

Proceedings of the
National Conference
Held on 20th October, 2015



Issues and Challenges of Commerce and Management



Editors:

Fr. Vineeth George, CMF

Ms. Maria D'souza

Mr. Mohan Kumar M. S.



Centre for Publications

St. Clare College

Jalahalli, Bengaluru - 560 013

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FOREWORD

It is projected that in 5 years from now, electronic commercial transactions in India would grow 50% and contribute over \$100 billion to the exchequer. E-business is also catching up following the cues received from some of the most successful organizations in the West and East. Change of business and commerce from its traditional modes of transactions to electronic system throws up new challenges and opportunities for growth. Along with this, our Prime Minister's pet project for economic rejuvenation, Make in India, has great potential to promote entrepreneurship and beginning of new ventures. At the same time, there are bottlenecks in doing business in India. If better planning and implementation is done by the government and industry together, India can overcome this blot and become the manufacturing hub of the world. Again, skill development is a sine qua non if the youth of today's India has to be transformed into generators of employment and income. For this the youth are to be empowered. I am sure that how best India uses its human capital would decide what role India will play in the international arena after 10-15 years. Political-will along with right policies can make Indian GDP grow above 8% levels. Also there has to be a decisive and deliberate attempt to shift our focus from backend services to core and value added areas in the IT and IT enabled services.

This is also the time when more and more corporate scandals are brought to light. Satyam scam is still fresh in our minds. The Enron scandal and the role played by the holding company Arthur Andersen towards the beginning of this century have made the world to realize the role greed plays in business and the extent of damage unethical practices can impact on organizations. Management and commerce education institutions have a role and responsibility to train future managers with ethical values and that is what St. Claret College is doing at its portals.

St. Claret College started with commerce and management streams from the beginning years as it realized the need to equip students to meet the demands of the market and train them to be ethically founded to face the reality that beckons them. This National Conference on Issues and Challenges of Commerce and Management is also conceived with the aim to focus on wider reflection and analysis on some of the major issues which we have rightly spotted and enumerated as the sub-themes of this conference. I am sure the papers presented and published during this conference instigate an active enquiry to address the issues and challenges of commerce and management and initiate processes that address them proactively. If that is achieved, then we have done our work.

Rev. Dr. Sabu George, CMF

Principal

MESSAGE

GENERAL MANGER

I am delighted to see that St. Claret College is organizing a national conference on issues and challenges of commerce and management. The amount of interest from the part of the participants expressed in the number of papers received for presentation shows the relevance and concerns regarding the issues dealt with. St. Claret College has been taking lead in discussing on issues of national and international interest and proposing ideas for visioning a better future. With our country aspiring to take a place of prominence in creating better future for the world it is a must that we put our capacities to think and plan together. Rather than individual initiatives and imaginations when ideas are knit together and engage in co-creating we get bigger possibilities. The national conference offers such a platform to put together ideas and co-create visions for dealing with issues of commerce and management.

“Seize Tomorrow, Start Today” is the title of a book by James A. Belasco and Jerre Stead calling forth to “renew your vision, revitalize your organization, and stay ahead of the future”. I think this expresses the spirit of the Conference. Life is always on the fast track. We need to catch up or rather think ahead if we want remain significant to the changing times. Discussing the issues of the day, foreseeing the challenges of tomorrow and evolving plans for the future will stimulate the imaginations of the participants of the Conference. 'Think before it is too late', as Edward de Bono tells us. Let new ideas emerge, and make the world a better place to live.

While I congratulate the management of St. Claret College for organizing the seminar I wish that the younger generations formed in our institutions will get tremendous inspirations to be part of the think-tanks and contribute to the development of our country. Make the conference a platform 'to discover the facts about the tomorrow you want to create'.

Rev. Fr. James Kannanthanam, CMF

General Manager

MESSAGE

MANGER

We live in a world marked by transformational change in being and becoming influenced by the dynamics of human thinking and acting or living. The impact of social sciences and psychology in human beings is tremendous. The fast changing patterns of life, developments in science and technology, industry, commerce and management effected by the shrinking of the world due to fast means of transport and communication, globalization and competitive marketing seem to threaten the very balance of the mother earth on which we live, and the cosmos at large. Crude exploitation of the planet earth and mad race of the humans for superiority is a threat to the integrity of creation and a challenge to the creator.

Today there is great need for managerial skills for proper living and proper use of the resources, both human and material. Our technical skills may be what got us noticed, selected and promoted, but they are not enough. All are managers in one way or another. Yet to succeed as a manager one needs to be talented in soft skills. In areas where one has well developed skill, keep it up and at the same time in the other areas, work harder to improve. This is how we can improve our chances of success. By this one can easily wean the support of the management and prove oneself to be effective and productive or well performing.

As mentioned early, today change is the only unchanging reality and we have to be flexible to the changes around. At times it may lead to certain amount of disasters as well, because of the high risk involved in competition and the change of laws and regulations. We have to welcome change and be prepared to meet the unexpected challenge. I am reminded of the words of Henry Ford; “When everything seems to be going against you, remember that the airplane takes off against the wind, not with it.” This invites us to do something different and wonderful which others may follow. There is no meaning in living on the ground one's entire lifetime fearing that if one climbs a tree or a hillock one would fall.

The Earth is not only the place where we live, but the great foundation upon which rests the fabric of society, and the institutions of the world. The manufactures and commerce are essential to the happiness and prosperity of the country, and they add very much to the value of the land. But the land of the country is the country itself, and the owner of the land has the deepest and most permanent interest in its well-being. Tied down to the soil, he must share the fortunes of his country, whether in its greatness or in its fall. When properly managed, commercial activity can quickly enhance the standard of living in a nation and increase its standing in the world. However, when commerce is allowed to run unregulated, large businesses can become too powerful and impose negative externalities on citizens for the benefit of the business owner.

Progress, prosperity and development are possible only when there is synthesis or synergy of the opposites both in the dialectics of thought and of life. It results in the onward and upward movement and growth of human mind and life. Education must enable the students to undergo this process of developmental change. I conclude with the words of Francis Parkman; “Art, industry, and commerce, so long crushed and overborne, were stirring into renewed life, and a crowd of adventurous men, nurtured in war and incapable of repose, must seek employment for their restless energies in fields of peaceful enterprise”.

I am glad that St Claret Degree College is organizing a National Conference on the Issues and Challenges of Commerce and Management. It indeed is a step in the right direction. I would appreciate the efforts of the Principal, faculty and staff, and wish all success for this great event.

Rev. Fr. Varghese K., CMF

Manager

CONTEXT OF THE CONFERENCE

According to Chanakya, “Education is man's best friend. An educated person is respected by all. Education beats even beauty and youth.” Commerce and management education has its bearing on everything. The concepts of Commerce and Management are not new as such, but have been in vogue since time immemorial in different forms. They have remained relevant throughout the ages, withstanding the invasion of even the new age streams of knowledge, be it Information Technology, Bio Technology, Communication Technology or Nano Technology.

According to Harold Geneen, “In the business world, everyone is paid in two coins : cash and experience. Take the experience first; the cash will come later.” Simply put, Commerce and management should serve the society rather than self – Bahujan sukhaya, bahujan hitaya (Public welfare lies in the happiness of the masses). In this context, the present conference is being organized to create a common platform for those who are directly or indirectly involved in imparting Commerce and Management education to the masses – to discuss, deliberate, brainstorm and ideate – based on their expertise and experience as educators.

Our earnest hope is that this national conference serves as a suitable platform for the participants to widen their horizon in the disciplines of Commerce and Management in their quest to fathom the vastness of the scope of these two disciplines.

Mr. Safer Pasha M.

IQAC Coordinator

Marketing Trends in Brand Penetration for Textile Industries in Ramanagar and Kanakapura Locations in Karnataka

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ABSTRACT

A brief mention of the fact that rural India makes up to close to three-fourths of India's population and 51% of the total disposable income is enough to ascertain that this market holds a significant potential. Some might be lead to believe that the per-capita calculations would prove the previous statement incorrect. However, the fact that rural India forms 41% of India's middle class and a mere 1% increase in India's rural income translates to a mind-boggling Rs 10,000 crore of buying power is evidence enough to know that this market holds promise. This research paper studies the penetration of the branded apparel industry in rural areas and markets. We conduct the research with the sample size of 100 numbers around the Kanakapura areas and Ramanagar areas of Karnataka to find out the rural marketing strategies for brand penetration on the apparel industry.

Key words: Rural Market, Apparel Industries, Brand Strategies, Penetration Marketing

INTRODUCTION

According to the 2011 census, of the 1.21 billion people who live in India, a whopping 833 million people accounting for 70% of the population live in Rural India. This section of the population has been exposed to new communication technologies and a plethora of services which has strengthened its aspirations to become an urbanised society. According to a recent Technopak report, rural Indian economy is highly supported by increasing disposable income, Government initiatives and schemes and favourable demographics. As a result, the rural segment of the Indian economy is growing at a pace of 8-10 % per annum and is anticipated to add new consumption of US\$ 90-100 billion over 2012-2017 to the current base of US\$ 240-250 billion. Moreover, the growth of rural India is largely attributed by increasing awareness about the need of education. According to the 'Annual Status of Education Report' of 2012 ASER (2012), private school enrolment in rural India has enhanced by 5.5 % points over past six years. The literacy rate has also gone up by 68.91 % in rural India. Rural chains in India are targeting hinterlands in a big way. For many companies, a large section of their revenues is contributed by rural sales. This fact is further making marketers focus their strategies on rural needs and customise their offerings accordingly. DCM Shriram's rural retail arm Hariyali Kisaan Bazaar (HKB) is planning to open 10 outlets in 2012. It is India's biggest rural retail chain by sales and operates 230 stores across eight states. HKB is also planning to partner with mobile telephone companies to provide farm and commodity advisory services to the farmers. Indian footwear industry, growing at a Compound Annual Growth Rate (CAGR) of about 15 %, is anticipated to reach approximately Rs 38,700 crore (US\$ 7.87 billion) by 2015 from the current level of around Rs 22,000 crore (US\$ 4.48 billion), according to a study by a leading industrial body. The projected growth is based on larger penetration into tier II and III cities and the growing rural market which is making various premium footwear ranges, about 55 % of the overall footwear industry.

BACKGROUND OF THE STUDY

The Micro, Small and, Medium Enterprises, Development Institute, MSME (earlier called SISI), under Ministry of MSME, Govt. of India, Bangalore is one of the prime organizations in Karnataka, engaged in the promotion and development of Industries in the Micro, Small and Medium Enterprises. As a part of the promotional and developmental activities, the Institute conducts studies on the Status and performance of Micro, Small and Medium Enterprises in the State. The District profile is one such report compiled and updated under the District Industry Development Plan of the Institute assigned by Office of the Development Commissioner (SSI), New Delhi. This report contains the present status of economy, geographical information, statistical data relating to MSME's in each district, salient features of the progress of the different sectors of the each district of Karnataka and performance of industries particularly in Micro, Small and Medium industries. The ultimate objective of all production is

consumption. A free market economy provides freedom to the consumers to buy and consumer goods of their choice. The buying preferences of consumers send signals to producers to produce various commodities in required quantities. Producers, therefore, produces only those commodities which are desired by the consumers. In India, consumer behavior has changed in recent years owing to enhanced awareness, information technology, and, more importantly, governmental intervention through legislations. India's rural consumers account for about 73 % of the total consumers. In recent years, the lifestyle of a large number of rural consumers in India has changed dramatically and continues to do so. The buying behavior of the rural consumers is influenced by several factors, such as socio-economic conditions, cultural environment, literacy level, occupation, geographical location, efforts on the part of sellers, exposure to the media, etc. This paper examines the buying behavior of India's rural masses and the diverse factors which influence their choices.

Consumption pattern – The pie figure given below gives a depiction of the expenditure heads of a rural household.

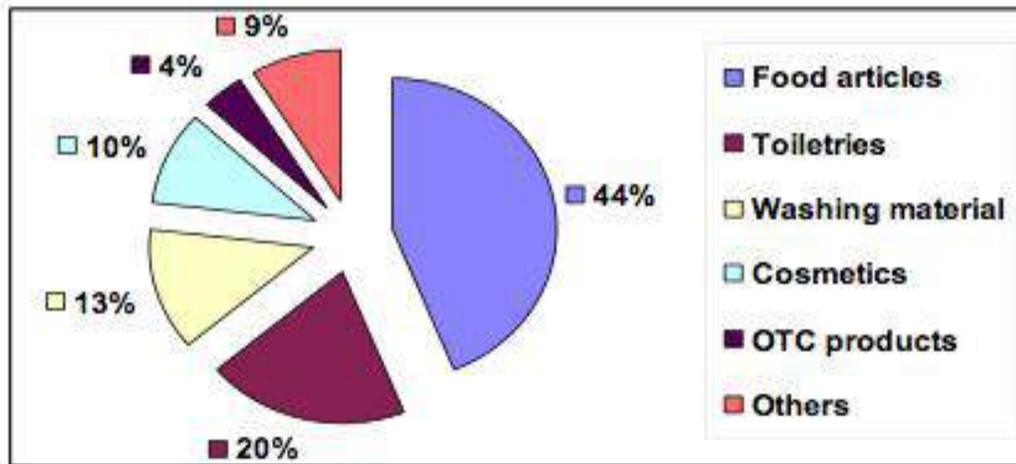


Chart No.1: Consumption pattern; Source: NSSO 5th round KPMG Analysis

Retail Outlets in Mandya:

Samrat Garments	Black Bird Stores	Bheru Cloth Centre	Mafatal Textiles	Sri Mahalakshmi Silks	Bhagya Lakshmi Textiles
Nirmala Garments	The Raymond Shop	Variety Dresses	Nirmal Cloth Centre	Swasthik Cloth Centre	Tirupathi Textiles Showroom
Nanda Apparels	Mahaveera Kiddy's Corner	Mahaveer textile	Rathan Cloth Emporium	Bhagya Jyothi Textiles	Sri Kamadhenu Vasthralaya

REVIEW OF LITERATURE

According to Alain d'Astous, Odile Saint-Louis, (2005) "National versus store brand effects on consumer evaluation of a garment", Journal of Fashion Marketing and Management, Vol. 9 Iss: 3, pp.306 – 317; the study reported in this article aims to examine the effects of national versus store brands on consumer evaluation of a garment, taking into account the intended product usage situation (for everyday use versus for a special occasion) as well as price (regular versus discount), type of store (department versus boutique), and store image (lower-class versus upper-class).

STATEMENT OF THE PROBLEM

- People in rural and semi-urban areas buy apparel from their local retailer but not from exclusive outlets and malls even though they are available in their proximity.
- To identify brand penetration of the apparel industry in rural India and providing sufficient information on the basis of age, income and spending pattern of the individual.

SCOPE OF THE STUDY

- To increase the brand penetration of the apparel industry in rural area.

OBJECTIVE OF THE STUDY

- To understand what prevents i.e., price/awareness /any other, the consumers from buying apparel from exclusive outlets and malls.

HYPOTHESIS

1. Ho: There is a significant relationship between different price range and different purchase locations.
H1: There is no significant relationship between different price range and different purchase locations.
2. Ho: There is a significant relationship between different purchase location and different attributes of customer insight.
H1: There is no significant relationship between different purchase location and different attributes of customer insight.

METHODOLOGY

The sample size for the research was 100 and we use the primary source as questions and secondary sources as article and journals mainly on the rural marketing, urban and rural development, marketing strategies, and rural areas. The samples were selected in the area of Kanakapura and Ramanagar rural areas near Bangalore. The reasons for selecting the Kanakapura and Ramanagar rural areas is because, these areas are mainly depend on the sugar cane, coconuts and agriculture grains for revenues.

RESEARCH DESIGN

Research design used is “**Qualitative research**”. Method used to do a research is “**Survey**”. As previous data about the same was not available it was recommended to go for Qualitative research where data is in the form of words, pictures or objects. An interactive interviewing technique was adopted for gathering data with the help of a standard ‘**Questionnaire**’

Development of Questionnaire

There are in all 1 questions in a questionnaire. Questionnaire has several types of question like Contingency questions- Multiple-choice and Matrix questions- Yes/no questions.

ANALYSIS OF THE DATA COLLECTION

Particulars		Price Range					Total
		100-300	300-500	500-700	700-1000	above 1000	
Purchase Freq	Once in week	1	1	3	1	2	8
	Once in a fortnight	0	1	0	2	0	3
	Once in a month	4	7	14	6	5	36
	During festivals & functions	2	17	9	7	5	40
	Other	1	7	3	1	1	13
Total		8	33	29	17	13	100

Table No. 1: Table showing Purchase frequency Vs Price range

The above table interfaces that if the price of the clothes is in the range of Rs. 300-500 they are going to gain a huge customer base in the future.

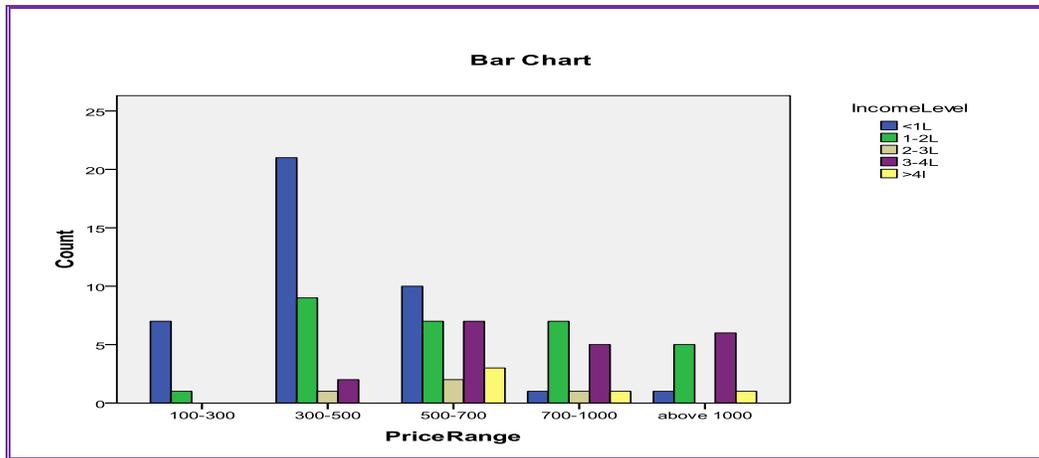


Chart No. 2: Price range VS Income level

Chart No.2 shows that maximum number of people whose income is less than Rs.1 lakh go for the purchase of apparel costing Rs.300-500 and Rs. 500-700. Also, people with Rs 1-2 lakhs of income go for apparels costing Rs.300-500.

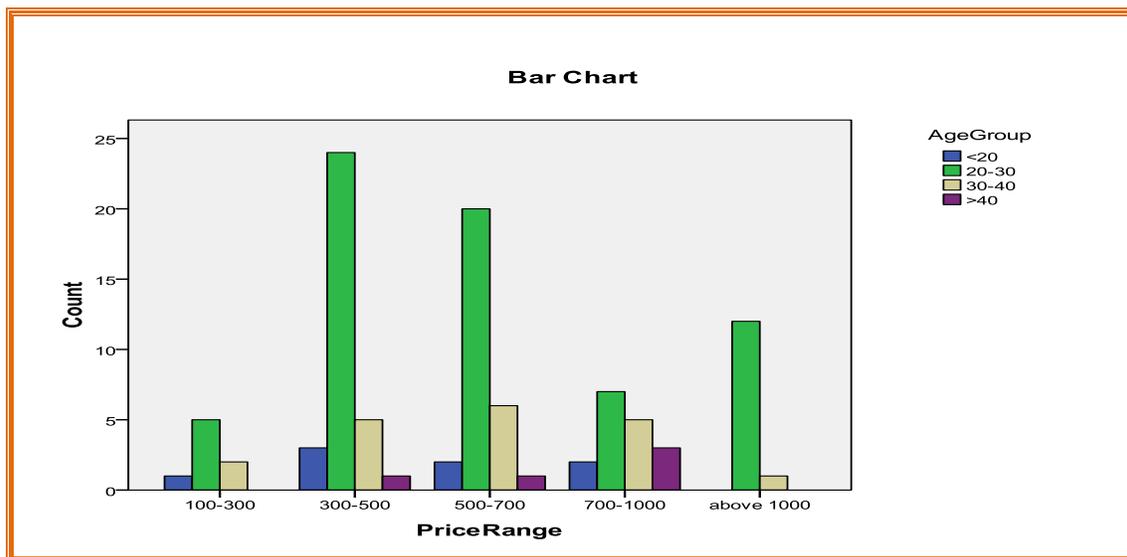


Chart 3: Price range Vs Age group

Chart No.3 shows that the price range and the age group give an interesting relationship. Majority of the respondents whose purchasing power is between Rs. 300-700 are the people of age 20 years to 30 years. These are actually the working people and are able to purchase the clothes. In fact 68% of the respondents having the purchasing power of Rs.300-500 were the people in their 20's. They are also willing to shift their base as 20% of them can spend 500-700.

HYPOTHESIS TESTING

The statistical tool used for hypothesis testing is Chi-square and significance level is 0.05.

Hypothesis 1:

Ho: There is no significant relationship between different price range and different purchase locations.

H1: There is a significant relationship between different price range and different purchase locations.

Chi-square calculation

OBSERVED(O)	EXPECTED(E)	(O-E) ²	(O-E) ² /E
5	2.72	5.198	1.911
14	11.22	7.7284	0.689
9	9.86	0.7396	0.075
4	5.78	3.1684	0.548
2	4.42	5.8564	1.325
0	1.04	1.0816	1.04
3	4.29	1.6641	0.388
3	3.77	0.5929	0.157
3	2.11	0.7921	0.375
4	1.69	5.3361	3.157
2	3.68	2.8224	0.767
12	15.18	10.1124	0.666
16	13.34	7.0756	0.530
9	7.82	1.3924	0.178
7	5.98	1.0404	0.174
1	0.48	0.2704	0.563
3	1.98	1.0404	0.525
1	1.74	0.5476	0.315
1	1.02	0.0004	0.001
0	0.78	0.6084	0.78
0	0.08	0.0064	0.08
1	0.33	0.4489	1.360
0	0.29	0.0841	0.29
0	0.17	0.0289	0.17
0	0.13	0.0169	0.13
TOTAL			16.194

- Calculated χ^2 Value = 16.194
- Degree of freedom = (5-1) (5-1) =16
- χ^2 Table value = 26.30
-

Inferences: As the table value is more than the calculated value, Ho is accepted i.e. there is no significant relationship between price ranges and different purchase locations.

Hypothesis 2:

Ho: There is no significant relationship between different purchase location and different attributes of customer insight.

H1: There is a significant relationship between different purchase location and different attributes of customer insight.

Chi-square calculation

OBSERVED(O)	EXPECTED(E)	(O-E) ²	(O-E) ² /E
27	23.12	15.0544	0.651
9	8.84	0.0256	0.003
28	31.28	10.7584	0.344
4	4.76	0.5776	0.121
2	2.38	0.1444	0.061
2	0.91	1.1881	1.306
3	3.22	0.0484	0.015
0	0.49	0.2401	0.49
5	5.78	0.6084	0.105
1	2.21	1.4641	0.662

9	7.82	1.3924	0.178
2	1.19	0.6561	0.551
0	2.72	7.3984	2.72
1	1.04	0.0016	0.001
6	3.68	5.3824	1.463
1	0.56	0.1936	0.346
TOTAL			9.017

- Calculated χ^2 Value = 9.017
- Degree of freedom = (4-1) (4-1) =9
- χ^2 Table value = 16.92

Inferences: As table value is more than calculated value hence H_0 is accepted i.e. there is no significant relationship between different purchase locations and different attributes of customer insight.

FINDINGS

- Majority of rural people are not much aware of branded apparel.
- People in rural areas prefer to buy from local and retail shops.
- Very few people with a higher income level know and prefer to buy branded apparel.
- Majority of the buyers are influenced by their friends and family members while buying apparels.
- Buying pattern is based on income level of the respondent.
- Maximum numbers of respondents are willing to have an outlet close to their place.
- Location of outlet doesn't matter much until quality required and prices are in the affordable range.
- If quality is not compromised and affordable prices are maintained, people in rural will prefer to shift to branded apparel.
- Purchase of apparels peaks during festival seasons.
- Young people are a huge customer base in rural areas.
- There is a significant relationship between different price ranges and different purchase locations.
- There is a significant relationship between different purchase locations and different attributes of customer insight.

CONCLUSION

Rural India forms 41% of India's middle class and a mere 1% increase in India's rural income translates to a mind-boggling Rs 10,000 crore of buying power is evidence enough to know that this market holds promise. The worldwide apparel industry is one of the most important sectors of the economy with regard to investments, revenues, and trade and employment generation.. The apparel industry in India has substantially diversified on the basis of fashion, climate, region, culture and fiscal factors. People love to wear costly brands as they believe a costly brand not only symbolizes high quality but also status. Our research shows that majority of the target population gives high importance to price, quality, brands as well as trends of course taking their budget allocation into consideration. Purchasing power of a customer depends on the brand awareness and is significantly correlated with the monthly expenses. The price range of low end branded apparel is correlated with Purchase Location of the retail outlet and Price range of apparel is strongly correlated with Quality and affordability. We can conclude saying that rural market has a huge opportunity for the branded apparels because of the rural people positive perception towards quality, trend and price.

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The impact of Physical Environment on Customer Satisfaction in Shopping malls

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ABSTRACT

Shopping Malls are popular retail centres that have become centres of attraction with people thronging these places to shop. In the competitive age we live in, if a shopping mall has to succeed it has to ensure that the customers are satisfied and keep visiting the mall repeatedly to improve business. There are a number of attributes that have an effect on customer satisfaction in shopping mall. One key factor is physical environment - namely the ambience, surroundings, and availability of various facilities all of which play an important role in the success of shopping malls. In this study, we shall examine the impact of physical environment in ensuring satisfaction of customers of shopping malls. We shall examine the effect of availability of good facilities and ambience on customers. We shall, through a survey, examine the opinions of customers of select malls in the city of Bangalore and try to understand what role physical environment plays in making them satisfied customers of the mall. We shall also discuss how malls can effectively make use of physical environment to keep customers happy and thereby improve their businesses.

Keywords: Shopping Malls, Physical environment, Ambience, Satisfaction

INTRODUCTION

In the competitive 21st century we live in, an attractive store ambience is a vital factor to encourage customers to buy products. A considerable number of studies have been carried out based on the environment of the store, on the satisfaction level it provides and the purchasing behavior of the consumer (Donovan et al., 1994). However, existing literature regarding the influence of the setting of the store on the emotional reaction of consumers and their buying behaviour and loyalty is limited in nature. Therefore, this study examines the aspects that are important and relevant to the evaluation of consumers with respect to the physical environment of the shopping mall.

Kotler (1973) discussed these aspects and stressed the importance of purposefully designing the store area to induce specific feelings from the shoppers. Kotler maintained that developing a store setting that will elicit the desired response from consumers is not easy. In addition, Kotler claimed that not much attention has been given to the atmospheric aspect of the store because managers considering the practical and operational aspects of the business, often left out the atmosphere as a basic necessity. The environment of the store that sells a particular product is an essential aspect of the product itself; the environment highly affects the image of the product and the attitude of consumers toward the product.

Thang and Tan (2003) in their study concluded that store preference is heavily affected by store image. Also, the store dimensions have a significant influence in attracting customers to a store. However, stores can only attract customers if the latter's expectation of the former is fulfilled, and if the customer does not feel a discrepancy between their expectation and what is presented. The store's décor and the music played within the store can be synced to meet the expectations of the customers (Newman & Patel, 2004).

According to Visser et al.(2006), retailers who want to be the shoppers' preferred choice must pay attention to their store's ambience, and put in effort to make the store stand out and distinguishable from their competitors. The present study examines the behavioral effects of the ambience of the store on consumers' behavior. The

evolving literature on the marketing sector shows that several researchers have realized the importance of physical and psychological motivation in spurring the consumers' purchase decision. In particular, the design of the store setting can influence consumers and be used as an important marketing strategy. In this regard, studies have employed different terminologies to identify the effects of store surroundings on shoppers. In the past thirty years, different terminologies have been introduced into the literature on conceptual designs, including environmental psychology, service space, the study of shelf space, and a fairly new term called atmospherics. (Darden & Schwinghammer, 1985; Olshavsky, 1985).

Kim and Jin (2001) reported that the initial purchasing stage, in which the customers associate their impression with the store's image, determines the satisfaction and repurchase intention. Thus far, empirical studies and theoretical frameworks in marketing that illustrate the role of physical and psychological surroundings in consumption are lacking. Without knowing the effect of a specific design or atmospheric change on its users, managers plan and change the organization's surroundings in an attempt to control its influence on patrons. Similar to a package design, the ambiance of a retail store is used to attract customers and influence the customers' intention.

LITERATURE REVIEW

Let us examine the various studies that have been carried out w.r.t malls and physical environment:

According to Ree and McLennan (2006), shopping malls must identify the importance of quality service indicators to ensure service productivity, thereby resulting in better service delivery and higher customer satisfaction, while increasing profits for the sellers.

If we examine the various service indicators related to physical environment, they are:-

- a) Store atmosphere
- b) Lighting
- c) Music
- d) Colour
- e) Temperature
- f) Congestion
- g) Safety, security and comfort
- h) Parking
- i) Visual communication
- j) Store layout

a) Store Atmosphere

Terblanche and Boshoff (2006) stated that the store's décor is an essential element in the store's overall outlook, and can be designed to enhance customer satisfaction. Similarly, the study by Sway (2007) demonstrated that using scent in the store can induce customers' feeling of comfort and creates a pleasant mood, thereby, helping the customers to decide positively on buying products offered by the store.

b) Lighting

Good lighting in the store does not mean just illuminating the store. Lighting is used for illuminating the products on display and can be effectively used to win customers' hearts or feelings and create a positive image of the store. Lighting can also be effectively used to reduce or diminish the less attractive features which can't be changed. Levy and Weitz (2004) have opined that having the right kind of lighting has been proven to positively influence the shopping behaviour of customers. Underhill (1999) has highlighted the importance of proper lighting and it being sufficiently big enough for all the signs and labels, especially for older buyers. But according to Wakefield and Baker (1998) lighting has no effect on producing happiness, which may be due to the lighting being required by the purchaser only when it is not pleasant.

c) Music

Music is part of the physical environment in a mall and helps to entertain and refresh the shoppers. Retailers and academicians have carried out studies with music to try and evaluate its effect on shoppers. Garlin and Owen (2006) carried out a study of background music in stores by classifying past studies into five dependent variables, namely behavioral responses affective, attitudinal/perceptual, profit, and temporal effects. Their findings have proved the high value of music in the retail industry.

Another study carried out by Oakes and North (2008) has confirmed the positive significant effects of music and also its significance as a component of the physical environment to get the desired response from customers. Similar to color, lighting, layout, and furnishing, music is also a part of the physical environment of a store, which defines its ambiance.

Most shopping malls have background music playing all the time. Background music has a positive influence on consumer behaviour in malls. Studies by Yalch & Spangenberg (1982) have concluded that music enhances retail environment and customer satisfaction and also leads to higher sales. Milliman (1982) observed that customers move slowly through the store taking their own time during the slower tempo of music and they tend to buy more. According to Smith and Curnow (1996), loud music makes customers leave the stores. Use of right background music not only helps to attract customers but also positively influences retailers and employees of the shopping mall.

d) Colour

According to Bellizzi, Crowley & Hasty (1983), colour can be used to create the desired atmosphere in shops and there is confidence that colour will put customers in the mood to buy. Creativity of colours can enhance the image of retailers and help create the right mood. Studies have shown that warm colours like red and yellow produce physiological and psychological effects that are the opposite of cool colours (blue and green), which are opposite to them in the colour spectrum. Studies have also shown that cold colours, like blue or green, cause more relaxed feelings, being peaceful, quiet and pleasant.

e) Temperature

Temperature here refers to the temperature control used in shopping malls, namely air conditioning to provide comfort to customers (Jacobs, 1984). Shopping malls or stores that are too hot can tend to make the buyer dissatisfied (d'Astous, 2000). Temperature thus has a role to play in creating the right atmosphere to create satisfied customers.

f) Congestion

Machleit, Kellaris and Eroglu (1994) have stated that the two components that lead to congestion in malls are the density of the spatial environment and human congestion. They state that these components have different effects on the satisfaction of shopping in different retail settings. Studies carried out by Eroglu and Machleit (1990) highlighted the perception of negative impact of congestion on customers' satisfaction. There are some situations where high rate of traffic is considered as positive, for example, in a retail store in a mall that is organising a direct sales campaign. This situation shows a high rate of overcrowding, which has a positive impact.

g) Safety, security and comfort

Safety, comfort and convenience are very important for customers visiting shopping malls. Physical security at shopping centres is provided by the security measure supplemented by the suppliers (Jacobs, 1984). The majority of the crime that goes on in the mall is mostly unnoticed. This is a contingent risk. Use of various safety devices like CCTV cameras and alarm systems help to make customers feel safe (Falk & Campbell, 1997). Shoppers believe that it is the responsibility of the management of malls to create an environment that is not just comfortable, but also safe and non-threatening (Uzzell, 1995). Besides security, malls and shopping centres also offer comfortable seating and rest areas for visitors. Malls also contain a variety of service providers, including banks (ATM) and other customer services, such as toilets. The absence of these services can negatively affect customer satisfaction.

h) Parking

Parking facilities are important for shopping malls, as a large number of customers prefer to visit malls in their own vehicles. Commonly, the ambience around shopping malls is devoted to parking, unless a multi-level parking structure is provided for customer use (Carter and Vendell, 2005). Parking facilities are usually provided either on the ground floor or in the basement or in a clearing. The location of parking area in a mall depends on the environment of the road system, topography, development costs, availability, etc. (Darlow, 1972). Parking systems need to have sufficient space keeping in mind maximum footfall with proper security checks, assistance for parking, sign boards, CCTV cameras and also proper traffic management at entry and exit.

i) Visual communication

Visual communication refers to signs, display boards, graphics and other effects. It is used to assist in the sale of goods by providing product information and product recommendations. Visual communication also helps customers find a store, department or a particular product. Graphics, such as pictures, can add character, beauty and uniqueness to the image of the store (Levy and Weitz, 2004). Proper signboard must be available throughout the mall to provide directions and information to customers. The use of signs outside the malls should be less because they are exposed to the weather – wind, rain, etc.

j) Store layout

Store layout refers to the dimensions of space, layout and function and it indicates design or image of the store. It means the arrangement in the store- the arrangement of racks and display areas and the display of products in the racks. According to Woodruffe-Burton & Wakenshaw, (2011), store layout is a dominant attribute and it can affect the consumers' sense of control of their shopping experiences in stores.

Customer Behavior and Physical Environment

Consumers prefer to buy products from stores that they are familiar with, there is no guarantee that they would be loyal to the stores. Loyalty comes from repeated visits and purchases, sharing of positive experience by customers to create a positive word-of-mouth.

Zimmer and Golden (1988) concluded that the customers' perspective consists of a complex view of the total dimension of the store, which represent its varied characteristics. Stern et al.(2001) claim that the customers' choice of purchase is influenced by the store's image.

The store's environment is its identity, and thus, the environment can be related to the customers' initial decision to purchase (North, 2004). Berman and Evans (1995) carried out a study and opine that customers perceive the store surrounding based on the emotion it evokes and also on the functionality of the attributes.

Physical environment thus positively impacts customer buying behaviour and can affect their satisfaction levels. While the absence of proper physical environment can lead to dissatisfied customers, the presence of good, pleasant, secure and attractive physical environment can definitely help to satisfy customers. Satisfied customers would definitely visit the mall and stores repeatedly if the physical environment makes them happy. This can in turn lead to customer loyalty and help the mall and its stores to reap profits.

RESEARCH METHODOLOGY

While there are many studies related to different aspects of physical environment, there have been not many studies on impact of physical environment in malls. So this study has been designed to try and understand the impact of physical environment on customer satisfaction in shopping malls. The unit of analysis is the customers of shopping malls in Bangalore. Both primary and secondary research instruments have been used, as well as a questionnaire. A questionnaire was prepared using a five-item Likert scale. This questionnaire was used to measure the relation of independent variables (i.e., physical environment - atmosphere, music, facilities, etc) with the consumers' satisfaction level as a dependent variable.

Sampling of Population

The study was carried out in the city of Bangalore and was done in shopping malls in North and South of Bangalore (Mantri Mall and Forum mall respectively).

This study used a sampling population of 100 customers in both the malls. The customers at the mall were selected on a random basis. The study was carried out on weekends during the peak shopping time where there would be maximum footfall. Survey questionnaires were administered only to those customers who had shopped at the mall – those who had just visited were not considered. Also, 50% of customers were sampled at the mall entrance/exit and 50% at the parking area when they were exiting.

OBJECTIVE OF THE STUDY

The objective of the study is to understand the opinion of shopping mall customers about the physical environment provided in the mall. The study aims to determine if there is a positive impact on customer satisfaction based on the physical environment of the mall.

FINDINGS OF THE STUDY

The study covered a total of 200 respondents who were customers of shopping malls. The findings of the study are summarized in the form of charts as given below:

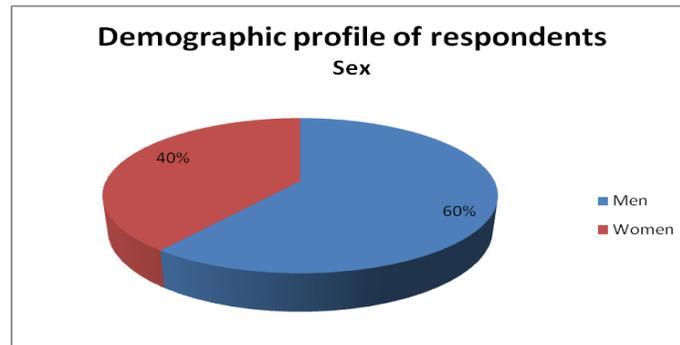


Fig 1 – Demographic profile (sex) of respondents

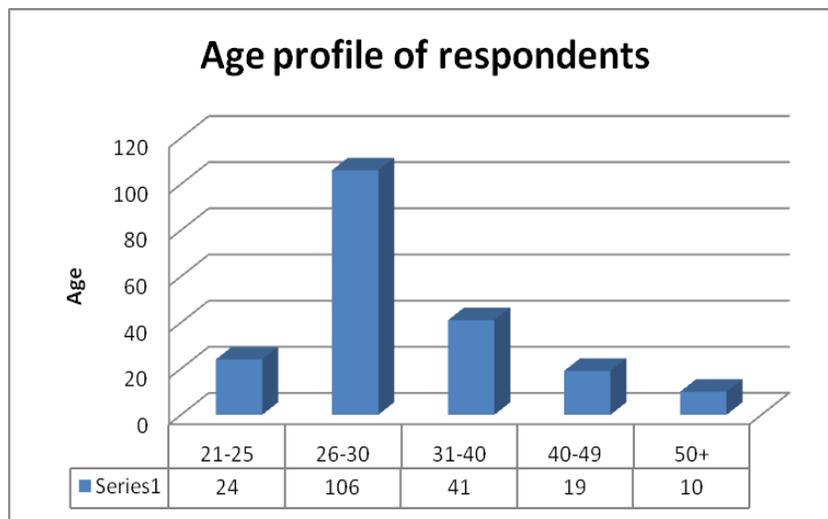


Fig 2 – Age profile of respondents

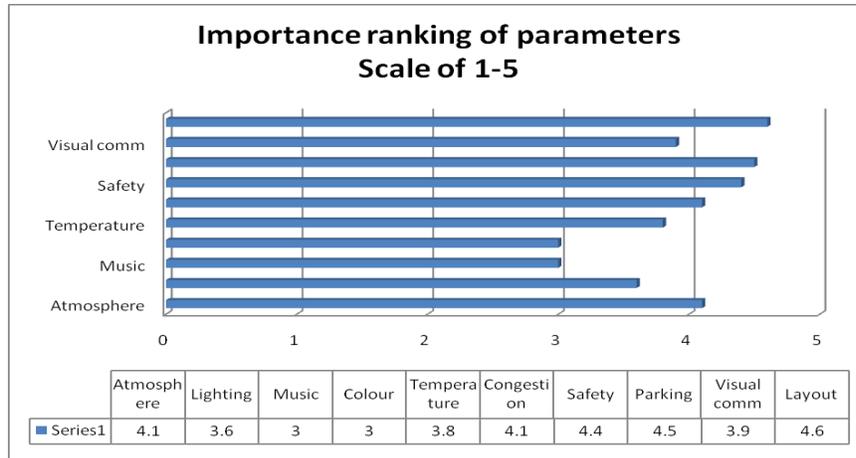


Fig 3 – Ranking of importance of physical environment variables (1-5)

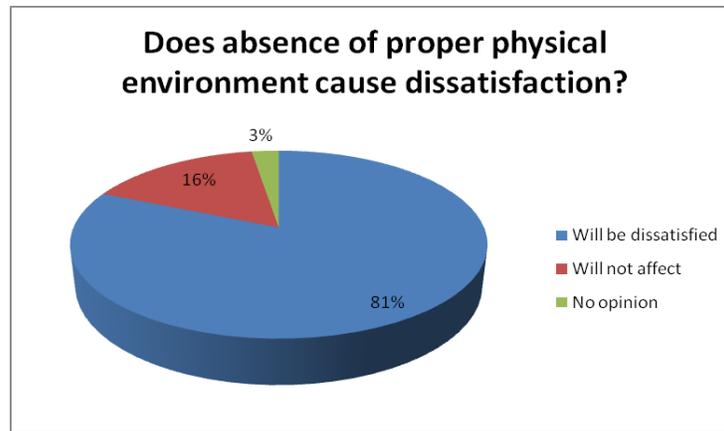


Fig 4 – Relation between absence of proper physical environment and customer dissatisfaction

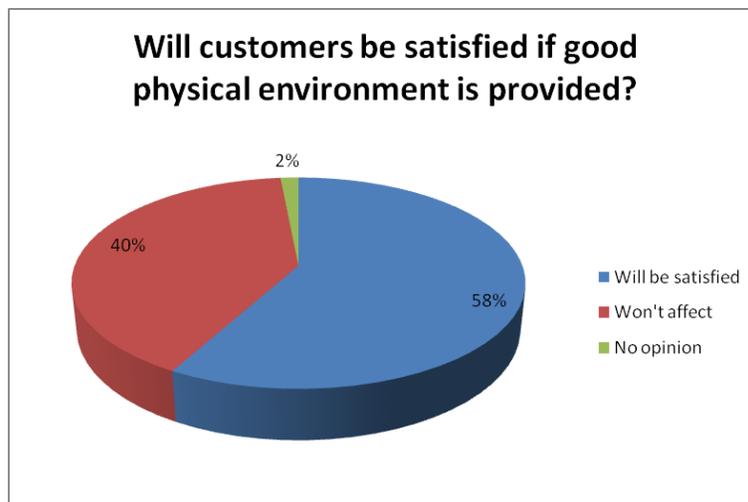


Fig 5 – Relation between customer satisfaction and good physical environment



Fig 6 – Relation between customer loyalty and good physical environment

DISCUSSION OF FINDINGS

The survey had more of men customers and majority of the customers were in the age group 26-30 which reflects the youth demographic reality of India. The various parameters related to physical environment which were discussed in the literature review were presented to the respondents and they were asked to rate them on a scale of 1-5 in terms of importance, with 5 being highest and 1 least. The summary of this rating is presented in figure 3 and it reveals that all parameters are rated above 3 with Store layout, safety and parking getting the highest ratings in terms of importance.

Coming to the key question of whether the absence of proper physical environment would lead to customers being dissatisfied, a huge 81% of respondents (Fig 4) indicated that they would be dissatisfied if there was no proper physical environment in the malls. Coming to the critical question of whether good physical environment would lead to customers being satisfied, a majority 58% (Fig 4) feel that they would be satisfied – which is a significant number. But when we look at whether customers would be loyal to the mall (Fig 5), opinion is divided with 38% saying they will be loyal and almost an equal number 35% saying it won't affect them.

CONCLUSION

There are many attributes that have an impact on customer satisfaction in shopping malls. A significant attribute is physical environment in the mall which includes atmosphere, lighting, parking, safety, lighting, temperature, etc. In this study, we used a survey to understand people's perceptions on this. From this survey, we can conclude the following:-

- Absence of proper physical environment will lead to serious customer dissatisfaction. So, if malls do not maintain the mall well and do not provide decent facilities, customers will not like to visit and shop. This can seriously impact their business.
- Availability of good physical environment and facilities can lead to customers being satisfied with the mall. So malls which put in more effort to provide better quality of environment can expect to reap rewards.
- While physical environment is important, it is not the only factor. Thus, having a good environment can lead to satisfied customers, but it may not translate to loyal customers. So, environment is an important attribute, but not the only or most important one to create loyal customers.

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Cooperative Marketing: a Performance Analysis of Campco

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ABSTRACT

Cooperatives have contributed a lot to the development of economies. The contribution of cooperatives in increasing national production has been enormous. In some countries like India, new markets have been created through cooperatives. The role of cooperation becomes all the more significant in the field of agriculture, credit supply and marketing. Cooperative marketing may help in reducing the charges for marketing service by eliminating the chain of middlemen, or the farmer may be enabled to have the maximum difference between the buying and the selling prices. In this context, this paper makes an attempt to analyse the performance of CAMPCO (Central Areca nut and Cocoa Marketing and Processing Co-operative Limited) in agricultural marketing.

