilitate this.

The Education Commission (1964-66) highlighted the poor quality of the text books owing to the lack of research related to their preparation and production. The limited view of the 'curriculum' was manifested in the 1988 document 'National Curriculum for Elementary and Secondary Education: A Framework.' The reluctance of the system to allow for true plurality and flexibility in the curriculum was most clearly evident in Professor Yash Pal lead National Advisory Committee's report 'Learning without Burden' presented in 1993 to the Government of India. Even though the notions of curriculum and syllabi existing in the three National Curriculum Frameworks (1975, 1988, and 2000) are more or less similar, they failed to emphasize a clear connection between the concerns, aims, and curricular content. Mehdi (1988) investigated the instructional, developmental and social aspects of curriculum at secondary stage in Delhi schools and

found that the curricula in various subjects and the evaluation techniques were not conducive for the attainment of intellectual, social and developmental objectives. Sinha and Tripathy (2005) found that: many concepts included in the syllabus and textbooks are repetitive; many unwanted materials have been included; children are not given a chance for “learning to learn”; there is no scope for giving new information in the curriculum; and the whole curriculum of science for Classes IX and X has become mechanical, a process of passing information from teacher to students through textbooks. The findings of the study regarding the curriculum aspect are discussed hereunder.

DISCUSSION

All the schools are following the curriculum designed by the respective governments through the apex bodies like NCERT at the national and SCERTs at the State levels. Even though, the SCERTs are designated a constructive role in designing and updating State specific curriculum, the APSCERT is not that much active. The school heads hardly have any role in designing and revising the curriculum. The syllabus is not updated regularly and there is unanimous demand from all schools regarding the necessity to update the curriculum from time to time. The schools do not have freedom to deviate from or modify the prescribed syllabus in view of the students’ socio cultural environment. All the schools demand for a category-wise representative mechanism in development and modification of syllabus.

Regarding the appropriateness of the present curriculum, the data pertaining to the perceptions of the school heads is tested by Chi- Square Test to establish consistency (Table-1).

TABLE-1: HEADMASTERS’ PERCEPTIONS REGARDING THE PRESENT SYLLABUS (CROSS TABULATION)

Category	The perceptions of the school heads regarding the appropriateness of the present curriculum						Total
		Very much inappropriate	Inappropriate	Neither appropriate nor inappropriate	Appropriate	Very much appropriate	
Government	Count	1	1	1	1	0	4
	% within category	25.0%	25.0%	25.0%	25.0%	.0%	100.0%
	% within column	2.4%	1.6%	4.3%	2.5%	.0%	2.1%
	% of Total	.5%	.5%	.5%	.5%	.0%	2.1%
Local Body	Count	18	36	12	28	19	113
	% within category	15.9%	31.9%	10.6%	24.8%	16.8%	100.0%
	% within column	43.9%	56.3%	52.2%	70.0%	95.0%	60.1%
	% of Total	9.6%	19.1%	6.4%	14.9%	10.1%	60.1%
Private Aided	Count	4	12	6	3	1	26
	% within category	15.4%	46.2%	23.1%	11.5%	3.8%	100.0%
	% within column	9.8%	18.8%	26.1%	7.5%	5.0%	13.8%
	% of Total	2.1%	6.4%	3.2%	1.6%	.5%	13.8%
Private Unaided	Count	18	15	4	8	0	45
	% within category	40.0%	33.3%	8.9%	17.8%	.0%	100.0%
	% within column	43.9%	23.4%	17.4%	20.0%	.0%	23.9%
	% of Total	9.6%	8.0%	2.1%	4.3%	.0%	23.9%
Total	Count	41	64	23	40	20	188
	% within row	21.8%	34.0%	12.2%	21.3%	10.6%	100.0%
	% within column	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	21.8%	34.0%	12.2%	21.3%	10.6%	100.0%

Source: Survey responses.

TABLE-2: CHI-SQUARE TEST RESULTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26.682**	12	.009
N of Valid Cases	188		

* 0.05 - Significant; ** 0.01 - Highly Significant; *** 0.001- Very Highly Significant.

As the responses of the Government schools are equally distributed; the majority of Local Body schools (32%) felt ‘inappropriate,’ followed by around 25% who said ‘appropriate’ where as about 11% rated it as ‘neither appropriate nor inappropriate.’ Among the Private Aided category, the majority (46%) rated the curriculum as ‘inappropriate’ where as the major part (40%) of the Private Unaided schools felt ‘very much inappropriate’, closely followed by around 33% as ‘inappropriate’. Thus, the majority of the Local Body and the Aided schools coincide with the total sample’s majority opinion saying that the present syllabus is ‘inappropriate.’ The dominant opinion of the Private Unaided schools stood alone saying ‘very much inappropriate’. The Chi Square value (26.682), as observed from Table-2, is highly significant at 0.01 level.

INSTRUCTION

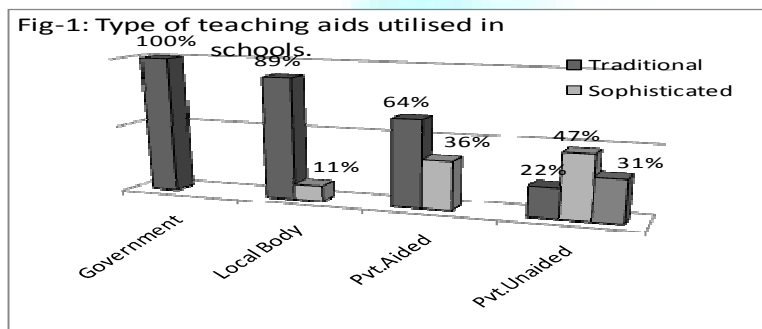
The Education Commission (1966) remarked that the primary purpose of education is to provide with the widest opportunity to develop learner’s potentialities to the full. Successful schools are organized around student learning. NCERT has always been recommending child centered and activity based learning in conformity with the international trends and rich empirical evidences. Given the curricular outlines of the central and state level apex bodies, the schools should be able to plan and spell out the curriculum in detail through different instructional methods, suitable to the local conditions. The planning exercise must eventually focus on the overall development of the students. What type of students do the school wants to produce should be forecasted so that specific instructional plans are generated to achieve this goal.

In the area of instructional planning, the research work of Gangopadhyay (1991) on class IX students in the subject of history proved that the method of lecture, explanation, questioning and using the feedback was most effective. Narain (1992) compared various methods of teaching such as large-group lecture-demonstration and small-group laboratory methods and found that neither of the methods is superior in teaching all aspects of science exclusively. Mujumdar

(1989) applied the principle of cybernetics in teaching-learning process. Jana (1989) studied the pupil growth and personality development under the nurturing effect strategy and found it to be effective over the traditional strategy. Ashraf's case study (1988) of some schools in Delhi revealed that about 28.57% of the schools in the sample had innovative practices in classroom. Sharma (1991) compared the effect of various modes of classroom teaching involving video-based instruction, teacher discussion, demonstration and self-experimentation on the achievement in science of the secondary level learners and concluded that video-based instruction was most favored while self-experimentation under the guidance of the teacher was found to be least effective of all the models. Singh(1990) surveyed the availability and use of teaching aids in middle and secondary schools of Jammu and Kashmir, Kerala, Orissa and Uttar Pradesh and concluded that Kerala is making maximum use of the teaching aids with teachers adequately trained on those aids. Singh, Ahluwalia and Verma (1991) found that students who were exposed to Computer Assisted Instruction (CAI) in mathematics scored higher than those taught through the conventional method. Kalimuthu (1991) compared the students' performance receiving through video-viewing and through traditional teaching and proved that the group instructed through video gained more and learnt more concepts than the control group. Joshi (1987) found that the secondary school TV programmes in science were of poor quality; run of the mill; and have not changed over the years. The study is aimed at finding out the nature and practice of instructional methods being followed at the sample schools.

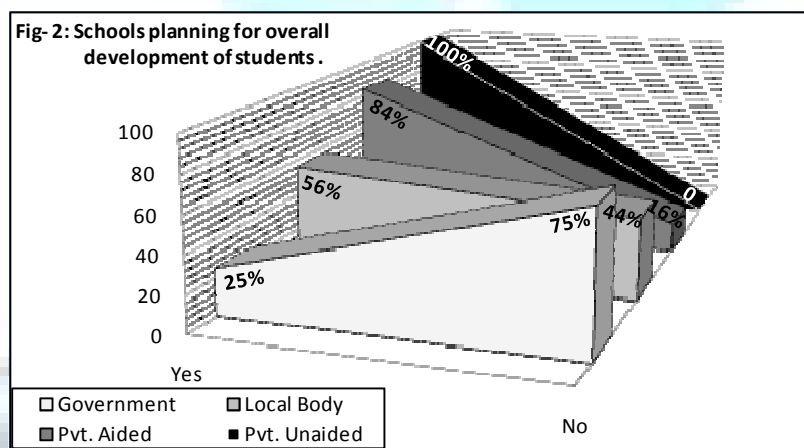
• **DISCUSSION**

The instruction planning in all types of schools is scheduled basing on the Academic Calendar supplied by the concerned district educational administration. The Private Unaided schools are clearly showing the difference as 87% of them are preparing the instructional plans well in advance of the commencement of the academic year and regularly ensuring its implementation as per the schedule for each subject. However, all the schools have 'freedom' in designing suitable teaching methodologies. However, only 25% of Government and 40% of Local Body and Private Aided schools are experimenting with new methodologies while all the Private Unaided schools are doing the same. Regarding the nature of teaching aids utilized in the instruction activity at schools, Figure-1 represents the situation.



Source: Survey responses.

The schools under the Government and Local Body managements are mostly depending on traditional teaching aids such as maps, charts, specimens, science labs and around 36% of Private Aided schools are utilizing the sophisticated aids like audio-visual, overhead projector, interactive blackboards, in addition to the traditional ones whereas 78% of the unaided schools are employing the sophisticated as well as digital aids such as educational CDs, animated programs, large LCDs and conducting some experiential exercises and other innovative aids prepared by the senior subject teachers. There is a consensus among the respondents that the instruction planning at schools must aim at overall development of the students. But, unfortunately, many of the public sector schools were not able to design specific programs aimed at this objective, as evident from Figure – 2.



Source: Survey responses.

Around 50% of Local Body and 80% of the aided schools are able to implement some programs for overall development of the students. A sort of ingenuity prevailed only in case of private unaided schools in this respect. Those who disagreed, say that aiming overall development of students is not possible in the prevailing set-up of centralized academic planning.

c. **EVALUATION**

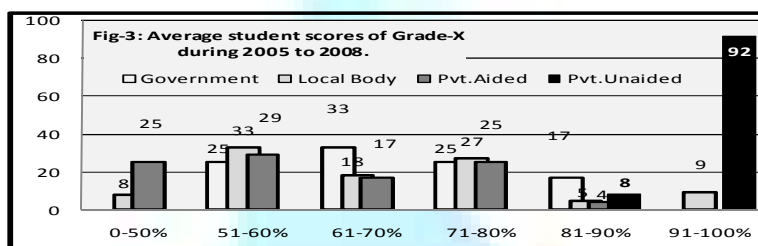
In view of generating a meaningful report on quality and level of individual learner's progress, it is necessary to assess each child's learning. A systematic collection of the ways the learning has improved and grown, the material produced, and ideas articulated should be incorporated into the student's evaluation report along with the marks obtained, if that is felt necessary. Thus, the purpose of examination must be an evaluation of well-defined and sensible achievement levels at all stages, and not the test of meaningless transient memory (Eklavya, 1985). As long as it stresses on simple recall and the exact repetition of the contents as stated in the textbook, all innovations will be of no use.

As Socrates noted, 'Education is not the filling of a vessel but the kindling of a flame.' But the examination system forcing students to memorize a plethora of facts, from an unattractive dry-as-dust textbook is unlikely to keep them attending. The Indian school board exams, though fairly reliable on tests of narrow textbook content, are rarely valid tests of desired competencies and broader curricular objectives (NCERT, 2006). The main purpose of examination as envisaged by the Education Commission (1964-66) and reiterated in the National Policy on Education 1986, is to help determine and gradually raise standards of

attainment: as such it should be constructed as a powerful instrument for improving the quality of education in general and that of improving teaching-learning in particular. While the basic philosophy behind examination is laudable, its alternative effects on students' cognition remain a concern. Humphry (1988) describes examination distress as being nearly universal, due in part to society's examination consciousness. While, under some circumstances, examination pressure promotes excellence by increasing attention and motivation (Bernard, 1990) in many academic situations, it detrimentally affects student well-being and performance (Ghose, 2001). At this moment, the National Focus Group on Examination Reforms (NCERT, 2006) proposes that a school based continuous and comprehensive evaluation system be established in order to: reduce stress on children; make evaluation comprehensive and regular; provide space for the teacher for creative teaching; provide a tool for diagnosis and for producing learners with greater skills. Moreover, it is recommended that each school should be given freedom in evolving a simple and suitable scheme of evaluation for its students, involving its teachers and owned by the teachers. Dave (2005) opines that there was an urgent need to strengthen school-based evaluation system giving adequate emphasis on the cognitive, non-scholastic and value content of education.

DISCUSSION

The public examination system is common to all categories of schools as prescribed by the government. Under the present system, the focus is more on Grade X compared to other classes. The students of other classes, especially in public sector and aided schools, are promoted based only on attendance. There are significant differences in the success rates of students as could be seen from the data given here for the past three consecutive years. The average student success rates from 2005 to 2008 for the four categories of schools are presented in Figure-3. Around 90% of the unaided schools are achieving an average student success rate of more than 90% where as only 9% of Local Body schools could manage to that level; while the majority among other categories are able to achieve the student success rates between 50 to 70%. Many of the schools have incentive mechanism for both students and teachers.



Source: Survey responses

2. INFRASTRUCTURE PLANNING

It is widely recognized that student performance is strongly affected by the design and suitability of those facilities in which it takes place. Both teachers and students feel motivated and satisfied with adequate infrastructural facilities and create positive environment for learning (Yadav, 2008). A number of studies have documented the link between the physical environment and academic achievement. Some economic researchers report that every dollar spent on such projects can generate almost another dollar in local spending. In India, Punjab has emerged a leading state in the country in providing best infrastructure and facilities to primary and upper primary schools (Yadav, 2008). Availability of land is a prerequisite to all other physical resources. Only when the land is available, other physical expansions are possible. Next to land, the physical structures occupy a prominent role in infrastructure planning. The following discussion facilitates the status of infrastructure planning among the select secondary schools.

DISCUSSION

Availability of land is a boon to many Government run schools. The schools run by Local Body managements were successful in attracting donors of land for the establishment of schools to the extent of almost 60%. The land for 28% of private aided schools was leased by different governmental agencies while a majority-72%, are run with the land purchased by the managements concerned. Despite the availability of sufficient land resources, there are some schools which suffer from insufficiency of pucca buildings. The major need is in the Local Body category as 44% of the schools were suffering from insufficient accommodation. Providing sufficient accommodation is not an issue in the Private Unaided schools. In the Private Aided category, 11% schools were not having sufficient building infrastructure. However, the ratios of plinth area to student showed much variation as evident from Table - 3.

TABLE-3: RATIO OF PLINTH AREA IN SQ. FEET PER STUDENT (CROSS TABULATION)

Category of Schools	Ratio of plinth area of school buildings in square feet per student.				Total
		Less than 5 sq. ft. per student	5 to 10 sq. ft. per student	More than 10 sq. ft. per student	
Government	Count	0	3	1	4
	% within category	.0%	75.0%	25.0%	100.0%
	% within column	.0%	2.7%	8.3%	2.1%
	% of Total	.0%	1.6%	.5%	2.1%
Local Body	Count	51	59	3	113
	% within category	45.1%	52.2%	2.7%	100.0%
	% within column	79.7%	52.7%	25.0%	60.1%
	% of Total	27.1%	31.4%	1.6%	60.1%
Private Aided	Count	3	20	3	26
	% within category	11.5%	76.9%	11.5%	100.0%
	% within column	4.7%	17.9%	25.0%	13.8%
	% of Total	1.6%	10.6%	1.6%	13.8%
Private Unaided	Count	10	30	5	45
	% within category	22.2%	66.7%	11.1%	100.0%
	% within column	15.6%	26.8%	41.7%	23.9%
	% of Total	5.3%	16.0%	2.7%	23.9%
Total	Count	64	112	12	188
	% within row	34.0%	59.6%	6.4%	100.0%
	% within column	100.0%	100.0%	100.0%	100.0%
	% of Total	34.0%	59.6%	6.4%	100.0%

Source: Survey responses.

TABLE-4: CHI-SQUARE TEST RESULTS

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.332**	6	.002
N of Valid Cases	188		

* 0.05- Significant; ** 0.01 - Highly Significant; *** 0.001- Very Highly Significant.

Among the Government schools, 75% were operating with ratios between 5 to 10 square feet to student and the remaining 25% have a ratio of more than 10 sq.ft. The Local Body schools which could provide around 5 to 10 sq.ft per student were 52% and another 45% percent of them have less than 5 sq.ft. Among the Private Aided schools, around 77% could provide between 5 to 10 sq.ft, per student while the unaided category also could show the same result as 67% of them were able to operate around 5 to 10 sq.ft per student and another 22% show an inferior ratio of less than 5 sq.ft. Very less number of schools, among all categories, has more than 10 sq.ft. per student. In this aspect, the Private Unaided schools are not an exception. Of the total sample schools among the four categories, only 6% could operate with spacious premises where as the majority at 60% were operating with ratios between 5 to 10 sq.ft. per student. The Chi Square value - 21.332 (Table-4) is highly significant at 0.01 level.

3. FINANCIAL PLANNING

In education, more than 75% of the expenditures are by and large on maintenance (non-plan) activities. In the present framework of federal financial arrangements, the plan funds for the union, state, and decentralized units have to be sanctioned by the Planning Commission of India and non-plan funds by the Finance Commission. Even though much ground work is done through the Planning Commission and many other working groups for determination of the financial requirements of education sector, much of it, however, remains only on paper. All the plans and proposals prepared by various commissions and working groups are tailored to fit the budget and many-a-time end up with 'no new scheme' philosophy. This is a clear indication of 'centralization' of Indian educational planning which can otherwise be called 'reductionist planning' (Mukhopadhyay & Tyagi, 2008). The scenario in the states is also similar, if not the same. The financial requirements and the views of the basic unit of educational service – the school, are never taken into consideration during the centralized process of financial planning. The schools do not have any say in the resource allocation. As a result, they are not able to design various programs and plans for efficient achievement of goals. While there is a great shortage in funds allocation for the basic and minimum requirements at the institutional level, many educational analysts observed that there is huge wastage of financial resources.

A study by Loh (1995) estimated the contribution of education, through production function approach, by using macro data at the all India level over a period of time, i.e. 1961 – 1991, found that the effect of education on economic growth was insignificant during 1961-71, while it was substantial during 1971-91. Tilak and Qamar (1994) discussed the utilization of financial resources to school education in Guntur district of Andhra Pradesh. Most of the schools were found to be below optimal level for which the total cost turned out to be much higher than desired. Within the current trend to decentralize management to schools, budget authority is usually the most common responsibility delegated to the school management followed by personnel and curriculum responsibilities. Raywid (1990) argues that devolution of budgeting to individual schools will encourage innovation and change. Many advocates of school based budgeting have argued that it will enhance organizational effectiveness and productivity by placing decisions closest to students (Levin, 1987) and by directing accountability toward individual schools instead of the central office and board of education (Ornstein, 1974). The budget should evolve primarily from the schools' current needs. Hence, provision must be created for financial autonomy where schools can prepare their budgets and can re-appropriate funds for school improvement. Thus, financial planning must originate from the micro plans developed at the institutional level. Acharya Ramamurthy Committee in 1992 reviewed the National Policy on Education, 1986, and strongly recommended transfer of centrally sponsored schemes to states through decentralization. The following discussion provides insights into the financial planning aspect of school management among the select schools.

• DISCUSSION

In some schools under the Local Body and Private Aided managements, salary payment is not as prompt as in other schools. Interestingly, the 13% of the local body schools experiencing delay in salary payment totally belong to the schools run by municipal bodies. Similarly, about 38% of the schools under private aided managements facing delay in salary payment attributed the delay to non transfer of grants by the government within time. Even though there is provision for maintenance grants for education department in the State budget, the public sector schools do not receive funds for school maintenance regularly. The Government and Local Body schools don't have the practice of preparing annual budget for their schools. The management bodies of Private Aided schools take care of preparing and submitting budgets to get grants from the education department and the school heads and staff are involved to some extent in this process. Majority of the school heads from all categories responded positively for involving in long term / perspective planning for their schools, if given the opportunity. The private sector schools are more inclined towards perspective planning than the public sector managements as evident from Table – 5.

TABLE-5: OPINION REGARDING PERSPECTIVE PLANNING (CROSS TABULATION)

Category	Opinion of school heads regarding perspective planning						Total
		Strongly agree	Agree	NR	Disagree	Strongly disagree	
Government and Local Body	Count	14	42	4	45	12	117
	% within category	12.0%	35.9%	3.4%	38.5%	10.3%	100.0%
	% within column	29.8%	63.6%	66.7%	81.8%	85.7%	62.2%
	% of Total	7.4%	22.3%	2.1%	23.9%	6.4%	62.2%
Private Aided	Count	7	10	1	6	2	26
	% within category	26.9%	38.5%	3.8%	23.1%	7.7%	100.0%
	% within column	14.9%	15.2%	16.7%	10.9%	14.3%	13.8%
	% of Total	3.7%	5.3%	.5%	3.2%	1.1%	13.8%
Private Unaided	Count	26	14	1	4	0	45
	% within category	57.8%	31.1%	2.2%	8.9%	.0%	100.0%
	% within column	55.3%	21.2%	16.7%	7.3%	.0%	23.9%
	% of Total	13.8%	7.4%	.5%	2.1%	.0%	23.9%
Total	Count	47	66	6	55	14	188
	% within row	25.0%	35.1%	3.2%	29.3%	7.4%	100.0%
	% within column	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	25.0%	35.1%	3.2%	29.3%	7.4%	100.0%

Source: Survey responses

TABLE-6: CHI-SQUARE TEST RESULTS.

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.526***	8	.000
N of Valid Cases	188		

* 0.05 - Significant; ** 0.01 - Highly Significant; *** 0.001 - Very Highly Significant.

Among the public sector schools, about 36% agreed for involving in perspective planning and another 39% disagreed. Of the Private Aided schools, 39% agreed whereas 58% of the Private Unaided schools strongly agreed and another 31% agreed for practicing perspective planning at schools. Thus, the unaided school heads were showing much interest in perspective planning while a majority of their counterparts in public sector and aided schools also agreed for the same. Thus, all the school heads showed similarity with the majority trend of the total sample; whereas the private unaided school heads were more proactive. The Chi Square value (42.526) as derived by the SPSS analysis in Table-6 is very highly significant at 0.001 level.

CONCLUSION

The planning practices regarding the components of academic planning are centralized to a major extent making professional management difficult. However, in some areas like instruction planning, the school managements, specifically under the public sector, are not showing interest for larger involvement. Similarly, infrastructure and financial aspects of planning also are considerably centralized which hinders accountability of the school management. The main contention of the school based management reforms is decentralization to enhance accountability of the school managements. Professional management of schools is possible only when the resource allocation and decision making are decentralized to the level of individual schools. The governments initiating reforms at the secondary level of school education through schemes like Rastriya Madhyamic Siksha Abhiyan (RMSA) should consider these aspects first to facilitate professional management of each school which ultimately can ensure efficiency of the sector.

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SERVICE QUALITY IN HOSPITALITY INDUSTRY – EXPECTATIONS FROM THE PERSPECTIVES OF MANAGERS AND GUESTS

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ABSTRACT

Service sector is going at a much faster rate than manufacturing and agriculture in India. Service quality is very important for the revenues and profits of any service organizations. Companies can adopt service quality as a method to gain competitive advantage over other players. Customer perception of service quality is very important, since service is intangible. In order to sustain, thrive and excel in the competitive scenario, understanding customer requirement is very important. The aim of this study is to analyze the guests' expectations of service and managers' perceptions of guests' expectations. The SERVQUAL model is used. Much of the contemporary theory considers service quality from the viewpoints of both provider and customer, and Parasuraman et al. (1985) propose a model, which enables perceptual gaps to be identified. In 1991, these authors developed this framework into the SERVQUAL scale. The results show that there is a gap between Managers' perceptions of guests' expectation and actual guests' needs and desires. The key area to be concentrated by the managers of hospitality industry is to develop proper strategy, which will meet guests' expectations of service quality. The findings of the study suggest that guests stayed in the hotels view reliability as the most important satisfactory attribute. Managers of these hotels have to keep up their promises (as spelt out in the communication-promotion) in order to satisfy the guests and maintain their credibility. In order to reduce the gap, managers have to conduct survey at least two to three times in a year. Hotel managers may adopt different ways to assess the gap and take suitable corrective action to reduce the gap.

KEYWORDS

Customer expectations, Hospitality business, Quality, Service Delivery, Thanjavur, Trichy.

INTRODUCTION

The hospitality industry is one of the fastest growing industries today with more and more people traveling for business as well as for pleasure. The hospitality sector, impelled by the tourism and business travel boom, is growing very fast. According to World Tourism Organization (WTO) about 300,000 rooms would be required by 2020 to cater the rising number of tourists to India.

Competition is very stringent in hospitality industry. It is very important for service industries, to retain loyal consumers. Loyal consumer may act as an unpaid brand ambassador. It is hard to maintain a repeat customer profile. In order to thrive and excel in the competitive environment hospitality organizations have to maintain quality as per the expectations of consumers. Hospitality managers have to become much more aware of the quality and value of services being provided by them as desired by potential consumers (guests). The positive consequences of companies achieving high levels of customer satisfaction and service quality are well documented (Buzzell & Gale, 1987; Rust & Zahorik, 1993; Zeithaml, Berry and Parasuraman, 1996). Indeed, service quality and customer satisfaction issues are important as companies attempt to differentiate their services and compete effectively in the marketplace (Parasuraman, Zeithaml & Berry [PZB], 1988; Brown & Schwartz, 1989). Most research in the area of service quality has been based upon the model developed by Parasuraman, Zeithaml and Berry (1985, 1988), which incorporates a comparison of customer expectations and perceptions of service performance.

Hospitality customers base their purchase decisions on factors such as price, value, and satisfaction. Nightingale (1985) contends that customer satisfaction leads to loyalty and a flourishing business. Hadyn Ingram (1999) contends that satisfying the guest leads to repeat customer, personal recommendations and a favorable image, and this is hard won but easily lost.

The travel and tourism demand in India has increased at a compound annual growth rate (CAGR) of 16.4 per cent between 2004 and 2009, to reach US\$ 91.7 billion (INR 4,412.7 billion). (Travel and tourism economic impact: India, 2009, "Statistics", Ministry of tourism, Government of India).

Consumers have become more eager than ever to complain and transfer their allegiances to perceived providers of quality service (Palmer, 1988). Consumer satisfaction and loyalty, secured through high quality products and services providing value for money, for the consumer, are essential for long-term survival, let alone long-term success (Zeithaml et al., 1990; Robeldo, 2001).

The Indian hospitality industry is highly fragmented and unorganised. The Indian hotel industry is required to comply with a number of regulations related to the preparation and sale of food and beverages, and various laws and regulations governing employee relationships. Hotel owners and operators need to obtain multiple licences, permits and authorisations, including local land-use permits, building and zoning permits, environmental, health and safety permits and liquor licences. Hotels in India are broadly classified into two categories — approved and unapproved. The Department of Tourism (DoT) grants approval and classifies hotels into seven categories — heritage hotels, 5-star deluxe, 5-star, 4-star, 3-star, 2-star and 1-star. The DoT reclassifies hotels every three years and provides reclassification to 5-star deluxe, 5-star and 4-star hotels. The state governments reclassify the 1-star, 2-star and 3-star hotels. (Ministry of Tourism (Government of India))

THANJAVUR AND TIRUCHIRAPPALLI CONTEXT

THANJAVUR-THE CHOLA LEGACY

Thanjavur is a municipality and the headquarters of the Thanjavur district in the Indian state of Tamil Nadu. Thanjavur is one of the oldest cities in India and has a long and varied history dating back to Sangam period. Thanjavur is an important center of South Indian art and architecture. Most of the Great Living Chola Temples which are UNESCO World Heritage Monuments are located in and around Thanjavur. The foremost among the Great Living Chola temples, the Brihadeeswara Temple, is located in the center of the city. Thanjavur is also the home of the Tanjore painting, a painting style unique to the region. The city is an important agricultural center located at the heart of the region, known as the *rice bowl* of Tamil Nadu. South Zone Culture Centre in Thanjavur is one of many regional cultural centres established by Indian Government to preserve and promote traditional cultural heritage of India. (Wikipedia)

TIRUCHIRAPPALLI- A CITY OF ROCK FORT

Tiruchirappalli also called **Tiruchi** or **Trichy**, is a city in the Indian state of Tamil Nadu and the administrative headquarters of Tiruchirappalli District. Tiruchirappalli is one of the oldest inhabited cities in Tamil Nadu. Situated on the banks of Kaveri River, Tiruchirappalli, was the citadel of the Early Cholas.

Tiruchirappalli has a number of historical monuments, prominent of these are the *Rockfort*, *Srirangam* and *Thiruvanaikaval*. Tiruchirappalli is a prominent industrial and educational hub of central Tamil Nadu. (Wikipedia)

CONCEPTUAL REVIEW

PERSPECTIVES ON SERVICE QUALITY

Quality is a subjective notion and there is no generally agreed definition for quality. Quality is really about satisfying the needs and expectations of the customer.

The word quality means different things to people according to the context. David Garvin (1988) identifies five perspectives on quality.

1. The transcendent view of quality is synonymous with innate excellence: a mark of uncompromising standards and high achievement.
2. The product-based approach sees quality as precise and measurable variable. Differences in quality, it argues, reflect differences in the amount of ingredient or attribute possessed by the product.
3. User-based definitions start with the premise that quality lies in the eyes of the beholder.
4. The manufacturing-based approach is supply based and is concerned primarily with engineering and manufacturing practices.
5. Value based definitions define quality in terms of value and price. By considering the tradeoff between performance (or conformance) and price, quality comes to be defined as 'affordable excellence'. David Garvin (1988)

It is commonly said that what is not measured is not managed. Without measurement, managers can't be sure whether service quality gaps exist. And, of course, measurement is needed to determine whether goals for improvement are being met after changes have been implemented. (Christopher Lovelock et al. 2006). Even though service quality is difficult to measure and quantify but has to be measured, in order to assess whether service industry provides necessary service as per the expectation of consumers.

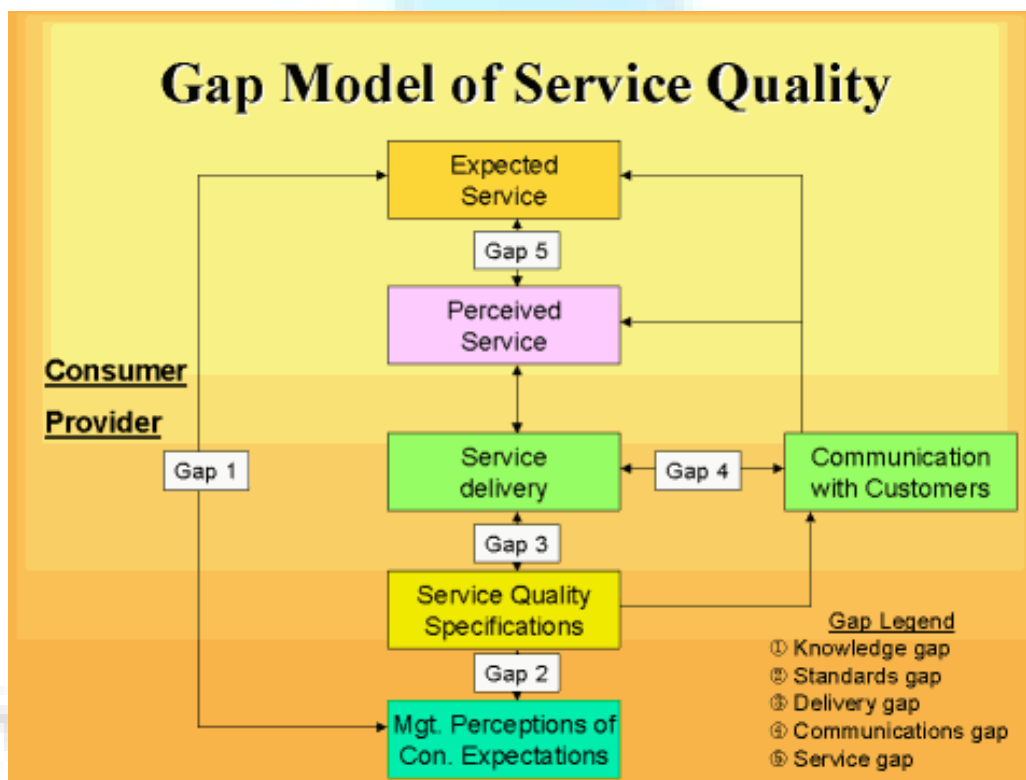
THE SERVQUAL (SERVICE QUALITY) MODEL

Much of the contemporary theories consider service quality from the viewpoints of both provider and customer, and Parasuraman et al. (1985) propose a model, which enables perceptual gaps to be identified. In 1991, these authors developed this framework into the SERVQUAL scale, which enables actual service delivery to be measured. Zeithaml et al. (1990) suggest that the criteria used by customers in molding their expectations and perceptions fit in five dimensions of service quality:

- *Tangibles*: physical evidence, appearance of physical facilities, personnel, and communication materials.
- *Reliability*: ability to perform the promised service dependably and accurately.
- *Responsiveness*: willingness to help customers and provide prompt service.
- *Assurance*: knowledge and courtesy of employees and their ability to convey trust and confidence.
- *Empathy*: provision of individualized caring attention to customers.

The SERVQUAL model of service quality claims that the consumer evaluates the quality of a service experience as the outcome of the difference (gap) between expected and perceived service (Zeithaml et al. 1990). The model also highlights the main requirements for delivering high service quality and is a useful framework to assess the quality of hotels. The SERVQUAL model of service quality identifies five gaps that cause unsuccessful delivery. These five quality gaps are the result of inconsistencies in the quality management process:

Gap 1. The management perception gap: Manager's perceptions of customer's expectations may be different from actual customer's needs and desires, suggesting that management perceives the quality expectations inaccurately.



(Sources: A.Parasuraman, Valarie A.Zeithaml, and Leonard L.Berry, "A Conceptual model of service quality and its implications for future research," Journal of Marketing (Fall 1985).44)

Gap 2. The quality specification gap: Divergences in service quality specifications might signify that, even if customer needs are known, they may not be translated into appropriate service specifications.

Gap 3. The service delivery gap: This is referred to as the service performance gap and denotes that quality specifications are not met by the performance in the service production and delivery process.

Gap 4. The market communication gap: This gap indicates that promises given by market communication activities are not consistent with the service delivered.

Gap 5. The perceived service quality gap: This gap results when the perceived service falls short of the expectations of customers. Brogowicz et al. (1990) contend that this gap is the most important, because it compares actual to perceived service delivery. Zeithaml and Bitner (2003) stated that in order to manage service quality, it was important to manage the gaps between expectations and perceptions on the part of the management, employers and customers. Service quality scores (Q) can be measured by subtracting the customer's perception score (P) from the customer's expectations score (E). This can be denoted by the equation: $Q = E - P$ (Zeithaml et al.1990)

The SERVQUAL model has come in for criticism from, for example, Carman (1990) and Cronin and Taylor (1992). Johns (1996) argues that it may be too cumbersome for general use, but provides a useful service tool, which can: point the way forward for more rigorous quality monitoring. Despite criticism, SERVQUAL has been used to measure service quality in a variety of contexts, including hospitals (Desombre and Eccles, 1998), Universities (Galloway, 1998),

Police Services (Webb, 1998), Banks (Kangis and Passa, 1997) and Travel Agencies (Luk, 1997). Other researchers refuted the criticism when they proposed that practitioners require a generic model to ensure reliability, which allows both cross-industry and cross-functional comparisons to be made (Pitt et al., 1997; Williams, 1998)

USE OF SERVQUAL INSTRUMENT IN THE HOSPITALITY INDUSTRY

The SERVQUAL model consists of 22 statements for assessing consumer (guest) perceptions and expectations regarding the quality of a service. Respondents (Guests) are asked to rate their level of agreement or disagreement with given statements on a five point Likert scale. Consumers' (Guests') perceptions are based on the actual service they receive, while consumers' (guests') expectations are based on past experiences and information received. Several researchers used SERVQUAL instrument to examine consumers' expectations of hospitality organizations. Researchers arrived at the most important dimensions of the service, that is, assurance, reliability and tangibles although they did rank them in different orders (Saleh and Ryan, 1991; Fick and Richie, 1991; Fick and Richie, 1991; Bojanic and Rosen, 1994; Wuest et al., 1996). Saleh and Ryan (1991) examined the hotel managers' perception of consumer expectations and found that most important dimensions of reliability, tangibles and assurance correlated with order, but not the degree of consumer expectations. In their research in the hotel sector, Gabbie and O'Neill (1997) reported that the higher expectations of consumer related to the dimensions of reliability and assurance while the dimensions of tangibility and empathy were lowest in their rankings.

OBJECTIVES OF THE STUDY

The main objective is to ascertain the way in which quality is managed in hotels, as few studies have addressed this issue. The study aimed at investigating the extent to which hotels in Thanjavur and Tiruchirappalli (Tamilnadu/ India) have integrated the elements of service quality and this can be tested by measuring gaps in perceptions. This study is to examine and to compare relative importance attached by hotel guests in terms of their expectations and their perceptions. Following Gabbie and O'Neill's (1997) findings, that the hotels in their study placed too strong an emphasis on the more tangible elements of customer service, this study is aimed at testing the importance placed on tangibles and intangibles by service providers and customers (guests) in star hotels. Johns (1996) argues that service quality management hinges on matching hotel intentions with perceptions of customers. The main aim is to identify the opinions of the managers of hotels situated in Thanjavur and Tiruchirappalli area, which are responsible for managing quality and the guests in these hotels who experience and judge it.

METHODOLOGY

Questionnaires were designed according to the SERVQUAL model of measuring the gaps between managers' and guests' expectations and perceptions. In particular, the questionnaire design enabled two major gaps suggested by Parasuraman et al. (1985) to be explored:

Gap 1. *The management perception gap*

Gap 5. *The perceived service quality gap*

STUDY SAMPLE

A survey questionnaire was completed by two distinct groups of respondents-managers, and guests. 250 questionnaires were administered, only 228 samples responded. The samples include 200 guests and 8 managers. 18 guests and 2 managers were used for pilot study. The study sample could be said to be wholly representative of the target population because questionnaires to managers and guests were completed in all the 8 hotels of Thanjavur and Tiruchirappalli area. The guests who stayed at the hotels were requested to complete the survey questionnaire. The survey questionnaire is regarding the guests' expectations, before actually experiencing the service and their perception after stay. No consideration in this survey was taken with respect to ratings of hotels, the type of guest i.e. local or tourists, or the frequency of their visits.

FINDINGS AND DISCUSSION

PROFILE OF THE HOTELS

Eight hotels in and around Trichy and Thanjavur (Tamilnadu/India) area were included for this study, with quality ratings ranging from three stars to four stars/deluxe. The capacity of the hotels ranges from 50 to 170 elegantly furnished rooms and suites.

GUESTS' PERCEPTIONS

With respect to gender, 51 percent of male and 49 percent of female expressed their opinions, for the questionnaires. Ages of the respondents were ranging from 21 years to 60 years, and the major categories were in the age group of 31 to 40 years (40 percent). Guests' occupations include government officials, students, and business people and privately employed. Throughout the questionnaire, guests were given the opportunity to evaluate the quality of the services provided from the hotel they visited. One question was asked to all the guests' in order to elicit the response pertaining to the overall satisfaction with respect to the hotels they stayed. 60 percent of the guests were very much satisfied, 32 percent were satisfied and 8 percent were neither satisfied nor dissatisfied with respect to overall satisfaction.

MANAGERS' PERCEPTION

Managers who were responsible to ensure the quality of service provided by the hotels were asked to express their perceptions with respect to quality. Three out of eight managers (37.5%) expressed that service quality means meeting the customer expectations and the remaining five managers (62.5%) said that service quality means controlling the activities of hotels.

GAP ANALYSIS

The responses elicited, through the questionnaires, from the guests (n=200) and managers (n=8) were used to evaluate two major gaps suggested by Parasuraman et al. (1985).

GAP 1. MANAGERS' PERCEPTIONS OF GUESTS' EXPECTATIONS VERSUS GUESTS' EXPECTATIONS

TABLE I: GAP 1 MANAGERS' PERCEPTIONS OF GUESTS' EXPECTATIONS AND GUESTS' EXPECTATIONS

Feature	Mean of Managers' perceptions of guests' expectations	Mean of guests' expectations	Difference
Tangibles	4.80	4.08	+0.72
Reliability	4.54	4.89	-0.35
Responsiveness	3.91	4.59	-0.68
Assurance	4.62	4.52	+0.10
Empathy	4.10	4.30	-0.20

(Source: Primary data)

It is clear from Table I that, mean of Managers' perceptions and mean of Guests' expectations vary from each other. The widest gap exists in the features of tangibles and responsiveness, with the greatest concurrence in assurance. Guests rated reliability high than managers with the difference in means of -0.35. But managers (mean of 4.80) perceived that guests' rated tangibles more high than is actually the case (mean of 4.08). This suggests that guests in these hotels rate the reliability more high than tangibles. Guests rated the importance of the attributes as reliability, responsiveness, assurance, empathy and tangibles while the managers ranked the importance of the attributes as tangibles, assurance, reliability, empathy and responsiveness.

GAP 5. GUESTS' EXPECTATIONS VERSUS GUESTS' PERCEPTIONS

TABLE II: GAP 5 GUEST EXPECTATIONS AND ACTUAL PERCEPTIONS

Feature	Mean of guests' expectations	Mean of guests' actual perceptions	Difference
Tangibles	4.08	4.26	+0.18
Reliability	4.89	4.40	-0.49
Responsiveness	4.59	4.32	-0.27
Assurance	4.52	4.58	+0.06
Empathy	4.30	4.16	-0.14

(Source: Primary data)

It is clear from Table II that, hotel guests are satisfied in terms of tangibles and assurance. In terms of reliability, responsiveness, and empathy guests' perceptions of service quality does not exceed their expectations, which is an indicator of dissatisfaction. The difference in mean is large for reliability (-0.49) and for responsiveness (-0.27). The difference in mean is relatively low in the case of empathy (-0.14).

Managers have to understand those guests' needs and expectations can vary extensively. Any differences between guests' expectations and the organization's perception of guest's expectations of quality are important to identify and determine the level and quality of service provided. (Lesley Douglas, Robert Connor, 2003).

The results of this study show that there is a gap between managers' perception of guests' expectations and guests' expectations (Gap 1). This is in contrast to the work of Salah and Ryan (1991) who found that for all of the dimensions; managers overestimated consumers' expectations, placing the dimensions in a similar order. The current study found that managers underestimated guests' expectations for three of the five dimensions, and also placed them in a different order of importance (Table 1). Guests rated tangibles as the least important attribute in their expectations of service quality. Because guest might have felt that tangible should be naturally present in the hotel. Absence of the tangible element or below the expected level may dissatisfy the guest. This would be in line with Maslow's theory that people satisfy their basic physiological needs before moving on to the higher order needs (Mullins, 1998). Managers' perceptions of guests' expectations of service quality placed tangibles as being most important. Managers have to understand that guest assess their experience on individual components, therefore managers have to give importance to all the attributes. The results indicate the significant differences between the managers and guests' rating of the dimensions of reliability and responsiveness. Guests rate these dimensions higher because the reputation of the hotel and the temperament of staff in rendering good quality service. Managers need to be kind and compassionate enough to understand the guests' expectations and comfort stay in their hotels. So by referring to the gap model a hotel manager must lessen customer gap (Gap 5).

CONCLUSION

The findings of the study suggest that guests stayed in the hotels view reliability as the most important satisfactory attribute. In order to ensure the reliability, managers of these hotels have to keep up their promises (as spelt out in the communication- promotion). This will even the guests and enhance their credibility. In order to reduce the gap to satisfy the guests, managers have to conduct survey at least two to three times in a year. The main aspect of providing quality service is to meet the consumers' (guests') expectations and thereby making the consumer (guest) feel that they can influence the service. In general satisfied guests may disseminate positive word of mouth and thereby act as an unpaid brand ambassador. Hotel managers may adopt different ways (for example mystery shopping) to monitor and understand the needs of their guests.

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GOVERNANCE OF MUTUAL FUNDS: THE ANALYSIS OF MANAGEMENT PRACTICES IN INDIA**E. UMA REDDY****ASST. PROFESSOR (MANAGEMENT STUDIES)****CVR COLLEGE OF ENGINEERING****VASTUNAGAR, MANAGALPALLY (V) RR DIST****C M REDDY****PROFESSOR EMERITUS AND CHAIRMAN (MANAGEMENT STUDIES)****DEPT OF BUSINESS MANAGEMENT****OSMANIA UNIVERSITY****HYDERABAD****ABSTRACT**

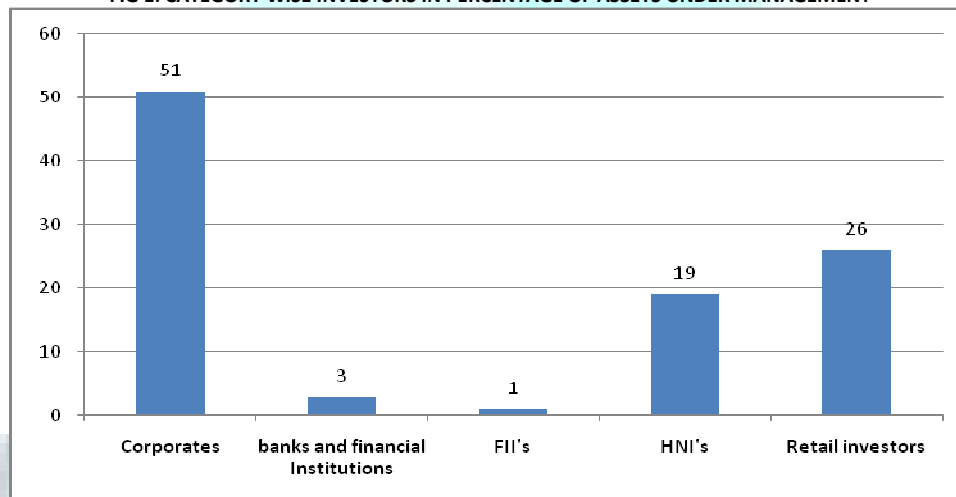
Governance in mutual fund operations aims at establishment of appropriate checks and balance, full disclosure and reporting for mutual funds offering, fair valuation methods and uniform performance measurement while fulfilling the investor's expectations. Mutual fund industry in India is demonstrating the philosophy of innovative nature in every aspect of the fund management. As a result it is observed that all asset management companies are implementing the best management practices to facilitate their customers with various provisions of utmost advantage. This study of governance of mutual fund includes identifying the mandatory regulations for management practices and also evaluates effectiveness of such practices. The Grievance management information of all Indian Asset Management Companies reveals that there is a need for review of existing management practices.

KEYWORDS

Governance of mutual funds, management practices, grievance management.

INTRODUCTION

The size and Growth of Mutual Fund industry in India has changed enormously over the last decade. Industry is growing with annual growth rate of 27.25% in terms of net sales. However Retail investor participation is only 26% of total Assets Under Management (AUM) which is indicating untapped potential for the growth of industry. Building investors trust and increased customer awareness will be the critical factors towards sustainable growth. In this regard Mutual funds need to exhibit good governance practices and transparency in all their areas of operations, in particular, roles and responsibilities of the board of directors and the committees of the board, code of ethics and best practices for the employees, trading procedures and practices, portfolio management, management fee and other expenses and performance measurement of the fund.

FIG 1: CATEGORY WISE INVESTORS IN PERCENTAGE OF ASSETS UNDER MANAGEMENT

Source: AMFI CATEGORY AUM DATA- AS ON SEPTEMBER 30, 2010

COMPARISON OF MUTUAL FUND GOVERNANCE AND CORPORATE GOVERNANCE

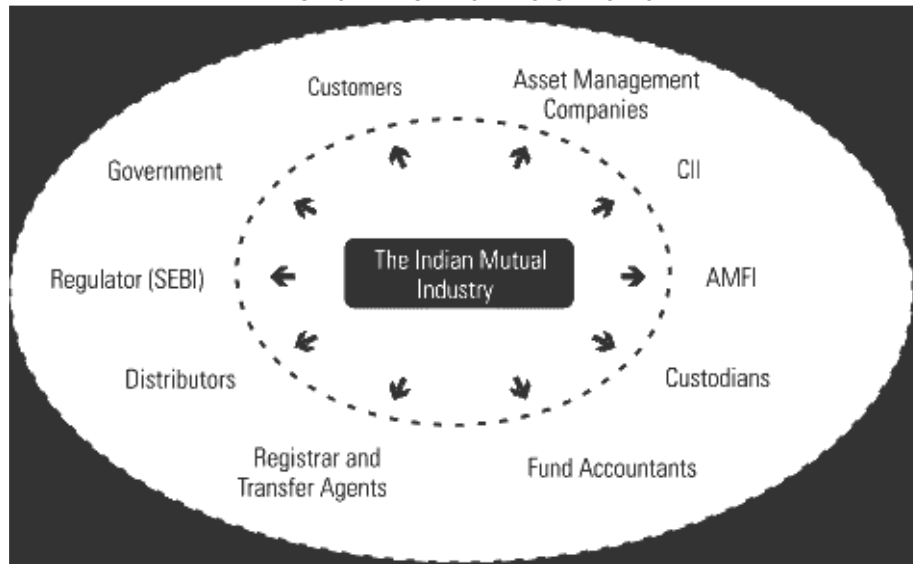
Corporate boards are empowered to utilize their power and influence and can effectively monitor the actions of management, intervening where necessary, but mutual fund boards are found to have significant structural differences that dilute the authority of directors in the management of mutual funds. The relationship between all the stakeholders in an Asset management company includes the unit holders, directors, and management of a company as defined by the corporate charter, bylaws, formal policy and rule of law.

The study of governance in mutual funds includes all operations and the established checks, disclosure and reporting for mutual funds offering, valuation methods and performance measurement across the spectrum of industry.

KEY AREAS OF FIDUCIARY RESPONSIBILITY OF MUTUAL FUND BOARDS

This includes Act in the interest of investors, ensuring the truthfulness & fairness of accounts, ensuring good performance, fair and consistent treatment of investors, fair pricing of services provided to the fund, fraud prevention, fair pricing of the funds (NAV) and consistency between fund prospectus/sales literature and reality and managing conflicts of interests.

