

RELATIONSHIP BETWEEN PERSONAL ATTRIBUTES AND JOB SATISFACTION IN THE UNIVERSITY JOB IN NEPAL

Dr. Shyam Bahadur Katuwal
Reader in Management
Tribhuvan University Post Graduate
Campus Biratnagar, Nepal

Abstract

Based on the data generated through questionnaire from 44 university employees, teaching faculty and administrative employees, of Purbanchal University, Nepal, the study examines the relationships between job satisfaction and selected personal attributes of the subjects.

Among all, the study revealed the job satisfaction of the subjects leaning to dissatisfaction. Further analysis of the data showed no significant relationship of all selected personal attributes of the university employees with their level of job satisfaction, except for the association of experience and family income to job satisfaction. Such a finding is just because of below average level of job satisfaction (i.e. 2.8 mean score). Thus, University is suggested to adopt programs, policies and practices to uplift the overall level of job satisfaction of employees before the patience of employees runs out.

INTRODUCTION

Job satisfaction is a frequently discussed work attitude in the field of organizational behavior. It simply indicates an attitude developed by an employee towards his/her job on the basis of the personal evaluation of his/her job and work context of the employee. It is an individual's pleasurable emotional state resulting from the appraisal of one's job, affective reaction to the job and his/her attitude towards the job (Franek and Vecera, 2008). Influencing from various organizational and individual characteristics, an employee develops a positive or negative attitudes towards his/her job and its elements. It is the total sum of attitude developed by an employee towards different aspects of the job.

Job satisfaction is conceived as an attitudinal variable that reflects the degree to which people like their jobs (O'Leary et al., 2009). The attitude of an employee towards his/her job is an important component of the working life of all employees as the pattern of the job attitude could have a significant impact on work behavior like motivation, performance and effectiveness, and recruitment and retention (Cavanagh & Coffin 1992), employee commitment and in reducing employee absenteeism and boredom at work (Locke, 1976).

There is variety of measures that can influence a level of job satisfaction include job itself, pay, promotion, supervision, relationship coworkers, superiors and society, working conditions, job itself (Franek and Vecera, 2008 and Biswas and Padhi, 2011:82). Spector (1985) developed the measure of job satisfaction based on employee attitudes towards facets of job includes pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, co-workers, nature of work, and communication, whereas Mosadeghard (2008) added job security, task requirement, job security, and recognition.

THE PROBLEM

With the growing expectations of employees at work to meet their responsibilities towards family, society and desire for personal growth, on the one hand, and limitations of organization to meet these expectation, on the other, employees feel mismatch between expectations and achievements resulting in job dissatisfaction. The mismatch is detrimental and counterproductive for the both organization and employees. Thus, studies attempted to explain an employee's job satisfaction as a function of the individual's personal characteristics and the characteristics of the job itself (Santhapparaj and Shah-Alam 2005).

Such kind of problem in the job is observable in almost all jobs. Jobs in university are also tedious and problematic because of various causes of external and internal in nature. It is the need for investigating the level of satisfaction and the factors associated with it in order to obtain the answers of the following questions

and thereby to formulate appropriate plans and programs for the enhancement of employees satisfaction level at work in university job:

- How much employees feel satisfaction from their job?
- Do employees of constituent and affiliated campuses differ in job satisfaction?
- Does job satisfaction vary across the demographic, job and economic attributes of university employees?
- How far the level of job satisfaction differs across the type of university job?

LITERATURE REVIEW

For the support of this study, previous studies on job satisfaction can be divided into theoretical base and empirical part.

Theoretical Base

Many studies showed that variety of factors influence the job satisfaction. Based on the literature survey, the approaches of understanding job satisfaction can be broadly classified into: situational factors (job characteristics), dispositional factors (personal characteristics) and interactional models (social information processing). Believers of situational approach argue that all persons have similar needs and are, therefore, satisfied by the same job characteristics. In this conjunction, Hackman and Oldham (1976) argues that a person's job satisfaction is influenced directly by the characteristics of their job (Information Processing Model), also known as Job Characteristic Model. This model of job satisfaction is based on the accumulation of cognitive information by an employee about the work place and one's job.

The dispositional approach (model) of job satisfaction states that personal characteristics of a person, which are relatively stable, influence job satisfaction independently of the job characteristics and situation (Judge, et al., 2002). It is the learned attitudes through experience (Staw et al., 1986). Under this approach, it is believed that the self-evaluation of persons to their job, that may vary with the variation of personal characteristics, determine one's disposition (positive or negative) towards job.

The third approach, also known as Person-environment Fit Model, suggests that attitude towards job is developed or constructed out of experiences and information provided by others at work (O'Reilly and Caldwell, 1985). Further, it explains that fit between the person and the environment influences job satisfaction positively (Chatman, 1980 and Spokane, 1985).

Empirical Part

Studies have shown that personal factors of employees were found positively or negatively correlated with their perceived level of job satisfaction. Female had shown higher level of satisfaction than males (Clark, 1997 and Wharton et.al., 2000, Khalid, et al. 2011). However, gender did not show any significant association with job satisfaction (Eskildsen, 2003, Mannheim, 1983) and low satisfaction (Forgionne and Peeters, 1982). Though the job satisfaction has been found to decrease (Luthans and Thomas, 1989) along with the increased in age, these two variables had showed positive association in the study of Lee and Wilbur (1985) and Khalid et al. (2011). Justification behind this kind of positive association between age and job satisfaction is that the ability of adjusting with expectation increases with the increase in age. But the study of Clark (1996) showed U shaped relationship between job satisfaction and age. In many studies, earning level (income) of an employee have been found an important source of job satisfaction (Sokoya, 2000), maintaining positive association with job satisfaction (Nurullah, 2010).

Age, sex, education, position and length of service (experience) were listed by Locke (1976) as the individual demographic characteristics affecting level of satisfaction of employees. It is multifaceted construct depended on demographic characteristics (age, gender, educational level, race, marital status), job characteristics (absolute and relative wages, number of hours worked, tenure, attitude towards work), and employer

characteristics (number of staff) (Clark 1997). The study of Katuwal (2005 and 2011) and Katuwal and Randhawa, 2007) also showed pro-dissatisfaction attitudes towards job satisfaction in Nepal.

FOCUS

Many studies have been brought into practice to understand job satisfaction and its correlates based on the above mentioned theoretical constructs independently. However, evaluating attitudes of employee towards job simply from one angle would be incomplete because things wanted or perceived by one group of individuals is often different from another group due to variation of needs, personal characteristics, and information experienced with others. Thus, it is the need to evaluate the attitudes of employees towards their jobs by combining some elements of these three constructs together- in the name of personal attributes in our case.

The evaluated studies tend to agree on the affect of personal attributes to the job satisfaction as the magnitude of job evaluation varies as per the perceptual outcome of the job to fulfill the personal need, since needs differ across the attributes. As job satisfaction is the effective and cognitive attitudes held by an employee about the aspects of the job, it can be increased or decreased by feeling of employees to the degree of availability of these aspects in the job and their capacity to address the expectation of the employee - the focus of the study.

OBJECTIVES

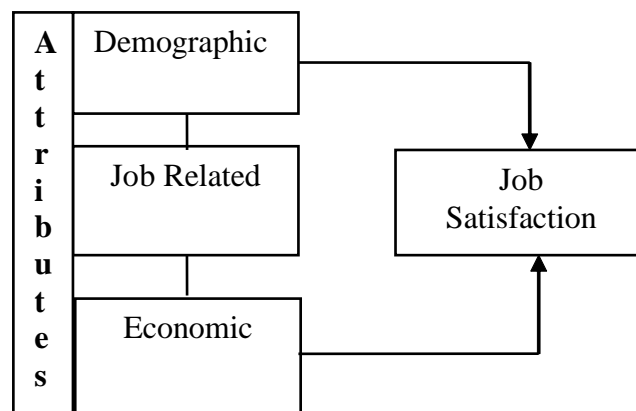
The basic objective of the study was to understand the association between job satisfaction and personal attributes of university employees in Nepal with a view to manage the possible consequences of job satisfaction and dissatisfaction. Besides, it also aims to:

- Know the level of job satisfaction among the university employees
- Examine the differences of job satisfaction level of the employees in constituent and affiliated campuses.
- Investigate the differences of job satisfaction level of the administrative and teaching faculties.

CONCEPTUAL FRAMEWORK

Variability of the situational factors, dispositional and interactional components defines the status of job satisfaction of an employee. However, we have de-fragmented them into demographic, job and economic components into the common name- personal attributes. Based on this postulation, the relationship between the attributes and attitudes towards the job of an employee can be described as shown in the Figure 1.

Figure 1: The relationship between personal attributes and job satisfaction



Based on the influence, the Figure 1 specifies that job satisfaction depends on a set of personal attributes comprised with demographic, job and economic characteristics of employees.

HYPOTHESES

On the basis of aforementioned discussion, we put forward the following null hypotheses:

1. Administrative and teaching employees in the university do not differ in terms of their mean attitude towards job satisfaction.
2. Employees of constituent and affiliated campuses do not significantly differ to each other in respect to their level of satisfaction.
3. Most of the personal attributes have no significant association with job satisfaction of employees.

DATA SOURCE AND METHOD

The data for the study was generated on the basis of the response given by the sample respondents to the questionnaire developed by Katuwal (2011). The questionnaire was comprised with two parts, background and attitudes towards the job. The background component was designed to obtain the information about the personal attributes (demographic, job and economic characteristics) of the respondents. The second part of the questionnaire, consisting of 24 close ended statements, was intended to know the attitudes of respondents towards 15 different facets of job, in five point Likert scale along with one global rating. The facets were autonomy, ability utilization, participation, recognition, career development, personnel policies, salary and other financial benefits, job interest, job security, social status, working condition, relationship with others, organizational climate, work load and nature of work.

The sample for the study consists of 44 respondents (37 teaching staff and 7 administrative employees) who were selected from the constituent and affiliated campuses of Purbanchal University by using accidental representative sampling technique. The campuses selected for the study with sample size are given in the Table 1

Table 1
List of the Sample Campuses by their Types of Affiliation and Sample Size

S.N.	Name , address and types of campus	Sample size
1.	Janata Adarsha Multiple Campus, Biratnagar(Constituent)	8
2.	Management Campus, Biratnagar(Constituent)	11
3.	P.U. School of Engineering & Technology, Biratnagar(Constituent)	10
4.	Eastern College of Engineering, Biratnagar(Affiliated)	2
5.	Gograha College , Biratnagar(Affiliated)	3
6.	SASTHM, Biratnagar(Affiliated)	3
7.	Kasturi College, Itahari(Affiliated)	2
8.	National Multiple College, Dharan(Affiliated)	1
9.	Unique College, Damak(Affiliated)	2
10.	Kankai Adarsha Residential Campus, Birtamod(Affiliated)	2

Measurement of Job Satisfaction

For the purpose of the measurement of individual differences of job satisfaction, the respondents were divided into three groups of satisfaction as high, medium and low, on the basis of the total satisfaction scores obtained by them in the 24 statements. Thus, as the observed satisfaction score of the respondents ranged between 40 and 93, the respondents falling into high (76-93), medium (58-75) and low (40-57) level of satisfaction were 6, 29 and 9 respectively.

Both descriptive statistics (e.g., percentages, mean scores, standard deviations) and inferential statistics (e.g. Z-test and F-test) were used to examine the relationship between personal attributes and job satisfaction of respondents. For this, average job satisfaction score of different group of respondents was tested for their significance relationship with the help of 'Z test' (in case of two groups) and 'F test' (for more than two groups). Besides, absolute numbers, total and mean scores and percentages were also used to describe the status of the relationship.

RESULT AND DISCUSSION

Profile of respondents

Of the 44 respondents, 90.91 percent were male and 9.09 were female with 37.98 years as the mean age of the respondents. Among them almost all were married (84.9 percent). Among the respondents 40.91 percent were living in the nuclear family system though on an average the size of family was of 5.89 persons and number of dependants was 3.3 persons. In terms of occupational experiences, they had 8.31 years of average experiences.

Overall job satisfaction

Table 2 demonstrates the level of job satisfaction among the respondents. Among all, the satisfaction level of the respondents was poor (2.8 mean score) - leaning to dissatisfaction. About two-third (65.91 percent) of employees in Purbanchal University were moderately satisfied from their job and the percentages of high and low satisfied employees were 20.45 and 13.64 percent respectively.

Job difference in job satisfaction

Type of job, among others, is considered one of the most important elements of job satisfaction. Thus, this study attempts to differentiate between the job satisfaction of teaching and non-teaching (administrative) employees of the university as shown in the Table 2.