Key words: co-operation, Co-operatives, marketing

INTRODUCTION

No society or civilization can be devoid of cooperation; and today's complex life cannot, perhaps, continue without it. The forms of this cooperation have been both conscious and unconscious. The former has acquired a special meaning and significance in the economic system.

Cooperatives have contributed a lot both in developed and developing countries to building up export trade and, thus, have helped in earning foreign exchange and also in securing equilibrium in the balance of payments position. The contribution of cooperatives in increasing national production has also been enormous. This is especially true in the area of agriculture. In some countries like India, new markets have been created through cooperatives.

The role of cooperatives becomes all the more significant in the field of agriculture, credit supply and marketing. Cooperative marketing may help in reducing the charges for marketing service by eliminating the chain of middlemen, or the farmer may be enabled to have the maximum difference between the buying and the selling prices. These measures will ensure a better return to the farmer resulting in more farm investment per acre of land. Cooperative marketing would be able to bring about increase in productivity and incomes by introducing qualitative improvements in production, processing, packing, transporting, etc.

With this background, this paper makes an attempt to analyse the performance of CAMPCO (Central Areca nut and Cocoa Marketing and Processing Co-operative Limited) in agricultural marketing.

CAMPCO Ltd

The Central Areca nut and Cocoa Marketing and Processing Co-operative Limited (CAMPCO), which is the largest marketing co-operative society in Asia started functioning in Dakshin Kannada district during 1973. CAMPCO provides marketing and processing services to the areca nut and cocoa growers in India. It was established at a time when prices of areca nut registered a marked fall and the areca nut growers faced a sudden marketing crisis.

The Government of Karnataka, on the advice of an Expert Committee, recommended organizing a central agency in the public or cooperative sector. With the support extended by the State Governments of Karnataka and Kerala, CAMPCO was registered on 11th July 1973 under sec.7 of the Karnataka Cooperative Societies Act read with section 4(2) of the Multi State Cooperative Societies Act 1984. Through perseverant efforts of far sighted, dedicated and resourceful leaders, with the cooperation and assistance of equally dedicated growers under the guidance of the State Governments of Karnataka and Kerala, this institution took giant strides forward and has turned into a tower of strength to the areca growing community in the country.

CAMPCO has been functioning with main the objectives of procuring areca nut and cocoa grown by member cultivators and if necessary, from other growers on an agency basis or on outright purchase basis, sale of areca nut and cocoa and their products to the best advantage of members and also to advance loans to members on the pledge of goods and to do all other things necessary to carry out the objective and to promote and develop areca and cocoa cultivation, marketing and processing.

Organizational Strength

The Management of CAMPCO lies in the Board of Directors consisting of 17 Directors. These Directors are elected or nominated as per the provisions of Bye Laws. The Government of Karnataka appoints the Managing Director and Government of Kerala nominates the Secretary. The Managing Director conducts the day-to-day activities. The Executive Committee and the Business Committee devote more time to scrutinize and decide about the financial and business transactions of the institution.

The area of operation of this cooperative for procurement and processing of areca nut and cocoa extends to the States of Karnataka and Kerala, but for the marketing activity, the area has been extended to the whole country. Areca nut purchase operations were extended to Assam, Andaman and Goa. However, in recent years purchase operations in Assam had to be closed due to disturbances.

Membership:

The membership of CAMPCO has been growing over the years in leaps and bounds. In 1973 it was established with 3576 members which has reached to 115243 in 2011.

Marketing of areca nut

CAMPCO entered the Areca nut market in Nov. 1973 and within a short period of entry into the market; CAMPCO was able to assure the growers an economical price for their produce. CAMPCO started procurement initially in 5 centers only and today, it operates through 46 procuring centers throughout the states of Karnataka and Kerala.

Functions of marketing department

1. To plan marketing programmers.
2. To analyze marketing opportunities.
3. To develop marketing strategies
4. To connect the consumer with the products.

Marketing Management of CAMPCO

The marketing department manages the sales.

1. Sales Function Manager
2. Sales Manager
3. Production Service Manager
4. Product Manager.
5. Advertisement and Publicity Manager
6. Public Relation Manager

Reaching the consumer directly has been one of the ambitions of CAMPCO for long. The small consumer packing unit which was set up in July 1977 has d its own brand "Mangala Supari". A research unit cultivates the arecanut chewing habit in neighbouring countries.

The areca nut so purchased in various branches brought to main centers, is garbled/graded and processed as per the requirements of the consuming market. CAMPCO has appointed selling representative for marketing its supari. These representatives canvass for CAMPCO supari and place orders and arrange the payments to CAMPCO. Marketing comprises all activities involved in the determination and satisfaction of customer needs.

Marketing of areca nut is done in the following ways.

1. Direct Sale:

All branches or procuring centers will conduct direct sale. Under this system, customers directly visit the branches and place orders for the quantity they require. On obtaining 20% advances from the customers the Branch Manager sells the goods.

2. Sales Deposits:

Under this method procuring centers send areca nuts to sales depots. At present there are 11 sales depots. As directed by higher authorities, Depot Managers will conduct selling activities in the sales depots.

3. Selling Representatives:

Selling representatives act as middlemen in selling the areca nut to the wholesalers and semi-wholesalers. These representatives contact the purchasing party and convey the selling rate to them.

Trends in Purchase and Sales of areca

CAMPCO attempts to stabilize the areca nut price by manipulating the procurement operations. It makes the purchase of areca nut through 43 procurement centers in the states of Karnataka and Kerala. The trend in procurement and sales of areca nut by CAMPCO from 1973-74 to 2004-2005 is depicted in the table 1.1.

Table-1.1: Areca Procurement/Sales by CAMPCO Ltd.

Year	Purchase		Sales	
	Qty (qntls).	Value (Lakhs)	Qty (qntls).	Value (Lakhs)
1973-74	5047.5	358.53	1532.5	101.40
1983-84	21769.5	3411.00	27369.6	4731.00
1993-94	15957.3	9467.04	18651.7	10841.82
2003-04	43877.0	29146.36	43860.5	30483.45
2008-09	50247.9	42634.50	50401.9	46479.29
2009-10	53937.5	49766.67	50314.0	48702.00
2010-11	52622.28	54819.36	49567.41	53139.14

Source: Annual reports of CAMPCO

The purchase of areca nut by CAMPCO in the year 1973-74 was just 5,048 tones. This increased to 29,121 tones in 1986-87. This shows that the purchase of areca nut by CAMPCO has gone up by 577%. Thereafter, purchase increased with some fluctuations and attained the level of 35,049 tones in 2000-2001. From 2000-2001 to 2005-2006 purchase of areca nut by CAMPCO has increased from 35049 to 36260 amounting to annual growth of 20.69 %.

Growth in the value of areca nut sold by CAMPCO during the period 1973-74 to 1985-86 registered a rise of 6541% resulting in an annual growth rate of 503.15%. Then it had a declining trend for two years. Another interesting observation is that there was a spectacular difference between the 1980s and the 1990s in the value of areca nut purchased and sold in terms of growth. It has again started to go up from 2000-2001. It was 10.0 % in 2000-2001, 11% from 2001 to 2004. But again it started to decline from 2004-05. If it was 10% in 2004-05, it was just 9.0 % in 2005-06. This is mainly because the north Indian buyers started to buy the products directly from the private sellers.

Products

CAMPCO has various products in its arsenal, which have won millions of hearts. The global market has recognized the quality products manufactured at CAMPCO. Today, CAMPCO is a renowned player in India’s export market and supari of cocoa products. The major variety of arecanut that CAMPCO identified for the marketing purpose is; Mora, Moti, Scevaradhan, Jamnagar, Jeeni, Lindi, Jahaji, Jahajjeni.

Marketing Wing

The marketing wing of CAMPCO is marked by a number of activities. CAMPCO has areca wing, cocoa unit and chocolate unit, copper sulphate wing, small consumer's packing unit, for the purpose of purchasing, processing, procurement, production, manufacturing and marketing activities. Since cocoa is also grown along with areca as a mixed crop, CAMPCO entered in to the marketing of cocoa to protect the growers from crisis. CAMPCO is making vigorous efforts to manufacture cocoa powder, cocoa butter and chocolates. Additionally, it has introduced a chocolate manufacturing unit at Puttur near Mangalore, which started functioning in 1986. Later, it entered into an agreement with Nestle India Ltd in 1990. The chocolate manufacturing unit produces varied types of popular chocolates like Éclairs, Bars, Milk chocolate, Beverages and new products like KRAZE and CAMPCO BAR.

CAMPCO Ltd. makes purchase of areca nut at various procuring and processing centres through primary societies on a commission as well as on agency basis. In the study area, South Kanara Agriculturists Co-operative Marketing Society is another commission agency marketing Co-operative society operating in Mangalore. CAMPCO also makes direct purchase from SKACMS. It has its own branches in all taluks and gives 'cash' on purchase.

In the first year of its establishment, CAMPCO started procurement in 5 different centres. Over a period of 27 years, the number of procurement centers increased rapidly to 50. Regarding, the number of areca sales department of CAMPCO, there were no depots during its first year. It started sales activities with two sales depots in 1974-75. With the expansion of procurement centers, their sales depots increased to 17 in 1990-91. It is interesting to note that from 1973-74 onwards, the no. of sales depots started declining considerably. During the period between 1975-76 and 2004-2005, the number of sales depots was just 12. The Number further decreased to 10 in 2010-11 as depicted in table-1.2

Table-1.2: Procurement of areca nut by CAMPCO

SL No	Year	No. of procuring centers	No of sales depots	No of sub branches
1.	1973-74	5	-	-
2	1983-84	36	13	-
3	1993-94	42	20	25
4	2003-04	44	12	73
5	2008-09	49	10	83
6	2009-10	49	10	84
7	2010-11	50	10	75

The sales of areca nut is being made by contracts through agents as well as by procuring centers or sales decodes. At sales depots, sales are made directly to parties or through agents, for direct sales and payments are made in cash or a credit basis. It is observed that major portion of the purchased areca nut is sold through their Selling Representatives (SR) at Mangalore. These SR'S are the main agents who arrange for the sale of the produce from Mangalore to distant consumption centers. The SR's collect information over the demand pattern of dealers in the consumption centers and ask for quotation for graded goods from CAMPCO. If both parties agree on the price, the

SR's arrange for further transactions. In fact, this provision was initially launched by CAMPCO in the areca nut market. Hence, the role of SR's is great in deciding the price movement of areca nut.

Performance of CAMPCO

Since 1973 CAMPCO has grown efficiently to provide marketing and processing services to its members. Table-1.3 highlights expansion of share capital, paid up capital, and profits earned over the years. In the early seventies CAMPCO stabilized the market price of areca. To enhance the present market of areca nut and to develop future markets, CAMPCO has undertaken many researches on alternative uses of areca nut in collaboration with some of the leading research institutes of India. In the year 1980 during the peak cocoa season, leading end users of cocoa like Cadbury and Amul went back on their social obligation by stopping all purchases of cocoa. CAMPCO came to the rescue of the farmers, purchased and exported all the wet beans to European Market. CAMPCO established a chocolate manufacturing factory mainly using cocoa to permanently solve the problems raised by the monopolistic private sector.

CAMPCO has come to the rescue of areca nut and cocoa growers on many occasions (market crisis) during the last thirty years. Membership increased from 3576 in 1973-74 to 115243 in 2010-11. Paid up share capital (membership contribution) has increased from Rs.94.40 lakhs in 1973-74 to Rs.2246.50 in 2010-11.

Table 1.3: Performance of CAMPCO

(Values in lakhs of Rs.)

Particulars	1973-74	1983-84	1993-94	2003-04	2010-11
1. Authorised Share Capital	100.00	1200.00	2500.00	2500.00	5000.00
2. Paid up Share Capital	94.40	501.57	1196.58	1113.58	2247.50
3. Gross Profit	7.37	305.03	796.30	60.68	8104.07
4. Net Profit-Loss	1.01	119.60	- 57.97	-145.22	1286.89

The data on the organization and progress of CAMPCO is presented in the table 1.7. The authorized and paid up share capital of CAMPCO which originally was Rs.100 lakhs and Rs.94.40 lakhs respectively has substantially increased to Rs. 5000 lakhs and Rs.2247.50 lakhs in 2010-11. This is because of the greater number of members and their shares.

Another way of critical evaluation of the performance of CAMPCO is in terms of growth in profit and loss over a period of time. CAMPCO's gross and net profit or loss during the period between 1973-74 and 2010-11 is shown in the table-1.7. During the period 1973-74, the gross profit of CAMPCO was Rs.7.37 lakhs and net profit was 1.01 lakhs. In the later few years with fluctuations, profits were earned in 1983. With the expansion and diversification of new activities of the CAMPCO, it earned profits for a few years and again incurred a net loss in 1993-94. Between the periods of 1993-94 and 1998-99, it earned considerable profit. The maximum amount of profit was 1080.85 lakhs in 1998-99. It incurred loss and suffered maximum net loss of Rs. 2145.22 lakhs in 2000-2001. From 2005-06 the CAMPCO has started earning profit again.

CONCLUSION

Marketing service organizations working with cooperative and democratic principles for the benefit of their members would take up huge financial turnover. No doubt, such organizations need to adopt modern management principles in general and financial management in specific to gain strength for serving the member community. CAMPCO adopts management principles in managing its activities. Procuring areca nut in the growing area (South India) and sales of areca nut in the mostly consumed area (North India) is managed to the best advantage of the members. Investments, marketing and human resource management efficiencies are reflected by profit earned over the years. For a service organization internal profit alone cannot reflect their efficiency, as it will have spillover effects or externalities. The positive externality of CAMPCO is the substantial strength it has provided to the areca nut and cocoa growers through marketing services, (Price stability) specifically during market crisis.

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Signaling effect on information of Bonus announcement on Stock prices of Indian stock market

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ABSTRACT

The Capital market in which stock prices fully reflect all available information can be termed as efficient. Eugene Fama classified the market efficiency into the three categories; they are Weak form efficiency, Semi-Strong form Efficiency and Strong form Efficiency. Announcement effects are examined among the three form efficiency based on the one information announcement effects of Bonus (Bonus Stock) announcement on the Indian stock market during the period April 2002 to March 2014. An event study Methodology is conducted and using 61-days event Window (pre announcement day-10 to post announcement day +50, 0 day is announcement day (-10+50)) For Weak form and 81-days event Window (day-40 to day +40, 0 day is announcement day (-40+40)) for Semi-strong and 231-days event Window (day-220 to day 10, 0 days is announcement day (-220+10)) for Strong form. The study finds positive Cumulative Average Abnormal Reruns (CAAR) in the post announcement period of Bonus and almost negative CAAR in the pre announcement periods of above announcement. Bonus announcement is more effective announcement. On overall findings, based on the CAAR is that the Indian stock market is efficient in semi-strong form.

Key words: Informational Efficiency, Bonus Announcement, Market efficiency, Event Study

INTRODUCTION

Random Walk Theory states that “stock price changes have the same distribution and are independent of each other, so the past movement or trend of a stock price or market cannot be used to predict its future movement.” Based on the Random Walk Theory, every stock price acts independently and there is no relationship between past movement and trend of a stock price. Every day stock price is determined by information. Information plays an important role in determining the demand and supply of stock price. **Efficient Market Theory** states that “all market participants receive and act on all of the relevant information as soon as it becomes available”. If this was strictly true, no investment strategy would be better than a coin toss. Proponents of the efficient market theory believe that there is perfect information in the stock market. This means that whatever information is available about a stock to one investor is available to all investors (except, of course, insider information, but insider trading is illegal). Since everyone has the same information about a stock, the price of a stock should reflect the knowledge and expectations of all investors. The bottom line is that an investor would not be able to beat the market since there is no way for him/her to know something about a stock that isn't already reflected in the stock's price.

REVIEW OF LITERATURE

Satyajit Dhat, Ms. Sweta chhaochharia (2007) analyzed the information impact on the announcement of stock split and bonus issue for stocks listed on NSE. It was often argued that stock splits and bonus issues were purely cosmetic events. However many studies had found numerous stock market effects associated with bonus and stock splits. The abnormal returns were calculated using the CAPM and then T-test was conducted to test the significance. The two events were associated with significantly positive announcement effect. Balasighan Balachandran and Selly Tanner (2000) also examined the share price reaction to announcement of bonus share issue of Australian companies. Price reaction to bonus issue announcements from the day of the announcement to the day after the announcements, was statistically significant and positive to the extent of 2.37% for uncontaminated events and 2.11% for contaminated events and price reaction to bonus issue announcements was statistically stronger for industrial non-financial companies and mining companies than financial companies. Pre announcement effect was found only for industrial non-financial companies and financial companies that announced bonus issued simultaneously with other markets. They concluded that bonus announcement reflected the stock prices positively.

RESEARCH METHODOLOGY

Objectives of the study:

The primary objective of this study is to investigate empirically efficiency of Indian stock market. But, it is specifically intended to:

1. Test the signaling effect of information of Bonus announcement on Stock prices of Indian stock market
2. Identify the efficiency of Indian stock market through information of Bonus announcements

METHODOLOGY

Event Study Methodology

The definition of such an event study will be ‘a study of the Changes in stock price beyond expectation (Abnormal returns) over a period of time (Event window). It attributes the abnormal returns to the effects of the event.’ The event study methodology seeks to determine whether there is an abnormal stock price effect associated with an event. From this, the researcher can infer the significance of the event. The event study methodology is that the market must be efficient. Given an efficient market, the effects of the event will be reflected immediately in the stock prices of the company. This will allow us to observe the economic effect of the event over a relatively short period.

Regression analysis

It focuses on the relationship between a Security Return and Market Return. More specifically, regression analysis helps us understand how the typical value of the Security Return changes when any one of the Market Return variables is varied

Estimation Procedure

The study used the event study methodology to examine the market reaction to bonus issues on share price. For this purpose, the study used daily adjusted prices for sample stocks for 10 days Pre and 50 days Post the event date for Weak form and 40 days pre and 40 days post the event date for Semi-strong form and 220 days pre and 10 post the event date for Strong form efficiency . In order to carry out an event study, they determine the event window as t=-10+50 for Weak form efficiency and t=-40+40 for Semi-Strong form efficiency and t=-220+10days for Strong form efficiency and day t= 0 (date of announcement of bonus). The event window is taken as t=-10+50, t=-40+40, t=-220+10 relative to the event day t=0. The researcher’s aim is to find whether the event has any signaling impact on the share prices pre and post the event. In the signaling hypothesis, it has been stated that managers often resort to bonus issues in order to signal positive/negative information about the firm. This results in a price increase/decrease after the announcement of the event. The researcher used the assumption in the event window of 61 days, 81 days and 231 days. Because of the 61 days event window any historical sequence price or past information is reflected on the pre and post announcement day, 81 days event window- current information is reflected on the pre and post announcement day and for the 231 days event window, inside information is reflected on the pre and post announcement day. The event window is estimated based upon the effectiveness of announcement of variables.

The purpose of study is to determine whether there is any abnormal return around the pre and post event dates and how fast the new information is absorbed in the security prices and to analyze the price effects. For the purpose of the study, the following calculation is needed to arrive at Cumulative Average Abnormal Returns (CAAR). The researcher used the BSE price index for computing market return. To compute daily market return, use the logarithm of daily return to avoid serial correlation.

$$R_{mt} = \text{Log} (I_t/I_{t-1}) \dots \dots \dots (1)$$

The daily return for security j is:

$$R_{jt} = \text{Log} (R_t/R_{t-t}) \dots \dots \dots (2)$$

$\hat{\alpha}_j, \beta_j$ are derived from the market model over event date pre and post announcement. The expected returns for security j at day t are defined as,

$$ER_{jt} = \hat{\alpha}_j + \beta_j R_{mt} \dots \dots \dots (3)$$

Where $\hat{\alpha}_j, \beta_j$ are OLS estimators of (α_j, β_j) .

It measures the daily abnormal return as $AR_{jt} = R_{jt} - ER_{jt}$. For each event date t, the cross sectional average abnormal returns for all firms is defined as,

$$AAR_t = 1/n \sum_{j=1}^n AR_{jt} \dots \dots \dots (4)$$

Where, $t = -10+50$

$n =$ No. of bonus issues,

To analyze the price effects, compute the Cumulative Average Abnormal Returns (CAAR) for the 61 (-10+50+1) days, 81(-40+40+1) days and 231(-220+10+1) days centered in the announcement dates. The use of CAAR is a common methodology. CAAR for event day's t_1 to t_2 were obtained as follows:

$$CAAR = \sum_{t=t_1}^{t_2} AAR_t \dots \dots \dots (5)$$

Sample size and period of Study

The event date is defined as the announcement date of the board meeting considering stock bonus issues. This approach assumes that the information was first known to the market on the event date itself. The sample consisted of 16 bonus issues announced by companies listed on the BSE 30 during the period April 1, 2002 to 31st March 2014. The daily security and BSE 30 Index closing/ price are taken from www.bseindia.com/ Website. The event date is defined as the announcement date of the board meeting considering bonus issues. This approach assumes that the information was first known to the market on the event date itself. In order to identify the announcement date as exactly as possible, the event date are cross checked with the www.nseindia.com/ corporate/ corporate information and www.bseindia.com/ corporate/ corporate information.

EFFECTS OF INFORMATION ON SHARE PRICE MOVEMENT

Signaling Effect of Bonus Announcements on the movement Share Prices of Indian Stock Market

Test 61 days event window for Bonus announcements

During 61 days of announcement CAAR (Cumulative Average Abnormal Return) was the highest on day 11 day (0.1136). The CAAR was significant at less than 10 percent level on day 3, during the post Bonus announcement (day +1 to day+50). On majority of the days CAAR yielded a greater value. i.e. during days +1 to day +50. It is understood from the above analysis that the lowest CAAR in pre announcement period was on day -10 with a value of -0.03536. Further, in the pre announcement period, the CAAR was less than zero on days from day-1 to day-10 and 0 day also with a value of -0.02252. It is clearly understood from the analysis that the market positively received the information content of Bonus announcement during the post announcement period. It is interesting to note that the value CAAR has been more than Zero consistently for 50 days (day+1 to day+50) during the post announcement period. According to present study, Post Bonus announcement has immediate reactions in the Security prices of SENSEX 30 Companies. Hence investors are advised to take immediate decision (whether to buy or sell) at the time when companies come up with Bonus announcement information around the announcement days. In short, the Bonus announcement contained information relevant for value of securities prices of SENSEX 30.

TABLE 1

Result of Cumulative Average Abnormal Returns for Bonus announcements (61 days Window)

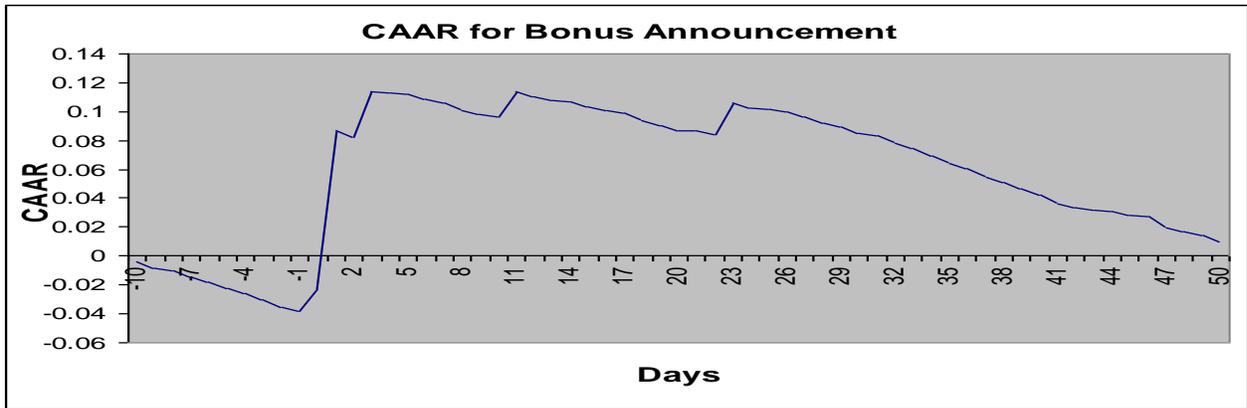
DAYS	CAAR	t-value	DAYS	CAAR	t-value
-10	-0.003768031	-0.1311769	21	0.086729686	-0.0049865
-9	-0.008056299	-0.149288	22	0.084123877	-0.0907163
-8	-0.010051878	-0.0694723	23	0.003768031	-0.1311769
-7	-0.014418282	-0.1520081	24	0.008056299	-0.149288
-6	-0.018158685	-0.1302151	25	0.010051878	-0.0694723
-5	-0.022615971	-0.155172	26	0.014418282	-0.1520081
-4	-0.025982452	-0.1171977	27	0.018158685	-0.1302151
-3	-0.030643106	-0.1622519	28	0.022615971	-0.155172
-2	-0.035360553	-0.164229	29	0.025982452	-0.1171977
-1	-0.038241164	-0.100283	30	0.030643106	-0.1622519
0*	-0.022529345	0.5469773	31	0.035360553	-0.164229
1	0.086943894	3.811104	32	0.038241164	-0.100283
2	0.082738051	-0.1464185	33	0.022529345	0.5469773
3	0.113509971	1.0712663	34	0.086943894	3.811104
4	0.113077566	-0.0150534	35	0.082738051	-0.1464185
5	0.111972653	-0.0384654	36	0.113509971	1.0712663
6	0.108427795	-0.1234075	37	0.113077566	-0.0150534

7	0.105860603	-0.0893719	38	0.111972653	-0.0384654
8	0.100982841	-0.1698101	39	0.108427795	-0.1234075
9	0.097811781	-0.1103945	40	0.105860603	-0.0893719
10	0.095990809	-0.0633937	41	0.100982841	-0.1698101
11	0.113570236	0.6119946	42	0.097811781	-0.1103945
12	0.110019252	-0.1236208	43	0.095990809	-0.0633937
13	0.107446915	-0.089551	44	0.113570236	0.6119946
14	0.107044326	-0.0140154	45	0.110019252	-0.1236208
15	0.103102823	-0.137216	46	0.107446915	-0.089551
16	0.100517565	-0.0900009	47	0.107044326	-0.0140154
17	0.09936672	-0.0400645	48	0.103102823	-0.137216
18	0.093651382	-0.1989687	49	0.100517565	-0.0900009
19	0.090427512	-0.1122329	50	0.09936672	-0.0400645
20	0.086872924	-0.1237463			

*Bonus announcement day

GRAPH: 1

Share price Reaction around Bonus Announcements (61 Days Window)



To test the 81 days window included for Bonus announcements

On almost all the days (from day-40 to day+40) surrounding the Bonus announcement the value of CAAR was above and below zero. It is clear from the t-test analysis that bonus announcement did generate significant reaction in the security prices of SENSEX 30 companies at all the 3 levels. 10, 20, 30 level announcement ranged from -1.767 to -0.02061. The highest CAAR during the pre announcement period was on day -40, -39, -38, -37 with CAAR values of -0.02061, -0.05837, -0.10064, -0.01345. The lowest CAAR during pre announcement period was on day -1, -2, -3, -4 with CAAR value of -1.7095, -1.6365, -1.5853, -1.5404 respectively. The highest CAAR was on day 23, followed by days 24, 25, 12, 13, with CAAR value of 0.6089, 0.5816, 0.5475, 0.5471, and 0.5443. The lowest CAAR during those periods was on day 6, 5, 2, 3, 4 with CAAR value of 0.0739, -0.0349, -0.0250, -0.0135. It is clearly understood from the above analysis that the value of CAAR during pre and post announcement period was less than zero. It reveals the fact that the post announcement of Bonus did meet with significant reactions in the security prices of SENSEX 30 companies.

TABLE 2

Result of Cumulative Average Abnormal Returns for Bonus announcements (81 days Window)

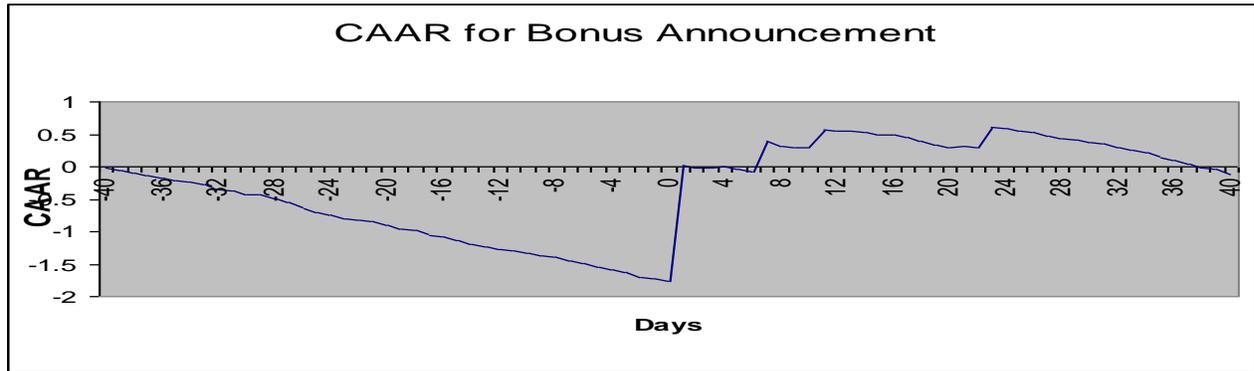
Days	CAAR	t-value	Days	CAAR	t-value
-40	-1.718045	-0.3234472	0*	-1.76738253	-1.8714892
-39	-1.7095181	-2.7689738	1	0.02917194	68.1475746
-38	-1.6365204	-1.9422968	2	-0.02505983	-2.0571396
-37	-1.5853162	-1.7033724	3	-0.01350819	0.43818081
-36	-1.5404107	-1.6898661	4	0.007312461	0.78977685
-35	-1.4958613	-1.4286953	5	-0.03490086	-1.6012516

-34	-1.458197	-2.6150522	6	-0.07386305	-1.477928
-33	-1.3892572	-0.3810596	7	0.389898212	17.5915651
-32	-1.3792114	-1.6835212	8	0.322002319	-2.5754524
-31	-1.3348292	-1.2675321	9	0.288521172	-1.2700194
-30	-1.3014136	-0.8977747	10	0.296193816	0.29104161
-29	-1.2777459	-1.9335544	11	0.566161039	10.2404974
-28	-1.2267722	-1.0115265	12	0.547138021	-0.7215882
-27	-1.2001056	-2.1158699	13	0.544306623	-0.1074017
-26	-1.1443255	-2.5306442	14	0.531368147	-0.4907871
-25	-1.0776109	-0.8435628	15	0.499640823	-1.2034927
-24	-1.0553723	-2.7993773	16	0.487090479	-0.4760644
-23	-0.9815731	-1.0262341	17	0.457489064	-1.1228519
-22	-0.9545188	-1.8037937	18	0.39999179	-2.1810081
-21	-0.9069659	-2.494645	19	0.330609026	-2.6318529
-20	-0.8412003	-0.3882864	20	0.28874411	-1.5880356
-19	-0.8309641	-0.6862682	21	0.319935685	1.18317047
-18	-0.8128722	-2.5317696	22	0.295883904	-0.9123411
-17	-0.7461279	-1.6576814	23	0.608853001	11.8716606
-16	-0.7024269	-2.3500958	24	0.581565431	-1.0350823
-15	-0.640472	-3.459789	25	0.547488226	-1.2926293
-14	-0.5492626	-2.0413889	26	0.526584408	-0.7929315
-13	-0.4954461	-2.2495904	27	0.464891528	-2.3401574
-12	-0.4361408	-0.5494193	28	0.429204582	-1.3536906
-11	-0.4216566	-2.1497978	29	0.40857533	-0.7825165
-10	-0.3649821	-0.5539009	30	0.368104667	-1.5351483
-9	-0.3503798	-3.0355411	31	0.352690863	-0.5846822
-8	-0.2703547	-1.1646906	32	0.292610851	-2.2789774
-7	-0.2396503	-0.9253852	33	0.259133929	-1.2698591
-6	-0.2152547	-1.6436487	34	0.212635577	-1.7637929
-5	-0.1719237	-1.4205431	35	0.136482321	-2.8886737
-4	-0.1344743	-1.2833056	36	0.097934632	-1.4622053
-3	-0.1006429	-1.6034395	37	0.039246985	-2.2261617
-2	-0.0583719	-1.4325742	38	-0.01141707	-1.9218077
-1	-0.0206053	-0.7816095	39	-0.04859033	-1.4100699
			40	-0.124638	-2.8846686

*Bonus announcement day

GRAPH: 2

Share Price Reaction around Bonus Announcements (81 Days Window)



Test 231 days event window for Bonus announcements (231 days Window)

CAAR on day 1 was -0.05699 and the highest value of CAAR during 231 days of announcement was on day -150 (0.1425). During the post Bonus announcement (from day +1 to day +10), on majority of the days, CAAR yielded a value greater than Zero, i.e., during the days 5, 4, 6, 3, 2 with value of 0.019541, 0.017489, 0.017398, 0.016470, 0.015027. It is observed from the above analysis that highest CAAR in the pre announcement period was on day -150 with a value of 0.14249. Further in the pre announcement period, the CAAR was greater than zero on days 149, 150, 151, 152, 153, with a value of 0.13592, 0.1449, 0.13527, 0.13274 respectively. It is clearly understood from the above analysis that the market positively received the information content of Bonus announcement during the post announcement days (from days -150 to day-173). It is interesting to note that the value of CAAR has been more than zero consistently for 10 days (from day+1 to day+10) during the post announcement period. According to the present study Bonus announcement has immediate reactions in the security prices of SENSEX 30 companies. Hence investors are advised to take immediate decision to buy or sell when companies come up with Bonus announcement. The above analysis reveals the facts that the market has post absolved the Bonus announcement information around the announcement days. In short, the post Bonus announcement contained information relevant for valuation of securities prices of SENSEX 30 companies.

TABLE 3

Result of Cumulative Average Abnormal Returns for Bonus announcements (231 days Window)

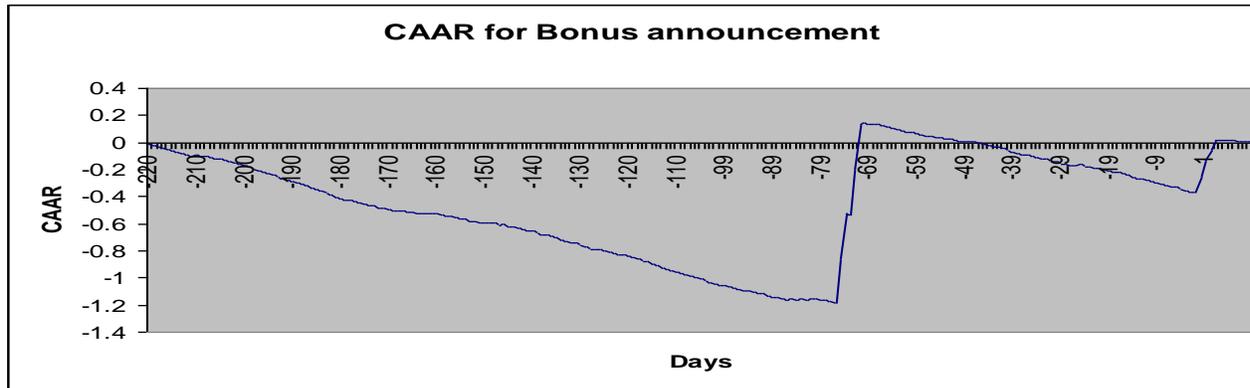
DAYS	CAAR	DAYS	CAAR	DAYS	CAAR	DAYS	CAAR
-220	-0.245208	-161	0.06242917	-102	-0.8495931	-43	-0.426464137
-219	-0.370264	-160	0.07254913	-101	-0.8407553	-42	-0.424165789
-218	-0.364527	-159	0.07639678	-100	-0.8319311	-41	-0.415020179
-217	-0.354128	-158	0.08526184	-99	-0.8263088	-40	-0.404753054
-216	-0.342879	-157	0.0954427	-98	-0.8163876	-39	-0.389339385
-215	-0.330825	-156	0.10772245	-97	-0.8052831	-38	-0.374507059
-214	-0.323678	-155	0.11305432	-96	-0.797684	-37	-0.359022167
-213	-0.317477	-154	0.1224625	-95	-0.792343	-36	-0.345591246
-212	-0.31024	-153	0.13094075	-94	-0.7891122	-35	-0.33669062
-211	-0.299233	-152	0.13274008	-93	-0.7865001	-34	-0.319839368
-210	-0.285264	-151	0.13526762	-92	-0.7685868	-33	-0.312245106
-209	-0.278044	-150	0.14249491	-91	-0.7583764	-32	-0.298240613
-208	-0.273512	-149	0.1359197	-90	-0.7437135	-31	-0.289363991
-207	-0.267499	-148	-0.1988199	-89	-0.7387735	-30	-0.27429912
-206	-0.257197	-147	-0.5331799	-88	-0.7285882	-29	-0.264974474
-205	-0.243133	-146	-0.5222143	-87	-0.7173885	-28	-0.254259843

-204	-0.232835	-145	-0.854346	-86	-0.7004123	-27	-0.239933725
-203	-0.219316	-144	-1.1825174	-85	-0.6910541	-26	-0.230177376
-202	-0.214809	-143	-1.1748961	-84	-0.6820601	-25	-0.22368155
-201	-0.208015	-142	-1.1674768	-83	-0.6836741	-24	-0.21341481
-200	-0.196534	-141	-1.1641086	-82	-0.6718259	-23	-0.200591576
-199	-0.188074	-140	-1.157491	-81	-0.6561564	-22	-0.184874803
-198	-0.189426	-139	-1.1517675	-80	-0.6475966	-21	-0.170906832
-197	-0.181637	-138	-1.1603553	-79	-0.6390499	-20	-0.161287442
-196	-0.176364	-137	-1.1542174	-78	-0.6307044	-19	-0.149820388
-195	-0.163511	-136	-1.1599061	-77	-0.6255096	-18	-0.138453204
-194	-0.167114	-135	-1.1506236	-76	-0.6199774	-17	-0.130747551
-193	-0.167129	-134	-1.1598251	-75	-0.6077668	-16	-0.121595307
-192	-0.156289	-133	-1.1554561	-74	-0.609382	-15	-0.11781741
-191	-0.156888	-132	-1.145195	-73	-0.597447	-14	-0.108503202
-190	-0.144446	-131	-1.1404518	-72	-0.593452	-13	-0.103497971
-189	-0.137294	-130	-1.1378524	-71	-0.5904392	-12	-0.100892388
-188	-0.124448	-129	-1.1196351	-70	-0.5918438	-11	-0.094269768
-187	-0.120594	-128	-1.1118017	-69	-0.5852843	-10	-0.097262636
-186	-0.116159	-127	-1.1034979	-68	-0.5791351	-9	-0.091920324
-185	-0.104814	-126	-1.0976188	-67	-0.5629109	-8	-0.085731145
-184	-0.095793	-125	-1.0932548	-66	-0.563685	-7	-0.073786804
-183	-0.089277	-124	-1.0861922	-65	-0.5563661	-6	-0.062810053
-182	-0.078996	-123	-1.0776696	-64	-0.5481731	-5	-0.051983814
-181	-0.069179	-122	-1.0671881	-63	-0.539814	-4	-0.042760541
-180	-0.058348	-121	-1.0597724	-62	-0.5299641	-3	-0.03560323
-179	-0.046891	-120	-1.0551746	-61	-0.5227466	-2	-0.027406318
-178	-0.033775	-119	-1.0459833	-60	-0.5204388	-1	-0.017295278
-177	-0.029901	-118	-1.0341059	-59	-0.5222676	0*	-0.129873445
-176	-0.021273	-117	-1.0217842	-58	-0.5231527	1	-0.056993243
-175	-0.017509	-116	-1.0113677	-57	-0.5236269	2	0.015026994
-174	-0.006213	-115	-0.9992948	-56	-0.5189306	3	0.016469553
-173	0.0049801	-114	-0.9866449	-55	-0.5132553	4	0.017488699
-172	0.0038434	-113	-0.9816045	-54	-0.5059375	5	0.019540969
-171	0.0027638	-112	-0.9693045	-53	-0.5061547	6	0.017398742
-170	0.0072879	-111	-0.959953	-52	-0.5024551	7	0.00891575
-169	0.0133489	-110	-0.9513135	-51	-0.4973591	8	0.005409755
-168	0.0216597	-109	-0.9411162	-50	-0.4883867	9	0.007087907
-167	0.0285752	-108	-0.9286723	-49	-0.4808872	10	0.004506419
-166	0.0334274	-107	-0.9104638	-48	-0.4674068		
-165	0.0332407	-106	-0.8967079	-47	-0.4612393		
-164	0.0435658	-105	-0.882931	-46	-0.4570371		

-163	0.0476334	-104	-0.874022	-45	-0.4426857
-162	0.0545128	-103	-0.8618543	-44	-0.43414

*Bonus announcement day

GRAPH: 3
Share Price Reaction around Bonus Announcements (231Days Window)



FINDINGS

EFFICIENCY OF INDIAN STOCK MARKET

Signaling effect of Bonus Announcements on the movement share prices of Indian stock market

The Bonus announcement contained information useful for valuing the securities of SENSEX 30 Companies. SENSEX30 companies stocks reach their highest only during post Bonus announcement period (from day 1 to day 50). It indicates the fact that the Indian stock market has received the Bonus announcement information well after its announcement. Apart from the sharp reaction on days 3, 5, 11, 24 and 35 there has been reaction during the post announcement period. The pre announcement reactions show that the market is not able to capture the Bonus announcement information before its announcement. However, the post announcement reaction shows that the market is able to capture the bonus information immediately. There is no reflection of this in the SENSEX historical sequence price.

Companies’ stocks reach their maximum only during post Bonus announcement (from day 1 to day 40). It indicates the fact that Indian stock market has received the Bonus announcement information well post its announcement. Apart from the sharp reaction 7, 8, 9 20, 35, there has been reaction during the post announcement period. The post announcement reactions show that the market is able to capture the bonus announcement information post its announcement. However, the post announcement reaction shows that the market is able to capture the Bonus information immediately. Current and published information immediately reflect stock price in the post announcement period.

For Bonus announcement, the market did not react to the pre Bonus announcement. The reaction was extended to up to +10 days for Bonus announcement by SENSEX 30 companies. Information of Bonus announcement cannot be used by the investor for making Abnormal Returns at pre announcement period. Current and published information immediately reflects its share price.

CONCLUSION AND SUGGESTION

The Indian capital market plays a pivotal role in the allocation of economic resources into activities of the economy, and the Stock market, being a vital institution, facilitates economic development, which is possible only if the securities traded in the markets are priced appropriately. The Capital market in which stock prices fully reflect all available information can be termed as efficiency. Eugene Fama classified the market efficiency into the following three categories depending on the information set that is reflected in the security prices. **Weak-Form of Efficiency**, popularly known as Random Walk Theory states that the current stock prices reflect all the information that is contained in the historical sequence of prices. **Semi-strong Form of Efficiency**, states that current market prices not only reflect all information content of historical prices but also reflect all the information, which are publicly

available about the companies being studied. **Strong Form of Efficiency**, states that current market prices reflect all information whether it is publicly available or private information (insiders information)

It is true that so many parties are interested in knowing the efficiency of the Indian stock market. The small and medium investors can be motivated to save and invest in the stock market only if their securities in the market are appropriately priced. The information content of events and its dissemination determine the efficiency of the stock market. How quickly and correctly security prices reflect the information shows the efficiency of the stock market. In developed countries, many research studies have been conducted to test the efficiency of the stock market with respect to information content of events. In India, I have conducted the test to analyze the efficiency of the stock market with respect to Bonus announcements, after these studies have been conducted with different industries with different period. Hence the present study is an attempt to test the efficiency of the Indian stock market with respect to the information content of Bonus announcement on SENSEX 30 companies for particular period (2002-2014).

The researcher has examined the efficiency of the Indian Stock Market, the announcement effects of Bonus announcement on the Indian stock market during the period April 2002 to March 2014. The study is conducted using 61-day event Window (day-10 to day 50, 0 days is announcement day) for Weak form and 81-day event Window (day-40 to day +40, 0 days is announcement day) for Semi-strong and 231-day event Window (day-220 to day 10, 0 days is announcement day) for Strong form. The study finds positive CAAR in the post announcement period of Bonus and almost negative CAAR in the pre announcement periods of the above announcement. Overall, the pattern of CAAR is found to be in accordance with expectations, thereby lending support to the Empirical study that in the Indian stock market, current and published information reflects in the stock prices i.e. the Indian stock market is efficient in semi-strong form. This study not enough for determining the efficiency of the Indian stock market and further research needs to be done in the Strong form efficiency.

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A Conceptual study on Credit Risk Management in Co-operative Banks in India

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ABSTRACT

Banking prudence and efficiency to manage their risks in different business cycle and environment would help to overcome alternative crises and losses. The effective management of credit risk is an essential component and a comprehensive technique to risk management and critical to the long term success of all banking institutions. The setting up of Co- operative banks was seen in India as the rise of an important constituent in the Indian Financial System. Though the system of cooperative system started in the west and by the west, cooperative banks in the present Indian scenario have assumed a primal and pivotal role. This is due the unique social and economic structure of India that is un- parallel through the world. Today these banks have become an integral part of rural India by becoming major financers for agriculture and its related activities, along with other sectors. However, many banks in recent times have failed in their functionaries to execute their responsibilities to the fullest. Recent cases of bank failure across nations have been traced largely to rising “toxic assets” in co-operative banks loan portfolio. A major reason had been the process in which the credit risk management was undertaken.