FIG 2: STAKE HOLDERS IN MUTUAL FUNDS



Source: CII-KPMG Report June 2009

OBJECTIVES OF THE STUDY

This study of governance of mutual fund is investor-centric; hence every aspect is analyzed with that angle only. The main objectives include

- To sort out the governance norms of mutual funds as mandatory regulations in management practices.
- To identify and evaluate the investor management practices of the Indian Asset Management Companies.

DATA SOURCES & METHODOLOGY OF THE STUDY

The secondary data up to the month of December 2010 related to investor complaint status reports, governance norms and management practices from AMFI (The Association of mutual funds in India), SEBI and Asset Management Companies is collected. Interpretation of published documents is done by using simple statistical tools to evaluate the effectiveness of management practices.

ANALYSIS OF THE STUDY

BUSINESS PROCESS MANAGEMENT IN MUTUAL FUNDS

Business Process consists of the following typical activities

- **Sale of units:** investment (purchase) applications receiving from investors from diverse outlets.
- **Transaction processing:** Process units transactions, agents' commission, flat commission, overriding commission, dividend, dividend re-investment etc
- **Switches and shifts:** Request process to use option to switch units (partial or full) between Plans (from Dividend to Growth option or vice versa) of the Scheme
- **Redemption of units and Payment:** Make payment by modes such as manual, cheque printing, and payment gateway to the bank
- **Grievance tracking and management:** acknowledge the investors' grievances / queries
- **Enquiry:** Providing access of information on the performance of a fund, obtain statement of account or look into other related static information, etc., on the Internet
- **Reporting:** Report generation on commission payment, account statement, dividend statement, operational information, unit holders, amendment confirmations, transfers, etc.

MANAGEMENT PRACTICES OF INDIAN MUTUAL FUNDS

New business models are emerging in the fund management in view of the fact that the product innovation, best service and performance delivery are the key competitive factors ruling the competition. Mutual fund industry in India is demonstrating the philosophy of innovative nature in every aspect of the management of their funds. As a result it is observed that all asset management companies implementing the best management practices to facilitate their customers with various provisions at the utmost advantage. The typical practices are:

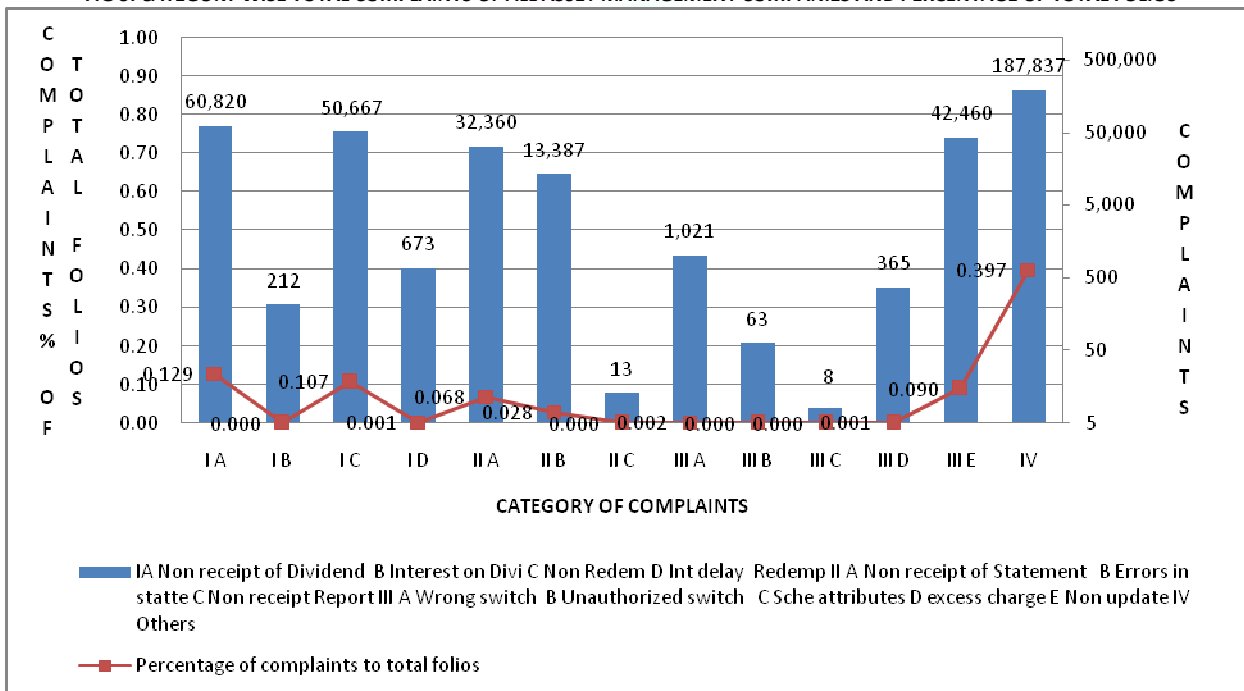
1. Product accessibility to all category of customers with other industries distribution network tie up, retail distribution, collection centers, third party outlets, and servicing centers
2. Innovative distribution channels like online order collection with e- platforms
3. Extensive awareness and new promotional strategies to reach out to more households
4. Introduction of the derivative securities and access to global markets enabled the funds to hedge their risk.
5. Competition through the degree of differentiation and branding of investment philosophies.
6. Continuous improvement in service to the customers with the networking of branches and third party agencies
7. Focus on increasing Customer engagement Pre and Post Completion of the Investment.
8. Access to common account statement (CAS) for all holdings across all Mutual funds
9. Changing of existing distributor without seeking 'No Objection Certificate'(NOC)
10. Holding of Mutual fund units in Demat Account
11. Buy/Sell transactions through the stock exchanges
12. Direct complaint/query without involvement of any third party distributors.

SEBI NORMS AND REGULATIONS IN MANAGEMENT PRACTICES OF INDIAN MUTUAL FUNDS

The regulator, Securities and Exchange Board of India (SEBI) is providing an enabling environment to promote the growth of mutual funds. The main objectives are enhancing corporate governance in mutual funds operations, including the establishment of appropriate checks and balances, disclosure and reporting for mutual funds offering, valuation methods and performance measurement. SEBI is empowered for the enforcement and investigation particularly in dealing with malpractices. It has consistently introduced several regulatory measures and amendments aimed at protecting the interests of the investor that augurs well for the long term growth of the industry. The Fund manager and Board of Director's fiduciary obligations and relevant regulations in the fund management are as follows

All offer documents (ODs) including Statement of Additional Information (SAI) and Scheme information Document (SID) Mutual Fund schemes shall be filed with SEBI in terms of the regulations. Undertaking from Trustees for new Scheme with regard to compliance of AMC with Regulations related to new product offer, Selection of appropriate Benchmarks for performance measurement, Consolidation of Schemes, Implementation of the Risk Management System, Half Yearly disclosure of Portfolios and Disclosure of derivatives in Half Yearly Portfolios, Abridged Scheme wise Annual Report, Annual report of the AMC, Submission of bio data of key personnel, Disclosure of investor complaints with respect to Mutual Funds, Formation of Audit and Valuation Committees by the Trustees and/or AMC, Investment and/or for / Trading in Securities by the employees of the AMC(s) and Trustee(s), Compliance to the Insider Trading Regulations, Scheme Performance Review with benchmark indices and reporting, Audit by an independent CISA/CISM qualified or equivalent auditor, role of mutual funds in corporate governance of public listed companies, Disclosure of Net Asset Value, Valuation of Securities, Limits on fees and expenses charged to schemes, dividend distribution procedure, Investment Restrictions and Overseas Investment, Norms for investment and disclosure by Mutual Funds in Derivatives, Advertisement Code and Forms of Advertisement, Specify the Code of Conduct for distributors, agents, brokers and Obligating the investors for Know your client (KYC) certificate.

FIG 3: CATEGORY WISE TOTAL COMPLAINTS OF ALL ASSET MANAGEMENT COMPANIES AND PERCENTAGE OF TOTAL FOLIOS



Source: AMFI Investor complaints as on 31st march 2010.

All Asset management companies are effectively handling the investor complaints since most of the complaints have been resolved within a month. Indian Mutual funds are maintaining the total folios of 4,73,15,958 as on 31st march 2010. Most of the complaints related to non receipt of dividend and redemption proceeds when IV category complaints are excluded. In total, the reported 36 fund houses received over 3.89 lakh complaints in 2009-10, of which approximately 3.79 lakh (97%) were resolved by them within 30 days of receiving the complaints. Important aspect in the analysis is other complaint category. It accounts for 48.18% of total complaints.

Other complaints include changes in policies and procedures, changes in key personnel, changes in key information memorandum and scheme information document, Book closure, Asset allocation and Portfolio matters. This category accounts for majority of complaints therefore serious attention is needed. These complaints not only question the credibility of governance practices but also leave the investors with apprehension. This precursor states the need for the urgent review of management practices by the Asset management companies.

CONCLUSION

The Indian mutual fund industry needs enhanced governance for the greater participation of all stakeholders to maintain the sustainable growth. The efforts of all the stake holders are needed to embrace best governance practices in the fund management. The improvements in the service, better definition in the rules, more education of industry participants, development of industry best practices and continued regulatory and industry dialogue and feedback are to be taken into perspective.

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A STUDY OF ROLE STRESS AMONG TWO INDIAN GOVERNMENT ORGANIZATIONS

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ABSTRACT

Total stress at workplace may account for 1-10% GDP of the country. India has a mixed economy. Although, country is liberalizing to some extent, but key regulating powers are still in the government hand. Therefore, government authorities are exposed to play a critical role in development of the country. Government employees are called upon to take important decisions regarding policies, plans, procedures etc. As they shoulder critical responsibilities, they are required to have a sound physical and mental health. This research study empirically assesses the occupational stress among the employees of two important government organizations namely archaeological survey of India (ASI), Agra and District Treasury office of Agra. The analysis has been done using ORS scale. This scale comprises of ten role stressors; Inter-role distance, Role Stagnation, Role Erosion Conflict, Role Erosion, Role Overload, Role Isolation, Personal Inadequacy, Self-role distance, Role Ambiguity, Resource Inadequacy indicate key findings as well. The finding reveals that the government employees are facing moderate level of stress. The research established that Resource inadequacy is the most potent stressor. It also identifies that Role Erosion and Role Expectation Conflict has a significant impact on the stress level of employees in different government organizations.

KEYWORDS

Occupational Stress, government, ORS scale etc.

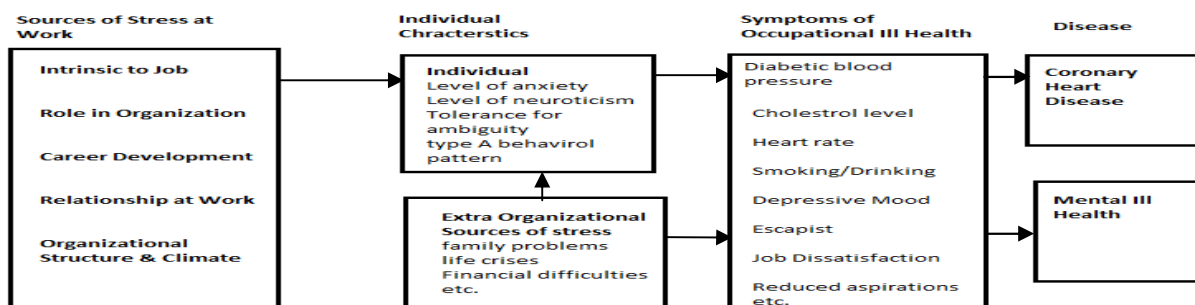
INTRODUCTION

Indian society is undergoing rapid changes due to many contemporary trends in the form of industrialization, liberalization, modernization, automation etc. These changes have impacted the health profile of employees. Workload has been increased in many folds. Employees are called upon to spent additional time in their workplace. They are given deadline to finish tasks. That creates stress among them. Stress is the adverse reaction which people experience due to excessive pressure or other types of demands placed on them (Water & Usery, 2007). In simple words, stress occurs when external demands exceeds from the internal capabilities of a person. Stress is generally associated with negative outcomes. But it may not true always. Every stress is not harmful and dysfunctional in nature. Research in this field indicates that moderate amount of stress combined with appropriate responses can actually benefit both the individual and the organization (Chusmir & Franks, 1988).

Occupational stress can be defined as the harmful physical and emotional responses which occur when the demands of the job do not match the capabilities, resources or needs of the workers (Sauter & Murphy, 1999). Stress is the inevitable part of human life. It can't be totally removed from anybody's life. We can attempt to reduce stress. Stress can be minimized when one is helped to understand how stress occurs, what the consequences of stress are and how it can be coped (Gibbons & Gibbons, 2007). This organizational stress directly impacts the health profile of the employees. Government employees are also vulnerable to stress. Stress impacts those professions where employees are called upon to deal with the general public directly. Government functioning directly affects the common people. Government employees shoulder greater responsibilities in comparison to private sector employees as they are the regulating entities and they have to formulate the governing policies. It is therefore imperative that they must have a sound mental and physical health.

A person encounters many stressors during course of his work. Stressors can be grouped in two categories: *job related stressors* and *individual related stressors*. Researchers have classified occupational stress in different ways. Physical environment, role stressors, organizational structure, job characteristics, relationship with others, career development and work-family conflict can be the stressors among employees (Burke, 1993). They may also be categorised as factors intrinsic to the job, management role, relationship with others, career and achievement, organizational structure and climate, home/work interface may be the stressors among people at workplace (Cooper, C.L. & Marshall J. 1976). The model is given in the Figure 1. The factors intrinsic to the may be too much or too little work, poor working conditions, time pressure etc. The factors related to role in organization may be role ambiguity, no participation in decision making etc. The stressors under the head of career development may be under or over promotion, job insecurity etc. Company vs. Family demands, company vs. Own interests may be stressors under home/work interface. Organizational Structure may contain stressors like restriction on behaviour, office politics etc. Poor relationship with boss, peers and subordinates may also create work stress. Finally stress can also be varied due to personality, coping capabilities and behavioural pattern of the individual manager.

1.1 FIGURE 1: OCCUPATIONAL STRESS MODEL



Source: Cooper & Marshall, 1976

Stress can be measured using varied instruments. In this paper, our focus is on role stress. ORS, developed by Pareek (1983), is a popular instrument of measuring role stress. This scale measures respondents' quantum of stress in terms of total ORS scores. It also measures the intensity of ten role stressors contributing to total ORS score. The ten role stressors are-

Inter Role Distance (IRD): conflict between the organizational and non-organizational roles

Role Stagnation (RS): feeling of being stuck in the same role

Role Expectation Conflict (REC): conflicting expectations and demands by the different role senders

Role Erosion (RE): feeling that functions which should belong to incumbent's role are being transformed/performed or shared by other roles

Role Overload (RO): feeling that too much is expected from the role than what the occupant can cope with

Role Isolation (RI): lack of linkages of one's role with other roles in the organization

Personal Inadequacy (PI): lack of knowledge, skills or adequate preparation to be effective in a particular role

Self-Role Distance (SRD): conflict of one's values and self-concepts with the requirements of the organizational role

Role Ambiguity (RA): lack of clarity about expectations of others from the role, or lack of feedback on how performance is regarded by others

Resource Inadequacy (RIn): non-availability of resources needed for effective role performance

REVIEW OF LITERATURE

In India, there have been a number of studies which attempt to understand phenomenon of occupational stress among government employees. Some ORS scale (Pareek, 1983c) based studies done are as follows-

Sharma (1987) targeted managers and supervisors of public and private Pharmaceutical organization for his study. His aim was to ascertain the role of motivated climate on four psychological variables- Job satisfaction, participation, alienation and role stress. The respondents were 150 in number (75 managers and 75 supervisors). The findings of the research study indicates that the employees of public sector organizations scored lower and significantly differed from the employees of private sector organizations. However, the public sector employees scored significantly higher on role stagnation.

Choudhary (1990) conducted a study on 100 bank officers using ORS scale and Employers' Satisfaction Dissatisfaction Inventory (Pestonjee, 1973b) to probe the relationship between role stress and job satisfaction. Results showed that role erosion and resource inadequacy were experienced as dominant whereas role ambiguity and role expectation conflict as remote contributors of role stress among bank officers. The overall indices of role stress and job satisfaction were found to be negatively correlated in higher as well as lower age groups.

Srivastava (1991) conducted a study on 300 employees of supervisory cadre of Life Insurance Corporation (LIC) of India. The study reported significant positive correlation of various dimensions of role stress with the symptoms of mental ill health. Stress arising from role ambiguity and role stagnation were most intensively correlated with anxiety.

Singhvi and Mathur (1997) carried out a study on officers of Central Reserve Police Force (CRPF). The sample consisted of 19 gazetted officers and 32 non-gazetted officers. The study found that role erosion and inter role distance to be the most dominant whereas role ambiguity and role overload to be the least dominant contributors of role stress.

Patttnayak and Mishra (1997) carried out a comparative assessment between old and new public sector organizations in respect to ORS and quality of work life (QWL). The study covered 800 respondents including executives and non-executives both. Significant differences were observed between old and new public sector firms on all the ten dimensions of organizational role stress and total role stress. Similarly significant differences were found between executives and non-executives on all ORS dimensions and total role stress.

Talib (1999) carried out study on role stress among police personnel. The sample comprised 178 police personnel belonging to two groups viz, civil police and provincial arms constabulary (PAC) from Uttar Pradesh region. The study found that the inter role distance, resource inadequacy and role erosion were the dominant stressors for the police personnel. It was observed that more than 42% respondents were experiencing either medium high or high stress. The study found that role overload score was higher in civil police personnel. Overall PAC emerged as a far more stressed group. Inter role distance was found as a most potent stressor among both police and PAC.

Aziz (2003) conducted a research study on IT sector professionals. 257 employees from eight IT firms were administered to assess occupational role stress. The study established that the information technology professionals were experiencing a fair amount of role stress. It was also found that resource inadequacy, role stagnation and inter role distance were those stressors, which were emerged as top three contributors to overall organizational role stress among IT sector professionals.

Rishi et al (2004) studied 34 forest officers from Bhopal to identify different coping strategies used by them while facing multifarious role stressors. Projective Role PICS technique (Pareek, 1983b) was used to get the response. The results suggested that there was a positive and significant relationship between stress, avoidance strategies and type A personality. Forest officers having type A personality experienced more role stress and used more avoidance-based strategies to cope with it. Overall, 23.5% of the sample was found to be experiencing a high stress and ineffective coping styles.

Kaila (2004) conducted a study on 100 women managers to assess the stress and health aspects of women managers using in depth interviews in and out of Mumbai from diverse organizations. The study revealed that the factors like clashes with superiors, competition, dual responsibilities, meeting deadlines, lack of support from others, handling different type of clients, long working hours.

Nagar (2009) undertook a survey of sixty police personnel belonging to three hierarchical level of police organization (CSP, Inspector and Constables) during a soft skill training session to explore the occupational stress and health of the police personnel. Results revealed that 40% constables, 20% inspectors and 10% CSPs are facing high level of occupational stress. The common health complains reported by police personnel were high blood pressure, diabetes, Sciatica, arthritis, migraine, asthma and Gastric problems.

After analyzing the literature review, it is quite evident that stress research is a popular field of enquiry among management researchers. All aforementioned studies have highlighted different dimensions of the stress across varied occupational groups, sectors and national settings. The studies have also proposed various coping strategies. This also hints at the need of further exploration. It is found by most of the studied done on public sector employees that the government employees encounter lower stress. In this paper, we aim to study the stressors on the basis of the organization.

OBJECTIVES OF THE STUDY

This study aims at understanding the phenomenon of role stress among Government employees among various government organizations. The main objectives are mentioned below:

- To develop an overview of the most potent stressor of total occupational role stress (ORS)
- To study the variation of different stressors of ORS with government organizations

HYPOTHESIS

- H₀ 1: There has been no significant variation of mean score on IRD as a dimension of ORS with select govt organizations
 H₀ 2: There has been no significant variation of mean score on RS as a dimension of ORS with select govt organizations
 H₀ 3: There has been no significant variation of mean score on REC as a dimension of ORS with select govt organizations
 H₀ 4: There has been no significant variation of mean score on RE as a dimension of ORS with select govt organizations
 H₀ 5: There has been no significant variation of mean score on RO as a dimension of ORS with select govt organizations
 H₀ 6: There has been no significant variation of mean score on RI as a dimension of ORS with select govt organizations

- H₀ 7: There has been no significant variation of mean score on PI as a dimension of ORS with select govt organizations
- H₀ 8: There has been no significant variation of mean score on SRD as a dimension of ORS with select govt organizations
- H₀ 9: There has been no significant variation of mean score on RA as a dimension of ORS with select govt organizations
- H₀ 10: There has been no significant variation of mean score on RIn as a dimension of ORS with select govt organizations

RESEARCH METHODOLOGY

TOOL USED FOR DATA COLLECTION

Occupational Role Stress scale (ORS) has been used to generate data for the study. This scale measures quantum of stress in terms of total ORS scores. It also measures intensity of ten role stressors mentioned earlier. The respondents are required to indicate their responses on a 5-point Likert scale ranging from zero to four.

TEST- RETEST RELIABILITY OF THE ORS SCALE: The overall reliability of ORS scale is 0.73. This shows that ORS scale is highly reliable. On the other hand, the reliability of the three stressors are given in Table 1:

TABLE 1: RELIABILITY OF THE SCALE

S. No.	Variables	Coefficient	Level of Significance
1.	Inter Role Distance	0.58	.001
2.	Self-Role Distance	0.45	.001
3.	Role Erosion (RE)	0.37	.003
4.	Role Stagnation (RS)	0.63	.001
5.	Role Ambiguity	0.65	.001
6.	Role Overload	0.53	.001
7.	Role Inadequacy	0.58	.001
8.	Total Role Stress (ORS)	0.73	.001

Source: Pareek, 1983c

This shows that scale is reliable in all aspects.

SAMPLE

The sample of the study is drawn from the Department of Archaeological Survey of India (ASI), Agra and District Treasury Board (DTB), Agra. The study includes 35 employees, in which, 24 belong to ASI and 11 are from DTB.

STATISTICAL ANALYSIS

The data has been subject to analysis in the form of variables like ORS scores for public sector employees in which low, medium and high stress, comparison of stress of ASI and DTB employees, qualification, length of service, marital status and age has been considered. The grouping was done to ascertain the differences between the groups (Table 2). SPSS 16.0 was used to analyse the results. Findings were tabulated separately.

TABLE 2: DEMOGRAPHICAL PROFILE OF THE RESPONDENTS

S. No.	Variables	Details of Variables	Number of Respondents
1.	Education	Group A (Up to 12 standard)	10
		Group B (Graduate & P.G.)	21
		Group C (Doctorate)	4
2.	Age	Group A (Up to 35 years)	9
		Group B (36-50 years)	20
		Group C (Above 50 years)	6
3.	Length of Service	Group A (1-10 years)	8
		Group B (11-20 years)	14
		Group C (21-30 years)	11
		Group D (31-36 years)	2
4.	Organization	Group A (District Treasury Board)	11
		Group B (ASI)	24

RESULTS & DISCUSSIONS

The study established that Government employees were experiencing Organizational Role Stress (ORS). The mean score for total ORS is 15.75, which is at a moderate level as shown in Table 3.

TABLE 3: STATUS OF STRESSORS

Stressors	Mean	SD	Rank	Status
IRD	1.87	0.889	3	Moderate
RS	1.56	1.04	5	Moderate
REC	1.388	0.881	6	Moderate
RE	2.08	0.868	2	High
RO	1.382	1.09	7	Moderate
RI	1.68	0.933	4	Moderate
PI	1.23	1.05	9	Moderate
SRD	1.34	0.724	8	Moderate
RA	1.07	0.965	10	Medium low
RIn	2.12	0.991	1	High
ORS	15.75	6.871		Moderate

Note- For the analysis purpose, the mean score has been calculated on scale ranging zero to four and we have divided the stress level in three categories namely Low Stress (0-1), Moderate Stress (1-2) and High Stress (More than 2 up to 4).

The table 3 shows that only two stressors (Resource Inadequacy RIn and Role Erosion RE) contributing for high stress category. The mean score for RIn (mean score 2.12) is highest among all ten role stressors among government employees. It shows that government employees are facing resource inadequacy the most. Role Erosion (RE) has emerged as the second most potent stressor with a mean score of 2.08. Third important stressor which has emerged is Inter Role Distance (IRD) with a mean score of 1.87. The standard deviation is highest for Role Overload (RO). It shows that some sections of employees are experiencing

the problem of RO more than rest of the employees. Finally, we can say that RIn, RE and IRD are the top three contributors to the total stress level among government employees.

TABLE 4: ANOVA VALUES OF DIFFERENT STRESSORS

Hypothesis	Stressor	f value	Remarks
H ₀₁	IRD	0.694	Not Rejected
H ₀₂	RS	0.832	Not Rejected
H ₀₃	REC	0.013*	Rejected
H ₀₄	RE	0.001**	Rejected
H ₀₅	RO	0.293	Not Rejected
H ₀₆	RI	0.067	Not Rejected
H ₀₇	PI	0.592	Not Rejected
H ₀₈	SRD	0.129	Not Rejected
H ₀₉	RA	0.081	Not Rejected
H ₀₁₀	RIn	0.796	Not Rejected
	ORS	0.100	Not Rejected

*value is significant at 95% level of significance

**value is significant at 99% level of significance

Table 4 is showing that on the basis of organization, the calculated value of Role Expectation Conflict (REC) and Role Erosion (RE) is significant. Data interprets that only two hypotheses are rejected and most of hypotheses are not rejected. There is a significant difference in REC (Role Expectation Conflict) between organizations and there is a strong significant difference in RE (Role Erosion) between organizations.

CONCLUSION

The study has been conducted in two different government organizations to assess the most potent stressors among government employees. It has been concluded from the study that government employees are experiencing the moderate level of stress. It is further explored from the study that Resource Inadequacy is the most potent stressor followed by Role Erosion and Inter Role Distance. The study also assessed that Role Erosion and Role Expectation Conflict have significant impact on total stress level of employees.

MANAGERIAL IMPLICATIONS

The study explores that government authorities should design their strategies in such a manner that resource inadequacy and role erosion may be reduced in order to have sound physical and mental health of government employees which results in the enhancement of the overall productivity of the government organizations.

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EXECUTIVE ROLE CONFLICT AND ITS CONSEQUENCES

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ABSTRACT

Organization being a structure of inter-related roles which to certain extent also tend to be overlapping, role conflict role conflict and role ambiguity inevitably occur. Though conflict and ambiguity when they arise to a moderate degree tends to be motivational, however, above the optimum level they have a detrimental influence for the employee and for the organization. The incidences of role conflict and role ambiguity have their basis in the structural aspects of the organization, employee and also how he relates to the organization. Some of the structural aspects are span of control, professional growth in the organization etc.. The consequences of conflict can be both for the organization and the employee. The present study aims to investigate the relationship between role conflict and role ambiguity and certain antecedent and consequent variables. While antecedents are causes that lead to and result in the arousal of role conflict and role ambiguity, consequences refer to the effect of role conflict and role ambiguity. The antecedents examined in the study include age, job tenure, span of control and professional growth in the organization. The consequences studied are job, satisfaction job performance.

KEYWORDS

Conflict, Executive, Organisation, Roles.

INTRODUCTION

Among the antecedent variables studied it is years of experience and professional growth that are found to be related to role conflict consistently. As people acquire more experience they tend to experience less of role conflict in their job. This is explained in the following para. Familiarity and experience with situations tends to be more for experienced people, hence conflict may not be that stressful to them. Having resolved similar conflicts in the past they are used to these stressful situations. Moreover in terms of experience their experience they might be well tuned to the expectations of their role set members. And interpersonal relations built overtime may induce the role set members to time their expectations inconsonance with focal person's own expectations.

HYPOTHESES OF THE STUDY

1. If the span of control is large, will the executive experience more role conflict and role ambiguity?
2. If the years of experience are less will the executive experience more of role conflict and role ambiguity?
3. If the professional growth is less in the organization will the executive experience more of role conflict and role ambiguity?
4. Is the age related to role conflict and role ambiguity?
5. If the role conflict and role ambiguity are more will the satisfaction with one's job be less?

THE MEASURING INSTRUMENT

ROLE CONFLICT SCALE

Role conflict is defined as the extent to which the subject's job entails tasks that conflict with his values and job expectations and the incompatible requests the subject receives concerning his work. In other words, role conflict is the degree of incongruity of expectations associated with roles. Role ambiguity is defined as the lack of clarity of role expectations and the degree of uncertainty.

Regarding the outcome of one's role performance. The scale developed by Johnson Stinson with minor modifications to suit the present purpose was used to measure Role Conflict and Role Ambiguity. Role Conflict and Role Ambiguity items were mixed randomly and presented. A total 15 items were presented. The items of role conflict were 8 and role ambiguity were 7.

The response category of items ranged from "strongly agree" to "strongly disagree". A score of 5 was given to "strongly agree" and a score of 1 was given to "strongly disagree". Thus a high on these scales denotes high role conflict. In the present study internal consistency estimates were computed for each of the organization studied. Pooled data concerning public sector organizations and also for the total sample. It can be noted from table -I that the consistency estimates for intersender Role Conflict ranged from .61 to .84, for Person Role Conflict from .25 to .42, for Role Conflict, From .54 to .73 for Role Ambiguity - task from .10 to .39, for Role Ambiguity-feedback from .58 to .70 and for Role Conflict from .44 to .75.

JOB SATISFACTION SCALE

Six different aspects of job satisfaction were considered for the study. They are:

1. Pay
2. Supervision
3. Colleagues
4. Working Conditions
5. Opportunities for Promotion
6. The Job as a whole

Four of these aspects were taken from the job descriptive Index (Smith, Kendall and Hulin). They are pay, supervision, colleagues and opportunities for promotion.

The subjects were asked to report the extent to which they are satisfied with each of these aspects. Their evaluations are based on a seven-point response category ranging from "Extremely satisfied" to "Extremely dissatisfied". A score of 7 was given for extremely satisfied, with intermediary scores for other response categories. A high score on each of the aspects indicated high satisfaction. Scores on all these aspects were summed to obtain a measure of total job satisfaction. Internal consistency was computed for this scale. The consistency was found, to range from .72 to .98. (Table-I).

JOB PERFORMANCE SCALE

In self rated performance scale, the subjects were asked to rate his present job performance on a 9-point scale. Ticking 9 indicated maximum while ticking 1 indicated the minimum, ticking 5 indicated neutral or average, ticking 6, 7, 8, indicated the progressive amounts from average to maximum and ticking 2, 3, 4, indicated intermediate position between minimum to average. While all the above scales constituted Part II of the questionnaire, Part I of the questionnaire obtained information from the respondents with regard to Age, Job Tenure, Span of Control and Professional Growth in the organization. Job Tenure was measured in terms of the years of experience the respondent had in his/her present organization and also in his/her present position. Span of control was

measured in terms of the number of subordinates under the focal person's immediate control. The response alternative included: (1) 1-5, (2) 6-10, (3) 11-15, (4) More than 15, (5) none.

SAMPLE

A sample survey of 160 Executives of the middle and lower management levels were selected randomly from three different organizations. Two of them were in Public Sector and the third one was from a private sector. The Public Sector organizations are referred to as X and Y and the Private sector as Z. The investigator approached each of the subjects in the present sample by a prior appointment. The purpose of the study and the questionnaire was explained to each of the respondent. The respondents were allowed to complete the questionnaire at their leisure. For this purpose 10 days time was given and the questionnaires were collected back from the respondents. The nature of the sample and its characteristics are presented in Table-2.

RESULTS AND DISCUSSION

The hypotheses formulated were tested on the basis of data collected from the Executives of the organizations. The present study was intended to examine the relationship between Role Conflict and Role Ambiguity and some of the antecedent and Consequent Variables. Hypotheses were formulated concerning these relationships. With regard to Role Conflict and Role Ambiguity their homogeneity concerning the experienced conflict and ambiguity among all the three organizations studied. Differences worked out between the managers of the Public and Private Sectors suggest that two tend to differ only with respect to intersender Role Conflict and Role Ambiguity. Executives of the Private Sector report more of role conflict, while public sector executives experienced more of role ambiguity. In the private sectors, getting along with the expectations of the superiors, perhaps, is more important in one's job for the focal person, than in the public sector. This is because of the particular kind of and culture that prevail in the private sector, that one's own superiors tend to be an important force to reckon with in performing one's job. Job formalization than the public. This is because of the differences in organizational culture and work environment. Hence, it is more likely that role ambiguity tends to be relatively more among the public sector Executives.

ROLE CONFLICT, ROLE AMBIGUITY AND ANTECEDENT

Among the antecedent variables studied it is years of experience and professional growth that are found to be related to role conflict consistently. As people acquire more experience they tend to experience less of role conflict in their job. This is explained in the following para. Familiarity and experience with situations tends to be more for experienced people, hence conflict may not be that stressful to them. Having resolved similar conflicts in the past they are used to these stressful situations. Moreover in terms of experience their experience they might be well tuned to the expectations of their role set members. And interpersonal relations built overtime may induce the role set members to time their expectations inconsonance with focal person's own expectations. The negative relationship between Role conflict and experience is supported by other studies. Chonko finds that less experienced sales people often find themselves in new situations, requiring new information, whereas for experienced sales people, certain aspects of the job tend to become routinized and less time is required to learn aspects of the job. As such less experienced sales people face more of role strain than more experienced sales people. Peltit observed that role conflict and role ambiguity were both negatively related to various forms of organizational tenure. When similar studies were carried out in educational institutions, role strain was found to be greater among less experienced persons (Simpson, Schwab).

How an individual perceives his professional growth in the organization might influence the conflict experienced by one's role. Generally professional growth in terms of how fast one moves up the ladder. That is the number of promotions that one receives. Those grow in the organization are generally those who are also competent. In terms of their competence they might resolve conflicts to their advantage. Chances of rapid growth might also induce them to have positive attitudes towards their job and organization. A consequence of which they might, cope with conflicts in their style or perceive these situations as affording them an opportunity to exhibit their competence. Even, they might perceive the conflict situations, as those that afford them an opportunity for interaction with their superiors. Cognizing conflict situations in such a way, they might perceive role conflict less stressful. A significant relationship was observed between age and role conflict. With increase in age people tend to experience less role conflict. Pelit also supported negative relationship between age and role conflict. Similar findings were also obtained in studies done under school background (Simpson and Schwab). Span of control is not found to relate significantly to role conflict. Hence, the hypothesis formulated earlier that larger the span, more the role conflict has not been supported. Though one may hypothetically presume larger span of control to be associated with more role conflict, the relationship may not be one to because of a number of intervening variables that tend to influence the relationship. These variables are such as, complexity of the job, the type of technology employed in the organization, competence of the subordinates, interpersonal relationships between the focal person and subordinates and others. Only when such relevant variables are taken into consideration and controlled for, the exact nature of relationships between role conflict and span of control may be clearly established. None of the antecedent variables were found to relate significantly with role ambiguity for the executives of the public sector and for the pooled sample. However, in the case of executives of the private sector, ambiguity was found to increase with increasing age and decrease with increase in span of control. With increase in age people tend to become accustomed to perform their job in certain habitual patterns. The job over time may change in the way it is to be performed in terms of modifications that take place from time to time. Moreover the role set members may change and hence the focal person may be exposed to varied role expectations. In terms of the established patterns of behaviour the focal person may not be able to meet the changes arising either out of modifications in the job or the expectations of new role set members. Such situations tend to give rise high role ambiguity.

Role Conflict, Role Ambiguity and consequent variables. The results of the present study support our earlier stated hypothesis, concerning the relationship between role conflict and job satisfaction. Subjects with low role conflict are found to exhibit a higher degree of satisfaction with their pay, supervision they receive, working conditions, colleagues, opportunity for promotions and job as a whole. From the analysis we come to know that there is a significant negative relationship between job satisfaction variables and role conflicts. These findings are consistent for the public sector and the pooled samples. In the case of private sector, those executives with low role conflict are found to experience more of satisfaction with supervision, working conditions, opportunity for promotions and job as a whole. The analysis also suggests a significant negative relationship between role conflict and working conditions, opportunity for promotions and satisfaction with colleagues. Conflict on one's job thus tends to influence one's attitude not only towards job related factors but also job as a whole.

Role conflict is not found to influence satisfaction with pay only for the private sector. The factor being, generally executives in private sector are paid better in terms of salaries and perks. Executives experiencing low role ambiguity are found to report a higher degree of satisfaction with pay, supervision, working conditions, opportunity for promotions and job as a whole. Since pay and opportunities for promotions tend to be generally high in private organizations, role ambiguity may not influence executive satisfaction with respect to these variables. When the role is ambiguous the focal person is not clearly aware of his duties and responsibilities, and this may lead to dissatisfaction with the job. Rosenheim, Organ, Greene, and Coldwell also supported this finding in the studies. Keller finds that both role conflict and role ambiguity were associated with low levels of job satisfaction that is dissatisfaction with supervision, pay and opportunities for promotion. Schuler and Khan report that job level plays an important role in the relationship between role conflict and job satisfaction. Schuler suggests that ambiguity is less at middle and higher levels than at lower levels.

The negative relationship between role conflict, role ambiguity and job satisfaction has been supported in a number of other studies. Similar studies carried out in educational institutions also essentially yielded a negative relationship between role conflict, role ambiguity, and job satisfaction.

ROLE CONFLICT, ROLE AMBIGUITY AND SELF RATED PERFORMANCE

Both the role stress variables, role conflict, and role ambiguity are observed to have a negative relationship with self-rated performance. That is Executives high in Role Conflict, and ambiguity was found to rate their performances lower than executives low in role conflict and ambiguity. This observation was noticed with regard to the executives of the public and the pooled samples. High Role Conflict and ambiguity tends to influence performance adversely. Beehr observed that role ambiguity was found to have greater negative relationship, than role conflict with job performance at higher levels in an organization. Role conflict was found to have negative relationship, than role ambiguity with performance at lower levels in an organization. This can be because, the jobs employees perform at lower levels might be simpler in nature compared to higher level employees. The source and direction of causal influence with respect to role perceptions and

performance was supported only at the higher management levels. Because, at lower, tasks are well defined and structured and employees can more easily obtain information to reduce ambiguity than they can change rules, procedures and resources in order to reduce role conflict. The negative influence of the role stress variables on job performance was not significant for the executives of the private sector. In a private organization the emphasis is more on performance. Job security depends upon achieving optimum performance consistently. Hence, employees are expected to achieve the desired level of performance in spite of the conflict or ambiguity being present in their job situations. Negative attitudes generated because of role stress may not be reflected on the job performance for executives of private industries while it is not so for executives of public sector.

IMPLICATION OF THE STUDY

The findings of the study brings out the relevance of organizational socialization, which not only minimizes the experienced Role Conflict and Role Ambiguity but also helps in adjustments of the focal person to the work environment, role set and the organization are found to influence the experienced role conflict to a certain extent role ambiguity also. Retaining employees with larger experience in the organization facilitates the process of socialization and one’s adjustment. Organizations should try to retain their employees within the organization. Organization should be concerned with career and professional growth of the employees. This concern on the part of the management not only builds in positive attitude and loyalty in the employees towards organization, but also brings commitment to work, apart from developing self-confidence to handle situation of the role conflict. Employee training to build up the necessary technical and job skills, which may be required because of changes in job design resulting from technological advancements, is necessary to reduce role ambiguity. Developing inter-personal skills, by suitable training programs such as sensitivity training helps in fostering better rapport with the role set members, thus minimizing situations of role conflict. Organizational socialization carried out effectively might help to reduce personal role conflict. The consequences of role conflict and role ambiguity for job satisfaction and job performance have been evidenced clearly. Job satisfaction and job performance are also clearly related, more so when satisfaction results from better job performance and minimizing conflict and ambiguity, thus tend to have positive consequences both for the individual and for the organization. Developing role clarity in terms of clear definition and specification of tasks, responsibility and authority of a given job can minimize Role conflict and Role ambiguity. Better communication methods and more of cooperation between focal person and members of role set need to be developed.

SUMMARY AND CONCLUSIONS

The present study was intended to examine the relationship between role stress variables and certain antecedent and consequent variables for middle and lower level Executives. Role conflict is significantly and negatively related to the following antecedent variables – job tenure, professional growth in the organization and age for the Executives of the public sector and the pooled sample. Role ambiguity was not significantly related to any of the antecedent variables for the Executives of the public sector and the pooled sample. Only for the executives of the private organization, role ambiguity was found to be related significantly positive to age. Role ambiguity was found to be negatively and significantly related to the satisfaction variables – pay, supervision, working conditions, colleagues, opportunity for promotions, job as a whole and self-rated performance for the public and pool sample. However, for the executives of the private organization significant and negative relationship was obtained only after concerning satisfaction with supervision and job as a whole.

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TABLES

TABLE 1: INTERNAL CONSISTENCY RELIABILITIES FOR ROLE CONFLICT & ROLE AMBIGUITY

Organization	Internal Consistency						Job Satisfaction
	RIC	RP	RC	RAT	RAF	RA	
X (N = 30)	.84	.25	.54	.10	.58	.44	.85
Y (N = 90)	.67	.42	.73	.39	.59	.62	.98
Z (N = 40)	.61	.32	.65	.30	.70	.73	.75
X+Y(N=120)	.68	.45	.70	.35	.61	.62	.97
X+Y+Z(N=160)	.66	.41	.68	.33	.65	.68	.90

TABLE 2

Name of the Industry	Job Level	Age	Experience	Number
X	OE	30 – 60	5Yrs – 25 yrs	30
Y	STO	25 – 50	3 yrs – 15 yrs	90
Z	AO	25 - 50	3 yrs - 15 yrs	40

Note :

- X&Y represent public sector industries
- Z represents private sector industry
- OE represents Officer-Executive
- STO represents Senior Technical Officer
- AO represents Accounts Officer.

TABLE 3 CORRELATIONS BETWEEN ROLE CONFLICT AND THE ANTECEDENT VARIABLE

	Age	Years of Experience	Experience in the present position	Span of Control	Number of positions
X+Y N(120)	-.290**	-.216*	.151	-.036	-.118
Z (Private) N(40)	-.009	-.249	-.045	-.178	-.367*
X+Y+Z N(160)	-.193*	-.280**	-.077	-.098	-.196*

Note:

- *P<.05
- **P<.01

WORK ETHICS AND PROFESSIONAL VALUES – A TOOL FOR ORGANIZATIONAL EFFECTIVENESS**DR. S. B. AKASH****ASSOCIATE PROFESSOR & CO-ORDINATOR (M. COM. DISTANCE)****KUVEMPU UNIVERSITY****SHANKARGHATTA – 577 451****ABSTRACT**

Under changing business environment business is too complex and highly competitive; this environment generally encourages organization to develop strong work ethics among employees because work ethics enhances employee productivity, encourages employees to accept responsibilities, improve the capability of employees, facilitates to act with in the purview of rules and regulations, increases the commitment of employees, team work, understanding among different positions of organization properly, attain the basic objectives of organization, fair behavior come out from each employees of organization at work place, sense of good feeling about organization activities and organization, effective utilization of organizational and societal resources etc, However, it attempted to analyze the level of work ethics and professional values among employees of SSI.

KEYWORDS

Work ethics, Professional values and organizational effectiveness

INTRODUCTION

Employee work ethics and professional values played key roles in any business success and survival, because, employees are the key elements in any business, if employees has work ethics organization able to perform organizational function according to their expectations. However, professional ethics have different role in business like increases the attendance of employees; encourage the employees to accept responsibilities, increases the productivity of employees, encourage employees to work with in the working norms and rules, protect the interest of employees and organization, ensures to get competitive advantages' over competitors etc. However, work ethics deals with adoption of right method and means towards right end about their duties and responsibilities and it includes not only how employee feels about their work, career or vocation, but also how one does their job or responsibilities. This involves attitude, behavior, respect, communication, and interaction; how one gets along with others. Work ethics demonstrate many things about employees. It also refers aspects like honesty and accountability, beliefs, standards, norms etc. Essentially, work ethics break down to what one does or would do in a particular situation. Work ethics, such as not lying, cheating, and stealing, doing a job well, valuing what one does, having a sense of purpose and feeling being a part of a greater vision or plan is vital. Philosophically, if one does not have sound work ethics, a person not bothered about the work and his duties. People who have sound work ethics they always try to do good things for organization and they are not go beyond the existing rules and regulations. Work ethics are important organization for variety of reasons such discharging responsibilities, co-operation with their subordinates, acceptance of responsibilities, work always in favour of organization etc.

STATEMENT OF THE RESEARCH PROBLEMS

The small- scale industry sector (SSI) over the years has grown steadily and occupied an important place in the Indian economy. Contribution of the sector in terms of generation of employment, out put and export is quite significant. The sector currently account for 95% of the industrial units in the country and contributing more than 40% of the manufacturing sector. However at present most of the SSI not increases their core competency due to many reasons such as inadequate policy regarding human resources development, inadequate training, lack of motivation of their employees, lack of sound organizational culture, lack of ethical practices towards human resources, lack of sincere effort to satisfy the needs of human resources etc., among different reasons one of the important reason is lack of work ethics and professional values among employees. In view of this the small- scales industry not able to get maximum work from the employees and competitive advantages over competitors. Hence, the study assumed great importance to study on employee work ethics and professional values.

SIGNIFICANCE OF THE STUDY

Professional ethics played a key role in any business to attain the requirements of business and society. And it have different role such as it guides young manager to take ethical decisions about business activities, knowledge of business ethics helps managers in resolving ethical issues as they arise, it helps managers setting highly responsible tone for the organization in individual judgments and decisions whether ethical or not, it brings consciousness among managers about moral issues of business, it helps managers to discharge their social responsibilities, it facilitates business communities to inculcating high level of integrity among employees, it creates awareness among business community about social values and moral, sound ethical practices in business increases the standard of living of human beings, it facilitates strong team work and productivity, ethical programmes support employee growth, it avoids criminal acts of omission and can lower fines, it ensure quality management etc. However, many scholars opined their opinions about work ethics. **Frederick Taylor**⁽¹⁾ opined that today's business environment is not only fast-paced, but also highly competitive. In order to keep pace and stay ahead, possession of several key work ethics like punctual and regular attendance, character, teamwork, appearance, and positive attitude towards work etc. is a plus for achieving individual and organization goals. **Anthony** (1977)⁽²⁾ described the significance of an ideology advocating regular systematic work as essential to the transformation from the feudal system to the modern society. In the emerging capitalist system, work was good. It satisfied the economic interests of an increasing number of small businessmen and it became a social duty a norm. Hard work brought respect and contributed to the social order and well being of the community. **Rodgers** (1978)⁽³⁾ economists warned of the poverty and decay that would befall the country if people failed to work hard, and moralists stressed the social duty of each person to be productive

With this back drop the study assumed great importance to study on employees' agreement and adherence towards work ethics and professional values.

STUDY AREA

Uttara Kannada District is one of the biggest districts in Karnataka State with abundant natural resources. The district has varied geographical features with thick forest, perennial rivers and abundant flora and fauna and a long coastal line of about 140 KM in length. It is surrounded by Belgaum District and State of Goa in the North, by Dharwar District in the East, by Shimoga and Udupi Districts in the South. Arabian Sea forms the West border. In its 10.25 lakh hectares of total land, of which 8.28 hectares is Forest land. And only about 1.2 lakh hectares of land (roughly about 10%) is under agriculture / horticulture.

OBJECTIVES OF THE STUDY

The brief objectives of the study are to examine the adherence and agreement of employees towards ethics and professional values among employees of SSI.

HYPOTHESES

There is no adherence and agreement of sample employees towards work ethics and professional values.

SAMPLE DESIGN

The size of registered small-scale industry is very large and size of employees also very high in Uttar Kannada district. Since detail study of opinions of all employees of small scale industry towards agreement and adherence of work ethics of all employees is very difficult and times consuming, therefore, the study were adopted cluster sampling method and selected 125 employees from different category of employment from different small- scale units in Uttar Kannada district.

SOURCES OF THE STUDY

The study based on both primary and secondary data. Primary data collected from the sample employee of organization by adopting cluster sampling method through pre-tested questionnaire. The secondary data collected through sources like, reports, magazines, papers, books etc.

TOOLS AND TECHNIQUES

The study used tools like tabular method, percentage, five points scale and Chi-square was applied to interpret the data systematically and draw the meaningful conclusions.

ANALYSIS AND INTERPRETATION OF DATA

Under LPG incorporating values and ethics in business decisions have become increasingly important to business people, universities, government, and the public in general. The costs of unethical behavior in business are high and rising, possibly due changing business environment. However, work ethic is a set of values based on hard work and diligence. It also a belief in the moral benefit of work and it facilitates to enhance ethical value of employees. Work ethic may include being reliable, having initiative or maintaining social skills. Employee exhibiting a good work ethic in theory should be selected for better positions, more responsibility and ultimately promotion. Employees who fail to exhibit a good work ethic may be regarded as failing to provide fair value for the wage the employer is paying them and should not be promoted or placed in positions of greater responsibility. One central concept that forms part of the basis of the free market economic theory of western capitalism is that workers who work hard and play by the rules will be rewarded and will move ahead, and that those who do not should be allowed to enjoy the fruits of their own poor performance. However, here an attempt is made to analyze the agreement and adherence of employees in small scale industries about work ethics and professional values by adopting five point scale method.

TABLE 1: AGREEMENT AND ADHERENCE OF EMPLOYEES ABOUT WORK ETHICS

Work ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Duty consciousness	45	40	25	10	5	485	3.9
Work excellence	20	35	20	28	22	378	3.1
Hard Work	12	20	20	33	40	306	2.4
Accepting responsibilities'	10	25	15	45	30	315	2.5
Other	08	10	30	48	29	295	2.3

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree
 Table 1 reveals the agreement and adherence of employees about work ethics. Here an attempt is made to study the level of agreement and adherence of sample employees' towards work ethics, for this purpose the study has selected few ethical aspects as relating to work ethics such as duty consciousness, work excellence, hard work , accepting responsibilities and other aspects in respect of work ethics. As regards to duty consciousness employees were agree (3.9), in respect of work excellence employees were moderate agree (3.1), as par as hard work is concern sample employees were disagree (2.4), as regards to accepting responsibilities is concern employees not agree (2.5) and other ethical aspect is concern sample employees not agree(2.3).Thus it is clear that from the above analysis employees in small- scale industry of Belgaum district not have strong work ethics, it may be due to employees not happy with job and facilities of industry.

TABLE 2: AGREEMENT AND ADHERENCE OF EMPLOYEES TOWARDS SUPERIOR RELATED ETHICS

Superior related ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Co-operation with superior	20	42	48	10	5	437	3.4
Bringing credit to superior	10	30	30	30	25	345	2.7
Obedient to superior	15	25	38	40	7	406	3.2
Proper advise to superior	05	20	30	25	45	290	2.3

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree
 Table 2 provides information about agreement and adherence of employee's towards superior related ethics. The co-operation between superior and subordinates is very much essential in order to attain the predetermined enterprise goals and it is possible through strong ethics of superior and subordinates. However, as par as co-operation with superior is concern sample employees were simply agree (3.4), as regard to bringing credit to superiors sample employees were not agree (2.7), obedient to superiors is concern sample employees were moderate agree(3.2) and as regards to proper advise to superior is concern sample employees were disagree (2.3). From the above explanation it is clear that sample employees were agree with some superior related ethics and they are not agree with some other superior related ethics like bringing credit to superior and obedient to superior.