Categorically, the administrative employees with high level of satisfaction were greater (28.57 percent) than their counterparts, teaching faculty (18.92 percent). However, in case of moderate level of satisfaction, it was highest (70.27 percent) among the teaching faculties that 42.86 percent of administrative employees and it was opposite in regard to low level of satisfaction.

Z-test was conducted to evaluate the hypothesis that the administrative and teaching employees in the university job do not differ in terms of their mean attitude towards job satisfaction. Though on the basis of satisfaction mean score, teaching faculties were quite satisfied (with 2.82 point mean score) than the administrative employees (2.72 mean score), statistically they were not different to each other in respect to their evaluation towards job. The indifference of attitudes towards the job is justified by the insignificant Z value (=0.48), with the acceptance of hypothesis.

Table 2
Job satisfaction by types of jobs

Satisfaction Level	Type of job		Total
	Teaching	Administrative	
High (76-93)	7(18.92)	2 (28.57)	9(20.45)
Medium(58-75)	26(70.27)	3(42.86)	29(65.91)
Low (40-57)	4(10.81)	2(28.57)	6 (13.64)
Total	37(100)	7(100)	44(100)
Average Mean score	2.82	2.72	2.80
Standard Deviation	0.43	0.52	0.45
Z value		0.48	

Source: Field survey.

Campus differences in job satisfaction

In general, constituent and affiliated campuses differ to each other in various aspects. They differ from the provision of employment policies to the provision for facilities to their employees, which ultimately may impact to the evaluation of employees about their job and construct attitudes towards job, i.e. job satisfaction.

Table 3
Job satisfaction by types of campus

Satisfaction Level	Type of Campus		Total
	Constituert	Affiliated	
High (76-93)	7(77.78)	2 (22.22)	9(20.45)
Medium(58-75)	17(58.62)	12(41.38)	29(65.91)
Low (40-57)	5(83.33)	1(16.67)	6 (13.64)
Total	29(65.91)	15(34.09)	44(100)
Average Mean score	2.73	2.94	2.80
Standard Deviation	0.48	0.36	0.45
Z value		1.63	

Source: Field survey.

By the Table 3, employees working in the affiliated campuses had shown high score of job satisfaction (2.94 mean score) than their counterpart in constituent campus (2.73 mean score). However, they were not statistically different for the perceived level of job satisfaction, so the null hypothesis 2 is accepted ($Z=1.63$) with the conclusion that the types of campus does not impact to the evaluation of employees towards their job most of whom were already exhibited dissatisfaction towards their job.

Personal attributes difference in job satisfaction

Table 4-6 show relationship of job satisfaction with demographic, job and economic characteristics of the university employees respectively.

Table 4
Job satisfaction by personal attributes

Attributes	Average Satisfaction Score	SD	Test Value
<i>Gender</i>			
Male (N=40)	67.85	10.51	Z=1.18
Female (N=4)	60.5	12.01	
<i>Age(Years)</i>			
28-32 (N= 10)	70.6	9.16	F=1.57(4,29)
33-37 (N=11)	67.64	8.08	
38-42 (N=15)	68.87	7.04	
43-47 (N=4)	59.75	16.13	
48-52 (N=4)	58.5	21.36	
<i>Marital status</i>			
Married (N=37)	66.46	10.84	Z=1.10
Unmarried (N=7)	71	9.83	
<i>Family structure</i>			
Nuclear (N=18)	64.67	14.68	Z=1.15
Joint (N=26)	68.92	6.56	
<i>Family size(persons)</i>			
3-6 (N= 30)	66.5	12.50	F=0.24(2,41)
7-10 (N=12)	68.25	5.61	
15 (N=2)	71	0.0	
<i>No. of Dependants(persons)</i>			
Up to 2 (N=18)	66.67	11.83	F=0.13(2,41)
3-5 (N=22)	67.14	10.76	
6-10 (N=4)	69.75	5.50	

Source: Field survey.

Table 5
Job satisfaction by job characteristics

Attributes	Average Satisfaction Score	SD	Test Value
<i>Experience(Years)</i>			
1-4 (N= 6)	73.67	10.56	F=4.05(2,41)*
5-8 (N=16)	70.5	5.96	
9-12 (N=22)	63.0	12.02	
<i>Nature of employment</i>			
Permanent (N=29)	65.93	10.94	F=1.67(2,41)
Temporary (N=11)	72.0	10.45	
Contract/Partials (N=4)	63.0	6.38	
<i>Daily Workload (hours)</i>			
Below 3 hours (N=18)	68.11	7.84	Z=0.51
3-6 hours (N=26)	66.54	12.43	

Source: Field survey. *Significant at 0.05

Table 6
Job satisfaction by economic characteristics

Attributes	Average Satisfaction Score	SD	Test Value
Personal Income (per month in '000 NPRs)			
5- 9 (N=2)	78.0	21.21	F=1.84(5,38)
9- 13 (N=2)	69.5	0.71	
13-17 (N=11)	70.64	7.0	
17-21 (N=15)	62.93	12.89	
21-25 (N=5)	60.8	7.95	
25 and above(N=9)	70.67	7.53	
Family income NPRs (per month in '000 NPRs)			
5- 9 (N=2)	86.5	9.2	F=4.72(8,35)*
13-17 (N=5)	71.8	3.42	
17-21 (N=8)	53.63	11.77	
21-25 (N=3)	72.33	4.04	
25-29(N=6)	70.5	7.40	
29-33 (N=4)	68.75	2.87	
33-37(N=5)	65.4	9.86	
37-41(N=4)	71.25	11.59	
41-45(N=7)	66.86	4.98	

*Source: Field survey. *Significant at 0.01*

The analysis of the data in the Table 4-6 reveals that the job satisfaction level of the university employees under study does not significantly differ in respect to their gender, age, marital status, and type of family, family size, number of dependants, nature of employment, work load and personal income. The calculate value of the inferential statistics was found insignificant along with the acceptance of null hypothesis of association between these attributes and job satisfaction. That means the observation of the employees of these groups of attributes towards the facets of their job was same, i.e. leaning to dissatisfaction.

However, the significant differences in the job satisfaction were observed among the different level of experienced groups and the groups with different level of family income. In these two attributes, the calculated value of F was greater than the table value by rejecting the null hypothesis. The F – test values were 4.02 in experience-job satisfaction relationship and 4.72 in family income-job satisfaction relationship. By this, it can be concluded that experience and family income can impact the evaluation of employees towards their job.

CONCLUSION AND IMPLICATIONS

Against the very low level of satisfaction mean score (2.8 points out of 5 points) of all respondents, respondents of teaching job and affiliated campuses had observed quite higher level of satisfaction than their respective counterparts. However, the insignificant inferential statistical values indicate that both groups of employees, in real sense, were not different, rather leaned to low level of satisfaction. This kind of massive dissatisfaction may result into absenteeism, reduced performance among employees and exhibit undesired behavior in the workplace. Thus, campuses have to introduce employee friendly programs and establish the friendly work environment for their employees, which will lead to better job satisfaction and benefit to the campus.

From the perspective of personal attributes, employees were not significantly differed other than in the characteristics of experience and family income indicating that as higher is the level of experience greater is the chance of being dissatisfied from the job unless the appropriate policies and facilities were introduced. This finding suggests that university/campuses has to take appropriate measures to gain the services of experienced teachers and administrative employees by bringing positive changes in policies, behaviors, practices and facilities. On the other side, as the family size and number of dependants are comparatively higher, the income may be insufficient to maintain the family, which may be resulted into job dissatisfaction of employees. So, affiliated campuses in respective campus and university in constituent campuses have to

bring the special programs to involve employees in extra areas of earnings and benefits. So, they can support their family, and thus, their level of job dissatisfaction will also be decreased with concomitant positive impact on their overall performance.

By and large, the study revealed non-association of most of the personal attributes with job satisfaction and no differences within the group in respect to job satisfaction because of very low differences of satisfaction score between dissatisfied and highly satisfied group and heavy concentration to the moderately satisfied group. In long run, the differences will be observable and destructive for the betterment of organization and employees themselves unless campuses have adopted appropriate action in time to uplift the overall satisfaction of all groups of employees with proper policy, program and practices.

The vivid picture of the attitudes towards job satisfaction suggests to carry out an indepth study covering larger sample size in broader dimension of investigation. However, findings of the study provide an ample guideline for university/campus authority to understand the level of satisfaction of each category of employees and implement personal attribute specific programs to enhance the satisfaction level of employees and make them good contributor for the growth and development of university and campuses. Thus, university/ campus has to take every effort to understand the personal characteristics of employees causing satisfaction and dissatisfaction and increase their performance by introducing new or modifying the existing strategies that enhance the level of satisfaction of all groups of employees and drive them towards the achievement of university mission.

References

- n Ahsan, N., Abdullah, Z., Gun Fie, D.Y. and Alam, S.S. (2009). "A Study of Job Stress on Job Satisfaction among University Staff in Malaysia: Empirical Study". *European Journal of Social Sciences*, Vol. 8, No. 1, pp. 121-131.
- n Biswas, S. and Padhi, S. (2011). "Relationship between Family-work Balance, Intrinsic Motivation and Stress Level and Its Impact on Employee Performance and Job satisfaction" " In Pattanayak, B., Niranjana, P., Ray, Kalyan and Mishra S.(Eds.). *Sustaining Business in Turbulent Times: The Indian Perspective*. New Delhi: Asian School of Business Management and Excel Books pp. 73-90.
- n Cavanagh, S., & Coffin, D. (1992). *Staff Turnover among Hospital Nurses*. *Journal of Advanced Nursing*, Vol. 17, 1369–1376.
- n Chatman, J. A. *Improving Interactional Organizational Research: A Model Of Person-Organization Fit*. *Academy of Management Review*, 1989, Vol. 14, pp. 333-349.
- n Clark, A. E. (1996). "Job Satisfaction in Britain". *Journal of Industrial Relations*. Vol. 32, No. 4, pp. 189-217.
- n Clark, A. E. (1997). "Job Satisfaction and Gender: Why are Women So Happy at Work?" *Labor Economics*, Vol. 4, No. 4, pp. 341-372.
- n Eskildsen, J. K., Kristensen, K. and Westlund, A. H. (2003). "Work Motivation and Job Satisfaction in the Nordic Countries". *Employee Relations*, Vol. 26, No. 2, pp. 122-136.
- n Forgionne, G.A. and Peeters, V.E. (1982). "Differences in Job Motivation and Satisfaction among Female and Male Managers. *Human Relations*, Vol. 35, No. 2, pp. 101-118.
- n Franek, M. and Vecera, J. (2008). "Personal Characteristics and Job Satisfaction". *Ekonomika A Management*, Vol. 4, pp. 63-76.
- n Hackman, J. R. and Oldham, G. R (1976). *Motivation through the Design of Work: Test of Theory*. *Organizational Behavior and Human Performance*, Vol. 16, pp. 250-279.
- n Judge, T. A. Heller, D. and Mount, M. K. (2002). "Five-Factor Model of Personality and Job Satisfaction: A Meta-Analysis". *Journal of Applied Psychology*, Vol. 87, pp. 530-541.
- n Katuwal, S.B. (2005). "Job Attitudes of Professionals in Nepal: A Case Study of Nepalese University Teachers". *Byavathapan*, No. 24 (Feb.), pp. 23-27.
- n Katuwal, S.B. (2011). *The Relationship between Job Stress and Job Satisfaction in the University Job in Nepal*. A research report submitted to the Faculty of Management, TU, Nepal.