Key words: Credit risk management, Risk, Bank Failure, Bank Survival, Urban Co-operative Banks

Basic Terminologies

Credit Risk Management: According to the Basle Committee on Banking Supervision (BCBS) (2003), management of bank risk relates to the minimization of the potential that a bank borrower or counter-party will fail to meet its obligations in accordance with agreed terms.

Risk: According to Athanasoglou et al (2005) is a situation occasioned by internal or external environmental factors that create hindrances in the way of achieving certain objectives of an entity.

INTRODUCTION

Banks are in the business of risk and banking is all about managing risk and return. The balancing of risks and returns presents a major challenge and banks are successful when the risks taken are reasonable, controllable and within their financial resources and credit competence. Banks, in the course of their business, are confronted with various kinds of risks, which all these risks are interrelated, interdependent and overlapping in their cause and effects.

Credit risk management is a process, rather a comprehensive system. The process begins with identifying the target markets and proceeds through a series of stages to loan repayment. Different types of risk management techniques need to be employed at each stage of the credit process. Every activity in credit risk management is undertaken with the ultimate aim of protecting and improving the loan quality, which is critical to the health of banks. A healthy loan portfolio, in turn, leads to maximization of profits and shareholders’ wealth.

STATEMENT OF THE PROBLEM

Increasing profitability is a priority for all financial institutions. For co-operative banks, credit risk management is equally very important. On the one hand co-operative banks need to reduce the risk of loan default because of the institutions financial viability is weakened by the loss of principal and interest, yet on the other hand co-operative banks operate under objectives of maximizing benefits to members which include the social role of providing loans to help members achieve their standard of living goals. These social roles conflict with financial viability of co-operative banks. If co-operative banks become less stringent in the lending practices to assess and monitor the credit risk of member borrowers. This calls for the need to conduct more research on credit risk management practices in

co-operative banks. The study is an attempt to close this gap by providing further insights and information on the effect of credit risk management practices on lending portfolios of co-operative banks.

The factors and objectives that shape up the bank's policies towards credit risk management are:

- ✓ To make available sufficient liquidity to meet loan ailments, interest, operational and other costs and losses;
- ✓ To maximize profits; and
- ✓ To support broader national policy objectives of liquidity, interest rate stability, financial stability and above all, allocation of scarce financial resources efficiently to foster economic growth.

Instruments Of Credit Risk Management

a. Credit Approving Authority

Banks usually adopt either a committee or sequential process of credit approval. The former requires ultimate approval of a loan or credit facility by a committee that customarily consists of members of senior management and the heads of the credit departments. The sequential process involves an approval chain of individual loan officers with ascending levels of authority to sanction credit. Most of the Co-operative banks, have adopted the sequential system of loan sanction. The proponents of the committee system believe that:

- ✓ The committee has better decision making capabilities, by virtue of the combined experience of its members and
- ✓ There is greater transparency in the decision making process.

Advocates of the sequential system, however, argue that:

- ✓ Majority of the members may follow the preferences of the senior members of the committee.
- ✓ The system may not always help in speedy decision-making.
- ✓ It may be difficult to fix accountability to generate more responsible decision-making.
- ✓ Committee may hence be more risk- prone.

Ultimately, the size of the bank, the scope of its operations and most important - its credit culture will determine the type of credit approval process to be adopted by it. It may be mentioned that the RBI in its recent guidelines has asked banks to consider establishment of the “**Committee system**” of loan approval. The Co-operative banks should also evolve suitable framework for reporting and evaluating the quality of credit decisions taken by various functional groups. The quality of credit decisions should be evaluated within a reasonable time, say 3 - 6 months, through a well-defined Loan Review Mechanism.

b. Prudential Limits

In order to limit the magnitude of credit risk, prudential limits should be laid down on various aspects of credit:

- ✓ Stipulate benchmark current/debt equity and profitability ratios, debt service coverage ratio or other ratios, with flexibility for deviations. The conditions subject to which deviations are permitted and the authority therefore should also be clearly spelt out in the Loan Policy;
- ✓ Single/group borrower limits, which may be lower than the limits prescribed by Reserve Bank to provide a filtering mechanism;
- ✓ Substantial exposure limit i.e. sum total of exposures assumed in respect of those single borrowers enjoying credit facilities in excess of a threshold limit, say 10% or 15% of capital funds. The substantial exposure limit may be fixed at **600% or 800%** of capital funds, depending upon the degree of concentration risk the bank is exposed;
- ✓ Maximum exposure limits to industry, sector, etc. should be set up. There must also be systems in place to evaluate the exposures at reasonable intervals and the limits should be adjusted especially when a particular sector or industry faces slowdown or other sector/industry specific problems. The exposure limits to sensitive sectors, such as, advances against equity shares, real estate, etc., which are subject to a high degree of asset price volatility and to specific industries, which are subject to frequent business cycles necessarily be restricted.
- ✓ Similarly, high-risk industries, as perceived by the bank, should also be placed under lower portfolio limit. Any excess exposure should be fully backed by adequate collaterals or strategic considerations; and
- ✓ Banks may consider maturity profile of the loan book, keeping in view the market risks inherent in the balance sheet, risk evaluation capability, liquidity, etc.

c. Credit Risk Rating

An important tool in monitoring the quality of individual credits as well as the total portfolio is the use of an internal risk rating system. A well-structured internal risk rating system is a good means of differentiating the degree of credit risk in different credit exposures of a bank. This will allow more accurate determination of the overall characteristics of the credit portfolio, concentrations, problem credits and the adequacy of loan loss provisions.

Linkages of Credit Risk Rating

Credit risk rating is the pivot around which various functions of credit department is related. Credit risk rating is linked to the following aspects-

- ✓ **To lend or not:** Within the rating framework banks are to decide the rating beyond which they will not take any additional exposure. Credit risk rating facilitates in deciding the rating/grade upto which taking up additional exposure can be considered.
- ✓ **Pricing:** Borrowers with weak financial position and placed under high credit risk category should be priced high. Banks should evolve scientific systems to price the credit risk which should have a bearing on the expected probability of default. The pricing of loans should be linked to risk rating. However, the fact such as value of collateral, market forces, perceived value of accounts, future business potential and strategic reasons may also play an important role in pricing.
- ✓ **Norms for collateral/margins:** The extent of collateral security required and the need to step up margin requirements are linked to credit risk rating of a borrower. The higher the risk category, the volume of collateral required will be more and the margins stipulated will be high. Banks may evolve norms on the above aspect related to risk rating criteria.
- ✓ **Product mix guidelines:** There is need to gradually shift from the present form of borrowers availing credit facility by way of Cash Credit limit to term lending in Working Capital. In case of high credit risk category banks may consider offering demand loan for shorter duration keeping in view the risk involved. Similarly, for those borrowers with low credit risk category banks may consider fixing the Line of Credit/pre-sanctioned limits for disbursement at short notice. Similarly declining CC rate based on the volume of credit that may be availed by low risk category borrowers may also be considered.
- ✓ **Delegation of powers:** The delegation of loaning powers may be linked to credit risk rating of a borrower. The authorities at various levels may apply their expertise in evaluating exposure to high credit risk category borrowers rather than high volume borrowers only. Similarly, the delegation of loaning powers should also be linked to the maturity of loan.
- ✓ **Vary the frequency of renewal and follow up process:** Renewal of facility in case of low credit risk category of borrowers can be considered biannually whereas for high risk rating borrower can be done twice a year or even at quarterly intervals.

Risk Mitigation

They are the established procedures and techniques that are used to reduce and prevent the occurrence of credit risk associated with loan exposures. Risk mitigants give protection to an exposure which the co-operative banks continue to hold. co-operative banks have to use their internal measures for key drivers of credit risk as a primary input to their minimum regulatory capital calculations subject to meeting certain conditions per regulatory approvals; this also includes internal credit risk measurement and documented policies and practices accepted in the management systems. The commonly applied is the guarantee system where the reduction of the credit exposure is derived by the undertaking of a third party to pay an amount in the event of a default of a borrower or on occurrence of other specified events. The procedures used by co-operative banks to reduce and prevent occurrence of credit risk associated with loan exposure was measured on a Likert scale of 1 to 5 so as to determine the extent of their application in co-operative banks. Where, 1 = To a small extent and 5 = To a great extent.

Co-operative banks have ever been into the news because of fraudulent practices and motives practiced by these banks.

Some of the dire issues faced by these CO-OPERATIVE BANKS include:

- ✓ These banks are very small to operate properly, looking at the financial support, required skill and expertise aspect. While, these are largely depending upon Government than the shareholders, there is very less contribution by the workers as well.
- ✓ The NPAs of the cooperative banks are higher than those of commercial bank
- ✓ They have a poor recovery of Loan leading to higher NPA ratio. Over involvement of politics and officers in their work. Government restrictions prevent them to become self-reliant.
- ✓ A large number of the banks are controlled by politicians.
- ✓ Existence of multiple-regulatory authorities for control and monitoring.
- ✓ The areas of operation are restricted and limited.

CONCLUSION

The biggest issue for co-operative banks is that they have more masters — in the case of cooperatives, they have RBI, Registrar of Co-operative Societies (RCS), and NABARD. Given the close proximity between politicians and cooperative's management and the fact that RCS works under the state government, all this has led to poor supervision and control of these cooperatives. Also most co-operative banks lack the required in skill and the expertise to manage the cooperatives well enough.

The key feature of co-operative banks is that distinctions become more blurred: depositors/shareholders and members/borrowers often overlap. This dampens some conflicts of interests. Opportunistic behaviour is less likely as co-operative banks members usually feature a network of linkages beyond the pure lending relationship has two positive effects:

- ✓ The stigma associated with a default is possibly larger;
- ✓ Facilitating both screening and cross monitoring among members/borrowers.

This favors SMEs. So, the co-operative banks governance is appropriate at least sometimes. Thus, the most sensible policy approach is not to choose fixed governance as the one preferable in every context. It's reasonable encouraging governance diversity to ensure that the most appropriate ones emerge naturally as the winners. Of course, here levelling the playing field would not necessarily entail enforce the same regulation on every type of intermediary. As seen, the perils for bank instability come mainly from bank owners' perverse incentives and, therefore, from the agency's problem between them and depositors.

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A Study On Introducing And Designing Organic Farming Education: Academics Suggestions For An Undergraduate Curriculum For Autonomous College

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ABSTRACT

Organic farming is a method of production of crop and livestock that involves a lot more than just choosing pesticides, fertilizers, antibiotics and growth of the crops and livestock. It is a method to sustain the productivity and fitness of the eco system and people. The main goal of organic farming is to assure sustainability and to protect the environment. Organic farming has a positive effect on the environment because of its control over soil degradation and erosion. It controls pollution and maintains the fertility level of the soil by bio degradable waste. It also provides healthy livestock. Adoption of organic farming is gradually increasing and it is practiced in nearly 100 countries, with the area under organic practices continuously growing in India. The greatest impact of organic agriculture was the change in the mindset of the people. Introducing organic farming concept to the students will change their perspective on it. It changes the students' relationship with food, as they tend to see in a different way. Students lack the knowledge about food such as how they grow it, care for it, nurture it, harvest it, where it comes from, and the benefits of growing and preparing Organic food. Learning about how food is produced at an early age will improve the student's knowledge on the environment and ecosystem. Students will learn how to become responsible towards their food. Thus the study is conducted to implement organic farming in the curriculum of autonomous colleges, so as to create a vision of higher education which educates and develops socially responsible students.

Keywords: .Organic Farming, Sustainable Education, Organic Farming in the Curriculum

INTRODUCTION

Organic farming is a method of production of crop and livestock that involves a lot more than just choosing pesticides, fertilizers, antibiotics and growth of the crops and livestock. It is a method to sustain the productivity and fitness of the eco system and people. The main goal of organic farming is to assure sustainability and to protect the environment. Organic farming has a positive effect on the environment because of its control over soil degradation and erosion, controls pollution and maintains the fertility level of the soil by bio degradable waste, it also helps to maintain a healthy livestock.

Organic farming includes crop rotation and cover crops, which helps in preserving the soil contents. The residues or the manure formed from that is left behind on the farm and organic products are utilized to make the soil fertile for further utilization of the land to farm. The pests are also controlled by using natural pesticide medicines like sticky traps or floating row covers. The livestock has to be fed organically grown food.

Organic farms are more profitable than conventional farms. The bottom line for farmers, regardless of the practices used, is income. The 30-year side-by-side Rodale study showed that organic systems were almost three times as profitable as conventional systems.

Organic farming is more efficient than conventional farming. Conventional agriculture requires large amounts of soil to produce transport and apply fertilizers and pesticides. Nitrogen fertilizer is the single biggest energy cost for conventional farming, representing 41% of overall energy costs. Organic systems used 45% less energy overall than conventional systems. The extra energy required for fertilizer production and farm fuel used in conventional systems also contributes to greenhouse gas emissions (GHG). Conventional systems emit almost 40% more GHG per pound of crop production in comparison to the organic systems.

Organic farming keeps toxic chemicals out of the environment. Conventional systems rely heavily on pesticides (herbicides, insecticides, fungicides) many of which are toxic to humans and animals. With more than 17,000 pesticide products (agricultural and non-agricultural) on the market today, the EPA (Environmental Protection Agency) is unable to keep up with adequate safety testing.

Many studies link low level exposure of pesticides to human health problems, and chemical residue from pesticides used in farming can be commonly found in air and water samples as well as in the food we eat. Inactive ingredients in pesticide and herbicide formulations have been found to be as toxic as active ingredients, but are not tested for human health impacts.

Organic farming builds healthier soil, while short-term benefits are realized with the use of chemical fertilizers and mechanized production methods; every gardener knows that health of the soil cannot be compromised in the long term. Eventually, soil-depleting practices take their toll as soil structure weakens, microbial life declines and erosion removes valuable topsoil from farmland.

Our current food production system is in need of repair. We need to promote organic systems which respect the integrity of soil health and sustainable systems. Until recently it was thought that our national and global food needs were too big to be met with natural, organic food production systems. Recent studies confirm, however, that organic farming is the way of the future. Both collectively and individually there is a need to support the organic food movement to enable the process to move forward with the research, seed development and farming practices needed to feed a hungry world.

Industrial agriculture has replaced human hands with machines and chemical inputs. Joel Salatin, an organic farmer and the author of best-selling books on sustainable farming, views young minds can be another reason for us to return to our farming roots. "People say our system can't feed the world, but they're absolutely wrong," he says, "Yes, it will take more hands, but we've got plenty of them around."

STATEMENT OF THE PROBLEM

Understanding the toxic present in the consumption using non-organic fertilizers, the food consumption has become contaminated, which in turn is a health hazardous. Consumers need to be conscious to adapt to Organic food which needs to be inculcated in the younger minds. Therefore a study has been conducted to implement Organic Farming in the curriculum of the Autonomous Colleges to impart students with the required knowledge about the importance of organic farming.

OBJECTIVES OF THE STUDY

1. To analyze the importance of organic Products.
2. To analyze the level of awareness among the students of Autonomous Colleges.
3. To understand and frame a curriculum where Organic Farming can be included as a subject.
4. To make suitable suggestions and recommendations.

RESEARCH METHODOLOGY

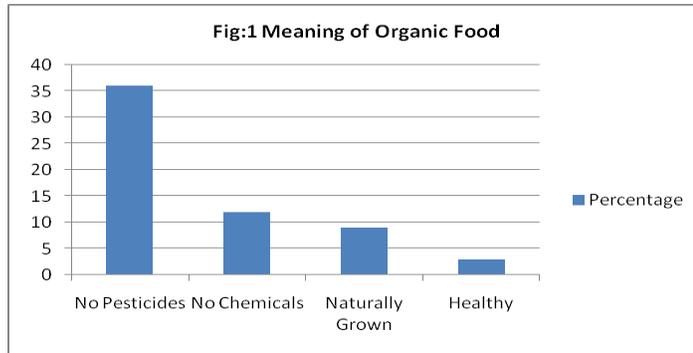
A survey method has been employed for the purpose of collecting Data required for the study. Both primary and secondary data has been collected.

A questionnaire was prepared and sent to the sample students of Autonomous Colleges in Bangalore for collecting data relating to the level of awareness of organic food. Data collection was done through random sampling, sample size of hundred were selected from the college. Secondary data was based on Autonomous College curriculum, Agricultural Institutions, published articles in journals and magazines, books, reports, studies, websites etc.

ANALYSIS

1. What do you think is the meaning of Organic food?

Thirty six students understand that organic food has no pesticides, and the remaining students are spread over the other options, which show that students are not clear about it.



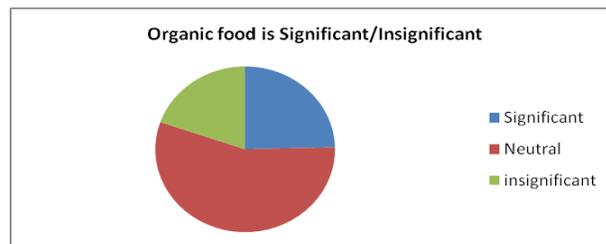
2. Do you purchase and/or consume organic foods?

More than half of the students purchase and consume organic food; this shows the level of awareness among the students.



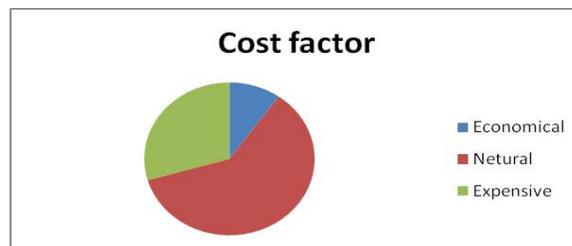
3. "I consume (or do not consume) organic food because to me, it is significant/insignificant"

Fifty percentages of students do not understand the importance or significance of Organic food. This shows that the students are unaware about the ill effects of conventional food on the health.



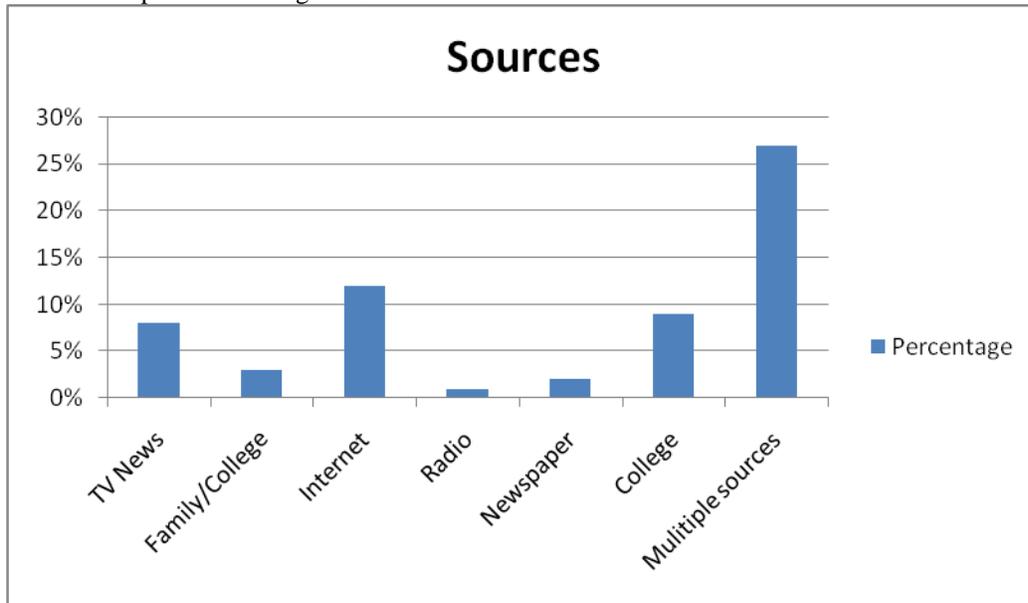
4. "I consume (or do not consume) organic food because to me, it is economical/expensive"

The Price factor of Organic Food can also be the major factor for the students not opting for the purchase.



5. Where do you get your food safety and nutritional updates from?

The below graph shows the different sources that can act as channel of promotion to educate and create awareness about the importance of Organic Food.



FINDINGS AND SUGGESTION

It is important to know that overall, the college student’s perception towards organic food is fairly neutral as they are raised in urban and suburban areas. As a concern for the future health and environmental aspects, it is important to educate the students about the cons of conventional food and lead them to sustainable agriculture.

Autonomous colleges are discipline driven in both their curriculum and research agendas. It is the time for interdisciplinary approaches to come in undergraduate curriculum. Sustainable agriculture (SA) education is beginning to emerge as a way to address many complex social and environmental problems. Colleges must develop a curriculum which caters to teaching the students about organic farming. Students must have knowledge of natural and social science disciplines relating to the agri-food system.

Students learn through experiences that link the classroom to field work, engaging a broad range activity, having different teaching and learning approaches, including many practical experiences.

As Autonomous colleges have the liberty to frame their academics, it is important to introduce organic farming and the importance of organic products in the curriculum.

Below is the sample of curriculum developed for Commerce faculty.

COURSE STRUCTURE FOR B.COM SUBJECTS AND THE POSSIBILITIES TO INTRODUCE ORGANIC FARMING	
I SEM OR II SEM	Managerial Economics – project can be given on Demand Survey for Organic Products.
III SEM	Corporate Law – Assignment on the company law provisions for organic farming and farmers. Marketing Management- Project on Marketing Implications for organic products.
IV SEM	Entrepreneurship and venture capital – Project on how to venture as an organic farmer.

	International Business Environment – Assignment on understanding the International concept of organic farming. Environmental Studies- (Mandatory Subject- Include Organic Farming
VI SEM	It can be included as an elective paper or one of the chapters under Marketing Elective.
B.com(Professional)	Mandatory Subject- Indian Constitution and Human rights. Mandatory project-Organic Industry oriented Research project.
B.com(Industry Integrated)	II Sem- Internet technology and E-Commerce (Assignment on how organic products can be promoted and marketed online)
	III Sem- Compulsory Internship (Summer Internship Report on Organic Farming)
	V Sem- Services Management- Assignment on introducing services agencies to aid organic product marketing.
	VI Sem- Dissertation Project on Organic Farming.
Elective Paper	Organic Farming as a module can be included in any of the following elective papers: <ul style="list-style-type: none"> • Product and Brand management • Consumer Behavior • International Marketing • Retail and Distribution Management • Advertising Management • Media Management

Apart from the regular curriculum, Organic Farming can be introduced through

- Value Education Classes
- Center For Extended Education(Credit Courses)
- Choice Based Credit System (CBCS) - Interdisciplinary classes.

CONCLUSION

The study has been conducted to make people in general and students in particular the importance of bringing the food education concept to the college for students, adolescents, and young adults in the city. In the present era, students are not learning about their food and nutrition. According to Jamie Oliver’s Food Revolution, in the United States alone, elementary school students only receive an average of 3.4 hours of food education per year.

The results of the study are however encouraging ,that the students do have some knowledge about organic foods and they get a balanced view of the issues surrounding organic food and this can also assist farmers and organic retailers to market their product more effectively by knowing how many of the consumers know about the product.

But it is more important than ever to educate and engage students in the food system, especially as farming population’s age. The U.S. Department of Agriculture (USDA) reports that the average age of an American farmer is 57 years and 60 percent of farmers in the country are over the age of 55. All over the world, the farming population is diminishing, and this is a crucial moment for the students to realize the importance of farming. To analyze the consumption pattern and to be involved in all aspects of the food system--from producing and processing food, to becoming agronomists at their home space, scientists, chefs, and policy-makers. Jon Previante, Executive Director of The FARM Institute, said it best in an interview with Food Tank: “students spread the fever.”

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Management Education In India And Responsive Higher Education Institutions: Challenges And Prospects

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ABSTRACT

A 'Responsive Higher Education Institution (HEI)' represents the socio-economic, cultural and political dynamics of the society. Universities have become dynamic organizations and are expected to respond to the needs of the society and economy i.e., 'knowledge society' and 'knowledge economy' respectively. In the last decade, series of reforms have been proposed to Management Education across Private, Deemed and Public Universities in India. These reforms are proposed, implemented and regulated by multiple bodies – UGC, AICTE, MCI and many others. One of the core agenda of these reforms is to focus on enhancing performance/efficiency and effectiveness in Management Education. As expressed in popular discourse – there exists a common agenda for ensuring performance in management education in particular and Universities in general, but the processes/mechanisms to achieve such criteria vary per regulating body or the University per se viz., National Board of Accreditation (NBA) standards, Total Quality Management (TQM), Performance Management System (PMS) and so on. This paper aims to outline and discuss the TQM model and analyse the challenges and prospectus of such processes/mechanisms for performance management in HEIs.

The proposed paper through case study method and secondary data sources describes the role and relevance of select University offering management education in the country and the processes/mechanisms for performance management. Performance management has been the *sine-quo-non* for management education institution in the last decade.

Given this context, the proposed paper aims to address the following objectives:

- To discuss the role of AICTE, NBA and higher education institutions in management education within the larger context of higher education reforms.
- To analyse the challenges and prospectus of performance management mechanisms across these institutions.

Key words: Knowledge society, Knowledge economy, Performance management and TQM.

INTRODUCTION

The first full-time MBA programme in India started way back in 1957. The two IIMs in Calcutta and Ahmedabad commenced in 1961 and 1962, respectively. However, phenomenal growth was from 1991, the year of economic liberalization in India. Although accurate figures are not available from the regulatory body – the All India Council for Technical Education (AICTE)-, based on the literature review, approximate numbers of management institutions in different years as well as average annual additions of management institutions for different periods is shown in Table I.

Table I: Growth of Management Education in India

Year	No. of Business Schools	Period
1988	100	1957-88
1993	200	1998-93
1998	400	1993-98
2003	800	1998-2003
2008	1700	2003-2008
2011	2000	2008-2011

Source: Adapted from Philip J., "Management Education in India", paper presented at the XIII International Study and Conference, in 2008.

The above-mentioned statistics suggest that, management education has witnessed an unprecedented growth in the country in the last few decades. Presently there are more than 3000 (approx.) management colleges existing across India and many among them like Indian Institute of Management (IIM) and few private institutes are counted among the best in the world. India's entry in the globalization process has acted like a catalyst in the expansion of management education. Because of the increasing number of global and Indian multinationals, trained management graduates are in demand and this demand has been actively fuelling the interest of more number of students. In response of this growing demand, private sector also entered in Indian management scenario and has made huge investments. A large number of private management colleges along with government aided management colleges have come into the existence in the last decade .

However, management education is facing a unique crisis of relevance in the contemporary scenario. All the aspects of Business education such as quality of MBA aspirants, curriculum, business research, quality of research publications, industry-institute interface, management development programmes, faculty development programmes, placements, compensation packages of B-school graduates, career development trajectory of alumni, diversity among faculty as well as students, governance and accountability, etc. are under critical scanner. Indian B-schools are not untouched by the contextual compulsions of the Management education in the international arena. Indeed, B-schools in India are facing multiple issues such as proliferation of B-Schools, quality of education, faculty shortage, poor regulatory mechanism and governance and accountability.

The All India Council for Technical Education (AICTE) was constituted as a statutory body through an Act of Parliament 52, in 1987 as an agency to coordinate and standardize technical education in the country. According to AICTE, technical education is defined as programmes of education, research and training in engineering, technology, architecture, town planning, management, pharmacy and applied arts and crafts and such other programmes or areas as the Central Government may, in consultation with the Council, by notification in the official Gazette, declare. The main aim of AICTE is to ensure promotion of qualitative improvement in technical education and sustain the same.

Management education has evolved as a dynamic entity and AICTE has ensured coordinating and standardizing this dynamics. It is interesting and relevant to examine the aspect of performance among the key players in technical education institutions i.e., faculty members in management education. Faculty members are an important player in the overall success and quality enhancement in management education institutions. Further in order to promote qualitative improvement in technical institutions the National Bureau of Accreditation (NBA) was setup in

LITERATURE REVIEW

The time is very opportune for India to make its transition to the knowledge economy— an economy that creates, disseminates, and uses knowledge to enhance its growth and development. In a knowledge economy, higher education benefits more than just those who attend. Knowledge economy relies heavily on a well-trained workforce comprising knowledge workers that cannot only apply knowledge but are also capable of analysis and decision-making based on information.

According to Ronald Barnett (1992: 92) there are four predominant concepts of higher education.

- Higher education as the production of qualified human resources: In this view, higher education is seen as a process in which students are counted as “products” absorbed in labour market. Thus, higher education becomes input to the growth and development of business and industry.
- Higher education as training for a research career: In this view, higher education is preparation for qualified scientists and researchers who would continuously develop the frontiers of knowledge. Quality within this viewpoint is more about research publications and transmission of academic rigour to do quality research.
- Higher education as the efficient management of teaching profession: Many strongly believe that teaching is the core of educational institutions. Thus, higher education institutions focus on efficient management of teaching -learning provisions by improving the quality of teaching, enabling a higher completion rate among the students.
- Higher education as a matter of extending life chances: In this view, higher education is seen as an opportunity to participate in the development process of individual through a flexible, continuing education mode.

Interestingly, all these four concepts of higher education are not exclusive; rather they are integrated and give an overall picture of higher education. If we look at the activities of colleges and universities, we will realize that teaching, research and extension/service form the three main functions of higher education.

As discussed above, management education in India has witnessed an unprecedented growth in the last few decades. However the growth is not uniform in terms of quality across teaching, research and service. outcomes. In other words, not all institutions have similar operations and outcomes considering multiple categories of the HEIs and management education in India. These categories could be attributed to the regulatory and accreditations mechanisms in place and the overall quality of each of these institutions. In broad terms, the management institutions in India can be classified into six categories (Mathew, 2006), as follows:

- Category 1: Top 50 government and private management institutions, including IIMs and Indian School of Business, which compare favourably with the internationally recognized business schools.
- Category 2: University departments of management studies, both in government and private sector, such as Faculty of Management Studies, Delhi University, Delhi and School of Business of Alliance University, Bengaluru would be about 250. It includes institutions that are declared as “deemed universities” like Christ University, Bengaluru.
- Category 3: University affiliated private colleges, whose courses are designed and monitored by the respective universities and they award the MBA degrees. The quality of the courses offered by these colleges would mainly depend on the quality and reputation of the concerned university. The largest numbers of the management institutes – viz. about 1350 – are in this category.
- Category 4: Private autonomous business schools approved by the AICTE, without any affiliation to any university, are numbering about 275. The examples of such institutions are Management Development Institute (MDI), Gurgaon and Institute of Management Technology (IMT), Ghaziabad, U.P.
- Category 5: These are private management institutions that are neither affiliated to any university nor approved by the AICTE, such as Xavier Labor Relations Institute, Jamshedpur and Great Lakes Institute of Management, Chennai. It would be difficult to arrive at the exact number of business schools, but the number would be around 50.
- Category 6: There are approximately 25 collaborations of private institutions with foreign universities, where the foreign university awards the degree. For instance, UK based WLC College offering MBA in India and TASMAC Management institute offering MBA from the University of Wales, U.K., at Bangalore, Pune and Kolkata campuses.

Such categorization enables critical perspectives on the very organization and growth of management education in India. Further, it is critical to note that the heterogeneous categories of the management institutions would lead to heterogeneous process and outcomes. It is important to unpack this diversity in management education in terms of quality/performance management. For instance, category 1 institutions in the country have established themselves as one of the top-most and most-preferred institutions among the student-consumers. One could attribute this to

effective performance to comprehensive teamwork of faculty (research, training and service), alumni (placements) and administration (decision-making) that has been instrumental in enhancing quality. Further, category 2 management institutions are critical to the overall growth and success of management education in India. This set of institutions unlike other categories cater to the heterogeneous set of customers/consumers (students) coming from varied social, economic and intellectual background. Since these institutions meet the demand of this section of learners it invariably addresses the aspect of equity. In popular parlance, it is argued that in meeting equity, these institutions often compromise on quality. However, one could discuss and debate this proposition. In addition to this, it is perceived that these institutions who are regulated and governed by the AICTE and NBA norms, tend to lose their autonomy to innovate or change to the demands posed by the contemporary era of knowledge economy in particular. In line with this, this paper below discusses the case study of an institution that belongs to this category of management institutions and analyzes few points with regard to performance management and the TQM model..

PERFORMANCE MANAGEMENT MODELS AND MANAGEMENT EDUCATION

In many countries and many cultures the issue of performance management has been firmly on the agenda of higher education institutions (HEIs) for quite some time. Higher education (HE) for the masses and a growing climate of increased accountability are frequently cited as rationales for a greater emphasis on enhancing performance and managing performance (Oldfield and Baron, 1998). Other environmental forces include the greater expectations and diversity of students as 'consumers' (who pay for their higher studies), their demand for increased flexibility in provision, and increasing levels of competition within and across global contours (Brookes and Becket, 2007). Further, Roffe (1998) considers that due to open competition, students are becoming more customers as well as consumers and expected to pay a growing share of the costs of education. This leads to competitive forces that generate different programmes for different student groups. According to Srivanci (2004) there are two types of customer: external (students, employers, taxpayers and community at large, other educators from different institutions) and internal (other instructors, service department staff). According to Srivanci (*Ibid*), students as customers take four roles: the product in process; the internal customers for many campus facilities; the laborers of learning process and the internal customers for delivery of course material need is determined by education mix viz., teaching, research and extension activities.

Previous research reveals that quality in HE can be (and is) interpreted and measured in a number of different ways (Cheng and Tam, 1997; Pounder, 1999). As such, there is still no universal consensus on how best performance can be managed in management education and a variety of quality management models have been implemented in different HEIs particularly management education (Martens and Prosser, 1998). From literature, it is evident that performance management of various actors of an institution (students, faculty, administration and so on) constitutes as an important tool for enhancing and sustaining quality in/of education.

This paper draws on quality management research undertaken within higher education more generally and on performance models developed within generic management or business schools. The main focus of the paper is to emphasize on the latter with specific case studies as point-of-reference.

TOTAL QUALITY MANAGEMENT (TQM) AND HEIS

Total Quality Management is a way of managing a business. The broad goal of TQM is continuous improvement by improving effectiveness, efficiency, cohesiveness, flexibility and competitiveness. According to Witcher (1990) TQM is composed of three terms: **Total**: meaning that every person is involved including customer and suppliers, **Quality**: implying that customer requirements are met exactly, and **Management**: indicating that senior executives are committed. Further adapting this statement to the given context we could elaborate these terms as follows: Total= every person of the organization (here HEIs, students, teachers and administration) is involved; Quality= customer (here student) requirements are met exactly and Management= senior executive (here HEIs leadership) are fully committed. The most popular understanding of TQM could be:

“TQM is both a philosophy and set of guiding principles that represent the foundation of continuously improving organisation. TQM is the application of quantitative method and human resources to improve the materialising services supplied to an organisation, all the process in an organisation, and the degree to which the needs of the consumer are met, now and in the future” (Strickland, 1989:9).

Further, Sallis (1992: 173) advocates, “TQM starts with recognition of the complexity of the issues surrounding standards and offers a methodology for defining and negotiating standards, and ensuring that they are met wherever possible”.

TQM relies on soft concepts like leadership, respect, integrity, trust, honesty, commitment, customer satisfaction, openness and high ethics, clarity of vision, problem solving, continuous improvement, total involvement, training and education, ownership of problems, reward and recognition, error prevention, teamwork, instinct motivation, consistency and good communications (Eriksen, 1995). Some of the main principles of TQM are:

Focus on the Customer: In the context of higher education institution – students (explicitly) and parents (implicitly) are the customers. According to TQM the customer becomes the principal judge of the quality and efficiency (Ibid).

Participation and Teamwork: Full use of the knowledge and creativity of the entire workforce has to be deployed for quality achievement. That is, everybody should be activated in some way so that they can feel that they are part of the project (Ibid). Faculty and administrators along with the leadership of the higher education institution constitute as important actors in ensuring effective participation and teamwork towards enhancing quality. To ensure quality, performance of each of these actors individually and collectively is important. To substantiate further, delivering TQM depends on all member parts of the organization working together (Ibid). Thus, teamwork that provides equal opportunity for all the key actors in an institution or organization is the defining factor of TQM.

Continuous Improvement and Learning: Continuous improvement refers to those improvements, which may be either small and gradual or large and rapid. Improvement may take forms such as, enhancing value to customers, reducing errors, waste and cost, improving productivity, effective use of all resources and improving responsiveness. Major improvements in response times may require simplification of work processes and a simultaneous improvement in quality and productivity may also accrue. Learning refers to adapting to change, which leads to new goals and approaches. Learning takes place via feedback between practices and results.

Former Vice Chancellor of State University in India stated: the ideal TQM principles could be linking the vision to institutional goals with accountability; training institutional leaders to create quality culture before assuming charge; choosing appropriate leadership tiers trained for supporting quality culture; deploying e-governance systems to promote transparency; systemic and experiential development of university staff and students through continuous capacity building; introducing structural changes in statutes of universities; making decision based on facts and delegating decision making powers; team building; and preparing and creating a culture of receptivity for change (Indian Express, 2013).

TQM per above-mentioned principles has led to excellent outcomes and has further enabled for best practice model across many institutions across the globe. TQM in particular has been instrumental in bringing in innovation and competitiveness across all the major stakeholders in the an organization and/or university. Popularly, as we witness today TQM has become an important process across many HEIs in the country. It is believed that the TQM practice is an important factor to achieve global excellence and standards in the age of knowledge economy in particular.

However, on the story of TQM has not been considered as successful across the spectrum of HEIs and its practices. Despite still having many supporters and much use in higher education, TQM has had a remarkably small impact on many colleges and universities. While numerous institutions of higher education have sponsored “quality” initiatives, nearly all of these have focused on non-academic activities viz., infrastructure, project management and so on. Thus, higher education TQM has concentrated on processes such as registration, physical plant, bill paying, and purchasing. It has ignored the most critical questions facing the academy such as faculty tenure, curriculum, tuition and fee levels vis-à-vis scholarship assistance (equity). TQM has had virtually nothing to say about these matters in many cases. Thus, TQM as a process of performance management has many buyers across HEIs but at the same time the application of TQM is not comprehensive, as it should have been considering the diversity and density of buyers.

CASE STUDY: Reflecting on TQM in HEI

Background:

The case in point is a private deemed to be university in Bangalore, Karnataka, India founded in 1969. The university was granted deemed to be university status in 2008, by University Grants Commission (UGC). The

University has around 12000 students from all over India and some parts of the world and around 500 faculty members as on 2014.

TQM at the University: A Case-in-point

A Private deemed University¹ in Bengaluru as a case-in-point adopted the Total Quality Management (TQM) framework for performance management and enhancement. According to the university, TQM is an adoptable management philosophy to constantly revitalize the educational and administrative concepts that are required to produce better results. Acutely aware of the human elements involved in the process of creating and disseminating knowledge and making a clear distinction between producing a market product and a human being with a noble soul and mind, it strives to go beyond standardization of strategies and creating exclusive policies for itself. TQMS makes it clear that it is neither an imposition nor an inspection but a responsibility, every member takes upon himself/herself for continuous improvement. TQMS is aware that it has to fight all the negative traditional mindsets to achieve its goal. As an organization moving from its entrepreneurial phase to a maturity phase where it requires to be more dynamic to create a competitive edge, TQMS aims at creating a zero defect system with a completely participatory network.

TQMS is an umbrella body of the institution consisting following units:

1. Quality Review and Development (QRD)
2. Centre for Education Beyond Curriculum (CEDBEC)
3. Holistic Education and Development (HED)
4. Faculty Development Programme (FDP)

Quality Review and Development (QRD):

Quality Review and Development (QRD) is concerned with maintaining quality standards. QRD is more a facilitating agency than a monitoring one in the functioning of the University. It conducts annual academic auditing of all the departments and offers suggestions to improve quality in all aspects of higher education. The auditing is conducted during the period between August and October every year. Curricular Aspects, Teaching-Learning, Academic Community, Research, Consultancy and Extension, Infrastructure and Learning Resources, Student Support and Progression are some of the areas covered under the auditing.

Centre for Education Beyond Curriculum (CEDBEC):

Started in the year 1995 with the aim of streamlining all the extra and co-curricular activities the Centre for Education Beyond Curriculum (CEDBEC) went much beyond its scope to create a platform for the educationists in the country and beyond to initiate dialogues on all aspects of higher education ranging from leadership to digital learning. CEDBEC is well known in the higher education circle and has organized more than 65 programmes involving Chancellors, Vice Chancellors, Educational Philosophers, Corporate Executives, Entrepreneurs, Social Activists, Deans, Librarians, Administrators and Teachers.

Holistic Education and Development (HED):

Holistic Education covering three basic skills, Personal, Interpersonal and Societal, is imparted to the students of all I and II year UG programmes and to the I year students of all PG programmes. A team of 54 trainers covering 18 topics from the three skills train all the teachers at the beginning of both odd and even semesters.

Centre for Faculty Development Programmes (FDP):

The academic community of the University engages itself in the continuous dialogue on higher education and on the specific issues concerning the University. Organized at two levels the faculty members meet just before the reopening to hold discussions at the institutional, deanery and departmental levels through presentation of papers called level One. Level Two is the Outbound Training programme (OBT) during which, among other issues, the Indicative Quality Framework and Strategic Plan are discussed. Divided into clusters, the teachers move to a place outside the city to spend a minimum of 12 hours discussing every issue concerning their field of knowledge and the institution.

¹ Due to methodological (ethical) reasons, the name of the University is not mentioned in this paper. The description of the case study is sourced from the institutions website accessed on July 10, 2014.

RESEARCH PROBLEM

Management education has witnessed an unprecedented growth in the last few decades. While there is growth, there are many challenges and prospects faced by this sector. Regulatory bodies (AICTE) and accreditation bodies i.e., NBA on one hand and intra-institution competitiveness adhering to demand from the consumers (students/parents) are at the behest of this unprecedented transformation in management education. With either of the above mentioned scenario – quality or effectiveness has been the core aspect of management education. It is critical to explore the challenges and prospects with regard to this core dynamics and unpack the idea and practice of performance management in management institutions in India, and discuss few implications.

RESEARCH OBJECTIVES

- To discuss the growth of management education within the larger context of higher education reforms.
- To analyse interventions and strategies of TQM as a tool of performance management mechanism in HEIs and the challenges and prospects of the same.

METHODOLOGY

The paper through the case study method and secondary data sources describes the role and relevance of a select University in India, which is offering, the management education and the processes/ mechanisms for performance management. Performance management has been the *sine-quo-non* for management education institution in the last decade. The methodology of the paper is based on lecture-discussions, case studies and experiential knowledge of members (current and retired) of the institution. Adequate time was devoted to library-based assignments; field visits and visits to some important educational institutions.

Total Quality Management (TQM) is both a philosophy and a methodology. It can serve HEIs in India to manage change and to set their own agendas for dealing with the excess of new external pressures. However, TQM does not and will not bring results immediately; neither is it a solution for all the problems for enhancing, measuring and sustaining performance.

The Higher Education (HE) environments across the globe are often described as unstable and dynamic. Both the global and national forces are transforming within and across each countries and their higher education institutions. These changes have provided to place the issue of quality management firmly on the agendas of national governments, institutions, academic departments and individual programmes of the study.

CONCLUSION

Management education with its unprecedented growth as mentioned above, is at the cutting-edge in terms of meeting the growing demand for higher education in the era knowledge economy. However, while the focus is on meeting the demand, there is less focus on supplying quality to the consumers – who are creating the demand. In order to enhance and adhere to the quality needs of the consumers TQM and other performance mechanisms are implemented across HEIs in the country today. The paper describing the case-in-point and its process and implementation of TQM for excellence in HEIs provide few insights on the prospects and challenge of such mechanisms for higher education.

The TQM is based on the following five variables, which lead to consumer (student) satisfaction, is proposed. This paper has attempted to use a case study of a University to raise broader questions about the way in which Performance and TQM in response are conceptualized. Attempting to understand performance and quality in HEIs is problematic because the notion of higher education itself is a subject to considerable debate. Therefore, a major development in higher education worldwide over the past two decades has been the preoccupation with institutional performance evaluation (Pounder, 1999).

From the case study it could be understood that the implementation TQM in the private deemed university faces a number of dilemmas. In this institution, administrators and managers often see TQM as the remedy to the crisis in organization in terms of the need for more funding to increase staffing, to improve infrastructures, purchase new equipment and undertake research and so on. As Kirk (2000: 14) stress, “organizations have not found it so easy to implement and to achieve the expected benefits”. In higher education sector, TQM involves total commitment from everyone in the search for improvement, in order to improve institutional change that helps to reduce costs, eliminate programmes, generate performance measurement criteria for individual departments and peer reviews of teaching and research.

With such prerequisites as mentioned above, can we enhance performance and achieve quality using TQM in higher education institutions. For instance, the case study highlights faculty development programme as one of the means for active performance among faculty members. It believes in creating space for continuous dialogue on higher education and on the specific issues concerning the University. However, these spaces are constructed and created by the top-management/leadership of the University. Can there be an assurance of autonomy among faculty to discuss and share the issues with freedom? Further similar issue could be raised with regard to the 'subjective' perceptions and opinions of the faculty members often heterogeneous and differentiated. In what way these differentiated, subjective and heterogeneous opinions/perceptions could be integrated, objectified and homogenized is a matter of great challenge? These questions are indicative of the potential prospects and challenges that arise with the use of TQM towards performance management in the era of knowledge economy in particular. There is a need to manage the HEIs. HEIs are on the verge of crisis, to overcome the crisis they have to respond (responsive university) to the changing dynamics in the contemporary era, and one such response is effective performance. The means to achieve such efficiency in performance, ideal TQM is the most reliable and tested model, however with some criticism in terms of its actual practice in HEIs in particular. In other words, the qualitative aspect of management education is also as important as its technical aspects. TQM could provide a basis for such qualitative enhancement, however the TQM model should be localized and contextualized across spectrum of the diversity of management education in India at present.