TABLE 3: AGREEMENT AND ADHERENCE OF EMPLOYEES TOWARDS SUBORDINATES RELATED ETHICS

Subordinates related ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Protection of subordinates interests	20	42	48	10	5	437	3.4
Proper guidance to subordinates	10	30	30	30	25	345	2.7
Confidence in subordinates	15	25	38	40	7	406	3.2
Other	05	20	30	25	45	290	2.3

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree

Table 3 provides information about agreement and adherence of employees towards subordinates' related ethics. Among different subordinates related ethics the employees were just agree as relating to protection of subordinates interest (3.4), as regards to proper guidance to subordinates employees were not agree(2.7), in respect of confidence in subordinates employees is concern were moderate agree(3.2) and as relating to other subordinates related ethics is concern employees were not agree. Thus it is clear that there is no strong agreement and adherence of employees towards subordinates' related ethics.

TABLE 4: AGREEMENT AND ADHERENCE OF EMPLOYEES TOWARDS PEER RELATED ETHICS

Peer related ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Generosity among peers	05	20	35	30	35	305	2.4
Sense of cooperation among Peers	10	25	45	38	07	368	2.9
Competitive sprit among peers	-	15	35	40	35	280	2.2
Positive response towards peers feelings	-	10	45	34	36	279	2.2

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree

Table 4 provides information about agreement and adherence of employees towards peer related ethics. Peer related ethics played a very important role in order to build up a strong team work among employees, however, here an attempt is made to study the agreement and adherence of employees towards peer related ethics, generosity among peers is one of the important peer related ethics and which constitute a total score amounting 305 (2.4), it means the sample employees were not agree with generosity among peers. As relating to sense of co-operation among peers sample employees were agree because, it constitute a total score amounting 368, in respect of competitive sprit among peers total score were 280 ,it means the sample employees were not agree with competitive spirit among peers. And in respect of positive response towards peers feeling the total score were 279, it means sample employees were disagree. Thus it is clear that sample employees were not agree with peer related ethics because they only agreed about sense of co-operation among peers.

TABLE 5: AGREEMENT AND ADHERENCE OF EMPLOYEES TOWARDS TRADE UNION AND COMMUNITY RELATED ETHICS

Trade union and community related ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Active participation in trade union	08	19	37	32	32	323	2.6
Binding oneself to trade union decisions	14	26	40	28	28	378	3.1
Social involvement	17	20	33	35	35	356	2.9
other	-	12	41	31	31	264	2.1

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree

Table 5 provides information about employees' agreement and adherence towards trade union and community related ethics. The total score were 323 about active participation in trade unions which constitute weighted average 2.6 , it means sample respondents not agree about to take active part in trade union activities. As regards to binding oneself trade union decisions the total score amounting 378 and weighted average constituting 3.1. It is clear that from the data, sample respondents were agreed about binding oneself to trade union decisions. Regarding social involvement sample respondents were agreed because the total score were amounting 356 and in respect of other trade union and community related ethics sample respondents were not agreed. Thus it is evident that the agreement and adherence level of sample employees in respect of trade union and community related ethics were not acceptable and it is also not good to create good working environment as well as to protect them-selves whenever exploited from employer.

TABLE 6: AGREEMENT AND ADHERENCE OF EMPLOYEES TOWARDS ORGANIZATIONAL RELATED ETHICS

Organization Related Ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Commitment to organization	15	25	36	30	24	367	2.9
Fostering institutional image	12	28	30	33	22	350	2.8
Conflict resolution through negotiation	23	21	30	31	20	371	3.0
Work for organizational good	29	23	47	17	10	412	3.4

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree

Table 6 reveals information about agreement and adherence of employees towards personal ethics. Among different organizational related ethics the highest score come towards conflict resolutions through negotiation (371) which constitute weighted score amounting 3, which means the respondents were moderate agree. Regarding work for organization good sample respondents were agree, because the total score were (412) and weighted score constitute 3.4. And other organization related ethics like fostering institutional image and commitment to organization sample respondents were moderate agree. Thus it is clear that from the above analysis sample respondents not strongly agreed about organizational related ethics.

TABLE 7: AGREEMENT AND ADHERENCE OF EMPLOYEES TOWARDS PERSONAL ETHICS

Personal Policy level Ethics	Level of agreement of employees					Total Score	Average
	SA-5	Agree- 4	MA-3	DA-2	SDA-1		
Not misuse others for personal end	21	27	29	35	13	383	3.06
Not spoil promotion chance of others	15	33	40	30	07	394	3.15
Not indulge in political to gain power	5	10	35	45	30	290	2.32
Respect for persons and property	25	20	35	34	11	389	3.11

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree

Table 7 gives information about agreement and adherence of employees towards personal policy level ethics. Personal policy level ethics played a significant role in order to attain the requirement of employees' and it also helps organization to utilize organization assets for development of organization. Among different personal policy level ethics the total score amounting 394 come towards in respect of not spoil promotion chance of others, it means sample respondents were agree. Regarding not misuse others for personal end sample respondents were moderate agree, in respect of not indulge in political to gain power (290) sample respondents were agreed in respect of person and property because the total score amounting (389). Thus it is clear that most of the sample respondents were moderate agree.

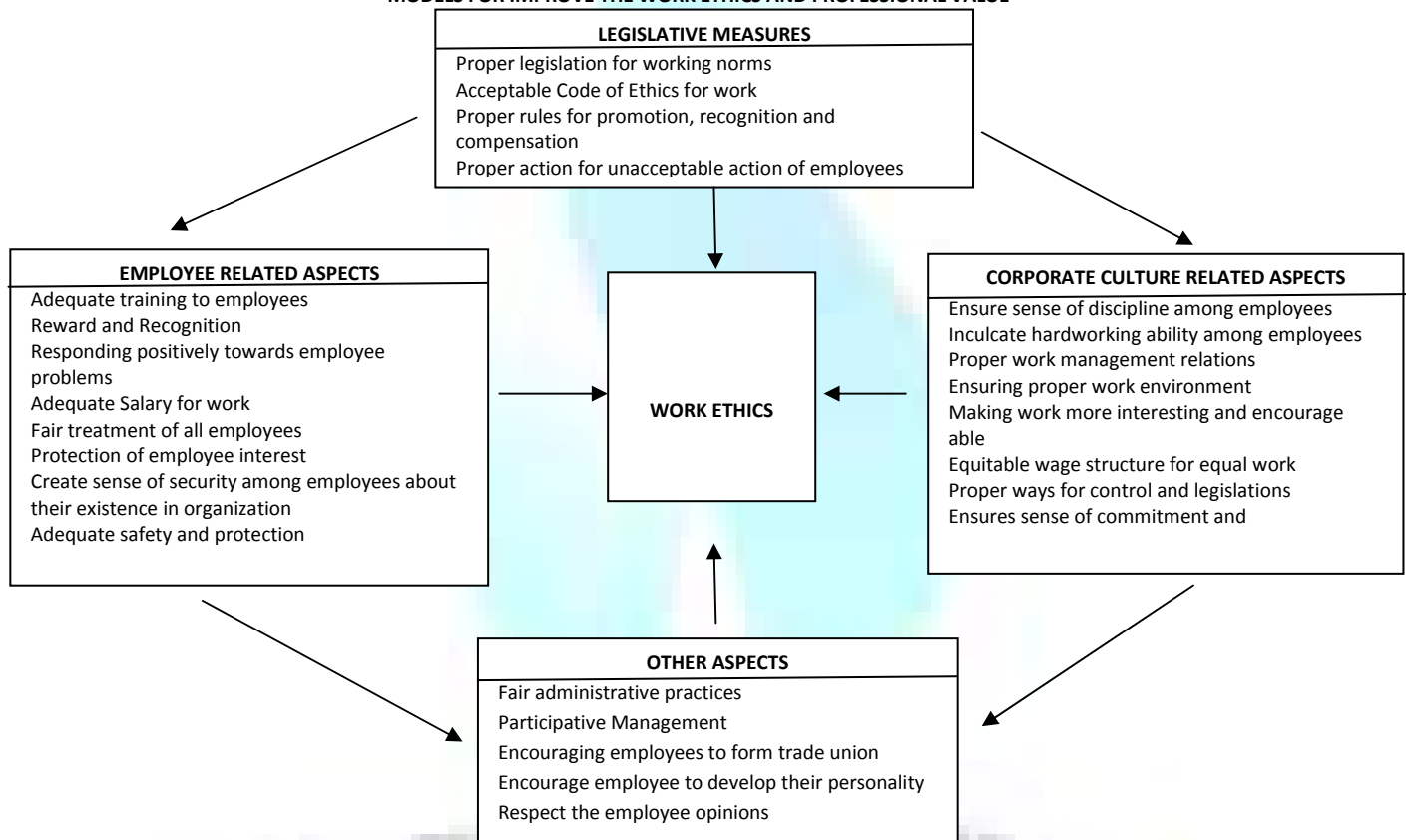
TABLE 8: AGREEMENTS AND ADHERENCE OF EMPLOYEES TOWARDS PROFESSIONAL VALUES

Professional Values	Level of agreement of employees					Total Score	Average
	SA-5	Agree-4	MA-3	DA-2	SDA-1		
Honest and trust worthy	29	27	40	17	12	449	4.0
Work selflessly	15	20	45	23	23	382	3.0
Proper utilization of organization resources	28	45	46	6	-	470	4.0
Fair and correct accounting Practices	18	37	48	22	-	426	3.0
Fair return on investment	23	33	68	1	-	452	3.0
Fair Business Practices	13	35	43	27	7	401	3.2

Sources: Field survey

Note 1 SA- strongly agree, MA – moderate agree, DA- disagree and SDA- strongly disagree
 Professional ethics is the behavior that a professional adheres to in its daily dealings with their obligations and authorities. Table 8 reveals the agreements and adherence of employees towards professional values. Here an attempt is made in order to know the level of agreement and adherence of employees towards professional values. For this purpose taken some selected professional values like honesty and trust worthy, work selflessly, proper utilization of organizational resources, fair and correct accounting practices, fair return on investment and fair business practices. However, among different professional values sample respondents agree towards honesty and trust worthy and proper utilization of organizational resources total score amounting 449 and 470 respectively. Thus it is clear that sample respondents not have adequate professional ethics, because, respondents moderate agree in case of work selflessly, fair and correct accounting practices, fair return on investment and fair business practices.

MODELS FOR IMPROVE THE WORK ETHICS AND PROFESSIONAL VALUE



Sources: Author developed

CONCLUSIONS

Business is complex and highly competitive, this environment generally encourages organization to develop strong work ethics among employees, because, it facilitates organization to increases the commitment of employees, team work, understanding among different positions properly, attain the basic objectives of organization, fair behavior come out from the employees at work place, sense of good feeling about organization activities and organization, effective utilization of organizational and societal resources, increases the performance of organization, increases the competitive ability of organization, and ensures survival and success of organization., hence, every organization needed sound system or model for develop the work ethics among employees. In view of this the study has recommended the model for improve the work ethics among employees; if organization consider this model for improve the work ethics to their employees surely the organization able to improve the work ethics and professional values among employee without fail.

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MOBILE TEXT MESSAGING BEHAVIOR AMONG YOUTH IN INDIA: AN EMPIRICAL STUDY BASED ON THEORY OF REASONED ACTION

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ABSTRACT

This empirical study has investigated the Mobile Text Messaging Behavior among youth in India based on Theory of Reasoned Action (TRA) model. The article discussed the impact of mobile text messaging Attitude, Subjective norms towards mobile text messaging and mobile text messaging Intention on mobile Text Messaging Behavior. The study was conducted on 329 young Mobile phone users for a period of 3 months. The data analysis was conducted in a three-stage process. First, reliability tests were performed. Upon satisfactory results, the factor analysis of the collected data was conducted followed by Confirmatory Factor Analysis (CFA) was performed to confirm the findings. SPSS Statistics 17.0 is used to conduct factor analysis and the validity of the model. Once the model was validated, SPSS Amos 18.0 is used to test the overall fitness of the Structure Equation Model (SEM). The results of the study confirmed that the TRA Model is viable in predicting the mobile text messaging Behavior. The findings have revealed that Attitude towards mobile text messaging is having significant positive effect on Behavior and Intention towards Mobile Text Messaging among youth. Subjective norms have negative effect on Intention and no effect on Behavior towards mobile text messaging. Intention towards Mobile Text Messaging has positive effect on Behavior. This study has important implication for researchers to further explore text messaging Behavior based on TRA.

KEYWORDS

Mobile Text Messaging, Attitude, Subjective Norms, Intention, Behavior, Theory of Reasoned Action (TRA), Structure Equation Model (SEM).

INTRODUCTION

Text Messaging refers to the exchange of brief written alpha-numeric message between fixed-line phones or mobile phones over a network. Mobile Text Messaging is exclusively sending text message between mobile phones. Mobile Text Messaging is also referred as SMS in India, Australia, Philippines, United Kingdom and most parts of Europe. Text Message was first used by Neil Papworth to send a Text Message "Merry Christmas" via the Vodafone network to Richard Jarvis phone in December 1992.

Today mobile text messaging is the most widely used mobile data service, with 74% of all mobile phone users worldwide are active users of mobile text messaging. According to a research 2.3 trillion text messages are send in 2010. On average 27 text messages are send per day in Philippines which is the largest average Mobile text messaging in the world. According to Telecom Regulatory Authority of India (TRAI) an average Indian sends 29 Text Messages per month but receives 4 to 6 Text messages which are both personal and promotional oriented messages.

Text messaging is a substitute for voice calls in situations where voice communications is undesirable. Text message has many advents over voice calls as in Text messaging the Textee (receiver of the message) is not restricted to sent a reply immediately to the Texter (sender of the message) but can send a message later at his/her convenient time and place. Text messaging does not require real time attention and Conversations/Messages can be stored and looked up later. Text messaging is significantly cheaper than voice call; various mobile service providers in India are offering 1000 to 2000 Short Message Services (SMS) for a minimum cost of Rs. 10 to Rs. 30 on different occasions.

Short messages are particularly very popular among youth urbanities In India. Indians use SMS for many purposes like receiving News alerts, Sports updates, Astrology, Jokes, Stock/Finance/Business, Health tips, Jobs, Spiritual, Love tips/Quotes and Vastu. Popular Text services used by young in India are Jokes (53%), Astrology (47%), News alerts (44%) and Jobs (43%). Males are generally more active users of SMS than Females; Males are more interested in getting sports updates were as Females are more interested in spiritual and astrology quotes.

Dr Scott Frank (2010) in his study found that teens of age between 13 to 18 years who are constantly text messaging more than 120 messages per day (called as hyper texters) are more likely to engage in risky Behavior. According to his findings presented to American public Health Association in Denver USA, Hyper texters are 40 per cent more likely to have smoked cigarettes, 43 per cent more likely to be binge drinkers; 41 per cent more likely to have used illegal drugs; 55 per cent more likely to have been in a physical fight and 90 per cent more likely to have had four or more sexual partners.

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

Davis (1989) used Technology Acceptance Model (TAM) to measure perceived usefulness, perceived ease to use and user acceptance of Information Technology. Yan et al. (2006) used TAM to measure user acceptance of SMS in Hong Kong and China. They have found seven determinants of user intention to use SMS. Perceived usefulness, perceived ease to use, perceived enjoyment and perceived critical mass as the main direct determinant of user acceptance of SMS and visibility, subjective norm and perceived cost of effectiveness as indirect determinant on user acceptance of SMS. Baren et al. (2006) in their research "Beyond Technology acceptance: Understanding Consumer Practices" has pointed out that the term TAM need to be review as there is an inadequacy in concentration on simple acceptance of technology where technology is mixed with consumer community of practices.

The Theory of Reasoned Action (TRA) model is proposed by Fishbein and Ajzen (1975) attitude paradigm from psychology which provides a framework to study attitudes toward behaviors. According to the theory, the most important determinant of a person's behavior is behavior intent. The individual's intention to

perform a behavior is a combination of attitude toward performing the behavior and subjective norm. The individual's attitude toward the behavior includes: Behavioral belief, evaluations of behavioral outcome, subjective norm, normative beliefs, and the motivation to comply.

If a person perceives that the outcome from performing a behavior is positive, she/he will have a positive attitude toward performing that behavior. The opposite can also be stated if the behavior is thought to be negative. If relevant others see performing the behavior as positive and the individual is motivated to meet the expectations of relevant others, then a positive subjective norm is expected. If relevant others see the behavior as negative and the individual wants to meet the expectations of these "others", then the experience is likely to be a negative subjective norm for the individual. Attitudes and subjective norm are measured on scales (as an example the Likert Scale) using phrases or terms such as like/unlike, good/bad, and agree/disagree. The intent to perform a behavior depends upon the product of the measures of attitude and subjective norm. A positive product indicates behavioral intent Glanz et al (1997).

TRA works most successfully when applied to behaviors that are under a person's volitional control. If behaviors are not fully under volitional control, even though a person may be highly motivated by her own attitudes and subjective norm, she may not actually perform the behavior due to intervening environmental conditions.

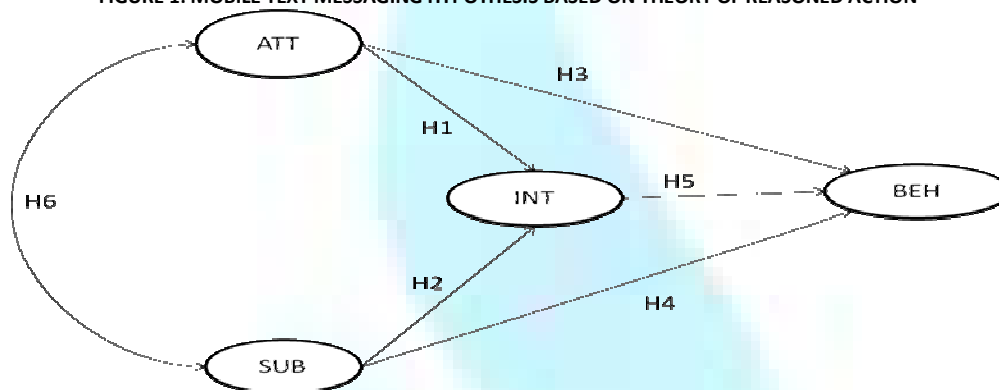
OBJECTIVES

The main objectives of this empirical research is to study

1. The young mobile users' attitude towards mobile text messaging and its impact on text messaging intention and mobile text messaging behaviour.
2. The young mobile users' subjective norms to use mobile text messaging and its impact on mobile text messaging intention and mobile text messaging behaviour.
3. To understand the correlation between young mobile users attitude and young mobile users subjective norms towards mobile text messaging behaviour.

The following hypothesis are formulated to study the Text Messaging Behavior among youth based on TRA Model

FIGURE 1: MOBILE TEXT MESSAGING HYPOTHESIS BASED ON THEORY OF REASONED ACTION



HYPOTHESIS

Hypothesis1 (H1): Young mobile users' Attitude towards mobile text messaging will have a significant effect on mobile text messaging Intention.

Hypothesis (H2): Subjective norms towards mobile text messaging will have a significant effect on mobile text messaging intention.

Hypothesis (H3): Young mobile users' Attitude towards mobile text messaging will have a significant effect on mobile text messaging Behavior.

Hypothesis (H4): Subjective norms towards mobile text messaging will have a significant effect on mobile text messaging Behavior.

Hypothesis (H5): Young mobile users' mobile Text Messaging Intention will have a significant effect on mobile text messaging Behavior.

Hypothesis (H6): Young mobile users' Attitude towards mobile text messaging will have a significant correlation with Subjective norms towards mobile text messaging.

RESEARCH METHODOLOGY

Structural Equation Modeling is used as the main statistical technique and data was collected through questionnaire survey. The questions in the survey are self created. 5 point likert scale was used (1 strongly disagree, 2 disagree, 3 neither agree or disagree, 4 agree and 5 strongly agree) to measure affects of consumer Attitude, Subjective Norm, Intention and Consumer Behavior towards Mobile Text Messaging. The research questions consisted of 18 questions. The first 2 questions are related to demographic variables age and gender. The remaining 16 questions are related to investigate mobile user's attitude, subjective norm, Intention and Behavior towards Mobile Text Messaging. The questionnaire was pretested on 35 respondents to test its consistence and reliability of questions to its research objective.

SAMPLING AND DATA COLLECTION

A total of 350 questionnaire forms were distributed to students from different parts of the Andhra Pradesh with age group between 20 to 25 years among them 59 percent are males and 41 percent are females. All the respondents are mobile phone users for at least one year and selected based on convenience sampling method. Respondents are clearly explained about the objective and purpose of the research article before distribution of the article. A total of 329 questionnaires were analyzed for the research as other 21 questionnaires were incomplete.

DATA ANALYSIS

The data analysis was conducted in a three-stage process. First, reliability tests were performed. Upon satisfactory results, confirmatory factor analysis (CFA) with SPSS Statistics 17.0 was used to analysis the convergent, concurrent and discriminant validity of the model. Once the model was validated, SPSS Amos 18.0 was used to test the overall fit of the structural equation model and to estimate the relationships between the independent variables and the dependent variable so as to accept or reject the hypothesis.

RELIABILITY TESTS

The reliability of 16 items in the questionnaire is tested with Cronbachs' alpha (Cronbach, 1951). Cronbach alpha reliability coefficient is 0.896 which is exceeding the suggested level of 0.70. It suggests that the questionnaire is having reliability and can be used for further analysis.

CONFIRMATORY FACTOR ANALYSIS

The Kaiser-Meyer-Okin (KMO) and Bartlett's Test is used to test suitability of data for factor analysis. KMO value was 0.871 exceeding the recommended value of 0.60 while Bartlett's Test of sphericity reached statistical significance (Approx. chi-square 1145.048, df 120 and Sig 0.00) which signifies the data is good for conducting factor analysis.

The 16 items were subjected to principal component analysis (PCA) with varimax rotation to test the suitability of data for factor analysis. The PCA revealed the presence of 4 components with Eigen values the exceeding 1, explaining 32.038, 22.160, 19.684 and 7.737 total percentage of variance is 81.619. These components correspond to four constructs in the TRA structural model - Attitude, Subjective Norm, Intention and Behavior towards Mobile Text Messaging. All factors loading of each item are above 0.50. The results of the principal component analysis can be viewed in table 1.

TABLE 1: DESCRIPTIVE STATISTICS FOR THE QUESTIONS IN THE SURVEY AND FACTORS ANALYSIS

Item No	Component	Mean	S.D	Factor Loads	Eigen Value	% variance
Attitude towards Mobile Text Messaging						
A1	I like Mobile Text Messaging	3.81	0.998	0.765	5.126	32.038
A2	Generally, I find Text Messaging is good	3.88	0.862	0.669		
A3	Using Mobile Text Messaging is enjoyable	3.50	1.155	0.771		
A4	Overall, Mobile Text Messaging is very Important	3.41	1.115	0.612		
Subjective Norms towards Mobile Text Messaging						
S1	If I use Mobile Text Messaging most of the people will consider me to be modern	2.78	1.153	0.714	1.946	22.160
S2	Most of my friends think I should use Mobile Text Messaging for quick communication	3.65	1.118	0.672		
S3	If I use Mobile Text Messaging most of the people will consider as educated person	2.96	1.129	0.754		
S4	If I use Mobile Text Messaging most of the people who are important to me will regard it as useful.	3.58	0.982	0.661		
Mobile Text Messaging Intention						
I1	My general intention to use Mobile Text Messaging is good	3.99	0.979	0.763	1.549	19.684
I2	I intend, the task of sending Mobile Text Messaging is very simple and easy	3.95	0.970	0.900		
I3	I intend to use Mobile Text Messaging in my personal life	3.64	0.970	0.564		
I4	Overall, I intend Mobile Text Messaging is important in my daily life	3.76	1.083	0.816		
Mobile Text Messaging Behavior						
B1	I will think about using Mobile Text Messaging	3.21	1.103	0.803	1.238	7.737
B2	I will use Mobile Text Messaging in the future	3.66	1.064	0.743		
B3	I will recommend others to use Mobile Text Messaging	3.54	1.041	0.615		
B4	I will use Mobile Text Messaging because they are more convenient for communication	3.87	1.100	0.687		
Total % of variance					81.619	

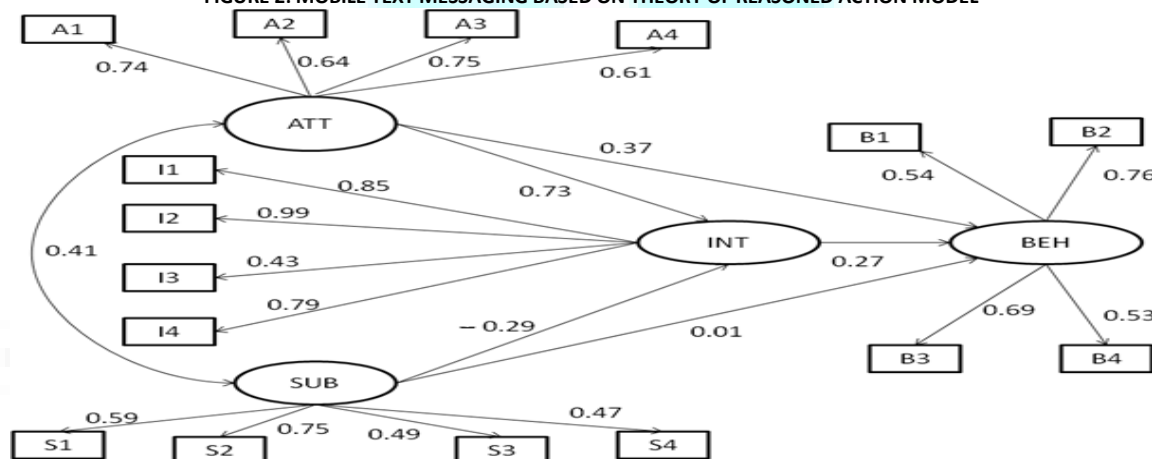
STRUCTURE EQUATION MODEL

SPSS Amos 18 software is used to perform confirmatory factor analysis using Structural Equation Model (SEM). Total number of variables in the model is 38, number of observed variables 16, number of unobserved variables 22. The data has no missing values. The model is over-identified, a preferable situation for SEM. According to the univariate and multivariate normality tests the data is not normally distributed. After the data was normalized, the Maximum likelihood (ML) estimation method is used. ML attempts to maximize the likelihood that obtained values of the criterion variable will be correctly predicted.

MODEL FIT

Based on Structure Equation Model using SPSS Amos 18 it is found that Chi-square(CMIN) = 97.228, Degree of freedom(DF) = 82 and probability level is about 0.120 which is evidence against the null hypothesis is not significant at the 0.05 level. CMIN/DF is called as the minimum discrepancy which is 1.186 Wheaton et al (1977) suggested that if the minimum discrepancy is less than 5 the model is reasonable fit.

FIGURE 2: MOBILE TEXT MESSAGING BASED ON THEORY OF REASONED ACTION MODEL



BASELINE COMPARISONS

The following value are found in our study for each parameter to test model fit

TABLE 2: PARAMETER VALUE FOR MODEL FIT IN AMOS

Name of the Parameter	Value
Goodness of Fit Index (GFI)	0.956
Adjusted Goodness of Fit Index (AGFI)	0.917
Normed Fit Index (NFI)	0.918
Comparative Fit Index (CFI)	0.986
Tucker-Lewis Index(TLI)	0.976
Incremental Fit Index(IFI)	0.986
Relative Fit Index(RFI)	0.980
Root Mean Square Error of Approximation (RMSEA)	0.031

Based on various studies conducted by Bentler and Bonett (1980), Jöreskog, and Sörbom (1984), Bollen's (1989) and Bentler (1990) it was suggested that if the Index value is greater than 0.9 and if RMSEA value is less than 0.05 it indicates model is fit and accepted.

FINDINGS

SPSS Amos Graphics has specified path-diagram in figure 2 specifies the relationship between the observed variables and unobserved variable. The portion of the model that specifies how the unobserved variables are related to each other is called structural model. In this present Structural Equation Model Behavior are the dependent variable and the three variables Attitude, Subjective Norm and Intention towards Mobile text Messaging are independent variable. The Regression weights estimates provides the relative importance. The estimates with the largest value represent the most important dimension in terms of its influence on overall mobile text messaging behaviour. The findings of the regression weights estimates are summarized following table with all the paths are significant at $p < 0.05$.

TABLE 3: REGRESSIONS STANDARDIZED ESTIMATIONS

Hypothesis	Factor	Direction	Factor	Estimate	Standard Error	Critical Ratio	P. value
1	Intention	←	Attitude	0.735	0.076	9.671	0.000
2	Intention	←	Subjective norm	-0.292	0.078	-3.743	0.000
3	Behavior	←	Attitude	0.366	0.066	5.545	0.001
4	Behavior	←	Subjective norm	0.014	0.056	0.25	0.061
5	Behavior	←	Intention	0.267	0.058	4.603	0.000

Hypothesis 1 (H1): Young mobile users Attitude towards mobile text messaging has a significant positive effect on mobile text messaging Intention it is 0.735, Hypothesis one is accepted.

Hypothesis 2 (H2): Subjective norms towards mobile text messaging is significant but negative effect on text messaging intention which is -0.292 and Hypothesis two is accepted.

Hypothesis 3 (H3): Young mobile users' Attitude towards text messaging has a significant positive effect on text messaging Behavior which is 0.366, Hypothesis three is accepted.

Hypothesis 4 (H4): Subjective norms towards mobile text messaging are not significant and have a very weak positive effect on text messaging Behavior which is 0.014, Hypothesis four is not accepted

Hypothesis 5 (H5): Mobile Text Messaging Intention has a significant positive effect on mobile text messaging Behavior which is 0.267, Hypothesis five is accepted.

Hypothesis 6 (H6): Attitude towards text messaging has a significant positive correlation with Subjective norms towards text messaging it is 0.41, Hypothesis six is accepted.

DISCUSSION

The young mobile users' attitude towards mobile text messaging has a positive and very strong impact on mobile text messaging intention with regression estimation 0.735 and less positive impact on mobile text messaging behaviour with regression estimation 0.366. As youth generally has a tendency to chat and keep in touch with friends they frequently do text messaging about jokes, cricket score etc. In India many service providers are now providing SMS at a very low cost compared to talk time cost. Since text messaging has lot of advantage than voice calls youth frequently hang up with text messaging than voice calls. Youth mobile users are spending most of their time with mobile phones and they find it is very important device in daily life. Apart from talking they have perceived many other benefits from mobile phones which is making mobile text messaging attitude strong positive impact on mobile text messaging intention and behaviour.

Subjective norms towards mobile text messaging is having negative effect on mobile text messaging intention with regression estimation -0.292 and very less impact on mobile text messaging behaviour. In the society many people are of the opinion that due to mobile phone youth are spoiling the time and money with unnecessary chat and text messaging. Dr Scott Frank (2010) research has revealed that hyper text messaging may lead to hyper activities like drugs, smoking, sex, drinking etc. Subjective norms towards mobile text messaging has a negative impact on mobile text messaging intention and subjective norms towards mobile text messaging has very less impact on mobile text messaging behaviour on youth because young mobile users may not be worried much about the society due to which subjective norms may not have an impact on young mobile users text messaging behaviour.

Young mobile users' text messaging intention has a positive impact on mobile text messaging behaviour with regression estimation 0.267. According to Fishbein and Ajzen (1975) intention is influenced by attitude and subjective norms which determines the impact of intention on behaviour.

The correlation between young mobile users' attitude towards mobile text messaging and subjective norms towards mobile text messaging is 0.41 which shows that these two factors are not much correlated towards young mobile users' mobile text messaging behaviour.

CONCLUSION

This study used the Theory of Reasoned Action model to predict young mobile phone users Text Messaging Behavior in India. Despite of huge growth in mobile subscribers and mobile service providers in India, little research has investigated Text Messaging Behavior in India. The findings of this study contribute to a better understanding of the relationship between Attitude, Subjective Norms, Intention and the Text Messaging Behavior in India among youth. In particular, the finding in this research can help practitioners understand that Attitude has more positive impact on mobile text messaging Intention than Subjective norm towards mobile text messaging. Subjective norms have negative effect on mobile text messaging Intention and it has no impact on mobile text messaging Behavior. The result of this study suggests that practitioners and academics should focus their efforts on this relationship in TRA model for better understanding the mobile text messaging Behavior of youth in India.

SUGGESTIONS

The results of this research showed a comprehensively integrated framework of Theory of Reasoned Action on mobile text messaging behaviour among youth in India to understand the relationships among several dimensions of attitude, subjective norms impact on intention and Behaviour. However, this research still predict that further research efforts are required with larger sample size and include additional variable like behavioural control of young mobile users on mobile text messaging is studied with current research variable before generalization can be made.

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EDUCATIONAL LOANS: A STUDY OF STUDENTS, EDUCATIONAL INSTITUTIONS AND BANKERS PERSPECTIVE**DR. BABLI DHIMAN****ASST. PROFESSOR****LOVELY HONORS SCHOOL OF BUSINESS****LOVELY PROFESSIONAL UNIVERSITY****PHAGWARA****DR. ASHOK KHURANA****ASSOCIATE PROFESSOR****DEPARTMENT OF COMMERCE****GURU NANAK KHALSA COLLEGE****YAMUNANAGAR****ABSTRACT**

Higher education is one of the growing horizons in today's scenario. This paper has been designed with the objective that whether these education loans are beneficial for students, educational institutions or for banks. This paper is divided into three parts. Part one represents introduction, review of literature, research methodology and objectives of the study. Part two includes analysis and interpretation. The analysis in this paper is qualitative as well as quantitative. This paper is based on information obtained from primary sources which includes 200 students who have taken education loan from the selected banks in the paper. Secondary data is collected from relevant websites and reports. The null hypothesis has been rejected that there is no significant effect of education on education sector. Final and third part includes findings and conclusion that education loan scheme is beneficial for all whether these are students, educational organizations or banks.

KEYWORDS

Banks, Beneficial, Educational organizations, Education loan, Students.

INTRODUCTION

The higher education in India has witnessed many fold increase in its institutional capacity since independence. The studies observed that notwithstanding this many fold increase in the enrolment; it is still relatively low by international comparison. Besides the studies bring to light the problem of regional imbalance as well as inter-social group's imbalances in enrolment rate, in term of male female, inter-caste, inter-religion, inter-occupation and poor non poor disparities in the attainment in enrolment. The studies also highlighted the issue of quality. Above all, the studies analyze the problem of under financing of higher education since the mid eighties. Till some year's back higher education and quality education was not affordable to some illustrious students because of the financial constraints. There was not any alternative but to jump in the job market prematurely. And this led to untimely end of budding talents and their forceful transformation into to the mediocrity. Scholarships were there, but those were so less in numbers that only luckier few could avail them. But now the scene has changed drastically. The boom in the banking sector has led to release of large amount of funds for education loans. Now, education loans are easily available from various banks in India and this change is encouraging more and more students to take up higher education despite their financial shortcomings. Many nationalized banks have come up with various educational loan schemes that students can benefit from, even private banks are not lagging far behind. The wave of change could be well gauged from the amusing situation that immediately after the results announcements of CAT or PMT/ IIT JEE, the representatives of the banks queue up for giving education loans to the successful candidate even with very flexible conditions. This scenario is certainly helping the illustrious students to pursue higher education and realize their dreams.

REVIEW OF LITERATURE

Ziderman (2009) studied the influence of student loans on the accessibility of disadvantaged groups to higher education. Three key conditions are necessary for success, but are often neglected. These are: that effective eligibility and screening criteria are in place and that pro-active targeting measures are employed to reach out to the most deserving sections of the target population defined in terms of those most in need of help; that the scheme is sufficiently sizeable to achieve an impact nationally; and individual loans are sufficiently large to cover the needs of the students at whom the scheme is directed. The varied experience of loans schemes in Asia, aimed directly at enhancing the access of students from low-income backgrounds, is examined. These schemes are often to be faulted because they lack a number of necessary prior conditions for success. Chapman et al. (2009) explored that in recent times there has been considerable change and instability with respect to Thailand student loans policy. The contribution of what follows is to compare and contrast the consequences of disparate possible approaches to the payment of tuition in two main respects: the effect on internal rates of return for higher education investments; and the implications of different approaches for the time stream, and thus the present value, of tuition payments to the government. The authors find that, in general, income contingent loans are preferred to the current scheme, although this would not be the case if such a policy reform is poorly designed. Shamsuddoha (2008) stated that after the liberty, Bangladeshi Economy has moved towards industrialized based. Bangladesh had also adopted open economy by the grace of heavy tide of globalization. Consequently, competition of the domestic and foreign industrialized market, organizations need skilled management which highlight on the development of management education and the need for suitable managerial, leadership, administrative and decision making skills. This could support TQM as both a valuable tool and a fad. By getting a MBA degree from an institution, an executive can handle the total wants of an organization. There are lots of MBA program giving through private and public institutions. This study is fully focused on the various MBA programs, which can keep a vital contribution to build a skilled executive after that who can handle the things properly in the organization. Chapman (2006) explored that higher education rates are increasing throughout the Western world, yet at the same time, government budgets face increasing constraints. This has ensured that the importance of student support is recognized in many countries. In recent years there has been a world-wide movement towards the use of income contingent loans (ICL) for higher education. ICLs are now used in six countries following the Australian innovation of 1989, with the governments of many more countries looking very seriously at the model. This impressive new book by Bruce Chapman analyses ICLs (particularly their use in supporting students), exploring the experiences of a number of other countries adopting them. Chapman presents analysis of a number of disparate case studies to illustrate how ICLs can aid risk management policy reforming in both progressive and administratively feasible ways. Georgescu (2005) stated that in today's world, a new level of commitment is required in order to educate the young generation and e-learning perhaps emerges as an important tool of imparting knowledge and information. The challenge, however, is to provide a suitable means to disseminate disparate information in a dynamic, open and distributed e-learning environment. While there still exists some uncertainty about its role in education and professional training, there is a growing concern about the issues and strategies of e-learning that may be faced by both providers and learners of e-learning in future. E-learning is here to stay as the fast changing pace of technology, the shortening product development

cycles, lack of skilled personnel, competitive global economy, the shift from the industrial to the knowledge era. E-Learning seeks to mobilize the educational and cultural communities, as well as the economic and social players in Europe, in order to speed up changes in the education and training systems for Europe's move to a knowledge-based society. Hanushek et al. (2004) explored that the current level and form of subsidization of college education is often rationalized by appeal to capital constraints on individuals. Because borrowing against human capital is difficult, capital constraints can lead to non optimal outcomes unless government intervenes. He develop a simple dynamic general equilibrium model of the economy that permits to explore the impact of alternative ways of subsidizing higher education. The key features of this model include endogenously determined bequests from parents that can be used to finance schooling, uncertainty in college completion related to differences in ability, and wage determination based upon the amount of schooling in the economy. Because policies toward college lead to large changes in schooling, it is very important to consider the general equilibrium effects on wages. Vossensteyn (2002) explored that students now have to contribute more to the costs of higher education than in the past. The Netherlands provides an interesting example of the global trend towards 'cost sharing'. Tuition fees are going up; general subsidies to students have gone down and/or have been replaced by means-tested grants and loans. All in all, there is reason to expect that enrolment in higher education and student choice will come under pressure.

NEED FOR THE STUDY

Education is the most important investment one makes in life. Higher studies and specialization in certain fields call for additional financial support from time to time. Student loans make it easier for those who are from financially weak backgrounds to acquire a respectable college education. The clinch is that escalating educational loan rates cause a high burden of debt. The study attempts to focus on higher education through banking services (loans) which includes the role of various banks in providing education loan service and its effect on the education system. The study mainly focuses on the service sector. Therefore the services provided by the selected banks have been studied in order to identify the effect of availability of education loans on education system of India. And also know that education loans had some benefits for the banks or not.

OBJECTIVES

- To know the benefit of education loans on education sector prior and post availability of banking services (education loans schemes).
- To know the benefits of education loan schemes to the students.
- To compare the education loans schemes provided by selected banks (PNB and SBI).
- To know the income generated by concerned banks from education loans.

METHODOLOGY

SOURCES OF DATA

The data has been collected by personally interviewing the bank officials in order to know the role of education loans in developing the banking sector. For this purpose we choose SBI & PNB as a sample for representing the whole banking sector. The secondary data was collected from various sources like Annual reports, internet, newspapers, journals, and articles.

HYPOTHESIS

H₀: There is no significant effect on education sector prior and post availability of banking services (education loan).

H_a: There is significant difference in the banking services (education loans) provided by various banks (education loan).

FINDINGS AND SUGGESTIONS

1. EDUCATION SECTOR PRIOR AVAILABILITY OF EDUCATION LOANS

TABLE 1: NO. OF EDUCATIONAL INSTITUTES PRIOR EDUCATION LOAN AVAILABILITY

Year	Colleges for General Education	Colleges for Professional Education	Universities/Deemed Univ./ Institutes of National Importance	Total	Change	% Change
1950-1951	370	208	27	605	nil	nil
1955-56	466	218	31	715	110	15.38
1960-61	967	852	45	1864	1149	61.64
1965-66	1536	770	64	2370	506	21.35
1970-71	2285	992	82	3359	989	29.44
1975-76	3667	3276	101	7044	3685	52.31
1980-81	3421	3542	110	7073	29	0.41
1985-86	4067	1533	126	5726	-1347	-23.52
1990-91	4862	886	184	5932	206	3.47
1991-92	5058	950	196	6204	272	4.38
1992-93	5334	989	207	6530	326	4.99
1993-94	5639	1125	213	6977	447	6.4
1994-95	6089	1230	219	7538	561	7.44

Source: Statistical Abstract

Table 1 represents the percentage change in the number of educational institutes before the availability of education loan facility. The table shows that the education sector was poorly developed before the loan service availability. In the year 1985-86 this rate became negative 1347 educational institutes were closed due to non-availability of the students. Therefore, students were not able to take quality education because of their poor financial position which causes reduction in number of educational institutions.

2. EDUCATION SECTOR POST AVAILABILITY OF EDUCATION LOANS

Student loans in India (popularly known as Education loans) have become a popular method of funding higher education in India with the cost of educational degrees going higher. The spread of self-financing institutions for higher education in fields of engineering, medical and management which has higher fees than their government aided counterparts have encouraged the trend in India.

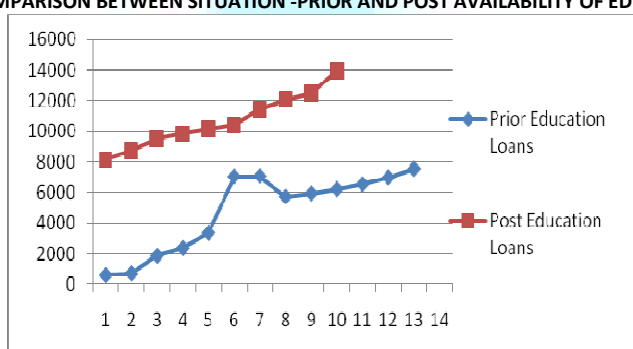
TABLE 2: NO. OF EDUCATIONAL INSTITUTES POST AVAILABILITY OF EDUCATION LOANS

Year	Colleges for General Education	Colleges for Professional Education	Universities/Deemed Univ./ Institutes of National Importance	Total	Change	% Change
1995-96	6569	1354	226	8149	611	7.5
1996-97	6759	1770	228	8757	608	6.94
1997-98	7199	2075	229	9503	746	7.85
1998-99	7494	2113	237	9844	341	3.45
1999-00	7782	2124	244	10150	306	3.01
2000-01	7929	2223	254	10406	256	2.46
2001-02	8737	2409	272	11418	1012	8.86
2002-03	9166	2610	304	12080	662	5.48
2003-04	9427	2751	304	12482	402	3.22
2004-05	10377	3201	364	13942	1460	10.47

Source: Statistical Abstract

The table 2 shows the education sector after availability of education loans. It clearly depicts that the education sector started growing consistently after loans schemes were provided to the students. Moreover during this era many private players entered into education sector and number of institutes providing professional education rose to great extent. The no. of education institutes increased from 8149 in the year 1995-96 to 13942 in the year 2004-05. This shows that after availability of education loans profession education actually increased and started developing.

FIGURE 1: COMPARISON BETWEEN SITUATION -PRIOR AND POST AVAILABILITY OF EDUCATION LOANS



Education loan is becoming popular day by day because of the rising fee structure of higher education. It came into existence in 1995 started first by SBI and after that many banks started offering study loan. The table no.1 and 2 above show the scenario of the education sector before and after the availability of education loans. Before the availability of banking services there was a decrease in educational institutes but since the educational loans have started in 1995 there is a year on year increase in the development of educational sector. Therefore, the null hypothesis is rejected. There is a significant effect of education loans in development of Indian education sector because educational institutes started increasing after education loans were introduced.

EDUCATION LOAN SCHEME BENEFITS FOR THE STUDENTS

- Helpful in getting higher education.
- Helpful for better future due to easy availability of higher education.
- Improvement in existing living standards.
- Contribution to the society.
- Improvement in the financial position.
- Fulfillment of family responsibilities.
- Contribution to the economy.

COMPARISON BETWEEN EDUCATION LOAN FROM SBI AND PNB

➤ **AMOUNT OF LOAN**

This is co-related to expenses involved in taking up the course and the expected earnings after qualifying, subject to a maximum of:

TABLE 3: MAXIMUM AMOUNT OF LOAN BY PNB & SBI

	Punjab National Bank	State Bank of India
For studies in India	Rs. 7.50 lacs	Maximum Rs.7.50 lacs
For studies abroad	Rs.15.00 lacs	Maximum Rs.15 lacs

In case of part time computer courses, the extent of loan should not exceed Rs. 50,000/- per annum or fee fixed by the particular institution whichever is less.

➤ **RATE OF INTEREST**

TABLE 4: RATE OF INTEREST ON LOAN BY PNB

Loan up to Rs. 4 lacs	12.25% p.a
Loan over Rs. 2 lacs up to Rs. 15 lacs	13.25% p.a
Loan over Rs. 15 lacs	15.25% p.a.

TABLE 5: INTEREST RATES FOR LOAN BY SBI

Loan Amount	Interest Rate
Loans up to Rs. 4 lacs	presently 13.25%
Loans over Rs. 4 lacs	1% above SBMTLR presently 14.25%

Rate of interest is subject to change from time to time. The Interest shall be charged at simple rate from the date of disbursement till the commencement of repayment of loan and thereafter, compound Interest will be charged on reducing balance basis. 1/2% interest concession may be provided for the borrowers if the interest is serviced during the study period.

➤ **MARGIN**

TABLE 6: MARGIN BY SBI & PNB

Punjab National Bank	State Bank of India
Nil	Up to Rs.4 lacs: No margin Above Rs.4 lacs: Studies in India: 5% Studies Abroad: 15%

➤ REPAYMENT OF LOAN

TABLE 7: REPAYMENT OF LOAN

Punjab National Bank	State Bank of India
<ul style="list-style-type: none"> ➤ Principal and Interest is repayable in 84 monthly instalments. ➤ Repayment will commence after two years of the completion of studies by the borrower or one month after his/her getting employment, whichever is earlier. 	<ul style="list-style-type: none"> ➤ Repayment Holiday - Course period + 1 year or 6 months after getting job, whichever is earlier. ➤ The loan is to be repaid in 5-7 years after commencement of repayment

BENEFITS OF EDUCATION LOANS FOR THE BANKS-INCOME GENERATED BY SBI AND PNB FROM EDUCATION LOANS

State Bank of India and Punjab National Bank has also generated income through education loans. Both these banks provide education loans according to their policies. Here it has been find out that how much the banks have earned the income from these loans.

TABLE 8: INCOME FROM EDUCATION LOANS TO SBI AND PNB (Rs. Crores)

Year	SBI			PNB		
	Education Loan Income	Total Income	% income from education loan	Education Loan Income	Total Income	% income from education loan
2002	533.85	34003.77	1.57	107.57	7683.76	1.39
2003	674.03	36832.34	1.83	140	8805.41	1.59
2004	852.85	38073.16	2.24	139.75	7764.38	1.79
2005	794.91	39547.9	2.01	206.28	10314.4	1.99
2006	1010.49	43183.62	2.34	230.09	11062.4	2.08
2007	1201.6	46937.79	2.56	257.62	12881.1	1.99
2008	1692.11	58348.74	2.90	522.02	16262.6	3.21
2009	2393.81	76479.78	3.13	734.11	22245.9	3.29

FIGURE 2: INCOMES FROM EDUCATION LOANS TO SBI AND PNB (RS. CRORES)

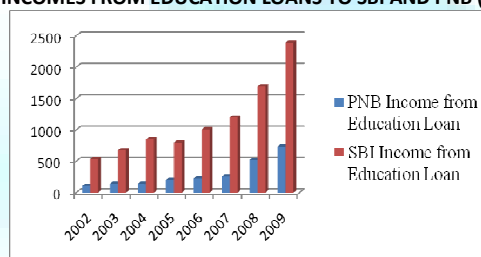


Table 8 clearly show the incomes of both the banks generated from education loans. This also depicts that SBI & PNB both have education loans income at increasing rate which is the significant part of the total income. Therefore, the banks should have to encourage more the education loans for the growth of the banks as well as for the education developments. SBI being market leader in education loans generates much higher income than PNB as shown in figure 2.

FIGURE 3: COMPARISON OF TOTAL INCOME & INCOME FROM EDUCATION LOANS TO SBI (RS. CRORES)

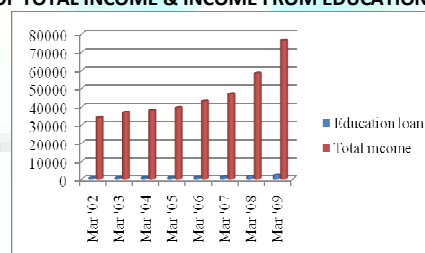


Figure 3 shows the income that State Bank of India has earned from education loans in past years. The income from education loans is derived on the interest rate percentage. Interest amount is taken on average of 12%. Income to the bank from education loans is the 12 percent of total education loans every year. So this is the approximate income that State Bank of India generates from education loans. The figure and table 8 clearly depict that each year education loans form an important part in total income. The amount being less but still is very significant in improving operational efficiency of the bank. The income earned has increased every year but only in the year 2005 these loans did not contribute much into the total income of the bank.