- n *Katuwal, S.B. (2011). The Relationship between Job Stress and Job Satisfaction in the University Job in Nepal. A Study Report Submitted to Faculty of Management, TU, Kathmandu.*
- n *Katuwal, S.B., Randhawa, G. (2007). A Study of Job satisfaction of Public and Private Sector Nepalese Textile Workers". Indian Journal of Industrial Relations, Vol. 43, No. 2, pp. 239-253.*
- n *Khalid, K., Salim, H.M., Loke, S. P. and Khalid, K. (2011). Demographic Profiling on Job Satisfaction in Malaysian Utility Sector. International Journal of Academic Research, Vol. 3. No. 4, pp. 192-198.*
- n *Lee, R., & Wilbur, E. (1985). "Age, Education, Job Tenure, Salary, Job Characteristics and Job Satisfaction: A Multivariate Analysis". Human Relations, Vol. 38, pp. 781-791.*
- n *Locke, E. A. (1976). "The Nature and Causes of Job Satisfaction". In Dunnette, M.D. (Ed). Handbook of Industrial and Organizational Psychology. Chicago: Rand-McNally College Publishing Co, Chap 30.*
- n *Luthans, F. (2005). Organizational Behavior (10th Ed). New York: McGraw Hill.*
- n *Luthans, F. and Thomas, L. T. (1989). "The Relationship between Age and Job Satisfaction: Curvilinear Results from an Empirical Study - a Research Note". Personnel Review, Vol. 18, No. 1, pp. 23-26.*
- n *Mannheim, B. (1983). "Male and Female Industrial Workers: Job Satisfaction, Work Role Centrality and Work Place Preference. Work and Occupations, Vol. 10, pp. 113-136.*
- n *Mosadeghard, A. (2008). "Study of the Relationship between Job Satisfaction, Organizational Commitment and Turnover Intention among Hospital Employees". Health Services Management Research, Vol. 21, pp. 211- 217.*
- n *Nurullah, Abu Sadat (2010). "Predictors of Job Satisfaction among Emerging Adults in Alberta, Canada". International Journal of Business and Management, Vol. 5. No. 3. pp. 3-15.*
- n *O' Reilly, C.A. and Cacioppo, J.T. (1985). "The Impact of Normative Social Influence and Cohesiveness on Task Perceptions and Attitudes: A Social Information-Processing approach. Journal of Occupational Psychology, Vol. 58, pp. 193-206.*
- n *O'Leary, P., Wharton, N. and Quinlan, T. (2009). "Job Satisfaction in Russia". International Journal of Health Care Quality Assurance, Vol. 22, No. 3, pp.: 221-231.*
- n *Santhapparaj, A. S. and Shah Alam, S. (2005). "Job Satisfaction among Academics Staff in Private Universities in Malaysia". Journal of Social Science. Vol. 1. No. 2, pp. 72-76.*
- n *Sokoya, S. K. (2000). "Personal Predictors of Job Satisfaction for the Public Sector Manager: Implications for Management Practice and Development in A Developing Economy". Journal of Business in Developing Nations, Vol. 4, article 1. <http://www.ewp.rpi.edu/jbdn/jbdnv401.htm> , Accessed on August 2, 2011*
- n *Spector, P.E. (1985). Job Satisfaction: Application, Assessment, Cause and Consequences, California: Sage Publication Inc.*
- n *Spokane, A. R. (1985). "A Review of Research on Person-Environment Congruence in Holland's Theory of Careers". Journal of Vocational Behavior, Vol. 26, pp. 306-343.*
- n *Staw, B.M., Bell, N.E. and Clausen, J.A. (1986). "The Dispositional Approach to Job Attitude: A Lifetime Longitudinal Test. Administrative Science Quarterly, Vol. 31, pp. 413-426.*
- n *Wharton, A. S., Rotolo, T. and Bird, S.R. (2000). "Social Context at Work: A Multilevel Analysis of Job Satisfaction". Sociological Forum, Vol. 15, No. 1, pp. 65-90.*

BUILDING A COMPETENT WORKFORCE THROUGH EFFECTIVE COMPETENCY MAPPING

Shashi Tiwari
Susmita Ghosh

Academy for Professional Excellence, Kolkata

Abstract

People are the most important asset, unique to each organization. Unlike other resources such as machine, money and material; they cannot be duplicated by other organizations because of their distinct competencies. Therefore, it is essential for the organizations to utilize this talent in best possible manner to gain competitive advantage. This is possible only when Competency Mapping is used to identify the skills, attitudes and performance that puts them above the average. The article through a literature review attempts to present a view on how effective competency mapping may help organizations to achieve and realize organizational objectives. It focuses on various models being employed in different organizations. It also provides scope for further research as the paper suffers from a major limitation of not having any primary data due to time constraints. Through some case studies it also stresses on the fact that if competency mapping can do wonders for some organizations, it can do for others as well, all that is required is a further research on the same.

INTRODUCTION

People are the most important asset, unique to each organization. Unlike other resources such as machine, money and material; they cannot be duplicated by other organizations because of their distinct competencies. Therefore, it is essential for the organizations to utilize this talent in best possible manner to gain competitive advantage. This is possible only when Competency Mapping is used to identify the skills, attitudes and performance that puts them above the average.

COMPETENCE & COMPETENCY

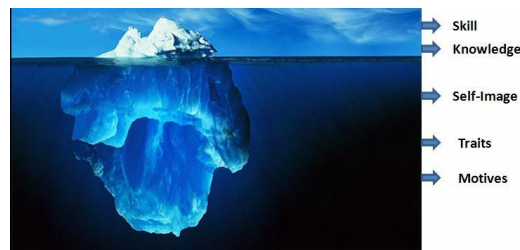
The word Competence and Competency though used interchangeably are not one and the same. Competence is a generic term referring to a person's overall capacity, while competency refers to specific capabilities. Competencies are made up of the attributes of knowledge, skills and attitudes. The Australian National Training Authority (ANTA) defines competency as **the ability to perform tasks and duties to the standard expected in employment**. The National Office of Overseas Skill Recognition (NOOSR) defines competency as **the ability to perform the activities within an occupation or function to the standard expected in employment**. The concept of competency focuses on what is expected of an individual or employee in the workplace rather than on the learning process; and encompasses the ability to transfer and apply skills and knowledge to new situations and environments. The word competency is not only about narrow task skills, but includes all aspects of work performance. The major components of competency framework can be outlined as following:

- Task skills - the requirement to perform individual tasks
- Task management skills - the requirement to manage a number of different tasks within the job
- Contingency management skills - the requirement to respond to irregularities and breakdowns in routine
- Job/role environment skills - the requirement to deal with the responsibilities and expectations of work environment including working with others
- Change management skills – the requirement to respond to changes in the internal and external environment and react accordingly. In the subsequent model of competency, a finer classification of these skills and their interrelationship has been established.

Competency Model: The Ice Berg Model

The Iceberg Competency Model takes its cue from the structure of an Iceberg in the sea. The tip of an Iceberg does not define what is beneath the water. Competencies then can be divided in what shows up at the top – technical skills and know-how; what lies beneath the surface are behavioral competencies – self-image, character/personality traits and motives. **Exhibit 1** puts forward a model which presents the various competencies where ‘skills’ are similar to the tip of the Iceberg which can be seen by all and forms the top layer.

Exhibit 1 – The Ice Berg Model of Competency



The skills come into forefront as people perform their tasks. However, these skills are never in isolation, the ‘knowledge’ within them forms the root of these skills and lets ‘knowledge’ take its place right below the skills in the Iceberg model. Further, the objective of any work is its efficient and effective execution which is never possible by a person only with the help of the acquired skills and knowledge, but requires self confidence. To develop this self confidence, the people need to appreciate themselves and have a positive self image. Thus self image becomes the next layer. The self image is a hidden quality that gets reflected by the thoughts, behaviour and actions and is largely influenced by the traits that lie within the person. These inherent traits can never be seen by anyone, yet it helps the person to realize their own value and potential. These traits accompanied by the motives that form the core of a person help to bring out the best in themselves. These competencies put together help a person to stay motivated and work efficiently. The ultimate effect of all the competencies coming together is achievement of the desired results.

Competency & Results

Each organization is moving from just mere efficiency to where the employee is contributing towards innovation of the company. Competencies influence behaviour, which in turn affects outputs, which influences results. This is brought out in Competency continuum which projects that people possess numerous “Competencies” but all of these are not inherent and therefore, some of them can actually be developed with time and practice. The development of these competencies largely depends on the knowledge and skills acquired by person. This knowledge and skill in turn is applied by them in their work. The person attempts to improve their ability and qualities while performing their work and the net result of such improvement gets reflected through their “Behaviour”. Their actions, thought process and feelings are simply become manifestation of their behaviour. The knowledge, skills, actions, thoughts and feelings; all combined in different forms and implemented lead to the creation of “Output”. However, the idea is to come out with the best quality outputs (products and services) at reasonable prices. The proper execution of the competencies, behaviour and output leads to such “Results”. Thus, the results which are the end product of the model are directly related to the competencies of the person. If the results are good, it is said that the people working on the project are performing well and are competent enough. Similarly, if the people who take up different projects are competent, then it is expected that the end result will be very good. The achievement of an objective however cannot be solely left to mere understanding of the relationship between the four factors, namely, competencies, behaviour, outputs and results that contribute to make the objective a real possibility. A worthy initiative needs to be taken to map out or evaluate the competencies which form the base of the other three factors. This leads to the concept of Competency Mapping.

Why Competency Mapping?

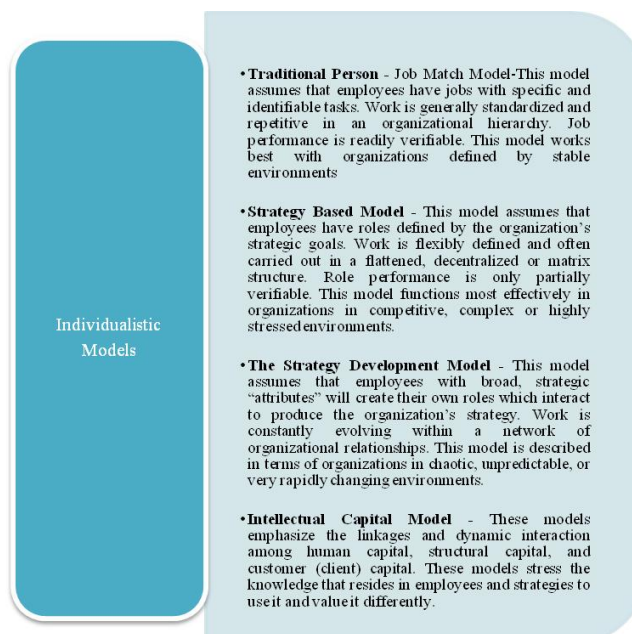
Hogg (1993) has defined Competency as, “Competencies are characteristics of a manager that lead to demonstration of skills and abilities, which result in effective performance with an occupational area.” The significance of mapping competencies can be put forward in light of this statement. It is the performance of the organization that is the main beneficiary or sufferer at any time. Hence, not only HR manager but every personnel working in an organization makes an effort to give their best in the work and learns to excel. However, such effort is not worthwhile if they are putting it at the wrong place. At this juncture, the need to map the competencies of the personnel arises. If the personnel allocating the work responsibilities are aware of the inherent qualities of an executive and understand the potential competencies that can be nurtured within the person to make him or her more efficient and effective, the personnel can actually allot specific work that would be more appropriate to the personnel. This is possible for most companies as they have definite specifications and descriptions of every job profile and being aware of a person’s competency, they can choose the most effective as well as efficient person for the work. This will not only help the person to develop but also will bring in more productivity which will ultimately help the organization to grow. Thus, the organization practicing competency mapping can help put the right person at the right place.

Placing the correct personnel in the correct work profile not only helps the organization to save on extra costs caused by unfinished work and wastage but also helps them to evaluate, plan and implement the training programs more specifically as per both job requirement and candidate requirement. The improved performance also provides a definite reason for the competency based appraisals which the employee would welcome at any point. Thus, developing a model that will map the competency by identifying on the KSA (Knowledge, Skills and abilities) essentials is a welcome opportunity for both the organization as well as the personnel working in it.

Models of Competency Mapping

Mapping the competencies is specific to the organizations. It will depend on the policies and approaches they follow. Not only that, it also depends on the type of work that is done, the required skills for that work as well as the attitude of the management. In the **Exhibit 2**, the different models of competencies namely, organizational approach model, HR systems approach model, Team approach model, and Individualistic model is being presented along with the distinct focuses.

Exhibit 2 – Competency Mapping Models





(Source: <http://www.slideshare.net/LeavesFX/competency-models-types-and-techniques>)

The different organizations can take up the various models to assess the competencies of the employees. While an organization which strictly adheres to the hierarchical norms may follow normative model by Elliot Jaques, other organizations with a more wholesome approach can take up Peter Senge's approach of learning organization. Similarly, there are different models for HR management of the organization. Some can take up Dubious model where the whole human resource department stands integrated or Charles Snow's model where performance is linked to HRM and competency. The Team Approach Model which emphasizes on the professional work to be executed by the teams working together ends up adding to the benefit of the Individualistic Models. These individualistic models namely, job – match model, strategy based model, strategy development model, and intellectual capital model focuses on the different parameters or attributes of the employees. However, the competency models are neither limited nor exhaustive to the above list. Moreover, the organizations tend to create models as per their own distinct requirements and lead to creation of new models. Though understanding the different competency models has its benefits, yet absence of a method to evaluate or map out these competencies in tandem with the models developed by the organizations makes the whole effort fruitless.

Methods of Competency Mapping

Developing a method that would be the most appropriate to map out the competencies of the people working in the organization is a mammoth task. Proper execution and implementation of the chosen method to map competency of the employees is not only an added responsibility but also a challenge to the facilitators especially if it is a big organization. Apart from this, numerous factors such as financial resource constraints, attitude of the employees, and different policies taken up by the organization to name a few act as possible hurdles in competency mapping. While the methods identified will be different for each organization, it will depend on their policies, departments, product or service lines, people employed, skills used and generated, technologies involved to name a few criterions. There are some methods with distinct benefits which can be used by most organizations after making specific alterations or moderations. Some of these methods are 360 Degree feedback, Role plays, Benchmarking, Case study, Structured Experiences, Simulations, Top performance survey, Assessment / Development Centre and Management survey.