IMPLICATIONS

There are manifold implications of the discussion proposed in this paper. From the point of view of the literature on TQM in HEIs it is evident that the model has been successful in some and also failed in some other instances. It is for important to note that the academicians/experts in management education, considering TQM as an integral part of the discipline of management, could evolve a comprehensive model to overcome the challenges and develop the same towards measuring performance and quality in management education. Further, the paper highlighted that the context and the category/typology of the HEIs is an important factor for the success and failure of the TQM model. In addition to this, performance is not the prerogative of the institutions wish/voluntary decision but it is more of a demand from the key stakeholders of the society and economy (knowledge society and economy), in order to address to this demand HEIs have to be responsive.

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HR Challenges Towards Sustainability & Growth In Indian Industry

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ABSTRACT

Taking a look at the world of human beings is a rewarding experience. Human resources is one of the most valuable and unique assets of an organization. Beauty is juxtaposed with ugliness, mercy with cruelty, compassion with indifference, health with disease, happiness with misery, industrious behaviour with laziness, and affluence with poverty. Contrasts notwithstanding, one thing is certain- it is the people who make an organization a success. Organizations have clearly understood that they gain sustainable competitive advantage through making their people to develop in them the organizational identity. Internal Customers are very valuable to any organization. Often employees are looked down upon as liabilities, but in reality they are one of any company's largest assets. Typically management is considered as the key to any organization's success, but if we think about it, employees are as important to a business as management. Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Employees are more often than not, critically needed to ensure business continuity. This study so forth focuses on the aspect of challenges faced by HR to attract ones own people in order to function efficiently and to sustain itself in this competitive economy.

Key Words: Internal Customer, Internal Marketing, Employee satisfaction

INTRODUCTION

Organizational Sustainability speaks about progress of an organization that can be measured in economic, community, and environmental terms. For such 'value driven' individuals are like gold. Get them to work for your organization and fully engage them in work that feels meaningful – with outcomes they can influence and for which they are recognized – and they will go above and beyond their capabilities. They will have pride in being associated with the organization, recommending it to others as a great place to work, which in turn will contribute to an improved reputation with customers. HR departments have not missed this trend, and now recognize that sustainability is a significant tool to recruit, retain, inspire and motivate the workforce.

Internal customer is a term used for employees of a company to emphasize the need to motivate the employees to accept and adopt ways of behaving which are in the overall interest of company as well as the employees. It is suggested that a company can perform better by marketing or selling to its employees the company's culture and doing ways of business, just as it markets its products to customer, sometimes called *external customers* to differentiate them from internal customers. Employees are more often than not critically needed to ensure business continuity. While management is valuable, they often don't know the tools or have the knowledge in how to work on the operational levels to do these kinds of tasks. If an organization loses a manager, typically day to day operations can continue on for extended periods until a new manager is found. Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work.

Internal marketing helps ensure that employees are effectively carrying out the organization's programs and policies. An informed staff means one that's more engaged and invested in the organization's outcomes. It creates an environment that enables organizations to focus on whatever needs changing internally so they can enhance their external market place performance. Happy campers internally mean happy customers externally. The internal marketing concept holds that the organization's personnel are the first market of company. The objective of internal marketing function is to obtain motivated and customer conscious personnel at every level distinguishing between the implementation of internal marketing at the strategic and technical level. At the strategic level it should create an internal environment that bolsters customer consciousness and sales-mindedness among employees. The focus on employee satisfaction within these new approaches to employee management can

largely be attributed to the fact that in the marketing of services much of what customers buy is labour, or human acts of performance.

The major thrust of the internal marketing concept is to ensure that employees feel that management cares about them and their needs. Human resource practitioners might argue that they are already charged with this responsibility. Nevertheless, the successful application of the internal marketing concept is translated into positive employee attitudes towards their work including organizational commitment, job involvement, work motivation and job satisfaction. The overall effect of this is to bring to the fore the issue of employee motivation and satisfaction. Employee satisfaction, while generally a positive in your organization, can also be a downer if mediocre employees stay because they are satisfied with your work environment. The study explores issues such as internal growth opportunities, potential for advancement, career development importance, and the relationship between job performance and career advancement. The study helps to determine whether their employees feel they are fairly paid for the work they perform when compared to a similar job at a different company. The study helps the organization to identify problem areas and develop solutions that create a supportive work environment and foster a motivated, loyal workforce. Employee's satisfaction surveys are a valuable tool for assessing job satisfaction overall workplace productivity and work culture. It gives an insight into employee's perceptions and attitude towards the job as well as organization. The purpose of such surveys is to understand the organizational climate. The contents vary widely and they include almost all the important aspects of the organization, such as structure, communication, leadership conflict, reward systems and inter personal relationships,

Employee satisfaction surveys and facilitated focus groups help the employer identify areas of employee satisfaction and dissatisfaction. Further, in the interest of building a relationship of honesty, integrity, and trust, among organization employees, the results should be communicated effectively and acted upon by the organization. Finally, the organization's managers need to track progress and communicate implementation successes and failures. Employee satisfaction surveys provide the information needed to improve levels of productivity, job satisfaction, and loyalty. Organizations can identify the root causes of job issues and create solutions for improvements with an accurate perspective of employee's views. Discover what motivates people, what drives loyalty, and what genuinely makes and keeps your employees happy. Satisfaction levels will increase when employees know that their issues are being addressed. There is a direct link between employee satisfaction and financial results

OBJECTIVES OF THE STUDY

1. Identify the main contributors to employee's satisfaction level.
2. To discover the satisfaction levels of the employees in terms of the organizations policies, working environment and the job.
3. Diagnose issues and overall organizational climate.
4. Assess teamwork and management style problem.
5. To study the superior – subordinate relationship.

RESEARCH METHODOLOGY

To make the study a success, a systematic and a scientific methodology was adopted which is as follows. This particular research study is an exploratory research study which is qualitative in nature emphasizing method. The overall research design is very flexible, which provides opportunity for considering different aspects of the problem.

RESEARCH HYPOTHESIS:

In this particular research study, the Emotional Intelligence of a person is a dependent variable while a person's emotion is an independent variable. This is a non experimental hypothesis testing research because emotion is a qualitative independent variable which cannot be manipulated.

FORMULATION OF HYPOTHESIS:

For this particular study, the procedure for testing of hypothesis is as follows:

Ho: $\mu < 40$

Ha: $\mu > 40$

μ is the total mean score of the respondents expressed in percentage.

SAMPLE

In this particular study:

- The type of universe is a finite one.
- The sampling unit is employees of garment sector situated in Tirupur.
- The sample size is 120 respondents.

SAMPLING PROCEDURE:

For this particular study, non probability sampling procedure is applied, in which judgment sampling technique is used for selecting items which the researcher considers as representative of the population.

MEASUREMENT AND SCALING TECHNIQUES:

For this particular research study, interval scales are used as they are far more effective than the other scales in the context of this study. Mean is the appropriate measure of central tendency, Standard Deviation is the measure of dispersion. Generally, t – test and F – test are used for statistical significance. In this case, the sample size is 120, z- test which is an extension of t – test is the appropriate test which has been used.

DATA COLLECTION

The task of data collection begins after a research problem has been defined and a research design has been chalked out. For this particular study, a psychometric test has been administered and the data is collected with the help of a questionnaire. The questionnaire is a combination of structured, non – structured, open – ended and closed ended questions from which the respondents have to choose.

SOURCE: The employees of Garment Sector at Tirupur

ANALYSIS AND PROCESSING OF DATA:

The collected data has to be analyzed and processed in accordance with the outline laid down for the purpose at the time of developing the research design. For this particular study, the collected data is analyzed using descriptive statistics like percentages, averages and standard deviation.

GEOGRAPHICAL COVERAGE: The study was restricted to Tirupur only

LIMITATIONS

- This particular study was restricted to the senior and middle level managers of the garment sectors of Tirupur , the study does not cover the entire textile employees either statewide or nationwide or all the levels of the management.
- The sample size was only 120 which is not a true representation of the population as a whole
- Ignorance and lack of cooperation of the respondents
- Time – constraint

The data collected through sample has been subjected to statistical analysis. Z – Test has been used for judging the significance of several statistical measures. The Z test statistic is worked out and compared with its probable value at a specified level of significance for judging the significance of the measure concerned

For testing the hypothesis CHI – SQUARE TEST is implemented.

CHI – SQUARE TEST is one of the simplest and most widely used non – parametric tests in statistical work. The symbol is the Greek letter Chi. This was first used by KARL PEARSON in the year 1900.

$$Q = \sum_{i=1}^k X_i^2$$

It is also noted that the value of chi – square is always positive and its upper limit is infinity. Also, it is derived from the observations; it is statistic and not a parameter. Therefore, it is non – parametric test. One of the greatest advantages of this test is that it involves no assumption about the form of the original distribution from which the observations come.

DEGREES OF FREEDOM

While comparing the calculated value of chi – square with the table value we have to determine the degrees of freedom. By degrees of freedom we mean the number of classes to which the values can be assigned arbitrarily or at will without violating the restrictions or limitations placed. Thus, the number of degrees of freedom is obtained by subtracting from the number of classes the number of degrees of freedom lost in fitting. Symbolically, the degrees of freedom are denoted by the symbol ν (pronounced as nu) or by d.f. and obtained as follows:

$$\nu = n - k, \text{ where 'k' refers to the independent constraints.}$$

TESTING OF HYPOTHESIS

METHOD USED FOR TESTING: CHI-SQUARE (Source graph no. 6 and 7)

NULL HYPOTHESIS: H_0 : There is no significant relationship between the number of units sold(per month) & the selection of channel structure.

ALTERNATIVE HYPOTHESIS: H_a : There is a significant relationship between the number of units sold(per month) & the selection of channel structure.

Test Statistic:

$$(O-E)^2 \dots\dots\dots \sum E$$

Where O= observed value
E= Estimated value

Level of significance= $\alpha = 0.05$

Sample size = 50

Degrees of freedom (DOF): (Number of rows-1) (Number of column-1)

DOF=1

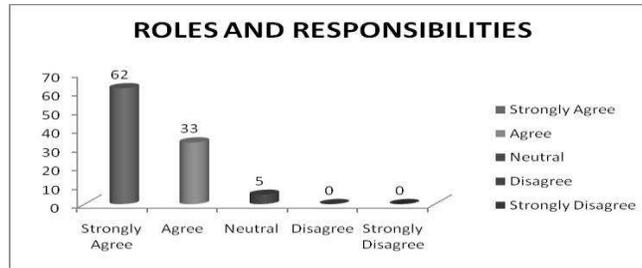
Table Value: 3.841

Calculated Value: 0.2971

Inference: Since the calculated value is less than table value the Null hypothesis is accepted and the alternative hypothesis is rejected. In other words there is no significant relationship between Fair allocation of Training Programs to all the employees & Increase in knowledge & skills after a technical training program towards Employee Satisfaction.

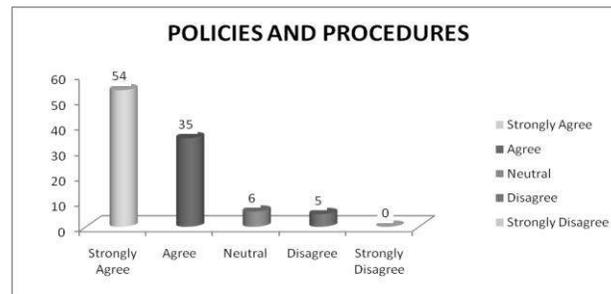
1. Clarity about Employee’s roles and responsibilities in the organization

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	62	62%
Agree	33	33%
Neutral	5	5%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	100	100%



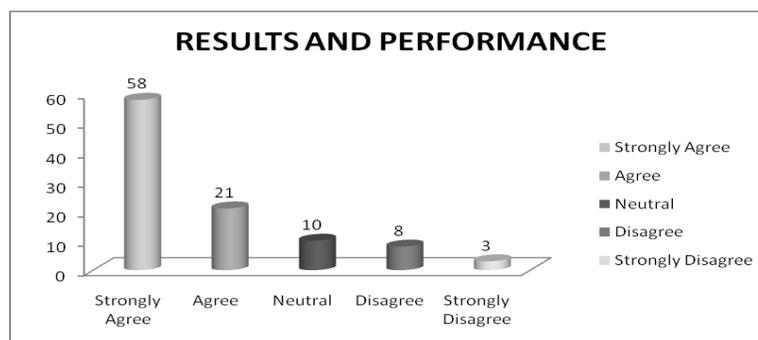
2. Information about policies and procedures of the organization

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	54	54%
Agree	35	35%
Neutral	6	6%
Disagree	5	5%
Strongly Disagree	0	0%
TOTAL	100	100%



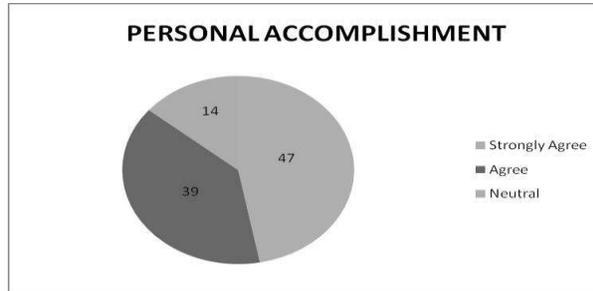
3. Information about the company's business results and performance

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	58	58%
Agree	21	21%
Neutral	10	10%
Disagree	8	8%
Strongly Disagree	3	3%
TOTAL	100	100%



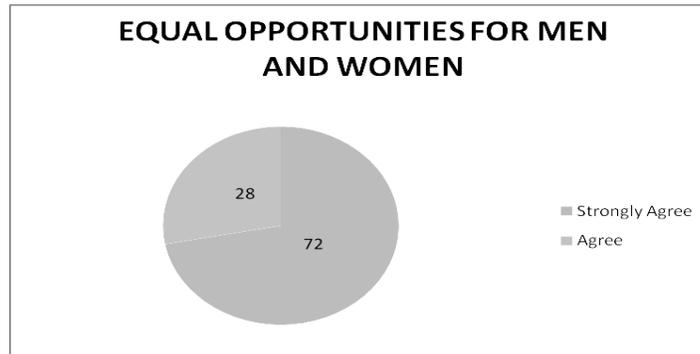
4. Feeling of personal accomplishment

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	47	47%
Agree	39	39%
Neutral	14	14%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	100	100%



5. Equal opportunities are given for both men and women

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	72	72%
Agree	28	28%
Neutral	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	100	100%



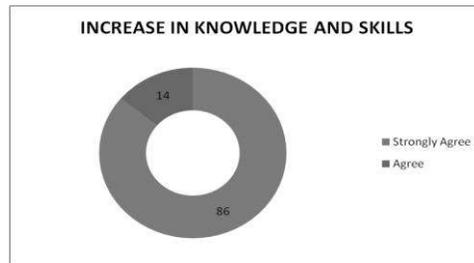
6. Fair allocation of Training Programs to all the employees

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	48	48%
Agree	31	31%
Neutral	12	12%
Disagree	9	9%
Strongly Disagree	0	0%
TOTAL	100	100%



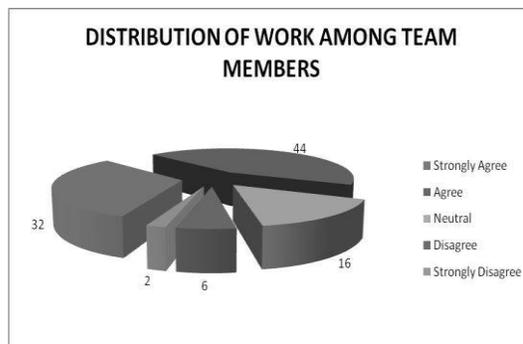
7 Increase in knowledge & skills after a technical training program

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	86	86%
Agree	14	14%
Neutral	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	100	100%



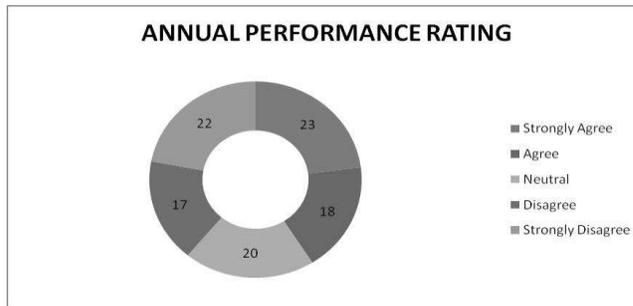
8. Fairness in distribution of work among the team members

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	32	32%
Agree	44	44%
Neutral	16	16%
Disagree	6	6%
Strongly Disagree	2	2%
TOTAL	100	100%



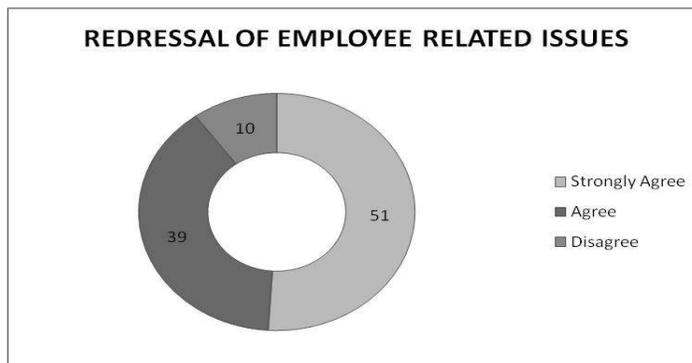
9. Fairness in Annual Performance rating system in the company

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	23	23%
Agree	18	18%
Neutral	20	20%
Disagree	17	17%
Strongly Disagree	22	22%
TOTAL	100	100%



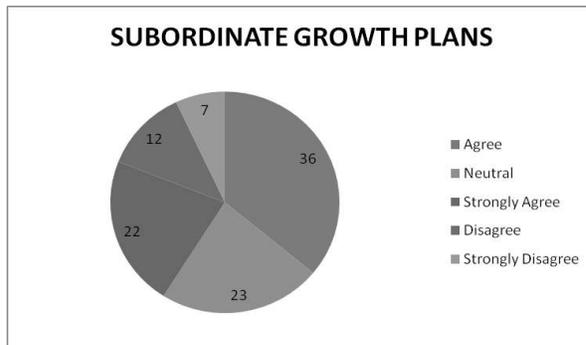
10. Efficiency in redressal of employee related issues

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	51	51%
Agree	39	39%
Neutral	0	0%
Disagree	10	10%
Strongly Disagree	0	0%
TOTAL	100	100%



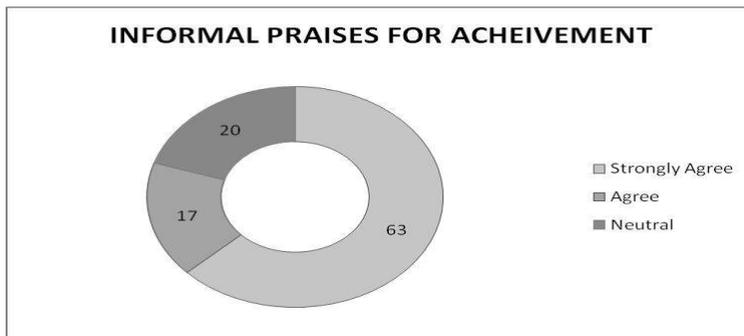
11. Superior's involvement in identifying subordinate growth plans

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	36	36%
Agree	23	23%
Neutral	22	22%
Disagree	12	12%
Strongly Disagree	7	7%
TOTAL	100	100%



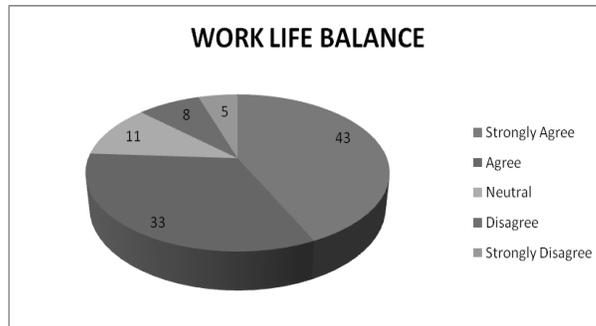
12. Employee’s opinion regarding whether the superior praises him informally for their achievement

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	63	63%
Agree	17	17%
Neutral	20	20%
Disagree	0	0%
Strongly Disagree	0	0%
TOTAL	100	100%



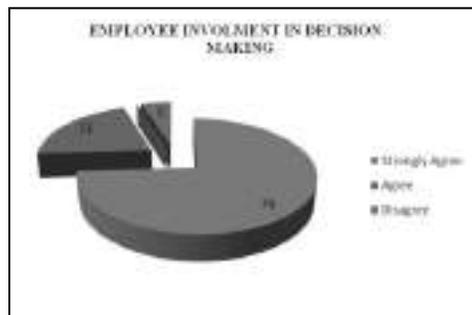
13. Company’s assistance towards career and personal life balance

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	43	43%
Agree	33	33%
Neutral	11	11%
Disagree	8	8%
Strongly Disagree	5	5%
TOTAL	100	100%



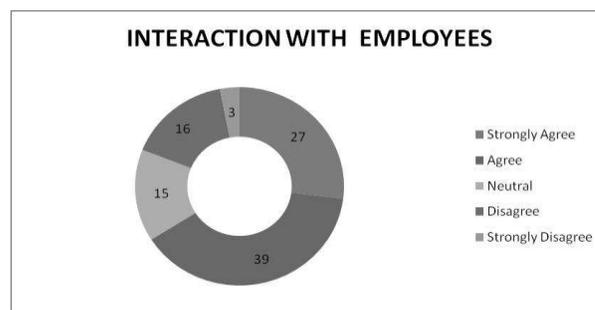
14. Employees’ involvement in decision making

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	43	43%
Agree	33	33%
Neutral	11	11%
Disagree	8	8%
Strongly Disagree	5	5%
TOTAL	100	100%



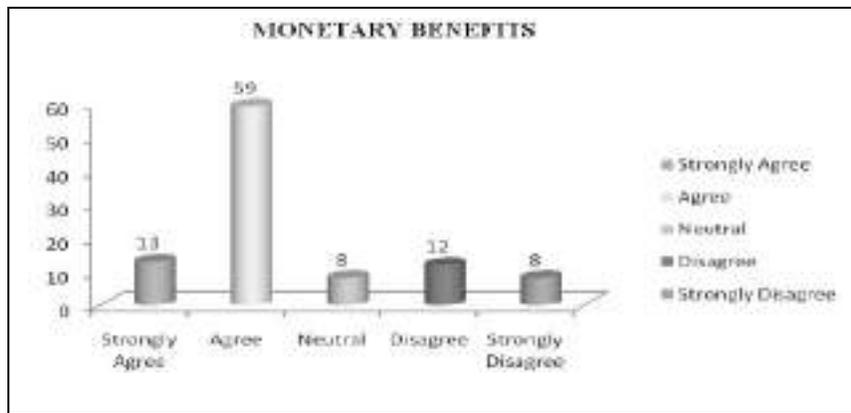
15. Opportunities to interact with employees from other departments

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	27	27%
Agree	39	39%
Neutral	15	15%
Disagree	16	16%
Strongly Disagree	3	3%
TOTAL	100	100%



16. Motivation of employees with the pay scale and kind of monetary benefits

Rating	NO OF RESPONDENTS	Percentage
Strongly Agree	68	68%
Agree	26	26%
Neutral	0	0%
Disagree	6	6%
Strongly Disagree	0	0%
TOTAL	100	100%



SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

FINDINGS

- Employees strongly agree that there is clarity in roles & responsibilities in the organization.
- Most of the respondents strongly agree, for getting enough information about policies & procedures of the organization. This indicates that the companies’ policies and procedures are being informed well to the employees.
- Majority of the respondents strongly agree that their work gives them job satisfaction and they feel that having accomplished some thing. However there are few other who have still not reached the status of having job satisfaction with regard to their work
- The company has given equal opportunities for both men and women. However it can be noted that women employees are found only in administration department.
- Majority of the respondents strongly agree that there is Fair allocation of Training Programs to all the employees
- Equitable distribution of work is not up to the mark among employees in the team and in the organization as a whole.
- Employees feel that there needs to be more fairness and justice in the rating system of the annual performance appraisal system.
- Employees do receive informal praises for the good job done which is a good motivating factor for them to perform better.
- Company has taken measures to ensure good work life balance for the employees.
- No outsiders are allowed into the company without permission letter and security takes due care of this, which indicates the importance given by the company towards security and secrecy.
- The companies get the products of other competitors to their testing labs and make comparisons with their products and adopt the technology of their competitors and in turn they attempts to give a better product than their competitors.

- The employees have formed trade union. They negotiate with the management and get their requirements fulfilled. The management and the trade union meet together periodically and discuss regarding their issues, which indicates the importance given by the company to internal relations.
- In order to motivate the employees, the company follows an internal recruitment process through promotions, if there is any vacant job, the company first searches for suitable employees within the organization and promotes the right employee on the basis of merit cum seniority. If suitable employee is not available internally, then subsequently they go for external requirement.
- Employees are satisfied with their work and compensation package which indicates that the company practices fair wage system and also provides good working conditions.

SUGGESTIONS

Employees are more often than not critically needed to ensure business continuity. The rate of change facing organizations has never been lesser and organizations must absorb and manage change at a much faster rate, the organization thereby needs to take up several steps and policies to upgrade itself to bring in Employee Satisfaction.

CONCLUSION

Every organization must realize that the internal marketing concept holds that the organization's personnel are the first market of company. The objective of internal marketing function is to obtain motivated and customer conscious personnel at every level. Employee's satisfaction surveys are a valuable tool for assessing job satisfaction, overall workplace productivity and work culture. It gives an insight into employee's perceptions and attitude towards the job as well as organization. The purpose of such surveys is to understand the organizational climate. The study reveals that these organizations have taken up extensive steps to ensure employee satisfaction however they need to focus on the fact that the companies have to get the triple ISO certification to prove its efficient handling of Human Resources Management.

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Information and Communication Technology (ICT)

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ABSTRACT

Information Technology (IT) is one of the world's fastest growing economic activities, which envisages easier flow of information at various levels in the desired pattern. Information technology (IT) benefits the business world by allowing organizations to work more efficiently and to maximize productivity. Faster communication, electronic storage and the protection of records are advantages that IT can have on your enterprise. Information technology has to do with computer applications, on which, nearly every work environment is dependent. Since computerized systems are so widely used, it is advantageous to incorporate information technology into every organization.

While there could be alternate points of view, we believe that the "structural downturn" has opened more avenues for enabling Indian IT/ITeS industry to move further and possibly strengthen it. The slowdown forced many providers to consolidate their operations by focusing on productivity, efficiency and optimal utilization of resources, both human and hardware. Emergence of new disruptive technologies like cloud computing, sustainability and Green-IT have entered the mainstream dialogue.

INTRODUCTION

Information technology is a modern phenomenon that has dramatically changed the daily lives of individuals and businesses throughout the world. Information technologies (IT) are vital to company operations and leveraging information technology for business success is a key to survival in the modern business world. Companies rely on IT for fast communications, data processing and market intelligence. IT plays an integral role in every industry, helping companies improve business processes, achieve cost efficiencies, drive revenue growth and maintain a competitive advantage in the marketplace.

Developing a business strategy with an IT component that is aligned with business objectives, and is supported by sound business justification, will enable organizations to improve performance, increase productivity, and serve customers more effectively. It will also help mitigate the risks involved with technology decisions.

USES OF IT UNDER VARIOUS SECTORS

Information Technology (IT) revolution takes places everywhere. The Information technology (IT) revolution has brought about a drastic change in India. Organizations implementing IT are able to provide better services and therefore able to improve their businesses manifold.

The potential of IT-

1. IT in Education

The Government of India has come out with a statement stating that Information Technology (IT) is India's tomorrow. Hence the educational institutions have to use IT for teaching the children so that they should be trained in this field also. Well, the latest hardware and software can be used and the latest computer languages and packages have to be taught to the students. It is not enough if student of computer science alone has been taught about IT, but also the students of other disciplines have to be taught about IT.

2. IT in Hospitals

The hospital management is taking place with the application of IT. Starting from the reception by recording a patient's name, the IT has been used everywhere in a hospital. A patient's record comprising his/her details such as name, age, sex, disease found, blood group, height, weight, blood pressure level, etc. has been maintained as database in a computer in the hospital. So whenever the patient arrives his/her previous record can be verified easily. For billing purposes also the computers have been used widely in hospitals.

3. IT in Banking

Consistent and tremendous improvement has taken place in the Indian banking sector because of the IT revolution. All the private and foreign banks have gone for 100 percent computerization. With the help of computerization, the

transaction takes place at a faster rate and the waiting time of a customer in a queue is gets minimized. The banks provide the facility of internet banking, phone and mobile banking with the help of IT. All the branches of a bank are networked. The cost incurred on infrastructure, furniture and employees has got decreased because of the application of IT.

4. IT in Railways

Well, the application of IT has provided various benefits for the Indian Railways and its passengers. With the issue of computerized railway tickets, the errors have been minimized and misusers can be found out easily. A passenger can book the train ticket from any part of the country. A passenger can also book the train ticket at his/her convenient place, because system of online reservation has been introduced.

5. IT in Research

Marketing Research (MR) agencies involve in lot of research activities starting from research survey on product development till distribution and measurement of customer response. Manual analysis of data is not used now days. The MR agencies use sophisticated statistical software packages for data analysis and interpretation. Some of the statistical software packages are created by their own for customized problems. Therefore, application of IT tools take place in full swing at MR agencies.

6. IT in Share Market

Those were the day's stock brokers use to shout at the trading hall of a stock exchange for quoting their price. Now days with the help of computer terminal and internet connection, purchasing and selling of share takes place everywhere. A client can look at the transactions taking place through the computers. The volume of the shares traded and the turnover has got consistently improved because of the availability of online share trading.

7. IT in Ad agency

Creativity and modernity is the slogan which is sought in ad agencies. Creativity involves doing things differently. Things can be done differently with the help of IT. The ad agencies use lot of software for creating advertisements. Lot of animations and graphics can be done using IT tools. They also give enough focus to social media these days.

ITES (Information Technology Enabled Services)

Any activity carried out based on the application of Information Technology could be termed as IT Enabled Service (ITES). In other words IT Enabled Services cover the entire range of services which exploit information technology for empowering an organization with improved efficiency or a type of service which may not be possible to be rendered cost effectively without IT. The activity could be internal to the organization i.e., meant to increase the operational efficiency through work force residing within the organization or could be outsourced. The outsourced or cross-border IT enabled services is now receiving greater attention as this category of ITES has a great potential for growth and contribution towards employment opportunities in India.

Today, a country's IT potential is paramount for its march towards global competitiveness, healthy gross domestic product (GDP) and meeting up energy and environmental challenges. The Indian IT and Information Technology enabled Services (ITES) sectors go hand-in-hand in every aspect. The industry has not only transformed India's image on the global platform, but also fuelled economic growth by energizing the higher education sector. The industry has employed almost 10 million Indians and, hence, has contributed significantly to social transformation in the country.

India is one of the fastest-growing IT services markets in the world. It is also the world's largest sourcing destination, accounting for approximately 52 per cent of the US market. IT Enabled Services (ITES), also called Web Enabled Services or remote services or Tele-working, covers the entire gamut of operations which exploit information technology for improving efficiency of an organization. These services provide a wide range of career options that include opportunities in call centres, medical transcription, medical billing and coding, back office operations, revenue claims processing, legal databases, content development, payrolls, logistics management, GIS (Geographical Information System), HR services, web services etc.

ITES as a tool can be effectively utilized as a medium to greatly enhance the quality and standard of living of the people in consonance with national objectives. Establishment of sound IT infrastructure with communication

backbone etc has been identified as high priority area in view of the geographical spread of setting up of Software Technology Park (STP) through Department of industries; financial needs of IT Enabled Services viz., DTP, Data Entry Center, Cyber Cafe lying of undersea optical fiber cable connecting mainland India.

National Informatics Centre (NIC) has been instrumental in steering Information and Communication Technology (ICT) applications in Government departments at Central, State and District levels. It is facilitating improvement in government services; wider transparency in its functions; and improvement in decentralized planning and management.

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STATEMENT OF THE PROBLEM:

Information technology Enabled Services has very much to do with computer applications, on which nearly every work environment is dependent. We want India to move from being a major driver to “the largest player” in the off-shore delivery world who is now looking at acquisition targets worldwide and the Indian service provider community is being viewed as a “strategic business partner”.

Hence the study has been undertaken to know about Information and Communication Technology and their effect on providing services to the clients. The study also concentrates to highlight the transformation of Business Process Outsourcing (BPO) to Information Technology Enabled Services (ITES).

OBJECTIVES OF THE STUDY:

The main objectives of the study are as follows-

1. To study and understand the importance and impact of transformation of Business Process Outsourcing (BPO) to Information Technology Enabled Services (ITES) on providing marketing and advertising solutions.
2. To understand the utilization of Information Technology Service Management (ITSM) framework in improving business practices.
3. To understand, analyze and interpret the future technical standards which support infrastructure efficiency and deliver business value to meet the long-term needs.
4. To know and understand the recent revenue trends in Information Technology and Information Technology Enabled Services sector.
5. To provide feasible and constructive recommendations on the basis of findings and conclusion to the Government.

OPERATIONAL DEFINITIONS

Information

Information is that which informs, i.e. an answer to a question, as well as that from which knowledge and data can be derived (as data represents values attributed to parameters, and knowledge signifies understanding of real things or abstract concepts).

Technology

Technology is the collection of techniques, methods or processes used in the production of goods or services or in the accomplishment of objectives, such as scientific investigation. Technology can be the knowledge of techniques, processes, etc. or it can be embedded in machines, computers, devices and factories, which can be operated by individuals without detailed knowledge of the workings of such things.

Information Technology

The applications of computers and telecommunication equipment to store, transmit, retrieve, and manipulate data, in context of business or an enterprise can be termed as Information Technology.

Information technology enabled services

Information Technology Enabled services (ITES), is a form of outsourced service which has emerged due to involvement of IT in various fields such as banking, advertising, finance, telecom, insurance among others. Some of the examples of ITES are medical transcription, back-office accounting, insurance claim, credit card processing and many more.

RESEARCH METHODOLOGY

An analytical and Descriptive study on the Information and Communication Technology is undertaken with an objective to understand the importance of Information Technology in delivering the marketing solutions and services. The research methodology applied is the general category of research method which concentrates mainly on the feasible and logical facts about the concerned topic. The facts and information so updated in this research study are carefully analyzed and interpreted.

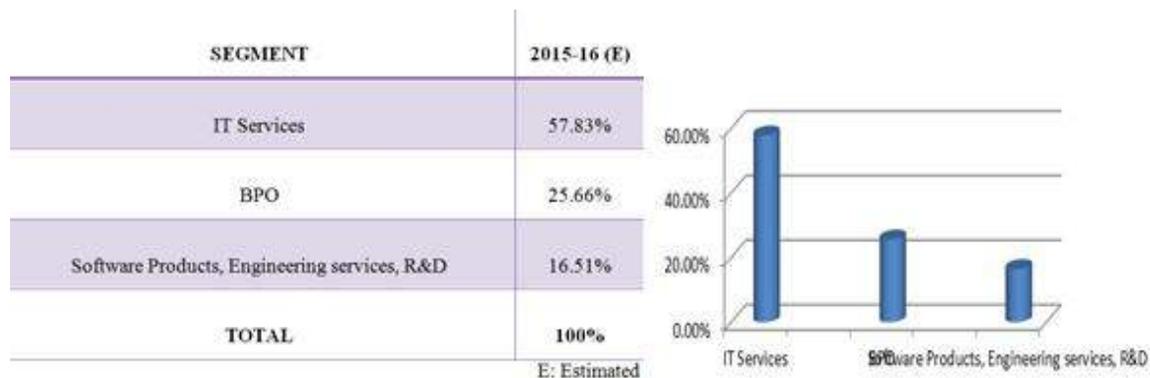
ANALYSIS: WORLD MARKET FOR ITES:



ANALYSIS

From the above table it is observed that, as per the report published by National Association for Software and Services Company Ltd (NASSCOM), the world market for Information Technology Enabled Services is estimated to be over US \$172.20 Billion in the year 2015. This sector has a wide scope to enhance and improve the priority sectors by utilizing the government avenues and initiatives. IT-ITES sector is a key element for India’s economic growth and development.

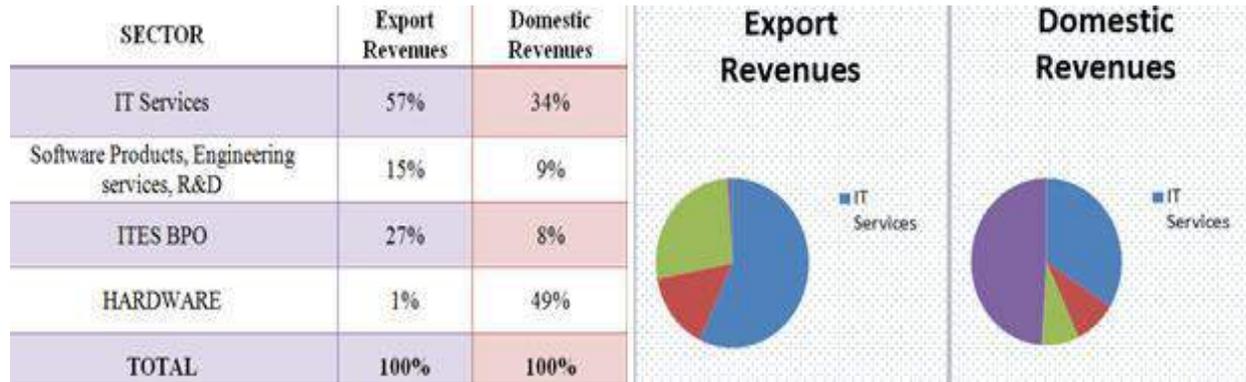
IT-BPO REVENUE SHARE:



ANALYSIS

From the above table, it can be analyzed that IT services accounts for 57.83%, Business Process Outsourcing (BPO) accounts for 25.66% and Software Products, Engineering services, R&D accounts for 16.51% of IT-BPO revenues, FY 2015-16. IT services accounts the highest among others. BPO has been the recent talk in almost all the countries. It increases the revenues as well as market share in an economy. India is the major destination for outsourcing and the specialists over here ease the job and save time and cost.

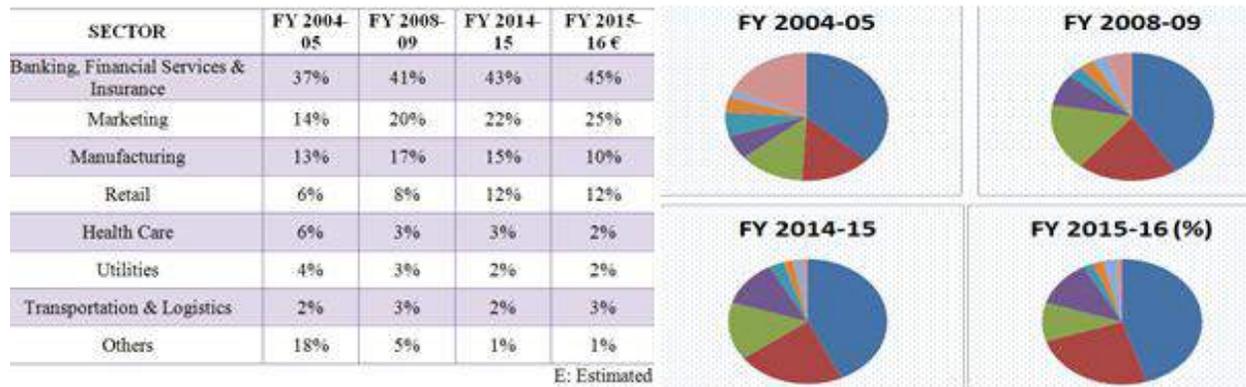
COMPONENT WISE BREAK UP- EXPORTS AND DOMESTIC REVENUES



ANALYSIS

From the above table, it can be analyzed that on a comparative analysis of export split and domestic revenues split, there is a major difference in each sector contribution. In case of export revenues, hardware contribution is 1% but in case of domestic revenues, hardware contribution is 49%. The major difference is because of the market activities and technology. Domestic companies may fail to adopt updated technologies so they highly depend on hardware components for their revenues. Even domestic companies must update their technologies so that their IT service revenues would be increased.

CHANGING SHARES OF KEY EXPORT VEHICLES OF IT-ITES SECTOR



ANALYSIS

From the above table, it can be analyzed that in all the financial years, Banking, Financial Services and Insurance Sector (BFSI) have contributed the major share and is the key element in IT-ITES sector. And the next priority sector is Hi-tech/Telecom. All other sectors have contributed their part and they are the key export vehicles of the Indian IT-ITES sector. Government policies and initiatives have made BFSI (Banking, Financial Services and Insurance) sector to be more focused in this industry.

CONTRIBUTION OF SMPs IN IT-ITES SEGMENT



ANALYSIS

From the above table, it can be analyzed that the Indian IT-ITES industry is dominated by large players. However, the Small and Medium Providers (SMPs) form a significant portion of an industry contributing approximately around 30% of the exports and revenues. With the support of government avenues and initiatives to support SMPs, their contribution to industry is increasing every year and is a good sign for an economy. Large Service Providers and SMPs together can build the economy with higher revenues and development. It posters the sector with right spirit towards growth.

Contribution Of Large Scale Organizations And Smps To Exports In IT-ITES Sector

YEAR	% CONTRIBUTION BY LARGE ORGANIZATIONS	% CONTRIBUTION BY SMPs
2009-10	58%	42%
2010-11	60%	40%
2011-12	63%	37%
2012-13	65%	35%
2013-14	67%	33%
2014-15	69%	31%
2015-16 (E)	72%	28%

ANALYSIS

From the above table, it can be analyzed that competition from Small and Medium Providers (SMPs) in IT-ITES sector is declining year by year. This is due to the domination by large service organizations. Large scale organizations can adopt latest updated technologies as and when developed. But for SMPs, it would be not possible. They wait for the support from the government and then they move on. This is due to their small operations and limited services covering a part of the country. Initial years there was a close competition between large and SMPs. As the years went on, large organizations started dominating in all the sectors. Government must join hands with SMPs so that their contribution would also be recognized in an economy.

FINDINGS

The paper is related to “A Study on Information Technology Enabled Services (ITES) with respect to Marketing Solutions”. Keeping in mind the objectives of my study, the following summary of findings are presented on the basis of data analysis and interpretation and other facts.

SUMMARY OF FINDINGS

The summary of findings is as follows-

1. It is found that over the last two decades, IT-ITES industry has grown to be the poster child of the Indian economy. The industry has been extremely high profile in terms of the image that it has created for itself.
2. It is found that the IT-ITES industry has created a tremendous brand equity respecting intellectual capabilities laid down by the IT industry with NASSCOM's help.
3. It is found that the Indian service provider of IT-ITES community is viewed as "Strategic Business Partner" promoting and contributing to economic growth.
4. It is found that software products market in India which includes accounting software, marketing and advertising software and cloud computing- based telephony services, is expected to grow at 14% in 2015.
5. It is found that Indian IT-ITES sector has attracted Foreign Direct Investment (FDI). Microsoft, Infosys, Cognizant, Visa, Genpact, Nielsen India etc., have also joined hands to the growth of Indian IT-ITES industry.
6. It is found that India is a preferred destination for ITES due to its distinct advantages which lay in its supportive government policies, infrastructural facilities, low manpower cost, growing knowledge pool, specialized technical skill, higher productivity and quality of service etc.
7. It is found that tax exemptions are given by the government through STPI, Software Technology Parks of India. These were extremely useful to the industry and also allocated budgets have helped both large and SMEs to work on ITES.
8. It is also found that work setup of an Indian ITES is highly structured and controlled. Thus, there is a greater emphasis on formal and guided customer interaction in order to ensure total customer satisfaction as well as confirmation to the Service Level Agreements (SLAs).
9. It is found that ITES industry has experienced phenomenal growth in the recent years contributing significantly to the economy as well as providing employment opportunities to the educated youth on a large scale.
10. It is found that HR services has the highest world market for ITES accounting US\$ 44 billion, customer interaction services is in the second position accounting US \$ 33 billion, marketing and advertising solutions is in the third position accounting to US\$ 30 billion. Each category of services has contributed their part to the world market of ITES.

RECOMMENDATIONS

The following are the recommendations from my study-

1. It is recommended to work with state agencies to identify remote office locations that suffer from inadequate last mile connectivity.
2. It is recommended for the company to add mobile interface to point of business (POB) tool and optimize the current and future technical standards to support infrastructure efficiency.
3. It is also recommended to implement enterprise solutions in a shared environment within the framework designed by Information Technology Service Management (ITSM) in improving business practices efficiently.
4. It is recommended for the government to get into the promotion of IT-ITES industry and also recommended for the Department of Electronics and Information Technology (DEIT) to launch a massive human resource development initiative to feed the ITES industry.
5. It is recommended to improve the areas of hi-end work including cryptography, digital water-marking, wireless technologies, smart card applications, artificial intelligence (AI) and so on.
6. It is recommended for the government to keep and allocate for ITES Awareness Fund which will help to create awareness in tier II and tier III cities through seminars, ads and workshops and the workforce whom can be used as "resource feeders" by large BPOs.
7. It is recommended for the company to enhance communication and collaboration processes by utilizing the financial transparency model (FTM).
8. It is even recommended for the companies and government to open up training centers to train the people in the areas of IT and ITES sector.
9. It is recommended for the companies to consider outsourcing as their critical agenda in the strategic planning as it makes them to be competitive to face the challenges in the competitive economy.