FIGURE 4: COMPARISON OF TOTAL INCOME & INCOME FROM EDUCATION LOANS TO PNB (RS. CRORES)

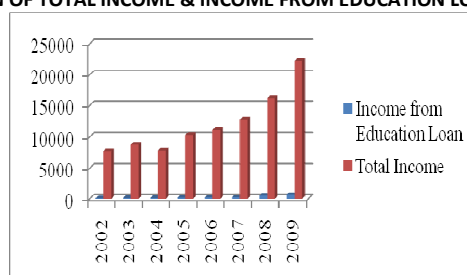


Figure 4 shows the income earned by Punjab National Bank in past years and contribution of education loan income to the total income of the bank. Similar is the case with this bank is too. The income from education loans is less but still is very essential portion of income generation and overall development of banks. The income from education loans for this bank has shown a consistent increase in every year. So it can be said that in some way or the other education loans are a part of income generation for banks. Banks derive good amount of income from lending of education loans.

CONCLUSION

Education is the backbone of a cultured society, but it has become more commercial or money-making and in order to ensure the best possible education, it is an expensive affair. Therefore, the education loans are biggest support for the needy persons. The current study attempts to focus on professional education through banking services (loans) which includes the role of various banks in providing education loan service and its effect on the education system of Indian economy. The comparative part of the banking services (education loans) provided by the various banks shows the significant effect on education sector prior and post availability of banking services. The findings of the study reveal that the null hypothesis is rejected. Therefore there is a significant effect of education loans in development of Indian education sector because educational institutes started increasing after education loans were introduced. So that students are also benefited from education loan schemes. It also inferred that SBI & PNB both have education loans income at increasing rate which is the significant part of the total income. Therefore, the banks should have to encourage more the education loans for the growth of the banks as well as for the education developments.

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HR PRACTICES THAT ENHANCE HUMAN CAPITAL DEVELOPMENT AND ORGANIZATIONAL PERFORMANCE IN INDIAN SOFTWARE COMPANIES

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ABSTRACT

Rapid globalization of the software industry in recent years had focused a great deal of attention on India, whose software industry is a growing part of the international division of labour in software (Arora et al., 2001). The role played by the software industry in the contemporary world aroused the need for analysis of the HR practices that lead to Human Capital Development of the industry. Understanding India's success in the software industry with the use of Human Capital may assist other developing countries to create a competitive advantage in their software industry. Data for the research was collected using a self administered questionnaire. The questionnaire consists of forty eight items on HR practices for Human Capital Development on a five-point scale ranging from strongly disagree (1) to strongly agree (5) and seven items on organizational performance on a five point scaling ranging from excellent (5) to worst (1). Data was collected from a sample of 200 respondents from 4 software companies in Bangalore, the Silicon Valley of India. Being satisfied with the reliability of the instrument, the researcher carried out factor analysis to identify the HR practices that enhanced Human Capital Development practices and multiple regression to analyze the relationship between HR practices and organizational performance.

KEYWORDS

Human Capital, Human Capital Development practices, organizational performance, Indian Software Industry.

INTRODUCTION

The Indian software industry, which was almost non-existent till late 1980s, grew at tremendous pace after early 1990s. The Indian software industry's export was about US\$128 millions in 1990-91 and grew to US\$485 millions in 1994-95 (Arora et al., 2001). By 2003-04 the software exports had increased to US\$ 12.2 billions. The bulk of Indian software industry is concentrated in a few clusters; indeed Bangalore has often been branded as the Silicon Valley of India in press accounts.

The importance of availability of skilled manpower in the success of Indian software industry has been recognized by several research studies (e.g., Lakha, 1994). A noteworthy feature of Indian software industry is predominant share of engineers amongst software professionals in India. It is widely believed that the key to the success of the Indian software exports is the supply of trained, low cost software professionals. HRD is critical in software companies with 95% having formal training divisions and learning needs analysis.

The minimum training hours per employee is 40 hours in a software company (Bhatnagar, S, 1997). Right from the manager to the worker, our people must be empowered with the knowledge, the tools, the skills and the mindset to build world-class teams that can then deliver world-class performance. This is a monumental task. Human Capital is asserted to be the most important element of success in today's business. Developing human capital requires creating and cultivating environments in which human beings can rapidly learn and apply new ideas, competencies, skills, behaviors and attitudes. Corporations are recognizing the importance of investing in their employees now more than ever before. Organizations that appreciate the financial impact of their employees often refer to them as human capital.

Placing such an importance on Human Capital, the researcher therefore investigated the perception of employees in Software Industry to understand the HR practices for Human Capital Development and its impact on organizational performance.

REVIEW OF EARLIER STUDIES

Youndt et al., (1996), made a study on the general managers and functional managers of 512 manufacturing plants of Pennsylvania State to identify the impact of Human Capital Development practices on the development of Human Capital. Operational performance of the plants was measured in comparison with the other plants in the same industry in terms of machine efficiency, employee productivity and customer alignment. Human Capital Development practices used in this study specially focused on staffing, training, performance appraisal and compensation.

Black, S.E. and Lynch, M.L., (1996) identified the effects of Human Capital investments such as education, training and recruitment on productivity. A model was developed by using the data from the National Center on the educational quality of the workforce National employer's survey. The model showed that these practices develop Human Capital and enhance the productivity of the Organization.

Delaney, J.T and Huselid, M.A (1996), found out the association between Human Resource Management practices and Organizational performance. Since a financial measure of firm performance was not available, perceptual measures were used to measure HRM practices and organizational performance. Data was obtained from the National Organizations survey (NOS), a special module of the General Social Survey. The respondents were asked to assess the performance such as product quality, new product development and customer satisfaction of the organization relative to the performance of the Industry competitors over the past three years. The result shows a positive relationship between HRM practices such as selection, training and incentive compensation and perceived organizational performance.

Hang-Yue Ngo et al., (1998), investigated the effects of country origins on HR practices of firms on performance from the United States, Great Britain, Japan and Hong Kong. A survey was mailed to the human resource directors of 1700 firms that had over fifty employees in Hong Kong. The performance of the firm was measured in terms of sales, net profit, new product development, employees satisfaction and retention of employees by using a five point scaling from bad (1) to very good (5) over a period of three years compared to the industry. Regression analysis was carried out and a positive relationship was identified between HRM practices and firm performance.

Mayo, A (2000), examined the contribution of human capital to current and future value for stakeholders. The key implications for such growth are individual capability, individual motivation, leadership, organizational climate and workgroup effectiveness. Each of these was examined in detail with quantifiable measures. Individual capability or Organizational performance was measured by Knowledge/skill/experience/network; ability to achieve results, potential for growth and their contribution to work. Employee capabilities are one of the most important measures affecting organizational performance

Huang et al., (2002) made a comparative analysis of Human Capital strategies on 261 MNC's from Singapore and 218 Promising Local Enterprises. The study focused on the role of Human Capital in the survival and development of promising local enterprises which aspired to become Multinational enterprises in the future. Some successful human capital strategies followed by MNC's in Singapore are placing high value for their Human Capital, recruitment and selection process that focused on multi-skilled employees, wide range of training and development programmes, career management and corporate culture for international economic success.

Paul, A.K and Anantharaman, R.N (2004), developed and tested a causal model that related Human Resource Management (HRM) with Organizational performance. The study found that each and every HRM practices under the study had an indirect influence on Organizational performance. In this study, organizational performance was measured subjectively in two dimensions: operational performance and financial performance. Operational performance was measured by items like employee retention, employee productivity, product quality, speed of delivery and operating cost. Financial performance was measured in terms of growth in sales, net profit and return on investment from year 1997 to 2000. Each Organization was asked to rate their performance on each parameter in comparison with other software companies for a period of three years (1997–2000).

Bassi, L and McMurrer, D (2005) focused on Human Capital as a source of competitive advantage. The study identified five human capital indices like leadership effectiveness, workforce optimization, learning capacity, knowledge optimization and talent retention as leading indicators of business results. Pickett, L (2005), identified core measures used by senior management to increase the effectiveness of Human Capital and to organizational performance. An internationally researched framework for human capital capability was used as the basis of this research, complemented by an international benchmarking. Pickett identified five key practices namely leadership practices, employee engagement, knowledge accessibility, workforce optimization and learning capacity which enhanced the performance of human capital.

Hooi Lai Wan (2007), analyzed the implication of Human Capital Development (HCD) policies like perceptual responses pertaining to provision of training and development, training and development opportunities, and management's supervision and guidance on employees satisfaction (ES) with four leading chemical and petrochemical MNCs located in the same industrial area in Malaysia. The study identified that Foreign-owned MNC's being more globalised and technologically advanced are likely to have better HCD policies and hence employee's satisfaction is higher on HCD policies of these companies.

Marimuthu et al., (2009), commented Human Capital as an instrument to sustain competitive advantage in the Organization. The authors developed a model to show the relationship between human capital and firm performance. Human capital investment is related to training, education and other professional initiatives in order to increase the knowledge, skills, abilities, values, and social assets of an employee which will lead to the employee's satisfaction and performance.

The present study seeks to answer the following questions:

- ❖ What are the HR practices that enhance Human Capital Development in Indian Software companies?
- ❖ What is the agreement level of the employees on the perceived HR practices?
- ❖ What is the relationship between perceived HR practices and Organizational performance?
- ❖ Do demographic variables have an impact on organizational performance?
- ❖ Do perceived HR practices enhance organizational performance?

METHODOLOGY

Primary data with reference to the perception of the employees on HR practices for Human Capital Development and organizational performance was collected from the respondents by using a well designed questionnaire with 55 items. A sample of 200 respondents from 4 Software companies in Bangalore, constituted as the sampling unit for the study. Convenient sampling technique was adopted to collect the data. Survey was conducted with special reference to Bangalore, India. Reliability test was conducted on the tool to test the reliability of the instrument. The cronbach's alpha value for the scale was .09374 (Table 1). This value is higher than the acceptable lower limit of 0.6 according to Nunnally, J.C (1978). Being satisfied with the reliability of the instrument, the researcher preceded further and conducted factor analysis to identify the HR practices for Human Capital Development (HCD) in Indian Software companies. After identifying the HR practices for HCD a multiple regression was run to find out how much of organizational performance is predicted by these HR practices.

TABLE: 1 CRONBACH'S ALPHA COEFFICIENT FOR SCALES

Reliability Coefficients	
N of Cases = 200.00	N of Items = 55
Alpha = 0.9374	

Source: the researcher's survey

To measure the dependent variable perceived organizational performance, the researcher used perceptual measures. Though there are certain limitations in using perceptual data, research had found measures of perceived organizational performance correlate positively with the objective measures of firm performance (Dollinger, M and Golden, P 1992, Powell, T.C 1992). Further, there is precedent for using such measures in similar research of Delaney, J.T and Huselid, M.A (1996), and Youndt et al. (1996). Seven items that measured organizational performance used in a study made by Delaney J, T and Huselid, M.A (1996) were adopted for the present study. The questions enquired the respondents on how they would compare their own organization's performance on certain specific parameters, with that of similar organizations over the preceding three years on a five point likert scale ranging from Excellent (5) to worst (1).

DATA ANALYSIS AND DISCUSSIONS

FACTOR ANALYSIS

Exploratory Factor Analysis was carried out to identify the underlying HR interventions for Human Capital Development. But before proceeding on with factor analysis, few preliminary tests like Kaiser Meyer–Olkin (KMO) measure of sampling adequacy (.73) (Table 2), Bartlett's Test of Sphericity and Cronbach Alpha (.93) (Table 1) was done to justify that factor analysis is an appropriate tool for the present study. In KMO test a value closer to 1 indicates that the patterns of correlations are relatively compact and so the factor analysis should yield distinct and reliable factors. Kaiser (1974) recommends accepting values greater than 0.5 as acceptable. To make certain that a given item represented the construct in the underlying factor, a factor loading of .40 was used as the minimum cutoff (Youndt et al, 1996). The result of the factor analysis and the factor alpha value is provided in Table 2 and 3. Five Factors were derived with Eigen values greater than one and total variance of 72 percent was explained.

TABLE: 2 ROTATED COMPONENT MATRIX

Variables	Component				
	1	2	3	4	5
Factor – 1 Recruitment					
Looks into potential of new hires	0.81				
Invests in recruiting top talents	0.49				
Hire more qualified people	0.49				
My company uses extensive procedures	0.48				
Capable of attracting adaptable workforce	0.47				
Attracts better applicants than competitors	0.44				
Factor 2 – Training					
Training enhances employees performance		0.75			
Guidance increases organization performance		0.74			
Tutoring develops employees skills		0.63			
Education makes employees meets the standard of work		0.59			
Teaching fosters learning		0.56			
Learning develops employee capability		0.55			
Training is designed with managers inputs		0.49			
Preparation improves employee value		0.49			
Instruction helps to cope up with the changes		0.47			
Training leads to competitive advantage		0.43			
Factor 3 – Counselling and Mentoring					
Support by peers fosters good working relationship			0.68		
Counselling and mentoring addresses employees Problems			0.68		
Advising reduces absenteeism			0.64		
Therapy provides opportunity for appreciation			0.62		
Work orientation prevents work related Accidents			0.57		
Suggestions corrects unsatisfactory behaviour			0.55		
Personal guidance improves performance			0.54		
Peer support develops positive working environment			0.47		
Factor – 4 Empowerment					
Autonomy sets inspirational goals				0.60	
Confidence building holds higher Expectations				0.57	
Matching of authority with responsibility creates self-determination				0.54	
Empowerment expresses confidence				0.53	
Permission to express strengthens the activities of employees				0.52	
Acclaim strengthens the commitment of employees				0.49	
Provides autonomy to the employees				0.47	
Factor – 5 Performance Appraisal					
Measurement of achievement increases productivity					0.68
setting up performance targets makes the system transparent					0.56
Performance Appraisal sets development plan for the employees					0.54
Appraisal brings unity of purpose					0.53
Merit rating enhances competition					0.52
Transactional analysis improves interpersonal skills					0.52
Feedback meetings retains the best talents					0.45
Work Quality reviews improves employees performance					0.44
Progress reporting enhances post recruitment decision					0.41
Kaiser-Meyer-Olkin Measure of Sample Adequacy					.73
Bartlett's Test of Sphericity					11880.20
Significance					.00

Source: the researcher's survey

TABLE: 3. FACTOR MEAN AND ALPHA

No.	Factor	Mean Score	Eigen Value	Cronbach Alpha
1	Recruitment	4.1	4.54	.70
2	Training	4.0	4.23	.77
3	Counselling and Mentoring	4.1	3.76	.73
4	Empowerment	4.1	2.54	.70
5	Performance Appraisal	4.0	1.58	.72

Source: the researcher's survey

Six items like great amount of money in recruiting top talents, extensive procedures used in selection, including a variety of tests and interviews, attracting the best person for a given important position, emphasizing the potential of new hires, attracting better applicants than competitors and managers hiring even more qualified people than they themselves are loaded under factor one with factor loadings ranging from .81 to .44. The Alpha Value for the first factor is .65 and the factor mean score is 4.1 (Table 3) which indicated a strong level of agreement among the respondents for Factor one. The six items loaded under factor one emphasize the importance recruitment of employees. Hence Factor One was named as Recruitment. This was approved by the study of Black, S.E and Lynch, L.M (1996) who identified education, training and recruitment as the practices that develop Human Capital and enhance the productivity of the Organization. Ten items like enhancing individual performance, guiding towards organizational performance, improving values, meeting the standard of work, coping up with changes, developing employee skills, developing individual and organizational capability, leading towards competitive advantage, fostering learning and training

designed with inputs from managers were loaded under Factor two with loading ranging from .75 to .43. The Alpha Value for the second factor is .77 and the factor mean score is 4.0 (Table 3) which indicated a strong level of agreement among the respondents for Factor two. The items loaded under Factor two defined the importance of Training for Human Capital Development. Hence Factor two is named as Training. This result is supported to a large extent by the earlier study made by Antonio Aragon-Sanchez et al., (2003), Nishimura et al., (2004) and Ardichvili, A and Dirani, K.M (2005).

Eight items such as fostering good working relationship, addressing problems, reducing absenteeism and turnover, increasing commitment, improving performance and enhancing communication were loaded under Factor Three with loading ranging from .68 to .47. The Alpha Value for the third factor is .73 and the factor mean score is 4.1 (Table 3) which indicated a strong level of agreement among the respondents for Factor three. The eight items loaded under factor three insists counselling and mentoring as one of the factor for Human Capital Development. Hence Factor Three was named as Counselling and Mentoring. This result is supported by the earlier studies made by Hunt, M and Michael, C (1983); Kram, K.E (1985); Ragins, B (1989) Mobley et al., (1994), Kent, S (2001), Watt, L (2004).

Seven items like setting inspirational goals, holding higher expectations, creating self-determination, expressing confidence, strengthening the activities of employees, strengthening the commitment of employees, providing autonomy and improving performance was loaded under Factor Four with factor loadings ranging from .60 to .47. The alpha value for the fourth factor is .70 and the factor mean score is 4.1 (Table 3) which indicated a strong level of agreement among the respondents for Factor Four. The seven items loaded under factor four emphasize the importance of empowering employees for their development. Hence Factor Four was named as Empowerment. This is supported by the studies of Cole, N.D (1995), Ford, R.C and Fottler, M.D (1995), and Weerakoon, T.S and Kee-Hung Lai (1997) and Robert et al., (2000).

Nine items like identifying goal, developing employees, correcting behaviour, decision on lay-off, training needs and career planning, increasing job performance, enhancing healthy competition and changing work behaviour were loaded under Factor five with loading ranging from .68 to .41. The Alpha Value for the fifth factor is .72 and the factor mean score is 4.0 (Table 3) which indicated a strong level of agreement among the respondents for Factor five. The nine items loaded under factor five recommended performance Appraisal as one of the factor for Human Capital Development. Hence Factor Five was named as Performance Appraisal. The studies made by Smith, A.D and Rupp, W.T (2003), DeNisi, A.S and Pritchard, R.D (2006), Kuvaas, B (2006) and Ridley, S.E (2007) supported this factor.

CORRELATION BETWEEN PERCEIVED HR PRACTICES FOR HUMAN CAPITAL DEVELOPMENT [HCD] AND ORGANIZATIONAL PERFORMANCE

Likewise Pearson Correlation is conducted to find out the relationship between HR Practices for Human Capital Development and Organizational performance. The following hypothesis is tested here

H₁ – There is no significant relationship between HR Practices for Human Capital Development and Organizational performance

TABLE: 4 CORRELATION BETWEEN HR PRACTICES FOR HUMAN CAPITAL DEVELOPMENT AND PERCEIVED ORGANIZATIONAL PERFORMANCE

Dependent variable		Recruitment	Training	Counselling	Empowerment	Performance Appraisal
Organizational performance	Pearson Correlation	0.615(**)	0.675(**)	0.528(**)	0.723(**)	0.643(**)
	Sig.(2-tailed)	0.001	0.001	0.001	0.001	0.001
	N	424	424	424	424	424

Source: the researcher’s survey

It is inferred from the correlation test that there is a significant and high degree of positive relationship between HR Practices for Human Capital Development and Organizational performance. The hypothesis H₁ is rejected and shows a high level of relationship with employee empowerment (Table 4) (r=0.723; p=0.0001) followed by training (r= 0.675; p=0.0001), performance appraisal (r=.643 and p=0.0001), recruitment (r=.615, p=0.0001) and counselling and mentoring (r= 0.528; p=0.0001). The present study results was also supported by other study conducted by Delaney, J.T and Huselid, M.A (1996), who found a strong association between Human Capital Development practices and Organizational performance.

RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND ORGANIZATIONAL PERFORMANCE

Pearson et al., (2003) had stated that age and gender had influenced the computer efficacy of people. Their study had identified that older and female employees were not confident about their abilities in learning new techniques. This in turn affects the performance of the organization. Mehay, S.L and Rowmanf, W.R (2005) examined the relationship between marital status and performance ratings of employees and identified that married men got higher performance ratings compared to single men. Like wise Russell, J.E.A and Rush, M.C (1987), indicated that married females received the most favorable performance evaluations compared to single female. Hence it is proposed that

H₂ – Organizational performance is not dependent on the demographic variables like age, gender, sex and marital status

TABLE: 5 RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND ORGANIZATIONAL PERFORMANCE

ANOVA		Sum of Squares	Df	Mean Square	F	Sig.
Gender	Between Groups	2.358	16	0.147	0.603	0.882
	Within Groups	99.416	407	0.244		
	Total	101.774	423			
Age	Between Groups	54.244	16	3.390	2.539	0.001
	Within Groups	543.470	407	1.335		
	Total	597.715	423			
Experience	Between Groups	49.231	16	3.077	1.924	0.017
	Within Groups	651.033	407	1.600		
	Total	700.264	423			
Marital status	Between Groups	11.717	16	0.732	3.225	0.000
	Within Groups	92.434	407	0.227		
	Total	104.151	423			

Source: the researcher’s survey

It is inferred from the table above (Table 5), the significance value is less than .05 for age (p= 0.001) and experience (p=0.017) and marital status (p=.000) of the employees. Hence the hypothesis H₂ is rejected and alternate hypothesis is accepted which states that age, experience and marital status of the employees has an impact on organizational performance. This means that in the development of organizational performance the age, experience and marital status of the employees plays a vital role. In the case of gender (p=0.882) of employees, the significance value is greater than .05. Hence in this case the H₂ is accepted which means, gender of employees do not influence the development of the performance of the organization.

ORGANIZATIONAL PERFORMANCE PREDICTED BY HR PRACTICES FOR HUMAN CAPITAL DEVELOPMENT

Hitt et al., (2001), Noe et al., (2003); Youndt et al., (2004), Ardichvili, A and Dirani, K.M (2005) had identified in their study that firm performance was positively impacted by the presence of Human Capital Development practices. The preceding evidence suggests that the factors influencing organizational performance is expected to have positive magnitude and the theoretical expectation is portrayed in the model with positive contribution by the various factors. Hence the following hypothesis is proposed

H₃ – Organizational performance is not predicted by HR Practices for HCD

The proposed regression model is given below:

$$\text{Organizational performance } Y_1b = b_1b + b_{1b1} X_1 + b_{1b2} X_2 + b_{1b3} X_3 + b_{1b4} X_4 + b_{1b5} X_5$$

Where,

- x_1 - Recruitment
- x_2 - Training
- x_3 - Counselling and mentoring
- x_4 - Empowerment
- x_5 - Performance appraisal

$b_{1b1}, b_{1b2}, b_{1b3}, b_{1b4}, b_{1b5}$ - Regression Coefficients

b_1b - Regression constant

MODEL SUMMARY

The coefficient of determination R^2 was compared to determine percentage variation in the dependent variable. F value was to compute the significance of R^2 with F-distribution at 5% level of significance. The model is found fit on significance (.000) of independent variable and proving perceived organizational performance depends on HR Practices for Human Capital Development like recruitment, training, counselling and mentoring and mentoring, empowerment, and performance appraisal and hence the hypothesis H_3 is rejected.

The prediction ability of the model is expressed by R square which was .609 whereby 61% (Table 6.1), of the variance in perceived organizational performance was explained by HR practices for Human Capital Development like recruitment, training, counselling and mentoring and mentoring, empowerment and performance appraisal with F-value 130.374 (Table 6.2) at .000 level of significance.

TABLE 6.1. REGRESSION MODEL SUMMARY FOR ORGANIZATIONAL PERFORMANCE AS CRITERION VARIABLE AND HR PRACTICES FOR HUMAN CAPITAL DEVELOPMENT AS PREDICTORS

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.781	0.609	0.605	0.31153

Source: the researcher's survey

a. Predictors: (Constant), performance appraisal, recruitment, training, counselling and mentoring and mentoring, empowerment

TABLE 6.2. - ANOVA (B)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	63.266	5	12.653	130.374	.000(a)
Residual	40.568	418	0.097		
Total	103.834	423			

Source: the researcher's survey

Predictors: (Constant), performance appraisal, recruitment, training, counselling and mentoring and mentoring, empowerment

b Dependent Variable: Organizational performance

TABLE 6.3. ASSOCIATION BETWEEN HR PRACTICES FRO HUMAN CAPITAL DEVELOPMENT AND ORGANIZATIONAL PERFORMANCE

Variables	Unstandardized Coefficients		t- value	Sig.
	Beta	SE		
(Constant)	0.447	0.152	2.938	0.003
Recruitment	0.227	0.046	4.968	0.001
Training	0.282	0.054	5.369	0.001
Counselling and mentoring	0.224	0.052	4.281	0.004
Empowerment	0.420	0.055	7.609	0.001
Performance appraisal	0.189	0.055	3.431	0.001

Source: the researcher's survey

a Dependent Variable: Organizational Performance

In predicting the performance of the organization in software companies (Table 6.3) it is found that empowerment of employees is found to be the most important variable ($\beta=0.420$, $t= 7.609$) followed by training ($\beta=0.282$, $t= 5.369$), recruitment ($\beta=0.227$, $t= 4.968$), counselling and mentoring ($\beta=0.224$, $t= 4.281$) and finally performance appraisal ($\beta=0.189$, $t= 3.431$).

REGRESSION EQUATION

Organizational performance = .447 + .227 (recruitment) +.282 (training) +.224 (counselling and mentoring) + .420 (empowerment) +.189 (performance appraisal)
 Empowerment plays an important role in improving the performance of the Organization (Conger, J.A and Kanungo, R.N, 1988), since empowerment strengthens the commitment of employees, improves self-esteem and creates self confidence. Empowered employees enjoy autonomy at work and autonomy enables them to be innovative at work and set inspirational goals for achievement. All this qualities of empowered employees contribute towards organizational performance.

Organization is also influenced by another Human Capital Development practice namely training since training develops the skills and enhances the capability and performance of individuals and thereby the performance of the Organization (Aragon Sanchez et al., 2003). Training helps the employees to meet the standard of work and to cope up with the changes in the Organization. With these characteristics of training a trained employee become more valuable for an Organization and also he contributes more towards the performance of the Organization, (Kumpikaite, V and Ciarniene, R, 2008).

Another important factor that influences the performance of an organization is recruitment made by the organization. Leidinger (2009) argued that recruiting employees with high potential leads to further personal growth and thereby for the growth of the organization. Organization uses extensive procedure in recruitment and selection and emphasizes on recruiting the most talented and qualified people. Since large amount of money is invested by the Organization in recruitment, they try to take the best candidates than their competitors. Since the best talents are recruited they give their best towards organizational performance.

The next factor that contributes to the performance of an Organization is counselling of employees. Hutcheson, P.G (2006), had conveyed that the ancient practice of mentoring had totally transformed into a business tool in talent development and management. Mentoring enhanced the professional development of employees, expanded organizational breadth and broadened the personal network. Mentoring built the skills of employees, increased their productivity, fostered the relationships across the organization, increased organizational performance and retained the talent workers.

The last variable that predicts the performance of an Organization is performance appraisal. According to Smith, A.D and Rupp, W.T (2003), performance appraisals is a critical part of a company's success since they allow the company to retain and reward high performers and offer guidance and improvement to poor performers

FINDINGS AND DISCUSSIONS

The concept of human capital development has gained tremendous attention in today's booming industry like software firms. Currently, there are minimal empirical evidences on the topic and this study is aimed to fill the gap in the literature. The study had identified recruitment, training, counseling and mentoring, empowerment, and performance appraisal as the perceived HR practices for Human Capital Development of the Indian software companies. The study also proved that organizational performance to a great extent is predicted by the identified HR practices for Human Capital Development. Hence, companies should therefore, come up with some effective plans especially in investing the various aspects of human capital as not only does it direct firms to attain greater performance but also it ensures the enhancement of organizational performance and thereby firms to remain competitive for their long term survival.

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BRAND LOYALTY

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ABSTRACT

Brand loyalty is an important component of enterprise marketing strategy. The development of a brand name entails a complex structure which must be understood in order to build a strong brand. The study revealed that in terms of first objective the responses of respondents have demonstrated a brand consciousness, price consciousness and prevailing trends in the market. While for the second objective the things suggested for the marketers are to use a blend of marketing mix i.e. competition based pricing, mark up pricing, prevailing pricing. In the third objective customer wants more variety and colors, style and sizes, so new variety and styles should be introduced more frequently. In the fourth objective, the respondents are of the opinion that the activities in each field adjust continually to each other and to changes in their external environments. The fifth object describes that the consumers are found to be rational in their behaviour when they prefer to buy jeans considering price. Even the quality has been kept as the second parameter. While in the sixth and seventh object the respondent are of the opinion that they want more variety and colors, style and sizes. However, the constructs of innovation, service and marketing have a strong impact on brand loyalty development.

KEYWORDS

brand quality, brand consciousness, price consciousness, brand new variety and styles and prevailing trends.

INTRODUCTION

An important aspect of buying behavior of consumer is making successive purchase of certain product brand, which is chosen at the consecutive purchase occasions. Generally, more than one brand is offered of the same products within a given product field, and a buyer has to choose one of these brands at the moment of purchase. It may be expected that this is not a random choice from the alternative available, because the various brands of the same product will differ more or less from each other in the eyes of the consumer.

The concept of the brand loyalty is of the interest for academicians, marketers as well as for the manufacturers. The main interest lies in the fact that what are the important factors which are responsible for building brand loyalty among the consumer for a particular brand of the product and customer's preference to use this particular brand over time and thereafter what factor may contribute for switching over to another brand which the consumer were previously using.

The buying behaviour of individual is influenced by the structure of the society to which the consumer belongs. Individual tends to adopt, their behaviour patterns to much those with whom they regularly interact, individual who are similar in social status and have similar goals and views on life. In addition, individual is influenced to some extent degree by goal and behaviour pattern of the groups social organisation to which they belong.

Some evidence indicates that brand preferences are formed during the childhood and adolescence. If such preferences turn into loyalty among the consumer segment it would suggest that manager should be targeting their customer early in their life cycle.

DEFINITION OF BRAND LOYALTY

The easiest to understand and most complete definition of this approach to brand loyalty was formulated by Jacobov.

"Brand loyalty is:-

- (1) the biased (i.e. non-random),
- (2) behavioural response (i.e. purchase),
- (3) expressed over time,
- (4) by some decision making units,
- (5) with respect to one or more alternative brand out of a set of such brands, and
- (6) is a function of psychological (decision making) processes".

The definition of brand loyalty has a number of implications for marketers.

First, brand loyalty is not a random event, whether or not a consumer becomes loyal to a particular brand can be controlled to some extent by action of a marketer.

Second, mere verbal reports that someone is loyal to a product are insufficient to show brand loyalty.

Third, to reveal brand loyalty, the repeat purchase behaviour must be found over some lengthy period of time.

Fourth, brand loyalty can be exhibited by decision making units in addition to individual consumer the decision may be made jointly by husbands and wives and that then in combination reveal brand loyalty.

Fifth, consumer may be loyal to more than one brand at a time.

Finally, brand loyalty results from some type of evaluative process that follows from the outcome of previous purchase of the product.

So, when a consumer has brand loyalty, he or she actively prefers the brand, is committed to the brand to some extent, and probably has developed positive feeling towards the brands.

Brand loyalty is important to marketers because it leads to increased market share, and ultimately to greater profit. If consumer have been satisfied with the promoted brand their satisfaction is reinforcing and leads to increase in the probability of choosing the brand is again after the promotion is withdrawn, particularly for previous non users of brand. Because of the importance of the brand loyalty, many marketers develop a simple, descriptive promotional line, and through heavy repetition, engrave it in the consumers memories. They are concerned with the actual consumer purchasing pattern, with consumer beliefs and opinion concerning their brands and with knowing how important the product is to consumer known. Discovering how consumer knows about brands and become attached to certain brands assists marketers in achieving their goals.

So manager should recognize the importance of creating and maintaining the brand loyalty, because satisfied consumer are more likely than dissatisfied consumer, reveal brand loyalty. When a consumer has a brand loyalty, he or she actively prefers the brand, is committed to the brand to some extent and probably has developed positive feeling towards brand.

Brand loyalty is important to the managerial areas of developing the marketing mix and marketing research. Marketers attempted to develop the marketing mix in order to create brand loyalty among the user of the product.

Brand loyalty however, is a suitable basis for market target definition. A firm aware of its customers is highly brand loyal may elect to confine its marketing efforts to that group of people. Reaching highly loyal customers may be a relatively simple matter depending on the length of repurchases cycle. If the cycle is short a message can be effectively distributed by putting it in a package with the product or even attaching it to the product itself.

So a marketer who wants to be successful should recognize that consumer is the king. He can justify his existence only when he is able to understand commitment and satisfy them.

MEASUREMENT OF BRAND LOYALTY

Brand loyalty is conceptual in nature. As a conceptual variables, it has been used both as an output variable the results of the consumer decision; and as input variable-the cause of consumer decisions. In either case the concept of brand loyalty to be used in consumer research must be operationally defined. The operational definitions described below include:

- Brand choice sequences
- Preference over time~ proportion of purchase and other measures, including an extended definition of brand loyalty based both on preferences and purchases.

BRAND CHOICE SEQUENCES

This concept of brand loyalty based on the sequences of purchasing a specific brand. This operational definition of loyalty was important in the development of the concept and in the studies such as those of Tucker and Stafford who defined brand loyalty as three successive choices of the same brand in their empirical studies.

Thus if A,B,C,D,E,F..... are various brands in a particular product, then household could be classified as having following types of loyalty:

1. Undivided loyalty is sequence AAAAAAA
2. Divided loyalty is sequence ABABABAB
3. Unstable loyalty is sequence AAABBB
4. No loyalty is sequence ABCDEF

PREFERENCES OVER TIME

Some time loyalty has been defined as preference statement overtime rather than actual purchase. This loyalty was most manifest when factors such as unavailability, price consideration and respondent not being the buyer did not play a major part in brand selection.

PROPORTION OF PURCHASE

The most frequently used definition of brand loyalty, at least in empirical research, is the proportion of total purchases within a given product category developed to the most frequently purchased brand (or set of brands).

This is used both on a conceptual definition of brand loyalty in these studies as well as on operational measures.

Other measures of loyalty

Several researchers have employed a combination of two or more of the above criteria in defining brand loyalty. The factor analytic approach employed by Sheath uses a definition of brand loyalty based on both the frequency of purchase of a brand and the pattern of these purchases.

Another entirely different approach based on the price increase in most preferred brand relative to the prices of other brand necessary to induce brand switching.

WHY JEANS FOR THE STUDY

Jean was chosen as the product for the study because it was kept in mind that this product has been and is among the fastest growing industry on national and international standards/markets. The product is rather already very popular. It is a routine shopping product.

Every company feels that the market for jeans will keep going, and at a growing pace. The product is popular everywhere and anywhere in India. The main customers are the youths. Most of the young persons or the ones who are studying or newly employed generally have a crush over jeans. It is this segment which generally feels like 'rebellious' and 'independent'. Most of the marketers try to strike this segment only, when they term their jeans as 'for cowboys', rugged', 'tough', etc. As such the educated youth is the most aware about different brands of jeans available in the market. Also most almost all the jeans available in the nation could be had from outlets in almost every city. So, there is uniformity

WHY IS THE PROBLEM CONSIDERED WORTH INVESTIGATION?

It is believed that consumers exhibit a great degree of brand loyalty towards Jeans brands. One cannot make such assumptions without any strong basis. To justify branded jeans towards above products, this small study has been undertaken.

MAIN OBJECTIVES

1. To study the number of persons wearing branded jeans.
2. To study the change in brand loyalty in response to change in price.
3. To study the effect of freebies scheme on brand loyalty.
4. To study the effect of non-availability of favourite brand on the brand loyalty.
5. To determine the product attributes which consumers considered as important while making purchase decision.
6. To evaluate the reasons for brand switching by the consumers.
7. To study which are the most powerful source of information?

RESEARCH METHODOLOGY

It is quite an attempt to examine brand loyalty of consumers towards various brands of Jeans. This research is called as "Expostfacto" research because this is descriptive -cum-analytical in nature. Most "Ex-post-facto" research projects are used for descriptive studies in which researcher seek to measure such items e.g. frequency of shopping, preferences of people or similar data. In this type of study researcher has no control over variables. He can only report what has happened or what is happening.

UNIVERSE OF THE STUDY

The universe of study has been confined to Ludhiana and Jalandhar (economically significant cities) due to the limitation of time, finance. The "Ludhiana and Jalandhar" has been chosen due to the reason that it has maximum number of colleges and university from where the respondents were interviewed.

RESEARCH DESIGN

Human beings by nature differ in behaviour preferences, liking and disliking. A consumer has different feelings he views products in his own way of thinking and ranks the brand with his own level of satisfaction. It was in this background of the consumer behaviour that questionnaire was divided into two different parts. In one part information regarding age, occupation and educational qualifications were framed.

In the second part of questionnaire covers the different aspects ranging from the liking of the consumers to different brands media, range of price of product source of motivation, effects of different factors on his decision etc. were taken.

DATA-COLLECTION METHOD

This study is entirely based on primary data. For the collection of primary data, the questionnaire method were used for questionnaire was of structured and non-disguised type which contained open and close ended, multiple choice and dichotomous questions. Some of the questions required rating or ranking of alternative i.e. the liker scale method.

SAMPEL AND SAMPLING DESIGN

The sample under study comprised of 112 respondents which were personally interviewed. The sample has been chosen with the help of "random sampling technique" and the sample was divided into three categories i.e. undergraduates, graduates and post graduates.

RESEARCH METHODOLOGY

The data is analysed on the basis of response by respondents in the questionnaire. Age, education and family income has been taken as the main variables in the analysis.

ANALYSIS TOOLS

PERCENTAGES: Demographic features and other response obtained from survey are express in terms of percentages, figures in tables within parenthesis represents percentage while those without parentheses are simple frequencies.

WEIGHTED AVERAGE: Respondents were asked to rate the benefits of branded apparels, according to their importance from rank 1 to 5. Weighted score assigned viz. 5, 4, 3, 2,1 to rank 1, 2, 3, 4,5 respectively. On the basis of frequency rating of each factor, weighted average scores for each factor were computed.

LIMITATIONS OF THE STUDY

Although utmost care has been taken to get the accurate results, yet because of the risk of ambiguities and interpretations on the part of the respondents, some elements of inaccuracy could have crept in. also the selection of the respondents was based on convenience.

Because of the small size the sample is not truly representative of the universe.

- Due to the memory difficulties on the part of the respondents, there may be problems of under-reporting. Also there may be problems of over-reporting in the case of prestige brands.
- Some of the respondents do not use branded jeans, so its brand loyalty may not be calculated accurately with respect to total percentage of its class.

REVIEW OF THE LITERATURE

Among the first to publish research results, showing that consumer do not choose a brand or random but that for a certain consumer different brand have different probabilities to be bought, were Brown and Cunningham (1952).

Brown and Connigham (1952) using data from a consumer panel, calculated for every family in the panel. The percentage represented by the most favoured(most bought) brand in the purchases of various product during the 3 years For seven product studies, they found that individual household bought the favourite brand much more frequently than would be expected under the assumptions of random choice from the brand available.

Henriet (1956) conducted a pilot study of evaluate styles, designs and sizes of readymade dresses and their pattern on retail market for girls aged 12-15 years. There was no relationship between price of dress and desirable features such as wide hems and provision for elastic.

Shanon (1962) conducted a study on consumer's satisfaction with cotton fabrics for selected physical characteristics. It was observed that while buying fabrics, consumers most often considered qualities of sensory satisfaction, colour and appearance of fabric.

Cheriyani (1965) studied clothing management practice of families with special reference to their purchasing practices. For buying the clothing the cheapest shop was preferred mostly by low income families. The customs and tradition had the greatest influence on the choice of clothing. Price and quality of fabrics were considered by those families who read clothing labels.

Some' Sharir (1974) concluded that more brand switching occurred when price difference are significant between brands and that have the most effect on consumer in the extreme levels of both income and education, rather than linear relationship to these variables.

John U. Farley (1989) study conducted to investigate the relationship between brand loyalty, and certain market. Market structures such as the availability of brands, price, fluctuations, and clearing activity. The importance of these types of variables was demonstrated by Farley's study of the purchases of 199 families in 17 diverse product categories they found that.

- Consumer tends to be less loyal towards product with many available brands, where prices are relatively active, and where consumers might be expected to simultaneously use a number of brands of the product.
- Consumer tends to be loyal in market where brands tend to be widely distributed and where market share is concentrated heavily in the leading brand.

Garg (2002) studied clothing practices of Home Science Students of Ludhiana, Hissar, Chandigarh and Delhi. Majority of them saw labels before buying readymade garments. Most of them who checked the labels saw company, size, mark, quality, price and washing instructions. Some of them learned about shrinkage, resistance, colour and fatness from labels. Brand name was mostly checked. The respondents of Ludhiana and Hissar gave greater weighted to price, durability, appearance, material and latest fashion.

Hofstede and McCrae (Marsella et al. 2002), who are currently analysing the relationship between culture and the so-called 'Big Five' dimensions of personality that were considered originally to be universal. At national level McCrae's five dimensions of personality are correlated with Hofstede's dimensions of national culture. A conclusion for international brand management should be that brand personalities developed in one culture are not necessarily relevant for other cultures. The extension of brand values of one culture to another where they don't fit will not make effective advertising.

Business world (2003): brand loyalty is still a discount dream for branded appeals. Most people have a considered set of brands within which they keep switching. They are loyal to the concept of branding rather than a particular brand. Consumer believes the brand be usually patronises is not brings him as much values (no necessarily tangible) as another he has no compunctions is shifting to the second label.

Admap(2003) , directors of research and insight at McCann-Erickson World Group, describes 'McCann Brand Clout', a proprietary research tool used to evaluate seven universal marketing drivers for brands and categories. The drivers are brand awareness, emotional bond, product news, activation, loyalty, product experience and buzz. He argues that brand loyalty is among the most important, is very much undervalued and under exploited by marketers.

Marie (2003): wearing clothes with prestigious brand names seems to be very important for adolescents. This phenomenon was studied in the context of consumer socialization by examining the influence of three socialization agents, namely parents, peers and TV, on the development of French Canadian adolescents' brand sensitivity and their relative importance. Controlling for socio-economic variables, multiple regression analyses were conducted separately for boys and for girls. For both genders, brand sensitivity is related to peer influence. Girls' brand sensitivity is related to the importance fathers give to clothing brands. TV exposure is not related to adolescents' brand sensitivity. For boys and girls, peers represent the most important predictor of this consumer socialization. The results are discussed in the light of social and economic pressures and family relationships.

Michael Lewis, (2004) loyalty programmers encourage consumers to shift from myopic or single-period decision-making to dynamic or multiple-period decision making. The author models customers' response to a loyalty programmed under the assumption that purchases represent the sequential choices of customers who are solving a dynamic optimization problem. Empirical results and policy experiments suggest that the programmed studied increased annual purchasing for a substantial proportion of customers.

Business India (March 2004) made a study in order to know factors which induced consumers to go in for readymade garments. It received different responses and it was concluded that people have switched over to ready-to-wear market due to factors like wide variety in terms of colors and pattern, trial facilities, time saving and casual satisfaction.

Jennifer (2004): loyalty programmers encourage consumers to shift from myopic or single-period decision-making to dynamic or multiple-period decision making. The author models customers' response to a loyalty programmed under the assumption that purchases represent the sequential choices of customers who are solving a dynamic optimisation problem. Empirical results and policy experiments suggest that the programmed studied increased annual purchasing for a substantial proportion of customers.

Thomas J. Reynolds and Carol B. Phillips, (2005) the elusive notion of brand equity is operational zed in a "share the ring" framework with a combination of multiple constructs: (1) relative barrier or brand price, (2) brand quality perceptions, (3) brand purchase loyalty, and (4) self-report future brand purchase trend. This general measurement framework for "true" brand equity when applied longitudinally permits the evaluation of marketing ROI. Recommended measures for the "share tie ring" approach to brand equity measurement are illustrated using the cola category as an example.

Rajesh Iyer and James A. Muncy, (2005) perceived brand parity is the belief in the consumers mind that major offerings in a product category are similar. The current article presents the results of a study indicating that high parity perceptions inhibit a company's ability to develop loyal customers. Whether that is good or bad depends on the type of competitive strategy a firm has chosen. With a differentiation strategy, advertising should be used to fight parity perceptions.

However, with a low price strategy, parity perceptions should be fostered in an attempt to discourage brand loyalty. Thus, a starting point for many advertising campaigns should be a clear understanding of both the parity perceptions in the marketplace and the need to either develop or fight brand loyalty.

ANALYSIS

RESPONDENT DESCRIPTION

In order to grasp the nature and characteristics of the various respondents included in the study. We analysis the information according to their socio-economic background which includes the characteristics of the respondents age, qualification, family income (yearly).

TABLE 4.1: AGE WISE SAMPLE DISTRIBUTION

Age-Group	Number/Percentages of Respondents
15-19	32
20-24	60
24-28	20

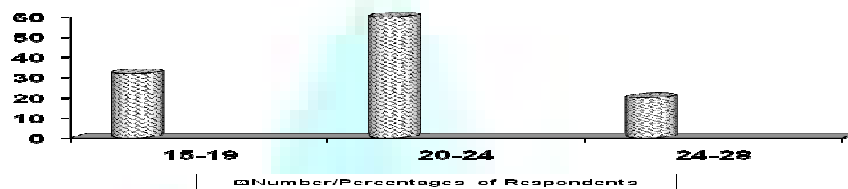


Table 4.1 indicates that the major part of the respondents fall in the age group (20-24 years) which is followed by (15-19) which mostly include under graduates.

TABLE 4.2: EDUCATION WISE SAMPLE DISTRIBUTION

Educational Qualifications	Number/Percentages of Respondents
Undergraduates	30
Graduates	32
Post Graduates	50

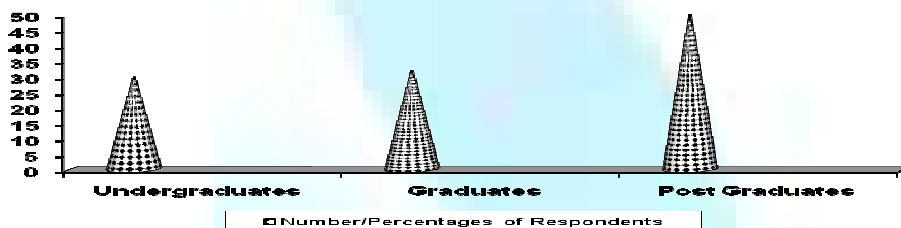


Table 4.2 signifies the educational level of the respondents. It is quit obvious from the table that post-graduates constitutes the largest groups (50 percent) among all the types of respondents which is then followed by graduates (32 percent), undergraduates (30 percent).

TABLE 4.3: FAMILY INCOME WISE SAMPLE DISTRIBUTION

Family Income (Yearly)	Number/Percentages of Respondents
80000-120000	19
120000-160000	18
160000-200000	43
200000 & above	32

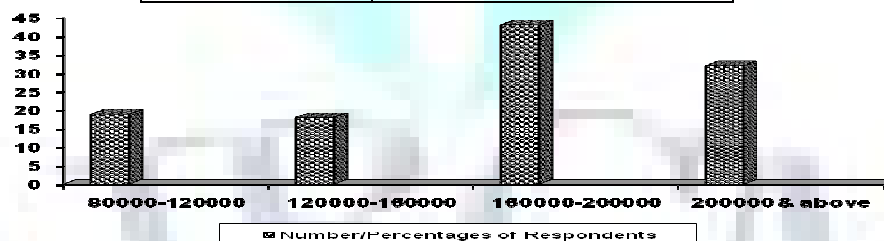


Table 4.3 signifies the family income of the students. It is clear from the table that most of the students (43 percent), belongs to the higher middle income group. Whereas the 32%, percent) high income class. Whereas 19 percent belongs to middle income, level. Whereas (18 percent) belong to lower middle income, group.

TABLE 4.4: PERSONS WEARING BRANDED JEANS

Respondents	Number/Percentages of Respondents
Yes	100
No	12

Table 4.4 signifies the major number of students wear brand jeans where as only (12 percent) either doesn't wear jeans or branded jeans. This signifies that there is increase in the living standard of the people and respondents are more in favour of fashion.

TABLE 4.5: BRAND OF JEANS MOST FAVOURED

Brand Name	Number/Percentages of Respondents
Levis	21
Lee	17
Live In	7
Lee Cooper	16
Newport	6
Pepe	7
Flying Machine	3
Killer	12
Ruff and Tuff	11

Table 4.5 shows that Levis (21 percent) is the most favored brand followed by Lee Cooper (16 percent) where Ruff and Tuff and others constitutes (11 percent) of the students and the others are preferred by the students with the given percentages.

TABLE 4.6: PLACE OF BUYING BRANDED JEANS

Place	Number/Percentages of Respondents
Exclusive Showroom	33
Ordinary Retail shop	22
Both (a) & (b)	45



Table 4.6 shows that the people buy their favourite brands mainly from both Exclusive showrooms and ordinary retail shops. This shows that where as second proportion of people buy their brand from the exclusive showroom. Whereas students don't go so, much to the ordinary retail, shops.

TABLE 4.7: NON AVAILABILITY OF BRAND AT SHOP

Statements	Number/Percentages of Respondents
Wait for the brand to be available	33
Go for other brand	18
Try to another shop	46
Don't know	3

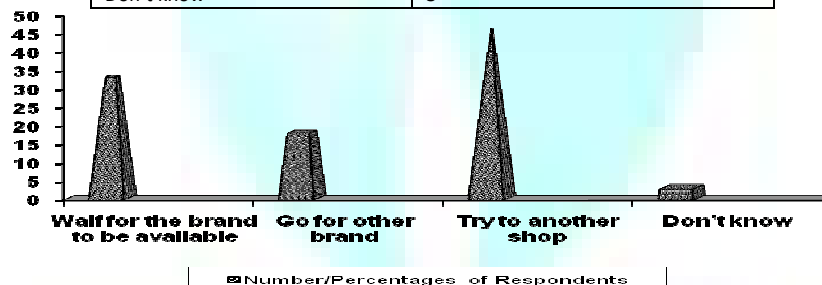


Table 4.7 shows that if people don't get the brand from the particular showroom they will try for another shop (46 percent) where as 33 percent to will wait for the brand to be available at their exclusive showroom. Whereas 18% despondence were will switch over to another brand. Whereas 3 % despondence, were not able to take any decision regarding this statement.

TABLE 4.8: BRAND USAGE OVER THE YEARS

Usage over the years	Number/Percentages of Respondents
6 months	17
1 year	24
2 year	36
3 year or more	23

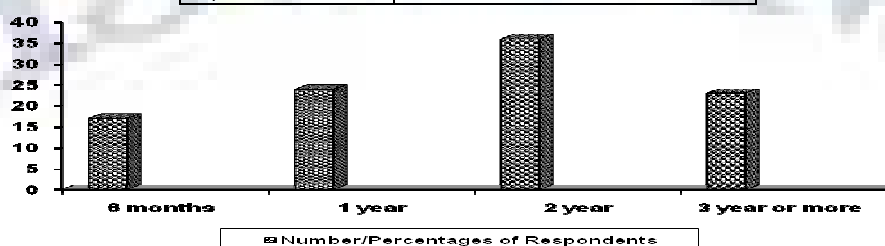


Table 4.8 shows that the people are wearing their favourite brand for 2 years where as still good amount of percentage of people are wearing their for more than 3 year. This shows that these people this percentage of people is very brand loyal. Whereas there are respondent 24 percent wearing particular brand for a period of 1 year and 17 percent of respondent constitute period of 6 months.