360 Degree feedback – In this concept, the actual performance of any employee can be assessed at any time. The benefits of this method are that it provides a detailed view on the potential and uniqueness of an employee which helps in planning the strategic requirements and make development plans. It is so because

feedback can be taken from superiors, subordinates, peers as well as clients which enable to assess the potential of the candidate from all perspectives. It is a user friendly tool which not only leads to minimization of the administrative time but only minimizes supervision.

Role play – In role play, the candidate needs to face particular situations and assume certain roles. The achievement of specific objectives while working within some constraints is the idea. It helps to understand the behaviour and thought process of the candidate along with their ability to bring change in their attitude, behaviour and adaptability as they stay free to improvise and shape the direction and outcome of the situation.

Benchmarking – It is often defined as a process used to compare performance to the best practices of the industry in terms of quality, time, cost and improvements. As a tool that facilitates comparison, benchmarking helps to bring out the potential of a candidate to their fullest. The attempts made by the candidate to emerge as the best whether within the department or organization and conform to the best standards identified helps them to develop further.

Case study – Utilizing case study to evaluate the potential of a person can be marked as research method. It gives a systematic process of identifying the strengths and weaknesses of a candidate as they put their analysing and interpreting skills to test. The attention to details such data collection, information analysis, reporting results holds importance as case studies put the real life scenarios into words.

Structured Experiences – This is a unique context where the situations are structures in a manner to include content and process which the instructor considers valuable and important. The candidate needs to put in the leanings from their past experiences into the current scenario without altering any of its environments. This helps to bring out the cognitive qualities of the candidate. This further benefit the person when the experiences from such structured learning is used in the real life situations.

Simulations – It is a process where an abstract model is constructed from the real life situation. The objective is to understand the impact of modifications and introduction of various strategies at different levels on the problem solving ability of the person. It helps to judge their flexibility towards adapting the changes and ability to respond to it.

Top Performer Survey – It is a survey which accumulates the data about the employees from different departments and projects. It also includes feedbacks from superiors, subordinates and peers. This information are analysed to identify the top performers and the qualities required to become a top performer. Accordingly, the different parameters of work can be set to facilitate performance assessment.

Assessment/Development Centre – In assessment and development centre, an assessment of the potential of the candidates are done. While in the former, an assessor facilitates the identification of the competencies that the candidate needs to develop; in the latter the candidate himself assesses his own as well as others behaviour as part of their professional development. This not only helps to compare the skills but also identify the gaps that need to be bridged in a systematic and professional manner.

Management Climate Study – In management climate study, there is wide scope of analysing, interpretation and developing new ideas and techniques to be implemented in the organization. The candidates are provided with goal to be achieved along with prevailing situations. This scenarios needs to be analysed in accordance with the changes that can take place in reality. This not only tests the decision making and problem solving skills of the candidates but also helps to understand the ability to anticipate changes.

Generally the organizations primarily structure the methods and the models as per their own requirements.

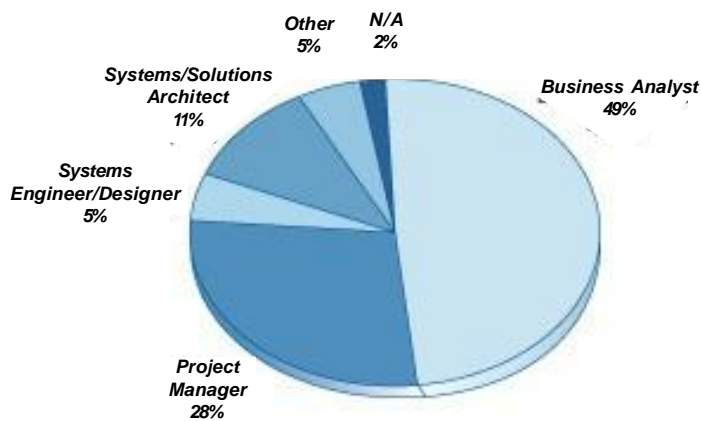
Competency Mapping Models in Practice

The following cases highlight some of the organizations who have put the concept of competency mapping into practice and have developed newer models to cater to specific industries.

Case 1 – The importance of competency mapping gets explicitly enhanced with the fact that A Standish CHAOS Chronicles report states that only 28 per cent of software projects were expected to finish on time

and on budget. Only 52 per cent of completed projects met their proposed functionality. In the Information Technology industry where completion of the work within deadline holds significant importance, the finding that just half of the projects get completed in time is an astounding fact. The **Exhibit 3** shows the key challenges identified by ESI International survey of 2000 professionals, 2005.

Exhibit 3 – Key Challenges in Translating User Needs into Systems Specification



Source : ESI International survey of 2000 business professionals, 2005.

While analysing these key challenges, it was found necessary either to create alternate “business analyst” titles or to set the role of the business analyst more specifically. On the basis of this, specific competencies were required to be identified. Hence competencies were defined while developing the ‘Business Analyst Competency Model’ as seen in **Exhibit 4**.

Exhibit 4 – Business Analyst Competency Model



ESI International, Inc 2006 All rights reserved

The model puts forward eight competencies namely, eliciting requirements, creating the Business Requirements Documents (BRD), Structured Analysis, Object Oriented Analysis, testing, End – User Support, IT Fluency, Business process Re – engineering. These competencies are divided into four broad skills which tend to overlap. While the first two competencies are being termed as conceptual, the next two competencies fall under logical. Similarly, the next two falls under physical and the last two competencies come under the purview of contextual. Hence, the candidates’ profiles can be matched to the job profile requirements depending upon the competencies essential for the execution of that particular task.

(This is an excerpt from ESI International’s White Paper titled, ‘Eight Things Your Business Analysts Need to Know: A Practical Approach to Recognising and Improving Competencies.’)

Case 2 – The core competency model as in **exhibit 5** has been developed and used by the Risk and Management Society (RIMS) Professional Development Advisory Council (PDAC). It presents some of the best risk and business management practices along with best theoretical models. It is a dynamic process that can be used for the purpose of defining positions, developing at professional and facilitating communication. This model however needs to be reviewed every two to four years due to the constant changes in the business and risk management and environment. It shows the model which primarily has three skill sets, namely, core competency skills, technical skills and conceptual skills along with numerous sub skill sets.

Exhibit 5 – Competency Model by RIMS

Core Competency Skills	Technical Skills	Conceptual Skills
<ul style="list-style-type: none"> • Interpersonal Skills: • Leadership • Motivator • Negotiations • Consensus Builder • Team Builder • Personal Skills: • Motivated • Innovative • Experienced • Communication • Consultative • Business Skills: • Accounting • Economics • Finance • Legal • Compliance • Human Resources • Audit • Management • Information • Technology • Marketing • Operations • Statistics • Security • Safety 	<ul style="list-style-type: none"> • Risk Management Process • Risk Analysis • Risk Control • Risk Financing • Enterprise Risk Management • Project Management • Insurance Knowledge • Vendor Relations • ERMIS & Claims Management 	<ul style="list-style-type: none"> • Planning • Organizing • Decision-making • Management Process • Ethical Judgment • Organizational Architect • Strategic Thinking

The core competency skill forms the base of the skill sets upon which the development and potential is nurtured. These are threshold competencies which are also called ‘soft’ skills or ‘personal’ skills. These skills are common to all the people and are considered significant for managing any business, enterprise or unit. It can be segregated into three sets – interpersonal skills, personal skills and business skills. The technical skills are widely utilized in the operational layer. In this case where risk management is the key issue, the specialized skills of the risk manager such as risk analysis and control, enterprise risk management, project management, etc plays an important role. The last layer of skills, the conceptual skill is the strategic layer. It helps to understand the activities of the organization in such a manner that the management skills are efficiently utilized. Some of these skills are planning, organizing, decision making, management process, etc. The level of competency required for different levels of job namely, senior, intermediate and junior will decide the specific job profile description. The Competency and Level matrix can be broken down as per the knowledge, skill and ability for further analysis of individual work profile.

(RIMS Professional Development Department, PD@RIMS.ORG
 COPYRIGHT 2007 BY THE Risk and Insurance Management Society)

The implementation of competency mapping models is not restricted to internal use by the organizations only. It has moved to the extent where it is being used for the purpose of career development and being taken up as consultancy.

Conclusion

Competency and its identification is the buzz word in today's corporate world. While organizations have always believed that it is important to have the right person at the right time in the right job, they have recently begun to evaluate the competencies. The importance of segregating competencies into different categories such as conceptual, technical, contextual, interpersonal, etc has gained momentum. The organizations wish to reduce the losses they incur due to wrong allocation of work to the personnel. Hence, understanding the skills, motives, hidden potentials, traits of the persons working in the organization is important. Each job has its own profile, specification and description. Similarly people have specific competencies which are either inherent or can be developed. The organizations need to match the competencies of the people with that of the job requirements before allocating the tasks to them.

For the purpose, the organizations need to either follow the identified competency approach models that cater to their distinct businesses or need to create their own specific models. On the basis of the prevailing policies, and available resources, the organizations need to evaluate or map the competencies by using the various methods. The organizations are actually developing newer models and approaches which are bringing out more dynamism in the context of competency mapping. The concept is no more restricted to academic and research barriers but is definitely part of the practical field where it is getting implemented not only as HR approaches in the organizations but also being considered as career development tool and emerging as a consultancy service. As organizations turn flexible and change their attitude of valuing their employees, newer versions and models of mapping competency will keep emerging.

References

- n *Bernardin, John H, 2003, Human Resource Management – An experiential approach, Tata McGraw Hill Publishing Company Limited, New Delhi*
- n *Cascio, Wayne F, 2004, Managing Human Resource – Productivity, Quality of Work Life, Profits, Tata McGraw Hill Publishing Company Limited, New Delhi*
- n *Daft, Richard L, 2000, Management, South – Western College Publishing, Bangalore*
- n *Dessler, Gary, 2005, Human Resource Management, Prentice Hall of India Private Limited, New Delhi*
- n *Ganguli, Sidhartha, 2009, Live Happily, Work Happily, Allied publishers Private Limited, New Delhi*
- n *Hersey, Paul and Blanchard, Kenneth H, 1996, Management of Organizational Behavior Utilizing Human Resource, Prentice Hall of India Private limited, New Delhi*
- n *Ivanceich, John M, 2005, Human Resource Management ,Tata McGraw Hill Publishing Company Limited, New Delhi*
- n <http://www.ncbi.nlm.nih.gov/pubmed/6317820>
- n <http://www.psychometric-success.com/assessment-centers/acfaq-development-centre.htm>

INFLUENCE OF TELEVISION ADVERTISING ON CHILDREN AND BRANDS

A study with reference to Product Involvement and Parental Influence

Prof. Hari Sundar G. Ram,
Assistant Professor- Marketing,
VIT Business School,
VIT University, Vellore

Prof. Dr. D. Sudharani Ravindran
Professor- Marketing,
PSG Institute of Management

Prof. Dr. Anandakuttan B. Unnithan
Assistant Professor-Marketing area,
Indian Institute of Management,
Kozhikode

SYNOPSIS

As we know, brands are exciting stimulants for children in the marketplace. A multitude of brands with varying images attract children from a young age and ensure the perceptions and evaluations that children hold about brands over a longer period of time. This research studies in albeit attempts to study children's brand image formations and the factors that affect it. The study has been carried out in the capital city of Kerala, popularly known as Gods Own country. The findings suggest that television advertising and the information processed through television advertising have the most significant impact on children's brand image formations.

The other factors in the study, i.e. involvement in the product category and interactions with parents show an insignificant impact on brand image formations of the child.

INTRODUCTION

Children today are living in a “brands cape”, brands being an integral part of their familiar environment. They speak “brands” much more than “products” (Pecheux and Derbaix 1999). They are aware of brands, can recall brand names and can identify packs whenever prompted (Jayashanker 1997). According to industry estimates, the market targeting children directly in India is close to Rs 20,000 crore and growing at over 30 per cent per annum (Srinivasan, Sharma and Shukla 2006). The boundaries of this market are also expanding to products which are hitherto not child-oriented but have a potential for children's attention and memory span and therefore a possible positive influence in the family's decision making process. From cars to mobile phones to detergents to mutual funds, marketers are vying for the attention and engagement of the child for their brands.