10. In this era of globalization, it is recommended for the company to streamline both functions and processes as it helps to increase business efficiency and reduce the cost by achieving higher market share and customer satisfaction.

CONCLUSION

The title of the paper is “A Study on Information Technology Enabled Services (ITES) with respect to Marketing Solutions”. The study is the process of getting thorough practical knowledge about the topic. As a researcher of this paper, I have provided feasible, acceptable findings and recommendations. These are made on the basis of existing literature and data pertaining to this topic.

To conclude this project work, Information Technology (IT) has helped India to transform from a rural-agricultural-based-economy to a knowledge-based-economy and a global player in providing world class technology solutions and business services.

India is currently referred to as the back office of the world owing mainly to IT and IT Enabled Services sector. Indian IT companies have carved a great niche for themselves in the global market and are known for their IT solutions. Global giants are using the successful outsourcing strategy and keeping ahead of their rivals. Thanks to the competitive advantage gained by investing in India. The IT sector in India has been at the forefront by enabling entrepreneurship in the country, building global success stories and contributing to Indian exports, employment and image.

Thus, it is relevant to conclude that IT-ITES sector being technology oriented supporting the Indian companies and Indian economies in achieving its growth by maintaining integrity and sustainability. It's one among the most important sectors in the world and needs more support from government so as to establish their identity in the country. IT and ITES promotes growth and prosperity and also helps to maintain healthy relationships with other countries.

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A Study on the Progress of New Pension System in Karnataka-Opportunities and Challenges to the Government and the Investor

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ABSTRACT

Pension is an important welfare measure aimed at supporting safety nets for the elderly citizens of the country. The elderly population has been growing at a faster pace than the overall population, due to the rise in the Life Expectancy, and the number of citizens over 60 years is expected to double by 2016 and by 2030, every 8th citizen will be over 60 years old and in turn increase the pension liability. The New Pension System is a well Defined Contribution Scheme introduced initially for the Government Employees from Jan 2004 and now to the private sector and public as well.

This paper aims to examine whether the New Pension Systems institutional framework can garner superior returns on retirement on savings on the basis of returns, safety, and liquidity, and flexibility, taxability of income and cost of investment. Therefore there is a need for a study in this field as it is still in the initial stage of development in our country, which will also help in gaining a competitive advantage over other retirement investment options.

Key words: New Pension System, Defined Contribution Scheme, Institutional framework, returns.

INTRODUCTION

Pension is a welfare benefit to establish a solid and sustainable social security arrangement and it is a measure of secure income for the elderly people .The need for pension reforms in India was due to the low coverage of the existing old age security programs, the demographic trends with the increase in life expectancy and the financial constraints of the government which increased the pension liability.

The New Pension System was first proposed in 1998 by a special commission known as Old Age Security and Income Security (OASIS) project. The 8 member expert committee with representatives from Ministry of Finance, Labor and Social Justice under the chairmanship of Dr. S. A. Dave undertook the first comprehensive study of India's Pension Sector. The 2 reports (Expert committee Report.1 (1999) Report 2. (2000) of the expert committee (OASIS) constituted by the Ministry of Social Justice and empowerment for devising a pension system for India, created awareness and initiated the debate on the need to reform the Indian Pension System. The Annual Budget Speech in Feb 2003 by the then Union Finance Minister. Mr. Jaswant Singh, announced the bold and progressive reform called the privately managed defined contribution scheme also called as New Pension System with effect from 1-1-2004 for the Central government employees.

New Pension System is a voluntary contribution of funds for a sustained period of time (60 years) to enable the subscriber to draw pension after he attains 60 years of age. This scheme has been introduced by the Government of India and it is monitored by the institutional framework comprising of Pension Fund Regulatory and Development Authority (PFRDA), Pension Fund Managers (PFM), Central Record Keeping Agency (CRA), National Securities Depository Ltd (NSDL) etc.

Scenario in Karnataka The pension scheme of the Government of Karnataka prior to 2006 had led to the problem of growing pension liability. It had aggravated due to the nature of the scheme, which is not being backed by assets and had become a burden to the Government of Karnataka in the payment of pension to employees with increase in life expectancy, financial constraint to the government at the time of repayment.

The RBI in February 2003 constituted an expert group to study the pension liabilities, of the various State Governments. The comprehensive examination of all the issues, related to the State Pension liabilities showed both benefits and manifold problems. The major problem was that the pension liability increased significantly, by over 30% in every 10 years, and therefore it has given way for a New Pension System. The elderly population has been growing at a faster pace than the overall population and therefore a reform was necessitated with requisite support in parliament. Privatizing the pension system ensured large scale mobilization of saving, which is crucial for a

developing country. The fiscal stress associated with the pension payments at the State level was even more extreme when compared with that found at the central level.

Therefore The Finance Department (Accountant General), the Directorate of Social Security and Pension, Revenue Department, Government of Karnataka implemented the New Pension System

The Government of Karnataka has approved the New Defined contributory Pension scheme and the effective date for operationalization to new entrants joining State Government service on or after 01-04-2006. There are various agencies and authorities appointed by the Government of India to regulate and develop the pension market, such as the Pension Fund Regulatory and Development Authority (PFRDA), Pension Fund Managers (PFM), Central Record Keeping Agency (CRA), National Securities Depository Ltd (NSDL) etc.

There are 2 accounts under this system Tier I and Tier II.

Tier I a/c –No withdrawal can be made till the subscriber reaches 60 years of age. Upon completion of 60 years 60% can be withdrawn and the remaining 40% of the total balance available at the end of contribution year will be annuitized. The Central Government employees and several State Governments have implemented this scheme. The Government of Karnataka has made it mandatory for all new entrants joining government service on or after 01-04-2006. Nearly 65,000 employees of Karnataka government are covered by the new pension scheme. Apart from the 65,000 government employees, who will be covered initially, another 15,000 to 20,000 freshly recruited employees would be joining the scheme every year.

Tier II a/c- This subscriber can withdraw from his balance anytime he wishes to withdraw and the minimum contribution in a year is an amount of Rs .6000 and it is most suitable for the general public. .

The Government of Karnataka has currently adopted the collection of deposits under the non-withdraw able pension Tier-1 A/c out of the 2 categories of schemes to Government servants. The amount contributed by the Government employees and an equal amount by the Government is being invested in SBI Pension fund (41%), UTI Retirement Solutions (30%) and LIC Pension Fund (29%) by the approvals of PFRDA. However there is a need to analyze the risk and returns of the currently allocated NPS funds in the three Pension Fund Managers (SBI, UTI & LIC).

REVIEW OF LITERATURE

The concept of new pension system and its emergence approach to the regulation of private pension funds in India and application of international best practices, reviews the current situation of India from 1999 to 2001 and provides the initiative for pension reform, which must include effective governance & regulation. Most attractive policy strategy appears to be one where individuals make choices about the 3 fundamental facets of old age planning – contribution rates, equity exposure and guarantee structure, and how administrative charges affect pension values and the need for clear disclosure of the charges levied by different providers. The need for improvement of financial knowledge among potential participants and a clear transparency in the new system is required and examining the potential role of private pension funds, principles of supervision, and the best international practices in the area of pension schemes and further research is needed for flexibility, high degree of stability and security.

STATEMENT OF THE PROBLEM

The literature review has identified that the Old Pension System was more beneficial to the pensioners and a liability to the government in contrast to the New Pension System. Therefore the present study proposes to identify the progress of this new system under different parameters to compare with other investment options, and indicate the beneficiary issues both to the Government and to the Investors.

TITLE OF THE PAPER

A study on the progress of new pension system in Karnataka-opportunities and challenges to the government and the investor

SIGNIFICANCE OF THE STUDY

The present study is intended to evaluate the pros and cons of New Pension System, and to analyze how it operates, to meet the set objectives of the scheme.

C-class consisting of debt funds that invest in corporate bonds and G-class consisting of government securities but allocation to Equity funds cannot exceed 50 %. The NPS is meant for those who cannot manage their asset allocation themselves.

Liquidity:- The investments in Tier I a/c is locked up till the investor turns 60 years .After he is 60 years ,60% can be withdrawn and the remaining 40% would be annuitized. Before the completion if he wishes to withdraw in the case of Tier II a/c he could withdraw 20% and the balance 80% would be annuitized .The investor of Tier II a/c can withdraw their investment at any time. There is a proposal to allow 25 % of the corpus to be withdrawn for specific purposes like education, marriage and purchase of house.

Flexibility: - Under Tier I a/c 15% of the NPS fund can be invested in equities and the balance in fixed income instruments .Under Tier II a/c the investor can change their asset allocation and even change the Pension Fund Managers once in a year unlike in ULIP the investor cannot change without terminating the plan.

Cost of Investment:- In this institutional framework the intermediaries were selected by the bidding process. Therefore the fees and charges are comparatively less when compared to Mutual Funds and Insurance industry .It is the cheapest financial product with an expense ratio of 0.01%, and a one time expense for obtaining the PRAN card. The complex procedure in opening the NPS a/c has not attracted investors. The compulsory purchase of annuity that is at least 40% of the maturity corpus must be put into an annuity to give monthly income.

Taxability of Income:-The NPS offers tax benefit, besides the deduction u/s 80C; contributions of up to Rs 1 lakh in a year made by an employer on behalf of the employee are eligible for additional deduction u/s 80CCD.The contribution under this section is 10% of Basic pay and DA

The subscribers to NPS are at a disadvantage compared to PPF (Public Provident Fund) which is under the EEE (exempt) tax and is not taxed at any point, whereas NPS is taxed at exit or at maturity (EET)

The new budget proposal of an additional tax deduction of Rs.50,000 in NPS under 80CCD(1B) is an initiative taken by the Government to help in increasing the inflow of funds in the Government sponsored scheme.

Opportunities

- The savings through NPS will provide depth and stability to the capital market.
- Enhance investments in Government and Corporate bonds
- Provide funds to the government for infrastructural development.
- Pension reforms will help the government to fund their pension liabilities

SUGGESTIONS

1. The government should take the initiative to create awareness about this pension plan and attract the private investors and general public.
2. NPS should be given the same tax treatment as other long term savings.
3. Withdrawals from NPS are taxed on maturity whereas PPF is not taxed at all the three stages and therefore the next Budget should remove the end taxation.
4. The investments in Equities is restricted to only 15% for central and state government employees (Tier I),whereas the limit is 50% for non-government employees(Tier II).The investment in Equities should be increased to 50% for government employees.
5. Removal of the mandatory savings (10%Basic and DA) will enhance the funds for additional contributions and thereby give more flexibility to the Fund Managers to diversify the portfolios.
6. Increase in the number of subscribers to NPS will minimize the risks and reduce the costs.
7. More incentives must be given by the government to the banks, post offices etc. to popularize this scheme by covering the unorganized sector and the public.

CONCLUSION

The New Pension System will have an impact on government finances and capital market liquidity and can help in promoting inclusive growth for the vast population of India.

FRAMEWORK of NPS

PFRDA – Pension fund Regulatory and Development Authority – The Regulating body of pension funds and provides guidance and supervision of the schemes.

PFM - Pension Fund Managers: - They are the various investment options into which the pension contributions of employees are invested.

CRA – Central Record Keeping Agency: It creates subscribes data – base, provides information on pension contribution generation of reports, addresses the grievances etc.

NSDL – National securities Depository Ltd – It will maintain the entire records of the NPS, including the contributions, investments, balances and annuity of each employee.

SCHIL – Stock Holding Corporation of India Limited – It is the custodian of the Investments made by the PFM's (Pension Fund Managers)

NPS Trust – The supervision of the scheme functioning and performance of all intermediaries is done by the NPS trust under the guidance of PFRDA.

PRAN – Permanent Retirement Account Number

Every investor of the new Pension system is given a unique Permanent Retirement Account number for easy identification

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Investors' Awareness About Investment In Stock Market

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ABSTRACT

The present study aims at to study the awareness of investors on stock market investment. The data were collected from 290 stock market investors of Puducherry using structured questionnaire. The analysis is made using Mann-Whitney U test and Kruskal-Wallis H Test. The study proves that there is a significant difference between male and female investors on awareness of stock market investment; there is a significant difference among the age, educational and occupational groups with respect to awareness; there is also a significant difference among the investors of different age and occupational groups, in respect of awareness.

Keywords: Awareness, behavioural finance, BSE, investment decision, stock market.

INTRODUCTION

Creating awareness about the stock market (SM) investment among the people is necessary to create knowledge of investments in shares and other investment. Investors' awareness includes not only the knowledge of various financial products available in the market but also facilitates decision making, particularly among the less educated as well as of those committed to long-term financial decision. Advertising and the agent network played a vital role positively in creating awareness, but not knowledge, hence a coordinated approach is needed to convert the awareness into knowledge.

Indian investors are good savers, but often lose hard-earned money due to lack of knowledge and understanding about the financial products and financial markets. Though the regulatory authorities in the country such as Securities and Exchange Board of India (SEBI) have been taking necessary steps to protect the investors' interest, the investors are still worried about and skeptical of investing in SM and they try to keep themselves always away from the SM participation.

The best form of investor protection is investor awareness and the best way to achieve that is through financial literacy. Hence, the investor should be knowledgeable, cautious and they should know the changing conditions of market scenario well before making an investment in the SM.

REVIEW OF LITERATURE

Investors' awareness is the knowledge of investment and about the important investment updates of the market. Many researchers have done research in this area, for instance, Guiso and Japelli (2005) stated that awareness of the investors could be determined by their *income, wealth, age and educational status*. Jain and Thakur (2012), who analysed the relationship between age and investment related characteristics of investors found that there were no significant relationships between the *age and the investors' investment strategies, reasons to invest in capital market, fund management strategy, awareness and investors' risk bearing capacity*.

Kadariya Collins *et al.* (2012) studied the level of awareness among the investors and found the extent of relationship between investors' awareness and the volume of equity investment in secondary market considering the data collected through structured questionnaire from 65 investors. The study found that the investors' awareness level was found to be affected by *the related work experience, understanding of investment environment, learning expectation and access to market information*; there was a positive relationship between investors' awareness and equity investment; the investors were aware and their level of awareness was high. Further, Basaiah and Priyajka (2012) examined the investors' motives and awareness level on various investment avenues in the SM in Anantapur

district in Andra Pradesh and pointed out that investors were aware about the investment in SM and mutual fund, however they were not aware about debenture, gold traded funds, unit linked funds, futures and options and commodities.

Umamaheswari and Ashok Kumar (2013) examined the awareness level of salaried class investors towards the nature of investment using the data collected from 1000 individual investors in Coimbatore district through structured questionnaire. The study predicted that the socio-economic variables viz., *age, gender, income, education and occupation* influenced the awareness of investors about investment; however, the investors were not much aware of the concept and working of the investment.

Rakesh (2014) examined the attitude and perception of investors with respect to SM and found out that around 80% of the investors were aware about the investment in SM, but Murthy and Joshi (2012), who examined the Indian investors' behavior stated that the investors were irrational with different investment options and were over confident. The previous studies have brought out varied information on individual investors. Hence, the present study made an attempt to study the awareness of the investors about investment in SM.

OBJECTIVES OF THE STUDY

The main objective of the study is:

To identify the awareness (A) of the investors about investment in stock market (SM).

HYPOTHESES DEVELOPED FOR THE STUDY

The hypotheses developed to achieve the stated objective are:

H₀¹: There is no significant difference between gender and awareness of investors about investment in stock market.

H₀²: There is no significant difference between age and awareness of investors about investment in stock market.

H₀³: There is no significant difference between educational level and awareness of investors about investment in stock market.

H₀⁴: There is no significant among various occupation categories in respect of awareness of investors about investment in stock market.

$$U = n_1 n_2 + \frac{n_1(n_1 + 1)}{2} - R_1$$

or

$$U = n_1 n_2 + \frac{n_2(n_2 + 1)}{2} - R_2$$

RESEARCH METHODOLOGY

To study the investors' awareness about investment in SM, a structured questionnaire was prepared and was administered on the investors of SM in Puducherry. The questionnaire was distributed through personal contacts, the executives of the participating broking agencies and through E-mails. The questionnaires were distributed to the clients of various stock broking agencies in Puducherry and 290 responses were ultimately received.

RESEARCH METHODS USED FOR ANALYSIS

The study used two major non-parametric tests viz., Mann-Whitney U test and Kruskal - Wallis H test.

Mann-Whitney U Test

The U test is used to study whether there is a significant difference between *gender* and the awareness of investors about investment in SM. The formula for Mann-Whitney U Test:

Where,

U = Mann-Whitney U test

n₁ = Sample size for sample 1

n_2 = Sample size for sample 2

R_i = Rank of the sample size

Kruskal-Wallis H Test

Kruskal-Wallis H Test is used for comparing more than two samples that are independent, or not related. The test is used to study whether awareness of investors vary with *age*, *education* and *occupation*. The H Test formula is:

$$\chi^2 = \frac{12 \sum \left(\frac{R^2}{n} \right)}{N(N+1)} - 3(N+1) \sim \chi^2_{k-1 \text{ df}}$$

Where,
R = Sum of rank of each group

N = Total number of observations

n = Number of observations in each group

k = Number of group

RESULTS AND DISCUSSION

Table 1 shows the demographic characteristics of the sample respondents. The selected variables viz., *gender*, *age*, *education* and *occupation* are associated with various dimensions of awareness about investment in SM. The results about awareness are presented from tables 2 to 5. For testing H_0^1 Mann-Whitney U Test is employed while for testing $H_0^2 - H_0^4$ Kruskal-Wallis H Test is used.

Demographic Characteristics of Sample Investors

The important variable used in this context are viz., *gender*, *age*, *marital status*, *education*, *occupation*, *income* and *savings* of the respondents. The study shows that 77.2% of the respondents are male and 22.8% are female, which fact shows that the SM investment is widely preferred by men than that of women. On analyzing the distribution of age it is found that 33.8% fall in the age category of ‘up to 30 years’, 35.9% of the respondents come under the age group of ‘31-40’, 10% of them are in the age group of ‘41-50 years’ and only 20% of the sample respondents fall ‘above 50 years’ of age.

The analysis over marital status of the sample respondents indicates that 75% of them are married and nearly 25% of them are single. Education determines the individual’s mental status and the level of confidence, however it is found that majority of the sample investors (40%) seemed postgraduate degree as the highest education, whereas 13% of them are educated up to school level, 34% of them are graduates, and only 13% of them possessed other educational qualifications.

The occupation of the investors is also an important variable in SM investment because it directly affects the investors’ income, expenses, savings etc. The information pertaining to occupational categories reveals that most of the respondents (32.4%) are employed in private sectors, nearly 27% of them are doing business, only 14% of them are professionals like Doctors, Chartered Accountants etc. 8.6% of the respondents are government employees, 6% of them are housewives, nearly 10% of them are retired and only 2.4% of them belonged to other categories of occupation.

With regard to income, it is found that 53.8% of the investors have monthly income up to ₹25000, whereas 32.4% of them have income ranging from ₹25,001 to ₹50,000, 5% of them have income range between ₹50,001 and ₹75,000 and only 8% of the sample respondents earns income above ₹75,000. It is evident from the table 1, that majority of the investors save up to ₹10,000 per month. Only 4% of them save between ₹20,001-₹30,000 and only very few of them save more than ₹30,000.

Dimensions of Investors' Awareness

Various dimensions of investors' awareness about investment in SM are shown in *table 2*. Mann-Whitney U Test is performed to study the gender difference on various dimensions of awareness and the result of the analysis is shown in *table 3*. It is inferred from *table 2* that the dimension **A1** ($U=6105$, $p= 0.013$) and **A2** ($U= 5374$, $p= 0.000$) of awareness between male and female is statistically significant respectively. The p value for the dimensions viz., **A1** and **A2** is less than 5% level of significance, hence it can be inferred that there is a significant difference between male and female investors in the awareness dimensions **A1** and **A2**. Whereas, for the other dimensions viz., **A3** to **A10** the p value is more than 0.05, indicating that there is no statistically significant difference between male and female investors in respect of awareness about SM in respect of awareness dimensions from **A3** to **A10**. The Mann-Whitney U test shows insignificant relationship between male and female investors on the dimensions of awareness from **A3** to **A10**. Hence, H_0^1 "there is no significant difference between gender and awareness of investors about investment in SM" is rejected for awareness dimensions **A1** and **A2**.

Table 4 shows the results of Kruskal-Wallis H test, which tested the difference between the age and the investors' awareness about investment in SM. It reveals that the investors of different age groups vary significantly with regard to awareness dimensions **A1**, **A2**, **A5**, **A8** and **A10**. From the *table*, it is seen that the investors belonging to '31-40 years' of age have strongly agreed to the statement that they buy shares based on future expectation rather than the past performance (**A8**) and return on SM investment is higher than that of the other investment avenues (**A10**). The investors of 'above 50 years' of age have trusts on BSE than the investors (**A5**) of other age categories. Overall, the investors have knowledge on SM, following SM activities regularly through news and television (**A2**), have trust while trading (**A5**), trade based on future expectation (**A8**) and agreed that the return on SM investment is higher than that of any other avenues of investments (**A10**), hence H_0^2 "there is no significant difference between age and awareness of investors about investment in SM" is rejected at 1% in respect of awareness dimensions **A1**, **A8** and **A10** and at 5% level in respect of **A2** and **A5**.

The result of Kruskal-Wallis test (*vide table 4*) reveals significant difference among investors belonging to different age groups for the dimensions of awareness **A1**, **A2**, **A5**, **A8** and **A10**. It is observed from *table 4*, the p value for **A1**, **A8** and **A10** is less than 0.01 indicating highly significant difference among various age categories of respondents. Hence, H_0^2 "there is no significant difference between age and awareness of investors about investment in SM" is rejected. Therefore, it can be concluded that there exists a significant difference among the various age categories of investors with regard to their awareness towards SM investment except for dimensions **A3**, **A4**, **A6**, **A7** and **A9**.

The result of Kruskal - Wallis test is tabulated in *table 5* for each educational category, the respective mean rank for each dimension of awareness and test statistics. From the *table* it is evident that the investors vary significantly with regard to the awareness dimensions **A6** and **A10**. Since the p value for these two dimensions **A6** ($\chi^2 = 8.86$, $p = 0.03$) and **A10** ($\chi^2 = 7.99$, $p = 0.04$) is significant, the Kruskal - Wallis test shows that the respondents of four educational groups do not perform equally well and hence H_0^3 "there is no significant difference between educational level and awareness of investors about investment in SM" is rejected at 5% level and it can be concluded that there exists a significant difference between educational level and the dimensions of awareness about SM investment.

Whereas, the elements of awareness viz., **A1-A5**, **A7-A8** and **A9** do not differ significantly with the educational level since the p values are greater than 5% level of significance and so the H_0^3 "there is no significant difference between educational level and awareness of investors about investment in SM" is accepted. The H_0^3 tested by Kruskal -Wallis test showed that the investors of four different educational categories have the same effect on **A6** and **A10**, i.e the investors seek financial advice from licensed brokers and they visit the BSE website usually. Therefore, H_0^3 "there is no significant difference between educational level and awareness of investors about investment in SM" is rejected.

Table 6 shows the results of Kruskal -Wallis test, which reveals the difference among various occupational categories in respect of awareness of the SM investment. When awareness about SM investment is analysed considering the investors' occupational category, it is found that the investors have strongly agreed with all the dimensions of awareness except for A2, A5 and A6, indicating the existence of significant difference among the different occupation categories in respect of awareness about SM. The χ^2 values for awareness dimensions A2, A5 and A6 are insignificant. Whereas, it is significant at 1% level for dimensions A1, A3-A4 and A7-A10 so it is inferred that there is a significant difference among different occupational categories in respect of awareness of the investors about SM investment. Hence, H_0 "there is no significant difference among various occupation categories in respect of awareness of investors about investment in SM" is rejected.

CONCLUSION

The objective of the study is to analyse the awareness of the investors towards investment in SM. Hypotheses were framed and tested using the data (290 respondents), which are collected with the help of structured questionnaire. Using Mann-Whitney U test and Kruskal-Wallis H test the study shows that male and female investors differ in their awareness about investment in SM; there exists a significant difference between age group of investors and the awareness about the investment in SM; majority of the investors of different education background are equal with regard to awareness and only very few investors differ in the awareness towards SM investment. Besides, the study also reveals that there is a significant difference between occupation and awareness of investors about investment in SM. The study supports the earlier studies of Kadariya Collins et al. (2012), Rehman and Kalkundrikar (2011) and Umamaheswari and Ashok Kumar (2013) where the demographic variables like gender, age, marital status, education and income influence the investment behaviour of individuals and their decision making.

LIMITATIONS OF THE STUDY

The present study aims to identify the awareness of investors about investment in SM. The following are some of the limitations of the study:

The respondents contacted belong to Puducherry only.

The primary data has been collected through a structured questionnaire from a sample of 290 investors in Puducherry region who had invested their hard earned money in SM, which may not reflect the opinion of the entire population of the SM investors in the country as a whole.

SCOPE FOR FURTHER STUDY

The study found that the demographic variables viz., age, gender, education and occupation have been influencing the awareness of investors towards investment in SM significantly. Further research can be conducted by extending the scope of the study to cover other related variables and concentrating on the investors in other regions also. The present study concentrated the investors' who had invested their money only in SM therefore, further studies can also be made on identifying the awareness level of investors about other investment avenues besides SM investment.

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Table 1: Profile of the Sample Investors

Demographic Characteristics		Frequency	Percentage
Gender	Male	224	77.2
	Female	66	22.8
	Total	290	100.0
Age	Up to 30	98	33.8
	31-40	104	35.9
	41-50	30	10.3
	Above 50	58	20.0
	Total	290	100.0
Marital Status	Married	218	75.2
	Single	72	24.8
	Total	290	100.0
Education	Up to School	38	13.1
	Graduate	99	34.1
	Post Graduate	115	39.7
	Others	38	13.1
	Total	290	100.0
Occupation	Business	77	26.6
	Professional	41	14.1
	Govt. Employee	25	8.6
	Pvt. Employee	94	32.4
	Home Maker	18	6.2
	Retired	28	9.7
	Others	7	2.4
	Total	290	100.0
Monthly Income	Up to ₹25000	156	53.8
	₹ 25001-₹ 50,000	94	32.4
	₹ 50001-₹ 75,000	16	5.5
	Above ₹75,000	24	8.3
	Total	290	100.0
Monthly Saving	Up to ₹10,000	225	77.6
	₹10,001-₹20,000	43	14.8
	₹20,001-₹30,000	13	4.5
	₹30,001-₹40,000	6	2.1
	₹40,001-₹50,000	3	1.0
	Total	290	100.0

Table 2:
Dimensions of Investors' Awareness about Investment in Stock Market

Dimensions of Awareness	Description
A1	I am somewhat knowledgeable about SM
A2	I usually follow the SM through financial news on TV and newspapers every week
A3	I clearly understand the role of brokerage firms in listing on the BSE annually
A4	Stock exchange carries out awareness campaigns for investors
A5	I always have trust when trading on the BSE
A6	When seeking financial advice, I deal with licensed brokers, intermediaries or financial services companies
A7	I usually visit the BSE website
A8	I usually buy shares based on future expectation rather than past performance
A9	Raising funds from the SM is much easier and cheaper than the other sources like banks
A10	The return on investment in SM is higher than those of other investments

Table 3: Results of Mann-Whitney U Test on Gender and Various Dimensions of Awareness about Investment in Stock Market

Dimensions of Awareness	Gender	N	Mean Rank	Mann-Whitney U Test	P value
A1	Male	224	151.25	6105.00	0.013**
	Female	66	126.00		
A2	Male	224	154.51	5374.00	0.000*
	Female	66	114.92		
A3	Male	224	147.41	6964.00	0.427
	Female	66	139.02		
A4	Male	224	144.17	7094.00	0.599
	Female	66	150.02		
A5	Male	224	146.40	7190.00	0.722
	Female	66	142.45		
A6	Male	224	149.58	6479.00	0.109
	Female	66	131.67		
A7	Male	224	143.16	6868.00	0.362
	Female	66	153.43		
A8	Male	224	149.56	6482.00	0.106
	Female	66	131.71		
A9	Male	224	148.81	6650.00	0.193
	Female	66	134.26		
A10	Male	224	146.44	7180.00	0.707
	Female	66	142.30		

Source: Computed results based on survey data.
*Significant at 1% level, **Significant at 5% level.

Table 4: Results of Kruskal-Wallis H Test on Age and Various Dimensions of Awareness about Investment in Stock Market

Dimensions of Awareness	Age Group	Mean Rank	χ^2 value	Dimensions of Awareness	Age Group	Mean Rank	χ^2 value
A1	Up to 30 years	166.33	17.556 (0.001*)	A6	Up to 30 years	133.51	5.197 (0.158)
	31-40 years	145.85			31-40 years	155.43	
	41-50 years	122.27			41-50 years	133.45	
	Above 50 years	121.70			Above 50 years	154.19	
A2	Up to 30 years	135.22	9.291 (0.026**)	A7	Up to 30 years	151.44	4.589 (0.205)
	31-40 years	158.66			31-40 years	147.63	
	41-50 years	162.28			41-50 years	156.47	
	Above 50 years	130.58			Above 50 years	125.97	
A3	Up to 30 years	142.62	3.224 (0.358)	A8	Up to 30 years	126.55	14.976 (0.002*)
	31-40 years	154.86			31-40 years	165.59	
	41-50 years	145.82			41-50 years	161.23	
	Above 50 years	133.42			Above 50 years	133.36	
A4	Up to 30 years	153.02	2.578 (0.461)	A9	Up to 30 years	149.78	2.081 (0.556)
	31-40 years	146.01			31-40 years	150.12	
	41-50 years	127.60			41-50 years	134.30	
	Above 50 years	141.14			Above 50 years	135.78	
A5	Up to 30 years	129.58	8.421 (0.038**)	A10	Up to 30 years	140.11	21.449 (0.000*)
	31-40 years	155.42			31-40 years	169.44	
	41-50 years	133.45			41-50 years	147.60	
	Above 50 years	160.84			Above 50 years	110.59	

Source: Computed results based on survey data.

*Significant at 1% level, **Significant at 5% level.

Table 5: Results of Kruskal - Wallis H Test on Educational Level and Various Dimensions of Awareness about Investment in Stock Market

Dimensions of Awareness	Education	Mean Rank	χ^2 value	Dimensions of Awareness	Education	Mean Rank	χ^2 value
A1	Up to School	148.68	6.582 (0.086)	A6	Up to School	154.08	8.865 (0.031**)
	Graduate	135.39			Graduate	147.06	
	Post Graduate	157.62			Post Graduate	152.95	
	Others	131.97			Others	110.32	
A2	Up to School	131.25	3.636 (0.304)	A7	Up to School	126.70	4.042 (0.257)
	Graduate	142.42			Graduate	140.58	
	Post Graduate	147.40			Post Graduate	151.99	
	Others	162.04			Others	157.49	
A3	Up to School	137.34	1.904 (0.593)	A8	Up to School	157.32	2.745 (0.433)
	Graduate	152.30			Graduate	151.88	
	Post Graduate	145.62			Post Graduate	138.87	
	Others	135.57			Others	137.11	
A4	Up to School	144.57	1.281 (0.734)	A9	Up to School	149.37	4.445 (0.217)
	Graduate	144.17			Graduate	140.40	
	Post Graduate	142.52			Post Graduate	155.09	
	Others	158.93			Others	125.89	
A5	Up to School	151.70	2.868 (0.412)	A10	Up to School	115.46	7.992 (0.046**)
	Graduate	149.36			Graduate	144.78	
	Post Graduate	146.69			Post Graduate	156.93	
	Others	125.64			Others	142.80	

Source: Computed results based on survey data. *Significant at 1% level, **Significant at 5% level.

Table 6: Results of Kruskal-Wallis H Test on Occupation and Various Dimensions of Awareness about Investment in Stock Market

Dimensions of Awareness	Mean	Standard Deviation	χ^2 Value	P Value
A1	3.99	0.751	27.768	0.000**
A2	3.96	0.726	9.770	0.135
A3	3.74	0.748	14.579	0.024**
A4	3.30	1.127	15.871	0.014**
A5	3.50	0.964	8.992	0.174
A6	3.61	1.093	10.662	0.099
A7	3.43	1.054	35.251	0.000*
A8	3.72	0.915	23.437	0.001*
A9	3.50	1.079	32.315	0.000*
A10	3.52	1.040	23.348	0.001*

Source: Computed results based on survey data.

*Significant at 1% level, **Significant at 5% level.

A comparative study on ETFs and MFs in Financial Market

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ABSTRACT

In the financial market, investments are showing a tremendous role. Mutual Funds and Exchange Traded Funds are also playing a dynamic role in Capital markets. An Exchange Traded Fund is an investment fund traded on stock exchanges, much like stocks. ETFs hold assets such as stocks, commodities or bonds and trade close to its net asset value over the course of the trading days. Apart from this “a mutual fund is also one of the magical investment avenues which attract the investors within a fraction of minutes”. Mutual Funds are an investment which pools the savings from small investors. Therefore, An ETFs combines the valuation feature of a mutual fund or unit investment trust, which can be bought or sold at the end of each trading day for its net asset value. In the United States, most ETFs are structured as open-end management investment companies although a few ETFs, including some of the largest ones, which have greater flexibility in constructing a portfolio and are not prohibited from participating options in achieving their investment objectives. The main objective of this study is to understand very clear about ETFs and MFs and also making comparison in between the two. While reading this paper you will easily understand its operations, similarities, differences and benefits of ETFs and MFs.

Keywords: Exchange Traded Funds, Mutual Funds, Open-end, Portfolio.

INTRODUCTION

Nowadays, the investors are more attracted to investments, such as insurance, gold, real estate etc. But the investors are lack the knowledge of shares, scrips, bonds and funds etc. Here, we can observe the trend of investors that they need money as a return for their investment, but they are not ready to take much risk. Even though we have to agree that when there is a risk at the time of making investment we can expect more return. Therefore, on the basis of investors perception and their opinion, we have to measure that how much of risk and how much of return can be suffered by a common investor. As I have mentioned above avenues-investors are rush up to make investment on gold, bonds etc. For this type of investment safety or security is much needed. Therefore, investors are ready to purchase the worth of security bonds on behalf of the physical gold. When we analyze, it is a mixture of two avenues- one is Mutual Funds and another is Exchange –Traded Funds. In the recent trend of financial sector, we can study how both these avenues are strong and how it gives a satisfaction to the best investors. In today's competition market, the performance of capital market is showing a low result. Somewhere this affects the expectation of an investor in both ETFs and MFs.

OBJECTIVES OF THE STUDY

- To understand the operations and Administration of Mutual Funds and Exchange Traded Funds.
- To measure the benefits to an investor by both ETFs and MFs.
- To analyze the similarities and differences in between Exchange Traded Funds and Mutual Funds.
- To examine the clear information that either Mutual Funds attracted more number of investors or else Exchange Traded Funds.

LITERATURE REVIEW

- **Securities and Exchange Committee:** The article of this is issued by SEC's office of Investor Education and Advocacy. This investor bulletin discusses only ETFs that are registered as open-end investment companies or unit investment trusts under the Investment Company Act of 1940. The committee is discussed on ETFs. The ETFs are type of Exchange-Traded investment product; they must register with the SEC under the 1940 act as either an open-end investment company. Unlike Mutual Funds, however, ETFs shares are traded on a national stock exchange and at market prices that may or may not be the same as the net asset value (NAV) of the shares, that is, the value of the ETFs asset minus its liabilities, dividend by the number of share outstanding.

- **KPMG Greece (Senior Auditor):** The author discussed the information that to make a debate on “ETFs” v/s “Traditional mutual funds”. The data used in this study concerns the Alpha ETF FTSE ATHEX 20 and four open-ended mutual funds, which all have the same benchmark. In particular, author approached to society that the mutual funds burden investors with more expenses than the ETFs. On the other hand, the funds compensate their investors with greater performance and less risk than the ETFs. The paper is based on descriptive research. He concluded the despite the keen debate in the academic literature, the competition between the relevant news ETFs and open-ended mutual funds has not been studied yet with data concerning emerging ETF markets such as the Greek one.
- **D. Donald G Bennyhoff, CFA:** The author studied on how the ETF operates, how the ETF shares provide an alternative structure for investing in Index mutual funds. The study has the qualitative and quantitative considerations. Such as in cost and investors desired level of investment flexibility. Mr. Donald referred and suggesting ETFs can be traded. The investors can make periodic investments in an ETF or periodic redemption as the case may be. And also he noted that ETF are not redeemable with an application fund other than in Creation. Unit aggregations, investors must buy or sell such ETFs shares in the secondary market with the assistance of a stockbroker.
- **Jagjeev Dosanjh, Daniel Joseph and Vito Mollica (Aug 2012):** The paper examines the execution costs for the most active exchanged traded funds in Australia. The cost faced by market participants can be categorized in two groups i)Explicit ii) Implicit.

The results of this paper show that the market impact costs of trading in the ETF market are lower than they are for “paper portfolio” of underlying stocks. The authors shared the information of benefits of ETF Investment.

SCOPE OF THE STUDY

The study considers the area of research only in Davangere City. The scope of the study is limited to such investors especially who invested in Mutual Funds and Exchange Traded Funds in Davangere city only.

RESEARCH METHODOLOGY

The methodology is the plan, structure and strategy of the investigation process that sets out to obtain answer to the study. The methodology followed for collection of information is as follows.

SOURCES OF DATA

For the purpose of this study data from two sources such as primary and secondary data have been gathered or collected. The methods of collecting primary data and secondary data differ since primary data are to be originally collected while collection of secondary data is complicated.

Primary Data: Here primary data has been collected through a structured questionnaire. The selection of respondents is based on simple random sampling. The survey conducted through a questionnaire sets you with a view to understand the investors problem, benefits in mutual funds and also in exchange traded funds.

Secondary Data: These are the sources containing data which have been collected and compiled for another purpose. The secondary sources consisting of the readily available resources and compiled statistical statements and reports whose data may be used by researchers for their study. Secondary data for the present research have been collected from several sources.

The major sources of secondary data are given below:

Company websites, 2. Standard reference books 3. Other websites

Field Work: As stated earlier a sample size selected to study 100 in Indian context.

The researcher has personally interviewed all the respondents chosen for survey and gathered primary data for the purpose of analysis and interpretation.

LIMITATION OF THE STUDY

The area of the survey has been restricted to analyse the performance of ETFs and Mutual Funds and study is restricted and located in Davangere City only.

“A **mutual fund** is an investment company and also an financial intermediary that collects money from investors and invests in various securities on their behalf. The returns from these investments are passed on to the investors.”

“A **mutual fund** collects the savings from small investors, invest them in government and other corporate securities and earn income, through interest and dividends guide capital gain”.

“The **Exchange-traded funds** is a pooled investment vehicle with shares that can be bought or sold throughout the day on a stock exchange at a market-determined price”.

Like a mutual fund, an ETFs offers investors a proportionate share in a pool of stocks, bonds and other assets.

“An **ETF** is a basket of stocks that reflects the composition of an Index, such as CNX, Nifty or BSE Sensex”.

Operation of Mutual Fund



1. Trustees appoint the AMC members.
2. The AMC introduced new schemes by the instructions of trustees and sponsors.
3. The AMC motivates the investors to invest their money in the mutual fund company.
4. AMC collects the small amount of money from the small investors.
5. Along with the fund managers an AMC invest their money on securities on behalf of its investors.
6. Before that after the collection of amount, the AMC start to search or to observe the market and then they selects the investment avenues to park their investment.
7. AMC construct the portfolio based on the collected amount along with the help of fund manager.
8. AAMC allot the money on that instrument.
9. Slowly, the return generates if the market condition is positive.
10. The AMC passed back that generated return to the investors.

The Administrators of Mutual funds are:

- Sponsor
- Asset Management Company
- Legal Advisors
- * Board of Trustees
- * Transfer agents and Custodians

Operation of Exchange Traded Funds:



The buyer of ETFs will pay cash and buy ETFs through authorized participants. The authorized participants invest the money in capital market and purchase the stocks by the suggestions given by ETFs Fund Manager and Custodian Manager. Both the managers will go by collecting and analyzing the portfolio information and transfer information from one scheme to another scheme. And then they will intimate to the authorized participants regarding the performance of ETFs shares to purchase.

The Administrators of ETFs are:

- Investment Manager
- Legal Firms
- Administrators and Custodians
- The Auditor

Mutual Funds offer several benefits to investors, such as:

- 1. Diversified benefits:** Diversified investment improves the risk-return profile of the portfolio. Small investors may not have the amount of capital that would allow for an optimal diversification when compared to an individual investor's pooled mutual fund capital.
- 2. Low transaction costs:** The transactions of a mutual fund are generally very large. These large volumes attract lower brokerage commission and other costs as compared to the smaller volumes of the transactions entered into by individual investors.
- 3. Availability of various scheme:** Mutual funds generally offer a number of schemes to suit the requirements of the investors. Thus an investor can choose between regular income schemes market and those that invest in the market.
- 4. Professional management:** Management of a portfolio involves continuous monitoring of various securities and the innumerable economics & non-economic variables that may affect the portfolio's performance.
- 5. Liquidity:** Liquidating a portfolio is not always easy. There may not be liquid market for all the securities held. In case only a part of the portfolio is required to be liquidated, it may not be possible to sell all the securities forming part of the portfolio in the same proportion as they are represented in the portfolio.

Exchange Traded Funds offer several benefits to investors, such as:

ETFs offer several benefits to investors, such as:

- It can easily be bought/sold any other stock on the exchange through terminals across the country.
- It can be bought/sold anytime during market hours at a price close to the actual NAV of the scheme.
- Ability to put limit orders.
- Minimum investment is one unit.
- Enjoy flexibility of a stock and diversification of an index fund.
- Low expense ratio
- Arbitrage possibilities between Futures and the Cash market.

Similarities in Mutual Funds and Exchange Traded Funds

Both Mutual Funds and Exchange Traded Funds hold portfolios of stocks and or bonds and occasionally something more exotic, such as precious metals or commodities. They must adhere to the same regulations converging what they can own, how much can be concentrated in one or a few holdings, how much money they can borrow in relation to the portfolio size and so on. Beyond those elements, the paths diverge.

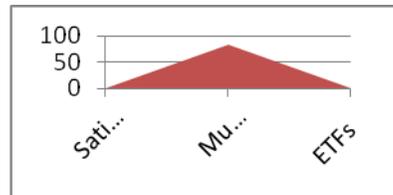
Differences between ETFs and MFs are:

- Because of differences in distribution and often lower transaction costs, total operating expense ratios for ETFs often have been historically less than those for corresponding mutual funds.
- Many ETFs will disclose to the public their holdings every day, in addition to the quarterly disclosure required for all mutual funds.
- ETFs can be more tax efficient than mutual funds because ETFs shares generally are redeemable "in-kind". This means that an ETF may deliver specified portfolio securities to Authorized Participants who are redeeming Creation Units instead of selling portfolio securities to meet redemption demands, which could otherwise result in taxable gains to the ETFs.

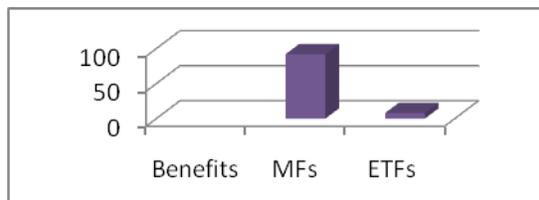
Graph No:01 showing the respondents information on awareness in Investment



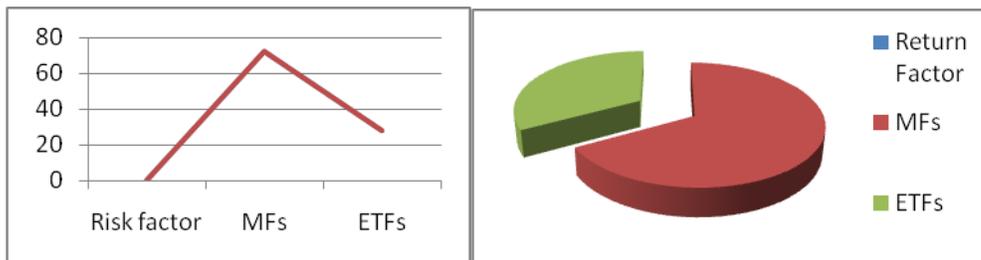
Graph No: 02 showing the respondents on satisfaction result by two investments



Graph No:03 showing the respondents on enjoying the benefits from both avenues



Graph No:04 showing the respondents on risk and return by both investment avenues



FINDINGS

- Majority 78% of investors/Respondents are very aware about Mutual Funds as compare to ETFs.
- 92% of investors/ respondents are now getting knowledge regarding ETFs.
- Moreover 83% of investors/respondents are satisfied by the whole service of Mutual Funds such as benefits, schemes, liquidity, flexibility etc.
- Only 13% of investors/respondents are satisfied by ETFs. As compared to Mutual Funds, ETFs show weekly performance.
- Moreover the investors lack the knowledge of portfolio investment etc. But given their judgement majority of them take risk on returns by mutual funds as compared to ETFs.

SUGGESTIONS

- By the survey analysis, I am suggesting to the board of financial market that please give some awareness on ETFs.