TABLE 4.9: CHANGE IN FACTORS THAT WILL LEAD TO SWITCH OVER TO ANOTHER BRAND

Scale	2	1	0	-1	-2	
	Definitely will	Probably will	Might or Might not	Probably will not	Definitely will not	Weighted Average
Price	24	18	24	25	9	.23
Quality	39	29	19	11	2	.92
Stitching	31	21	29	17	2	.52
Fashion	30	28	26	11	5	.67
Durability	36	27	24	9	4	.82
Advertisement	4	11	39	29	17	-.44

The above table signifies that people are not ready to make compromise with the quality of the product. Change in quality will lead to the change in brand worn by the respondents. Large people still very fashion conscious they will change their brand if it is not providing jeans according to the recent trend. Stitching along with durability of cloths also matters the respondents. Whereas the respondents show, their negative impact towards advertisement. Change in advertisement won't matter to the brand loyalty of the respondents.

TABLE 4.10: RANKING OF VARIOUS BENEFITS OF BRANDED APPARELS

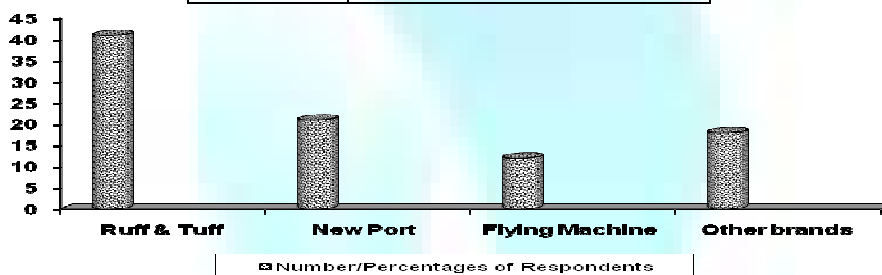
Score	5	4	3	2	1	
Ranks	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Average
Convenience	19	17	20	26	18	2.93
Status Symbol	27	23	19	18	13	3.33
Better Quality	32	28	18	8	14	3.56
Ready Availability	13	18	23	25	21	2.77
Cost effectiveness	9	14	20	23	34	2.41

Above table takes into consideration the advantages of wearing jeans of the brand use the respondents. The main reason for wearing the particular brand was of better quality where as people also considered wearing branded jeans as a status symbol. Convenience ready availability and cost effectiveness was given the same weight age by the respondents.

This shows that the respondents are very particular regarding the quality of branded jeans worn by them.

TABLE 4.11: BRAND WORN BY RESPONDENT BEFORE SWITCHING OVER TO PRESENT BRAND

Brand Name	Number/Percentages of Respondents
Ruff & Tuff	41
New Port	21
Flying Machine	12
Other brands	18



Eight percent of respondents were loyal to their old brand (means they did not change their brand).

As we know Ruff and Tuff was famous for providing jeans with the low cost. But due to increase in standard of living, people switch over to other brand. Similar is a case of new port and flying machine (21 percent) respondents include who switch over from other brands like Peep, Killer and other brands.

TABLE 4.12: REASONS FOR SWITCHING OVER TO NEW BRAND

Reasons	Number/Percentages of Respondents
Friends Experience with new brand	36
Impress by the advertisement of new brand	30
Price increase in old brand	12
None availability of old brand	14

Eight percent of respondents were loyal to their old brand (means they did not change their brand so eight percent of the people were not considered).

The main reason for changing to new brand was the effect of reference groups this shows that people has lot of influence of the people living around them. Whereas people were also impress by the promotional scheme (Advertisement) effort taken by the brand producers. Whereas increase in price and non availability of old brand does not affect them much.

CONCLUSION

The study was made with the objective to study the change in brand loyalty in response to change in price , to study the effect of freebies scheme on brand loyalty, to study the effect of non-availability of favorite brand on the brand loyalty, to determine the product attributes which consumers considered as important while making purchase decision ,to evaluate the reasons for brand switching by the consumers , to study which are the most powerful source of information. To achieve these objectives a survey was conducted with sample size of 112 respondents in Ludhiyana and Jalandhar. The important things which came out in this survey are that customers are loyal to brand. Fast changing attitude of people toward different branded apparel and purchase factor, as brought out by this study, necessitate that marketer should remain in touch with the preferences, motivations, expectations, attitudes, perceptions and opinion of customers. Research in consumer behavior should thus be carried out on continues basis by the marketers to keep them in the forefront, thereby improving the productivity of their market efforts. As a whole, brand consciousness and price consciousness are the key areas of concern for consumers. It is clear massage for marketers to work on these and penetrate the market successfully.

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FDI IN THE INDIAN RETAIL SECTOR- PROBLEMS AND PROSPECTS**BULBUL SINGH****ASST. PROFESSOR****SRI AUROBINDO COLLEGE OF COMMERCE AND MANAGEMENT
LUDHIANA****SUVIDHA KAMRA****ASST. PROFESSOR****SRI AUROBINDO COLLEGE OF COMMERCE AND MANAGEMENT
LUDHIANA****ABSTRACT**

The retail industry in India is of late often being hailed as one of the sunrise sectors in the economy. AT Kearney, the well-known international management consultancy, identified India as one of the most attractive retail destinations globally from among thirty emergent markets in 2010. The government has allowed FDI in the single brand segment upto 51% and has also allowed 100% FDI in the wholesale segment. However, as of now, FDI in the multi brand segment wherein foreign giant retailers like Wal-Mart operate are not allowed to enter India. This is because the government wanted to ensure that the entry of global retail giants does not displace the existing population of millions of people employed in the local retail business. The retail sector in India is largely dominated by the unorganized players (mom and pop stores/ kirana or neighbourhood stores with 100- 500 square feet floor area). Organised sector forms just 5% of the market. The retail sector in India is under- invested and according to a study by McKinsey, almost Rs 50,000 crores worth of food is wasted because of poor supply chain management. These drawbacks can be removed if the modern foreign retailers are allowed to enter the Indian markets as they shall bring their technical know how and help in cutting prices by removing intermediaries from the supply chain. The paper discusses the problems and benefits of allowing FDI in the Indian retail sector and recommends how it may be gradually introduced when inevitably it must.

KEYWORDS

FDI, Retail, Organised Retail, Wal-Mart

INTRODUCTION

Retailing is the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. A retailer is one who stocks the producer's goods and is involved in the act of selling it to the individual consumer, at a margin of profit. As such, retailing is the last link that connects the individual consumer with the manufacturing and distribution chain.

Retailing is the largest private sector industry in the world economy with the global industry size exceeding \$6.6 trillion and a latest survey has projected India as one of the top destination for retail investors. The government had opened up 51% FDI in the single brand retail outlets which led to an upsurge in retailing business in India. The government is cautiously exploring the avenues for opening FDI in multi-brand segment. The Government is seeking these options keeping in view the existing social framework of India and wants to ensure that the entry of global retail giants do not displace the existing employment in the retail business.

The retail industry in India is of late often being hailed as one of the sunrise sectors in the economy. AT Kearney, the well-known international management consultancy, identified India as the 'third most attractive retail destination' globally from among thirty emergent markets in 2010. India has consistently featured in the top three positions of the Global Retail Development Index conducted by AT Kearney for the last five years. It has made India the cause of a good deal of excitement and the cynosure of many foreign eyes. With the market worth \$410 billion, the retail industry is definitely one of the pillars of the Indian economy.

OBJECTIVES OF THE STUDY

1. To study the factors that make India an attractive destination for retailers
2. To analyze benefits and problems of allowing FDI in India in the multi brand segment
3. To make recommendations on how and under what conditions can FDI be allowed in the Indian Retail Sector so as to reduce the risk of lifting restrictions on the multi brand segment

METHODOLOGY

The study involved extensive collating, summarizing and synthesizing of secondary data available online by AT Kearney (Global Management Consultants), reports prepared by the Indian Council for Research on International Economic Relations (ICRIER), reports prepared by Centre for Policy Alternatives. All of these reports formed informative studies on some of the key issues with FDI in Retail. To obtain up to date information and opinions on the research topic it was necessary to refer to domestic and international news articles and gather a variety of industry reports and papers, for example reports by Price Waterhouse & Coopers, McKinsey, India Knowledge at Wharton, articles published in the International Retail Digest and several newspaper reports. All of these helped to provide a wide and balanced understanding of the key issues of this research.

PROBLEMS OF THE STUDY

We noted that data available, particularly in relation to India's retail sector, was often inconsistent. However, for the purposes of this research being more of an exploratory nature, this did not have too much impact on the findings. Up-to-date data was also hard to source. Also, the nature of the research being internet/online based, it was inevitable that it lacked primary data/ findings.

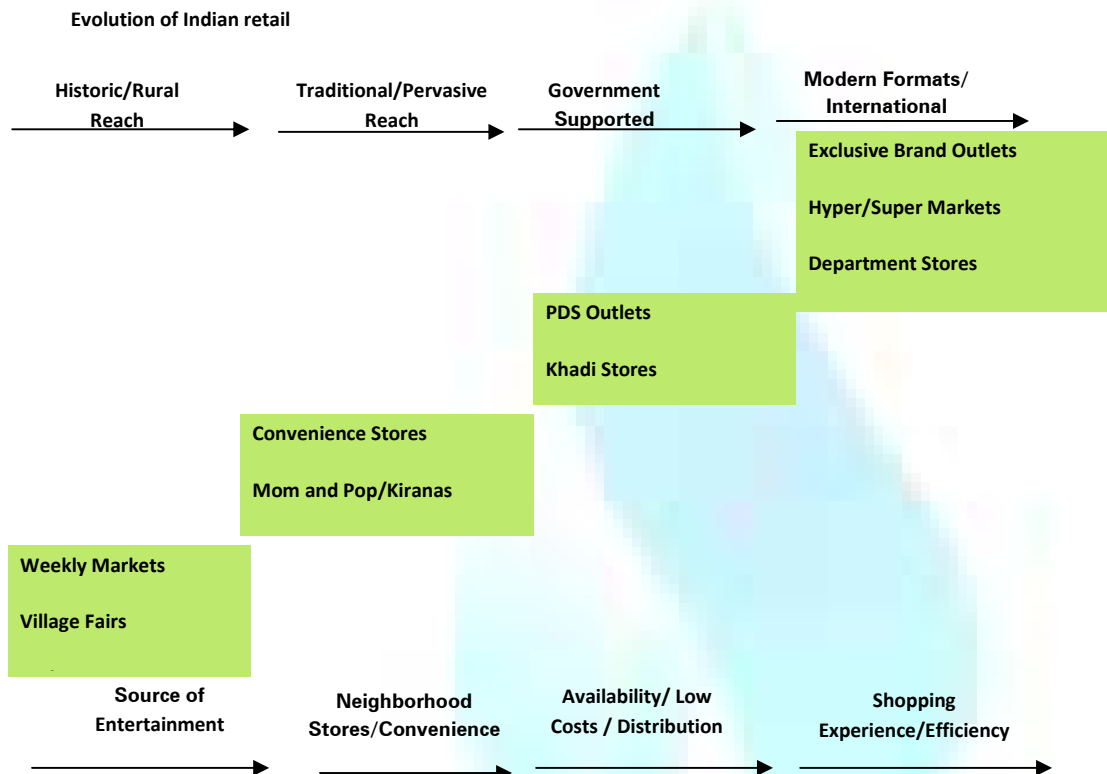
RETAILING IN INDIA

Trade or retailing is the single largest component of the services sector in terms of contribution to GDP. Its massive share of 10-11% is double the figure of the next largest broad economic activity in the services sector. Retailing is the largest private sector in India and second to agriculture in employment. After farming, retailing is India's major occupation (8% of total population). It employs 40 million people.

The retail industry is divided into organized and unorganized sectors. **Organized retailing** refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Modern format retailers which include Supermarkets like Foodworld, Hypermarkets like Big Bazaar, HyperCity; Departmental Stores like,

Shoppers Stop, Lifestyle, Pantaloons, Piramyds, Westside and Trent, Specialty chains like Ikea the retail furnishing house and entertainment chains like Fun Republic, Fame Adlabs, Inox and PVR. Some of the biggest Indian corporate houses like the Future Group, Raheja Group, Reliance, TATA's, Aditya Birla Group, Bharti etc. have made massive investments in India's organized retail business. **Unorganized retailing**, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local *kirana* shops, owner manned general stores, *paan/beedi* shops, convenience stores, hand cart and pavement vendors, etc. Unorganized retailing is by far the prevalent form of trade in India – constituting 95% of total trade, while organized trade accounts only for the remaining 5%.

Organized retail trade employs roughly 0.5 million people and unorganized 39.5 million. The Indian retail industry is highly fragmented. According to AC Nielsen and KSA Technopak, India has the highest shop density in the world. In 2001, it was estimated that there were 11 outlets for every 1000 people. India today has approximately 15 million retail outlets. The entire retail trade contributes about 10-11% to India's GDP and is valued at an estimated Rs. 9,30,000 crores. Out of this, organized retailing industry is around Rs. 35,000 crores. Organized retailing is primarily urban centric, its share as represented in urban scenario is projected to be 12 to 20%. Growing at more than 30%, the organized sector is driving the retail growth in India and contributes significantly to the growth of the economy. This economic growth comes primarily from increased consumer spending.



THE CHANGING INDIAN CONSUMER

There has been an increase in the disposable income of the middle class households in India. Between 1993 and 2003 there was a 20.9% growth in the real disposable income of the Indians. Besides, that, there has been a 10% growth in the middle and high income populations in the last decade. Add to that, the falling interest rates, easier consumer credit and a greater variety and quality of goods available at all price points has increased the momentum of consumerism in India. Consumers in particular, the urban consumers are getting exposed to international lifestyles. They are inclined to own more assets and thus there is an increased tendency to spend. Therefore, contrary to the olden times, shopping is no longer need based. The greater education levels have increased the awareness levels of consumers and they are becoming more demanding and discerning. The age segments of 17- 21 year olds, (which number more than a 100 million in India) tend to spend freely and are highly influenced by international lifestyles.

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

- Low share of organized retailing
- Competitive real estate prices
- Increase in disposable income and customer aspirations
- Increase in expenditure for luxury items

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

The retailing configuration in India is fast developing as shopping malls are increasingly becoming familiar in large cities. When it comes to development of retail space specially the malls, the Tier II cities are no longer behind in the race. If development plans till 2007 are studied it shows the projection of 220 shopping malls, with 139 malls in metros and the remaining 81 in the Tier II cities.

ANTICIPATED GROWTH RATES

As foreign investors exploring their potentials in the retail sector, are keen on developing malls in India, the size of organized retailing is expected to touch \$30 billion by 2010 or approximately 10 per cent of the total GDP. This has initiated market-entry announcement from some retailers and has signaled to international retailers about India's seriousness in promoting the sector. While international retailers like Wal-Mart have entered the wholesale cash-and-carry business in an equal (50: 50) joint venture with Sunil Bharti- promoted Bharti Enterprises for; Reliance, the largest Indian conglomerate has invested \$3.4 billion to become India's largest contemporary retailer. There are also reports of investments for 'Hypercity Retail' by K.Raheja Group to establish 55 hypermarkets by

2015. Bharti Enterprises is likely to spend \$5 billion by 2015 in their retailing business; they are expected to occupy 10 million sq. ft. of retailing space and employ about 60,000 people in their retailing venture. All these factors will contribute in taking Indian retail business to unexpected growth based on the consumer preference for shopping in congenial environs and also availability of quality real estate.

INDIA AS AN EMERGING DESTINATION FOR FDI

India today represents the most compelling investment opportunity for mass merchants and food retailers looking to expand overseas. According to AT Kearney's Annual Global Retail Development Index for 2010 – an annual study of retail investment attractiveness among 30 emerging markets – India is placed at third rank ahead of countries like Saudi Arabia, Brazil, Chile and Russia and just behind China and Kuwait (see table 1 and Figure 1).

TABLE 1: TOP 10 RETAIL INVESTMENT COUNTRIES

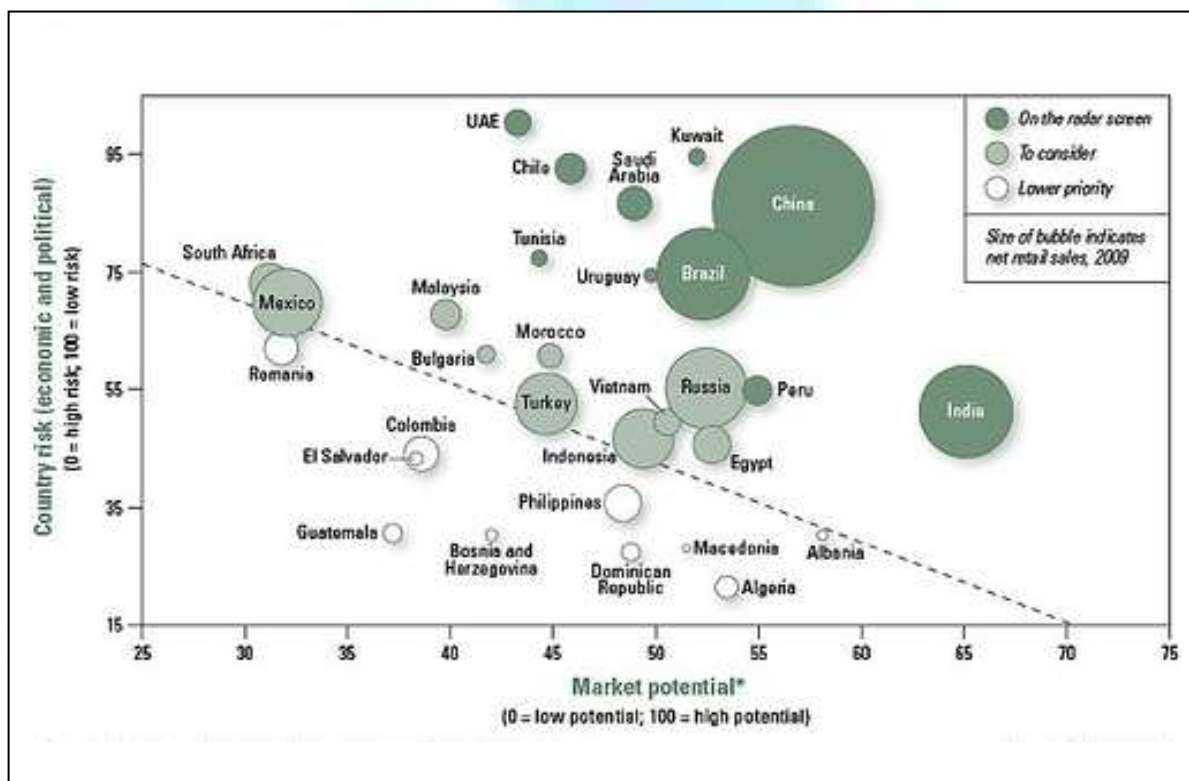
2010 Rank	Country	Market Attractiveness (25%)	Country Risk (25%)	Market Saturation (25%)	Time Pressure (25%)	GRDI Score
1	China	50.6	85.8	32.9	86.6	64.0
2	Kuwait	75.4	94.3	56.2	24.5	62.6
3	India	35.4	51.3	62.2	97.8	61.7
4	Saudi Arabia	65.3	86.5	50.7	31.0	58.4
5	Brazil	73.5	74.3	46.6	36.9	57.8
6	Chile	71.8	92.3	27.5	38.3	57.5
7	UAE	79.1	100	18.8	32.0	57.5
8	Uruguay	67.7	74.3	58.6	23.1	55.9
9	Peru	43.4	54.6	72.2	49.2	54.9
10	Russia	63.5	55.1	32.0	61.8	53.1

Source: 2010 Global Retail Development Index 2010, AT Kearney Analysis

The Indian retail market is worth \$410 billion but only 5% sales are through organized retail, meaning opportunity in India remains immense. Retail should continue to grow rapidly – upto \$535 billion in 2013, with 10% coming from organized retail, reflecting a fast growing middle class demanding higher quality shopping environments and strong brands.

Store growths and consumer insights have been the focus for the past few years. The market is maturing as most retailers are now focusing on profitable growth (see figure 2). Several domestic retailers filed for bankruptcy or exited the market during downturn, like Subhiksha and Magnet, while others optimized their operations, including store labour, rent renegotiations and strategic cost management. Expansion plans did not slow however: Bharti Retail strengthened its position by 59 stores, Walmart is expected to open 10 to 15 wholesale locations in the next three years, and Marks & Spenser is considering plans to open additional outlets in the next few years.

FIGURE 1: RETAIL INVESTMENT COUNTRY ATTRACTIVENESS



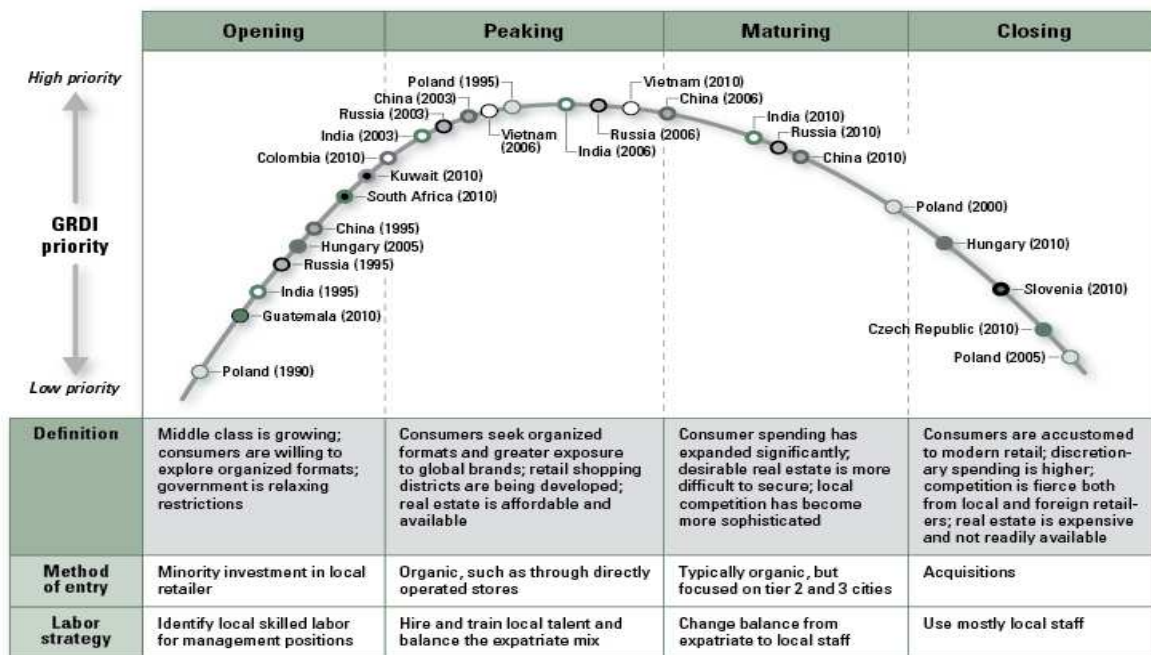
Source: 2010 GRDI, A T Kearney Analysis

Established retailers are tapping into the growing retail market by introducing innovative store formats, such as community shopping, village malls and destination shopping stores for example, Future Group set up a first of its kind Community Family Shopping Centre in Bangalore. Another innovative concept, wedding malls devoted to nearly every aspect of weddings, are making a splash in the Indian market.

While rising commodity prices hit Indian consumers in all segments (including cereals, grains, fruit and vegetables), retailers launched a wide range of private labels. More profitable for retailers, these brands are gaining customer acceptance in categories beyond staples. Future Group plans to add 10 to 15 new private label categories every year; this year, it expanded its Tasty Treat label to the breakfast cereal, noodle and soup categories. Beyond private labels, Wal-Mart is working to change the agricultural supply chain model in India to improve productivity and the quality of goods by launching a direct farm produce sourcing system.

Foreign players continue to demonstrate strong interest in India- most major hypermarket retailers either have a presence or are studying the market for entry. In apparel, Zara (owned by Spain's Inditex Group) opened its first store in 2010, while Polo Ralph Lauren and Diesel are expanding. Desirable real estate is a lingering challenge or retailers. Mall rental rates are lower because of an oversupply of space, but there is still a lack of quality street locations. Given these challenges, many retailers see tier 2 cities as the next frontier. Customers in these locations are proving similar to those in tier 1 cities, meaning that retail models translate well- even increasing profitability because of lower operating costs. Spencer's Retail, More (owned by Aditya Birla Group) and Shoppers Stop (owned by K Raheja Group) already plan to expand. Regulations pose another challenge to retail growth in India, particularly the foreign investment restrictions for multi brand retail, which will probably not change anytime soon. As a result, cash-and -carry formats will thrive, as foreign companies are allowed full ownership. Wal-Mart and Metro have already successfully entered through this route, and Carrefour and Tesco plan to follow.

FIGURE 2: THE RETAIL INVESTMENT OPPORTUNITY ANALYSIS



Source: A.T. Kearney analysis

FDI IN INDIAN RETAILING

FDI rules in India do not permit foreigners to set up retail stores directly as this threatens small store owners. 100% FDI is however, permitted in the cash and carry (wholesale or B2B format) business. Cash and carry is a form of trade that allows sale to offices, hotels and retailers who become its members. The government has opened up 51% FDI in single brand segment but does not allow foreign entry in the multi- brand segment. There are certain other exceptions also, where foreign players are allowed. These are:

1. Private labels
2. High- Tech items/ items requiring specialized after sales service
3. Medical and Diagnostic Items
4. Items sourced from the Indian small sector and manufactured with technology provided by the foreign collaborator.

STRATEGIES ADOPTED BY INTERNATIONAL PLAYERS TO ENTER INDIAN MARKETS CURRENTLY:

Franchise: here an international company gives name and technology to local partner and in return gets a royalty. Examples of international retailers operating through franchises in India are- Nike, Pizza Hut, Tommy Hilfiger, Marks & Spencer and Mango.

Manufacturing- Here a foreign company sets up an Indian arm for production and also has permission to set up retail outlets for sale. For example, Bata India.

Distribution- in such cases an international company sets up local distribution offices and supply products to Indian Retailers for sale. These international companies can also set up franchise for exclusive brand outlet. For example, Swarovski and Hugo Boss.

Wholesale trading-these are cash and carry outlets and at present 100% FDI is permitted in wholesale trading. Metro of Germany is an example of such a company.

WHAT INDIA MEANS TO THE WORLD'S TOP 10 RETAILERS

COMPANY. COUNTRY OF ORIGIN	RETAIL SALES - 2003 (\$ BILLION)	INTEREST IN INDIA
Wal-Mart, USA	256.33	Very Keen to enter India; has already entered in B2B format a 50-50 JV with Bharti Enterprises
Carrefour, France	79.80	A prominent global retailer in the world; among the first to enter China; has entered even small countries like Oman. Should be interested in India
Home Depot, USA	64.82	Has not ventured beyond the American continents yet; may not find immediate traction here
Metro, Germany	60.50	Cash and Carry format is already present in India; likely to roll out other formats if FDI is allowed
Kroger, USA	53.75	Present only in USA; India may not be on its radar
Tesco, UK	51.54	Quite keen in India; is in touch with the Govt.
Target, USA	46.78	Present only in USA; India may not be on its radar
Ahold, Netherlands	44.58	Has some experience in Thailand; India may not be top priority
Costco, USA	41.69	Is in touch with the Govt.; very keen to enter
Aldi Einkauf, Germany	40.06	No Asian presence so far; India may not be Priority

PROBLEMS OF ALLOWING FDI IN RETAIL IN INDIA IN THE MULTI BRAND SEGMENT**(1) ADVERSE IMPACT ON THE EMPLOYMENT**

In the absence of any substantial improvement in the employment generating capacity of the manufacturing industries in our country, entry of foreign capital in the retail sector is likely to play havoc with the livelihood of millions. Let alone the average Indian retailer in the unorganized sector, no Indian retailer in the organized sector will be able to meet the onslaught from a firm such as Wal-Mart when it comes in full swing. With its incredibly deep pockets Wal-Mart will be able to sustain losses for many years till its immediate competition is wiped out. This is a normal predatory strategy used by large players to drive out small and dispersed competition. This entails job losses by the millions.

A back-of-the-envelope calculation can substantiate the point. If we take the case of India, it has 35 towns each with a population over 1 million. If Wal-Mart were to open an average Wal-Mart store in each of these cities and they reached the average Wal-Mart performance per store—we are looking at a turnover of over Rs 80330mn with only 10195 employees. Extrapolating this with average trend in India, it would mean displacing about 432000 persons and if we suppose that the large FDI driven retailers take up 20% of the retail trade in India, it would mean a turnover of Rs 800 billion and displacement of eight million persons employed in the unorganized retail sector.

(2) THREAT ON ORGANIZED RETAIL PLAYERS

Entry of global players would increase internal rivalry among the players than promoting business of overall industry. Their economies of scale will allow them to reduce their margin to provide value for money products in the beginning to grab the market share which is not possible for domestic players to reduce in comparison to global players because of huge investment. Majority of the Indian players have not attained even break even point as organized retail is still at the nascent stage in India.

(3) HUGE SPREAD OF RETAIL CHAIN STORES

Financially strong giants will spread their function at multiple location to cater to maximum markets with full fledged infrastructure which is not possible for domestic player to cater.

(4) PREDATORY PRACTICES OF THE MULTINATIONAL RETAIL CHAINS

FDI in retail is often supported on the basis of the need to develop modern supply chains in India, in terms of the development of storage and warehousing, transportation, logistic and support services, especially in order to meet the requirements of agriculture and food processing industries. While the infrastructure and technology needs are undeniable, the belief that the entry of multinational food retailers is the only way to build such infrastructure is unfounded. Moreover, the pitfalls of relying upon an agrarian development strategy driven by food retail chains and giant agribusinesses have already become clear through the experience of several developing countries like Malaysia, Thailand and Vietnam. Farmers experience many problems in supplying their produce to the food retailers and many get eliminated under the "preferred supplier" system. Farmers also face problems related to depressed prices due to cutthroat competition among the food retailers, delayed payments and lack of credit and insurance. The emergence of such problems in India, especially in the context of the deep crisis that has engulfed the agrarian economy is totally avoidable.

It is often argued that the Indian farmers and manufacturers are going to enjoy access to international markets by supplying commodities to these multinational retailers. However, the experience of the producers, especially those producing primary commodities in the developing world, is not encouraging in this regard. According to a source, while a cocoa farmer in Ghana gets only about 3.9% of the price of a typical milk chocolate bar, the retail margin would be around 34.1%. Similarly, 54% of the final price of a pair of jeans goes to the retailers while the manufacturing worker gets around 12%. The International market access available to the global retailers do not benefit the producers from the developing countries since they are unable to secure a fair price for their produce in the face of enormous monopoly power wielded by these multinational giants.

(5) MONOPOLY IN THE CUSTOMER MARKET AND CREATION OF CARTELS BY THE GLOBAL PLAYERS

Foreign players may create monopoly by providing products at discounted rates in the beginning to grab the market share by displacing domestic giants and after getting good market or monopoly in the market may create a cartel of global giants to exploit the customers by inducing price hike and customers would not get any option than to purchase at the available prices.

(6) SETBACK TO THE TRADE BALANCE

FDI in retailing can upset the import balance, as large international retailers may prefer to source majority of their products globally rather than investing in the local markets.

(7) TOWERING EFFECT ON REAL ESTATE PRICES

The entry of global players may have towering impact on the real estate prices. With intensified fight for space in cities, the race may result in steep rise in real estate prices which could be counter productive for the domestic players.

(8) DISTORTION OF URBAN DEVELOPMENT AND CULTURE

The promotion of large retail stores with huge retail space also fosters a different kind of urban development than what we have followed in India till date. Large shopping malls with all known retail chains with their showrooms as a part of urban development is familiar in the US where the consumers live in suburbs, drives long distances for his/her shopping and lives in a community that hardly knows each other. The problem with this model is that it neglects the simple Indian reality where most households do not have cars and need local markets. The myth of a huge and fast growing affluent middle class is counter to the reality that this section is still too small to support the remodeling of the urban landscape as is being planned with malls, large retail chains and branded products.

BENEFITS OF ALLOWING FDI IN RETAIL IN INDIA IN THE MULTI BRAND SEGMENT**(1) IT WILL IMPROVE COMPETITION AND BRING PRICES DOWN**

Retail trade in India is fragmented, unorganized, un-networked, inefficient and individually small. An all too visible manifestation of the inefficiencies is the huge disparity between the price which the producer gets and the price which the consumer pays— sometimes as high as 10-20 times! Clearly, what is needed is an efficient supply chain backed by improved infrastructure, cold storages, packing and transportation. The traditional system of distribution, ending with the mom and pop or the street-side vegetable seller, is just not capable of creating it.

(2) INVESTING IN TECHNOLOGY AND BETTER SUPPLY CHAIN MANAGEMENT

The cold storage chains set up by international retailers will solve the perennial problem of wastages. As much as 40 % of India's fruits and vegetables rot due to lack of processing facilities. The foreign retail giant houses like Wal-Mart and Carrefour can bring better managerial practices and IT- friendly techniques to cut wastages and set up integrated supply chains to gradually replace the present disorganized and fragmented retail market. According to McKinsey, India wastes nearly Rs. 50,000 crore in the food chain itself. With IT application, the modern retail store can cut transaction costs such as due to inventory, delivery and handling. That is precisely how the US based Wal-Mart grew to be a giant because it reduced its distribution costs to 3% of sales compared to 4.5% of others. These international retail outlets can help develop the food processing industry which requires \$28 billion of modern technology and infrastructure. Also a more advanced and efficient production and distribution cycle shall evolve. An improved distribution system and better supply chain management shall make an improvement in the product basket from India for exports.

(3) CONTROLLING INFLATION

Industry trends for retail sector indicate that organized retailing has major impact in controlling inflation because large organized retailers are able to buy directly from producers at most competitive prices.

(4) INCREASE IN EXPORTS

There are likely to be greater levels of exports due to increased sourcing by major players. Sourcing by Wal-Mart from China improved multifold after FDI was permitted in China.

HOW MUCH FOREIGN RETAILERS EXPORTED OUT OF CHINA

- Wal-Mart: \$15 billion - \$18 billion
- Metro: \$2.4 billion
- Carrefour: Over \$2 billion
- Total sourcing of global retailers from China: approx \$60 billion

Wal-Mart sourced products worth \$600 million from India in 2006, its fifth year of sourcing operations. In 2010, Wal-Mart sourced goods worth \$125 million from Punjab alone comprising mainly of cotton. Wal-Mart officials are hoping that if world's top 10 retailers start buying from India, exports could go up by tens of millions of dollars.

Foreign players can generate positive inflow of cash through export of trade items or cutting down expenses of trade can increase the margin of profit. After 1994, there was a sudden influx of foreign investment in China which helped the country to attain a surplus in its balance of trade. Similarly, India can also benefit from foreign investment.

(5) MANPOWER AND SKILL DEVELOPMENT

By allowing market-savvy, market-intelligent and best management practices of corporations such as Wal-Mart, Carrefour, Ahold, JC Penny, etc to enter India the know-how and professionalism of Indian employees shall increase. Also there shall be a greater managerial talent inflow from other countries which add to transfer of knowledge and technical know-how.

(6) BETTER ENFORCEMENT OF TAX LAWS

While there will be increased tax revenue on the one hand, on the other hand there will be better enforcement of tax laws on the organized sector and international players. Tax evasion by players of the organized sector will not be possible like those of the unorganized sector. Thus, the exchequer of the Govt. shall increase.

(7) INCREASE IN EMPLOYMENT LEVELS

Employment shall be generated at various levels and across the entire value chain. Retailing industry doesn't need very high level skill sets. Graduates and school pass outs shall be suitable for the jobs and this is a major unemployed demographic group. It is projected that job generation will be similar to that of the ITES industry. More employment generation shall lead to an increase in the tax paying population.

(8) BETTER LIFESTYLE

Greater levels of wages are paid by most international players. The increasing purchasing capacity of consumers shall lead to better lifestyle. International retailers shall offer a better product variety with many new product categories emerging. Also the quality of products shall improve. The newer supermarkets in urban/metropolitan India offer a produce which is cleaner, fresher, well-packed and often cheaper than the vegetable seller on the street.

Modern retailing is designed not only to provide consumers with a wide variety of products under one roof, but also of assured home delivery and information feedback between consumers and producers. A modern retail outlet will also make it easy to buy on credit and provide for servicing and repair of products sold.

(9) TOURISM DEVELOPMENT

The Singapore and Dubai shopping festivals were examples of the possibilities for improving tourism thanks to the retail industry.

(10) OVERALL GROWTH AND EXPANSION

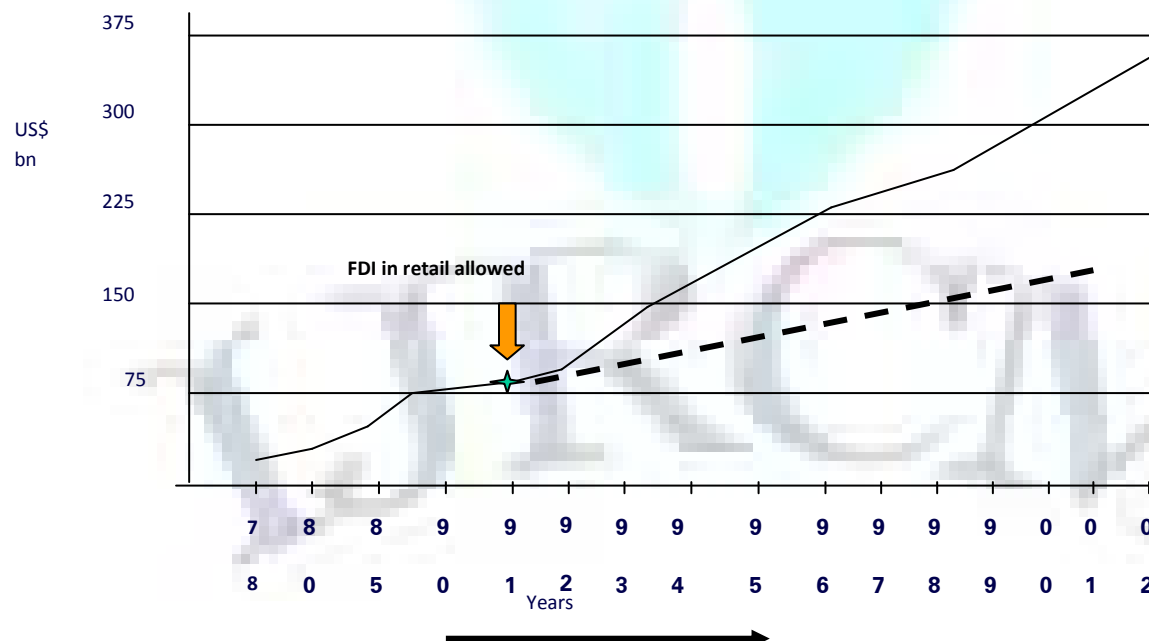
FDI would result in market growth and expansion. A greater consumer spending shall lead to greater GDP growth.

A CASE STUDY OF WAL-MART'S EXPERIENCE IN FOUR OTHER COUNTRIES

HOW CHINA BEAT THE FEARS

- Since China allowed foreign investment in retail in 1992, it has progressively increased the FDI cap from 26% in 1991-92 to 49% in 2002
- It allowed 100% foreign equity only in 2004
- Initially, China had allowed entry in only a few selected cities
- It actively encouraged domestic retailers to merge and become large enough to balance the global retailers.
- Percentage of Workforce employed in Retail: 6%
- No. of workers employed by top 100 retailers: 8,10,000

Figure 3: Total wholesale and retail trade



● Retail sales grew @ 19.6% CAGR for the next 4 years after the introduction of FDI in 1992
 ---- Projected Trade ——— Actual Trade

RESULTS IN CHINA
 FOREIGN RETAILERS PRESENT IN CHINA

Four out of top 10 global retailers, 35 out of top 50 and 78 out of 250 are already operating in China.

The Combined Market Share of top 17 foreign retailers in China is as follows:

\$13.8 billion out of China's retail sales of \$628 billion or a mere 2.2%

China not only beat the fears but was successful in increasing the overall size of the business (See Figure 3).

HOW MUCH FOREIGN RETAILERS EXPORTED OUT OF CHINA

Wal-Mart: \$15 billion - \$18 billion

Metro: \$2.4 billion

Total sourcing of global retailers from China: approx \$60 billion

LESSONS LEARNT FROM THE CHINESE CASE

- There is strong evidence in favor of FDI
- FDI has improved the entire size of the industry
- Retailing in China has grown at a compound rate of 15% per annum after FDI inflow
- There has been an employment growth
- There has been evolution of modern formats
- Most importantly, local players can survive and even beat foreign competition

Type	No. of stores in 1996	No. of stores in 2001
Traditional	1,920,604	2,565,028
Supermarkets	13,079	152,194
Convenience		18,091
Hypermarkets		593

- Modern formats have grown after FDI
- But so have traditional players

WAL-MART IN JAPAN

Wal-Mart had acquired a majority stake in Japanese retail chain Seiyu and by early 2005 opened several big size outlets in busy streets of Japan. The global stores offered a wide variety of Japanese products. However, the initial poor decisions made by Wal-Mart put them in bad taste among Japanese consumers. The global retailer fired 25 percent of the staff, which included 1500 employees and managers of Seiyu. As mass firings are not common occurrences in Japan, the country as a whole felt offended. As a result, Wal-Mart received negative press publicity causing the retailer to lose customers. The unique proposition of Wal-Mart is to sell products at "everyday low price". This strategy helped Wal-Mart to achieve success in under-related markets such as Mexico and China. However, Japanese consumers equate low prices with inferior goods. They are willing to pay high prices for quality goods. Hence, failure to understand consumer behavior severely impacted sales. Industry observers in Japan believe that social harmony and a distaste of foreign control are heavily ingrained in the social and business environment of the country. Hence, American companies would always be far from ever achieving success in Japan.

WAL-MART IN SOUTH KOREA

Wal-Mart ventured in South Korea in August 1998. Wal-Mart had relied on its proven business model and its strategy in offering low prices for products. However, "everyday low prices" alone were insufficient to make Wal-Mart successful in South Korea. Similar to the United States, most Wal-Mart outlets in South Korea were placed outside city limits. South Koreans are used to easily accessible shopping facilities without the need to travel much. Some individuals felt that Wal-Mart should have been located in the central location of the cities where consumers felt more comfortable to shop. South Koreans are visually oriented customers, appreciating aesthetically pleasing displays and shopping environment. South Korean ladies did not like the warehouse like atmosphere of Wal-Mart, which the American consumers seem not to mind since the products are still cheap. They prefer the department store-like, neat, clean, and sophisticated atmosphere. Wal-Mart struck to Western marketing strategies that concentrated on dry goods, from electronics to clothing, while their local rivals' focused on food and beverages, the segment that attract South Koreans to hypermarkets. As a result, on May 22, 2006, Wal-Mart, added its name to a list of multinationals like Nokia, Nestle, and Google that had failed to adjust to the taste of South Korean Customers.

WAL-MART IN GERMANY

In 1997, Wal-Mart acquired Wertkauf, a leading German retail chain. Later it acquired another leading retail major, Interspar in 1998. Wal-Mart stores are designed for customers who are willing to spend lots of time in shopping. But in Germany, the shopping hours are limited: Shops close by 5 pm on weekdays and no shopping on Sundays. This implies that German customers are not in the habit of spending lots of time in a store- wandering around for the things that they need. The German customers do not like to be assisted by Wal-Mart's friendly store assistants for shopping. They prefer to do their own search for bargains. Wal-Mart got its merchandise placement wrong: Germans like to see the advertised discount products upfront- without having to ask the store assistant. This implies that the discount products must be placed at the eye level. However, Wal-Mart followed its US style merchandise display strategy- where premium priced products are kept at eye level and the discount products are kept at higher shelf or in the bottom racks. This irritated the German shoppers. Wal-Mart also got its store inventory wrong. Products like clothes, hardware, electronics and other non- food products were given much bigger floor space than food products. Germans shop in big outlets mainly for food products. Hence, other German retailers like Metro stock more of food products which constitute more than 75% of their revenue. As a result of constituent mistakes, Wal-Mart suffered consistent losses to the tune of \$ 1 billion and exit Germany in 2006 by selling its 85 stores to Metro.

RECOMENDATIONS

India is poised to grow as a Retail hub. It is estimated that the market would grow to \$635 billion by 2015. It is imperative to sustain the modernization of the retail sector and cater to the growing taste of the Indian consumer and dispel the myth that the game is *big vs. small* or *traditional vs. modern* or *organized vs. unorganized* or *local vs. foreign*. What is needed is to promote consumption- which will ultimately lead to economic growth of the country. For the Indian consumer, the gradual and step wise entry of foreign companies in retail involves three pivotal changes- modern technology, better transparency in dealings and sharing best practices. To date, through the franchising route, foreign retailers have already entered India. Pizza Hut, Lacoste, Mango, Chanel, Louis Vuitton, Nike and Marks & Spenser have all entered via franchise agreements. The big multi-brand retailers have expressed keen desire to enter India and are looking forward the government's green signal. Metro of Germany, Shoprite Checkers of South Africa and Wal-Mart of US have already started to operate in the wholesale segment. Today, as far as multi-brand retailing is concerned, the question is not of whether "**Should India be open to FDI**" but "**when to open**" and "**how to open**" as under the WTO regime it is inevitable.

(1) WHEN AND TO WHAT EXTENT SHOULD FDI BE ALLOWED

The capital formation needed to develop retail trade in India will take at least 2 to 3 year's time. FDI should be opened up in a gradual phased manner, allowing a lead time for the Indian retailers to create a level playing field for all. FDI should be allowed in three stages which are as follows:

First Stage of 2-3 years wherein only 26% FDI is allowed

Second Stage of another 2 years wherein 49% FDI is allowed and

The **Third stage**, when markets are completely ready and developed 100% FDI may be allowed.

The government may additionally consider opening FDI first in relatively less sensitive sectors- like garments, lifestyle products, house ware, entertainment etc.

(2) CITY RESTRICTIONS

Another objective of FDI is to enhance infrastructure. While there is no dearth of potential investors in metro cities, the Tier-2 and lesser cities are getting sidelined. FDI should be initially allowed in Tier-2 and lower cities to facilitate infrastructure building. The more such investment, the more incentives may be granted to operate in Metro cities. Models similar to airline operators need to be explored. With this the focus would be on incremental business and create a level playing field for all and not on cut throat competition.

(3) ZONING LAWS AND AREA RESERVATION FOR FOOD PRODUCTS

The government is already considering a host of conditions for bringing in FDI. One of them is to impose a minimum limit of 10,000 sq ft on the floor space of foreign retail chains and limit the number of stores to one per million once FDI in retail is allowed. These huge retail stores should be located outside the city area and thus be subjected to certain zoning restrictions. Giant shopping centers must not add to our existing urban snarl. This also serves to create level playing fields for all players. Also, inclusion of a clause for reserving at least 500-600 sq ft (out of 10,000 sq ft) of retail space for foods and processed foods alone will further help to protect the interests of certain sectors like agriculture and integrate them with the organized retail supply chain. These measures may be applicable for a short while only, and the Department of Industrial Policy (DIPP) may consider easing some of these restrictions with time.

(4) CONDITIONS ON SOURCING

India should take lessons from the Thailand story. In Thailand and Malaysia, global retailers spelt doom for the traditional mom and pop stores. In fact, the Thai government had to step in to save local retailers from annihilation. It set up Allied Retail Trade, a network of franchised stores, which brought small stores together to fight the big chains. One solution to this problem is to put a restriction on sourcing of products locally. Thus foreign companies must be encouraged to form linkages with local producers and packages. For example, tie ups with Companies such as Amul, Vita, Verka for dairy may be made.

(5) SET UP AN AGRICULTURAL PERISHABLE PRODUCE COMMISSION (APPC)

The government should set up Agricultural Perishable Produce Commission to ensure that procurement prices for perishable commodities are fair to farmers and that they are not distorted with relation to market prices.

(6) FORMATS

Stores like Wal-Mart which is one the world's most successful retail organizations operates through many business formats- large departmental stores, all-under-one-roof 'super centers' and members-only 'cash and carry' stores that cater to small business and bulk consumers. Being an efficient retailer, it offers quality merchandise across all product categories at low prices. Its logistics, IT and sourcing efficiency are one of the best in the world. And the chain's efficient business operations depend on it. The government may initially allow only supermarkets to be set up so that retailers cannot immediately indulge in 'predatory pricing'.

(7) IMPROVE MANUFACTURING SECTOR

In order to address the dislocation issue, it becomes imperative to develop and improve the manufacturing sector in India. There has been a substantial fall in employment by the manufacturing sector, to the extent of 4.06 lakhs over the period 1998 to 2001, while its contribution to the GDP has grown at an average rate of only 3.7%. If this sector is given due attention and allowed to take wings, then it could be a source of great compensation to the displaced workforce from the retail industry

CONCLUSION

Given the WTO regime India is a party to, the entry of FDI in the retail sector is inevitable. Bit with the instruments of public policy in its hands, the government can create conditions that slow down their entry. Japan has done this quite effectively. In this fashion, the Government can try to ensure that the domestic and foreign players are approximately on an equal footing and that the domestic traders are not at an especial disadvantage. While it is true that some dislocation of traditional retailers will be felt, the government must ensure that retail does not remain concentrated in a few foreign hands.

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RATIO BASED CREDIT EVALUATION MODEL

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ABSTRACT

Only application of sound credit management practices by experienced risk managers will ensure success in today's competitive environment. There are several reasons for using the new approaches to analysis and new approaches reflects the thought that credit analysis is actually risk analysis. One of the most important reasons of interest in and concern with risk management is escalating is that, in recent years the business world has become more and more competitive and the scenario is changing rapidly. Staying ahead in the competition, protecting market share and to secure economise business has witnessed increasing numbers of mergers, buy ones and acquisitions that converted small businesses into divisions of large corporations. This consists of many diversified entities that deal in a variety of products and services. This is reflected in the increasing demand for objective information to help make profitable decision. As organisation grows or is acquired by larger companies, the decision making process becomes more centralised and the traditional methods of credit analysis used by the credit managers are no longer feasible as well as cost efficient. This motivation has helped to stimulate intense credit management focus.