The current research study tries to explore the factors that are likely to affect brand image formations among children. It is commonly understood that the knowledge that children accrue of a brand over time is most likely a result of the experiences that children have with the brand, either using it, seeing others use it, seeing it advertised or seeing it in a store. However, a qualitative pilot research study done by the researchers had shown that three factors emerged as stronger, in the conversations with children and parents, than the others. These were the influences of television advertising, product involvement and parent's interactions with children about brands. It was observed in the in-depth interviews that children who had a better ability to process the information from television advertising were more likely to have better brand image formations. Likewise, brand image formations were better for products that were high involvement for children than those that were low involvement for children. Also, parental interactions with children about brands contributed significantly to children's abilities to retain brand related information in memory. The current research therefore delves deeper into exploring these three factors, i.e. the influences of television advertising, product involvement and parent's interactions with children on the child's brand image formations.

LITERATURE REVIEW

Research on children's consumer behaviour has been ongoing internationally right from the 1950's, and after the 1970's, with graver public policy concerns on children's viewing of television and exposure to marketing, studies have concentrated efforts on exploring the impact (Ward, Klees and Wackman 1990). Ward's study and many others after that encompass the process through which children ‘learn’ to become

consumers with respect to various stages in their development. This area therefore encompasses studies on children's learning about marketplace interaction, the processes by which learning takes place and the changes in content and learning processes that occur over time (Ward 1974).

Within the larger area of 'consumer socialisation' several studies have concentrated on children's understanding of products and brands (e.g. Derscheid et al 1996; Macklin 1996; Denney 1974; Klees, Olson and Wilson 1988). Like adults, children also have the ability of representing and storing brand related information in the form of knowledge structures (Hayes-Roth 1971). Each new piece of information acquired from the environment adds to the existing knowledge structure of the brand in memory.

By the age of eight to nine years, children start grouping brands according to the attributes that suggest taxonomic relationships (e.g. belts and socks share the same attribute of being items of clothing), attributes that indicate the relationship of categories to one another (e.g. fruit juices and soft drinks differ on the attribute of naturalness), and attributes inherent to the core concept of categories (e.g. taste more than colour is central to the category of soft drinks). These are termed as underlying deep structure or even functional attributes because they convey the true meaning of a category or the function a category may serve (John 1999).

The nature of the stimuli determines to a great extent the formation of knowledge structures of the brand in memory (Loudon and Della Bitta 1984). Several factors could affect the ultimate image formations among children, such as the effect of marketer controlled communication (advertising, sales promotions, packaging, retail communication), external environmental effects of parents, peers, siblings or role models; or even internal factors such as the consumer's involvement with the product category.

A pilot study had been conducted on children between 7-12 years which enabled narrowing down the likely effects to the ones most pertinent to children's brand image formations. The study revealed that the internal factor of involvement in the product category, and the information processed from marketer controlled stimuli of television advertising and the external environmental influence of parents were the most powerful effects on children's brand image formations.

Going by the findings of the qualitative pilot research, further investigations on these three factors was carried out. Literature on these three influences on children's brand image formations have been discussed hereafter:

In such cases, it is probable that brand images are formed for product categories that the child is relatively involved in as compared to product categories that the child is relatively uninvolved in. If the information about product categories that the child is involved in is attended to in greater detail, it is likely that the understanding of the brand image will also be greater thereof. This gives rise to the first null hypothesis.

H₁: There is a significant effect of involvement in the product category on children's brand image formations

It is probable therefore that the information processed from television advertising could lead to higher levels of brand images formed by the child. This leads to the second hypothesis which is:

H₂: There is a significant effect of information processed from television advertising on children's brand image formations

Family environment also plays a great role in children's understanding of consumer centric information. A study by Robertson and Rossiter (1974) showed that higher levels of understanding of the child about advertising were facilitated by the parent's higher educational levels.

To summarize these studies, there is controversy in research about what kinds of parental processes actually affect the child's consumer socialization processes. While one line of research suggests that *consumer education* (Reid 1978) and purposive training helps in children acquiring the right skills to evaluate and understand consumer situations, another line of research suggests that the influences are largely indirect and non-purposive (Ward et al 1977; Robertson and Rossiter 1974; Marshall and Magruder 1960). A higher level of interactions- both purposive and non-purposive provided by parents can orient the child more towards

the brand, and thereby aid him/her in the formation of more complex brand image structures. This leads to the third hypothesis:

H₃: There is a significant effect of parental interactions with children on brands on children's brand image formations

RESEARCH METHODOLOGY

The main objective of the study was to investigate the factors that contribute to children's brand image formation. From the literature review it has been found that the factors of the child's involvement in the product category, information processed from television advertising and interactions with parents on brands could be among the various internal and external influences in the memory construct formulation for a brand. The study aims to further determine the role of each of the factors on the child's brand image formation. The model which was tested was as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3$$

Where Y = Brand Image Formation; x1 = Information processed from TV Advertising; x2 = Involvement in the Product Category and x3 = Parental Interactions with Children on Brands

Construction of Tools for Measures: Tools were constructed for the measures of brand image formation, information processed from TV Advertising, Involvement in the Product Category and Parental Interactions with Children.

- Tool for Brand Image Formation: The scale for brand image formations developed measured brand image formation according to John (1999)'s conceptualization into three broad areas namely, the child's brand awareness, structural and symbolic knowledge of the brand, using variables such as brand recall, recognition with cues, knowledge of special feature, knowledge of structural component of brand, word associations, user imagery, personification of brand and association of colour with brand.
- Tool for Involvement in the Product Category: The scale developed measured involvement in a product category according to scales developed by Laurent & Kapferrer (1985), Jain & Srinivasan (1990) and Bloch (1981). The questions were anchored on a 5 point scale from "definitely yes" to "definitely no".
- Tool for Information Processed from Television Advertising: The scale developed to measure information processed from television advertising for the brand under study, was a modified version of Ward's (1972) and Robertson and Rossiter's (1974) conceptualization to measure effects of advertising on children.
- Tool for Interactions with Parents on Brands: The scale administered on the parents was divided into 2 sections. The first one measured parent's attitudes towards television and advertising and the second scale measured interactions with child on shopping, brands and the marketplace. This scale had been adapted from a scale developed by Hite & Eck (1987) and Ward et al (1977). These tools were tested and validated using appropriate validity and reliability tests.

SAMPLE

The sample was a child-parent dyad. It was chosen from three schools in the city of Thiruvananthapuram, capital of Kerala which is known as Gods own country. The study has used a dyad because it was important to get responses from the child as well as the parent. Since one of the constructs in the study was 'interactions with parents', it was essential to get responses from the parents on their attitudes towards television and brands and also their interactions with children on products and brands.

Based on the idea gained from relevant literature on Cognitive development stages, we decided to study the key areas of cognitive development by considering children in the age group of 6-8 years and of the age group of 9-12 years. The sampling pattern used was Purposive Random Sampling The use of a randomized

sampling strategy, even when identifying a small sample, can increase credibility. A total of 353 children belonging to 6- 8 years and 300 children of 9-12 years were selected totalling to 653.

DISCUSSION AND FINDINGS

A step wise linear regression was undertaken to understand the impact of independent variable on dependent variable (Table 1-5). The findings indicate that the variable of information processed from television advertising is the significant contributor to brand image formation. It is able to explain 28 percent of the variation in brand image formation ($r^2=28$). The other variables of involvement in the product category and interactions with parents do not directly impact brand image formation of the child. However involvement is significantly related to information processed from television advertising (0.09) and parental influence (0.17).

Table1
Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.53	0.28	0.28	0.41

Table2
ANOVA table

	Sum of Squares	df	Mean Square	F	Sig.
Regression	42.28	1.00	42.28	256.65	0.01
Residual	106.92	649.00	0.16		
Total	149.20	650.00			

Table3
Regression Coefficient

	Un-standardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta	B		
(Constant)	2.89	0.07	44.21	0.00		
advtg	0.35	0.02	0.53	16.02	0.01	

Table4
Excluded Variables(b)

Model		Beta In	t	Sig.
1	involvem	.026(a)	.787	.432
	paren	.044(a)	1.318	.188

Table5
Correlations

		Involvement	Brand Image	Parental influence	Advertising information
involvement	R square	1	0.08	0.17	0.09
	Sig. (2-tailed)	0.06	0.00	0.02	
Brand image	R square	0.08	1.00	0.07	0.54
	Sig. (2-tailed)	0.06	0.06	0.00	
parent	R square	0.17	0.07	1.00	0.05
	Sig. (2-tailed)	0.00	0.06		0.19
advtg	R square	0.09	0.54	0.05	1
	Sig. (2-tailed)	0.02	0.00	0.19	

***Correlation is significant at the 0.01 level (2-tailed).*

**Correlation is significant at the 0.05 level (2-tailed)*

The findings of the study imply that the information processed from television advertising ultimately add to the mental knowledge structure of the brand. The influence of television advertising is external, but the child's ability to process the information from the television advertising is internal, thereby suggesting that the child's inherent capacity to process the information from television advertising ultimately influences the brand image formed in memory.

Similarly, interactions with parents have also shown an insignificant contribution on children's brand image formations. It is probable that direct purposive training that parents provide for their children in terms of shopping, money, television viewing and advertising does not have any effect on children's abilities to form brand images.

An interesting finding of the study however is, that although the factors of involvement in the product category and interactions with parents do not directly impact the child's brand image formations, involvement in the product category has an impact on information processed from television advertising and also on parental interactions with children.

Under the larger umbrella of consumer socialization theory, the current research has contributed to the development of theory on children's brand image formations and the factors affecting their brand image formation.

The research has found that the most significant contributor to brand image formation is the information processed from television advertising. The visuals, sounds, characters, storylines, colours, product are all encoded into memory.

IMPLICATIONS OF THE RESEARCH

The research study has significance and relevance to researchers, academicians as well as marketers. For researchers, tools of factors such as involvement in the product category, information processing abilities and consumer education are being developed, which can be used in further research on children. The research contributes to the larger area of consumer socialization theory which has been established as a genre in consumer behavioural research and research on children. It adds to existing theories on children and brands and establishes the presence of the factors contributing to brand image formations among children.

The research also has significance for marketers, especially targeting children. Since information acquired through television advertising has the greatest impact on brand image formation, marketers can ensure successful brand image formations through showcasing effective advertising that engages children.

More so, there is very few significant academic research studies conducted in India with respect to children's brand image formations. Since children consumer markets are large and growing, it is only essential that a theoretical framework is developed to understand the nuances of children's consumer behaviour with respect to various brands in the Indian context.

References

- n *Achenreiner, Gwen Bachmann (1995). Children's Reliance on Brand Name Heuristics: A Developmental Investigation. (unpublished dissertation, Department of Marketing and Logistics Management, University of Minnesota, Minneapolis)*
- n *Andrews, J.Craig, Durvasula, Srinivas, Akhter, Syed H (1990). A Framework for Conceptualizing and Measuring the Involvement Construct in Advertising Research. Journal of Advertising, Vol 19, Number 4, 27-40*
- n *Andrews, J. Craig (1988). Motivation, Ability, and Opportunity to Process Information: Conceptual and Experimental Manipulation Issues. Advance in Consumer Research, Vol 15, Micheal Houston, ed., Provo, UT: Association for Consumer Research. 219-225.*

- n *Anderson, Daniel R. & Elizabeth P. Lorch (1983). Looking at Television: Action or Reaction. In J. Bryant and D.R. Anderson (Eds.). Children Understands of Television: Research on Attention and comprehension. New York: Academic Press.*
- n *Antil, John H. (1984). Conceptualization and Operationalization of Involvement. Advances in Consumer Research, Vol. 11, Thomas C. Kinnear, ed., Ann Arbor, MI: Association for Consumer Research, 203-209.*
- n *Apsler, Robert and David O. Sears (1968). Warning, Personal Involvement, and Attitude Change. Journal of Personality and Social Psychology, 9 (2), 162-166.*
- n *Barcus, F. Earle (1980). The Nature of Television Advertising to Children. In E.L. Palmer & A.Dorr (Eds.) Children and the Faces of Television: Teaching, Violence, and Selling, New York: Academic Press.*
- n *Belk, Russell W., Kennerth D. Bahn, and Robert N. Mayer (1982). Developmental Recognition of Consumption Symbolism. Journal of Consumer Research, 9 (June), 4-17.*
- n *Bettman, James R. (1979). An Information Processing Theory of Consumer Choice. Reading, MA: Addison Wesley Publishing Co.*
- n *Berey, Lewis A; Pollay, Richard W (1968). The Influencing Role of the Child in Family Decision Making. Journal of Marketing Research (JMR), Vol.5. Issue 1, 70-72*
- n *Bever, Thomas G, Martin L, Smith, Barbara Bengen, and Thomas g. Johnson (1975). 'Young Viewers' Troubling Response to TV Ads. Harvard Business Review, 53 (November-December), 109-120.*
- n *Bloch, Peter H. (1981). An Exploration into the Scaling of Consumers' Involvement with a Product Class. Advances in Consumer Research, Vol. 6, Kent R. Monroe, ed., Ann Arbor, MI: Association for Consumer Research, 61-65*
- n *Blosser, Betsy J. and Donald F. Roberts (1985). Age Differences in Children's Perceptions of Message Intent: Responses to TV News, Commercials, Educational Spots, and Public Service Announcements. Communication Research, 12 (October), 455-484.*

CUSTOMER SATISFACTION ABOUT ACCOMMODATION FACILITIES IN THANJAVUR DISTRICT OF TAMILNADU

Mrs. R. Renuka

Asst. Prof., Department of Commerce & Mgt. Studies,
SASTRA University, SRC, Kumbakonam, Tamil Nadu

Dr. S. Mythili

Head, Department of Commerce,
A.D.M College for Women, Nagapattinam

Abstract

Tamil Nadu is the State where hospitality and guest care are not a profession but a way of life. Guest care is enshrined in our literature and scripts. 'Thirukural' has devoted a chapter on "Virunthombal" (Hospitality). In Tamil Nadu there are number of tourist places and temples. Among these Thanjavur district is also an important place for visit. Many people from various parts of the world visit many places in Thanjavur district and they select different kinds of hotel for their stay. In this article, an effort for customer satisfaction about accommodation facilities in Thanjavur district of TamilNadu is made. The brief objective of the article is to know the arrival of tourists, the accommodation facilities provided by the hotels in Thanjavur district and level of satisfaction of customers.