- In mutual funds, we can see more than 3000 schemes but in ETFs there are very less schemes. Therefore, the investors are more attracted towards Mutual Funds as compare to ETFs. By the research we come across that, the investors need some more suitable schemes to the investors especially in ETFs.
- Only 13 % Investors/respondents are satisfied by ETFs. It is hardly satisfying performance. So I suggest that to give some more benefits and suitable schemes to the investors on ETFs.
- Many respondents don't know about ETFs. Therefore, how the board promoted Mutual Funds, likewise I am suggesting to the board that to promote the ETFs through advertisements in media, then it imparts knowledge on ETFs to investors.

CONCLUSION

In Mutual Funds and Exchange Traded Funds, somewhere the features are similar. As we know ETFs were first introduced in the early 1990s in Canada. In every society and a country like India is required to have a high rate of growth of economy and infrastructure. The survey analysis restricts the investors opinion. The mutual funds reaches the set of goals of an investors but somewhere still ETFs are yet become popular like mutual funds. Finally, I conclude that ETFs is an investment fund traded in the stock exchange much like a stock. Mutual Funds have so many features (like investment management, portfolio management, liquidity, switch over, lateral shifting etc) Even though the ETFs have so many features (like low cost, tax efficiency, easy conversion into cash and stock like attributes). Deciding whether to buy a mutual fund or ETFs may seem like a trivial consideration next to all the others, but there are certain key distinctions between the two types of funds that can affect how much money you make and how you make it.

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An insight into study on Community based Tourism and its challenges to promote Rural Tourism: A case study on Anegundi, Karnataka

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ABSTRACT

Rural tourism or tourism in rural areas is a phenomenon that brings economic and social benefits to the local community. It will not only generate employment for the local people but it can also develop social, cultural and educational values; therefore, rural tourism has attracted increasing attention from governments, NGOs and other organizations. Economic regime change from Fordism to post-Fordism and cultural regime change from Modernism to post-Modernism has resulted in the emergence of new forms of tourism such as Pro-Poor Tourism (PPT), Community-Based Tourism(CBT), and Community Benefit Tourism Initiative (CBTI).The research aims to investigate the local community's participation initiatives in rural tourism with a view to benefit the local community. It identifies two sides of community participation in tourism which are; the benefits point of view and from the decision making process perspective. It also realises the communities' opportunities for economic growth and empowerment as well as the barriers in engaging in rural tourism.

The locality chosen for this research study is a peripheral area of Karnataka known as Anegundi. It is located in Northern part of Karnataka at Koppal district. The unique tourism resources of Anegundi provide an opportunity to its local community to utilize rural tourism as an instrument to bring rural upliftment and empowerment. The community also encounters various challenges and issues in engaging itself in rural tourism for their own rural development. This paper aims to illuminate the various prospects and challenges of local community of Anegundi in participating in rural tourism development and to relate rural tourism with the social, cultural, and economic growth of Anegundi. This paper overviews the rural community's participation in rural tourism development to bring rural upliftment in Anegundi, based on a review of Karnataka's tourism policy. The paper also focuses on the following aspects:

Search for the prospects for livelihood support and the scope of community involvement in the villages through rural tourism.

This study points to an array of issues, challenges, and prospects that influences the local community's participation in tourism development in the rural setting of Anegundi at Karnataka

Keywords: Rural Tourism, Community participation, Rural development,rural empowerment, Community based Tourism

INTRODUCTION:

Rural tourism is associated with destinations located in rural areas which are developed and promoted as a tourism product.Travel and tourism is now commonly viewed not only as a major source of employment, but also as a catalyst for rural regeneration.Rural tourism is also characterised by local community participation as they present much of the rural tourism experiences. Local communities play a vital role in tourism development as they provide essential services to the visitors. Local communities' participation ranges from providing tourist guides to arranging home stay operators, craftsmen to souvenir retailers, as well as providing vital inputs in the tourism development decision making process. Local residents' participation in tourism development has been widely discussed. Many rural communities have turned to tourism as a way to diversify their economic based (Briedenhann &Wickens, 2004; Busby &Rendle, 2000; Mair, 2006). In establishing or developing a tourism industry, rural communities seek to transform themselves from an economy of commodity production to a site of consumption (Gill & Reed, 1997). Tourism has the potential to make a positive economic contribution, yet the success of this industry is not guaranteed and the outcomes are not always positive. Tourism can sometimes be exploitative and culturally, socially, and ecologically damaging and it can at times, fail to provide a desired economic boost (Sharpley, 2002). These negative impacts of tourism can be particularly severe in rural areas, where temporary visitation is more visible in the landscape, compared to urban areas (Lane, 1994). In efforts to develop tourism in a way that is more

compatible with the rural context, the approach of community based tourism (CBT) has been proposed (Murphy, 1985)

Community based Tourism is different from traditional top-down tourism planning approaches because it emphasises on local input and control over the type, scale, and intensity of tourism development. By retaining or proactively obtaining control over tourism decision making, communities can dictate development according to their values and interests (Gill & Reed, 1997; Mowforth & Munt, 2003). A defining characteristic of CBT is that it is a process generated from bottom up community engagement to develop tourism products and services or to craft and implement a tourism strategy (Hall, 2000; Murphy, 1985). CBT policies are to support community appropriate types of tourism and equitable distribution and retention of benefits within a local area, thus presenting an alternate response to traditional forms of tourism development driven by a focus on profit maximisation (Black stock, 2005; Hall, 2000; Hatton, 1999). Though, the benefits of CBT as a way of developing the tourism industry are generally recognised (Hall, 2000; Nyaupane, Morais & Dowler, 2006), its actual benefits to the community can be difficult to achieve (Becker & Bradbury, 1994; Briassoulis, 2002; Laverack & Thangphet, 2009). Blackstock (2005) regards CBT as naïve and unrealistic, claiming it fails as a community based approach for the following reasons: (a) It is too focused on industry development compared to community empowerment; (b) It ignores the internal dynamics of communities. (c) It ignores external barriers, such as inequality between developers and community members that affect the degree of local control.

These critiques were made with reference to the development context where external private investment organisations attempt to supplement rural community based efforts. For example, a private developer may purchase land in a community to build or open a tourism business, such as a hotel or resort, and then fail to seek cursory community inputs on the scale, design, and nature of the structure. The community feedback is totally ignored, thus the outcome of the infrastructure development is not based on consensus decisions between the community and the developer. Therefore rather than being an equal partner in the process of developing rural tourism, the community becomes a mere onlooker and the concept of CBT is not adopted in this scenario.

This paper examines the realisation of CBT in rural areas which are purely community driven. This alternate form of development is led by the community, using community resources and undergoing various challenges, utilizing opportunities lies in rural empowerment through rural tourism development. This independent community-based development context is supported by policies that devolve the responsibilities of the state to individual citizens (Amin, 2005; Mair, 2006). As a community-based effort, the development of rural tourism provides an ideal situation where social-economy enterprises can be used to fill the gaps left by intervention by lesser state governments and local authorities. As opposed to services and products controlled by private interests, or publicly via government organisations, the social economy is made up of community-based and mutually controlled enterprises that exist to serve an identified need and return benefits accrued, back to the community (Lukkarinen, 2005). These needs often include health, employment, cultural enrichment and preservation, training, and small-scale or cottage industry like production of handicrafts (Amin, Cameron & Hudson, 2002). Examples of other social-economy enterprises in Karnataka include a variety of worker-owned cooperatives, Self Help Groups (SHGs), community-based training organisations, and volunteer-run projects. Though often adopting some methods of private businesses, social-economy enterprises have a focus on engaging community members in the provision and development of their own economic, social, and cultural futures, valuing principles of engagement, mutual benefit, and people before profits (Lukkarinen, 2005; Quarter, 2000). (Blackstock, 2005; Koster& Randall, 2005; Mair, 2006; Simmons, 1994). This represents a shift from the increased entrepreneurial involvement of governments in economic development to a transition of this responsibility to the local and community levels and to the individual citizens (Harvey, 1989). Despite the philosophical similarities between CBT and rural tourism, there is still a lack of research and study into these different forms of tourism for the growth of rural tourism development in Karnataka. This paper considers the potential for social economy as a way to realise CBT by attempting to analyse how social-economy enterprises are currently used within the rural setting of Anegundi. The purpose of this paper is exploratory with the objective of tracing opportunities for rural development and handling challenges and issues by eliminating obstacles to implement community based tourism approach for successful application of rural tourism development with a view to achieve rural economical empowerment.

OBJECTIVE OF THE STUDY

The general objective of Community Based Tourism efforts in the rural setting are parallel to those of the rural tourism objectives, with both aiming to create community benefits broadly defined as economic, social, and cultural through a bottom-up process of local involvement in decision making, capacity building, and neoliberal economic diversification. The aim of the study is to implement community based tourism by identifying the potential of rural tourism of Aneundi in order to cater to various socio economic benefits, to the local community and empowering them by eliminating various socio-cultural barriers

The specific key areas of the study are

- 1) To study the significance of Community based Tourism in Aneundi
- 2) To analyse the significant linkage between Community based Tourism and Rural Tourism
- 3) To identify and assess the challenges of Community Based Tourism (CBT) in a rural setting of Aneundi

REVIEW OF LITERATURE

Rural tourism refers to visits to destinations in the countryside. Rural tourism development has been receiving much attention in recent years as a means of income and employment generation especially for the local community. It is also being used as an avenue of diversification of local economies. Rural tourism is often characterised by homestay, agro tourism and visiting specific features such as wildlife, forest, and the local communities. In Karnataka, the Department of Tourism, Karnataka State Tourism Development Corporation (KSTDC) is responsible for the development and promotion of its rural tourism.

Local community participation in tourism can be viewed in two ways; from the decision making process perspective, and from benefits gained from tourism. Communities' participation in decision making process is important, however in many instances their participation is likely to be limited to voicing their opinions on matters related to tourism development at their destination. This process is what refers to as community based tourism (CBT)- a term used to describe an approach to tourism in which the needs and views of local residents are incorporated in the planning and development process.

Community based Tourism often means the involvement of local people or community with the government in planning for development. Without participation, there is obviously no partnership, no development and no program. Hence lack of community participation in the decision making to implement tourism development, can lead to failure in community development. CBT increases people's sense of control over issues that affect their lives and also promotes self-confidence and self-awareness. Community participation is the creation of a democratic system and procedure to enable community members to become actively involved and to take responsibility for their own development, to share equally in the fruits of community development and to improve their decision-making power. Community based Tourism provides a sense of community to take responsibility for oneself and others, and a readiness to share and interact.

Community participation in tourism is not without any barriers. There are several constraints to community participation in tourism activities. Community based Tourism can be seen as a process whereby the residents of a community are given a voice and a choice to participate in issues affecting their lives. Whether a community participates or not is determined by a variety of factors .One of the factors that limit their participation is lack of trust between members. Community participation can thus be enhanced by addressing barriers to participation while at the same time taking the necessary steps to promote the principles of sustainable participation.

The constraints include the following: lack of community participation in development policy, lack of knowledge and awareness, power imbalances between governments and local communities, segmented and complex institutional arrangements and lack of financial resource. There are two arguments why the involvement of local communities in tourism development is often difficult. The first is that communities are heterogeneous (Blackstock). A community consists of many different kinds of people, often with unequal positions and different aspirations. This leads to an unequal opportunity for community members to participate in tourism activities. Community members with a higher status are more likely to participate in tourism development, and will not always act in the best interest of other community members. The questions that thus remain are who and how many people in the local community should participate. The second difficulty identified is that communities frequently lack information, resources and power. This makes it especially difficult to reach the market or potential visitors. The community is thus dependent on other stakeholders, and is therefore vulnerable.

Based on a research of tourism ventures in South Africa, Koch identifies the same and two other constraints to the participation, which are applicable to multiple settings. Communities often do not have ownership over the natural resources and land. Thus when land is owned by outsiders, locals are limited by the owners. Another constraint is that the poorest communities have difficulties in attracting capital or resources to build the facilities and infrastructure that is necessary for tourism development. In another study on community participation at Thailand, Breugel states that a few areas identified as to why the communities do not participate, are lack of basic knowledge about tourism industry, language barrier which makes it difficult for the foreign visitors to understand them, the remoteness of the location in combination with small size of village, lack of public transport to get into the village, miscommunication between the community and outsiders as well as lack of use and knowledge of using computer and internet to promote the tourism product.

To sun proposed a detailed analysis of the limitations to community based Tourism by identifying three general categories of limitations which are at the operational level, structural and cultural limitations. The operational limitations refer to the centralization of tourism administration which makes it too difficult for the locals to become involved, as well as a lack of coordination due to fragmentation in the tourism industry. Structural limitations include the attitudes of professionals who are frequently unwilling to negotiate with locals, or locals are not in the position to negotiate with them properly and there, frequently, does not exist a legal system in developing countries to protect the rights of local communities. Other structural limitations include lack of human and financial resources and the dominance of the elite in tourism development. The final constraints are the cultural limitations, which relate to the low level of awareness of the local community concerning the social-cultural, economic and political consequences of tourism development. Thus the incentive for participation is relatively low. Mustapha, Azman and Ibrahim applied Tosun's community participation barriers framework at Tekek Village, Tioman Island, Malaysia and identified all the three types of barriers in implementing Community based Tourism. The operational barriers were unwillingness of shareholders towards sharing of power, centralization of public administration and lack of information; while for structural barriers they were the presence of elite domination, lack of financial resources, and attitude of professionals and lack of appropriate legal systems. Cultural barriers were related to limited capacity and low level of awareness amongst the local community to participate in tourism.

METHODOLOGY

The methodology is applied to conduct the study chosen in order to acquire information and deduce conclusions about the significance of Community based tourism to promote rural tourism in Anegundi, situated in Northern part of Karnataka at Koppal district in order to achieve rural economic empowerment.

According to the purpose of this study, the exploratory research approach has been adopted to conduct the study. The aim is to gain familiarity with the rural issues, and to gain a deeper understanding about rural tourism as an effective tool for rural development through successful local community participation.

In order to collect the data the secondary source, data collection method is adopted extensively to get an insight on rural setting of Anegundi. The secondary data on Anegundi contributes toward the formation of background information, needed in order to undertake a detailed study on Anegundi to analyse the challenges in implementing community based tourism in the rural setting.

THE STUDY AREA

The rural setting of Anegundi is the study area, a small village in a Koppal District of Gangavathi taluk in Karnataka with a population of over 20,000 people. Its name (Anegundi) is a combination of two words. 'Ane' in Kannada means an Elephant. 'Gundi' means a 'pit'. Thus 'Anegundi' would mean elephants' pit. It was so called because it was meant for bathing of royal elephants of Vijayanagara Empire. The Vijaynagar Empire has its own glorious historic significance in the history of Karnataka. Anegundi also known for its spiritual significance as it is surrounded Rocky Mountains including Anjanadri hill, which is believed to be the place where Lord Hanuman was born. This place is referred in epic Ramayana as Kishkinda and birth place of Vaali, brother of Sugriva. Once Anegundi was the capital of Vijayanagar and later on shifted to Hampi, It is located 356.8 kilometres from capital city of Karnataka. Anegundi falls in the core zone of the World Heritage Site of Hampi known for its unique sculptures and architectural style of indigenous rural houses. A distinctive Anegundi Utsav, rural handicrafts, folklore and rural natural beauty makes the place an even more attractive rural tourist destination.

RURAL TOURISM DRIVEN COMMUNITY BASED TOURISM AT ANEGUNDI, KARNATAKA

UNWTO defines Rural Tourism as creating a “rural environment” for the visitors, by offering a combination of natural, cultural and human experiences which possess typically rural characters. These “experiences” provide the visitors with authentic and traditional experiences which are the essence of rural life. It brings the visitors back to nature/roots/basics, and embraces their return to origins and originality.

Rural tourism in Anegundi comprises a spectrum of activities and services organised by the rural population which showcase rural life, art, culture and heritage. It is based on principles of sustainability. International trends suggest that rural tourism is becoming an increasingly broader concept and that the needs and expectations of domestic and international demand are becoming ever more sophisticated. It has great potential due to a wide variety of natural, culture and special interest activities.

Rural Tourism drives the whole community in preparing and presenting tourism phenomenon to the tourist community by playing the role of host community which may incur diversified economic benefits, employment opportunities for them. It is an adoption of community based Tourism approach in Anegundi. The core feature of Community based Tourism is the development of tourism for community benefit with control of tourism development in the hands of community members, rather than in those of private developers.

The basic concept of Community based tourism advocates the idea of proactive role of local community members with cooperation, coordination and consolidation of tourism services provided to the tourist community in a professional approach by generating multiple economic benefits for local community.

The most common perception about Anegundi as rural setting is associated with “low population densities”, “open spaces” and “small-scale settlements”, “natural beauty” (Lane, 1994). When a rural community considers tourism as a development tool, unspoiled environment and rural characteristics are advantageous attributes. Tourism establishments of any kind undoubtedly bring in income possibilities to supplement traditional sources of income. However, tourism benefits or even employment opportunities disseminate narrowly within the locality of Anegundi. The community based rural tourism may generate employment opportunities for the local villagers in many ways.

Transformation of indigenous houses and huts of the villager’s into home-stay facilities with lodging and boarding facilities for tourists, employment opportunities for the local people with the knowledge of historical and cultural significance of Anegundi to communicate about the folk lore of Anegundi to the tourist community as a local tourist guide are some of these. There is an opportunity for rural craftsmen and rural performing artists to showcase their creations and talents to the tourists and entertain them, which may generate employment prospects. The local handicraft industry of Anegundi gets the advantage of tourism multiplier effect through the promotion of community based rural tourism. These tourism activities accomplish the goals of Community based tourism.

The creation of tourism based indigenous enterprises within the community can develop a united voice for the industry and the community as well as to pool resources and expertise among its members. This type of partnership approach can be leveraged to link across scales from the local to the national or international market while opening up new opportunities, such as sources of investment and expertise (Milne & Ateljevic, 2001).

THE CHALLENGES AND ISSUES OF COMMUNITY BASED TOURISM IN ANEGUNDI

The application of community based tourism in the rural setting of Anegundi is challenging despite its potential socio economic benefits. The nature and the process of implementation of this approach in rural development may greatly affect the success of rural community empowerment. The various issues and challenges of CBT driven rural tourism to be addressed are as follows:

- At the community level, tourism development is a highly contextual process, and as such, the internal dynamics and attributes of each community can greatly affect the path of development. For example, CBT development in rural areas may be limited by these characteristics such as lack of infrastructure, basic amenities, accessibility and talent resources
- The local human resource lack knowledge and awareness about the significance and economic benefits of tourism which may lead to lack in interest among them to participate in a full-fledged manner in tourism supply development as an integrated effort
- Lack of commitment and support from the public sector organisation to facilitate resources to support community driven tourism development in rural setting of Anegundi.

- An existence of social class prejudices among the local community may lead to differences in opinion and also restrict them in uniting as one entity to coordinate, cooperate and consolidate tourism industry to develop tourism as well as to bring rural economic empowerment.
- Lack of investment from government and various financial institutions may lead to shortage of capital to facilitate CBT driven rural development.
- Poor managerial, technical and analytical skill among the local villagers to impart integrated efforts for tourism development and implement CBT approach successfully.

To help overcome the challenges of implementing tourism based community driven enterprises, partnerships and support should come from a variety of agencies. At the local, regional, and national levels, support for tourism enterprises in the form of start-up loans and grants as a component of a rural development strategy would be an appropriate way to encourage rural CBT. As indicated, financial capital can be difficult for tourism enterprises to access, and a system of government grants or matching funds could spur further development of the tourism enterprises. Apart from financial assistance, efforts of non-governmental organisations are crucial for sustainability of this segment of the economy. There should be participation of specialized institutions and NGOs to impart training and skill development programmes for capacity development of the local villagers as professionals and skilled labour for successful implementation of CBT driven rural development in Anegundi.

CONCLUSION

In addition to contextual CBT development challenges, the local community driven tourism enterprises are based on the willingness of participants to cooperate and work together for mutual benefit. Volunteer-run organisations, also face difficulties in attracting and maintaining volunteer interest and engagement (Irvin & Stansbury, 2004; Wilson, Fesenmaier & Fesenmaier, 2001). This type of collaboration maybe difficult to accomplish due to a weak history of cooperation among members of the same community or among communities within a region (Markey, Halseth & Manson, 2009). Financial security is not a goal for all social-economy organisations, but for the more market oriented ones and becoming self-sustaining financially can be a struggle (Lukkarinen, 2005). Infact, in some cases, the tourism enterprises may not generate a profit. There are substantial challenges to the development of rural tourism that are often beyond the direct influence of communities. These types of externalities include global economic trends and fluctuations, such as the recent health issues in the Asian regions that can greatly affect travel patterns to India. These types of tourism development challenges are not unique to rural communities, but it is possible that social economy challenges in any form can affect the local rural tourism industry. The mutual, community-based ownership model of the social economy enterprises, coupled with profit to the community-driven motive, is a type of economic organisation that would be in a better position to navigate these turbulent economic cycles (Novkovic, 2008). This paper outlines the potential for realisation of rural CBT through community driven tourism enterprises. Research on rural tourism and its application through CBT is relatively new. This article serves as a preliminary effort to merge such literature and identifies areas where community driven tourism enterprises can be best leveraged in rural tourism development. Future contributions from policy makers, practitioners, and academics can build on these identified areas and challenges, supporting efforts to frame tourism as a viable development option for rural communities. The host community may be included, but often just as an accessory within the development process

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Make in India: Prospects for Textile Industry

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ABSTRACT

‘Make in India’ is an initiative to attract foreign investors to manufacture their products on Indian soil, to provide an immense thrust to the sluggish Indian economy, concomitantly creating thousands of job opportunities. The campaign proposed to make India a manufacturing giant by promoting foreign investment. To this end, it aims to install a panel of members tending to business queries, reforming labor laws, relaxing and easing land acquisition by investors, shorten time period for obtaining clearances, simplify regulatory processes as well as provide highly skilled manpower. Turning this vision into a reality would be the challenge. Some of the major hurdles to overcome would be, a deficient infrastructure, inhospitable business environment, corruption, poor quality of human resources, problems with access to timely and adequate credit, difficulty of getting land, high burden of taxation and restrictive labor regulations. The Garment and Textile Industry is one of the sectors under the ‘Make in India’ project which has made a promising turnaround. Globally, India has the second largest capacity for manufacturing textile which should be reason enough to invest. Moreover, India has a comparative advantage in terms of skilled manpower and cost of production over major textile producers. Under the ‘Make in India’ scheme the textile industry’s exports have surged, due mostly to the recovering US economy. Increase in domestic cotton supplies is another major contributing factor. This turnaround is significant as India continues to retain a competitive edge in terms of lower labor costs. This paper discusses the advantages and disadvantages of the make in india concept with a special focus on textile industry.

INTRODUCTION

‘Make in India’ is the slogan of an ambitious initiative launched by Honourable Prime Minister Narendra Modi. The campaign seeks to make the country a global manufacturing hub by promoting India as a destination for foreign investment (www.zeenews.com).

An open invitation was rolled out to overseas investors to come ‘Make in India’ where Mr. Modi pointed out that “we have the skill, talent, determination and discipline to do something” (Badaya, 2015).

The major objective behind this initiative is to focus on certain sectors of the economy which can boost job creation as well as skill enhancement.

Although the main objective of Make in India initiative is to make India a manufacturing hub of the world and increase the contribution of the manufacturing sector to India's GDP, there are lot of challenges that needs further discussion (Jain, 2014). This paper deals with the advantages and disadvantages of Make in India, followed by the discussion on how ready the textile industry is to make this initiative into reality.

DIRECTIVE OF THE INITIATIVE

This initiative is expected to increase GDP growth as well as tax revenue (Business Standard, 2014). It also aims at generating high quality standards and minimising the impact on the environment (Newsroompost, 2015; Jagannathan, 2014) as well as attracting capital and technological investment in India.

Needless to say, such a project would generate a huge amount of employment, which is critical to sustain the burgeoning working age population, thereby directly addressing the country’s multi-socio economic issues. It will increase trade and spur economic growth as well as ‘step-up’ the contribution of India’s underdeveloped manufacturing sector to the GDP (Kumar and Tellis, 2015).

The initiative aims to promote India as an investment destination. A panel of 8 members has been established to solve all investor queries within 48 h. They would assist in understanding the complex tax structure and the relevant laws for establishing a business in India (EY, 2014).

A single window system' is proposed to be installed to decrease the time taken for clearances to start the business. Further, all regulatory processes will be simplified and closely monitored to ensure a smooth sailing for the foreign investors.

Stringent laws will be relaxed to facilitate the setting up of manufacturing units to avoid unnecessary time wastage.

ADVANTAGES

- Enhancement of skills and job creation in leading manufacturing sectors such as automobiles, chemicals and textiles.
- Manufacturing sector led growth of nominal and per capita GDP. While India ranks 7th in terms of nominal GDP, it ranks a dismal 131st in terms of per capita GDP.
- As the emphasis is on the development of labor intensive manufacturing sector, so this campaign will generate a lot of employment opportunities. This will lead to an increase in people's purchasing power, further helping in eradicating poverty as well as increasing the consumer base for industries.
- Foreign investment, along with the much needed foreign capital, will bring in technical expertise and innovative skills.
- Domestic manufacturing will prevent the import of such products into the country, thereby overcoming the effects of trade deficits.
- Augmentation and diversification of our exports from the manufacturing sector.
- Minimization of trade frictions between India and other countries.
- The model of "look east and link west" policy will strengthen bilateral ties with many countries as well as strengthen industrial linkages
- It has been implicated that all issues pertaining to procedural clearings will be resolved in a timely manner which is a positive step towards making an industrial friendly environment. The Govt. has also decided to frame an auto response system for the same.
- This campaign along with making India stand out in the global market will unfold numerous opportunities for other countries.
- As the focus is on an export-oriented growth model, it will help in accumulating foreign exchange reserves.
- This initiative will boost FDI flows, bringing India back to the global investment radar.
- This attempt at attracting foreign investors will lead to substantial policy changes thus improving the ease of doing business in India. The Government will need to undertake economic, political and social reforms to market Brand India (Ganesan, 2014).

DISADVANTAGES

The theory of comparative advantage states that, if it is not economically feasible to manufacture a commodity in a country, it is prudent to import the same from a country enjoying comparative advantage in its production. Make in India will thus tend to violate this theory and hamper International trade.

Unlike China, India does not have the time advantage as it undertakes a manufacturing spree. It might to be in India's best interests to attempt at becoming a second China.

As Make in India's primary focus is on export promotion measures, it might undermine the value of rupee. This will have grave consequences for the import bill.

One also needs to look at the demands of the market in terms of the world economic scenario. US and Japan economies are yet to recover from their economic crises and the EU is floundering. Therefore, awareness is key in this situation as ignoring the market situation might not bode well for Make in India.

In a survey by JBIC, November 2014, India (www.mof.go.jp) was cited as among the most promising destinations for expanding businesses in areas of smart cities, urban & high-speed railways, power generation (coal and

nuclear), electricity transmission and distribution, advanced IT networks, sewage systems, roads and bridges and water supply.

This is because India has future growth potential of the local market, inexpensive source of labor, current size of the local market, and supply base for assemblers.

MAJOR ISSUES AND CHALLENGES

Lack of an efficient and prompt administrative machinery:

The laws pertaining to receiving regulatory clearances as well as procedural mechanisms are very stringent. Reforms leading to easier approval of projects as well as hassle free clearances would definitely create a conducive business friendly environment. The concept of 'single online portal has been emphasized to deal with unnecessary defunct laws and regulations and for making stringent bureaucratic processes easier, shorter, transparent and responsive. .As mentioned earlier, this system will consist of an eight member team dedicated to answering investor queries which will facilitate the clearance of projects in a time bound manner (Venkatesan, 2014).

Skilled labor force:

For sustainable economic growth and social development of a country, knowledge and skills are the driving forces. Unlike countries like Korea, Japan and Germany which have about 80% of its population skilled, only 12% of India's population is sufficiently skilled. Initiative for skills development should be a mandate and a priority. This will lead to semi-skilled labour being absorbed by the manufacturing sector. To give a thrust to skill development, the govt. has adopting skill development as a national priority and has created a new Skill Development Department for starting various skill development programs ().

Competitiveness:

Competitiveness of manufacturing should be tackled. To make the country a manufacturing hub the unfavorable factors must be removed so as not affect manufacturing compertitiveness. For example, tax concessions should be provided to companies planning on setting up a business in India.

Diversification:

India's small and medium-sized industries (MSME) are the life blood of the Indian economy and can play a big role in making the country take the giant leap forward in manufacturing. The focus should be towards advancing these sectors by giving special advantages and privileges to these sectors. Novelty and Innovativeness should be the key ingredient for these sectors. An additional step would be to provide tax exemptions to these MSME industries in the initial years of their operation to provide a much needed boost to the manufacturing sector.

A *comparison* of India's make in India campaign with China's 'Made in China' campaign is inevitable. To outstrip China's lead in the manufacturing sector, India should focus on its strength (Nathani & Parikh, 2015).

Research and development:

High-tech imports and research and development (R&D) must be upgraded to provide cutting edge technology for the manufacturing sector. This will require significant capital investment. A platform must be provided by the government for such research and development along with sufficient financial aid.

Quality products:

Quality products should be one of the major focus of India's Make in India' campaign as the products manufactured will always be compared with standard products from other countries. Thus, India needs to maintain its strength to outpace other countries in the manufacturing sector. To overcome this challenge, the quality of products should not be compromised with and must be of very high standards. This could be achieved by adhering to international quality standards and would require highly skilled work force.

Land Acquisition:

A major cog in the wheel for the Make in India project is the task of land acquisition for setting up a business. Existing laws have made the acquisition of land more complex and costly thereby creatings significant hurdles for

investors in various sectors. The Presidential Ordinance, has been introduced to safeguard the property rights of landowners as well as easing land acquisition procedures.

Good Infrastructure Facility:

Good infrastructure is a critical requirement for the success of the 'Make in India' program. Manufacturing would require the free flow of raw materials and finished goods, therefore roadways, linked river for waterways, express highways, vibrant sea-ports etc. are a definite requirement. Also, internet connectivity with LAN, WAN with high speed data transfer will be much needed for this concept to be fulfilled. Further, the campaign should not ignore the rural infrastructure, which is an important ingredient for ensuring sustainable rural economic development (The Business Standard, 2014).

Labour:

This is an important factor in economic development of a country. India being a democratic country has stringent labor laws and therefore attracting outside business is a challenge.. Implementation of labor reform laws need to go into immediate effect by both the federal and state governments to foster more employment and industrial activity in labour-intensive sectors. They must ensure labour rights, human resource management, and worker and management relationship with proper safety norms and efficient transport facilities.

Retaining Talent (Reverse Brain Drain):

Although there is no dearth of talent in India, it most often goes to some foreign country. This is known as Brain Drain. Major factors contributing to this scenario are a lethargic bureaucracy, lower salary structure and less employment opportunity. The 'Make in India' campaign, can facilitate reverse brain drain i.e. foreign talent of Indian origin will again start to seek opportunities in India, by creating a conducive environment so that Indian talented youth can be retained. The talented youth migrating to foreign countries can make this mission much stronger and effective and therefore efforts need to be made to make the slogan 'stay in India' a realistic one.

Although optimism is running high, India still has a long way to go before it can start celebrating.

Textile Industry Contribution

The 'Make in India' pitch resonates better with the country's textile and garment industry. Textile industry has the enormous prospective to contribute to the "Make in India" initiative, but requires significant financial support from the government, effective implementation of industry-related policies, creation of investment opportunities by the government.

Several reasons for investment into this industry has been cited. Some of them that could make India the leader in this 'Make in India' initiatives are enumerated below:

Competitive Advantage: India is the second largest manufacturer of Textile in the world. In addition to jute, India also stands second in cotton and silk production. The textile industry amounts to 24% global spindle capacity and 8% world's rotor capacity. India has 63% market share in loom capacity. India provides better penetration of organised retail, coupled with promising demographics and mounting income levels to drive textile demand (Bhattacharya, et al., 2014). By actively participating in the 'Make in India' initiative, India can increase its revenue earnings.

Low production cost: India is considered to be at an advantageous position when it comes to skilled manpower and cost of production, the most important determiner for the growth of the industry. The availability of garment industry workers provides a platform for investors to exploit market facilities and add substantially to the production process. Thus the investors can reap higher benefits by making their product in India, as there is the advantage of the low cost of production (Sasi, 2014).

Trade policies: Policies that favour the industry combined superior quality will drive textile exports. These would boost the export earnings and minimize the current account deficit. An initiative of allowing 100% FDI in the textile sector is a supercharger for the industry.

Technology: Industry requires the inculcation of advanced technologies into its process and better access to different innovative practices. At present, machinery and technology engaged are mostly obsolete. Instead of focussing on the capacity expansion, the industry should draw its attention to making it technologically up-to-date (www.indiatrader.com). However, several schemes that support modernisation of textile industry had been introduced.

Design and fashion capabilities: Considered as the key strengths, design and fashion capabilities are expected enable Indian companies to strengthen their relationships with global retailers and compete against China (Gupta, 2006).

Significant challenges still persist that requires immediate attention:

Tariff barrier: The sector is hampered by tariff, on the other hand, negligible duty is levied by Bangladesh, Pakistan, Vietnam and Cambodia.

Mismatch in the industry: Though this sector has both large and small units, the production remains highly fragmented on the whole.

Labor laws: Inflexible and rigid labor laws pose a major threat for reforms and hence hinders the growth of the industry.

High rates: Despite the cost of cotton production being much lower in India compared to other competing countries, due to vested interests and mismanagement by state agencies, the rates of Indian cotton products are very high in the global market that works against the competitiveness of cotton produced in India.

Power supply: Erratic power supplies to the textile mills of the cities that are hub to these mills adversely affect the production as a result hikes the cost of production.

The textile industry in India has huge opportunities and dynamic capabilities that can potentially contribute to “Make in India.” However, the government should make consistent and determined efforts to resolve issues prevailing in the industry in order to realize the full potential in the Prime Minister’s progressive initiative.

CONCLUSION

Although ‘Make in India’ is an ambitious project, it is also desperately needed to provide impetus to and sustain its growth momentum. Policy initiatives have been taken up and laws and rules to set up a business in India are being eased up in order to resolve the issues and challenges involved in the concept of “Make in India.” To accommodate the 300 million people who will join India’s workforce between 2010 and 2040, each year 10 million jobs are needed. The thrust on provided to the manufacturing sector is estimated to create about 100 million jobs by 2022. Therefore, to boost the manufacturing sector a stable non-adversarial tax regime needs to be established which will ultimately revive the otherwise sluggish economy which is critical to generate jobs. The Government must bring in such major reforms thereby making the Prime Minister’s vision of helping the “poor reach to middle class faster,” a reality. With relentless policies towards this end, it is possible to make India the powerhouse of the manufacturing sector in the world.

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**An empirical study on the relationship between leverage
And profitability: a special reference to
selected cement companies in India**

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ABSTRACT

The Indian cement industry is the second largest in the world after China, employing in excess of a million people throughout the country. The cement industry contributes a big deal to the Indian economy, more so because the construction industry in India relies heavily on the cement industry for natural reasons. Indian as well as foreign companies have invested billions in the Indian cement industry after regulations were lifted off in 1982. The present paper tries to find out the relationship between the leverages and profitability of the top five cement companies in India on the basis of market capitalisation. The collected data will be analyzed by using profitability ratios, leverages, Average, Standard deviation, coefficient of variance and correlation. These were used to verify the relationship between leverages and profitability. The result shows that the Correlation between EPS, ROCE and DOL, DFL, DCL of most of Selected Cement Companies are positive during the study period.

Key words: Leverages, Profitability, ROCE, EPS

INTRODUCTION

The objective of financial management is to increase to shareholders' wealth of a firm through adopting proper debt and equity mix in their capital structure decisions. The Indian cement industry is the second largest in the world after China, employing in excess of a million people throughout the country. The cement industry is the major contributor for the economy of any country as more and more infrastructure work is being carried at large scale and the construction industry depends heavily on it. Indian as well as foreign companies have invested billions in the Indian cement industry after regulations were lifted in 1982. The cement industry in India is currently undergoing a turnaround phase striving hard to come at par with its global competitors in terms of safety, production and energy efficiency.

It is estimated that in the next four to five years, the Indian cement market is expected to see a Compound Annual Growth Rate (CAGR) of around 8.96 percent and 67 percent of the cement consumption can be attributed to the housing sector in India, 13 percent to the infrastructure sector, 11 percent to the commercial construction and the rest to the industrial construction segment. The overall cement capacity in India is expected to reach 39.5 crore tonnes by the next year and 42.1 crore tonnes by the end of 2017 from the present 36.6 crore tonnes. A staggering 97 percent of the total cement production in India comes from the 188 large plants set up across the country, while 365 small cement plants are responsible for the remaining three percent. Just the three states of Tamil Nadu, Andhra Pradesh and Rajasthan are home to 77 of the 188 large plants. Seventy percent of all the cement produced in India belongs to the top 20 companies operating in the industry. It is expected to touch 407 MT by 2020. India's potential in infrastructure is vast. It has the capacity to become the world's third largest construction market by 2025 adding 11.5 million homes a year to become a US \$ 1 trillion-a-year market according to a study by global construction prospective and oxford economies. This opens up a tremendous window of opportunity for the country's cement industry.

Leverage refers to the extent to which a company makes use of their debt financing to increase profitability. If the firms borrow more debt from outsiders, then company will end up with a high leverage and high risk. It is vice-versa with a low leverage. The financing and capital structure decision is of tremendous significance for the management, since it influences the debt-equity mix of the company, which ultimately affects shareholders' return and risk. The study helps in examining this aspect.

REVIEW OF LITERATURE

Khalid Alkhatib (2012) conducted a study entitled "The Determinants of Leverage of Listed Companies, the study determinants of leverage of listed companies". It includes a sample of 121 listed companies on the Jordanian Stock Exchange from the period 2007 to 2010. The study reveals that for both industrial and services sectors there were no

significant statistical relationship. When the two sectors were separated, the results for the industrial sector revealed that liquidity and tangibility have significant relationship with leverage, whereas the results for the services sector revealed that the growth rate, liquidity, and tangibility have significant relationship with leverage.

Nicoleta Barbuta-Misu (2013) conducted a study entitled “The Effect of leverage on profitability of Pharmaceutical Companies”. The paper aims to study the influence of financial leverage effects on company profitability, using financial data of three large companies in the pharmaceutical sector from 2008 to 2012. The results show that leverage effect is an important factor that influences the return on equity in function of degree of debts, but not entirely.

Dr. Sukhdev Singh and Rajni Luthra (2013) conducted a study entitled “Impact of Leverage on the Capital Structure Practices of Selected Telecommunication Companies”. The work investigates the relationship between leverage and earning per share and also describes the relationship between debt equity ratio and earning per share. To analyse the data one-way anova, t-test, Skewness and Kurtosis tools are used. The result shows that leverage and profitability and growth are related and leverage has an impact on the capital structure practice of the firm.

Khushbakht Tayyaba (2013) conducted a study entitled “Leverage” – An Analysis and Its Impact On Profitability With Reference To Selected Oil And Gas Companies. The study was using the panel data of companies from the period 2007 to 2012. The study examines the effect of leverage on profitability. The study used return on assets, return on equity, and return on investment and Earning per share as dependent variable and degree of financial leverage and degree operating leverage as independent variable. The data was analyzed by using regression, correlation descriptive analysis. The result shows that degree of financial leverage and return on assets have positive relationship, while degree of operating leverage and return on assets have inverse relationship.

Syed Shah Fasih Ur Rehman (2013) conducted a study entitled “Relationship between Financial Leverage and Financial Performance: Empirical Evidence of Listed Sugar Companies of Pakistan”. The study is to examine the influence of financial leverage on finance and to investigate whether financial leverage has an effect on financial performance by taking evidence from listed sugar companies of Pakistan. The result shows the positive relationship of debt equity ratio with return on asset and sales growth, and negative relationship of debt equity ratio with earning per share, net profit margin and return on equity.

Dr. D. Vijayalakshmi and Dr. Padmaja Manoharan (2014) conducted a study entitled Corporate Leverage and its Impact on Profitability. The study examined the impact of leverage on profitability of diversified sector for the period 1995-96 to 2009-10. A panel data approach has been applied to analyze the data. The results show that the leverage has a significant influence on profitability.

Dr. J. B. Patel (2014) conducted a study on Sabar Dairy, on the impact of leverage on profitability. The study uses the panel data of the firm between 1985-86 and 2013-14. The study examines the relationship between return on capital employed, return on equity, return on assets and earnings per share with operating leverage, financial leverage and total leverage. The study used tools for analysis like regression, correlation and descriptive analysis. The results reveal DOL, DFC, DTL and ROCE, ROE, EPS have positive relationship; DOL and ROA, DTL and ROA also show a positive relationship while DEL and ROA have inverse relationship.

V. Kalpana (2014) conducted a Study on Leverage Analyses and its Impact on Profitability of Select Steel Companies which traded in BSE. The study analyses the impact of leverage on profitability i.e. earnings per share of selected steel companies that traded in BSE. The data was examining using tools like Correlation and t-test. The result shows that that there is a negative correlation between degree of operating leverage and earning per share, degree of financial leverage and earning per share, and degree of combined leverage and earning per share. The use of debt and fixed cost expenses would reduce the profitability of the firms.

S.M.R.K. Samarakoon, U.E.S. Kumara and U.G.V.D.D. Gunarathne (2014) conducted a study entitled “Effect of Leverage on Profitability and Market Performance in the Manufacturing Sector of Sri Lanka: A Panel Regression Analysis”. The study explains the impact of two distinct forms of leverage that arises due to the financing activities and operational activities, upon the profitability and market performance of a firm. The study makes use of twenty eight listed companies in the manufacturing sector of Colombo Stock Exchange, and data is gathered for the period 2008-2012. The result shows that relationship between leverage and profitability is best described by the RONOA model and where OLLEV and FLEV exhibit a positive significant impact on the RONOA. While FLEV affects the ROA negatively and significantly, there is a negative significant relationship between TLEV and ROE. Only LGMCAP is captured by OLLEV and TLEV positively and negatively respectively.

Dr. A. Vijayakumar and Ms. A. Karunaiathal (2014) conducted a study entitled “Impact of Corporate Leverage on Profitability - Evidence from Indian Paper Industry”. This study examined the relationship between the leverage and profitability. The results show that there is a positive and significant impact of leverage measured in terms of total debt to total capital with the return on equity of both the Indian paper industry and the large scale sector.

Somayyeh Mahmoudi(2014) conducted a study entitled “The Effect of Leverage on Cement Industry Profitability”. The study examined the relationship between leverage and firm profitability, where Short term debt to equity and long term debt to equity were considered as leverage variables. Firm profitability was measured using return on equity (ROE) and return on assets (ROA). The study covered 28 cement firms was listed on the Tehran Stock Exchange during the time period 2008-2011 and the regression model and descriptive model have been used in order to test the hypotheses. The results show that there was a significant and negative relationship between leverage and firm profitability.

Dr. Abdallah Barakat (2014) conducted a study- “The Impact of Financial Structure, Financial Leverage and Profitability on Industrial Companies Shares Value (Applied Study on a Sample of Saudi Industrial Companies)”. The study examined the effect of financial structure, financial leverage and profitability on industrial company’s value as a long term strategic analysis that helps the analyst in predicting the company’s future value in the light of the mentioned variables in addition to external environment analysis. A sample was selected from Saudi industrial companies listed in the Saudi Stock Market amounting to forty-six companies .The study was done during the period of 2009 – 2012. The results show the positive relationship between capital structure and return on equity, using multiple regression analysis. It was shown that the strongest relationship was between capital structure and dependent variable.

Dr. Maher Odeh Al- Shamaileh, and Salim. M. Khanfar (2014) a study entitled The Effect of the Financial Leverage on the Profitability in the Tourism Companies (Analytical Study- Tourism Sector- Jordan), This study examine the financial leverage ratio and the rate of return on investment on profitability for sources of the funding in tourism companies which operating in Jordan. The results show that the presence of a statistically significant impact for the financial leverage on the Profitability of the Tourism companies listed in the Amman Exchange.

Dr. M Ramana Kumar (2015) conducted an empirical study on the relationship between Leverage and Profitability in Bata India Limited. The study was based on secondary data of Bata India Limited during the period from 2005-06 to 2012-13. The data was analyzed using tools of percentage, average, ratios and correlation analysis. The result shows that Degree of operating leverage has a significantly positive correlation with the Return on investment and the degree of financial leverage is positively correlated with return on investment.

CONCEPT OF LEVERAGE

The use of source of finance with a fixed cost such as debt and preference share capital, to finance the assets of the company is known as financial leverage or trading on equity. If the assets financed by debt yield a return greater than the costs of the debt, the earnings per share will increase without an increase in the owners’ investment.

Degree of Operating Leverage (DOL)

Operating leverage may be defined as the firm’s ability to use operating costs to magnify the effects of changes in sales on earnings before interest and taxes. Operating leverage is associated with investment activities. Operating leverage results from the presence of fixed operating expenses with the firm’s income stream. The degree of operating leverage may be defined as the change in the percentage of operating leverage at any level of output. It is arrived at by dividing the percentage change in EBIT with percentage change in sales.