KEYWORDS

Credit Analysis, Credit Worthiness, Credit Information, Credit Decision

INTRODUCTION

The high standard of living enjoyed in this country today would not have been possible without the liberal extension of credit. Credit has become almost an indispensable convenience or a necessity in our scheme of living. It would be wrong to imagine that the use of credit in a complex and sophisticated form is only a recent phenomenon. Reference of credit can be found as early as 1300 B.C. in the civilization of Babylon, Assyria, Egypt. Credit management has come a long way over the years. Many individuals as well as firms have wrong conception or negative idea about uses and applications of credit. A number of years this kind negative of thinking led to a lacuna in fresh creative ideas, 'constructive imagination and positive leadership. The concept of "Buy now-pay later" or promise to pay in future in return for immediate goods must always have existed in the earlier agricultural societies, as the incidence of a man's need would seldom coincide with his ability to pay. Thus, credit helps in those transactions which would not have been otherwise possible. In modern society credit is widely used in every sphere of our activity. Only application of sound credit management practices by experienced risk managers will ensure success in today's competitive environment. There are several reasons for using the new approaches to analysis and new approaches reflect the thought that credit analysis is actually risk analysis. One of the most important reasons of escalating interest in and concern with risk management is that in recent years the business world has become more and more competitive and the scenario is changing rapidly. Staying ahead in the competition, protecting market share and securing economise business has witnessed increasing numbers of mergers, buy ones and acquisitions that convert small businesses into divisions of large corporations. This is reflected in the increasing demand for objective information to help make profitable decision. As organisation grows or is acquired by larger companies, the decision making process becomes more centralised and the traditional methods of credit analysis used by the credit managers are no longer feasible as well as cost efficient. This motivation has helped to stimulate intense credit management focus.

It is seen that, in most of the cases pertinent information regarding credit decision making is not available from the credit applicant and the companies take their credit decision exclusively on the merits of past experience with, and the general impression that they have about a customer. Thus, in such cases credit granting decision is based on past experience and general impression about a customer. Proper evaluation of risk involved in a credit granting decision becomes of fundamental importance before sales commence because once the credit is accepted by the creditor firm of its credit applicant, servicing and loss mitigation technique can control the future losses only to a limited extent. If the decision at the initial stage is taken after weighing pros and cons of the situation then transition to subsequent stages take places smoothly.

Whatever may be the procedure, credit analysts always consider the nature and type of the business as well as the applicant and their personal judgement. Now, we consider which basis of evaluation the creditor firm should follow to assess the credit worthiness of their credit applicants. A survey conducted in this respect shows that most of the credit granting firms even the big one also, do not follows sophisticated basis of credit evaluation. A major portion of the firm concentrates on the past experience with and general impression about the customers. The next most popular method is LAPP method and the next one is most widely known and age old method is four 'c's of credit. Whatever may be the basis of evaluation the two major considerations in credit analysis are the applicant's business ability and his general financial position. That means it concentrates on financial as well as non financial aspects of the applicant. The most important non-financial aspects of the applicant in credit analysis were and still are managerial capability of the applicant or the men who actively operate the applicant's business. In analysing financial factors, credit analysts generally judge the liquidity and debt paying ability of a credit applicant. We know the absolute figures presented in the financial statement do not measure the managerial ability applied to a business or the soundness or its weakness of its financial position. Thus, before determining what data is to be in the credit analysis – the figure presented in the financial statement have to be quantified and subject to adjustment as per requirement. After that the analyst must apply certain analytical procedure to the financial figures to judge the creditworthiness of the applicant. The development of different sophisticated financial as well as statistical are fairly recent and still in the process. At present widely used financial tools are, Ratio analysis, sources and uses of fund analysis, Trend analysis, common size statement and perhaps other analysis to determine the ability to pay and financial position of the applicant. Mercantile credit men soon realized that financial statement analysis provides them with element of knowledge about their customer. The scope of financial statement analysis is vast and the experienced credit analyst must be capable of appraising credit risk involved there, with a degree of accuracy.

Analysis of financial statement for credit purposes is a complex process. It is a major consideration in any credit decision. The absolute data presented in the financial statement provides the credit manager invaluable information that can be helpfully combined with the information derived from other sources. Use of financial statement for the purpose of credit extension is not a recent phenomenon. As early as 1870's mercantile credit agencies were able to obtain some neatly arranged financial statement from customers/ credit applicants. With the pressure from of those agencies the practice of issuing financial statement as a basis for credit extension was developed through the 1870's and 1880's¹². In 1895 the executive council of New York State Banker Association adopted a resolution recommending that loan applicant be requested to submit financial statement¹³. It is not possible to determine exactly when individual seller first started asking their credit applicant for financial statement. In United States the National Association of credit men from its very inception, insisted that the credit manager should ask for the financial statement of their customers and for this purpose, in 1898, they published standard "Property Statement" (blanks balance sheet) form for the use of its members. The practice of requesting financial statement from the customer was prevalent from that time but it was not so wide spread. With the passage of time, the credit managers realized the necessity of their customer's financial statement which was supposed to be useful source of credit information and even many of the customers came to realize that their suppliers were entitled to ask for and receive their financial statement as a basis for granting credit to them.

Though invaluable information is available from the financial statement, still there are some problems arising in using financial statement as sources of information. At present credit managers like to consider audited accounting data only. But audit impose undue cost on small businesses. The level of cost is said to be a matter of concern for many firms. Audited information is held to be of questionable value, as in the case of small firms because the auditor has had to get much information supplied by the manager "on trust".

Secondly some concerns are still reluctant to submit copies of their financial statement and reveal the bare minimum only.

To sum up, we can say that, the credit executive must appraise or evaluate the position of the credit applicant to reach a credit granting decision. For the purpose of such appraisal credit department should possess pertinent credit information about their credit applicant. The evidence shows that a principal cause of credit losses is a decision based on inadequate credit information. Thus, credit management must recognize the basic importance of establishing effective method and procedures for obtaining, assimilating and analyzing essential credit information.

OBJECTIVE OF THE STUDY

At present most of the business houses make their credit standard lenient to retain the share of market and to expand their sales volume. When sales expand, there is a tendency to invest in receivables increases. Unless receivables are converted into cash in a minimum period of time, the business firm loses its liquidity, exhausts its credit and find its growth potential limited. Thus, Receivables play a strategic role in the management of a firm. Proper evaluation of risk involved in a credit granting decision becomes of fundamental importance before sales commence.

Firstly: - Once the credit is accepted by the creditors firm of its credit applicant servicing and loss mitigation technique can control the future losses only to a limited extent.

Secondly:- If the decision at the initial stage is taken after weighting pros and cons of the situations then transition to subsequent stages take places smoothly.

DATA SOURCE

To develop a credit evaluation model from the financial statement of the selected companies, we used Bathory's – 'risk description model'. For the purpose of our study cement companies are selected following purposive sampling procedure. The data of cement companies used in this study have been collected from secondary sources –

- The Stock Exchange official Directory of Bombay Stock Exchange.
- Capital line 2006, the official data base of Capital Market publishers limited, Mumbai.

METHODOLOGY

For this purpose we prepare a modified balance sheet of the selected. The model is prepared for one year as a sample. If the model is prepared on the basis of three to four years data, it will be more predictive in nature. At the time of selecting data, for the purpose of calculating Ratios, we mainly concentrate on firm's liquidity, profitability and capital adequacy. Eight Ratios selected to prepare the model .

RISK DESCRIPTION MODEL

1. Net profit/Capital employed = Profitability (annual).
2. Net Tangible assets (Shareholders Fund)/ Total Liabilities (Long Term+ Short term debt) = Profitability (cumulative).
3. Net profit / Current liabilities = liquidity.
4. Normalised working capital / Credit exposure = liquidity.
5. Equity / Current Liability + credit exposure = capital adequacy.
6. Net assets / credit exposure = comfort margin.
7. Total assets / Total Liability + Credit exposure = Debt capacity.
8. Net profit + Depreciation / Current debt = priority debt service ability.

In the first Ratio, we calculate return on capital employed. Net profit for this purpose is profit after tax but before interest. By placing net profit over capital employed, we have a measurement of profitability in the latest year. In the second ratio, we placed net tangible assets over total liabilities. Here total liability is equal to total long term debt plus total short-term debt i.e. current liabilities. First ratio measures the latest profitability and the second ratio is a measurement of cumulative profitability. As we want to look at the profitability from the latest as well as from accumulated periods, let us keep both measures for the model.

To measure the liquidity of the firm in most of the cases current ratio and quick ratio is widely used, but these ratios represent a less indicative measurement in our view. We place net profit over current liabilities, as net profit will include some items additional to current assets, such as surplus after accounting for depreciation and extra ordinary items. In the second ratio of liquidity measurement we placed Normalised-working capital over credit exposure. To calculate normalised working capital, we deduct stock from net current assets (net working capital), usually in case of quick ratio; we place current assets less stock over current liabilities. Now, in our case we have already deducted current liabilities from current Assets to calculate Net Current Assets. So, if we place normalised working capital over current liabilities plus credit exposure – This would give a wrong picture. Accordingly, we placed normalised working capital over credit exposure. This would show how much cover a hard measure of latest liquidity can afford. In calculating normalised working one can deduct hundred percent of stock or may be deducted less liquid stock like raw materials and WIP in case of manufacturing company. In case of retail companies the deductible portion may be twenty five percent. In preparing the model, here, we deduct 50% of stock from Net Current Assets. Credit exposure is equal to the amount of credit asked by the customer. Here, to prepare the model, .25% of the current assets are taken as credit exposure.

Third and Fourth Ratio indicates firm's short-term liquidity position. Now fifth one measures capital adequacy, which implies long term or permanent capital. We know company's permanent capital would not be used in normal circumstances to meet short-term obligation. Still the fifth ratio is consider in our model on the ground that the equity stake can, in many situations, provide firms with further borrowing powers. In calculating the ratios we include credit exposure with firm's current liabilities to show the most severe total of a firm's obligation.

We calculate the sixth ratio by placing net assets over credit exposure and it is called comfort margin. In most of the cases normalised working capital/credit exposure produce comparatively high numbers and probably negative. As we know, stock is a very substantial portion of current assets and when we deduct stock from Net Current Assets, there is a very high probability of a negative figure.

It is hoped that net assets will provide a significantly large amount of cover for the small credit exposure. The resulting ratio should thus throw high positive scores and its effect on the model should accordingly compensate for the high negative numbers shown by normalised working capital / credit exposure.

To assess the debt capacity of the firm, we calculate – Total Assets / Total Liabilities + credit exposure. Here total liabilities means all short term and long term obligations also included the amount of credit exposure. This would indicate safety margin taking into consideration all known obligations including the credit asked for by the customer. Such a measurement gives a rough idea of break up value of the company, where there are all obligations of the customer, including our original exposure to crystallise simultaneously. This ratio gives an indication of safety margin and debt capacity, both of which are the functions of liquidity, capital adequacy and profitability.

The eighth and the last ratio, we place financial flow (gross cash flow) over current debt. From our experience, it is seen all the current liabilities are not demanded at a time, since calculating current debt, here we take twenty per cent of firm's current liabilities. We can say it is a treatment of priority debt items and it is matched with that amount which will be used to servicing it.

For the purpose of our model, eight ratios are taken into consideration and we give them equal weight.

The resulting formula would be quickly expressed as –

$CS = L * \sum Xi$

CS=Credit score

Xi=Variables (i=1to8)

L= Constant Multiplier = 100/8 = .125

The develop Model is thus $-.125 * \sum Xi$

RISK DESCRIPTION MODEL

Here,

NWC= Normalized Working Capital

NTA= Net Tangible Assets

E= Equity Shareholders fund

CL= Current Liabilities

TL= Total Assets

CR.EXPOSU. =Credit Exposure (.25% of CA)

CD= Current Debt (20% of current liabilities.)

D= Depreciation

NP= Net Profit

NA= Net Assets.

CE= Capital Employed.

TABLE:1 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (ACC LTD)

Ratios	Description	Calculations	Scores
X1	NP/CE	375.25/3011.94	0.124
X2	NTA/TL	1835.77/1176.17	1.56
X3	NP/CL	375.25/1531.25	0.245
X4	NWC/CR. EXPOSU.	-110.185/3.5529	-31.013
X5	E/CL+CR.EXPOSU.	1835.77/1534.8	1.196
X6	NA/CR.EXPOSU.	1835.77/3.5529	516.696
X7	TA/TL+CR.EXPOSU.	4543.19/1179.72	3.851
X8	NP+D/CD	(375.25+164.37)/ 306.25	1.762
Total Scores($\sum Xi$)			494.421
Credit Score(CS)= 409.874*.125=61.80263			

TABLE:2 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (AMBUJA EASTERN)

Ratios	Description	Calculations	Scores
X1	NP/CE	80.49/315.83	0.255
X2	NTA/TL	229.76/86.07	2.669
X3	NP/CL	80.49/83.14	0.968
X4	NWC/CR. EXPOSU.	-0.6/0.26573	-2.264
X5	E/CL+CR.EXPOSU.	229.76/83.4057	2.755
X6	NA/CR.EXPOSU.	229.76/0.26573	864.653
X7	TA/TL+CR.EXPOSU.	398.97/86.3357	4.621
X8	NP+D/CD	(80.49+40.78)/ 16.628	7.293
Total Scores($\sum Xi$)			880.95
Credit Score(CS)= 882.086*.125=110.1188			

TABLE:3 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (MADRAS CEMENT)

Ratios	Description	Calculations	Scores
X1	NP/CE	115.79/903.76	0.128
X2	NTA/TL	301.32/602.44	0.5
X3	NP/CL	115.79/424.5	0.273
X4	NWC/CR. EXPOSU.	47.895/0.81768	58.575
X5	E/CL+CR.EXPOSU.	301.32/425.318	0.708
X6	NA/CR.EXPOSU.	301.32/0.81768	368.508
X7	TA/TL+CR.EXPOSU.	1328.26/603.258	2.202
X8	NP+D/CD	(115.79+65.19)/84.9	2.132
Total Scores($\sum Xi$)			433.026
Credit Score(CS)= 433.026*.125=54.12825			

TABLE:4 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (SHREE CEEEMT)

Ratios	Description	Calculations	Scores
X1	NP/CE	32.23/723.73	0.045
X2	NTA/TL	350.99/372.74	0.942
X3	NP/CL	32.23/277.67	0.116
X4	NWC/CR. EXPOSU.	8.48/0.68413	12.395
X5	E/CL+CR.EXPOSU.	350.99/278.354	1.261
X6	NA/CR.EXPOSU.	350.99/0.68413	513.05
X7	TA/TL+CR.EXPOSU.	1001.4/373.424	2.682
X8	NP+D/CD	(18.1+163.97)/54.73	3.585
Total Scores($\sum Xi$)			534.076
Credit Score(CS)= 534.076*.125=66.7595			

TABLE:5 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (DALMIA CEMENT)

Ratios	Description	Calculations	Scores
X1	NP/CE	62.4/935.49	0.067
X2	NTA/TL	252.31/683.18	0.369
X3	NP/CL	62.4/456.28	0.202
X4	NWC/CR. EXPOSU.	124.06/1.1407	108.758
X5	E/CL+CR.EXPOSU.	252.31/310.521	0.813
X6	NA/CR.EXPOSU.	252.31/1.1407	221.189
X7	TA/TL+CR.EXPOSU.	1244.87/684.321	1.819
X8	NP+D/CD	(62.4+27.93)/61.876	1.46
		Total Scores($\sum Xi$)	334.677
Credit Score(CS)= 334.677*.125=41.8346			

TABLE:6 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (INDIA CEMENT)

Ratios	Description	Calculations	Scores
X1	NP/CE	185.2/3191.71	0.058
X2	NTA/TL	1666.47/1525.24	1.093
X3	NP/CL	185.2/435.68	0.425
X4	NWC/CR. EXPOSU.	1018.46/3.78105	269.359
X5	E/CL+CR.EXPOSU.	1666.47/439.461	3.792
X6	NA/CR.EXPOSU.	1666.47/3.78105	440.743
X7	TA/TL+CR.EXPOSU.	3627.39/1529.02	2.372
X8	NP+D/CD	(185.2+78.87)/87.136	3.031
		Total Scores($\sum Xi$)	720.873
Credit Score(CS)= 720.873*.125=90.10913			

TABLE:7 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (NARMADA CEMENT LTD)

Ratios	Description	Calculations	Scores
X1	NP/CE	21.65/66.56	0.325
X2	NTA/TL	-73.22/139.78	-0.524
X3	NP/CL	21.65/99.84	0.217
X4	NWC/CR. EXPOSU.	-40.625/0.21405	-189.792
X5	E/CL+CR.EXPOSU.	-73.22/100.054	-0.732
X6	NA/CR.EXPOSU.	-73.22/0.21405	-342.070
X7	TA/TL+CR.EXPOSU.	166.4/139.994	1.189
X8	NP+D/CD	(21.65+6.42)/19.968	1.406
		Total Scores($\sum Xi$)	(529.981)
Credit Score(CS)= (529.981)*.125=(66.2476)			

TABLE:8 -RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (DECAN CEMENT LTD)

Ratios	Description	Calculations	Scores
X1	NP/CE	10.12/81.12	0.125
X2	NTA/TL	62.71/18.41	3.406
X3	NP/CL	10.12/25.17	0.402
X4	NWC/CR. EXPOSU.	25.81/0.10125	254.914
X5	E/CL+CR.EXPOSU.	62.71/25.2713	2.481
X6	NA/CR.EXPOSU.	62.71/0.10125	619.358
X7	TA/TL+CR.EXPOSU.	106.29/18.5113	5.742
X8	NP+D/CD	(10.12+5.07)/5.034	3.017
		Total Scores($\sum Xi$)	889.445
Credit Score(CS)= 889.445*.125= 111.1806			

TABLE:9-RISK DESCRIPTION MODEL- RATIOS MEASUREMENT (KAKATIYA CEMENT LTD)

Ratios	Description	Calculations	Scores
X1	NP/CE	18.88/136.91	0.138
X2	NTA/TL	74.8/62.11	1.204
X3	NP/CL	18.88/29.31	0.644
X4	NWC/CR. EXPOSU.	35.71/0.16343	218.51
X5	E/CL+CR.EXPOSU.	74.8/29.4734	2.538
X6	NA/CR.EXPOSU.	74.8/0.16343	457.702
X7	TA/TL+CR.EXPOSU.	166.22/62.2734	2.669
X8	NP+D/CD	(18.88+7.78)/5.862	4.548
		Total Scores($\sum Xi$)	687.953
Credit Score(CS)= 687.953*.125= 85.99413			

TABLE: 10

Ratio	ACC	AMBUJA	MADRAS	SHREE	DALMIA	INDIA	DECAN	KAKA.	AVG.
X1	0.124	0.255	0.128	0.045	0.067	0.058	0.125	0.138	0.117
X2	1.560	2.669	0.500	0.942	0.369	1.093	3.406	1.204	1.47
X3	0.245	0.968	0.273	0.116	0.202	0.425	0.402	0.644	0.41
X4	-31.013	-2.264	58.575	12.395	108.758	269.359	254.914	218.510	111.154
X5	1.196	2.755	0.708	1.261	0.813	3.792	2.481	2.538	1.94
X6	516.696	864.653	368.508	513.050	221.189	440.743	619.358	457.702	500.24
X7	3.851	4.621	2.202	2.682	1.819	2.372	5.742	2.669	3.24
X8	1.762	7.293	2.132	3.585	1.460	3.031	3.017	4.548	3.35
TOTAL SCORES	494.421	880.95	433.026	534.076	334.677	720.873	889.445	687.953	621.928
CREDIT SCORES	61.80263	110.1188	54.12825	66.7595	41.83463	90.10913	111.1806	85.99413	77.741

Source: Capital line 2006, the official data base of Capital Market publishers limited, Mumbai.

At the time of selecting data, for the purpose of calculating Ratios, we mainly concentrate on firm's liquidity, profitability and capital adequacy. From the 'risk description model', scores are calculated individually for each of the companies. The model clearly showed that how the profitability, liquidity and capital adequacy factors influenced the score of individual companies. In case of the companies, where all the factors were good, they obtained high score. On the other hand, the companies where two factors are good but the impact of one bad factor outweighed the influence of good factors.

This model is self explanatory in nature. Our objective in this case just gives an idea to the credit analyst, about extracting best result by using financial statement. The score revealed that highest score was obtained by the Decan (111.18) and lowest by Dalmiya (41.83). This Risk Description model showed that profitability and current debt paying capacity in most of the cases was more or less same. The main influencing factors in this model are the accumulated profitability and the inventory. If we further analyse the inventory status of the individual selected companies the picture will be clearer.

Elements	ACC	MADRAS	AMBUJA	SHREE	DECAN	KAKA	DALMIYA	INDIA
Inventories	600.95	100.95	46.9	112.94	5.58	28.58	191.68	213.82
Total Current Assets	1421.16	327.07	105.99	273.65	40.5	65.37	456.28	1512.42
Stock as a % of CA	0.423	0.309	0.442	0.413	0.138	0.437	0.420	0.141
CL as a% of CA	0.866	0.699	0.784	0.763	0.294	0.235	0.518	0.256

CORRELATIONS

		Stock as a % of CA	CL as a% of CA	NWC/Cr.Exp.
Stock as a % of CA	Pearson Correlation	1	.579	-.714(*)
	Sig. (2-tailed)	.	.132	.047
	N	8	8	8
CL as a % Of CA	Pearson Correlation	.579	1	-.984(**)
	Sig. (2-tailed)	.132	.	.000
	N	8	8	8
NWC/ Cr.exp.	Pearson Correlation	-.714(*)	-.984(**)	1
	Sig. (2-tailed)	.047	.000	.
	N	8	8	8

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

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

The correlation analysis in table shows that stock as a percent of current assets and Liquidity ratio(X4) has strong negative correlation (-.71)and it is statistically significant at a 5% level. On the other hand, current liabilities as percent of current assets and Liquidity ratio(X4) has very strong negative relations (-.984) and it is even statistically significant even at 1% level.

If we analyse the credit score table, it is revealed that the credit score of the selected companies is mainly influenced by two ratios. Liquidity ratio(X4) and Comfort margin (X6). In-depth analysis of the individual company's credit performance on the basis of above credit score table shows that in case of ACC, liquidity ratio (-31.01) is negative because its current liabilities consists of 86.6% of current assets and at the same time only inventory covers 42.3% of current assets. Another dominating factor of the score depends upon the cumulative profitability (X2) of the company which is moderate (X6=516.70) in case of ACC that helps to improve credit performance but not sufficient enough to get a good rating. Overall credit rating of ACC Company is below average as per our analysis because the positive impact of moderate cumulative profitability ratio is outweighed by the adverse inventory position as well as very high proportion of current liabilities (86.6%) as a percent of current assets. On the contrary in case of Ambuja its liquidity ratio (-2.264) is negative because its current liabilities consists of 78.4% of current assets and at the same time only inventory covers 44.2% of current assets. Still Ambuja managed to achieve nearly highest score (110.1188) due to its high cumulative profitability (X2) ratio (2.669) and capital adequacy ratio (X5) which leads to reach very high comfort margin (864.653). So in case of Ambuja negative impact of liquidity ratio is outweighed by the strong positive influence of profitability ratio. Again in case of Decan (111.18), India (90.109) and Kakatiya (85.99) cement companies; their credit score is very high. As we mentioned earlier, there is a high probability of negative score coming out in case of Liquidity ratio(X4) but current liabilities as a percent of current assets 29.4%, 25.6% and 23.5% respectively for those three companies. These proportions are genuinely low for those three companies in comparison to other companies selected in our study. This leads to very high positive Liquidity ratio(X4) for those three companies. As we see in the correlation table there is strong negative relation between current liabilities as a percent of current assets (-.984), naturally low proportion of current liabilities helps to achieve very high liquidity score for those companies. At the same time the profitability ratio for those companies is also quite impressive that make them good credit rated companies. The strong equity base of those companies leads to a very high comfort margin and helps to increase their credit rating. The same result shows in case of Shree cement also though the fourth ratio (-88.42) came out with strong negative balance as a substantial portion of its current assets consists inventory, still the company able to manage a gentle credit score only because of their strong equity base. Dalmiya Cement (41.83) is the lowest credit scored Company in our study. Though the liquidity position of the company is not so bad but it's very poor equity base made it a poor credit rated company.

CONCLUSION

At the time of selecting data, for the purpose of calculating Ratios, we mainly concentrate on firm's liquidity, profitability and capital adequacy. From the 'risk description model', scores are calculated individually for each of the companies. The model clearly showed that how the profitability, liquidity and capital adequacy factors influenced the score of individual companies. In case of the companies, where all the factors were good, they obtained high score. On the other hand, the companies where two factors are good but the impact of one bad factor outweighed the influence of good factors.

After collecting information from different sources a creditor firm must make credit analysis of the applicant and determine whether the credit applicant fall above or below the minimum quality standard. The objective of credit analysis is to assess the credit worthiness of the credit applicant. Credit worthiness is concept related with to the positive and negative aspects of granting credit to the applicant. The creditors firm will be particularly interested in applicant's liquidity and ability to pay bill on time. Spreadsheet data for risk description model should thus be based upon profitability, capital adequacy and liquidity together with credit exposure from several standpoints.

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ENHANCING STUDENT EMPLOYABILITY: HIGHER EDUCATION AND WORKFORCE DEVELOPMENT**HEMANT CHAUHAN****ASST. PROFESSOR (MANAGEMENT STUDIES)****B.R.D. COLLEGE****ROORKEE****PALKI SETIA****SR. LECTURER (MANAGEMENT STUDIES)****DISHA INSTITUTE****BIJNOR****ABSTRACT**

Universities and industry, which for long have been operating in separate domains, are rapidly inching closer to each other to create synergies. The constantly changing management paradigms, in response to growing complexity of the business environment today have necessitated these two to come closer. Higher education institutions not only contribute skilled human resources to business, but also in various intangible ways. The intersecting needs and mutually interdependent relationship requires identifying means of further strengthening academia-industry partnerships. This paper attempts to explore how business schools can work closely with industry, study the dimensions of academia-industry partnership, and identify possible areas where industry's contribution to academia would be most effective. This Exploratory study involves first hand information from faculty and heads of business schools on this issue, and focuses on the Indian scenario.

KEYWORDS

Student, Academia, Industry, Career.

INTRODUCTION

Extremely dynamic business world and the rapidly developing knowledge based service economy have put in an increased demand for professionals to manage the business effectively. And this is precisely the reason why amongst various other fields of knowledge, desire for acquiring management qualifications is growing, both amongst the fresh graduates and working executives.

India has also not remained untouched with management degree bug and business education in India has been on a rapid rise in last one decade. In India, before the 60's, business education was not offered as a separate area of specialization. Employees in the businesses were mostly graduates or postgraduates in 'Commerce' stream. In the 1960's, business education formally starting gaining importance in India with the establishment of two Indian Institute of Management; IIM Calcutta in association with Sloan School of Management and IIM Ahmedabad with Harvard Business School. After that there has been a relatively slow but steady growth in number of schools and popularity of business education in India. A massive upsurge in the number of business schools was observed post 1991 when India was liberalized and opened to the global world. Many multi-nationals entered India bringing with them increased demand for professionals. Business education now moved beyond the domains of government control with establishment of many private institutions.

Indian economy was being integrated into the world economy. As any other ambitious society, India also started placing great importance on commercial activities as a catalyst to socio-economic development. Resurgent India sees wealth creation as a great equalizer amongst all sections of the society. In such a scenario a *knowledge worker* who can work at the cutting edge of technology, add value to the bottom-line, and provide competitive advantage to industry has become a hot commodity to acquire. In tandem with such rapidly escalating demand for business education, in year 2004, the number of business schools in India has grown to 1320 from just 130 in the year 1991, offering more than 75,000 seats. More than 80% increase in number of business schools is coupled with increase in number of students competing for admission to the above. Each year more than 1.5 Lakh students in India compete for admission to prestigious business schools.

Though the very advent of business schools in India was to cater to the demands of the industry, the two entities have traditionally been operating in separate domains and as more or less isolated islands. Their partnership is only episodic and accidental, and without any strategic intent. According to Friga, Bettis and Sullivan (2003) the trends of evolution of management education indicate that knowledge creation is becoming more students based. This will usher in a variety of changes including paradoxically a trend towards close interaction among students, industry and the faculty.

NEED FOR ACADEMIA-INDUSTRY INTERFACE

Academia- Industry Interface could be defined as interactive and collaborative arrangement between academic institutions and business corporations for the achievement of certain mutually inclusive goals and objectives. Traditionally, business schools were looking for placements and internships for their students and the industry for fresh recruits who are well trained and equipped with the right KSA (knowledge, skills and attitude) to be able to contribute to organization's growth. Bisoux (2003) has explored the relationship between academics and industry. He says that corporations are placing growing emphasis on finding the "right person". It forces the business schools to think more carefully on whom they hire, and therefore the role of industry in the entire business school model becomes important.

Today, the business schools have realized the importance of '*working closely with employers*' for the following reasons:

- Increasing complexity in academic and business world and constantly changing needs of the industry;
- Increasing criticality of human competence in creating and sustaining competitiveness of the organizations;
- Shift in management paradigm of business schools from earlier academic models to revenue based models. ;
- Growing competition for student placements and industry mind-share, with rapid increase in the number of business schools and hence the management graduates;
- Growing pressure from industry to make their fresh inductees productive from day one to reduce the subsequent training costs. Greenberger (2001) is of the view that organizations today are looking for trained professionals and students capable of taking decisions. Some of the training in formative years comes out from business corporations, via collaborative internships with corporations to enhance learning opportunities to students;
- Increasing interdependence between academia and industry to satisfy need for sustenance and innovation in their respective areas.

MODES OF INTERFACE

For the above reasons, Industry rather than just being the customers of business school output today have become stakeholders and partners in progress. Industry on the other hand has also discovered the advantages of collaborative learning opportunities. Corporations seek to play increasingly important role in

activities of academic institutions to incubate the talent they need. The shift towards the short-term performance metrics and shareholders interest has led to a number of changes in conduct of business, which has translated its effect on business schools.

Beard (1994) has a number of recommendations towards increasing and enhancing academia-industry interface, which include:

- Greater degree of industry-school collaboration to integrate employer's needs into the programmes on offer;
- Real involvement with industry to allow students to gain valuable practical experience and also to facilitate development of business;
- Improve the programmes by encouraging the participation of a number of guest speakers who can offer their own practical experiences;
- Academic staff should be encouraged to keep their skills updated by undertaking practical consultancy on regular basis.

There are a number of avenues, through which business schools collaborate with industry. Some of the commonly used avenues are:

1. Guest Lectures by industry representatives.
2. Suggestions in curriculum and content designing.
3. Executive Education and Management Development Programmes.
4. Joint seminars by academia and industry both for executives and students.
5. Consulting on management and related issues by academia;
6. Academia generating ideas and acting as incubators to new business.
7. Inclusion of industry experts in governing councils and other board of studies.
8. Industry providing financial and infrastructure support to business schools for their development.
9. Funding academic and applied research.

In addition to the above, business schools have taken innovative steps towards strengthening this relationship. According to an article published in Economic Times (November 2004), Management Development Institute (MDI) as a matter of policy has 20% faculty from corporate who has served in top management positions for more than 15-20 years. IILM has formed joint advisory groups with corporate for collaborative consulting and organizing management development programmes. Students are assigned industry mentors for two years, with an objective to groom them for the future challenges.

In spite of the various modes of Academia-Industry Interface, it is still unclear whether this relationship is substantial or only superficial in nature. It is observed that the major objective of academia-industry partnership and initiatives taken in this direction revolves around getting lucrative and better job opportunities for graduating students. sharma (1991) says that companies demand more relevance today. He adds that MBA programmes provide less relevance with the job, are felt to be too long and insufficiently flexible. To improve the quality of output, more and more business corporations are looking to collaborate in more detail with business schools to create programmes, which can be customized according to company's individual needs and requirements. According to Elliot *et al.* (1994) MBA programmes place too much emphasis on quantitative and analytical skills and neglect human skills and do little to produce managers who are capable of meeting challenges of global business environment and cope with increasingly diverse workforce. Academics have been including the industry inputs into their curriculum and course designing without assessing the effectiveness of such corporate representatives to these committees. Today it is just a matter of pride for these schools to adorn their councils with big names from industry, with an objective to score high on "Industry Interface" parameter in the ratings and rankings being done by every other business magazine in India. Executives from corporates are invited to take up an entire course or few lectures with prime objective of getting them on campus for placements, but the learning, students accrue from these lectures is not evaluated.

Similarly, there is not enough evidence available in India of the benefits to business corporations from the research done in business schools. Since most of this research is exploratory rather than innovative, the utility of the same to the industry is rather low. According to chauhan (2003), Academia-Industry collaboration is a must if industry has to benefit from research and development activity at business schools, and such a relationship should be encouraged across cultures for the benefit of global business. More and more opportunities need to be provided to the faculty through applied research, and case writing to keep them abreast of changes in the business world and hence enhance the overall teaching-learning experience. deksikha (2004), says that "In most cases industry use business schools as recruitment centres. The right interface can develop only when they approach business schools for help, for which the latter has to equip them to understand business situations in depth and those useful to industry" komal (2004) in his report on Management Education in India states that development of industry interactions is an evolutionary process. The main strength of top business schools like Kellogg, Harvard, Sloan, Wharton etc. is their strong relationship with industry through teaching, research, student placements, problem solving and case study preparations. For Indian business schools, an institutional mechanism for developing liaison between industry and each business school and evaluating its impact, need to be established.

In our view, in the present day world, the entire concept of "working with employers" is a relatively narrow understanding of this association. Multi-level collaboration is needed so that the two entities can contribute to each other's growth. It is important to identify these areas where optimum collaboration is possible rather than giving business corporations a *carte blanc* in this matter.

OBJECTIVES

- To identify the areas where academic institutions include industry participation;
- To assess the perceived benefit accrued from this partnership in specific areas and incidences;

METHODOLOGY

Primary data has been collected from Deans and Directors of 30 Business Schools in India. The administrators of these business schools were personally interviewed and sent across a structured questionnaire. They were asked to rate the extent of their business schools collaborating with industry on 23 listed areas on a scale of 1 to 5. (1 being the lowest level of collaboration/ or the benefit accrued and 5 being the highest degree of collaboration/ or benefit accrued). The mean of the responses were taken to get degree of collaboration and the perceived benefit in specific areas.

ANALYSIS & DISCUSSION

The foremost question that the survey asked from the respondent Deans and Directors of the business school was on various modes of Academia-Industry interface that they use. Table 1 and 2 depicts the summary of responses on above.

According to the data, guest lectures are the most popular mode of industry interface. Guest lectures are sessions taken up by executives in addition to classes taken up by professional teachers. The objective of this is to give students an overview of industry practices and help them relate the theory to real life applications. At IILM, it is mandatory for the instructor to arrange minimum of six industry sessions in the thirty-two session course. Indian School of Business and Media (ISB&M) organizes more than 300 guest lectures for MBA students every year.

The second most preferred mode is establishing partnership through training and internships of students. This method is a self-feeding method. Industry gets a first hand feel of students in a business school, thus increasing their placement opportunities and strengthening long term relationship between the two entities. Involving industry in student training and internships has become mandatory in business curriculum in Indian business schools. All students have to spend two months with corporate working on a specific project to gain hands on experience.

A. EXTENT OF COLLABORATION WITH THE INDUSTRY

The top five modes by which business schools collaborate with industry are:

TABLE 1

S. No.	Areas of collaboration	Mean score	Standard Deviation
1	Guest Lectures	3.9	0.63
2	Training and Internship of students	3.7	1.10
3	Including industry into Governing Councils and Board of studies	3.5	1.30
4	Executive Education programmes	3.3	1.70
5	Industry inputs in curriculum designing	3.2	1.40

The least preferred modes of collaboration are:

TABLE 2

S. No.	Areas of collaboration	Mean score	Standard Deviation
1	Faculty selection	1.5	1.08
2	Joint community development services	1.7	1.30
3	Helping industry in training and selection of their staff	2.0	1.51
4	Financial support from industry for academic activities	2.2	1.55
5	Providing incubator services for start up companies/ ideas	2.2	1.40

The inclusion of executives in the Governing Councils and Board of Studies in business schools is yet another preferred mode of collaboration. The objective of having industry representation is to include the latter's view in governance and other activities of business schools. Adorning these councils with the known names in industry is perceived to enhance the image and recall value of the institution, which not only attracts prospective students, donors and other stakeholders but also work in favour of business schools during ratings and rankings.

Executive Education (long-term management training programmes for working executives) transpires to be the fourth most preferred mode of academia-industry partnership. Palki and Chauhan (2009) conducted a study on Management Education in India, which elucidates that there is a fundamental shift in business school offerings away from traditional MBA programmes to more part-time and executive education programmes. Indian Institute of Management (IIMs) has been extending their domains to executive education on modular classes to facilitate executives' involvement and strike relationship with organizations. XLRI (India) among others have created a Partnership Model with organizations for Executive Education initiatives. Management Development Institute (MDI), one of the top business schools in India was established with the prime objective of imparting management education to executives and government officials. Today, even after expanding itself into other forays, it still conducts six month to one year National Management programmes (NMP) for company sponsored executives and civil services officials. These initiatives besides increasing the industry mind-share also fetch revenue to business schools.

Finally, the business school faculty is slowly integrating the industry's views into their curriculum. Miller (2010) identifies significant revisions in curriculum and contents, which are undertaken in business schools, with an objective of including industry recommendations. Many business schools in India have been inviting suggestions from industry to update their curriculum and include the topics of present day relevance. This is done with a view of imparting the knowledge and skills set, needed by graduating students in constantly changing global business environment.

Table 2 gives a brief summary of the least preferred modes of collaboration. It is clearly evident that business schools do not wish to collaborate with industry on their internal issues. Faculty & staff selection, training and development are viewed as in-house activities, where industry's participation is not invited.

In view of government's increased interest in education and the latter being included as crucial issues in WTO debate, there has been increased spending on development of higher education in India. The cash rich private institutions are today less dependent on industry for funding and infrastructure support. They not only have donors but also generate income from consulting, executive education initiatives to support their functions.

Academia-Industry interface has not been considered through providing of incubator services to industry for new start-ups by commercializing the ideas given by academic fraternity and helping corporate grow in initial years. Industry has shown limited interest in including academia into their strategic decisions regarding new business ideas, decreasing the chances of partnerships in this area.

B. EXTENT OF PERCEIVED BENEFIT FROM THE MENTIONED PARTNERSHIP METHODS

The highest perceived benefit is from following modes of partnerships:

TABLE 3

S. No.	Areas of collaboration	Mean score	Standard Deviation
1	Joint Seminars	4.3	0.67
2	Case writing	4.3	0.87
3	Guest Lectures	4.2	0.63
4	Management Development Programmes	4.2	0.79
5	Training and Internships	4.1	0.62

The least perceived benefit accrued from:

TABLE 4

S. No.	Areas of collaboration	Mean score	Standard Deviation
1	Faculty Selection and Induction	1.7	1.34
2	Helping corporate in selection of their staff	2.3	1.83
3	Involvement in student selection	2.7	1.4
4	Outsourcing complete courses	2.7	1.62
5	Joint community development services	2.8	2.02

The second question seeks the respondent's view on the perceived benefits of various collaboration modes for their business schools.

Joint Seminars are considered to be an effective mode of not only cross-branding but also strengthening the academic relationship between business school and the industry. They are an opportunity for students to gain an understanding of the latest industry trends and industry a chance to gauge the institute and its students for prospective placements. Symbiosis Institute for International Business (SIBM) organizes regular workshops for students to keep them abreast of latest industry trends. The respondents perceive this particular mode, as one of the most effective collaboration tool.

Case writing, which is one of the most important aspect of B-school research not only adds to current knowledge pool but also enhances the learning experience of students. It serves as a benchmark study for business corporations who are either in same stage of business cycle similar business. Innovations in management teaching can only be brought about by in-depth understanding of business processes by academicians and thought leaders. Formal relationship between industry and academia can definitely add to the research and knowledge generation. Industry, therefore has taken up an initiative of generating knowledge by funding business and academic research. CII has collaborated with many business schools to support both academic and applied research initiatives. Though this has been perceived as one of the best ways of collaboration, considerable steps have not taken up by business schools in this direction. Case writing and Applied Research, therefore does not figure in the top five preferred modes of academia-industry interface

Similarly, the Management Development Programmes (MDP) is perceived to be among the top five most effective modes. MDP, though quite similar to executive education programmes are short-duration capsule courses, which focus on a particular area or topic. Very few institutions in India are taking the necessary steps to develop the MDP network, benefiting both academia and the industry. MDI conducts more than hundred MDPs every year for executives either as open programs and customized company programs. It has formal contracts with organizations, which invest in their human capital through continuous or formal training.

The perceived benefit accrued from having a guest lecture is quite high (though less than collaborative research initiatives. It is interesting to note that this mode figures on the top in table 1). Administrators regard these as great value addition to student learning. Similar is the thought for Executive Education, with perceived benefit score being 3.9, indicating the effectiveness of this tool to build industry partnerships. Training and internships are also perceived quite high on their effectiveness in building long term enduring relationship between industry and business schools.

Table 4, gives the overview of those collaboration modes, which are perceived quite low on their effectiveness. Contradiction arises in the case of inclusion of industry in Councils and Boards of studies. Though, considered as a preferred partnership mode, (figuring at third rank in Table 1) the perceived benefit from this is average (3.2). Administrators have varied view of this kind of association. The remarks by respondents in this study makes it evident that this mode is effective when the executives actively contribute into institution's operations and development rather than playing a passive role of attending scheduled meetings and chairing important events.

The low mean score of benefits of industry involvement in faculty and student selection is definitely in line with the results in table 2, where the this is considered among the least preferred modes. Business schools have their own policy and rules on recruitment and selection of students and faculty members. Outsourcing the entire course has been perceived quite low on its effectiveness. Academicians feel that this particular mode is not able to impart the conceptual underpinnings of the issue, as practitioners tend to deal with the issue at only the practical level from their own perspectives, thus reducing the possibility of its general application across situation. Thus practitioners though bring a different perspective to the class yet do not emphasize upon understanding of basic concepts and underlying theories.

Though joint community development services and partnerships for providing incubators services are not preferred interaction modes, they are perceived higher on their effectiveness (3.2 and 3.4 respectively). Both academia and industry are not exploring the right strategy to make this kind of alliance work towards their mutual benefit.

CONCLUSION & RECOMMENDATIONS

- It is imperative for business schools to bring Academia and Industry closer and build strong collaborative relationship;
- Each business school needs to identify the areas where they can build an effective academia-industry relationship. They need to revisit their mission and academic model to be able to identify the right Interface mix;
- It is not a must that all modes of partnership are equally beneficial to every business school. They have to work on 'differential relationship' mechanism.
- Academia and Industry need to take build organic relationships, with long term strategic intent contributing to growth and development of both the entities;
- The research supports that Indian Business Schools have been traditionally using guest lectures as the most preferred medium of industry collaboration. They are not only considered as a medium to establish industry networks, by giving latter an experience of institute and the students and increasing placement opportunities but also add to the learning value for students.
- Business schools essentially have collaborated with corporate to provide training and internships to students. Two-month internships are integral part of business curricula in India with certain credit assigned. This is seen as one of the best methods of giving students both the theoretical concepts and their applications and enhancing their ability to relate the two for decision making purpose;
- Executive Education and Management Development Programmes are two important areas where Indian business schools are foraying. These initiatives on the part of business schools trigger industry's interest to collaborate by assisting them in development and training of their human capital, hence increasing the mind-share and enhancing the image of the business school. This kind of partnership model is still in initial stages in India, with a need to work on appropriate strategy for mutual benefit.
- Including industry inputs has been perceived quite beneficial by business schools (3.9) in improving the quality of output and making them competent of surviving in rapidly changing business environment. However, not many institutions have been able to work on the right method of including the industry's viewpoints into curriculum and structuring the course for student and corporate benefit.
- This research validates the above-mentioned statement that collaborative research is still in the infancy stage in India. Academicians across regard academia- industry partnership in case writing, applied research, and problem based consulting as one of the most favored and value adding alliances. But these areas are not exploited by business schools, which is not only loosing on a effective collaborative methods but also denying Indian management education of critical and innovative knowledge and inputs.
- One area, which has not been effectively explored by business schools, is Industry participation in student mentoring. Mentors who are friends, philosophers and guides, are top professionals, who have willingness to impart knowledge & skills and hence bridge gap between classroom and marketplace reality. Mentorship as defined by palki (2010) is an interaction at the practice level through project of preferably a small group of seven to eight students with the mentor. This concept has been necessitated due to rapidly changing industrial needs in the country on one hand and growing requirement for industry ready individual after education.
- Business schools need to evaluate the effectiveness of various modes employed by them objectively, so that future course of action can be designed with specific goals and well planned procedures.

Business schools have to move beyond the phenomenon of 'working with employers' towards the concept of '**working with partners**'. The collaboration between the two is dynamic and complex. A synergistic relationship has to be carved between the business schools and the industry so that both can benefit and also contribute to enhancing the entire teaching-learning process.

FUTURE RESEARCH

Academia-Industry Interface is a less researched area specifically in management education in India. Though regarded as a critical challenge to management education in India (palki & chauhan, 2010), less has been suggested on the right path and strategy of cashing on this partnership and aligning it for the benefit of both business and the academics. Each of the above-mentioned potential areas of collaboration needs to be explored in detail to identify the nitty-gritty of the association and developing a right strategy to make them work. Every business school follows a different model and hence need to adopt the Industry partnership model, which best suites their academic model and objectives. One cannot do everything but need to concentrate on some areas to derive the best of them. Researchers can formulate the hypothesis to test the suitability of various modes for different academic models and develop a flexible Industry Partnership model, which can be adapted by business schools according to their own set-up.

In the words of Cameron Fincher, learning can be defined as a process of progressive change from ignorance to knowledge, from inability to competence, and from indifference to understanding. In much the same manner, instruction-or education-can be defined as the means by which we systematize the situations, conditions, tasks materials, and opportunities by which learners acquire new or different ways of thinking, feeling, and doing. This systematization can be brought about in Management education only through right synergy between Academia and the Industry.

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IMPACT OF PHYSICAL ENVIRONMENT IN CUSTOMER RETENTION AND RELATIONSHIP BUILDING: A CASE STUDY OF HOTEL INDUSTRY

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ABSTRACT

Individual in a modern society are without a doubt an experienced service consumer. On daily basis, a number of services may be used, ranging from getting a haircut, to using a credit card or talking on the phone. Many services are produced and consumed simultaneously at the service's providers' facility. Therefore, the physical environment becomes an important tool for communicating the quality of the service, setting customers expectations, influencing customer and employee productivity; and creating the service experience. The purpose of this study is to provide a better understanding of the importance of managing the physical environment called as servicescapes and its role in services settings in order to create a relationship between customers and employees, increasing customer loyalty and retention and reducing customer defection rate. The study focuses mainly on the servicescape as perceived from a management perspective. A literature review was conducted which resulted in a conceptual framework that supported the data collection. A qualitative, single case study of Hotel Asia of Jammu was carried out in obtaining primary data. The results of the study indicated that a carefully managed physical environment can attract potential, and maintain previous customers. Furthermore, the commitment and motivation of the employees can also be achieved and maintained. In order to create a correlation between customers and employees, both parties' needs and requirements have to be met with and addressed as in form of Servicescapes.

KEYWORDS

Loyalty, Retention, Servicescapes, Customers, Relationship, and Employees

INTRODUCTION

As an individual in a modern society are without any doubt experienced service consumers. The services industry has shown a tremendous expenditure growth during the past decades resulting in increased importance to many of the world economies (Zeithaml and Bitner, 1996, pp. 7-8). This trend can be caused by a number of reasons, for instance advances in technology leading to more maintenance, production and design services. Moreover, manufacturer uses outsourcing in larger extend to buy services outside their core competence.

Another factor is an increasing spending on luxuries which are services intensive e.g. restaurant meals, and vacations abroad (Jobber, 2004, p. 792). Majority of service providers engaged in distributing information, sharing knowledge, use of creativity and technology that consumers sought. The intense growth of the services industry has resulted in drawing attention to issues and problems associated with this Industry (Zeithaml and Bitner, 1996, p. 10).

According to Jobber (2004, p. 792) the nature of services separates it in several aspects from physical goods. Services should be considered as a special product, which may need special understanding and marketing efforts. Quester and McOmish (2005) explain that the services offering often are difficult to evaluate prior purchase, after purchase and use. The difference between services offering and goods are more a matter of degree than in absolute terms. A product can be considered as pure goods e.g. clothing which does not involve any specific service, other products requires services as a complement to the product like installation of fully automatic generator or software, and finally the offering can be regarded as a pure service such as psychotherapy. In general, services are recognized by its dominance in intangible attributes, making the services an action or performance oriented, and hard to evaluate. Moreover, services characterizes by variability meaning that standardization is difficult to achieve and the employees plays a great importance in the service delivery process. Inseparability, simultaneous production and consumption, is another issue to be considered together with perishability, the fact consumption cannot be stored and problems in matching supply and demand (Jobber, 2004, pp. 792-893). These characteristics of services results in unique management challenges for all services providers (Zeithaml and Bitner, 1996, p. 18).

On a daily basis a number of services may be used like trains, mobile, Internet and many more but most of them are used without any specific thought. There are some services that demand more involvement and interaction from a consumer side. Getting a haircut, purchasing a tour pack, receiving financial advice or spending a night in a hotel is all examples of such services which involves high-contact between individuals. The consumer in these circumstances has to interact with the services provider in order to obtain the service (Lovelock and Wirtz, 2007, p. 4) and to create a perception about service provider. Bitner (1992) discusses that since services in general are produced and consumed at the same time, resulting in customer to experience the service within the service providers' physical environment.

Lovelock and Wirtz (2007, pp. 288-289) claims that the physical environment communicate and decide the positioning of the service provider, it also influences the employee's and consumers' productivity, and act as an aid customers through the effective delivery system, and can function as a tool to develop competitive edge over competitors. Moreover, the physical service environment including the atmosphere plays a key role in building customers' perception based on service encounters they receive from service providers. Bitner (1992) further states that environment influences the behaviour of not only the customers but also of employees.

Service providers can influence the perception and behaviour of the customers' through surroundings in many ways. For instance, the nature and quality of the services can be distinguished by symbols; and the environment can be differentiated from competition by using attributes such as colours, sounds, scents and textures e.g. Archie's Gallery. In other words, the services environment can be used as a proxy for image building and quality indicator. A bank through its physical environment can send out a message to customers and employees about their positioning as an exclusive firm by using. For example, lavish décor and furnishing designed to make an impression (Lovelock and Wirtz, 2007, pp. 289-290).

Clarke and Smidt (1995) define servicescape as a place where interaction between customers and employees take place. The servicescape includes all tangible elements that assist the process of delivering the services. Reimer and Kuehn (2005) clarify the servicescape includes both the interior and exterior environment within a service setting. The authors further contrast the servicescape with the packaging of a product.

Today, all of the service organizations, especially high-contact services, such as restaurants, hotels, and hospitals have realized the importance of the service environment, and as a result the services environment has become a central part in their value proposition and marketing mix (Lovelock and Wirtz, 2007, p. 288). Previous studies concerning the servicescape have primarily focused on customer behaviour and perception as a result of the surroundings (Countryman and Jang, 2006; Reimer and Kuehn, 2005). Limited research has been conducted to understand the importance of the physical environment. Though, management can use the services environment to affect both customers and employees, in order to establish relationship. Jobber (2004, p. 117) defines relationship as a process of creating, maintaining and enhancing strong relations with customers and stakeholders.