INTRODUCTION

During the past decade services have increasingly assumed an important role in the Indian economy. Hotels are a major service industry in India. Their significance is undoubted. A number of international hotel chains have come to India, either independently or with a tie-up with an Indian partner. The Government of India's tourism department has also realized their importance and started classifying them on the basis of the standard of their facilities. An effort is also being made to promote India through its tourist offices all over the world.

Tourism is the world's largest industry with annual growth rate over 5 per cent in the past 20 years. It occupies a very important place in the economic development of several countries. Tourism industry contributes 10.6 percent of the global GDP and the world travel and tourism industry provides direct employment to 262 million people who constitute 10.5 percent of the global workforce.

In India, the tourism industry is fast growing industry in terms of employment generation, revenue generation and for its immense national and regional development. It is the third largest foreign exchange earner contributing 10.8 percent of total exports from the country, accounting for 6 per cent of the GDP and supports 8 percent of India's total employment. Tamil Nadu is the State where hospitality and guest care are not a profession but a way of life. Guest care is enshrined in our literature and scripts. 'Thirukural' has devoted a chapter on "Virunthombal" (Hospitality). Taking good care of tourists itself is a tourist attraction. Word of mouth publicity can go a long way in attracting tourists. Tamil Nadu Tourism has taken up a Guest-care mission for inculcating "Virunthinar Potruthum, Virunthinar Potruthum" (Tourist-Friendly Culture) in the minds of stake-holders as well as others.

IMPORTANCE OF ACCOMMODATION IN TOURISM

Even though natural attractions are the primary travel motivators, tourism cannot develop unless the same is supported by sufficient infrastructure and super structural facilities. Both infrastructural and super structural facilities are to be developed at the destination according to the need and preference of the tourists. One such facility is accommodation. Accommodation is the key element in the tourism products and an essential component of tourism. Hospitality in India is based on the Sanskrit adage 'Atithi Devo Bhava' or 'guest is god'. The concept was adapted by the Ministry of Tourism, Government of India which aims at creating awareness about rich variety of tourism in India. In tourism industry, the tourists are customers. Hence, in

this paper, the customer satisfaction about the accommodation facilities in Thanjavur district of Tamilnadu also called as “The rice bowl of Tamilnadu” is to be analysed.



Objectives of the study

The main objectives of this study are:

1. To analyze the general trend of arrival of tourists to the study area.
2. To know the accommodation facilities available in the study area.
3. To understand the level of the customer satisfaction towards the hotels providing accommodation facilities.

Methodology

The study is based on both primary and secondary data. The primary data have been collected from the tourists stayed in the hotels. The secondary data have been collected from the official publication of tourism department, district tourism promotional council, magazines, journals, newspapers and various web sites.

Sampling

Thanjavur district consists of eight taluks. It includes the city of Thanjavur, Kumbakonam and Pattukottai, the main tourist centers are selected for the study. There are 25 boarding and lodging hotels, 50 lodges and 5 resorts service providers who are providing accommodation services to the customers. Since the total number of tourists visiting Thanjavur district is large, a sample of 50 tourists have been selected by Judgement sampling.

Tourists Attraction in Thanjavur District

In Tamil Nadu there are number of tourist places and temples. Among these Thanjavur district is also an important place for visit. Many people from various parts of our country visit many places in Thanjavur district and they select different kinds of hotel for their stay.

Day by day there is an increase of tourists from India and foreign countries to Thanjavur District. Thanjavur is known for agriculture (The rice bowl of Tamilnadu) and the temples which were built by chola-kings. Grand Anaicut, which was built by the king karikal cholan and the big temple by the king Raja Raja chola, palace, Saraswathi mahal library, Sivaganga Park are the tourists' places noteworthy to visit.

Kumbakonam known as Temple city because of the presence of 108 temples in this town is the second bigger town in Thanjavur district, also. The city is famous for the “Mahamaham” festival that is celebrated once in 12 years in the Mahamaham tank located in the heart of it. The famous Airavateswara temple, swamimalai, Ragu temple are situated in kumbakonam, which is visited by various people all over the world.

Pattukottai is famous for 8 storeyed towers were built by king Serfoji in 1814 (Manora) and Udhayamarthandapuram birds' sanctuary.

Tourists Arrivals in Thanjavur district

Tourists thron the big temple in Thanjavur. The big temple has its majestic statue even now after 1000 years. It has been recorded in UNESCO as a world Traditional symbol. In 2005, there were 25 lakhs tourists visited the temple and now it has increased by 34 lakhs.

Table 1
Tourists' arrival

S.No.	Year	Domestic Tourists (No. of Tourists)	Foreign Tourists (No. of Tourists)
1.	2005	24,70,000	30,000
2.	2006	25,70,000	30,000
3.	2007	27,50,000	31,500
4.	2008	29,00,000	28,000
5.	2009	28,96,000	29,000
6.	2010	33,17,000	33,000

Source: Daily Thanthi dated 13.2.2011.

Table No.1 gives details about the domestic and foreign tourists' arrival in Thanjavur district. The domestic as well as foreign tourists arrival increased year after year from 2005 to 2010.

Accommodation facility available in the study area

The study area covers Thanjavur, Kumbakonam and Pattukkottai, since these are the municipalities located in Thanjavur District.

Table 2
ACCOMMODATION FACILITIES IN THANJAVUR DISTRICT

Study area	Boarding Lodging	Lodging only	Resorts	Total
Thanjavur	16	18	2	36
Kumbakonam	10	30	4	44
Pattukkottai	3	6	-	9
Total	29	54	6	89

Source: Primary data.

Table No. 2 reveals the accommodation facilities available in the study area. In the study area there are 29 boarding and lodging hotels, 54 lodging hotels and 6 resorts are available in Thanjavur, Kumbakonam and pattukottai taluks. The researcher has selected only 25 hotels out of these 89 hotels.

Out of these 25 hotels, 6 hotels are in star category. They are Hotel Gnanam, Hotel Parisutham, Oriental Towers, Hotel sangam, Le Garden and Le Garden Inn. 2 resorts are also taken into research they are Paradise resort and Riverside resort.

Level of customer satisfaction towards accommodation facilities

CUSTOMER SATISFACTION

Customer satisfaction is the critical strategic weapon and beyond for any type of organization, customer satisfaction is so important because product and services like educational services must preserve us as a nation, seeks to preserve our natural resources.

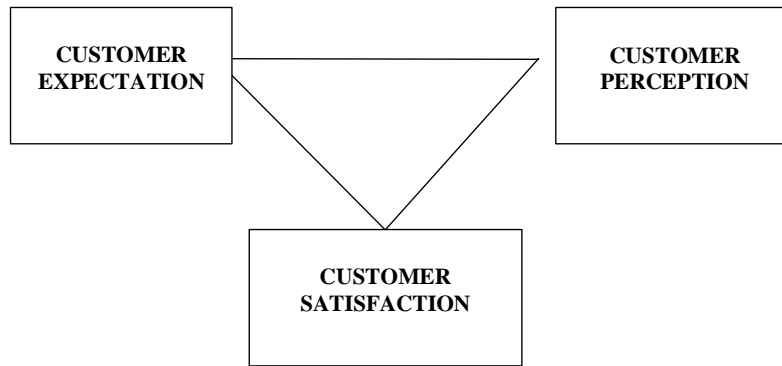


Table 3
Level of Satisfaction of the customers

SL. NO.	DESCRIPTION	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
1.	Check-in procedure of the hotel.	18	27	5	-	-
2.	Clean environment of the hotel	19	22	9	-	-
3.	Friendly approach of the receptionist	17	22	11	-	-
4.	Hospitality extended by the hotel authorities	12	28	10	-	-
5.	Atmosphere, ambience of your room	13	25	12	-	-
6.	Quality of food and beverages served	13	31	6	-	-
7.	Pricing of food items	4	25	16	4	1
8.	Dress washing facility	12	26	11	1	-
9.	Car parking facility	13	20	11	6	-
10.	Check-out procedure.	11	24	15	-	-

Source: Primary Data

Table No. 3 shows that the level of satisfaction of the customers. This level of satisfaction is based on 5 point scale that is highly satisfied to highly dissatisfied. Most of the customers are satisfied with the services and only few customers are dissatisfied to the services of hotel industries.

Conclusion

Majority of the customers are satisfied with check in procedure of the hotel, clean environment of the hotel and friendly approach of the receptionist. The overall satisfaction level of the customer is good. In Thanjavur district the arrival of both domestic and foreign customers is increased year by year, it shows the service rendered by the hotels and the tourists' attraction in that place. Moreover, the foreign exchange earnings from tourism and hotel industry show the importance of tourism to the state. The state should increase its spending in tourism and regulate the room rates and pricing of foods for developing a good climate for private participation and promotion of tourism and hotel industry.

References:

- n *Jha S.M, (2003) Services Marketing, Himalaya Publishing House, Mumbai.*
- n *Ravi Sankar (2002) Services marketing, The Indian perspective, Excel Books publishers, New Delhi.*
- n *Reddy P N , Appannaiah H R, Anil Kumar S, Nirmala, (2000) Services Management, Himalaya Publishing house, New Delhi.*
- n *Shajahan .S. (2003) Services Marketing (Concepts, practices and cases), Himalaya Publishing House, Mumbai.*
- n *Tourism statistics 2010, Department of Tourism Government of TamilNadu.*
- n *www.tourism.gov.in.*
- n *www.incredibleindia.com*
- n *www.dailythanthi.com*

A STUDY OF OCCUPATIONAL STRESS AMONG BANK EMPLOYEES IN CHANDIGARH

Ms. Renu Vij

Assistant Professor
Baddi University of Emerging Science
& Technology, Baddi Dist. Solan

Dr. C. Natarajan

Assistant Professor
Directorate of Distance Education,
Amamalai University

Abstract

Stress is a part and parcel of our existence. Stress is a consequence of a misbalance between a person and his environment, and the perceived inability to manage the hurdles and resultant demands. With the growth of industries, pressure in the urban areas, quantitative growth in population and various problems in day to day life are some of the reasons for increase in stress. In this juncture, study is undertaken to address specific problems of bank employees related to occupational stress of Chandigarh, Union Territory. The study is confined to Male Population of 200 Bank employees of Nationalized and Non Nationalized Bank of Chandigarh City, Union Territory. Hence; stress management approaches might be beneficial to the organizations to change the attitude of Nationalized and Non Nationalized Bank employees. In this context the researchers have made an attempt to study the stress level while considering few stress variables of bank employees of nationalized bank and Non Nationalized Bank in Chandigarh, Union Territory.

Introduction

Hans Selye first introduced the concept of stress in to life science in 1936. He defined stress as “The force, pressure or strain exerted upon a material object or person which resist these forces and attempt to maintain its original state”. Stress is ubiquitous in our society. It has become an integral part of everyday living. Researchers on stress make it clear that to enter in to the complex area of stress especially in to area of occupational stress, is very difficult. Stress is an unavoidable consequence of modern living. With the growth of industries, pressure in the urban areas, quantitative growth in population and various problems in day to day life are some of the reasons for increase in stress. The present study is undertaken to address specific problems of bank employees related to occupational stress. The study will be helpful to draw further policy on the related fields and act as a secondary data for further research.

Review of Literature

Beehr and Newman (1978) define occupational stress as “A condition arising from the interaction of people and their jobs and characterised by changes within people that force them to deviate from their normal functioning.”