Operating leverage = contribution / operating profit

Degree of operating leverage = percentage change in EBIT / Percentage change in sales

Degree of Financial Leverage (DFL)

The use of fixed charges sources of funds such as debt and preference share capital along with the equity share capital in capital structure is described as financial leverage. The financial leverage employed by a company is intended to earn more on the fixed charges funds. The surplus or deficit will increase or decrease the return on the owner equity. The rate of return on the owner’s equity is levered above or below the rate of return on total cost. The degree of financial leverage is defined as the percentage change in earning per share due to given percentage change in earnings before interest and taxes. Financial leverage is computed by the following formula:

Financial Leverage = EBIT/EBT

Degree of Financial Leverage = Percentage change in EPS / Percentage change in EBIT

Degree of Combined Leverage (DCL)

Operating and financial leverage together cause wide variation in EPS for a given change in sales and operating costs. It can be calculated by multiplying the operating leverage and financial leverage. The operating leverage affects the EBIT and financial leverage affects the EPS, return on equity and return on Investment. The management needs to manage the true combination of the operating and financial leverage. The degree of combined leverage can be calculated as

Degree of Combined Leverage = Degree of Operating leverage X Degree of Financial leverage

OBJECTIVES OF THE STUDY

- ✚ To analyze the financial performance of selected cement companies
- ✚ To examine the leverage analysis in selected cement companies
- ✚ To study the relationship between leverage and profitability in selected cement companies

RESEARCH METHODOLOGY

Sources of Data

The study is based on secondary data during the period from 2005-06 to 2014-15 and a sample size of the top five cement companies in India on the basis of market capitalisation as on 10th July 2015 and listed in BSE. The data was collected from published sources like books, annual reports of companies and the website- money control.com.

Research Technique

In this study exploratory research technique is adopted which explores information, analyzes and interprets results in meaningful way.

Tools for data analysis

The collected data will be analyzed by using profitability ratios, leverages, average, standard deviation, coefficient of variance and correlation. These will be used to verify the relationship between leverages and profitability

Selection of variables

Five variables are considered in the study to analyze the impact of leverage on profitability. Two variables used are dependent variables and the other three variables are independent variables

A Dependent Variables

1. Earning per share (EPS) = Net Profit / Number of shares
2. Return on Capital employed (ROCE) = Net Profit before tax / Capital Employed

B Independent Variables

1. Degree of operating leverage = Percentage change in EBIT / Percentage change in sales
2. Degree of Financial Leverage = Percentage change in EPS / Percentage change in EBIT
3. Degree of Combined Leverage = Degree of Operating leverage X Degree of Financial leverage

Table No. 1 PROFILE OF SAMPLE COMPANIES

Rank	Name of the Company	Market Capitalisation (Rs. In crores)	Corporate office	Year of establishment
1	Ultratech Cement	85,363.84	Mumbai	1983
2	Shree Cement	38,460.30	Ajmer	1979
3	Ambuja Cement	37,105.87	Mumbai	1983
4	ACC Cement	27,639.93	Mumbai	1936
5	Ramco Cement	8,047.00	Chennai	1950

(Source: <http://business.mapsofindia.com/cement/top-10-cement-companies.htm>)

I. Data Analysis and Interpretation

Table 2: Degree of Operating Leverage of Selected Cement Companies

Year	ACC	Ramco	Ultratech	Shree	Ambuja
2005-06	-	-	-	-	-
2006-07	0.24	2.08	2.29	0.98	1.34
2007-08	0.70	1.06	1.12	1.51	1.57
2008-09	1.10	0.78	0.81	1.53	0.66
2009-10	0.66	0.94	1.04	1.47	0.79
2010-11	1.75	0.69	0.64	0.94	0.90
2011-12	0.95	1.32	1.28	0.30	0.90
2012-13	0.64	0.91	1.01	1.89	0.99
2013-14	1.25	0.46	0.76	1.50	0.85
2014-15	1.00	1.62	0.98	0.68	1.07
Average	0.92	1.10	1.10	1.20	1.01
S D	0.43	0.50	0.49	0.51	0.28
CV (%)	46.73	45.45	44.54	42.5	27.72

(Source: calculated from the annual reports of the sample companies)

Table No.2 reveals the degree of operating leverage of selected cement companies during the year 2005-06 to 2014-15. The average operating leverage of Shree cement quoted the highest i.e. 1.20 and ACC cement quoted the lowest i.e. 0.92. The standard deviation of Shree cement quoted the highest i.e. 0.51 and Ambuja cement quoted the lowest i.e. 0.28 in the study period.

The coefficient of variation of the companies shows that ACC cement has the highest variation (46.73) where as Ambuja cement (27.72) shows less variation.

Table 3: Degree of Financial Leverage of Selected Cement Companies

Year	ACC	Ramco	Ultratech	Shree	Ambuja
2005-06	-	-	-	-	-
2006-07	5.20	1.20	1.00	0.56	0.89
2007-08	1.39	0.99	1.02	3.15	0.82
2008-09	0.73	0.05	1.03	0.64	1.11
2009-10	1.80	0.94	0.98	1.17	0.96
2010-11	0.42	0.93	0.49	0.93	1.11
2011-12	1.37	1.11	0.99	1.08	0.93
2012-13	0.77	0.98	0.97	0.91	0.93
2013-14	0.84	0.76	1.05	1.14	1.25
2014-15	1.02	1.09	0.85	1.09	0.99
Average	1.50	0.89	0.93	1.19	1.00
S D	1.45	0.34	0.18	0.77	0.13
CV (%)	96.66	38.20	19.35	64.70	13.00

(Source: calculated from the annual reports of the sample companies)

Table No. 3 reveals the degree of financial leverage of selected cement companies during the year 2005-06 to 2014-15. The average financial leverage of ACC cement quoted highest i.e. 1.50 and Ramco cement quoted lowest i.e. 0.89. The standard deviation of ACC cement quoted highest i.e. 1.45 and Ambuja cement quoted lowest i.e. 0.13 in the study period.

As far as variation is considered ACC cement has the highest of 96.66% and Ambuja cement has the lowest i.e. 13%

Table 4: Degree of Combined Leverage of Selected Cement Companies

Year	ACC	Ramco	Ultratech	Shree	Ambuja
2005-06	-	-	-	-	-
2006-07	1.24	2.50	2.29	0.55	1.19
2007-08	0.97	1.05	1.15	4.77	1.29
2008-09	0.80	0.04	0.84	0.98	0.73
2009-10	1.19	0.88	1.01	1.72	0.76
2010-11	0.73	0.64	0.31	0.88	0.99
2011-12	1.29	1.47	1.27	0.33	0.84
2012-13	0.49	0.89	0.98	1.73	0.92
2013-14	1.05	0.36	0.80	1.71	1.06
2014-15	1.01	1.78	0.83	0.74	1.06
Average	0.98	1.07	1.05	1.49	0.98
S D	0.25	0.71	0.50	1.26	0.18
CV (%)	25.51	66.35	47.69	84.56	18.36

(Source: calculated from the annual reports of the sample companies)

Table No.4 reveals the degree of combined leverage of selected cement companies during the year 2005-06 to 2014-15. The average combined leverage of Shree cement quoted highest i.e. 1.49 and ACC and Ambuja cement quoted lowest i.e. 0.98. The standard deviation of Shree cement quoted highest i.e. 1.26 and Ambuja cement quoted lowest i.e. 0.18 in the study period. The above table also depicts the variation of combined leverage, it shows that Shree cement has the highest variations and Ambuja cement has the less variations.

Table 5: Earning per share of Selected Cement Companies

Year	ACC	Ramco	Ultratech	Shree	Ambuja
2005-06	29.49	65.43	18.47	8.34	3.46
2006-07	65.78	255.03	62.84	5.28	9.91
2007-08	76.67	343.02	80.94	50.81	11.62
2008-09	64.62	15.28	78.48	74.74	9.21
2009-10	85.58	14.46	87.82	165.91	8.00
2010-11	59.66	8.87	51.24	194.07	8.26
2011-12	70.59	16.18	89.26	60.19	8.01
2012-13	56.52	16.96	96.85	177.54	8.41
2013-14	58.36	5.79	78.20	288.19	8.37
2014-15	62.23	10.18	73.42	225.98	9.66
Average	62.95	75.12	71.75	125.11	8.49
S D	14.77	121.00	22.87	97.87	2.10
CV (%)	23.46	161.07	31.87	78.22	24.73

(Source: calculated from the annual reports of the sample companies)

Table No.5 reveals the earning per share of selected cement companies during the year 2005-06 to 2014-15. The average earning per share of Shree cement quoted highest i.e. 125.11 and Ambuja cement quoted lowest i.e. 8.49. The standard deviation of Ramco cement quoted highest i.e. 121 and Ambuja cement quoted lowest i.e. 2.10 in the study period. Ramco cement has huge variations in EPS at 161.07%, where as ACC cement has least variations in EPS at 23.46%.

Table 6: Return on capital employed of Selected Cement Companies

Year	ACC	Ramco	Ultratech	Shree	Ambuja
2005-06	14.16	15.29	14.80	9.38	16.94
2006-07	38.35	36.76	37.54	5.76	43.76
2007-08	39.84	25.80	35.55	13.62	38.84
2008-09	31.43	17.64	26.45	23.37	28.19
2009-10	35.80	16.53	27.22	30.64	27.04
2010-11	20.75	11.74	15.45	25.91	21.60
2011-12	21.26	17.44	21.69	9.09	21.93
2012-13	25.46	17.62	20.48	25.31	25.52
2013-14	16.34	7.24	14.08	27.24	16.33
2014-15	14.78	11.20	13.53	17.70	18.25
Average	25.82	17.73	22.68	18.80	25.84
S D	9.88	8.32	8.81	8.86	9.18
CV (%)	38.26	46.93	38.84	47.13	35.53

(Source: calculated from the annual reports of the sample companies)

Table No. 6 shows the return on capital employed of selected cement companies during the year 2005-06 to 2014-15. The average return on capital employed of Ambuja cement quoted highest i.e. 25.84 and Ramco cement quoted lowest i.e. 17.73. The standard deviation of ACC cement quoted highest i.e. 9.88 and Ramco cement quoted lowest i.e. 8.32 in the study period. Shree Cement Company showed higher variation in the Return on Capital employed and Ambuja cement has less variation in return on capital employed.

Table 7: Correlation with Earning per share and DOL, DFL, DCL of Selected Cement Companies

Companies	DOL		DFL		DCL	
	Correlation	Result	Correlation	Result	Correlation	Result
ACC	-0.3917	Negative	0.2272	Positive	0.5658	Positive
Ramco	0.4464	Positive	0.3000	Positive	0.4450	Positive
Ultratech	-0.1031	Negative	0.6837	Positive	0.0490	Positive
Shree	0.1861	Positive	-0.1494	Negative	-0.0891	Negative
Ambuja	0.8303	Positive	-0.5037	Negative	0.7392	Positive

(Source: calculated from the annual reports of the sample companies)

Table No.7 reveals correlation between earning per share and DOL, DFL, DCL of selected cement companies during the period 2005-06 to 2014-15. Ramco, Shree and Ambuja cement have positive correlation and ACC, Ultratech cement have negative correlation between EPS and DOL. ACC, Ramco and Ultratech cement have positive correlation and Shree and Ambuja cement have Negative correlation between EPS and DFL. ACC, Ramco, Ambuja and Ultratech cement have positive correlation and Shree cement has Negative correlation between EPS and DCL.

Table 8: Correlation with Return on Capital Employed and DOL, DFL, DCL of Selected Cement Companies

Companies	DOL		DFL		DCL	
	Correlation	Result	Correlation	Result	Correlation	Result
ACC	-0.6506	Negative	0.5551	Positive	0.1653	Positive
Ramco	0.6877	Positive	0.2697	Positive	0.6182	Positive
Ultratech	0.6937	Positive	0.4448	Positive	0.7390	Positive
Shree	0.5809	Positive	-0.1413	Negative	0.0732	Positive
Ambuja	0.6771	Positive	-0.6713	Negative	0.4383	Positive

(Source: calculated from the annual reports of the sample companies)

Table No. 08 reveals correlation between Return on Capital Employed and DOL, DFL, DCL of selected cement companies during the period 2005-06 to 2014-15. Ramco, Ultratech, Shree and Ambuja Cement have positive correlation and ACC cement has negative correlation between ROCE and DOL. ACC, Ramco and Ultratech cement have positive correlation and Shree and Ambuja cement have negative correlation between ROCE and DFL. All the sample cement companies have positive correlation between ROCE and DCL.

FINDINGS

The following are the findings of the study;

- ✚ The degree of operating leverage has the highest variance in ACC cement and the lowest variance in Ambuja among the selected companies.
- ✚ The degree of financial leverage has the highest variance in ACC cement and lowest variance in Ambuja cement among the selected sample companies.
- ✚ The degree of combined leverage has the highest variance in Ramco cement and lowest variance in Ambuja cement.
- ✚ The EPS of Ramco cement company has quoted highest variance and ACC cement has quoted lowest variance during the study period.
- ✚ The ROCE of Shree cement has shown highest variance and Ambuja cement has shown lowest variance among the selected companies.
- ✚ The correlation between EPS and Degree of Operating Leverage shows that Ambuja cement has the highest positive correlation and ACC cement has the highest negative correlation.
- ✚ The correlation between EPS and Degree of Financial Leverage reveals Ultratech cement has the highest positive correlation and Ambuja cement has the highest negative correlation.
- ✚ The correlation between EPS and degree of combined leverage shows that Ambuja cement has highest positive correlation and Shree cement has highest negative correlation.
- ✚ The correlation between ROCE and DOL shows that Ultratech cement has the highest positive correlation and ACC cement has the highest negative correlation.
- ✚ The correlation between ROCE and DFL reveals ACC cement has the highest positive correlation and Ambuja cement has the highest negative correlation.
- ✚ The correlation between ROCE and DCL shows that Ultratech cement has the highest positive correlation and Shree cement has the lowest positive correlation.

CONCLUSION

The cement industry plays a major role in the economic development of the country and is bound to become one of the largest sectors of the economy because of the ever increasing demand for cement due infrastructural development. The study examined the impact of leverage on profitability of the top five cement companies selected on the basis of market capitalisation during the period 2005-06 to 2014-15. The results show that the coefficient of variance varies from 46.73% to 27.72% in DOF, 96.66% to 13% in DFL, 84.56% to 18.36% in DCL, 161.07% to 23.46% in EPS and 47.13% to 35.53% in ROCE among the selected cement companies during the study period. Most of the selected cement companies have a positive correlation between EPS, ROCE and DOL, DFL, and DCL.

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ANNEXURE:

Abbreviation:

- EPS: Earning per Share
 ROCE: Return on capital employed
 DOL: Degree of operating leverage
 DFL: Degree of financial leverage
 DCL: Degree of combined leverage
 S D: Standard Deviation
 C V: Coefficient of Variance
 BSE: Bombay Stock Exchange
 ROA: Return on Assets
 ROE: Return on equity

“Women Employees’ Retention in Hotels, Bengaluru”

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ABSTRACT

Hospitality comes from the French word “hospice” meaning a place of rest for travelers and pilgrims. The history of this industry is long as hospitality providers have been around at least as early as 40 BC. The **hospitality industry** is a broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry.

The hospitality industry is a several billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources.

As per International Labour Office (2013) hotels are large and fast-growing part of service sector, with an average women employee’s participation of 55.5 % at global level and up to 70 % at regional level. Women are employed in a wide variety of roles, including as cleaners and kitchen staff, front-line customer service workers and senior management. The recruitment, retention and promotion of talented women for technical and managerial leadership positions will be necessary to meet the future skills and productivity requirements of the sector.

The main purpose of this study is to find out the reasons and challenges for women employees retention in hotels in Bangalore city. The study shall be in descriptive survey research design with data of 1000 women employees working in these hotels. Simple random sampling method shall be used to pick hotels as well as the respondents for this study. Main limitation of the study is geographical limitation- Bangalore City only.

Keywords: Hotels, Women Employees, Retention.

INTRODUCTION

Traveling always existed even way back in time like the biblical times. In those days, traveling was done due to health reasons, immigration and for religious reasons. In the past, hotels were just normal houses offered for guests to stay in. Some were in the form of inns. Various hotels were situated near ports for sailors to spend their night during their short breaks in the country. Usually the room just consisted of a bed that was big enough for two people.

The first American inn existed way back in 1607. The first advertised hotel was advertised in 1792 and was called the 'City Hotel'. This hotel was situated in New York. The next popular hotel which was built afterwards was located in Boston. The hotel was called 'Tremont Hotel' and was considered modern for those days. Eventually, from then on, more were built and this gave birth to the hotel's industry which also led to the classification of the hotels with the star system.

The service industry is increasing in global economic importance. Economically speaking, production is tangible or intangible. The tangible, created through manufacturing, are those products developed by raw materials. Intangible products can take the form of ideas, aesthetics, or services provided through human interaction with the consumer (Bryson, Daniels, & Warf, 2004). Employment in the manufacturing industry has decreased and jobs in the service industry have increased during the past three decades (Bryson, et. al, 2004; Korczynski, 2002). Manufacturing cannot exist without the service industry to deliver the goods it produces (Bryson, et al., 2004). Manufacturers and other industries recognize revenue opportunities through product support after the sale (Bank, 2006; Banks, 2006).

The service sector is broad in scope including finance, insurance, transportation, communication, retail, entertainment, non-profit agencies and hospitality (Bryson, Daniels, & Warf, 2004). The hospitality industry can

include travel, restaurant, amusement parks, hotels and motels Williams, 2003). The hotel industry grew exponentially in the latter half of the 20th Century, with that growth consumer demand for quality service increased (Williams, 2003).

The hotel industry has traditionally seen “ghettoization and stratification of ethnic groups into different departments and jobs” (Adler & Adler, 2004, p. 225). Women dominate the hospitality industry in low-wage jobs, such as housekeeping staff and reception (Guerrier, 1999). The majority of the low-wage jobs go to black, Latino/Hispanic or other minority groups. By pigeonholing certain groups into lower paying jobs, the hospitality industry contributes to classism, often intersecting race and gender in the process (Adib & Guerrier, 2003; Guerrier, 1999). Florence (1998), in her book, bell hooks’ *Engaged Pedagogy: A Transgressive Education for Critical Consciousness*, described this social phenomenon: “Patriarchy privileges male over female; White supremacy privileges White peoples over peoples of other races; and classism privileges the elite and economically advantaged over the disenfranchised” (p. 12). Thus, there are multiple jobs in the hospitality industry for women employees.

A major part of the hospitality industry is Hotels, which have patrons who are often in a “party” frame of mind, they may have fewer inhibitions than normal because they are away from home; this often leads to inappropriate behavior. “These long hours involve night, evening, and even holiday shifts.

In an environment of heightened—almost forced—social interaction (particularly in smaller hotels with shared employee accommodation), a prime breeding ground exists for the existence of sexual harassment” (Gilbert, Guerrier, & Guy, 1998, p. 51). Add to the fact that many service workers are minority women, the likelihood victimization of the worker escalates (Adler & Adler, 2004; Guerrier, 1999)

REVIEW OF LITERATURE

Tourism and hospitality, a key sector of the Indian economy, plays a key role in the growth of Brand India and accounts for around 12.4 per cent of the total employment in India. Globally, tourism ranks fifth as an export category after fuels, chemicals, food and automotive products.

Global hospitality services provider HVS reports that by 2016, Bangalore will have 8,500 additional hotel rooms to add to 7,300 existing room supplies. GDP was 44.2 billion in US Dollar, 2015.

Women make up between 60 to 70% of all workers in the industry. However, their situation is far from ideal as they tend to earn less than men and fewer of them occupy managerial posts.

- In 2012 travel and tourism were estimated to have generated about 9% of global GDP, 5% of total investment and 5% of world exports.
 - Tourism exports represent 30% of world exports of commercial services (6% of total exports for goods and services).
 - International tourist arrivals increased by an annual average of 4.3% between 2005 and 2010.
 - Women represent a majority of the workforce, while half of the HCT workforce is less than 25 years of age.
1. Globally the sector is highly fragmented, with around 20% of the workforce located within multinational enterprises compared to 80% in small and medium-sized enterprises.

Retention refers to various policies and practices which let the employees stick to an organization for a longer period of time. The ability of an organization to retain its employees is a continuous process.

"**Employee turnover** is a ratio comparison of the number of employees a company must replace in a given time period to the average number of total employees. A huge concern to most companies, employee turnover is a costly expense especially in lower paying job roles, for which the employee turnover rate is highest. Many factors play a role in the employee turnover rate of any company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover. Companies take a deep interest in their employee turnover rate because it is a costly part of doing business." (Beam, 2009)

Companies incur direct and indirect expenses, which include the cost of advertising, headhunting fees, human resource costs, loss of productivity, new hire training, and customer retention, every time they have to replace an employee. These expenses can add up to anywhere from 30 to 200 percent of a single employee's annual wages or salary, depending on the industry and the job role being filled. (Beam, 2009)

Potential negative consequences of employee turnover include operational disruption, demoralization, negative public relations, personnel costs, strategic opportunity costs, and decreased social integration. (Colema, 1987)

The most common reason for employee turnover rate being so high is the salary scale because employees are usually in the search of well-paid jobs. Those who are desperate for a job may take the first one that comes along to carry them through while searching for better paying employment. Also, employees tend to leave a company because of the unsatisfactory performance appraisals. Low pay represents a good reason for which an employee may be lacking in performance. (Rampur, 2009)

Unequal or substandard wage structures fall under this category as well. "When two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. In a like vein, if you pay less than other employers for similar work, employees are likely to jump ship for higher pay, if other factors are relatively equal." (Handelsman, 2009)

Estimates of average annual employee turnover range from around 60 to 300 percent, according to the research conducted by the American Hotel and Motel Association. Staff turnover is high in the hospitality industry, and anyone considering a management position within this segment should understand the reasons people leave their jobs.

Women employee intention to stay referred to as "do special things or action with a special attitude, or with means, purpose, or plan in the individual heart" (Chang and Chang, 2008). Besides that, it also refers to the employee's conscious and deliberate likelihood to work with the same organization (Tett and Meyer, 1993). Based on the research by Chang and Chang (2008), effective human resource practices such as education and training, a performance acknowledgement system, communication, authorization, and power were able to lower the intention of employees to leave the organization, which means that they were willing to stay with the same organization.

Chew and Chan (2008) stated that training and development as well as remuneration and recognition showed positive relationships with the intention to stay in the organization. However, Altarawmneh and Al-Kilani (2010) claimed that only the implementation of a job analysis will affect the employee's intention to stay or leave.

In addition, Govaerts et al., (2011) said that talented employees are willing to continue working in the organization if the management implements an appreciative learning and working climate. The subsequent cost related to the 100 staff turnover such as recruitment and training of new employees can be reduced through implementation of strategies. Besides that, Mudor and Tooksoon (2011) revealed that supervision, job training, and pay practices are important attributes that could increase the job satisfaction which indirectly reduces the turnover intention of employees.

They also stated that organizations' should take into consideration job satisfaction and implement human resource practices in the workplace to reduce turnover and achieve organizational goals. These are likely to increase the intention of employees to stay in the industry.

Khan et al. (2011) discovered different results for the quantitative and qualitative methods they used for their studies. The former method, which used the questionnaire distribution approach, showed that work-life balance, training and development, constituent attachment, and culture contributed significantly to the retention of employees. In the interview approach, they found that the prestige offered, learning environment, promotion and growth, empowerment and sense of ownership, facilities, chances of socialization and recreational activities, international brand name and good will, teamwork and cooperation, as well as ease of communication contributed to the retention of employees. Hence, effective human resource practices should be implemented in order to increase the intention of employees to stay or remain in their organization.

Scholars have long noted that the ability to attract and retain high quality workers is critical to organisational competitiveness (Ulrich, 1993; Delery & Shaw, 2001) and a stream of research in strategic HRM has examined the linkage between HR practices and firm performance and effectiveness (Boselie, Dietz & Boon, 2005). However, critical analyses have suggested that a systematic approach to creating a workplace with high performance work systems which serve as an „inimitable resource supporting the effective implementation of corporate strategy and the attainment of operational goals“ (Becker & Huselid, 1998: 53) may not be sufficient

to attract and retain high skilled employees nor lead to firm performance (Combs, Liu, Hall & Ketchen, 2006). Organizations also need to provide employee-focused good employment/ high involvement practices that build a positive workplace experience to attract and retain employees (Boxall & Macky, 2009).

Employee retention refers to the ability of an organization to retain its employees. Employee turnover is a symptom of a deeper issue that has not been resolved. These deeper issues may

include low employee morale, absence of a clear career path, and lack of recognition, poor employee-manager relationships or many other issues. A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed.

Engaging and challenging the women employees' makes good business sense for both productivity today and the organization's growth. For many years, numerous strategies have been followed in order to decrease turnover rates in Business units

NEED OF THE STUDY

The Hospitality Industry consist of hotels, restaurant, bars, rest houses and employ thousands of employees who are both skilled and unskilled. This goes a long way in helping to solve the unemployment problem in Bangalore.

Women are in almost all field of life, studying about retention of her in workplace is a privilege for the most dynamic society. Hotels are considered the second home – 'Home away from Home', which play an important role in our fast growing economic country. So, Study of Women's retention in Hotels is also privilege.

Today's Women work in all shifts, not practicing age old traditional shift – 9am to 5pm every day. This study is not just for casual reading like reading of story or novel. Focus of this study is directly towards 'Women in work place' who share with all and their retention in employment-especially in Hotels.

A research study is required to evaluate the effect of the women employees' turnover rate on the socio economic performance of the hotels of Bangalore and also suggest and recommend effective ways of reducing the women employees' turnover rate and retaining in the hotels of Bangalore.

OBJECTIVES

The main objective of the study is to assess whether women employees' retention is a challenge. The specific objectives of this research work are:

- i. To identify the factors that lead to the women employees' retention at hotels of Bangalore.
- ii. To evaluate the women employees' retention at hotels of Bangalore.
- iii. To analyze the problems and difficulties faced by the human resource managers at hotels of Bangalore.
- iv. To make appropriate recommendations for the study.

LIMITATION

The study is limited by the availability of data of women employee turnover. With human resource management activities overlap and affect each other, this study is limited to one area which is employees' retention with occasional references to other areas like employees' motivation, compensation strategies, recruitment, selection and placement.

This study lacks co-operation on the part of management to allow persons outside into the hotels affairs. In order to disrupt the process, they might come up with excuses like busyness, unwillingness to share information, lack of confidence in the researcher, etc.

Some of the respondents due to language barrier may fail to understand the questions asked and therefore their responses would not reflect on what is required. This study is only on Hospitality Industry in particularly Hotels. There is geographical limitation as it is a study conducted in Bangalore City only.

CONCLUSION

An organization is as good as its people and nobody can deny the fact that manpower is the greatest asset of a business units. Therefore this research being undertaken by the researcher is significant in the following areas.

- i. To help managers in the hospitality industry with policies and measures that would women employees' retention in the industry.
- ii. To help improve the unemployment rate facing the nation and helping the women employees to stay in their job,

in turn improving the socio economic status of the nation.

- iii. To add to the body knowledge of women employees' turnover or women employees retention in the hospitality industry.
- iv. To serve as a secondary data for future researchers.

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Employers' perception towards employability skills of New business graduates in india: An empirical study

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ABSTRACT

Employers complain that graduates from Higher Education Institutions do not meet the industry expectation in today's changing economic environment and urge for employable graduates who are competent enough to cope with this requirements. Academic qualifications alone no longer guarantee an individual a job. Colleges and universities should be a place where students grow intellectually, morally, socially, and personally. The present study investigates the perception of employers, graduates and institutions about the level of graduates' attributes of employability. From the findings of the study, valuable suggestions are offered.

Keywords: Employability skills, graduates attribute employers' perception

INTRODUCTION

The objective of any nation is to achieve high economic growth and continuous increase in real per capita income. According to economists, high-talented human capital and innovation play significant role in driving economic growth. Empirical evidence and modern economic growth theories indicate that the long-term economic growth is not solely driven by capital, but innovation **activity (Lipsey, Carlaw and Bekar 2005)**. In today's rapid economic change, the most critical issue in graduate employment is the recruitment of the 'right' graduate for the 'right' job in a competitive market. Regardless of the enormous expansion of higher education over the decades, employers who recruit graduates experiencing problems of getting the right-quality graduates they want. Tremendous change in the technological developments and globalization has formed significant impact on the nature of work where advanced use of technology is a necessity in order to compete in the global arena (**Singh & Singh 2008**). Therefore, a more flexible workforce with well-developed generic skills such as creative thinking, problem solving and analytical skills, is required by employers in various sectors in order to meet the businesses challenges.

The competitiveness of companies in today's knowledge based economy relies more on their knowledge and intellectual capital than on other resources (**Lubit 2001, Malaysia 2008**). Talented work force embedded with sound cognitive, functional and social competencies to perform tasks efficiently and effectively, are crucial for a company's competitiveness. India witnessed the fact that knowledge workers are the most critical element in developing advance technologies, improving productivity and continuing to attract foreign direct investment (FDI). This has pointed to the importance of human capabilities as factors of investment, economic development and as key elements of competitiveness (**Garelli 2002**). With this background, the study of employability perception of employers and students of business studies in the graduate level deemed necessary.

LITERATURE REVIEW

Higher Education and the increase of employability among students is a form of human investment. Besides that, human capital is also regarded as labour input needed for a country's economic growth and development. Planning, investment and educational development involves economical aspects (formal and informal education) and non-economical aspects such factors influencing one's attitude and reliability.

Lankard (1997) stated that the current working environment differs from the previous one. This is because with global competitions, cultural diversity, latest technologies and the process of new management required workers to have critical thinking, able to solve problems besides excel in communication skill. Curriculum that could fulfil the criteria as required in the job market could assist and make it easier for students to face challenges and to secure a place for themselves in employment.

'Success' in the job market is typically defined as graduates securing employment in jobs that make appropriate use of the skills and knowledge developed in the course of their university studies. A key element of the government rationale for higher education expansion is the economic and organizational restructuring associated

with the ‘knowledge-intensive economy’ and the perceived necessity of increasing the supply of high-skilled labour to ensure national competitiveness (Wilton, 2008).

Mason, Williams & Cranmer (2009) pointed that ‘employability’ refer to ‘work readiness that is, possession of the skills, knowledge, attitudes and commercial understanding that will enable new graduates to make productive contributions to organisational objectives soon after commencing employment. Studies of employer demand for graduates have found that appropriate work experience and evidence of commercial understanding rank highly as selection criteria because of commercial pressures to seek graduates who will not require long ‘learning curves’ when they start employment (Mason 1998, 1999). A study by McLeish (2002) stated that work skills for small and medium enterprises consist of five core abilities, i.e. personal values, interpersonal skills, initiative and enterprise skills, learning and workplace skills. Poole & Zahn (1993) categorized work skills required by employers as personal values, problem solving and decision-making, relation with other people; task related skills, communication skills, maturity, health and safety as well as job commitment. On the other hand, Leon & Borchers (2002) regrouped the work skills into nine skill categories namely; reading, writing and math; communication; critical thinking; group interactions; personal development; computer skills; technical systems; leadership; and team work. The following skills were mentioned most frequently; knowing how to learn; competence in reading, writing and calculation; effective listening and oral communication skills; adaptability through creative thinking and problem solving; personal management with strong self esteem and initiative; interpersonal skills; the ability to work in teams or groups; effective leadership; and basic technology skills (Imel 1990). Further, Kilpatrick and Allen (2001) concluded that work skills with high demand are skills for knowledge work (ideas, design, innovation, marketing, monitoring and management), soft skills (conflict resolution, leadership, team-building and workplace communications), literacy, and numeracy skills. Moreau and Leathwood (2006) pointed out that in a context of considerable changes in the job market and higher education, a discourse of employability has become increasingly dominant. Universities are urged to ensure that they produce ‘employable’ graduates, and graduates themselves are exhorted to continually develop their personal skills, qualities and experiences in order to compete in the job market. For the individual, employability depends on the knowledge, skills and aptitudes they possess, the way they use those assets and present them to employers and the context (e.g. personal circumstances and labour market environment) within which they seek work. Mustapha and Greenan (2002) identified the employers’ perceptions of work skills, and found that besides the basic work skills (such as technical skills, communication skills, social and interpersonal skills, self-motivation, critical thinking and problem solving skills), entrepreneurial skills and positive attitude toward work are components needed by the knowledge-economy.

CONCEPT OF EMPLOYABILITY

Graduate employability is generally referred to as graduates’ possession of certain level of skills and attitudes, as well as their ability to utilise them for job search and retainment (Nabi, 2003). The direct beneficiaries of their skills utilisation process are the employers whose job recruitment and candidate selection decision could affect the probability of graduates in securing employment.

It is evident from the literature survey, that employability is an extremely complex, and somewhat a vague, concept that is both difficult to articulate and define. However, by synthesising the available literature, it is possible to identify key ‘transferable’ soft skills and competencies integral to business graduate employability:

- a. Interpersonal and Communication
- b. Decision Making and Problem Solving
- c. Skill of ICT (information)
- d. Leadership
- e. Team Work
- f. Work Planning
- g. Thinking Skill
- h. Flexibility
- i. Value and Ethic

Al-Dosary, Rahman, & Aina (2006), stated that a majority of employers reported quality shortcomings among job applicants for graduate employment. Since employers are among the most important stakeholders with regards to graduates’ employability, it is therefore crucial to examine their perceptions over this issue. Employability skill is a group of important skills instilled in each individual in order to produce productive workforce. This is parallel with individuals who have strong characteristics such as a high sense of self, innovative, productive, skilful, competitive, a strong sense of determination, and creative in facing the challenges of the nation as well as globalization in the 21st century.

In 2010, a McKinsey survey estimated that, out of the 360,000 engineering graduates produced by India every year, only 25% of them were employable. It also concluded, "Only 10% of science, commerce and arts students were employable". Many of India's top businesspersons share this concern. The skills required by any employer are the same whether the employer is in the United Kingdom, the United States or India.

STATEMENT OF THE PROBLEM

Employers always complain that the graduates from higher education institutions today do not meet the industry expectation and they urge for employable graduates who competent enough to cope with these requirements. Many studies and surveys have been done at the global level to understand the industry requirements with regard to employability of business graduates. Academic qualifications alone no longer guarantee an individual a job. Colleges and universities should be a place where students grow intellectually, morally, socially, and personally. Earlier studies reveal that the graduates from colleges and universities, both from private and government have the cognitive skill and lack of soft skills required for their jobs. Only few surveys were conducted in India in general and major focus was upon engineering graduates' employability, and as per our knowledge, no research studies have been taken up with particular reference to business graduates. Therefore, for the need of literature, we intend to do research on this issue. The **implication** of this research is that the policy makers in the Higher education, university governing body, board of studies in business and management, private autonomous colleges can have suitable curriculum framework to solve this problem. Teaching fraternity also has an insight into the new pedagogy applicable to their profession.

OBJECTIVES OF THE STUDY

- a. To identify the comprehensive employability skills required by the graduates.
- b. To study the employers' perception with respect to the employability skills required by the new graduates.
- c. To study the perception of Business study teachers with respect to employability of business graduates employability skills.
- d. To study the extent to which the employability skills developed by business graduates during their graduation study.
- e. To analyze the data and offer suggestion by finding the result.

Hypothesis

H₀: There is no mismatch between perceived skills of the employers and education institutions

H₁: There is a mismatch between perceived skills of the employers and education institutions

METHODOLOGY AND DATA

Primary data is collected through structured closed ended questionnaire at 5-point scale for all the required attributes of employability skills. Convenient random sampling method is followed and questionnaires mailed to 180 respondents of which only 162 mails returned. Only 153 questionnaires were completed properly, and therefore finally we have taken 153 samples. Amongst the students who are at the end of the 6th semester of Business programme, 180 questionnaires were sent of which completed mailed directly and through e-mails, collected 120 questionnaires. 180 questionnaires were also distributed to business study teachers and we were able to collect 160 duly filled in questionnaires from them. For some respondents questionnaires were mailed through **Google.doc** questionnaire mode and found was easy to collect the data.

Data were collected tabulated, Mean, Standard Deviation and Percentages were computed with the help of SPSS software. Due to time and other constraint we the study suffers from the limitation of small sample, and no advanced statistical tools such as ANOVA, chi-square and F test and t test have not been applied for testing the hypothesis and draw inference.

Comprehensive Employability skills

Based on the past research works and projects across the globe, the employability skills components are modified slightly and, though not exhaustive, an effort has been made to list out the highly preferred components. Those skills are exhibited in the TABLE-1 and TABLE-2 given in the annexure.

DISCUSSION AND ANALYSIS

EMPLOYERS' PERCEPTION

The data were tabulated and mean, standard deviation and percentages were calculated. The data with respect to KEY-SKILLS shows that the employers prefer every component while they are recruiting. They have answered that information and communication technology, inter-personal relations, adaptability, values and ethics are equally important. **Wilton (2008)** reported that employers required graduates with high levels of ICT skills and numeracy, and comparatively more requirements for confident in conveying the information, and written and oral communication has received next importance. Creativity and research skills, thinking skills innovation, organisational spirit have scored highest rank. This shows that the employers expect these qualities from the graduates for recruitment. It is also noticed that the present employers perceive that flexibility, quantitative and problem-solving ability is essentially required. They expect cross-cultural understanding and adaptability to a certain extent. In addition to discipline knowledge, skills and attitudes (KSA) is also given priority. Further, major chunk of the perception with regard to the attributes expected by the modern industry in this dynamic globalised world is shown in the **TABLE-5**. Employers' perceptual study reveals that the graduates lack these key skills. Moreover, they are unable to adjust to the working culture, and lack flexibility.

The codified attributes are ranked according their preferences. Key skills, Academic skills and Personal qualities expected by the employers are also categorised according to the priority and mean and the standard deviations are calculated accordingly. The responses of the employers are tabulated according their demographic profile as shown in the Demographic chart. Majority of the employer respondents are HR managers and CEOs. Industry profile and group wise analysis of the responses are not shown in the tabulation due to time constraints. Employers were also asked with respect to programme features and the percentage of required curriculum preferences (blend of the subjects to be studied and trained), and their opinion about the present Business study programme structure in general also collected. On the basis of their preferences the mean answers are ranked (TABLE-8). It clearly shows that the communicative English ranked first on the basis of the highest percentage of scores of 95.4% and foreign language ranked second as it has second highest score of 44.4%. On the other hand, they have suggested introducing additional elective subjects that enhance the employability skill amongst the business graduates. 46.17% of the respondents viewed that more than 25% of the subject must be the part of programme structure and 41.6% of the respondents assert that skill development oriented subjects must share more than 25 % of the total programme structure.

The Top 10 selection criterion of the respondents as shown in the **Table 6**, clearly exhibits that most of the managers look for communication and interpersonal relationships, flexibility, adapting to a work culture and cross-cultural understanding are highly demanded qualities for present business Graduates. However, highest number of (126) employer considered **work experience in the First Rank**, industry awareness, good attitude, commitment, integrity, cultural alignment are ranked in the next order by the majority of the respondents.

PERCEPTION OF NEW BUSINESS GRADUATES

To study the perception of business graduates with respect to employability skills, totally 180 students studying in the final year graduation are distributed questionnaires. Surprisingly it is noticed from their responses that most of the employability skills are highly preferred as important and perceived very relevant, are all highly deemed essential even by the employers. At the same time, they agreed to a greater extent that the employability skills are not generally taught in the colleges/ universities, as priority, in most of the cases. Their response rate with 5 levels **Likert scale** is analysed with the **weighted mean calculation and standard deviation** obtained from the analysis shows that the perception of the employers and the business graduates remains to a certain extent the same. That the differences between the mean scores of employers' perception from that of the graduates' signal that there are mismatches between the perceived skills and the level of skills that the universities and colleges inculcate.

FACULTY PERCEPTION

To know from the faculty point of view, as to how this gap is to be filled, other 5 scales questionnaires were mailed. The results of analysis from the responses signify that **the mismatch between industry and academia is a multifaceted problem**.

To know as to whether (our **hypothesis**) there is a mismatch between perceived skills of the employers and education institutions, certain questions distributed to faculties to express their opinions. The result is tabulated in the form of mean and standard deviations as shown in the **Table 9**. According the results null hypothesis is rejected and alternative hypothesis can be accepted.

MAJOR FINDINGS

- The important findings from this study is that the managers, supervisors, employers prefer only those graduates who possess key skills, intellectual skills, and personal qualities. All those attributes that contribute to the growth and increase competitiveness are perceived as very essential.
- The mean score and standard deviation computed at different levels indicate those significant attribute one should develop to be employable.
- The results of the responses show that there is mismatch between industry expectation and graduates attributes before they enter the job market.
- Industry suggests that the skill development curriculum model certainly works at the achievement of the objective of any nation in economic development and sustainability.
- Business study teachers have the mixed perception with regard to industry-academia collaboration as regards the skill development is concerned.
- The students have the inclination to learn anything good to them. They are of the opinion that the policy makers should make necessary alignment to the higher education department.

SUGGESTIONS AND CONCLUSIONS

From the results obtained, it is clear that rural students in particular lack required skills of employability. Industry may not compromise with the quality and they are hunting for good brains and personalities who can significantly contribute to achieve their visions. Therefore, we suggest for a public –private –partnership with special concern to employability training. Universities, institutions, and higher education should research on the possibilities of working with industry. Moreover, suggestions are considered to be the hypothesis of this survey and as majority of the respondents agree to work with industry or industry specify the requirement keeping the future in consideration. Therefore, a new model should come out with a great vision and flexibility that the basic purpose of higher education particularly in the field of business will be achieved.