PROBLEM DISCUSSION

According to Bitner (1992) the servicescape plays an important role in affecting both customers and employees. However, the importance of recognizing the effects of the servicescape on employees and customers have previously been viewed tangential compared to other organizational variables used to attain and motivate customers as well as employees. Motivational factors such as salary, promotions and other benefits have been given attention in retaining and creating relationships with employees. Price levels, promotion and special features have similarly been focused regarding the customers. The accomplishment of organizational goals can be benefited or hindered by the physical environment. Even if the nature of services offerings varies, then also servicescape influences services provider and customers as both of them are present within the firm’s surroundings during a service encounter.

Many evidences in form of research are present that proves that potential customers before purchasing anything search for apparent cues to determine the ability and quality of the service provider in satisfying his / here requirements. Customers’ perception about the final outcome of the service is solely depended on the servicescape. Moreover, the employees in the firm perceive the service environment divergently compared to the customers. Organizational behavioural studies have proved that employee satisfaction, productivity, and motivation can be derived by the physical environment. As a result of services being purchased and produced simultaneously the firm should fulfil the requirements of both customers and employees (Bitner 1992). Gremler and Gwinner (2000) states, service evaluation is influenced by the employee-customer relationship and mainly in situations where interaction between employee-customer happens most of the time like banks, restaurants, hotels, mobile service, education and many more. This increases the importance of firm’s physical environment in achieving organizational goals and in maintaining healthy employee-customer relationship (Bitner, 1992).

Gremler and Gwinner (2000) state that healthy relationships between service providers and customers is the only factor that will keep service providers in business, and without these solid connections, the company would have difficulties in surviving in the long-run. From marketing aspects, it is necessary for services providers to pay close attention in establishing relationship with customers. Jobber (2004, p. 797) claims that in recent years focus lay on retaining customers than solely attracting new ones. The length of any relationship and its development can be derived by the perceived quality of the offering. Maintaining a healthy relationship between service organization and its customer and employees is necessary for service providers to generate true loyalty of customers towards them in long run (Kasper, Van Helsdingen and De Vries, 1999, p. 139).

Furthermore, a strong relationship requires commitment, trust, satisfaction of interaction and different kinds of bonds. Strong relationship between the customers and the service providers depends on level of customer expectations fulfilment, and on quality of services delivered, which can further change purchase, re-purchase pattern of customers and exploits word-of-mouth network (Kasper et al, 1999, p. 228). Employees in a service organization play an important role when providing services for customers and fulfilling their expectations (Zeithaml and Bitner, 2000, p. 37). Employees interacting directly with customers have deeper knowledge about customer’s requirements and expectations. A customer oriented firm must customize service delivery as per customer’s requirements and expectations. The customers can acquire satisfaction when their expectations about services are met. Since the position of the employees is significant, the firms need to maintain long-term relationship with the right employees (Kasper et al, 1999, p. 450).

The impact of physical environment on peoples’ behaviour and image building is apparent within the hospitality industry. In such type of interpersonal environments, the servicescapes affects level of interaction between and among customers and employees (Bitner, 1992). In the service setting of a hotel, the customers’ perceptions are not only driven by the service of the front desk, but also from other physical environment settings such as furniture, music, lighting, interiors, facilities, and colours (Lin, 2004).

Countryman and Jang (2006) explain that within any hotel there exist various physical environmental settings. Furthermore, the servicescape in a hotel has great impact on the customers as it gives the first impression to the visitors of the hotel. The authors also mention that it is possible to meet the expectations and satisfaction of the customers by evoking a positive impression to the customers.

According to Bitner (2000, p. 138) the focus in services marketing now-a-days is to opt for a shift from transaction oriented services to relationship oriented services due to consideration of the cost to attract potential customers compared to retain the current ones. Any organization needs to focus on acquire potential customers to exploit and expand their business, but also to keep and improve the relationship between the current customers.

PURPOSE OF STUDY

Based on the problem discussion, the purpose of this research paper is to gain better understanding of physical environment and its importance in services settings to create and maintain relationship with customers and employees.

Research Question 1:

How does the servicescape affect the relationship between customers and the service organization?

Research Question 2:

How does the servicescape affect the relationship between employees and the services organization?

Research Question 3:

How does the services organization construct the servicescape in order to optimize the interaction between customers and employees?

LITERATURE REVIEW

The term servicescape is defined as "the environment in which the service is delivered and in which the firm and the customer interact, and any tangible commodities that facilitate performance or communication of the service" (Zeithaml, Bitner and Gremler, 2006, p. 317).

According to Zeithaml et al (2006, p. 317) as services are intangible, the physical evidence is used to evaluate the service prior to purchase, and evaluate the outcome of the service during and after consumption. General elements of the physical evidence involve all aspects of the organizations like physical facility and other tangible communication as shown in Table-1. More specific, servicescapes involves both the services providers' exterior and interior attributes, as well as other tangibles to be found within the physical facility.

Table-1: Elements of Physical Evidence	
Servicescape	Other Tangibles
Facility exterior	
Exterior design	Business cards
Signage	Stationery
Parking	Billing statements
Landscape	Reports
Surrounding environment	Employee dress
Facility interior	
Interior design	Uniform
Equipment	Brochures
Signage	Web pages
Layout	Virtual servicescape
Air quality/ temperature	

Source: Zeithaml, Bitner and Gremler, 2006, p.317

Zeithaml *et al* (2006, p. 321) claims, depending on the type of organization, the servicescape differ in terms of who actually will be affected. To be more specific, which group of individuals will get influenced because of physical environment? i.e. customers, employees, or both.

Bitner (1992) categorize services into three different types: a) self-service, b) interpersonal services and c) remote services (Table-2). “Self-service” environments are to be considered as one extreme, in which the customers carry out most of the activities on its own and involves no, or few, employees. In addition, the self-services organization can plan their physical environment to focus on achieving marketing goals such as making the environment easy to use and pleasant, reaching the targeted market segment, and creating the desired services experience.

At the other extreme of services organizations is the “Remote Service”, which has no or little customer involvement with the physical environment. These services can be provided without the customer even attending the services facility (Bitner, 1992). According to Zeithaml *et al* (2006, p. 322), the design of the physical facility can be used to keep the personnel motivated and productive, enable teamwork, and operational efficiency. As the customers will never see the physical environment, only consideration to the personnel and their requirements will be needed.

Between the two extremes are the “Interpersonal services”, including both customers and employees, in which the both groups are present and active in the servicescape. In these situations the servicescape should simultaneously attract, satisfy, and facilitate the activities of both customers and personnel.

According to Zeithaml *et al* (2006, p. 322) the physical complexity of the servicescape will affect the management of the physical environment. Services that are recognized as very simple, with few elements, and few pieces of equipment are termed “Lean”. The servicescapes of lean services are relatively straightforward, in particular in self-service or remote service situations in which there are no interaction between customers and personnel. The opposite to lean services are termed “Elaborate” and are to be considered as complicated with a number of elements or forms. In an elaborate environment marketing and organizational objectives can be reached through careful management of the servicescape.

TABLE-2: TYPOLOGY OF SERVICE ORGANIZATIONS BASED ON VARIATIONS IN FORM AND USE OF THE SERVICESCAPE

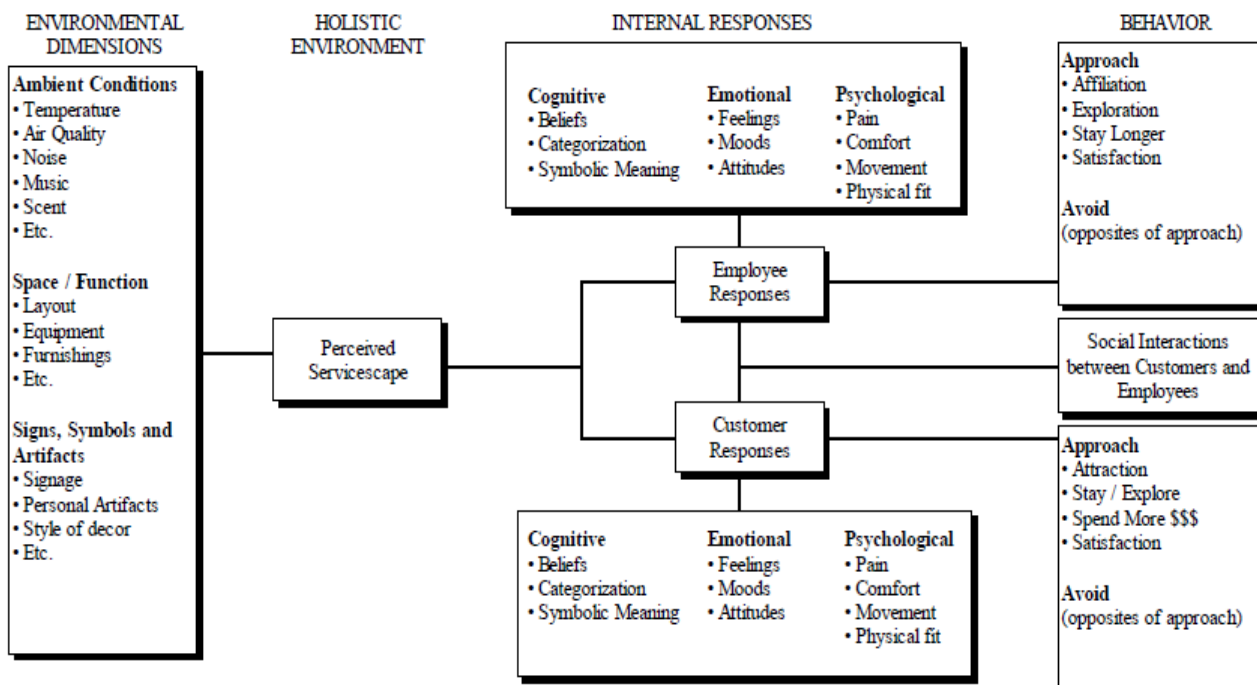
Servicescape Usage	Complexity of the Servicescape	
	Elaborate	Lean
Self-service (customer only)	Golf course, eBay	ATM, Car wash, Simple Internet Services, Express mail drop-off
Interpersonal service (both customer and employee)	Hotel, Restaurant, Hospital, Health clinic, Bank, Airline, School	Dry cleaner, Retail cart, Hair salon
Remote service (employee only)	Telephone, Insurance, Transport, Many professional services	Telephone mail-order desk, Automated voice, Messaging services

Source: From M.J. Bitner, "Servicescapes: The Impact of Physical Surroundings on Customers and Employees", *Journal of Marketing* 56 (April 1992), pp. 57-71 as adapted by Zeithaml, Bitner and Gremler, 2006, p.321.

FRAMEWORK FOR UNDERSTANDING SERVICESCAPE EFFECT ON BEHAVIOR

Bitner's framework for understanding environment-user relationships in service organizations (Figure-1) addresses the effect of the atmospherics, the design and decor elements on employees and consumers within the servicescape. Framework explains the role of the physical environment in services firms, more specific what behavior can be influenced, the cause and how to use knowledge to plan and design an environment to reach the firm's objectives. Moreover, the model explains a number of environmental factors that both consumers and employees may respond to the servicescape cognitively, emotionally, physiologically. As a result, the behavior of both consumers and employees and their interaction between and among the groups are affected by the servicescape.

FIGURE-1: FRAMEWORK FOR UNDERSTANDING ENVIRONMENT-USER RELATIONSHIPS IN SERVICE ORGANIZATIONS



Source: Adapted from M.J. Bitner, "Servicescapes: The Impact of Physical Surroundings on Customers and Employees", *Journal of Marketing* 56 (April 1992), pp.57-71.

BEHAVIOUR AND SOCIAL INTERACTION IN THE SERVICESCAPE

Bitner's servicescape framework (1992) assumes that elements of the firm's servicescape influence consumer and employee behavior. Individuals respond to the physical environment with either approach or avoidance behavior. Approach behaviors involve all positive responses; whereas, opposite responses are referred to avoidance behavior. Many services organizations use environmental cues, such as music to change the behavior of the consumers. In addition to attract customers, the physical environment can influence the degree of success consumers experience in carrying out their intentions in the store. Customers visit a service organization with the purpose or goal that may be aided or hindered by the servicescape. For instance, a traveler at the airport may be hindered by

different type of servicescapes like: entering the airport, finding the way to the gate. Factors such as lack of signage, crowds or high temperature can cause the traveler to become emotionally distressed. In this situation the traveler is hindered by the servicescape and constrains the fulfillment of the customer's goal.

Employees within service organizations may in the same way be constrained doing his or hers work as result of the physical environment. Services firm strives to discourage avoidance behavior, and at the same time encourage approach behavior to make both customers and employees to carry out their plans. The positive or negative responses from the employees or customers are determined by individual internal responses (cognitive, emotional, and physiological). The assumption is that positive responses lead to approach behavior, and in the same way, negative lead to avoidance behaviors (Bitner, 1992).

Bitner (1992) further states the nature and quality of customer and employee interaction are affected by the servicescape, particular in interpersonal services. It is stated that the so-called physical container influence all social interactions in terms of the progression of events and duration of interaction. For instance, environmental variables such as seating arrangement may intervene and limit social episodes, between and among customers and employees. The servicescape and recurring social patterns are two variables closely connected, when people encounter typical settings, their behavior can be predicted.

THE SERVICESCAPE AND INTERNAL RESPONSES

The physical environment does not directly cause individuals to behave in a certain ways. The perceptions of the physical environment lead to specific emotions, beliefs, and physiological responses which in turn affect behaviors. In other words, behaviors are a result of an individual's internal responses to the place. The internal responses may be divided into: 1) Cognitive 2) Emotional and 3) Physiological responses. As seen in Figure-1, the perceived servicescape may cause "Cognitive Responses" that influence people's beliefs about a place, and also the products and people found in that place. The servicescape can be seen as a form of nonverbal communication. It may send out messages to customers about, for instance, the positioning of the firm, price and quality.

Environmental cues can also influence employees' belief for example, the office size and appearance. The employee can create beliefs about the importance of his / her function with the organization in comparison to other employees. Other cognitive responses are categorization and symbolic meaning. Categorization is the process in which people assign a label to an object. Therefore, the overall perception of the services environment allows customers and employees to categorize the organization mentally. For instance, "fast-food" restaurant or "up-scale sit-down" restaurant. As most services are intangible in nature, people tend to evaluate services through extrinsic cues, such as the servicescape, as a quality indicator (Bitner, 1992).

According to Bitner (1992) internal responses may in addition elicit "Emotional Responses" which influence individuals' behavior. Customers and employees emotional responses to the physical environment can be explained by two dimensions - pleasure and arousal. Positive behaviors, approach behavior, are created through pleasure and arousal. Further, both of these factors increases approach behavior. Pleasure can be achieved through perceptions of greater personal control (e.g. clear signage, good ventilation and adequate space). Emotional arousal on the other hand can be created through complexity, such as visual richness and ornamentation, in the servicescape. Compatibility which is the presence of natural elements and the lack of environmental "Nuisances" (e.g. in an urban setting such objects as poles, wires and vehicles) in the servicescape may further enhance pleasure. The overall perceptions of the physical environment and associated responses, negative or positive, will be used to evaluate the organization, its people and products. The third factor included in internal responses is "Physiological Responses". People may react purely physiological to the servicescape. Air quality, loud noise and temperature may cause discomfort if these factors are not adjusted to the individuals. The physical responses can affect how long people stay in and enjoy a particular service setting. The environmental design can further affect the employees and their ability to perform his / her job (Bitner, 1992).

DIMENSIONS OF THE SERVICESCAPE

The environmental dimensions of Bitner's servicescape framework (1992) are ambient conditions, space / functions, and signs, symbols and artifacts. Lovelock and Wirtz (2007, p. 295) explain ambient conditions refer to those characteristics of the environment that affects the five senses. All design elements and details must be compatible in order to create the desired service environment. Ambient conditions include everything from lighting, color, sounds, temperature, and fragrance. All above factors can be perceived both separately and holistically. Well thought out design of these conditions can create desired behavioral responses among customers and employees. Bitner (1992) pointed out that the effects of ambient conditions are noticeable when they are extreme, for e.g. loud music, and high temperature. The extreme conditions may elicit negative responses when the customer or the employee spends a considerable time in the service setting, and when they conflict with expectations.

Spatial layout and functionality of the physical environment are especially important as services environments in order to fulfill purposes and needs of customers. Machinery, equipment, and arrangement, size and shape of furnishings, and the way they are arranged is referred to spatial layout. Functionality refers to the ability of using those items to facilitate achievement of customer and employee goals (Zeithaml *et al*, 2006, p. 336). The visual and functional environment for delivery and consumptions are enabled through the spatial layout and functionality. These factors determine efficiency of the services operation, user-friendliness and shape the customer experience (Lovelock and Wirtz, 2007, pp. 300-301).

Signs, symbols, and artifacts sends out explicit and implicit signals to communicate the organization's image, simplify customers to find their way, and to follow the service script. Signs are one example of explicit signal and can be used by the firm as a label (name of department etc), giving directions, communicate the service script (e.g. queuing systems), and behavioral rules (e.g. non-smoking area). Signs are frequently used as a tool to teach and reinforce behavior in a services setting (Lovelock and Wirtz, 2007, p. 301). Symbols and artifacts give more implicit signals about the meaning of the place, norms and behavioral expectations in the environment. A symbolic meaning and aesthetic impression can be communicated, for e.g. artwork, certificates, floor coverings, and personal items. Symbols and artifacts are usually culturally embedded in its meanings. Moreover, these environmental dimensions are truly important in making a first impression and for sending out service concepts (Zeithaml *et al*, 2006, p. 336).

CONCEPTUAL FRAMEWORK

Miles and Huberman (1994, p.18) describes a conceptual framework as either graphically or in narrative form, the most important factors to be investigated. Moreover, the authors suggest that it is easier to generate a conceptual framework if the research questions have been presented, as is the case in this research. With the purpose of answering the three stated research questions, the literature found most appropriate to support our data collection will be clarified.

CONCEPTUALIZATION OF RESEARCH QUESTION NUMBER: 1

The purpose of the first research question is to gain a better understanding of how the servicescape affect the relationship between customers and the service organization. According to Bitner, customers respond to the environment cognitively, emotionally, and physiologically.

CONCEPTUALIZATION OF RESEARCH QUESTION NUMBER: 2

The purpose of the second research question is to provide a better understanding of how the servicescape affects the relationship between employees and the service organization. Theories suggest physical environment also impacts employees' behavior, their reaction and response pattern towards customers as well as towards organization.

CONCEPTUALIZATION OF RESEARCH QUESTION NUMBER: 3

The purpose of the final research question is to gain better understanding how the service organization constructs the servicescape in order to optimize the interaction between customers and employees. The research question is supported by the behavior dimension in Bitner framework for understanding environment - user relationships in service organization. The theory connects customers and employees responses, leading to social interaction between and among the both parties.

METHODOLOGY USED

TYPE OF RESEARCH

- Exploratory Research, as paper aimed to define and formulate problems related to servicescape and its affects.
- Descriptive Research, as researcher tries to portray how previous mentioned variables affect a services organization. Descriptive study of how a services organization manages and experiences servicescapes' issues was conducted.

RESEARCH APPROACH

Approach used in this paper is qualitative in nature in order to gain a deeper and reflective understanding concerning the purpose of study. Moreover, this approach allows categorization of data acquired in real-life setting. As the topic of the study concerns the servicescape and how it influences employees and customers as perceived from a management perspective, a qualitative data approach was most appropriate one.

RESEARCH STRATEGY: CASE STUDY

Hair *et al* (2007, p. 203) state that a case study can be defined as a study which focuses on gathering necessary information considering particular events or activities. Furthermore, a case study can be utilized in order to obtain a complete view of the entire circumstance. As this study aimed to seek how the servicescape may affect relationships with both customers and employees within a service organization as seen from management perspective, a case study was the most appropriate strategy. By using a case study, it was possible to investigate whether the theoretical framework can be implemented in a real - life situation or within organization or not.

DATA COLLECTION METHOD: PERSONAL INTERVIEW

Considering the objectives of this study, semi structured personal interview was conducted with a representative from an organization offering services as their core product. This form of interview provides flexibility concerning the order of putting questions. Another advantage is that the interviewee is given the opportunity to express his ideas and speak more freely. The interview lasted for one hour.

Secondary data was also used in order to carry out the study. Articles and books discussing theories related to our subject were utilized.

QUESTIONNAIRE DESIGN

The structured format of questionnaire was constructed keeping the research purpose and research questions in mind.

SAMPLE SELECTION: THE HOTEL INDUSTRY

When choosing the most suited sample selection for this study, a number of aspects were taken into consideration. Firstly, the chosen services provider need to involve both customers and employees in the service environment. Secondly, to select a service organization where the servicescape plays a large impact of the services perception from both customers and employees. Thirdly, the services organization must be situated in our immediate surroundings to make it possible to carry out a face-to-face interview. Emphasis to understand how physical environment affects customers and employees is highest within hospitality industry, being the industry as highly service-oriented.

In order to select the relevant sample for study, several factors were taken into consideration such as history, size of the organization, organizational goal, location, and adaptation to modern technology, as these factors will help in extracting valuable information for analysis.

More significant was that the selected hotel must be willing to participate in our study and cooperate in an interview. With all these aspects in consideration, we chose to conduct a case study of **Asia Hotel of Jammu**. Prior to personal interview, a copy of questionnaire was sent to hotel manager in advance for his review and query (if any).

DATA ANALYSIS

Miles and Huberman (1994, pp. 1011) illustrate that the procedure of the data analysis can be divided into three periods; data reduction, data display, and data drawing/verifying conclusions.

- **Date reduction:** involving selecting, simplifying and transforming the data to make them more manageable and understandable for each research object.
- **Data display:** goes beyond data reduction by organizing the information in a way that facilitates drawing conclusion.
- **Data drawing and verifying conclusions:** the explanation of the suitable responses, which includes noting regularities, patterns, explanations, possible configurations, casual flows and propositions.

When performing the data analysis of the obtained data, above mentioned procedure were taken into consideration. The information derived from the interview was written down to make them more manageable and organized, which enable the researcher in drawing conclusions from findings. Used documentation, such as theories and frameworks, helped in comparing findings with previous research and even in verifying conclusions.

CASE STUDY: HOTEL ASIA OF JAMMU

The primary data, consisting of an interview with the Hotel manager, is presented along with a brief background of Hotel Asia, followed by a description of the hotel's physical environment. The continuing paragraphs will concern each of the research questions one by one.

BACKGROUND

The Hotel Asia was founded almost 25 years ago under the banner of Trans Asia Group of J&K, and today it has 5 hotels in all over J&K State. 2 of them are four star, 3 of them are five stars. The focus is to offer a "complete experience in an environment where tradition, quality and flair are guiding principles". The business idea of the group is to provide a modern and effective services-organization, in either a classical style or more modern type of hotel, located towards the centre of the city. The group strives to give the customer a complete and memorable experience, including beautiful surroundings, excellent dining, and first class services. Main target clients for Hotel Asia are business travelers and tourists.

Hotel Asia is located within the city of Jammu, where modern utilities and century-old craftsmanship have been combined with the customers' demands for comfort and service. The old tradition architecture of J&K is amongst what gives Hotel Asia its uniqueness and competitive advantage over other hotels. The hotel offers 165 rooms, 2 restaurants, Bar, Gift shops, Swimming Pool, Gymnasium, Games room for Billiards and Squash, Massage Centre. The hotel has currently 55 full-time employees. The goal of Hotel Asia is to provide a personal atmosphere, together with service and comfort; to make the customers stay a memorable experience.

THE SERVICESCAPE IN HOTEL ASIA

Hotel Manager describes the physical environment of Hotel Asia in positive terminology. He says that it is an amazing building and it is almost like the walls talks by themselves. The owner of Hotel Asia is Kashmiri, and strives to maintain the classical style of the hotel with a modern touch. For example all of the hotel rooms are equipped with the latest broadband technology, also accessible from other parts of the hotel such as the restaurants, pool side and the lobby. Manager insists that it is of importance to preserve the classical style in order to maintain regular customers, and to attract potential customers. In general, customers appreciate the classical style however they require modern convenience such as the ability to work from their own laptops. According to Manger, all kinds of modern convenience should be offered in accordance as a four-star hotel.

Further, he explains that each of the hotels under the banner of Trans Asia Group has its own touch when regarding its appearance, even though some of the hotels have similar interior design. One of the uniqueness with Hotel Asia is the interiors of the hotel rooms. Every room has its unique interiors.

Concerning changes in the hotel's physical environment, Hotel Manager responded that in the past five years a number of modifications and investments have been carried out. For instance the elevator has been replaced with a modern, larger and faster version. Other improvements that have been made include renovation of the hotel rooms and the restaurants, together with upgrades of the mechanical equipment such as the ventilation systems. All these changes are necessary and make the hotel more comfortable.

According to Manager, it is possible to use the physical environment, through its style, to position the hotel against competitors. Hotel Asia is recognized as a classical style of hotels with a modern feeling. This concept is therefore unique, not many can imitate its style. Moreover, all guests, both business and leisure, should acquire a feeling of quality and hospitality. The hotel strives to maintain the physical hotel environment fresh and up-to-date. Considering other factors, the physical environment is significant to their brand and image. The image of a four-star hotel can be perceived by its exterior design.

THE SERVICESCAPE AND INFLUENCE ON CUSTOMERS

According to Manager, the servicescape can affect whether or not the customers return to the hotel. He believes that in Jammu, people are highly influenced by interior decorating and design. Even some of the regular customers follow changes made in the hotel and come with suggestions on improvements. He added that it is important to listen to the customers and to make improvements after their suggestions when possible. Sometimes it is difficult, from a service provider

perspective, in meeting customer demands. Details may easily be overlooked from personnel. Interior decoration and design are therefore important in his opinion, as it retains customers.

Manager believes that the physical hotel environment affects the customers' satisfaction. Previously the hotel received complaints in respect to basic facilities like bathrooms and the lack of light. Women in particular thought the bathrooms were too dark when putting on make-up. As a result of the complaints, all of the bathrooms have been renovated. Today they are much lighter and more lavish with marble details.

Furthermore, the overall impression of the physical hotel environment impacts on how the customers perceive the overall quality of the services rendered by the hotel. Mr. Manager says that first impressions are important, such as the appearance of the lobby and the reception. A nice, tidy/clean surrounding gives inspiration to both the personnel and customers. The services provided will be perceived better if the hotel environment and atmosphere is nice, welcoming, and bright. Manager further claims that you then become more positive towards the service in general. Moreover, Hotel Asia works constantly to make improvements with the customers in mind. Mr. Manager states that they have to keep up with local competitors. The owner of Trans Asia group has a deep concern with the servicescape and appearance of the hotels.

According to Mr. Manager, the servicescape is not adapted according to certain groups of customers in mind. All customers should feel comfortable, for instance the lobby has been furnished for the customers' comfort. The reason why no customer group is considered as more worthy than others is because all guests are paying customers. However, the environment in the hotel is somewhat adjusted for the business clients as they are the largest customer group. It should be possible to work in comfortable surroundings.

THE SERVICESCAPE AND INFLUENCE ON EMPLOYEES

To some extent it is likely that the servicescape influences the loyalty of the personnel towards their employer says the Manager. The respondent further states that you say the employee / staff is proud of selling a hotel room at Hotel Asia. The personnel can offer the customers more options, for instance rooms toward the park, pool etc. This can be seen as a motivation tool for the personnel. There is no doubt that the servicescape matters, because it is more pleasant to work in a neat surrounding. An advantage with satisfied personnel is that they are more likely to be retained for longer, as it is costly to hire and train new employees. The company works constantly to improve the physical hotel environment from the personnel's point of view, by receiving suggestions from the employees and the safety representative. Manager believes the personnel are satisfied with the working environment; however improvements can always be made. For example one improvement is that now-a-days smoking is not allowed inside the hotel.

THE SERVICESCAPE AND INTERACTION BETWEEN CUSTOMERS AND EMPLOYEES

The physical environment is constructed so as to make it easy for customers and personnel to interact, for example to check in-and-out or at storing the guests' luggage. However all hotels have to be cautious regarding security issues. Safety matters can cause a dilemma in making the surroundings easy for both employees and customers, but at the same time there is a need to create a secure and safe environment. Over the past years a number of improvements have been made to make the hotel more secure. For instance the hotel has a key card system for using the elevators, which prevents intruders. Mr. Manager claim that conflicts may rise when uniting customers and employees requests, however in Hotel Asia this situation rarely occurs. Many of the improvements make it better for both personnel and customers at the same time, for instance new ventilation systems. The hotel does not only focus on customers, but the personnel must also be taken into account. It is not a larger conflict making both groups satisfied with the servicescape. As seen from a management perspective, investments beneficial to both groups have to be done correspondingly to one another by carefully planning the company's activities regarding the servicescape. He explains, for instance, if changes have been made in the hotel rooms, the next improvements may concern the working environment for the personnel. However, both personnel and customers have to be aware of financial restrictions. Mr. Manger enhances the importance of living up to expectations promised via the homepage, agents or brochure. The service provided should be delivered without any mistakes involved.

He further believes the hotel industry tends to be highly influenced by recent trends in the shape of the physical hotel environment. One present trend is the so-called unique eco-hotels, concept hotels, or design hotels, which are becoming increasingly more popular. These kinds of hotels did not exist 5-10 years ago. It is rather reevaluating says the manager. The respondent further acknowledges that this trend may influence Hotel Asia in the future, but that the hotel's classical appearance should be kept. The most crucial part for any hotel is that the interior must be clean and inviting; however, above all, the personnel must treat the guests in a friendly and welcoming manner.

DATA ANALYSIS

The primary data collected through a case study will be compared with the theoretical framework presented earlier. The data will be analyzed based on the order of the research questions.

The framework for understanding the servicescape by Bitner (1992) addresses the connection between customers and employees responses with the physical environment. The servicescape consists of environmental dimensions, which creates the holistic environment as perceived by the customers and the employees. Individuals within the servicescape react with internal and behavioral responses.

THE SERVICESCAPE AND CUSTOMERS

The servicescape model by Bitner (1992) explains that the customers respond to the environment cognitively, emotionally, and physiologically. In addition, the servicescape responds either with proactive behavior (attraction, stay / explore, spend money, and carry out plan) or with the opposite, avoidant behavior.

The primary data indicated that the physical hotel environment has a significant impact on the customers of the hotel in several different ways. The servicescape may affect customers overall perception of the hotel, and whether or not the customer wishes to return to the establishment. The Indian tourists or business travelers are in generally interested in interior design, which the Hotel Manager believed affects the customer behavior. The physical environment should live up to customer expectations and management needs to be coherent to customer suggestions. The primary data revealed that the management needs to recognize that customer demands may be difficult to achieve. Hotel Asia has made a number of improvements for the customer's comfort, safety and accessibility to modern technology. The hotel has, for instance, recently renovated hotel rooms and bathrooms, made improvements on hotel security, as well as establishing wireless internet access throughout the hotel.

Competitive advantage over local competition is achieved partly through the servicescape in the investigated service firm. Customers may apprehend the experienced services quality through the appearance of the physical hotel environment. The first impression of the servicescape affects the customers overall perception of the services encountered. A nice and welcoming environment gives stimulation to customers and completes their experience. The respondent further claimed that the customers are therefore more positive towards the service in general. All guests of Hotel Asia, both business and leisure guests, should experience quality and hospitality through the services environment. The respondent believed the servicescape influences customers' repurchasing behavior. As a result of customers' repurchasing behavior, a long-term relationship with the hotel may emerge. However, the respondent enhanced the importance of fulfilling expectations promised by the internet webpage, agents or brochure. The service provided should be delivered without any mistakes involved.

A trend in the hotel industry affecting the demand and buying behavior of potential customers is so-called the eco-hotels, concept hotels and design hotels. These kinds of hotels have a business concept built on offering a unique surrounding to the guests. According to the respondent it is possible that this trend may affect Hotel Asia in the future. Respondent has already initiated towards this new concept of Eco-friendly hotels. They stopped using poly bags, planted trees in and around hotel area, and water treatment plant is already been installed. Being aware of current trends and other demands from the customer is of importance in order to keep up with competitors.

THE SERVICESCAPE AND EMPLOYEES

One important contribution of Bitner's servicescape model (1992) is inclusion of employees' responses to the service environment. Employees react with internal responses and proactive/avoidant behavior. Employee proactive behavior includes affiliation, exploration, employment longevity, commitment and carry-out plan. Opposite responses occur with avoidant behavior.

According to the respondent the employees are definitely influenced by the physical hotel environment. For example, proud employees are able to offer guests a variety of options concerning the hotel rooms. In addition, this can be seen as a motivational tool for the employees. Moreover, the loyalty of the personnel

can to some extent affected by the servicescape. If the employees work in neat and comfortable surroundings, they will be more positively disposed towards the job in general. An advantage with satisfied personnel is that they are more likely to be retained for longer, as it is costly to hire and train new employees.

The employer has responsibilities toward the personnel regarding the design of the servicescape according to the respondent. For an employer, it is important to consider the physical working environment, to make the servicescape ergonomically correct and not only regard esthetical aspects. Hotel Asia improves the working environment on a regular basis in order to fulfill requirements and concerns on the behalf of the personnel. The hotel has engaged a safety representative, to see over the employees work situation. The personnel's are satisfied with the working environment. However improvements can always be made to make enhancements, and adapt to needs and requests.

THE SERVICESCAPE AND INTERACTION BETWEEN CUSTOMERS AND EMPLOYEES

The social interaction between and among customers and employees is another dimension in Bitner's framework for understanding environment - user relationships in service organizations. Services organizations, particular interpersonal services firms, and the nature and quality of the customer and employee interaction are influenced by the servicescape. The physical container affects all social interactions in terms of the progressions of events and duration of interaction.

Hotel Asia has constructed the servicescape in order to enable customer and employee interaction. In a hotel it is important to make the customer's experience as smooth and uncomplicated as possible. Check-in and out procedures, or storage of luggage are examples of customer and employee interaction that should not be hindered by physical environmental restraints. Safety matters are one factor that can cause a dilemma in making the surroundings easily accessible for both employees and customers, but at the same time there is a need to create a secure and safe environment. Hotel Asia over the past few years made a number of improvements to increase the security and prevent intruders entering the facility.

Many services organizations may be affected by conflicts when uniting customers and employees requests. However, according to the respondent, in Hotel Asia these situations rarely occur. From management perspective investments beneficial to both groups have to be done in parallel. If changes are made to enhance the customers experience regarding the surroundings, the next step may concern the working environment for the personnel. However, both customers and employees must be aware of financial restrictions. Making both parties satisfied with the environment is not necessarily difficult to achieve. A number of improvements concern the mutual environment for all individuals in the hotel, not just too solely benefit one party. The focus point should not only lay on the customer's needs, the employees are just as equally valued and important.

FINDINGS AND CONCLUSIONS

The purpose of this study has been to provide a better understanding of the importance of managing the servicescape to create relationship between customers and employees. The research questions as stated in purpose will be answered and conclusions from the analysis will be drawn. Implications of our study for practitioners and future research will be presented in the end.

RESEARCH QUESTION 1: HOW DOES THE SERVICESCAPE AFFECT THE RELATIONSHIP BETWEEN CUSTOMERS AND THE SERVICE ORGANIZATION?

The aspects of the physical environment affecting the perceptions of the customers' services experience has been verified as an important factor. It was found that the servicescape has an impact on the customers, in an interpersonal service setting, in a number of ways. The overall impression of the services provider proved to be a result of the perceived surroundings. The customer's choice of whether returning to the establishment or not can be derived from his or her perception of the physical environment. Findings also revealed that the physical environment affects the customer's choice to stay and explore, spend money, and in general the overall attraction to the services provider.

In order to create a positive customer experience, their requirements and needs on the physical environment have to be fulfilled. Therefore, it was discovered that it is of importance that the management especially in interpersonal services sector, must be in coherent to customers' opinions regarding the matter. In addition, the hotel facilities should enable a comfortable and clean environment, which at the same time should be up to standard regarding safety issues. Access to modern technology as a part of the servicescape is another matter to be included.

Investigation discovered that the servicescape can be used as a means of achieving competitive advantage, and thus attracting new prospective clients. Moreover, it was found that the perceived service quality can be enhanced through a positive response of the servicescape. Approach behavior may make the customer more willing towards the services provider in general. Therefore, the servicescape can influence the customer's overly satisfaction with the services.

Hence, the research indicated the customers' repurchase behavior as another outcome of the physical environment. Creating a positive experience affecting the customers' repurchase behavior can ultimately lead to a long-term relationship between the customer and the service provider.

BASED ON THE FINDINGS ABOVE, FOLLOWING CONCLUSIONS ARE DRAWN REGARDING THE FIRST RESEARCH QUESTION

- A carefully managed servicescape will attract potential customers as well as maintaining old ones.
- The services provider needs to be aware of what the target customers seek for regarding the environment to create relationships.
- The servicescape can be seen as the package of the product, and expectations promised via the web or other promotional media should be fulfilled.
- The first impression of the services provider is formed perceptions of the physical environment and therefore requires careful management.

RESEARCH QUESTION 2: HOW DOES THE SERVICESCAPE AFFECT THE RELATIONSHIP BETWEEN EMPLOYEES AND THE SERVICES ORGANIZATION?

Study reveals that the customers will not solely be affected by the design of the servicescape. Furthermore, the employees are also in numerous ways affected by the environment. Hence, the individual's reaction may not differ between customers and employees. However, the cause and need among the parties is not necessary identical.

The loyalty of the personnel is one factor that can indeed be influenced by the servicescape. The employees' attitude towards their employer can be based on their perception of the working environment. A neat and comfortable surrounding may affect the personnel becoming more positively engaged towards the employer. Therefore, the servicescape can to some extent be used as a motivation tool for the personnel.

The investigated service firm enhanced the importance of providing the employees with an ergonomically designed working space. Enabling the employees with an adjusted environment simplifies their job performance as well as handling safety issues. Further, the study indicated by satisfying the personnel, they are more likely to be retained for a longer period of time. Training and hiring personnel is an arduous process.

We found that behavioral and other internal responses do influence the employees, according to the theoretical framework data. The servicescape is to be considered as an influential factor of employee behavior. The primary data indicated that the management of the investigated services firm was aware of the importance of managing the physical environment.

BASED ON THE FINDINGS ABOVE, FOLLOWING CONCLUSIONS ARE DRAWN REGARDING THE SECOND RESEARCH QUESTION:

- The physical working environment does influence the employees' attitudes toward the employer.
- The servicescape is a factor to be considered in the retaining employees, and thus creating a relationship with the service provider.
- Overlooking employees' needs will lead to less motivated personnel.

RESEARCH QUESTION 3: HOW DOES THE SERVICE ORGANIZATION CONSTRUCT THE SERVICESCAPE IN ORDER TO OPTIMIZE INTERACTION BETWEEN CUSTOMERS AND EMPLOYEES?

Findings discovered that the servicescape affects the nature of social interactions between and among the customers and employees. Moreover, optimal design for encouraging employee approach behavior may not be compatible to the customers' desires and needs. Therefore, achieving positive employee - customer interaction may fail.

Designing the servicescape to enable customer - employee interaction has also proven to be an important aspect in the studied services firm. However, it was discovered that focus lies on making the customer's experience of the delivered service as smooth and uncomplicated as possible. One dilemma that may hinder social interaction in the hotel business is matters regarding security. The physical hotel environment should provide safety to both customers and personnel without inflicting the interaction between and among the parties.

BASED ON THE FINDINGS ABOVE, FOLLOWING CONCLUSIONS ARE DRAWN REGARDING THE THIRD RESEARCH QUESTION:

- Planning is the key-issue to fulfill both customer and employee needs.
- The environment should be adapted to enable smooth service transaction.
- The needs of customers and employees may not necessary be conflicting if well managed.

IMPLICATIONS

Implications to *practitioners* are regarded as proposals and suggestions to managers supported by our data and findings. All managers must realize the importance of managing the servicescape to communicate the desired image of the organization. All individuals are affected by the physical evidence as it creates cognitive, emotional, and physiological responses. This study does not solely concern hotel managers, but also all managers in interpersonal services organizations as all services are intangible in nature. By a careful management of the servicescape the service organization can create and maintain relationship between both customers and employees.

The *implications of theory* concern towards contribution of the topic's viewpoint. The intention of this research was to reveal management perspective regarding the servicescape issues. Hence, previous studies have focused mainly on customer perceptions and importance of the environmental dimensions. The findings of the study did not indicate any conflict with the servicescape framework used.

Implications to research are regarded as suggestions to be studied in the future. This study does not give a comparison between different services providers within the same industry. Results of a cross study would be relevant in order to reveal whether the servicescape is viewed as an important factor to create relationships with customers and employees.

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CONSUMERS' PERCEPTION TOWARDS ORGANIZED AND UNORGANIZED RETAIL: A COMPARATIVE STUDY DONE IN PUNE CITY, INDIA.

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ABSTRACT

Consumers are the end beneficiary of all retail activities. No matter what type of format a retailer is using, whether organized or unorganized, it has to satisfy the consumers' needs. Keeping this in mind, an attempt has been made to examine the factors influencing the consumers to choose the retail outlet, their satisfaction level and the current loopholes in the Indian retail industry have been highlighted. The present study is purely based on the primary data and is confined to Pune City, India. Consumers shopping both at organized retail outlets and unorganized outlets were interviewed using interview schedule to collect the data. For analyzing the data, T-test, Percentage Analysis, Garrett Ranking Analysis, and Chi-square test were applied. It is found that different set of factors are responsible for drawing a customer in a retail store (organized or unorganized). Poor co-operation, poor after sales service and inconvenient location are the major problems faced by the consumers in case of organized retailing while selling expired products, unavailability of goods and inconvenient parking facilities have been ranked as the topmost difficulties in case of unorganized retail stores. Since the study is conducted on the end users, it is very beneficial for the retailers (both organized and unorganized) as they will be able to understand the psyche of consumers and can build their products and policies accordingly. The study will work as a basis for future research as well.

KEYWORDS

Organised, Unorganised, Retailing, Patronage, Satisfaction.

INTRODUCTION

The emergence of organized retail is an important characteristic of the current economic scenario in India. The organized retailing business has been growing substantially in the recent years and is on the edge of much faster growth in future. Major industrial houses like Reliance Group, Bharti Group, Pantaloon Retail India Limited, RPG Group, Tata Group and Raheja Group etc. have already entered this area and are growing day by day. Transnational corporations like Wal-Mart, Carrefour, Metro AG etc. have also jumped into the wholesale space to get a toehold in India's \$400 billion annual retail market that's growing at 25%-35% a year (Bailay, 2010).

According to the ICRIER Retail Report, 2008 the total retail business in India will grow at 13% annually from US\$ 322 billion in 2006-07 to US\$ 590 billion in 2011-12. The unorganized retail sector is expected to grow at approximately 10% per annum with sales rising from US\$ 309 billion in 2006-07 to US\$ 496 billion. Organized retail, which constituted a low 4% of total retail in 2006-07, is estimated to grow at 45-50 per cent per annum and attain a 16 per cent share of total retail by 2011-12 (Mathew et al., 2008). In a nutshell, both organized and unorganized retail developments are not only going to coexist but also attain rapid and relentless growth in the future. This is apparently not a case of a zero sum game as both organized and unorganized retail will see a massive leveling up of their actions. In fact if the retail sector is left completely unorganized, it may come out as a major tailback to the economic growth.

Nevertheless, opinions are divided on the impact of the growth of organized retail in the country. It has frequently been argued that the growth of organized retailing may have an adverse impact on retailers in the unorganized sector. On the other hand, it has also been said that the growth of organized retailing will yield efficiencies in the supply chain, facilitating better access to markets to producers (including farmers and small producers) and permitting higher prices, on the one hand and, lower prices to consumers, on the other.

Much has been talked about all these issues viz. future of organized retail in India, the impact of organized retail on the unorganized retail, farmers, intermediaries, manufacturers, and even consumers. But we should not forget that consumers are the end beneficiary of all the retail activities. No matter what type of format a retailer is using, whether organized or unorganized, it has to satisfy the needs of the consumers. No retailer can ever be successful until and unless he is able to meet the perceptions and needs of the end users. Hence, it becomes really very necessary to find out the perception of consumers towards the organized and unorganized retail developments. By considering this, in the present study, an attempt is made to analyze the consumers' perception towards organized and unorganized retail developments in Pune city, India.

IMPORTANCE OF THE STUDY

In the study, factors influencing the consumers to choose the type of retail outlets, the consumers' satisfaction on the services provided by the retailer and problems faced by the consumers at various retail outlets were analyzed. The significance and benefits of the research may be listed as below:

- Since the study has been done on the end users, it will really be very beneficial for the retailers (both organized and unorganized) as they will be able to understand the psyche of consumers and can build their products and policies accordingly.
- It will be of real benefit for the unorganized retailers as they will be able to know about their strengths and weaknesses with respect to the organized retailers. They will be able to understand what consumers perceive about them and their counterpart and can frame their strategies accordingly.
- It will be a real contribution for the organized retailers as well. Since they can understand that despite of all their big money, big plans, big facilities, much bigger outlets, why they are still much behind in the race from their unorganized counterparts (organized retail makes up just 6% of India's \$450-billion retail sector) (Kuncheria, 2011).
- Last but not the least; the study will work as a basis for future research as well. Hence it will be of great importance for the academicians as well as researchers.

REVIEW OF LITERATURE

1. **Paco Underhill** (1999) in his book 'Why we buy -The Science of Shopping' brings out a key fact that most purchasing decisions are influenced and made on the shop floor itself. Various aspects like sign ages, shelf position, display space and fixtures all influence the shopper in his buying decision.
2. **Thirumoorthi, P.** (2006) studied in his research about "A study on retailers and customer attitude towards P&G detergent powder", it can be concluded that the company must concentrate more on high margin to create a better performance. Importance must be given to sales promotion. The retailers must also be asked to give more displays and discounts. Thus it can be concluded that the customer and retailer attitude towards the P & G detergent powder is positive.
3. **Tamilarasan, R.** (2007) in his study "A study on retail store service quality dimensions in selected retail stores of Chennai", after an in depth analysis of a variety of store dimensions and service quality dimensions, reveals that all these dimensions have to be improved to earn a competitive edge and survive in the retail business in view of the changing and emerging retail scenario in India with the possible advent of the MNC's in the Indian retail market.

4. **Malliswari, M.'s** (2007) study about “**Emerging trends and strategies in Indian retailing**” indicates that the demanding ascertain Indian consumer is now sowing the seeds for an exciting retail transformation that he already started bringing in larger interest from international brands /formats. With the advent of these players, the race is on to please the Indian customer and its time for the Indian customer sit back and enjoys the hospitality of being treated like a King.
5. **Ashokan, C.** (2008) in his study “**Profile and perception of retail consumers**” analyzed the consumers’ perception towards retail in Palakkad, Kerala. Visiting retail outlets has become a group activity. Most of the shoppers are influenced by as well as accompanied by colleagues, friend and relatives. Majority of the people who visit do not shop at all. The hang around meet friends, do window – shopping and spend time leisurely.
6. **Joseph Mathew et al.** (2008) in their **ICRIER Retail Report ‘Impact of organized retailing on the unorganized sector’** found that;
 - Proximity is a major comparative advantage of unorganized outlets.
 - Unorganized retailers have significant competitive strengths that include consumer goodwill, credit sales, amenability to bargaining, ability to sell loose items, convenient timings, and home delivery.
 - The emergence of organized retail undoubtedly gives consumers a wider choice of goods, more convenience, and a better shopping environment, among other benefits.
7. According to **Chopra, K.** (2011), as she has mentioned in her paper “**Wal-Mart: Can it succeed in India?**”, consumers in India select a store for shopping based on traveling time, range of products offered, services offered and their socio-economic background.

NEED FOR THE PRESENT STUDY

From the Literature Review, we find that there is a need to study the perceptions of consumers towards the various retail formats (organized and unorganized). What they think are the factors responsible for the retail patronage? What is their satisfaction level from the various retail developments? What are the various problems which they face at different retail stores? All these questions need to be answered.

OBJECTIVES OF THE STUDY

Based on the Literature Review and the gap found, following objectives have been framed:

1. To examine the factors influencing the consumers to choose the retail outlet.
2. To study the customers’ satisfaction from the retail developments (both organized and unorganized).
3. To study the problems faced by the consumers from the organized and unorganized retail developments.

HYPOTHESIS

- **FOR RESEARCH OBJECTIVE 1.**

H₀: There is no significant difference between organized and unorganized retail customers’ perception of various factors influencing retail patronage.

- **FOR RESEARCH OBJECTIVE 2.**

H₀: There is no significant relationship between the socio-economic characteristics of the sample respondents and their satisfaction level.

RESEARCH METHODOLOGY

- **SAMPLE DESIGN:** The present study is based on the primary data. The primary data were collected from 100 sample respondents (50 shopping at organized retail store and 50 shopping at unorganized retail store). These 100 respondents were selected by using convenience sampling technique.
- **DATA COLLECTION:** The present study is purely based on the primary data. Consumers shopping at organized retail outlets and also consumers shopping at unorganized outlets were interviewed using interview schedule to collect the data.
- **AREA AND PERIOD OF THE STUDY:** This study is confined to Pune city (Maharashtra, India). The study was conducted in the organized as well as unorganized retail stores of various prominent locations of Pune like Koregaon Park (KP), Mahatma Gandhi Road (MG Road), Fatima Nagar, Hadapsar and Lakshmi Road during the months of January-February 2011.
- **FRAMEWORK AND TOOLS FOR ANALYSIS:** Data collected through interview schedule were presented in a master table and required sub-tables were prepared. For analyzing the data, T-test, Percentage Analysis, Garrett Ranking Analysis, and Chi-square test were applied. Statistical calculations and computations were done through IBM SPSS statistical package (version 19.0).

DATA ANALYSIS AND INTERPRETATION

FACTORS RESPONSIBLE FOR RETAIL PATRONAGE

The responses from the customers shopping at organized and unorganized retail stores have been represented in Table I₁ and Table I₂ respectively.

After analyzing the data with IBM SPSS package (version 19.0), we get Table I₃, Table I₄ and Table I₅.

From Table I₅, it is obvious that p value (Sig. 2-tailed) for each factor is less than level of significance (0.05), hence the null hypothesis is rejected and we conclude that there is a significant difference between the organized and unorganized retail customers’ perception of each considered factor influencing retail patronage.

For the Levene’s Test for equality of variance,

H₀: Equal variance assumed

H₁: Equal variance not assumed

From Table I₄,

- For goodwill, we consider significant value for equal variances assumed since H₀ is accepted.
- For proximity, we consider significant value for equal variances not assumed since H₀ is rejected.
- For status, we consider significant value for equal variances assumed since H₀ is accepted.
- For range of merchandize, we consider significant value for equal variances assumed since H₀ is accepted.
- For shopping environment, we consider significant value for equal variances assumed since H₀ is accepted.
- For parking space, we consider significant value for equal variances assumed since H₀ is accepted.
- For billing duration, we consider significant value for equal variances not assumed since H₀ is rejected.
- For loose items, we consider significant value for equal variances not assumed since H₀ is rejected.
- For entertainment, we consider significant value for equal variances not assumed since H₀ is rejected.
- For bargain, we consider significant value for equal variances not assumed since H₀ is rejected.
- For credit availability, we consider significant value for equal variances assumed since H₀ is accepted.
- For variety of modes of payment, we consider significant value for equal variances assumed since H₀ is accepted.