Cobb (1975) defined that, “The responsibility load creates stress among workers and managers.” If the individual cannot cope with the increased responsibilities it may lead to several physical and physiological disorders.

The present study is an attempt to investigate and to compare the level of stress experienced by the employees of Nationalized and Non- Nationalized Banks in Chandigarh.

Methodology of the Study

The population selected for this particular study is employees of Nationalized and Non Nationalized Banks in Chandigarh, Union Territory.

The Sampling Population of this Research includes 200 employees, Out of which 100 employees from Nationalized Bank and remaining 100 from Non- Nationalised Bank. This research is followed the systematic random sampling method. The Population belongs to an age group of 30-40 .Only Male Population was considered in this research.

Tool of Data Collection

A Multi- dimensional analysis of job stress and coping patterns of employees is the primary focus of this research. A methodology adopted for the research is given below.

The variables selected for the study are:

1. Role Conflict, Role Overload
2. Role Ambiguity
3. Lack of Group Cohesiveness
4. Feeling of Inequality
5. Lack of Supervisory Support
6. Constraints of Changes
7. Rules and Regulations
8. Job Difficulty
9. Inadequacy of Role Authority
10. Job requirements Capability Mismatch.

A questionnaire tool is used to collect data from Nationalised and Non Nationalised employees to study these variables. The questionnaire used in this study was constructed on Likert Scale Method 5-point scale

Very Strongly Agree - 5

Strongly Agree- 4

Neutral- 3

Strongly Dis- Agree - 2

Very Strongly Disagree- 1.

Objective of Study

To analyse the level of occupational stress among the Nationalised and Non Nationalised Bank employees.

Hypothesis

Stress will be higher among Non Nationalize Bank Employees as compared to Nationalized Bank Employees.

Research

Various stress factors are associated to create stresses which are found to be inter-related to a considerable extent and continuity is helped if they are dealt with in a different order of Sutherland and Cooper's list. Some jobs are stressful by definition because they are physically dangerous (such as firefighting or criminal justice), involve matters of life and death (emergency functions), or are psychologically demanding (social work, teaching). But people who stamp metal or crunch numbers can also be subject to stress on the job. Workplace stress is usually the result of high demands on the job, real or perceived lack of control concerning those demands, poor day-to-day organization, poor communication, and an unsupportive work environment.

Some of the most Visible Causes of Workplace Stress in Public Executives are:

I Physical environment

Physical environment includes :

Noise and overcrowding, Poor air quality, Ergonomic problems, Health and safety risks (heavy equipment, toxic chemicals) become factor which leads to work stress.

I Organizational practices

The organizational practices adopted which are totally unfair and on unjust , which leads to increase in stress are Unclear responsibilities , expectations , conflicting job demands, Multiple supervisors, Lack of autonomy ,lack of participation in decision-making , Inefficient communication pattern and Lack of family-friendly policies.

I Workplace change

The change in workplace leads to Fear of layoff, Frequent personnel turnover, Lack of preparation for technological changes, Poor chances for advancement or promotion. Stress level increases due to greater workplace diversity.

I Interpersonal relationship

The interpersonal relationship also creates problem of Distant, uncommunicative supervisors, Poor performance from subordinates, Office politics, competition, and other conflicts among staff. Bullying or harassment. Problems caused by excessive time away from family.

Each of these categories of stressor is examined in more detail below, although they are found to be inter-related to a considerable extent and continuity is helped if they are dealt with in a different order to Sutherland and Cooper’s list. Some jobs are stressful by definition because they’re physically dangerous (such as firefighting or criminal justice), involve matters of life and death (emergency functions), or are psychologically demanding (social work, teaching). But people who stamp metal or crunch numbers can also be subject to stress on the job. Workplace stress is usually the result of high demands on the job, real or perceived lack of control concerning those demands, poor day-to-day organization and communication, and an unsupportive work environment.

ANALYSIS AND RESULTS

Table I
Mean D and T value of stress scores and coping scores of respondents with respect to their organization

S.No.	Variable	N	Nationalized bank		Nationalized bank		T	DF
			Mean	SD	Mean	SD		
1	Total Stress		75.84	10.11	86.97	15.76	5.92**	198

** Indicates significance at 0.01level.

The table indicates the significant difference between the Nationalized and Non Nationalized Bank employees in their level of stress. The table indicates that the Non Nationalized Bank employees have high score (86.97) in relation to occupational stress compared to Nationalized Bank employees (75.84) in this research. This shows non nationalized member high level stress compared to nationalized members.

Table 2
Mean, SD & T-values of stress scores of respondents with respect to selected occupational stress variables

Variables	Nationalized bank		Non Nationalized bank		Value	DF	P
	Mean	SD	Mean	SD			
RC	10.27	3.6	11.56	3.56	2.54	198	0.01
FI	6.85	2.87	2.89	7.83	2.89	198	0.01
RA	9.03	2.46	10.41	2.6	2.6	198	0.01
RO	12.3	3.76	16.15	5.16	6	198	0.01
LSS	9.21	2.4	9.68	2.88	1.25	198	>0.05
CRR	6.51	1.5	5.96	1.61	2.45	198	0.01
JRCM	5.47	1.99	6.39	2.33	2.99	198	0.01
IRA	5.83	1.58	5.92	1.26	0.44	198	>0.05
JD	4.21	1.74	5.72	1.88	5.85	198	0.01
Total Stress	75.84	10.1	86.97	15.75	5.92	198	0.01

The above table (table2) indicates that among the selected occupational stress variables role over load has the highest mean value of (12.3) followed by role conflict (10.23) in the nationalized banks. In the non nationalized bank category also these variables have the high mean scores with 16.15 and 11.56 respectively. Jobs difficulty has the lowest mean score in both categories (4.21 and 5.92) followed by inadequacy of role authority (5.83 and 5.72 respectively).

Major Findings

1. There is significant difference in the level of occupational stress between Nationalized Bank Employees and Non Nationalized Bank employees.
2. Occupational stress is found higher among Non Nationalized employees compared to Nationalized Bank employees.
3. Among different occupational stress variables Role overload, Role authority, Role conflict and lack of senior level support contributes more to the occupational stress among Non Nationalized Bank employees compared to Nationalized Bank Employees.

Discussion

This study focused on major four stress factors widely recognized in this research finding, that in tune with the hypothesis even though the study found significant difference at all variables selected for the study.

The study indicates that the Non-Nationalized bank employees have high feeling towards lack of supervisory support compared to nationalize bank employees .This indicates that the Non -Nationalized Bank employees are not getting adequate support from the superiors in their work accomplishments and dissemination of functional duties. Lower the level of support employees obtained from the organisation and higher the level of stress experienced by the employees at work .The superior contribution to buffer the effect of work stress is found less in this research.

Anoop Singh (1991) indicate that ‘ Greater support from supervisors and co-workers in the workplace is strongly associated with greater feeling of well being and any undermining from their part put the employee under irritability, anxiety, depression and somatic disorders.’ Inadequate support given by the superiors contributes considerable stress for employees in Non Nationalized Bank in this research.

Implications

1. Physical problems and health problems like heart diseases, ulcers, arthritis, increased frequency of drinking and smoking, cardiovascular, endocrine and other stress related disorders.
2. Psychological and behavioural problems: change in moods, inferiority complex, widespread resentment, reduced aspiration; self esteem, and reduced job skills.
3. Organisational: job dissatisfaction, behavioural problems, production turnover, lower Productivity.

Recommendations

To alleviate the negative consequences of stress more effort on the part of policy makers, practitioners and organizational management envisaged. The researcher thereby suggests some effective measures that can alleviate the stress of bank employees and lead to their better adjustment within the organization. Recommendations are stress Management Strategies which are as follows:

1. Take adequate steps to redesign a job, which involves considering employees abilities and capacities.
2. To reduce the workload role slimming and role adjustment process should be resorted to.
3. Encourage the cross functional and interdepartmental work arrangements to reduce work related stress among low performers and low achievers.
4. Encourage management to practice proactive approaches rather than reactive approaches as a strategic step.

Conclusion

The productivity of the work force is the most decisive factor as far as the success of an organisation is concerned. The productivity in turn is dependant on the psychosocial well being of the employees. In an age of highly dynamic and competitive world, man is exposed to all kinds of stressors that can affect him on all realms of life. The growing importance of interventional strategies is felt more at organisational level. This research was intended to study the impact of occupational stress on nationalized and Non Nationalized Bank employees. Although certain limitations can be met, every effort in research has been to make it much comprehensive. It is an attempt to draw the attention of policy makers and men of eminence in the related fields to resume further research.

References:

- n *Caplan, R.D., & Jones, K.W. (1975). "Effects of work load, role ambiguity and type A personality on anxiety, Depression and heart rate." Journal of Applied Psychology, 60, 713-719.*
- n *Beehr, T.A. & Newman, J.E. (1978), "Job Stress, employ Health and Organisational Effectiveness- A fact analysis model and literature reviews." Personal Psychology, 31, pp. 665-669.*
- n *Chermis, C. (1980). Staff burnout: Job stress in human service" Beverly Hills: Sage.*
- n *Mohan, Vidhu & Chauhan, daisy (1997) Organization role stress as related to efficacy amongst manages of government public and private sectors, Vision, July-December, and PP 71-77.*
- n *Srivastava, Ak (1997) Self management of occupational stress. Cognitive behavioral approach. Indian Journal of Industrial relations, 32(40,487-495)*
- n *Bohle, P (1997) Does hardiness predict adaptation to shift work, Work & Stress, 11(4), 369-76.*
- n *Mohan, J Sehgal ,M Bhatia, N & Sehgal P (2000) A study personality and role stress among arm officers. Asian Journal of Psychology, Education, 99, (7-8),12-16.*
- n *Vicar (2003) Workplace stress in nursing: a literature review to identify nurses perceptions of workplace stress, consider the potential effectiveness of July 2000- Volume 75- Issue 75-Issue 7-P 748-79.*

TYPE 'A' BEHAVIOUR PATTERN (TABP): A VERITABLE DOUBLE – EDGED SWORD

Dr. Subhashree Panda*

*Lecturer (Management),
Deptt. of Humanities,
Parala Maharaja Engg. College,
Berhampur.

Introduction

The effects of stress are closely linked to individual personality. Different people react strongly to different stressors; some are relatively immune to stresses of almost any kind. Personality traits such as authoritarianism, rigidity, masculinity, femininity, extroversion, supportiveness, spontaneity, emotionality, tolerance for ambiguity, locus of control, anxiety, and the need for achievement have been uncovered by research as being particularly relevant to individual stress.

One stress-response pattern that has achieved much attention recently is known as the Type-A personality. Although heart researchers have been working on the use of personality types and the resulting behavior patterns in order to predict heart attacks since the 1950s, in the late 1960s Friedman and Rosenman popularized the use of Type A and opposing Type B personalities in the study of stress. These were portrayed as relatively stable characteristics, and in Friedman and Rosenman's extensive studies they found the Type-A profile correlated highly with experienced stress and dangerous physical consequences. People with a Type A behavior pattern tend to react to stress by developing problems and diseases of the heart (Booth-Kewley & Friedman, 1987, Friedman & Rosenman 1974).

Type 'A' Behaviour Defined

According to Meyer Friedman and Ray Rosenman (the cardiologists who isolated the Type 'A' syndrome in the 1950s): "Type-A Behavior Pattern is an action-emotion complex that can be observed in any person who is aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or persons. It is not psychosis or a complex of worries or fears or phobias or obsessions, but a socially acceptable – indeed often praised-form of conflict. Persons possessing this pattern also are quite prone to exhibit a free-floating but extraordinarily well-rationalized hostility. As might be expected, there are degrees in the intensity of this behavior pattern."

The overt manifestations of this struggle include explosive, accelerated speech; a heightened pace of living; impatience with slowness; concentrating on more than one activity at a time; self-preoccupation; dissatisfaction with life; evaluation of the worthiness of one's activities in terms of numbers; a tendency to challenge and compete with others even in non-competitive situations; and a free-floating hostility. The major facets or "core" elements of the behavior pattern are extremes of aggressiveness, easily aroused hostility, a sense of time urgency, and competitive achievement striving (Matthews, 1982, p.293).

Type-A's are the ones who:

1. Work long, hard hours under constant deadline pressure and conditions for overload.
2. Often take work home at night or on weekends and are unable to relax.
3. Constantly compete with themselves, setting high standards of productivity that they seem driven to maintain.
4. Tend to become frustrated by the work situation, to be irritated with the work efforts of others, and to be misunderstood by superiors.