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**ANNEXURE:
TABLE-1: EMPLOYABILITY SKILLS**

		KEY - SKILLS	MEAN	SD
A		INTERPERSONAL AND COMMUNICATION		
	1	Able to give proper and clear direction / instruction	3.803921569	0.42869
	2	Good command in communication both writing and oral	3.895424837	0.306005
	3	Confident in conveying information	4	0
	4	Able to give opinion clearly and convince others	3.921568627	0.268849
B		DECISION MAKING AND PROBLEM SOLVING		0
	1	Gather the complete information before making a decision	3.568627451	0.602443
	2	Consider other alternative before making a decision	3.503267974	0.648015
	3	Anticipate potential potential problem future	3.947712418	0.222606
	4	Responsible upon action and decision that have been made	0	0
C		SKILL OF ICT(INFROMATION)		0
	1	Able to seek relevant information through the internet	3.908496732	0.288323
	2	Good at Microsoft word	4	0
	3	Good at Microsoft Excell	4	0
	4	Able to present information using audio visuals such power point	3.973856209	0.159563
D		LEADERSHIP		0
	1	Give encouragement to employees and colleagues	3.91503268	0.278833
	2	Provide information and coaching to employees and colleagues	3.967320261	0.240324
	3	Encourage cooperation spirit within organisation	4	0
	4	Destribute work, task well to employees	3.869281046	0.43825
C		SKILL OF ICT(INFROMATION)		0
	1	Able to seek relevant information through the internet	3.908496732	0.288323
	2	Good at Microsoft word	4	0
	3	Good at Microsoft Excell	4	0
	4	Able to present information using audio visuals such power point	3.973856209	0.159563
D		LEADERSHIP		0
	1	Give encouragement to employees and colleagues	3.91503268	0.278833
	2	Provide information and coaching to employees and colleagues	3.967320261	0.240324
	3	Encourage cooperation spirit within organisation	4	0
	4	Destribute work, task well to employees	3.869281046	0.43825
E		TEAM WORK AND WORK PLANNING		0
	1	Constrcut work target plan	3.555555556	0.645638
	2	Evaluate achievement of work target	3.633986928	0.738765
	3	Arrange priority on work activity /task	3.797385621	0.552587
	4	Improve achievement of work target	4	0
F		THINKING SKILL		0
	1	Propose new idea	3.980392157	0.138648
	2	Make improvement and innovation in jobs	4	0
	3	Being responsible in giving ideas and new solutions	4	0
	4	Searh for alternatives to improve organisational performance	4	0
G		VALUE AND ETHICS		0
	1	High control on own self mentally and phisically	4	0
	2	Persistence and hardworking	4	0
	3	Obeying rules and regulations	4	0
	4	Being punctual	4	0

	1	Present ideas /reports	3.960784314	0.277297
	2	Analytical thinking	3.836601307	0.541814
	3	Critical thinking	3.947712418	0.250251
	4	numeric ability	3.973856209	0.227165
J		LIFE LONG LEARNING		
	1	Own learning and contributing to the learning community at work place	3.888888889	0.436198
	2	Applying learning to technical issues and people issues	3.967320261	0.211385
	3	Open to new ideas and techniques	3.973856209	0.227165
	4	Enthusiastic to invest time and effort in learning new skills and accommodate change	4	0

SOURCE: primary Data

TABLE -2 : PERSONAL SKILLS

	PERSONAL SKILLS	MEAN	STD DEV
1	TIME MANAGEMENT (Allocating time efficiently, assigning and delegating responsibility, making decision in short period, meeting deadliness)	4	0
2	PLANNING (Ability to establish goals and a suitable course of action for achieving those goals)	3.5	0.54
3	INITIATIVE (Ability to see difficulties and act upon them, willingness to make things happen and to take an independent stance when necessary, honesty and integrity)	3.9	0.08
4	SELF AWARENESS (Awareness of one's own individuality, personal presentation, common sense)	3.86	0.24
5	ADAPTABILITY (Ability to comprehend and adapt culture of a new community and change in the work environment, sense of humour, enthusiasm, and motivation)	4	0
6	NEGOTIATING (The ability to use communication skill and bargaining to manage conflict and reach mutually satisfying outcome)	3.6	0.4
7	LISTENING (Ability to actively listen and respond to ideas of other people)	3.9	0.2
8	FLEXIBILITY (Receptiveness to training, stress tolerance, ease fit into culture, loyalty and commitment, positive attitude towards work, respect authority)	4	0

SOURCE: primary Data

**TABLE-3
DEMOGRAPHIC PROFILE OF EMPLOYERS**

GENDER	Frequency	%
MALE	116	75.81699
FEMALE	37	24.18301
TOTAL	153	100
AGE		
LESS THAN 40 YEARS	76	49.6732
41-50 YEARS	63	41.17647
MORE THAN 50 YEARS	14	9.150327
TOTAL	153	100
QUALIFICATION		
Ph.D	6	3.921569
Post graduate	73	47.71242
PROF.EDU (CA/CS/CWA/ENGINEERING)	68	44.44444
UNDERGRADUATE	6	3.921569
BELOW UNDERGRADUATE	0	0
OTHERS(PLEASE SPECIFY)	0	0
TOTAL	153	100
LEVEL OF INCOME(PER ANNUM)		
LESS THAN 500000/-	24	15.68627
5-10 LAKHS	75	49.01961
ABOVE 10 LAKHS	54	35.29412
TOTAL	153	100

SOURCE: primary Data

**TABLE-4 (EMPLOYERS PREFERRED EMPLOYABILITY SKILLS)
PLEASE RANK 1-8 ACCORDING TO YOUR PREFERENCES
(1- MOST PREFERRED; 8-LEAST PREFERRED)**

	ACADEMIC / INTELLECTUAL SKILLS	%	%	%	%	%	%	%	%
1	AUTONOMOUS LEARNING (Able to have degree of control over the learning process, which involves active participation, problem solving and making choices)	9.15	5.2	13	39	10	5.2	6.5	11
2	INDEPENDENCE (Ability of self control and free from others influence)	18.30	13	15	6.5	9.2	14	12	12
3	CRITICAL ANALYSIS (Ability to make an appraisal based on careful analytical good at numbers	13.07	16	18	9.2	12	7.8	9.2	15
4	BUSINESS PROBLEM SOLVING (Actively looks for suggests solutions to problems)	35.29	21	10	5.2	9.8	7.2	1.3	9.8
5	APPLICATION (The Act of bringing something to bear, using it for a particular purpose)	0.65	13	9.2	9.2	9.2	20	24	15

6	RESEARCH METHODS (An orderly procedure or process, regular manner of doing anything)	2.61	7.8	13	8.5	18	12	17	22
7	RESEARH FOR DECISION MAKING (Systematic investigation to establish facts and attempts t find out in a systematically and scientific manner)	4.57	15	20	6.5	16	12	12	14
8	REFLECTION (The capacity for judging rationally, especially in view of a moral standard)	16.3	9.2	1.3	16	16	22	18	2

SOURCE: primary Data

TABLE-5 : EMPLOYERS' PERCEPTION

Based on your experiences please mark your answers. (An assessment of graduates possessing the employability skills based on the following scales) (1-strongly disagree, 2-Disagree, 3-Not Sure, 4-Agree, 5-Stongly Agree)

	PERCEPTION	N	MEAN	STD. DEV
1	Able to communicate in English language effectively	153	3.901961	0.235294
2	Able to write In English language effectively	153	3.797386	0.476363
3	possess in depth knowledge In IT(information and communication technology)	153	3.673203	0.502673
4	Able to carry out duties commensurate with position held	153	3.431373	0.898544
5	Has the capacity to bring new to the organization	153	3.522876	0.67722
6	Able to supervise subordinates	153	3.183007	0.740411
7	Always abide by the rules of time in carryout the tasks	153	3.058824	1.030485
8	Able to adapt to the changing work situations without loss of work quality	153	3.895425	0.785185
9	Able to fit into new work environment	153	4.078431	0.812721
10	Able to upgrade work achievement after receiving in service training	153	3.496732	1.039257
11	possess mental strength in carrying out duties	153	3.150327	1.101225
12	Always on time and keep appointments as required clients or higher managers	153	3.300654	0.833019
13	Has the inclination to improve knowledge	153	2.359477	0.970913
14	Has moral and ethical values ,integrity, and commitment	153	3.189542	0.898449
15	Able to apply discipline knowledge in work situation	153	2.96732	1.090172
16	has sense of humor and common sense and long term goals	153	2.973856	1.174053

SOURCE: primary Data

**TABLE-6: TOP 10 SELECTION CRITERION (Key Selection Criterion)
PLEASE RANK 1-10, ACCORDING TO YOUR PREFERENCE IN THE ORDER OF
IMPORTANCE ,THE FOLLOWING ATTRIBUTES**

	10	9	8	7	6	5	4	3	2	1			
	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	N	MEAN	SDV
1. Interpersonal and Communication Skills (written and oral)	93	26	21	2	3	7			1		153	9.15	1.40
2. Academic Qualifications	43	33	21	13	16	9	17	1			153	7.83	2.06
3. Work Experience	126	18	2	1	5	1					153	9.67	0.89
4. Leadership Skills	89	16	41		1	1	2	2		1	153	9.07	1.49
5. Passion/Knowledge of Industry/Drive/Commitment/Attitude	113	19		18			3				153	9.40	1.23
6. Teamwork Skills	96	17	8	6	18	2	1	2	2	1	153	8.83	1.92
7. Critical Reasoning and Analytical Skills/Problem Solving/Lateral Thinking/Technical Skills	76	43	15	7	2	1	6	1	1	1	153	8.90	1.70
8. Emotional Intelligence (including self-awareness, strength of character, confidence, motivation)	87	31	10	10	3	5	2	2	1	2	153	8.88	1.87
9. Activities – includes both intra and extra curricular	68	42	12	9	7	3	2	8	1	1	153	8.55	2.051
10. Cultural Alignment/Values Fit	92	14	19	8	7	1	4	1	6	1	153	8.91	0.93

SOURCE: primary Data

TABLE-7: (PROGRAMME FEATURES-1)

1	BUSINESS STUDIES PROGRAMME STRUCTURE	>25	20-25%	15-20%	10 - 15%	<10%	TOTAL	>25%	20-25%	15-20%	10 - 15%	<10%					
	VAR	27.5	22.5	17.5	12.5	7.5							MEAN	MEAN	MEAN	MEAN	MEAN
A	proportion of Business & Management subject (MAJOR SUBJECTS)	55	64	24	9	1	153	35 (35.95 %)	15.7	5.88	0.65	0.65	1513	1440	420	113	7.5
B	Proportion of I T related subjects (MINOR SUBJECTS)	71	33	36	12	1	153	71(46.41 %)	23.5	7.84	0.65	0.65	1953	743	630	150	7.5
C	Proportion of language subjects (MINOR SUBJECTS)	26	40	42	38	7	153	26 (16.99%)	27.5	24.8	4.58	4.58	715	900	735	475	52.5
D	Proportion of other related subjects that enhance employability skills (ELECTIVE)	63	38	26	21	5	153	63(41.17%)	17	13.7	3.27	3.27	1733	855	455	263	37.5
A+B+C+D=100%																	

SOURCE: primary Data

TABLE-8 (PROGRAMME RELATED FEATURE-2)

2	Besides business & management subjects, which are the other subjects you recommend to include.(please select the following subjects)	f	%	RANK
1	Foreign language	68	44.4	2
2	critical thinking and problem solving	51	33.3	3
3	project managemnet	46	30.1	4
4	safety and health	27	17.6	8
5	knowledge management	46	30.1	4
6	ethical studies	19	12.4	9
7	karate/ yoga/ art of living/Other soft skills	36	23.5	5
8	Ethnic & cultural studies	31	20.3	6
9	communicative english	146	95.4	1
10	Intellectual property law	28	18.3	7
11	Any other(please specify)-----	18	11.8	10

SOURCE: primary Data

TABLE-9: (FACULTY PERCEPTION)

PLEASE SPECIFY YOUR ANSWERS BY RANKING FROM STRONGLY DISAGREE TO STRONGLY AGREE, TO THE FOLLOWING ANSWERS (SCALE: strongly Agree, Agree, Neutral, Disagree, strongly disagree)

		N	MEAN	SD
1	Present cognitive subjects alone are satisfactory in creating employability	160	2.14	0.82
2	present pedogogy is alone satisfactory in creating employability	160	2.24	1.04
3	students socio-economic background determine employability	160	2.64	1.07
4	education policy is somewhat responsible for industry-academia mismatch	160	2.84	1.12
5	additional modified skill development activities shall be included in the regular curriculum	160	3.38	1.35
6	additional job training(like apprenticeship/articleship/campus training by industries) needed	160	3.51	1.24
7	curriculum shall be designed in consultation with industry (employability stakeholders)	160	2.79	1.31
8	one full year shall be dedicated to emplyability training after regular graduation period completes , and later on the degree shall be awarded	160	3.29	1.32
9	language and communication is the strong barrier for employability of our business graduates	160	4.01	1.12
10	present business graduates possess sound cognitive subject knowledge	160	2.76	1.27
11	higher education shall be combined with industry partnership as far as skill development is concerned	153	2.52	1.29
12	Government has already taken much initiation for employability development amongst the students in general and rural students in particular	160	3.09	1.28
13	business study teachers should bother only about the given syllabus, and teaching employability skill is not their domain	160	2.62	1.27

SOURCE: primary Data

TABLE:10 (STUDENTS' PERCEPTION)
5-Highly Important to 1-Not at all important

		TOTAL	MEAN	SD
1	THINKING	120	4.55	0.49749
2	SPEKING	120	5	0
3	Knowledge	120	5	0
4	WRITING	120	4.4	0.4899
5	TEAM WORK	120	4.4	0.4899
6	PROBLEM SOLVING (Not subjct problems)	120	4.725	0.44651
7	USING I C T (USING COMPUTER TECHNOLOGY)	120	5	0
8	QUANTITATIVE	120	4.025	0.15612
9	WORK READYNES	120	4.35	0.61441
10	INDEPENDENT LEARNING	120	5	0
11	VALUES & ETHICS	120	4.025	0.15612

12	INDUSTRY AWARENESS	120	4.95	0.21794
13	INTER-CULTURAL UNDERSTANDING	120	4.125	0.33072
14	SOCIAL CONTEXT	120	4.15	0.35707
15	COMMUNITY ENGAGEMENT	120	2.95	1.07121
16	ADAPTABILITY	120	4.45	0.49749
17	FLEXIBLE FOR WORK CULTURE	120	4	1.18322

SOURCE: primary Data

TABLE-11 Students' perceived level of skills learned during their graduation studies:
(5-Excellent to 1-Bad. SOURCE: primary Data

		N	MEAN	SD
1	Thinking	120	3.25	0.622495
2	Speaking	120	2.6	0.663325
3	Knowledge	120	2.625	0.484123
4	Writing	120	2.5	0.5
5	Team work	120	1	0
6	Problem solving (NOT SUBJECTS)	120	1	0
7	Using ICT	120	1.725	0.670354
8	QUANTITATIVE	120	1	0
9	WORK READYNESS	120	1.675	0.468375
10	INDEPENDENT LEARNING	120	1.3	0.458258
11	VALUES & ETHICS	120	1.5	0.5
12	INDUSTRY AWARENESS	120	1.3	0.458258
13	INTER-CULTURAL UNDERSTANDING	120	1.633333	0.657436
14	SOCIAL CONTEXT	120	1.4	0.489898
15	COMMUNITY ENGAGEMENT	120	2	0.547723
16	ADAPTABILITY	120	2.258333	0.758242
17	FLEXIBLE FOR WORK CULTURE	120	1.95	0.589491

Motivational Behaviour in relation to Organisational Socialisation: with special reference to the teachers in Pre-University colleges of Bangalore

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ABSTRACT

The significance of educational system in the development of any country and the role of teachers in the intellectual, personal, and social development of the students-community need no emphasis. The students' performance and persistence in learning significantly depend on the motivation that the teachers provide. The present study mainly concentrates on motivation of teachers in aided and un-aided Pre-University colleges of Bangalore. The importance and benefits of successful socialisation for aided and un-aided colleges in the context of reliability and growth are grounded in this paper. The population of the study consisted of 199 teachers from aided and un-aided colleges. The findings of the study show that co-worker support consisting of organisational socialisation has a great influence on the affiliation, influence and dependence dimensions of motivational behaviour.

Keywords: Motivational Behaviour, Organisational Socialisation,

INTRODUCTION

Organisational socialization plays a great influence on the motivational behaviour of the employees. While the successful socialisation brings the related benefits to the institution and the employees as well, the unsuccessful socialisation results in job dissatisfaction and other drawbacks associated with it. J.E. Van Maanen, and E.H Schein (1979. P 211) explained "employee socialisation is not only as the beginning of one's career but as a process lasting throughout a person's career during which an employee acquires new social knowledge and skills necessary to play his or her role in an institution". This study attempts to address those factors that promote motivation in relation to organisational socialisation.

Motivational Behaviour

Motivation is a theoretical construct used to explain behaviour. It is the scientific word used to represent the reasons for our actions, desires and our needs. A motive is what prompts a person to act in certain way or at least to develop an inclination for specific behaviour. Thus motivation is generally defined as the force that compels us for action. There are many factors which affect the teacher's motivation which includes class room environment, rewards/incentives, workload stress, and administrative policies etc. A motivated teacher is recognised by high level of commitment, hard work, devotion, dedication.

Organisational Socialisation

Organisational socialisation is defined as a learning and adjustment process that enables an individual to assume an organisational role that fits both organisational and individual needs. It is a dynamic process that occurs when an individual assumes a new or changing role within an institution.

REVIEW OF LITERATURE

Many studies have been made by eminent researchers on the impact of motivational behaviour on organisational Socialisation. Some of them are extracted below, both under motivational behaviour and organizational socialization:

Motivational Behaviour

Azizzadeh & Sfestani (2011) made a study to rank the motivational factors of teachers who work as private sector employees in schools. The highest and lowest scores among the organisational culture related to teachers' good activity and students' interest. The degree of competition among teachers with different fields of university education allocated higher score than teachers with same field of education.

Akbar Ali (2012) in this study focuses on the motive of human behaviour. The study investigates the role of motivation on employees' performance. An attempt has been made to explain the behaviour in terms of rules following purposive model. Instincts are also used to explain human behaviour.

Imrab Shaheen (2013) examines the impact of the factors affecting the motivation of the faculty member of University College. Two factors namely incentives or rewards and administrative policies were taken as independent variables while motivation was taken as dependent variable. This is a quantitative research study and data was collected through questionnaire containing dichotomous scale. The finding of the study revealed that incentives and rewards enhance the motivation whereas administrative policies decrease the motivation of academic staff.

Muhammad Saadat Din (2014) attempts to find the relationship between the employee's motivation and organisational commitment in the educational sector. The organisational commitment encompasses the three - affective, continuance and normative commitment. The study was based on Hierarchical Multiple Regression Model and the results concluded that power distance moderates the relationship between employee motivation and organisational commitment components namely affective, normative and continuance commitment in education sector.

Organisational Socialisation

Salisbury (2006) explores the organizational socialisation practices of Baker College for adjunct faculty members. The study also began to lend acceptance to the fact that those in their secondary employment situations may, in fact, require different socialization practices than their peers in their primary employment environments. A mix of content and context socialization practices was necessary to achieve the socialisation outcomes which demonstrated that, for effective socialisation at the college, no single process is more influential than the other.

Grazulis (2011) in his research study demonstrates that the socialisation of the employees is lacking in systematic approach, the consequence of which is due to low level of employees' loyalty. Employees' socialisation is considered to be an effective mean, rating the responsibilities of the individual to involve into an organisation's life and to become committed to it.

Afsanepurak (2012) discusses the relationship between organisational socialisation and organisational commitment in the physical education departments in Mazandaran-Iran. It was a field research with a statistical population of all the physical education departments comprising of 175 employees. The result indicated that a significant relationship exists between organisational socialization and organisational commitment and that higher organisational socialization leads to greater organisational commitment of employees.

Salavati (2011) examines the relationship between organisation socialisation levels with organisational citizenship behaviors in various higher education institutes. University employees of the Sanandaj city were evaluated by way of statistical population. The result indicated a significant correlation between organisational socialisation and organisational citizenship behaviour among staff of higher education institutes. Also organisational socialisation effects have five constructs of organisational citizenship behaviour namely courtesy, conscientiousness, sportsmanship, altruism, and civic virtue.

Myers K. (2010) examines the various stereotypes of Millennials, who were born between 1979 and 1994 and who are portrayed as unmotivated, self-centered, and disloyal and disrespectful, contributing to the well-known concern on how communication with Millennials will disturb organizations. All these features along with the Millennials' more positive qualities have been reviewed. The study reveals that the millennials are good at team work, they influence their organisations, prefer frequent communication with their supervisors, in addition to their values, anticipations and their prospective effect on coworkers, etc.

Bauer (2007) tested a model of newcomer adjustment with 70 unique newcomer samples. They proposed and tested the model which treats self-efficacy, social acceptance, and role clarity as key gauges of newcomer adjustment. Information seeking and organisational socialisation are the tactics suggested for organisational commitment, newcomer adjustment, job performance, job satisfaction, intent to remain, and employee turnover are results of newcomer adjustment. The results generally supported this model.

METHODOLOGY

This study was undertaken to explore the motivational behaviour of teachers on the organisational socialisation of private aided and unaided pre university colleges of Bangalore.

OBJECTIVES OF THE STUDY

To investigate whether each aspect of organisational socialisation would be a significant predictor of each dimension of motivational behaviour of teachers in private aided and unaided pre university colleges of Bangalore.

HYPOTHESIS

All aspects of organisational socialisation could not be significant predictors of each dimension of motivational behaviour of teachers in pre-university colleges of Bangalore.

RESEARCH METHODOLOGY

TYPE OF RESEARCH

Quantitative research technique is used and this study is descriptive in nature. In this research study both primary and secondary source of data are used while primary data are obtained through questionnaire, secondary data from books, magazines, journals and other literary publications.

Population and sample of the study

The population for the study was employees working in private aided and private unaided Pre - University colleges in Bangalore. Only employees having a work experience of at least two years in the colleges were selected for the sample. The total sample size taken for analysis was 199 as depicted below. The data was validated by using Statistical Package for Social Science (SPSS) and Microsoft Excel 2013 version. Linear regression statistical tool was used to analyse data. Linear regression analysis is for a prediction of the values of dependent variable that is by identifying the values of the independent variables one can predict the values of the dependent variable.

Tools of the Study

Socialisation Inventory (OSI) by Taormina, 1994.

Motivational Analysis of Organisations-Behaviour (MAO-B) by Pareek (2003).

Scope of the Study

The Scope of the present study extends to certain identified, Pre-university colleges in Bangalore. Irrespective of the pay-packages, most of the employees seek green pastures elsewhere, thereby rattling the foundation of any institution. There are occasions where even during the middle of an academic year; an employee would leave the job, causing untold hardship to the institution in recruiting a new hand, acclimatising him/her to the environs of the institution. In this respect, it is very essential to study the factors that motivate teachers to remain in the institution and to socialise with the educational institutions.

The present study therefore focuses on the socialisation process and motivational behavior of teachers, so as to help both the individuals as well as the institutions.

Distribution of the Respondents

Gender

In table No.1 the sample constitutes 15% males and 84% females from private aided and 31% of male and 69% of female from private unaided colleges. The details of gender distribution are as follows:

Table No.1 Details of the Sample

Type of Organisation	Gender		Total
	Male	Female	
Private aided	15	84	99
Private unaided	31	69	100
Grand Total	46	153	199

Experience in the present College

With regard to work experience, 31.7% of them have less than 4 years of experience, 18.6 % of the respondents

with 4 to 6 years of experience, 15.1 % of respondents were with 6 to 8 years of experience, and 34.7 % of respondents were having more than 8 years of experience.

Table No.2 Experience in the present College

No. of Years	Frequency	Percentage	Cumulative Percentage
2-4	63	31.7	31.7
4-6	37	18.6	50.03
6-8	30	15.1	65.3
8 and above	69	34.7	100
Total	199	100	

Educational qualification

On educational qualification distribution, it is observed from the Table – 3 shows that 59.3 % of respondents were post graduates, 27.6% had completed M.Phil and 13.1 % were PhD holders.

Table No.3 Educational qualification

Qualification	Frequency	Percentage	Cumulative Percentage
Post Graduation	118	59.3	59.3
M.Phil	55	27.6	86.9
Ph.D	26	13.1	100
Total	199	100	

Marital Status

With regard to the marital status distribution of respondents, 66.8 % of them were married and 33.2 % were unmarried.

Table No.4 Marital Status

Status	Frequency	Percentage	Cumulative Percentage
Married	133	66.8	66.8
Single	66	33.2	100
Total	199	100	

DATA ANALYSIS AND FINDINGS

Hypothesis 1

All aspects of organisational socialisation would not be significant predictors of each dimension of motivational behaviour.

Linear regression results of Organisational Socialisation constructs on each dimension of motivational Behaviour.

Dep. Variable	Ind. Variables	Beta value	SE of beta	t-value	p-value
Achievement	Constant	50.895	7.945	6.406	0.000*
	Training	-0.738	0.351	-2.105	0.037
	Understanding	0.917	0.481	1.906	0.058
	Co-worker support	0.410	0.358	1.147	0.253
	Future Prospects	-0.190	0.407	-0.467	0.641
R=0.210, R ² =0.044, Adjusted R ² =0.024, F(4.194)= 2.231, p<0.05, Std.Error of estimate: 16.895					
Affiliation	Constant	7.329	1.039	7.053	0.000*
	Training	-0.035	0.046	-0.765	0.445
	Understanding	0.011	0.063	0.176	0.860
	Co-worker Support	0.168	0.047	3.585	0.000*
	Future Prospects	0.010	0.053	0.183	0.855
R=0.336, R ² =0.113, Adjusted R ² = 0.094, F(4.194)= 6.160, p<0.05, Std.Error of estimate: 2.210					

Influence	Constant	7.565	0.899	8.417	0.000*
	Training	0.018	0.040	0.454	0.651
	Understanding	0.073	0.054	1.343	0.181
	Co-worker Support	0.116	0.040	2.870	0.005*
	Future Prospects	-0.070	0.046	-1.512	0.132
	R=0.327, R ² =0.107, Adjusted R ² =0.088, F(4.194)= 5.789, p<0.05, Std.Error of estimate: 1.911				
Control	Constant	11.481	1.183	9.703	0.000*
	Training	0.026	0.052	0.490	0.625
	Understanding	0.108	0.072	0.093	0.134
	Co-worker Support	0.071	0.053	1.342	0.181
	Future Prospects	-0.064	0.061	-1.060	0.291
	R=0.250, R ² =0.062, Adjusted R ² =0.043, F(4.194)= 3.223, p<0.05, Std.Error of estimate: 2.516				
Extension	Constant	13.299	1.173	11.338	0.000*
	Training	0.019	0.052	.369	0.713
	Understanding	0.074	0.071	1.044	0.298
	Co-worker Support	0.077	0.053	1.466	0.044
	Future Prospects	-0.077	0.060	-0.1285	0.200
	R=0.188, R ² =0.035, Adjusted R ² =0.015, F(4.194)= 1.771, p<0.05, Std.Error of estimate: 2.494				
Dependence	Constant	11.355	0.713	9.969	0.000*
	Training	0.069	0.050	1.376	0.170
	Understanding	-0.093	0.069	-1.353	0.178
	Co-worker Support	0.167	0.051	3.250	0.001*
	Future Prospects	0.018	0.058	0.309	0.758
	R=0.353, R ² =0.125, Adjusted R ² =0.107, F(4.194)= 6.907, p<0.05, Std.Error of estimate: 2.422				

*significant at 0.05 level

From the linear regression result table above, it can be seen that for affiliation, influence and dependence dimensions of motivational behaviour, one of the predictors namely co-worker support ($\beta = 0.160$, $t = 4.142$, $p = 0.000$) is found to be positively correlated and significant at 0.05 level. Hence the null hypothesis is rejected and alternative hypothesis is accepted. It means that the co-worker support construct of organisational socialisation increases or decreases the affiliation, influence and dependence dimensions of motivational behaviour of employees in private aided and unaided pre-university colleges of Bangalore.

It also shows that for achievement, control and extension dimensions of motivational behaviour, dimensions of motivational behaviour are not found to be positively correlated and significant at 0.05 level. Hence the null hypothesis is accepted and alternative hypothesis is rejected. It means that the all constructs of organisational socialisation do not increase or decrease the achievement, control and extension dimensions of motivational behaviour of employees in private aided and unaided pre-university colleges of Bangalore.

SUGGESTIONS

From the linear regression result table above, it can be seen that for the 'co-worker support' construct of organisational socialisation is a significant predictor for the affiliation, influence and dependence dimensions of motivational behaviour. In this regard, the statistical correlation is such that an increase of one unit in the 'co-worker support' construct of organisational socialisation would have a direct bearing or influence in such a way that the affiliation, influence and dependence dimensions of motivational behaviour would correspondingly increase by 0.094, 0.088, and 0.107 times respectively.

It implies a significant (statistically) influence of the understanding and co-worker support constructs of organisational socialisation on affiliation and influence dimensions of motivational behaviour. So the co-worker support construct of organisational socialisation is a significant predictor for the affiliation, influence, and dependence dimensions of motivational behaviour. It implies that for one unit increase in the co-worker support of organisational socialisation the affiliation, influence and dependence dimensions of motivational behaviour will increase by 9.4 % ($R^2=0.094$), 8.8 % ($R^2=0.088$), and 10.7% ($R^2=0.107$) respectively.

This means that employees of the college need the support of co-workers which would surely result in the affiliation, influence, and dependence dimensions of motivational behavior. Therefore, the management of colleges should ensure that their employees are able to communicate with the co workers and to develop a healthy relationship which helps each other to contribute to the betterment of individual growth and that of the institution as a whole. Thus they are able to adjust and accept the co-workers to improve their affiliation, influence, and dependence dimensions of motivational behaviour. The management could take initiatives to improve the social culture of the institution. This can be done by:

Organising informal meetings and social gatherings of both employees and management staff and obtaining feedback on the functioning of management. As a first step, a culture survey could be implemented that collates feedback on various aspects of the culture in the institution, including expectations from colleagues.

CONCLUSION

Motivation plays an important and effective role in the success of any institution. As motivation comes from different sources and factors, organizations need to understand, encourage and motivate the employees to improve their performance to enable the organizations achieve their cherished objectives and for the benefits of individual employees as well.

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Trends and Patterns of investment affecting the investment decisions of Retail Investors

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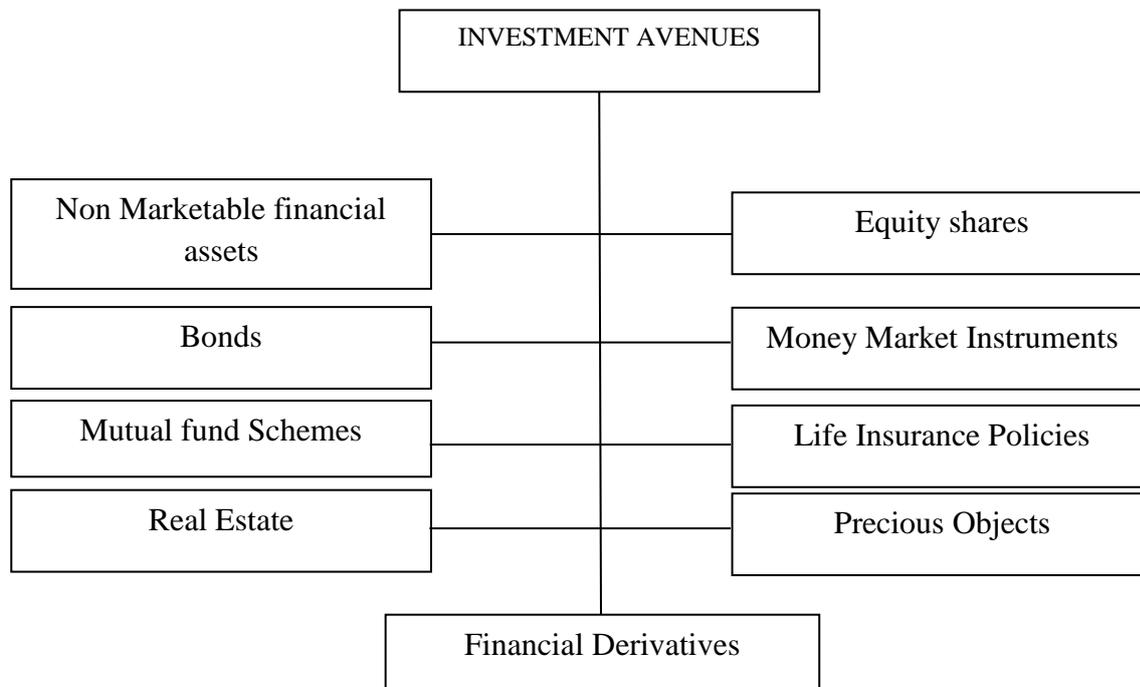
ABSTRACT

Investment is an activity which involves deployment of funds on some profitable channels for the purpose of acquiring profits. For this purpose investors invest their money on various portfolios such as equity shares, debentures, real estate, bank deposits, post office deposit schemes, NSC, PPF Gold ETF etc., Every investor makes investment for the purpose of gaining returns out of their investment. This motive is for the purpose of having regular income, growth, preservation of capital etc., to meet the present and future contingencies. This investment motive is affected by various factors such as demographic factors, psychological factors, economic factors, geographic factors, family size etc., and also by various risk and return factors. In this paper main focus is levied on the trends and preference of investment of investors across different financial instruments and also the proportion of total investment they would like to deploy on the financial assets for the benefit.

Key words:- Investments, Financial assets, Risk aversion, diversified portfolio.

INTRODUCTION

An investment is a sacrifice of current money or other resources for future benefits. The U.S. Treasury defines an investment to be a market asset that has a holding period longer than 1 year. The key aspects of any investment are time and risk. Every investment involves uncertainties that make future investment returns risky. Therefore investment planning begins with the establishment of objectives by the investor, based on personal financial needs, preferences and constraints. A strategy can then be formulated and a portfolio (or group) of assets can be selected. The step then the investor needs to take is to examine some of the elements that determine investment objectives. An investor can have a wide array of investment avenues available such as;



Source: Prasanna Chandra, "Investment Analysis and Portfolio Management", Tata McGraw-Hill Publishing Company Limited, New Delhi, Ninth reprint 2004, ISBN 0-07-048322-1, page 4.

The length of the holding period, the time between signing a purchase order and selling the item, helps us determine whether something is an investment or something else masquerading as an investment asset. Whether an investment of money is short-term or long term and whether it is productive or unproductive, whether it is legal or illegal and whether it is a rational or irrational activity are all criteria useful in separating investing from other economic activities that are sometimes confused with investing.

CONCEPTUAL FRAMEWORK

The traditional finance paradigm which underlies many of the other articles, seeks to understand financial markets using models in which agents are “rational.” Rationality means two things. First, when they receive new information, agents update their beliefs correctly, in the manner described by Baye’s law. Second, given their beliefs, agents make choices that are normatively accepted, in the sense that they are consistent with Saage’s notion of Subjective Expected Utility (SEU).

This traditional framework is appealingly simple, and it would be very satisfying if its predictions were confirmed in the data. Unfortunately, after years of efforts, it has become clear that basic facts about the aggregate stock market, the cross-section of average returns and individual trading behavior are not easily understood in this framework.

Behavioral finance is a new approach to financial markets that has emerged at least in part in response to the difficulties faced by the traditional paradigm. In broad terms, it argues that some financial phenomena can be better understood using models in which some agents are not fully rational. More specifically, it analyzes what happens when we relax one, or both of the two tenets that underlie individual rationality.

The premise of behavioral finance is that conventional financial theory ignores how real people make decisions and that people make a difference. A growing number of economists have come to interpret the anomalies literature as consistent with several “irrationalities” that seem to characterize individuals making complicated decisions. These irrationalities fall into two broad categories: first, those investors do not always return; and second, that even given a probability distribution of returns, they often make inconsistent or systematically suboptimal decisions.

Of course, the existence of irrational investors would not by itself be sufficient to render capital markets inefficient. If such irrationalities did affect prices, then sharp-eyed arbitrageurs taking advantage of profit opportunities might be expected to push prices back to their proper values. Thus, the second leg of the behavioral critique is that in practice the action of such arbitrageurs are limited and therefore insufficient to force prices to match intrinsic value.

REVIEW OF LITERATURE

Singh and Vanita (2002) in their article “Mutual Fund Investors’ Perception and Preferences” concluded that the investors do not perceive the risk inherent in mutual fund investment and use it as a tax saving instrument. Among various financial instruments available to the investors, mutual funds are ranked below NSCs, PPF and LIC policies. Among the various mutual funds and schemes available for investment, private mutual funds, open-ended schemes and balanced funds are most preferred by the investors.

Ramaswami, Srivastava and McInish (2002) examine the relationship between the asset holdings and the portfolio objectives. Their study demonstrates that asset-holdings across a wide variety of investment alternatives (stock, bonds, mutual funds, pension plans) vary systematically as a function of the relative importance placed on multiple objectives (current income, family education, etc.) and investor characteristics, such as the stages of the family life cycle, income, wealth, education and the level of risk aversion. It provides insights into investors’ motivation and life-cycle savings behavior.

Ramiro Julia and Rachel Matthai (2002) say that HNWI’s have been growing at a strong pace over the past several years. They invest in variety of assets and increasingly in real estate. They are capable of direct private real estate investment individuals. Therefore it is suggested that with this real estate allocation deficiency there are opportunities for selling private real estate assets to the HNWI segment. This is apparently due to the lack of supply of real estate products at these institutions.

Rajarajan’s (2004) study is on “Investment Size, Pattern and Future Investment Preference of Individual Investors” on the basis of their lifestyles. The study revealed that the age group below 35 years, Industrialist group above 50 years and passive investors group by 35-50 years dominates active investors. Active investors group has short term perspective while making their Investment decisions and most of the investors read two or

more sources of information before making their investment decision and most of them tend to make investment decisions of their own.

Jagannath Mallick (2009), in his study describes the trends and patterns of private investment at the aggregate, sectoral and sub-sectoral levels in India for the period 1967-68 to 2005-06. His analysis reveals that the share of private investment had increased during the economic reforms period while that of public investment had declined. Further the rate of capital formation in the public sector was higher than in the private sector in the pre-reforms period, but during economic reforms period it was reversed. The industrial sector dominated over the service and agricultural sectors in terms of rate of capital formation in the short and long term. Further three major sub-sectors – manufacturing, real estate, ownership dwellings and business services, and transport by other means – had played a prominent role in the growth of investment in private sector since the 1990's. The analysis of the structural transformation in terms of the allocation of private investment showed that structural transformation had taken during this period.

E. Bennet, M.Selvam, N.Vivek, and Eva Esther Shalin (2011) say that the investor optimism or 'nothing can go wrong attitude' is reflected in the belief that there is no alternative investment option other than stock market and the stock market is the best game in town. It is found from the interactions with selected investors that Provident Fund and Gratuity would not be able to cover the investor's old age / retirement life. Therefore to manage the retirement / old age, the investors know that they would need to save and invest in stock market. Out of various vehicles to invest, the investors find the Indian stock market to be very attractive. The low returns offered by Post Office, Government Bonds etc. make them relatively unattractive and persuade them to invest in stocks.

P.R.Kousalya and P.Gurusamy (2012) say that there are number of investment options are available for the investors. While making investments the investors must consider such factors as return and safety of funds. In their study the researcher has attempted to study the preference of investors, investment patterns, problem faced by the investors and their level awareness on investment.

EASM Economic Report on Retaliation in the EU (2013) says that alternative UCITS funds have experienced a strong development over the last few years. From a consumer protection perspective, this may raise issues as investors may not be able to understand the risks associated with the complex strategies and instruments used by those funds. In comparison with non-UCITS hedge funds, alternative UCITS provide lower returns, but expose investors to lower volatility and expected losses during downturns. Finally, they say that alternative UCITS have underperformed mutual funds, provided by equity and bond indices, in terms of risk-adjusted returns. However, the conditional value-at-risk has been lower for alternative UCITS since mid – 2009, indicating that investors into such funds are less exposed to losses when markets are bearish.

Mahsa Parsaemehr, Farzin Rezeai and Darshana Sedera (2013) in their research attempted to understand the investor's pattern of making decision through recognizing their perception of financial information, their type and temperaments. The personality and temperaments effect investors' decisions. As it was visible, the society of direct junior investors was mostly guardian. Guardians have some same behavior, which can make trading in the stock exchange more risky. Because of their same interest on financial information, perception and pattern of deciding the possibility of herd behavior is becoming more. And also same perception of financial information can lead to more herd-like movements. Training guardian investors about their strengths and weaknesses can improve the quality of their decision and prevent losses of impossible herd movements. While, the guardian decisions to buy and sell effected their other decisions. Companies operating in the stock market can attract investors to buy or sell by presenting them the information which are interests the guardian and are based on their preferences.

Ms. Pooja Chaturvedi Sharma and Dr. Anoop Pandey (2014) say that nowadays, large numbers of investment prospects are available to the investors in financial markets. Investors can invest in corporate bonds, post office schemes, debentures, bank deposits, etc. Although, these days, investors opt for portfolio managers to invest their funds on their behalf, due to proximity of time and lack of awareness, expertise. These portfolio managers are proficient in stock market functions and invest funds in such a way that the investors would get minimum assured returns. Thus, in order to help the investors, mutual funds provide a protective shed in the small and big investors to promote this market. Their study outlined that majority investors have a positive approach towards investing in mutual funds, but due lack of conceptual knowledge and expertise they stay away from this investment avenue. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations.

OBJECTIVES OF THE STUDY

- To know the preference of investors across various financial instruments.
- To know the proportion of investment investors would like to make.
- To know the investment objectives of investors.

SOURCES OF DATA

Primary and Secondary data is being used. The secondary data is collected through published and unpublished sources. The primary data will be collected through the structured questionnaire administered on the retail investors of urban areas of Karnataka State.

LIMITATIONS OF THE STUDY

The expected limitations of the study are;

- ▶ Available published data is used.
- ▶ The study is subject to in-built limitations of published data.
- ▶ The investors buying pattern keeps changing with the introduction of new innovation in terms of product, price, place and promotion. If there is introduction of new financial product, investors buying behavioral pattern may change.
- ▶ The sample investors belong to a selected group of sample investors. And hence the inference drawn is based on the feedback given by only those sample investors.

STATEMENT OF THE PROBLEM

Today the investment is a dynamic and growing field. But the investors even today show irrational behavior and behave sentimentally towards the selection of portfolios. The investors tend to become blind investors and would like to diversify their investment on the traditional portfolios such as LIC, Bank Deposits, Public Provident Fund scheme etc. The rationality and the traditional behavior of the investors seem to differ from region to region and also based on their income. To find the reason for such state of affairs, the present study has been undertaken.

HYPOTHESES

The present study is going to test the following hypotheses;

Ho: The trends and patterns do not influence the investment decisions of retail investors.

H1: Preference of investment by the investors across different financial instruments affect the investment behaviour.

H2: Proportion of investment investor like to make on various portfolio's also influence the investment decisions of retail investors.

H3: Investment objectives of investors influence the investment decisions of retail investors.

SCOPE OF THE STUDY

The main scope of the study is to cover various preference level of investors and the proportional deployment of funds that the investors tend to make which influence the investment decisions of retail investors.

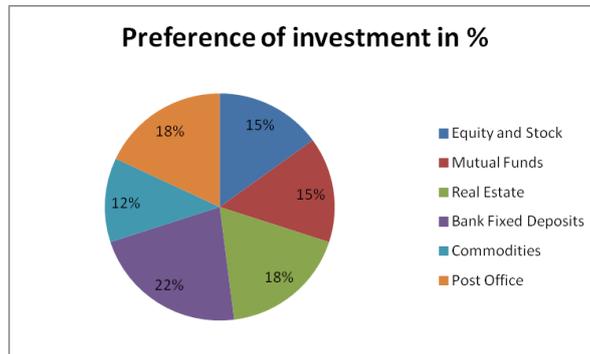
ANALYSIS AND INTERPRETATION

Table 1 showing preference of investment across different financial instruments

Preference of investment across different financial instruments	
Investment Avenues	Preference of investment in %
Equity and Stock	15%
Mutual Funds	15%
Real Estate	18%
Bank Fixed Deposits	22%
Commodities	12%
Post Office	18%

Analysis:- From the above table it is understood that investors mainly prefer bank FD and post office deposits compared to equity and mutual funds.

Graph 1 showing preference of investment across different financial instruments



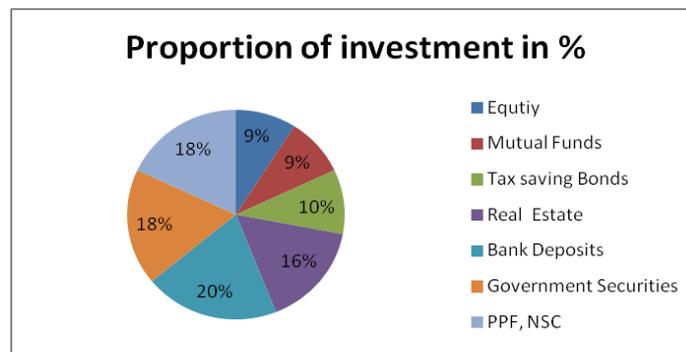
Interpretation:- The above graph shows that investors are still unaware of many portfolio links and still they depend upon the traditional portfolio for diversification. This may be due to lack of knowledge about modern portfolios, risk aversion strategy etc.

Table 2 Showing proportion of investment

Areas of investment	Proportion of investment in %
Equity	09%
Mutual Funds	09%
Tax saving Bonds	10%
Real Estate	16%
Bank Deposits	20%
Government Securities	18%
PPF, NSC	18%

Analysis:- The above table shows that investors would deploy majority of funds on bank deposits, govt securities, post office deposits etc.,

Graph 2 showing proportion of investment



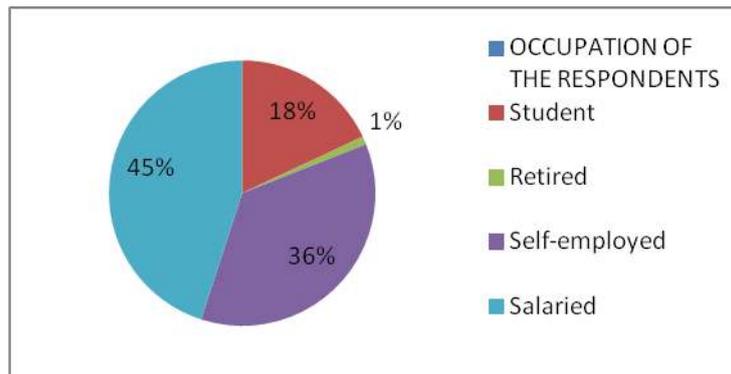
Interpretation:- Similar to graph no 1, even here proportion of investment goes to traditional portfolios than others due to risk aversion strategies of investors and to play the safe investment game.

Table 3 showing occupation of respondents

Student	18%
Retired	1%
Self-employed	36%
Salaried	45%

Analysis:- The above table says that salaried people are the 1st among the investors to make investment followed by self-employed individuals.

Graph 3 showing the occupation of respondents



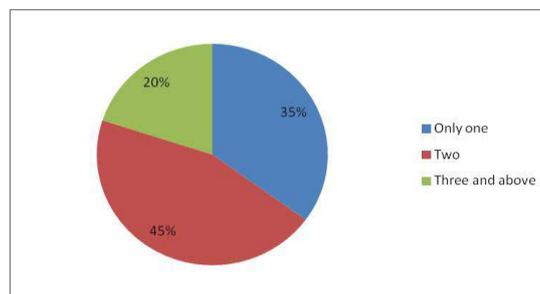
Interpretation:- Salaried people tend to invest more because they need to save out of their earnings for future expectations. Self Employed also play an important role and stand 2nd in the list because their incomes again become the investment for their own business and thus their investment reduces to some extent.

Table 4 showing number of earning members in the family

Only one	35%
Two members	45%
Three and above	20%

Analysis:- From the above table it is clear that two member earning family invests more compared to others.

Graph 4 showing number of dependents in the family



Interpretation:- Two member earning family saves more because two member earning family consists of small family with husband, wife and small children. Since they are young working youth, they tend to save more for their future whereas even three member earning family save and invests less because in this case the third earning member is a son or daughter who has to take care of many personal responsibilities due to which investment may be less.

FINDINGS

1. Investors mainly depend on traditional portfolios rather than modern portfolios.
2. Lack of knowledge and risk aversion attitude are the main factor which affects the pattern of investment.
3. Salaried people and self employed investors are the main players for investment.
4. More than one person earning family saves and invests more in general.

SUGGESTIONS

1. Investor's awareness programs should be developed by SEBI and other investment agencies.
2. Risk avoiding methods and diversification strategies should be made known to the investors.
3. Proper education should also be given to the youth at the college level so that they are motivated to invest.
4. Proper income and growth earning investment plans should be introduced from time to time so that all classes of people are motivated and they come forward for investment.

CONCLUSION

The material wealth of a society is ultimately determined by the productive capacity of its economy, that is, the goods and services its members can create. This capacity is a function of the real assets of the economy: the land, building, machines and knowledge that can be used to produce goods and services.

The overriding consideration in individual investor goal-setting is one's stage in the life-cycle. Most young people start their adult lives with only one asset – their earning power. In this early stage of the life cycle an individual may not have much interest in investing in stocks and bonds. The needs for liquidity and reserving safety of principal dictate a conservative policy of putting savings in a bank or a money market fund.

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