CUSTOMERS’ SATISFACTION FROM THE RETAIL DEVELOPMENTS

Satisfaction is a function of perceived performance and expectations. If the former falls below the later, the consumer is dissatisfied. If the former matches the later, the consumer is satisfied and if the former exceeds the later, the consumer is highly satisfied or delighted. In this study, an attempt has been made to analyze the consumers’ satisfaction from the retail developments.

The socio economic characteristics of consumers play a very important role so far as their satisfaction level is concerned. Consumers' needs, wants and judgment are based on their socio-economic characteristics. In the present study, it is decided to analyze the socio-economic characteristics of sample respondents and their satisfaction level towards the organized and unorganized retail outlets.

Satisfaction level of respondents with respect to various socio-economic factors like age, gender, income, educational qualification, occupation, marital status and number of members in the family has been depicted in Table II₁, Table II₂, Table II₃, Table II₄, Table II₅, Table II₆ and Table II₇, respectively.

RELATIONSHIP BETWEEN SOCIO-ECONOMIC CHARACTERISTICS AND LEVEL OF SATISFACTION: TESTING OF HYPOTHESIS

The hypothesis was tested with the help of Chi-square test. The formula for chi-square is given below:

$$\chi^2 = (O-E)^2/E$$

Where O refers to Observed frequency and E refers to Expected frequency.

The results of chi-square analysis have been represented in Table III.

PROBLEMS FACED BY CUSTOMERS AT ORGANIZED AND UNORGANIZED RETAIL STORES

There are various problems faced by the customers while they shop either from organized or unorganized retail stores. In order to find out them, the problems have been categorized in three categories viz. problems from retailers and employees, in terms of product accessibility and physical appearance and the respondents are asked to assess each problem on its own significance. Each respondent is instructed to indicate the problem by giving Rank I to the most important problem, Rank II to the second most and so on.

Table IV shows the problems of customers from retailers and employees, in terms of product accessibility and physical appearance both at organized and unorganized retail stores after applying Garrett Ranking Analysis.

FINDINGS

The findings of the study can be summarized as follows:

1. Since there is significant difference between the organized and unorganized retail customers' perception towards various factors responsible for retail patronage, we may conclude that different set of factors are responsible for drawing a customer in a retail store (organized or unorganized).
2. Status, range of merchandize, shopping environment, parking space, entertainment and variety of modes of payment are the factors responsible for patronage towards an organized retail store (From Table I₁).
3. Factors like goodwill, proximity, billing duration, loose items, bargain and credit availability are responsible for attracting a customer towards an unorganized retail outlet (From Table I₂).
4. For the factors like goodwill, status, range of merchandize, shopping environment, parking space, credit availability and variety of modes of payment, significant value for equal variances assumed has been considered.
5. For the factors like proximity, billing duration, loose items, entertainment and bargain, we consider significant value for equal variances not assumed.
6. In case of organized retail services, 46.15% of respondents belonging to the age group below 30 years are highly satisfied, 26.31% of the respondents belonging to the age group of 30-50 years are less satisfied, whereas only 20% of the respondents belonging to the age group of above 50 years are highly satisfied.
7. In case of unorganized retail services, 53.84% of the respondents belonging to the age group below 30 years are less satisfied, 43.75% of the respondents belonging to the age group of 30-50 years are moderately satisfied, whereas only 9.52% of the respondents belonging to the age group of above 50 years are less satisfied.
8. 35% of females are highly satisfied while 20% of males are less satisfied from the organized retail developments. While in case of unorganized retailing, 40% of both males and females are less satisfied.
9. In case of organized retail services, 35.29% of respondents having annual income below Rs. 1, 00,000 are highly satisfied. It is also found that 23.53% of the respondents from the same group are less satisfied. While in case of unorganized retail, no respondent having income above Rs. 10, 00,000 is highly satisfied. On the contrary, 43.75% of the respondents having annual income below Rs. 1, 00,000 are highly satisfied.
10. 33.33% of the respondents with professional degree and 35.29% of respondents with college level education are highly satisfied while 60% of the respondents with school level education are less satisfied in case of organized retail services.
11. In case of unorganized retail services, 66.66% of illiterate respondents and 68.28% of respondents with school level education are highly satisfied. Whereas 46.15% of respondents with professional degree were less satisfied.
12. 45.45% professionals are highly satisfied while 40% students are less satisfied from the organized retail services. On the other hand, 50% of the Government employees are highly satisfied and 43.75% of Private employees are moderately satisfied from the unorganized retail development.
13. If we take the case of organized retail services, 42.85% of married respondents are highly satisfied while 50% of unmarried respondents are moderately satisfied. On the contrary, 53.84% of unmarried respondents are highly satisfied whereas 54.16% of married respondents are moderately satisfied.
14. 44.44% of respondents having 1-2 members in their family are highly satisfied while only 9.09% of the respondents with 2-5 members in their family are less satisfied with the organized retail developments. And in case of unorganized retail services, 45.45% of the respondents having more than 5 persons in their family are highly satisfied.
15. By applying Chi-square test, it is found that there is no significant relationship between any of the socio-economic factor and the satisfaction level of the customers in case of organized retail services. But in case of unorganized retail services, there is a significant relationship between the age of the respondents and their satisfaction level.
16. In case of organized retailing,
 - Poor cooperation is the major problem faced by the consumers from the retailers or employees followed by lack of knowledge, poor reply on enquiry, selling expired products and adulteration.
 - Poor after sales service is the key problem faced by the consumers in terms of accessibility followed by no home delivery, unavailability of goods and unavailability of branded products.
 - In terms of physical appearance, inconvenient location is the foremost difficulty which the consumers face followed by improper arrangement of goods, improper space management, Improper cleaning and inconvenient parking facility.
17. In case of unorganized retailing,
 - Selling expired products is the topmost trouble faced by the consumers from the retailers or employees followed by adulteration, lack of knowledge, poor reply on enquiry and poor cooperation.
 - In terms of accessibility, unavailability of goods is the major difficulty faced by customers followed by unavailability of branded products, no home delivery and poor after sales service.
 - In terms of physical appearance, inconvenient parking facility is the key problem which the consumers face followed by improper space management, improper arrangement of goods, improper cleaning and inconvenient location.

SUGGESTIONS

Based on the findings, following suggestions could be made both for the organized and unorganized retailers:

FOR ORGANIZED RETAILERS

1. They should try to earn goodwill.

2. They should build their outlet in major residential areas in order to make them most accessible.
3. They should try to reduce the billing duration as the customers get irritated and sometime they leave the store without buying anything.
4. They should also keep loose items as some of the customers may be willing to buy them.
5. Although bargain and credit availability is not possible in an organized retail store, they should try to adopt it to some extent.
6. They should train their employees to be cooperative with the customers as this is found to be the major problem faced by the customers in case of organized retailing.
7. They should redefine their after sales service strategies.

FOR UNORGANIZED RETAILERS

1. The unorganized retailers should keep variety of products both branded and unbranded as unavailability of goods is the major difficulty faced by customers in terms of accessibility.
2. They should introduce better shopping environment by making it clean, hygienic, and entertaining.
3. It is found that most of the respondents are suffering from the problem of inconvenient parking facility in terms of physical appearance; therefore the unorganized retailers must look for parking area near their stores.
4. They should also keep the card swapping machine in order to increase the variety of modes of payment.
5. They should cater to the needs of different age groups by keeping variety of products for each age group. They should redefine their strategies for the young generation customers to increase their satisfaction level.
6. They should have a check on the quality and expiry dates of the products as this is the major problem faced by the consumers.

CONCLUSION

In India, organized retailing is a new concept and is still evolving. Fifteen years ago, if a consumer wanted to buy bread, he has to go to the local *bania* (see Note 1) or the corner grocer guy or to the *Sahakari Bhandar* (see Note 2). But today, the scenario is totally different. He can still buy the pack of bread from the same places, but also has an option of visiting Big Bazaar, Food Land, More, Reliance Mart, Vishal Mega Mart or the neighborhood *bania* who has developed an all new self service store. Where will he go? What are the reasons for his choosing one store over the other?

Understanding the reasons for consumers choosing or patronizing one store over the other is important for both the organized and unorganized retailer. An insight into what provokes a customer to visit and patronize a store helps the retailer in strategy formulation. Based on the findings of the study, various suggestions have been made both for the organized and unorganized retailers. If they will be properly considered and executed by the retailers, preferred results could be accomplished.

NOTES

1. A TRADER OR MERCHANT BELONGING TO THE INDIAN BUSINESS CLASS.
2. CO-OPERATIVE STORE.

TABLES

TABLE 1¹: FACTORS INFLUENCING THE CONSUMERS TO CHOOSE THE RETAIL OUTLET (ORGANIZED)

Factors	Extent of Agreement					Total
	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
Goodwill	4 (8%)	7 (14%)	2 (4%)	21 (42%)	16 (32%)	50 (100%)
Proximity	7 (14%)	12 (24%)	3 (6%)	17 (34%)	11 (22%)	50 (100%)
Status	24 (48%)	14 (28%)	7 (14%)	4 (8%)	1 (2%)	50 (100%)
Range of Merchandize	25 (50%)	11 (22%)	1 (2%)	8 (16%)	5 (10%)	50 (100%)
Shopping Environment	21 (42%)	9 (18%)	6 (12%)	8 (16%)	6 (12%)	50 (100%)
Parking Space	13 (26%)	12 (24%)	11 (22%)	9 (18%)	5 (10%)	50 (100%)
Billing Duration	-	-	6 (12%)	19 (38%)	25 (50%)	50 (100%)
Loose Items	-	-	8 (16%)	14 (28%)	28 (56%)	50 (100%)
Entertainment	17 (34%)	10 (20%)	6 (12%)	9 (18%)	8 (16%)	50 (100%)
Bargain	-	-	3 (6%)	13 (26%)	34 (68%)	50 (100%)
Credit Availability	-	-	5 (10%)	16 (32%)	29 (58%)	50 (100%)
Variety of Modes of Payment	23 (46%)	19 (38%)	2 (4%)	6 (12%)	-	50 (100%)

* The numbers given in the table are responses out of a sample size of 50 respondents shopping at organized retail stores.

TABLE 1²: FACTORS INFLUENCING THE CONSUMERS TO CHOOSE THE RETAIL OUTLET (UNORGANIZED)

Factors	Extent of Agreement					Total
	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
Goodwill	21 (42%)	17 (34%)	5 (10%)	5 (10%)	2 (4%)	50 (100%)
Proximity	33 (66%)	11 (22%)	3 (6%)	3 (6%)	-	50 (100%)
Status	-	-	11 (22%)	17 (34%)	22 (44%)	50 (100%)
Range of Merchandize	4 (8%)	11 (22%)	11 (22%)	10 (20%)	14 (28%)	50 (100%)
Shopping Environment	7 (14%)	11 (22%)	3 (6%)	13 (26%)	16 (32%)	50 (100%)
Parking Space	-	8 (16%)	12 (24%)	11 (22%)	19 (38%)	50 (100%)
Billing Duration	15 (30%)	11 (22%)	9 (18%)	8 (16%)	7 (14%)	50 (100%)
Loose Items	19 (38%)	12 (24%)	8 (16%)	6 (12%)	5 (10%)	50 (100%)
Entertainment	-	-	13 (26%)	18 (36%)	19 (38%)	50 (100%)
Bargain	26 (52%)	15 (30%)	4 (8%)	5 (10%)	-	50 (100%)
Credit Availability	24 (48%)	17 (34%)	7 (14%)	2 (4%)	-	50 (100%)
Variety of Modes of Payment	-	5 (10%)	5 (10%)	18 (36%)	22 (44%)	50 (100%)

* The numbers given in the table are responses out of a sample size of 50 respondents shopping at unorganized retail stores.

TABLE I₃^{*}: GROUP STATISTICS

Factors	Type of Retail	N	Mean	Std. Deviation	Std. Error Mean
Goodwill	organized	50	3.76	1.271	.180
	unorganized	50	2.00	1.143	.162
Proximity	organized	50	3.26	1.411	.200
	unorganized	50	1.52	.863	.122
Status	organized	50	1.88	1.062	.150
	unorganized	50	4.22	.790	.112
Range of Merchandize	organized	50	2.14	1.443	.204
	unorganized	50	3.38	1.323	.187
Shopping Environment	organized	50	2.38	1.469	.208
	unorganized	50	3.40	1.485	.210
Parking Space	organized	50	2.62	1.323	.187
	unorganized	50	3.82	1.119	.158
Billing Duration	organized	50	4.38	.697	.099
	unorganized	50	2.62	1.427	.202
Loose Items	organized	50	4.40	.756	.107
	unorganized	50	2.32	1.362	.193
Entertainment	organized	50	2.62	1.510	.214
	unorganized	50	4.12	.799	.113
Bargain	organized	50	4.62	.602	.085
	unorganized	50	1.76	.981	.139
Credit Availability	organized	50	4.48	.677	.096
	unorganized	50	1.78	.975	.138
Variety of Modes of Payment	organized	50	1.82	.983	.139
	unorganized	50	4.14	.969	.137

*After applying IBM SPSS package (version 19.0).

TABLE I₄*: INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variance	
		F	Sig.
Goodwill	Equal variances assumed	1.012	.317
	Equal variances not assumed		
Proximity	Equal variances assumed	27.654	.000
	Equal variances not assumed		
Status	Equal variances assumed	2.309	.132
	Equal variances not assumed		
Range of merchandize	Equal variances assumed	.108	.743
	Equal variances not assumed		
Shopping Environment	Equal variances assumed	.097	.757
	Equal variances not assumed		
Parking space	Equal variances assumed	1.907	.170
	Equal variances not assumed		
Billing duration	Equal variances assumed	35.603	.000
	Equal variances not assumed		
Loose items	Equal variances assumed	19.592	.000
	Equal variances not assumed		
Entertainment	Equal variances assumed	38.332	.000
	Equal variances not assumed		
Bargain	Equal variances assumed	9.030	.003
	Equal variances not assumed		
Credit availability	Equal variances assumed	2.275	.135
	Equal variances not assumed		
Variety of modes of payment	Equal variances assumed	.000	.984
	Equal variances not assumed		

*After applying IBM SPSS package (version 19.0).



TABLE I₅^{*}: INDEPENDENT SAMPLES TEST

		t-test for Equality of Means						
		t	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	95% Confidence Interval of the Difference	
							Lower	Upper
Goodwill	Equal variances assumed	7.282	98	.000	1.760	.242	1.280	2.240
	Equal variances not assumed	7.282	96.918	.000	1.760	.242	1.280	2.240
Proximity	Equal variances assumed	7.437	98	.000	1.740	.234	1.276	2.204
	Equal variances not assumed	7.437	81.135	.000	1.740	.234	1.275	2.205
Status	Equal variances assumed	-12.5	98	.000	-2.340	.187	-2.711	-1.969
	Equal variances not assumed	-12.5	90.510	.000	-2.340	.187	-2.712	-1.968
Range of merchandize	Equal variances assumed	-4.479	98	.000	-1.240	.277	-1.789	-.691
	Equal variances not assumed	-4.479	97.273	.000	-1.240	.277	-1.789	-.691
Shopping Environment	Equal variances assumed	-3.453	98	.001	-1.020	.295	-1.606	-.434
	Equal variances not assumed	-3.453	97.989	.001	-1.020	.295	-1.606	-.434
Parking space	Equal variances assumed	-4.896	98	.000	-1.200	.245	-1.686	-.714
	Equal variances not assumed	-4.896	95.378	.000	-1.200	.245	-1.687	-.713
Billing duration	Equal variances assumed	7.837	98	.000	1.760	.225	1.314	2.206
	Equal variances not assumed	7.837	71.101	.000	1.760	.225	1.312	2.208
Loose items	Equal variances assumed	9.443	98	.000	2.080	.220	1.643	2.517
	Equal variances not assumed	9.443	76.576	.000	2.080	.220	1.641	2.519
Entertainment	Equal variances assumed	-6.207	98	.000	-1.500	.242	-1.980	-1.020
	Equal variances not assumed	-6.207	74.432	.000	-1.500	.242	-1.981	-1.019
Bargain	Equal variances assumed	17.572	98	.000	2.860	.163	2.537	3.183
	Equal variances not assumed	17.572	81.370	.000	2.860	.163	2.536	3.184
Credit availability	Equal variances assumed	16.082	98	.000	2.700	.168	2.367	3.033
	Equal variances not assumed	16.082	87.361	.000	2.700	.168	2.366	3.034
Variety of modes of payment	Equal variances assumed	-11.882	98	.000	-2.320	.195	-2.707	-1.933
	Equal variances not assumed	-11.882	97.979	.000	-2.320	.195	-2.707	-1.933

*After applying IBM SPSS package (version 19.0).

TABLE II₁^{*}: AGE AND SATISFACTION LEVEL

Age	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
Below 30 yrs.	6 (23.07%)	8 (30.77%)	12 (46.15%)	26 (100%)	7 (53.84%)	5 (38.46%)	1 (7.7%)	13 (100%)
30-50 yrs.	5 (26.31%)	8 (42.1%)	6 (31.6%)	19 (100%)	5 (31.25%)	7 (43.75%)	4 (25%)	16 (100%)
Above 50 yrs.	2 (40%)	2 (40%)	1 (20%)	5 (100%)	2 (9.52%)	9 (42.86%)	10 (47.62%)	21 (100%)
Total	13 (26%)	18 (36%)	19 (38%)	50 (100%)	14 (28%)	21 (42%)	15 (30%)	50 (100%)

*The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their age and satisfaction level.

TABLE II₂^{**}: GENDER AND SATISFACTION LEVEL

Gender	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
Male	6 (20%)	13 (43.33%)	11 (36.66%)	30 (100%)	6 (40%)	4 (26.66%)	5 (33.33%)	15 (100%)
Female	5 (25%)	8 (40%)	7 (35%)	20 (100%)	14 (40%)	12 (34.29%)	9 (25.71%)	35 (100%)
Total	11 (22%)	21 (42%)	18 (36%)	50 (100%)	20 (40%)	16 (32%)	14 (28%)	50 (100%)

**The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their gender and satisfaction level.

TABLE II₃^{*}: INCOME AND SATISFACTION LEVEL

Annual Income	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
Below Rs. 1,00,000	4 (23.53%)	7 (41.17%)	6 (35.29%)	17 (100%)	4 (25%)	5 (31.25%)	7 (43.75%)	16 (100%)
Rs.1,00,000-10,00,000	7 (31.81%)	9 (40.90%)	6 (27.27%)	22 (100%)	7 (25.92%)	11 (40.74%)	9 (33.33%)	27 (100%)
Above Rs.10,00,000	2 (18.18%)	6 (54.54%)	3 (27.27%)	11 (100%)	2 (28.57%)	5 (71.43%)	-	7 (100%)
Total	13 (26%)	22 (44%)	15 (30%)	50 (100%)	13 (26%)	21 (42%)	16 (32%)	50 (100%)

*The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their income and satisfaction level.

TABLE II₄^{**}: EDUCATIONAL QUALIFICATION AND SATISFACTION LEVEL

Educational Qualification	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
Illiterate	1 (100%)	-	-	1 (100%)	-	2 (33.33%)	4 (66.66%)	6 (100%)
School Level	3 (60%)	1 (20%)	1 (20%)	5 (100%)	2 (14.28%)	3 (21.42%)	9 (68.28%)	14 (100%)
College Level	2 (11.76%)	9 (52.94%)	6 (35.29%)	17 (100%)	3 (17.64%)	8 (47.05%)	6 (35.29%)	17 (100%)
Professional Degree	6 (22.22%)	12 (44.44%)	9 (33.33%)	27 (100%)	6 (46.15%)	3 (23.08%)	4 (30.77%)	13 (100%)
Total	12 (24%)	22 (44%)	16 (32%)	50 (100%)	11 (22%)	16 (32%)	23 (46%)	50 (100%)

**The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their educational qualification and satisfaction level.

TABLE II₅^{*}: OCCUPATION AND SATISFACTION LEVEL

Occupation	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
Business People	2 (20%)	5 (50%)	3 (30%)	10 (100%)	1 (33.33%)	2 (66.66%)	-	3 (100%)
Govt. Employee	2 (22.22%)	4 (44.44%)	3 (33.33%)	9 (100%)	2 (20%)	3 (30%)	5 (50%)	10 (100%)
Private Employee	3 (20%)	7 (46.66%)	5 (33.33%)	15 (100%)	3 (18.75%)	7 (43.75%)	6 (37.5%)	16 (100%)
Professionals	1 (9.09%)	5 (45.45%)	5 (45.45%)	11 (100%)	2 (22.22%)	4 (44.44%)	3 (33.33%)	9 (100%)
Students	2 (40%)	2 (40%)	1 (20%)	5 (100%)	1 (8.33%)	6 (50%)	5 (41.66%)	12 (100%)
Total	10 (20%)	23 (46%)	17 (34%)	50 (100%)	9 (18%)	22 (44%)	19 (38%)	50 (100%)

*The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their occupation and satisfaction level.

TABLE II₆^{**}: MARITAL STATUS AND SATISFACTION LEVEL

Marital Status	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
Unmarried	2 (9.09%)	11 (50%)	9 (40.9%)	22 (100%)	4 (15.38%)	8 (30.77%)	14 (53.84%)	26 (100%)
Married	6 (41.43%)	10 (35.71%)	12 (42.85%)	28 (100%)	6 (25%)	13 (54.16%)	5 (20.83%)	24 (100%)
Total	8 (16%)	21 (42%)	21 (42%)	50 (100%)	10 (20%)	21 (42%)	19 (38%)	50 (100%)

**The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their marital status and satisfaction level.

TABLE II₇^{*}: NUMBER OF MEMBERS IN THE FAMILY AND SATISFACTION LEVEL

Members in the Family	Organized				Unorganized			
	Low	Moderate	High	Total	Low	Moderate	High	Total
1-2	4 (22.22%)	6 (33.33%)	8 (44.44%)	18 (100%)	2 (15.38%)	6 (46.15%)	5 (38.46%)	13 (100%)
2-5	2 (9.09%)	12 (54.54%)	8 (36.36%)	22 (100%)	7 (26.92%)	10 (38.46%)	9 (34.61%)	26 (100%)
Above 5	3 (30%)	3 (30%)	4 (40%)	10 (100%)	2 (18.18%)	4 (36.36%)	5 (45.45%)	11 (100%)
Total	9 (18%)	21 (42%)	20 (40%)	50 (100%)	11 (22%)	20 (40%)	19 (38%)	50 (100%)

*The Table shows the categorization of respondents (shopping at organized and unorganized retail stores) according to their family size and satisfaction level.

TABLE III: RELATIONSHIP BETWEEN SOCIO ECONOMIC CHARACTERISTICS AND SATISFACTION LEVEL- CHI-SQUARE ANALYSIS

S. No.	Socio-Economic Characteristics	Degree of Freedom	Table Value	Organized		Unorganized	
				Calculated Value	Result	Calculated Value	Result
1	Age	4	9.49	1.967	NS**	10.239	S***
2	Gender	2	5.99	0.177	NS	0.408	NS
3	Annual Income	4	9.49	1.182	NS	4.863	NS
4	Educational Qualification	6	12.59	8.225	NS	9.967	NS
5	Occupation	8	15.51	2.520	NS	3.64	NS
6	Marital Status	2	5.99	1.781	NS	5.783	NS
7	Members in The family	4	9.49	3.599	NS	1.033	NS

** NS- Non Significant; ***S- Significant;
Level of Significance= 5%

TABLE IV: PROBLEMS FACED BY CUSTOMERS AT ORGANIZED AND UNORGANIZED RETAIL STORES- GARRETT RANKING ANALYSIS

Problems of Consumers		Organized			Unorganized		
		Total Score	Mean Score	Rank	Total Score	Mean Score	Rank
From Retailers/ Employees	Poor reply on enquiry	2989	59.78	III	2713	54.26	IV
	Poor co-operation	3411	68.22	I	2655	53.1	V
	Lack of knowledge	3019	60.38	II	2756	55.12	III
	Selling expired products	2865	57.3	IV	3324	66.48	I
	Adulteration	2675	53.5	V	2994	59.88	II
In terms of Accessibility	Unavailability of goods	2345	46.9	III	3235	64.7	I
	Unavailability of branded products	1898	37.96	IV	3098	61.96	II
	No home delivery	2935	58.7	II	2655	53.1	III
	Poor after sales service	3059	61.18	I	2476	49.52	IV
In terms of Physical Appearance	Inconvenient location	3645	72.9	I	2365	47.3	V
	Inconvenient parking facility	2675	53.5	V	3449	68.98	I
	Improper cleaning	2889	57.78	IV	2979	59.58	IV
	Improper arrangement of goods	3367	67.34	II	3115	62.3	III
	Improper space management	3016	60.32	III	3218	64.36	II

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BREAKTHROUGH MANAGEMENT STRATEGY: EMERGING NEW INNOVATION THINKING IN INDIAN MANUFACTURING INDUSTRIES

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ABSTRACT

Now a day's most of the top management understands that if they fail to face rapidly changing realities, it's highly probable that their capacity to maintain business will diminish in the future. It indicates the need for a new approach to management to sustain in the future. It is evident that the traditional methods for running a successful business frequently fail to produce results as they once did. This puts a different spin on an old question: Should companies look narrowly at their role or be concerned with broader social issues? So they must discover the approach required for a radically changed future. There are no magic formulas that guarantee success in the future. Fortunately, there's another way of looking at the future and the choices ahead of us. It isn't rooted in yesterday, and it's desperately trying to shape tomorrow. The new design approach is called "Breakthrough Management Strategy". The objectives of writing this research paper are to study the Breakthrough Management Strategy in Indian Manufacturing Industries and find out the applications to enhance company's innovation efforts for their future. This paper is based on secondary research. This paper also portrays few cases of manufacturing companies who embarked the breakthrough journey. These companies are focusing systematically and simultaneously on both the present and the future by adopting Breakthrough Management Strategy.

KEYWORDS

Breakthrough Management Strategy, India, Innovation, Manufacturing Industries, Visionary Leadership.

INTRODUCTION

There is a fundamental transformation of business underway. Forged by digitization, ubiquitous connectivity and globalization, this transformation radically alter the vary nature of the firm. No industry is immune to this trend. It completely changed traditional industries as well as emerging industries. We know that everything changes, change itself must change. Change is the window through which the future enters our life but we find change disorienting, creating an anxiety within us. As the saying goes, "the only people who like change are busy cashiers and wet babies." If we wish to succeed in this rapidly changing new world "we must learn to look on change as a friend – one who presents us with an opportunity for growth and improvement."^[5] In other words, we must learn to see change as a means of achieving our goals, not a barrier preventing us from reaching them. Yet this restructuring of our perspective on change can take some time, some efforts. Since there are some bumps along the road, we shouldn't expect all of the changes ahead to be painless, demanding only minimal sacrifice, cost, or effort. In fact, coping with change follows the some steps. But what are these steps in changing world? How these steps can help us to survive in the fast changing scenario by solving our problems in advance? There are numbers of models and approaches advocated by many "Management Gurus" but the magnitude of today's environment and global market change is unprecedented. In these circumstances, there is no room for error.^[1] This had put a great emphasis on getting the right strategy and getting the strategy right. Many managers are looking for the one great panacea that new strategy or piece of management thinking that can address all of, or at least their main problems. At the same time, there is no solid and proven method that would help us to prepare in advance. In search for a solution more and more business people turn their attention to "Breakthrough Management Strategy".

RESEARCH OBJECTIVES

Due to the paucity of data, there are very few empirical studies on the breakthrough management on the developing countries. It shows that breakthrough literature related to India is seriously lacking. Viewing this important yet largely ignored research gap, the objective of the study was framed as follows: "To study the Breakthrough Management Strategy in Indian Manufacturing Industries and find out the applications to enhance company's innovation efforts for their future".

FRAMEWORK OF THE PAPER

This research paper provides a reader with an overview of what "Breakthrough Management Strategy" can bring to the business world to enhance and accelerate business innovation. It also shed light on how to proceed with this strategy. The paper begins with a discussion of background information of Breakthrough Management Strategy. The data are collected through secondary sources. The contextual information helps in understanding the status of Breakthrough Management in India. Further it provides information about the elements of successful breakthrough, works and principles of visionary leaders. It also examines the stages and cycles of breakthrough and obstacles in breakthrough. This paper portrays few cases of manufacturing companies who embarked the breakthrough journey. Finally it provides findings of the study. The conclusion drawn along with suggestions put forward for future has discussed at the end of the paper.

BREAKTHROUGH MANAGEMENT STRATEGY

In India, the advent of knowledge economy fundamentally changes the competitive landscape of manufacturing industries and working environment of employees. There are several key factors contributing to India's competitive advantage in the manufacturing sector. India's manufacturing journey can be divided into three eras: Process Control, Incremental Improvement (Kaizen), and Breakthrough Management. Each of these eras emerged in response to industry's need to survive, making the earlier management philosophy a basic requirement. Breakthrough Management is the third of the management concept after Control & Kaizen. "The Process Controlled Management" era started in 1930, where everything comes from top management and quality was controlled with mass production in mind. This led to the era of mass manufacturing. These methods are still used by the most sophisticated businesses across the world. This was followed by "Kaizen" - the era of Incremental Improvements, referring to small steps to improvement in products and services. Developed in Japan in the 1970s, Kaizen business strategy involves everyone in an organization working together to make improvements without large capital investments.^[7] In India, most of the manufacturing industries are focusing on this approach but few companies in India manage to produce innovations ranging from the incremental to the revolutionary. That is, they are entering into new era: Breakthrough Management.

Breakthrough Management Strategy is the new management buzzword in the Indian industry. Breakthrough Management is a social and managerial process aimed at supporting the development and commercialization of new ideas, new products, new technologies and new business models. It is a systemic approach to building sustainable advantage for the long term that applies a profound understanding of the innovation process. Because breakthrough is systemic, it does not address just the problem of innovation. Instead, it enables us to effectively manage the critical linkage between innovation, corporate strategy, and organizational performance.^[12]

Breakthrough Management has three aspects - Opportunity Focus (to create new customers), Total Dedication (to make the required big jump) and Continuous Unlearning (to forget traditional past). In Indian companies, the chief executive officer has a strategic vision for his business, but this is lacking in the next levels of management. The second and third levels of management have achieved operational excellence, but are weak in strategy. This gap between operational excellence and business excellence needs to be filled through preaching the concept of breakthrough management.^[9] It is based on "3-Not Principles." The project must not yield any immediate results; the project must not have clear focus and should be an exercise in exploration. The project should not relate to any current business. Typically at the start of a breakthrough, there is high optimism but this is followed by a slowdown as further results become difficult to obtain but this is only temporary phase. The natural inclination for top managers should be to put more effort in this stage, while doing so the top management needs to build a dream team, led by a person having an emotional bonding with the breakthrough idea. The purpose of Breakthrough Management Strategy is to change our thinking and improve our imagination. Since most ideas in breakthrough management rejected immediately as they are closely related to our daily work life, again we have to think deeper, to come up with something that is more exciting more radical, more innovative. By continuously repeating the process of idea generation and idea rejection, Managers can learn how to steer their minds in a new direction.^[10]

BREAKTHROUGH MANAGEMENT STRATEGY AND INDIA

Prof. Shoji Shiba, leading expert in "Total Quality Management" from Japan, who is the father of "Visionary Leadership for Manufacturing Programme" (VLFM) in India gives us deep insights into what we ought to do to push our manufacturing sector to greater heights for not only creating millions of jobs but also meaningful lives and prosperity. For the first time in 1994, Professor Shiba conducted a top management seminar in Bangalore at the invitation of "Confederation of Indian Industry" (CII) followed by others in 1998 and 2000. Professor Shiba initiated the first Learning Community (CII-LC) with six Indian companies in July 2004 for learning about Breakthrough Management and applying this in the Indian context. These companies are Brakes India Foundry division, Lucas TVS, Sona Koyo Steering system Ltd, SRF Ltd., TechNova Imaging system(P) Ltd, UCAL Fuel System Ltd., etc. After the success of the first CII-LC, Prof. Shiba set up the "Second Learning Community" with another five companies, which are also working towards achieving breakthroughs. In India, till date about forty manufacturing organization has taken a step in this direction and they adopted the same approach to the changes happening at their workplace because these are not temporary adjustments until things get "back to normal." They are probably the "new normalcy" of their life as a company.^[11]

ELEMENTS FOR SUCCESSFUL BREAKTHROUGH

There are four elements for successful breakthrough which we can classify in to two dimensions. The elements in the vertical dimension are "Leadership for Transformation" and "Patterns of Breakthrough" which relate to organizational issues-how to change in the organization. The horizontal dimension elements are "Perceive Symptoms of Change" and "Develop Concept for future", relate to individual skills for achieving breakthrough result.

The "Leadership for Transformation" requires visionary leaders who can develop the capacity to lead with breakthrough management strategy. The first task of visionary leader is related to identification of transformational needs.^[4] There are two aspects of this: identifying the needs for transformation and identifying what transformation is needed. This is a process of discovering what is unknown or invisible and turning it into a commitment for tangible change in a visible direction. To perceive invisible societal change and identify transformational needs requires deep skilled perception of what is happening in the business world. The second breakthrough task of visionary leader is initiation of the transformation. This is the process of disrupting the existing business, putting a new model in place, and beginning to force change consistent with the new direction. Now the third important task of visionary leader is creation of new business process.^[12] The CEO alone can not achieve breakthrough. It is important to involve the employees of the organization in this journey. Breakthrough is achieved when leadership succeeds in engaging the energies and emotions of all the employees, although it take hard work and time to overcome their resistance to change.^[8]

Before a visionary leader moves an organization toward a breakthrough, the leader first has to perceive a possible opportunity and envision a possible concept for the future. There is no surefire formula by which we can decide about future change. The symptoms of important technological, economic, social or cultural change can be hard to perceive. The available data are in the past, while much of the change may still be in the future. It is not possible to rely on the rational extrapolation of the past data. Visionary leaders some how genius for such observation that lets them move their organizations in directions that are necessary to deal with change. They can perceive change and an opportunity through image data and language data. They can perceive the symptoms of change through intuitive observation; go to the source and discovering through more useful image which are part of image data. After perception, the next task is to describe into language. Through the process of describing something into language, we become more conscious of what we perceive. It is important to understand the nature of language to perceive change because the use of language is dependent on the personality of the speaker; his/her value orientations, experience of time and space, selective perceptions, non/verbal capacities, and specific patterns of behaviour, etc.

STAGES OF BREAKTHROUGH

There are basically three stages of breakthrough. The first two stages happen within the organization; the third includes people from out side the organization. The stages are "Initiator's Breakthrough", "Entrepreneurial Group's Breakthrough" and "Development Partners' Breakthrough". The Initiator's Breakthrough is sensing the problem or opportunity, coming up with new idea, and resolving to push ahead with the idea. The Entrepreneurial Group's Breakthrough is demonstration of the technical or operational feasibility of the concept. The Entrepreneurial Group actually develops the product by creating a detailed business plan and applying essential human resources from all departments. The breakthrough with the development partners is demonstration of the market feasibility of the product. Development Partner's Breakthrough is related to launching the product in the market, focusing the target market, creating development partnership with some efficient companies in the market, gathering the information from the world and applying same by focusing again on key features of own business.^[12]

CYCLES OF BREAKTHROUGH

We can not cross all stages of breakthrough until there is a mental block, hence it is necessary to achieve mental breakthrough before a new stage is fully deployed. Each stage of breakthrough involves a three phase cycles. The three phase cycle for breakthrough involves dedication, a mental breakthrough, and a technical breakthrough. It is dedication which is very necessary to make real change. The dedication necessary for breakthrough will come from different sources for different people. However dedication alone is not enough. It is necessary to achieve mental breakthrough through unlearning the past learning. There are three important areas of knowledge that need unlearning: our culture or functional background, our past experience, and our current business. Similarly breakthrough requires technical feasibility also to be met. A technical breakthrough is achieved when the scientific methods and tools are used to make the change.^[11] It is the CEO's initiative to obtain outside information and establish technical feasibility for an idea to take the company into the future. It is for the CEO/leader of the organization to ensure that the breakthrough project is given the right kind of impetus, since many are unable to foresee the benefits from such a project while still under development. Often a project idea may be laughed off as a crazy one, but breakthrough ideas cannot be normal ideas; they have to be somewhat "crazy", only then they can lead to a real breakthrough.

OBSTACLES TO BREAKTHROUGH

The leaders of breakthrough change are bound to face resistance and hurdles of many kinds. Generally two kinds of obstacles affect breakthrough innovation in nearly every organization. The impediments are roadblocks and speed bumps. Roadblocks are cultural norms, which mean, they are created by groups of people. Because these are group based, these are more difficult to identify and more challenging to eradicate. Speed bumps, on the other hand, are individual behaviors that directly affect the ability of any new idea to move forward. Speed bumps can be very destructive if not addressed properly, but these are easier

to recognize and overcome than roadblocks.^[2] Besides it, breakthrough innovators face many other obstacles like inadequate funding, risk avoidance, time commitments, incorrect measures, etc. Since breakthrough is a serious and risky process, while the chances of failure are high, but for those who succeed, the rewards are handsome.^[6]

CASES OF INDIAN INDUSTRIES

There are few companies in India who avoided pitfalls that can thwart breakthrough initiatives. These companies either have successfully transformed, or are in the process of transforming themselves.

BRAKES INDIA LIMITED-FOUNDRY DIVISION

Brakes India Limited-Foundry Division (BIF) is the leading manufacturer of automotive and non-automotive braking systems and ferrous castings in India. BIF joined Prof. Shiba's "First Breakthrough Learning Community" in 2004. By applying the Breakthrough Management concepts, the foundry became a zero discharge company given that foundries are known for discharging high levels of waste. In the process, it has converted polluting waste into rewarding waste and created sustainable uses for it. The converted waste was used for creating kitchen gardens, irrigating flowering trees and the development of a green belt. The foundry division has developed a "stabilized mud block" technology from solid wastes to construct buildings. The process was then extended to other buildings and tested for different usages such as floor molding, non-load bearing structures and light-load walls. At the next stage, this material was also adapted for use in building roads and improving the fertility of the soil. Brakes India found out a way to convert slag into construction material and avoided use of fire wood which is required to be burnt to dry the bricks when produced in the conventional manner. Brakes India has also obtained a patent for this innovation.

GODREJ & BOYCE MFG. CO. LTD.

Among the Indian companies Prof. Shiba has transformed is Godrej & Boyce. Established in 1897, the Godrej group has grown in India from the days of the charkha to nights at the call centers. Godrej developed its own method of breakthrough innovation by looking at what needed to change and what did not, learning and then unlearning, and by accepting that no matter how much it try to learn. By spending more time with customer, Godrej learned how to get inside their minds. Steeping into someone else's shoes gave it great insights, which laid the foundation for new approaches like Breakthrough Management. Godrej is now focusing on lower class and lower middle class in India. Based on this philosophy, certain breakthrough products like customized furniture, locking for safety solution, etc. are developed by Godrej. A major breakthrough product "Godrej's Nano: Chotukool - six liter refrigerator" is also developed by Godrej. It is the world's lowest-cost refrigerator. It is also in tune with what Management Guru "C K Prahalad" has said for some time now - serving the poorest of the world can and should be good for business.

LUCAS - TVS LTD.

Lucas - TVS established in 1961 as a joint venture between Lucas UK and T V Sundram Iyengar & Sons (TVS), India to manufacture automotive electrical systems. In its continuous pursuit of both technological as well as methodological excellence, Lucas-TVS has scripted yet another new dimension to manufacturing by adopting Breakthrough Management Strategy. At Lucas- TVS, the basic requirements of breakthrough development are based on continuous interactions with customers and end-users to understand their unfulfilled needs. The Lucas - TVS' teams have developed contacts and access to the contemporary technology for development of new range of products, in other parts of the world also, so that new innovations and breakthroughs can be created further for implementation in the near future. The entire organization is firmly entrenched in the change process and committed to implementation of breakthrough management programme.

SONA KOYO STEERING SYSTEMS LTD.

Established in 1985, Sona Koyo Steering Systems Ltd. is the largest manufacturer of steering systems in India. Sona Koyo applied the breakthrough tools as guided by Prof. Shiba on the shop floor for accelerating improvement. Sona Koyo has several experiences where Sona Koyo achieved improvements after implementing Breakthrough Strategy. Sona Koyo has managed to develop an indigenous steering system for off-highway vehicles for the US market at half the cost of what other international manufacturers quoted. Now Sona Koyo has been advocating breakthrough and other improvement practices with suppliers also. Remarkable results were achieved by the management with respect to profit, sales, strengthening new product development, drastic improvement in work ratio, stock, cost, and maintaining zero level of line stop at the customer end. There are many other advantages which are enjoying by all the participating members in learning community along with Sona Koyo.

SRF LTD.

Established in 1973 as a manufacturer of nylon tyre cord, SRF is a domestic leader in Refrigerants, Engineering Plastics and Industrial Yarns. SRF started its Breakthrough Management journey in 2004. It helped SRF in its strategic planning that scan the environment for opportunities and challenges. Now as a process, SRF has "Six Year Vision Cycle", "Three Year Strategic Planning Cycle", and "One Year Annual Planning Cycle". Building on the solid foundation of breakthrough management, SRF has developed its own unique six-month certification programme on problem solving, titled "PSP Blue" for developing better skills to solve the people's problems. SRF has further designed and launched a high-level certification programme titled "PSP Silver" to impart advanced skills to people in the areas of new product development, technology and manufacturing. By adopting Breakthrough Methodology, SRF enhanced everyone's capability in problem solving, and thereby improved organizational capability to remain at the cutting edge of competition.

TECHNOVA IMAGING SYSTEMS (P) LTD.

TechNova Imaging Systems (P) Ltd is one of the world's leading manufacturers of imaging products. TechNova started its breakthrough journey in 2004 and has learnt to think about goals besides numbers and market shares. The Breakthrough project was chosen by TechNova to bring down the cost of the process by using "Process Breakthrough Technology". Now its innovative digital plate has brought down the investment in equipment from more than a crore of rupees to a few thousands. TechNova also launched "Elite", the most robust and versatile thermal digital plate in the world. This plate is perfectly compatible with alcohol-free founts. This helped printers to reduce their impact on the environment, without risking the fear of plate failures. Furthermore, the elimination of pre-heating and post-baking steps helps printers to reduce costs and energy consumption significantly. "One should be driven by an inner urge to create breakthrough products and services that fulfill the latent needs that even the end-users have not realized exist", with this philosophy, TechNova Imaging Systems is enjoying many benefits by continuing the ride on Breakthrough Management practices.

TVS MOTOR COMPANY

TVS Motor Company is the main flag ship company of Sundaram Clayton group. In the quest of further improvement and innovation, TVS Motor initiated its Breakthrough Management journey through participating in "Visionary Leaders for Manufacturing Programme (VLFM)". This programme commended TVS as a learning organization that aims at high quality manufacturing by faithfully practicing the fundamentals of TQM. Now TVS has been at the forefront in bringing a revolution in the way personal commutation was happening, way back in the 1980s. Beginning with launching a simple, easy-to-use moped for the middle class in India in the 1980s to launching 7 new bikes in a single day (first time in the history of the automotive industry in the world), TVS has often taken the unbeaten path to innovation. By applying the principles Breakthrough Management, the company has developed and launched several new products resulting in higher sales volume, turnover and profit. With this VLFM programme, TVS Motor hopes to replicate another story of success by creating the joy of learning by action and working towards the realization of a national dream in this competitive environment.

UCAL FUEL SYSTEMS LTD.

UCAL Fuel Systems Ltd. was established in 1989 by Carburetors Limited, pioneers in the manufacturing of carburetors and mechanical fuel pumps in India. UCAL Fuel Systems Ltd. joined Prof. Shiba's breakthrough learning community in 2004. It helped UCAL Fuel Systems Ltd. to identify latent needs of customers through customer visitation which was done by meeting the toughest customers and satisfying their needs. Based on the findings, the company was able to take actions to make the customer happy. As a result, UCAL Fuel Systems Ltd. has set a mini factory with in factory (FWF Concept). The FWF concept was based on the premise that to get money you have to be loved by the customer, which requires one-to-one contact and customer satisfaction. This is where Shiba helped the company through his methodology. By following the teachings of Prof. Shiba, UCAL Fuel Systems Ltd. achieved many breakthroughs. UCAL Fuel Systems Ltd. is

the first company to introduce this innovative concept (FWF) in its factory in India. The synergy obtained is reflected in the results. The company is meeting 100 per cent delivery performance with less effort, less cost and less management. The feeling of ownership among employees is much higher, a result of a customer-centric process. Most important, the company has achieved a more satisfied customer and top management's focus towards future business whether the company is growing or going through a flattening phase, breakthrough will always be important for them.

FINDINGS

In India, Manufacturing Industry has seen three eras of change and management - Process Control, Incremental Improvement (Kaizen), and Breakthrough Management.

Few years ago Indian manufacturing companies focused only on production - the small 'm' concept. However, to compete globally, Indian manufacturing companies now focusing on the BIG 'M' concept. BIG 'M' concept is related to enlarging our perspective and developing an integrated thinking capability to improve quality in every field.

Indian Manufacturing started its quality journey in the early 1985's. Confederation of Indian Industry took the initiatives to lead the Indian Manufacturing Sector. ISI, Indian Quality Council, NIQR, NASSCOM, QAI, TQMI, KPMG, etc. also played an important role in this journey.

By adopting different quality improvement techniques, many Indian companies received various prestigious quality awards from world class quality institutions. Another very prestigious award, received by more than fifteen Indian companies is "Deming Prize" from The Japanese Union of Scientists and Engineers (JUSE), Japan. Sundaram-Clayton Ltd., Brakes Division, TVS Motor Company Ltd., Brakes India Ltd., Foundry Division, Sona Koyo Steering Systems Ltd., SRF Ltd., Lucas TVS Ltd., Indo-Gulf Fertilizer Ltd., Krishna Maruti Ltd., etc are few Deming Prize winners from India.

This is a reflection of the increasing quality consciousness of Indian Manufacturing Industries. To take India to the next leap of manufacturing revolution, some Indian manufacturing companies decided to adopt some innovative techniques. Breakthrough Management is one of such innovative technique which was introduced in India 2004 by Prof. Shoji Shiba from Japan.

Professor Shiba initiated the first CII Learning Community with six Indian companies in July 2004 for learning about Breakthrough Management and applying this in the Indian context. Sona Koyo Steering System Ltd, TechNova Imaging Systems Ltd, UCAL Fuel Systems Ltd, Godrej & Boyce Manufacturing Co Ltd, TVS Motor Co. Ltd, Lucas TVS, Brakes India Ltd - Foundry Division, Bharti, etc. are the member companies of this community.

Breakthrough Management theory rests on the premise that every organization goes through a lifecycle, there comes a tipping point when the business starts waning. This is when businesses must reinvent themselves, and necessarily kill old businesses and find new avenues. Breakthrough Management is all about creating new markets in the fast changing environment. The idea is to create a consumer segment where it didn't exist earlier.

There are six distinctly different breakthroughs which must occur before an organization will sustain its results: Breakthroughs in Leadership, Breakthroughs in Organization, Breakthroughs in Current Performance, Breakthroughs in Culture, Breakthroughs in Management, and Breakthroughs in Adaptability.

Firm's financial resources as well as human resources have direct impact on breakthrough management. Unless the firm is willing to sacrifice major sums and not to question those who are engaged in developing and marketing the "perceived" breakthrough, the breakthrough project cannot be successful.

The first CII Learning Community has achieved many breakthroughs over the past seven years. After the success of the first CII-LC, Prof. Shiba set up the second Learning Community with another five companies. All those companies who adopted breakthrough practice, it experienced both tangible and intangible benefits.

Although there are many benefits of Breakthrough Management, there are lots of barriers. Barriers and breakthroughs are connected and closely related. Barriers may exist as structure, orthodoxy, constituency for change, turbulence, and mindset, to name several. Hence the role of the breakthrough management model is to identify the barriers in terms of how they are perceived and how they are overcome.

Having realized current need of the Indian manufacturing sector, Prof. Shiba along with CII decided that it is time to take the successful Learning Communities concept to a National Level. Thus the first steps were taken towards the creation of a National Level Learning Community through the Visionary Leaders for Manufacturing Programme (VLFM). The initial objective of the programme was to create a critical mass of Visionary Leaders to lead India's manufacturing sector in to future growth. Today, the programme is focusing on building a shared dream for India's manufacturing sector that fuel the growth of the individual, the organization, the industry and the economy.

CONCLUSION

Finally, it can be concluded that in this era characterized by intense competition and change, Breakthrough Management is one of the strategy which can help organizations to prepare for future. After understanding the mechanism of breakthrough management, it can help organisations to redefine their strategic plans based on systematic approach rather than on guesses, trails and errors. Few Indian Manufacturing Industries already embarked this journey and took many initiatives in the form of VLFM programme, the researcher sense that the teams of enlightened leaders coming out of the VLFM programme and adopting Breakthrough Management Strategy have the capacity to change future outlook of manufacturing in India. Let us say, today's Breakthrough Management in India is like a car which can bring us too many destinations. No doubt, one day we will have Indian spaceship.

SUGGESTIONS

If we want to stay in business of tomorrow, we need to proactively improve our organization's breakthrough innovation effectiveness. The bad news is that there is no magic bullet to doing so and it can't be done overnight. The good news is that few companies have succeeded in building breakthrough innovation competence. Conducting a breakthrough innovation diagnostic and acting on its results is a proven way to get started. Acting systemically on all the root causes of breakthrough blockages will help companies to complete the job.^[3]

Starting a new breakthrough requires building new combinations of people, ideas, and objects. Hence it is important that the team for new breakthrough should be selected carefully.

The purpose of Breakthrough Management process is to change our thinking and improve our imagination. Some CEOs have the intuitive capability to spot a good business opportunity, so it is better to make the CEOs interested in the proposal.

It is necessary that top management supports the breakthrough team from the start of the process to the end and should be given the sufficient time and resources.

Breakthroughs usually take the sweat and tears of many people. But those efforts won't bear fruit unless the right mix of skills and experience is involved, properly directed by exceptional leaders and by the right thought process.

For successful breakthrough, it is important to bring positive change in the organizational culture and it may be possible through visionary leadership.

Be wise in the same way by picking the right time and place to pursue breakthroughs. Know well your strengths and weakness and do not change just because everybody else is doing.

It is imperative for the manufacturing sector to imbibe a culture of innovation and integrate it into their DNA. Some of the manufacturing industries are already working in this direction and achieving breakthrough results. Now its time for all other industries to join this initiative, continue to work towards building a competitive, innovative and vibrant India.

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