It is now well recognized that TABPs begin during the childhood years. Woodall and Matthews (1989), Matthews (1980) and Matthews and Siegal (1984) have found that Type-A behaviour is influenced by the home environment. Quality of parent-child interactions (Bracke, 1986; Matthews, 1977; Teevan and McGhee,

1972) is quite significant and has been studied pointing out the influence of home environment on the development of Type-A behaviour. Besides parent-child interaction certain other familiar variables like the birth order, maternal employment, parental education etc., may also play a significant role in the development of Type-A behavior. Studies examining the influence of these variables are very scant and have not received much attention. A few studies (Philips, Long and Bederian, 1990; Ivancevich, Matteson and Gamble, 1987) reveal that the first born's are more likely to exhibit the Type-A behavior pattern. Further gender differences have also not been consistently established.

The prevalence of Type-A personalities will be somewhat influenced by the culture in which a person grows up. Type-A's exist in every country, but there will be more in capitalistic countries where achievement and material successes are highly valued. For instance, it is estimated that about 50 percent of the North American population is Type-A. This shouldn't be too surprising. The United States and Canada both have a high emphasis on time management and efficiency. Both have a "doing" activity orientation, which stresses accomplishments. And both focus on quantity of life, with its emphasis on acquisition of money and material goods.

Type A's operate under moderate to high levels of stress. They subject themselves more or less continuous time pressure, creating for themselves a life of deadline. These characteristics result in some rather specific behavioral outcomes, for example, Type A's are fast workers. This is because they emphasize quantity over quality. In managerial positions, Type A's demonstrate their competitiveness by working long hours and, not infrequently, making poor decisions because they make them too fast. Type A's are also rarely creative. Because of their concern with quantity and speed, they rely on past experiences when faced with problems. They will not allocate the time that is necessary to develop unique solutions to new problems. They rarely vary in their responses to specific challenges in their milieu, hence their behavior is easier to predict than that of Type-B's.

Type-A Characteristics

Type-A individuals are characterized as displaying very high levels of concentration and alertness, achievement striving (ambitiousness), competitiveness, time urgency, and aggressiveness. Further potential characteristics of this disposition include irritability (when things do not go according to plan), along with hostility and anger toward others who are perceived by the Type-A individual as impeding his or her goal achievement (Lee, Ashford, & Jamieson, 1993). Individuals with a propensity toward TABP also exhibit a strong desire for personal control over their environment, and any perceived lack of control will be a source of intense frustration (Davidson & Cooper, 1980; Lee, Ashford, & Bobko, 1990).

TABP is characterized by extremes of competitiveness, striving for achievement, restlessness, impatience and hyper alertness. Person having this pattern are often so deeply committed to their vocation or profession that other aspects of their lives are relatively neglected. The pattern is neither a personality trait nor a standard reaction to a challenging situation, but rather the reaction of a characterologically predisposed person to a situation that challenges him or her different kinds of situations evoke maximal reactions from different persons (Jenkins, Zyzanski and Rosenman, 1979).

In contrast to the Type-A personality is the Type-B, who is exactly opposite. Type B's are really harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time. Type-B behaviour pattern is characterized by relatively little or non-habitual sense of time urgency. Non-competitiveness, lack of aggression drive and is exhibited by generally more relaxed, easy going and more having patience individuals. The Type-B person can't be adequately described as the antithesis of Type-A person because of the Type-B individual exhibits all or some of the same traits, but not in the exaggerated manner that is so common to the Type-A subject.

While labeling Type-A behaviour as "hurry sickness," Friedman and Rosenman noted that Type A individuals frequently tend to exhibit most of the behaviours listed in Table 1.

Table 1
Type-A Characteristics

1. Hurried speech; explosive accentuation of key words.
2. Tendency to walk, move, and eat rapidly.
3. Constant impatience with the rate at which most events take place (e.g., irritation with slow-moving traffic and slow-talking and slow-to-act people).
4. Strong preference for thinking of or doing two or more things at once (e.g. reading this text and doing something else at the same time).
5. Tendency to turn conversations around to personally meaningful subjects or themes.
6. Tendency to interrupt while others are speaking to make your point or to complete their train of thought in your own words.
7. Guilt feelings during periods of relaxation or leisure time.
8. Tendency to be oblivious to surroundings during daily activities.
9. Greater concern for things worth having than with things worth being.
10. Tendency to schedule more and more in less and less time; a chronic sense of time urgency.
11. Feelings of competition rather than compassion when faced with another Type-A person.
12. Development of nervous tics or characteristic gestures.
13. A firm belief that success is due to the ability to get things done faster than the other guy.
14. A tendency to view and evaluate personal activities and the activities of other people in terms of “numbers” (e.g., number of meetings attended, telephone calls made, visitors received).

Source: Adapted from M.Friedman and R.H. Rosenman, *Type-A Behaviour and Your Heart* (Greenwich, CT:Fawcett Publications, 1974) pp.100-102.

TABP: A Double – Edged Sword

TABP is one of the most interesting dispositional characteristics in stress research in that it may lead to both positive and negative outcomes for the individual. In a positive sense, the strong achievement motivation and desire to control may drive the individual toward very high levels of performance in the work setting, as well as producing rewards from goal achievement. Such individuals may be highly sought after by organizations and rewarded for their accomplishments. On the downside, however, there are suggestions that these achievements may come at some personal cost to the individual in terms of higher levels of psychological strain, possibly long-term somatic complaints, and neglect of other (non-performance-related) areas of life. Similarly, the competitiveness and aggressiveness of Type A individuals may create incompatible relationships with other people in their work context. In sum, possession of Type-A characteristics is a veritable double-edged sword.

Emotions of anger and hostility play an important role in the Type-A pattern. Such people experience strong stress reactions in the high-pressure environments in which they operate, but they also seek out these environments; indeed, it is almost as if they are addicted to them. The Type A pattern can be a two-edged sword: While placing people at high risk of heart-related illness and death, it also gives them the drive to do particularly well in certain kinds of work (Boyd, 1984; Taylor, Locke, Lee, & Gist, 1984).

Positive Outcomes

Type-A personalities are aggressive. They are willing to oppose others to get what they want. When placed in circumstances where there are a lot of obstacles, they will keep on plugging away rather than give up. Type A people are ambitious and hard driving. They have very high standards for themselves. They will take on increasing amounts of work, even when they are overloaded; they will work at incredible speed rather than miss (often self-imposed) deadlines. Type A personalities are also competitive; they have to win all the time, even in leisure activities and casual conversations.

It is pretty clear that Type A's are typically on a "fast track" to the top. They are most successful than Type B's. However, at the very top they do not tend to be as successful as Type-B's, who are more patient and take a broader view of things. The key may be to shift from Type-A to Type-B behavior, but of course, most Type-A's are unable and unwilling to make the shift and/or to cope with their Type-A characteristics.

Research indicates that Type-A and Type-B individual do indeed exhibit the correlated pattern of personality characteristics. (Yarnold,1982). Furthermore, those characteristics are clearly related to organizational outcomes. In general, Type-A individuals work harder, faster and longer than Type-B individuals. They more often hold positions of leadership; and they tend to achieve higher levels of organizational success (Sales, 1969). In one study of 91 employed women, for example, it was found that Type-A women achieved a higher occupational level and had more demanding jobs than Type-B women (Kelly & Houston, 1985). In high-pressure, achievement-oriented schools and work environment, Type-A behavior is unwittingly cultivated and even admired.

The Type-A pattern is particularly common among small-business owners and entrepreneurs, and they are likely to head rapidly growing and profitable firms. Type-A people are also likely to be productive and effective researchers when employed on university faculties. The Type-A personality pattern can produce an exception to the theory that stress yields poor work performance. In part at least, the superior performance of Type-A people appears to be due to their devoting more time to their work (Byne & Reinhart, 1989). Caplan and his co-workers found that, with respect to the Type-A behaviour pattern, administrative professors and family physicians scored highest. This finding on administrative professors is consistent with earlier studies of professors and administrators in academic settings (e.g., French et al., 1965) in which the administrators had higher scores on measures of achievement orientation than did the professors (predominantly non-administrative).

Many of the components of Type-A pattern involve achievement related motives and behaviours commonly believed to contribute to successful academic and vocational performance. Although Friedman and Rosenman (1974) have suggested that time urgency and emphasis on quantity rather than quality of work in Type-A's may interfere with effective performance, general discussions of the Type-A concept typically imply that hard-driving, achievement-oriented people classified as Type-A are more likely to succeed than the more relaxed, less ambitious people classified as Type-B. Jenkins, Zyzanski, and Rosenman (1971) stated, for example, that "Individuals with the (Type-A) pattern are usually conscientiously committed to their occupation, and whatever its level, often have achieved success in it".

Is Being a Type - A Dangerous?

The complexities involved in studying behaviour are exemplified by the recent controversy surrounding the link between the Type-A personality and heart disease. Most people have heard of the Type-A personality – competitive, driven, and impatient – and its association with heart disease. Decades of research have supported the link. During the past 25 years, extensive epidemiologic and clinical research has documented and sought to quantify the well-recognized coronary heart disease risk factors – obesity, blood pressure, serum lipids, cigarette smoking, age, exercise pattern, and family-history. More recently, attention has been paid to the question: is there a pattern or style of behaviour that, like these other risk factors, permits prospective identification of persons at higher risk of coronary heart disease?

Cumulative epidemiologic evidence suggests there is a positive answer to this question. Scientists in the United States, the Netherlands, Australia, and Israel have independently reported empirical studies of coronary heart disease patients and control groups indicating that patients with coronary disease strive more diligently towards achievement, are more perfectionist, tense and unable to relax, put forth more effort and commitment to job or profession, and are more active and energetic than their corresponding comparison groups (Jenkins, 1971). These four traits are compatible with one another and, considered as a single syndrome. They approximate the coronary-prone behaviour pattern (Type A) as formulated by Friedman and Rosenman, who also included the important ingredients of aggressiveness and time urgency as essential parts of the behaviour pattern (Rosenman et al., 1964; Friedman, 1969).

Research on coronary-prone behavior has proliferated over the last three decades. Although the Type-A construct is currently undergoing refinement (e.g., Dembroski and Costa, 1987; Strube, 1990), a substantial database nonetheless demonstrates that aggressive, time-urgent, competitive, “Type-A” individuals may be more susceptible to coronary heart disease than their more relaxed “Type-B” counterparts. One hypothesized mechanism linking global Type-A behaviour to coronary disease is physiological reactivity. That is, Type-A behaviour is associated with increased cardiovascular responses that have relevance to coronary disease (Krantz and Duret, 1985).

By the foregoing logic, other illnesses should also be linked to Type-A behaviour. Indeed, Type-A’s report more allergies (Barton, Brautigan, Fogle, Freitas, and Hicks, (1982), infectious mononucleosis (Barton and Hicks, 1985), headaches (Hicks, Cambell, 1983; Woods, Morgan, Jefferson & Harris, 1984), stomach disorders (Hicks, Cheers, and Juarez, 1985), upper respiratory infections (Stout and Bloom, 1982), as well as more illness in general (Woods and Burns, 1984). Nonetheless, other studies have found no correlations between Type-A behaviour and various specific symptoms (Burke and Weir, 1980), or the total number of symptoms (Dearborn and Hastings, 1987; Ovcharchyn, Johnson and Petzel, 1981; Rhodewalt, Hays, Chemers, and Wysock, 1984; Somes, Garrity, and Marx, 1981) or overall illness severity (Kobasa, Maddi and Zola, 1983).

One way to explain these contradictory data may be to examine the physiological reactivity model more closely. The model predicts that Type-As over react physiologically to perceived threat. In other words, the person’s perception of a situation is central in eliciting not only the Type-A behaviour pattern, but also the sympathetic neuroendocrine responses that may affect the cardiovascular and other systems. Thus, Type-A behaviour is not uniformly linked to illness; rather, Type-A behaviour is most likely to be related to illness when the individual experiences some form of stress.

At least three studies support the hypothesis that Type-A illness link is moderated by independently occurring stress. Rhodewalt et. al., (1984) found that highly stressed Type-A University administrators reported more physical health problems than low stress Type-As or than Type-Bs. Similarly, Kobasa et. al., (1983) demonstrated that Type-A executives who scored low in psychological hardiness and high in stressful life events were more susceptible to serious illnesses. Finally, Dearborn and Hastings (1987) showed that job stress was substantially related to the number of physical symptoms experienced by Type-A, but not by Type-B, employed women.

It must be recognized that Type A does not describe a static personality trait, nor is it a stress reaction; rather, it is a style of behaviour with which some persons habitually respond to circumstances that arouse them. It follows readily, then, that this behaviour predisposition may be a potent conditioning variable, likely to render work environment stressors into obvious stressful, experience with severe disease enhancing consequences. Research since 1970, at many research centers, has demonstrated repeatedly that the Type-A pattern can be reliably rated and is a deeply ingrained, enduring trait. A comprehensive and up-to-date review of this recent research has been compiled by Jenkins (1976).

Coronary Heart Disease and the “Type A” Behaviour Pattern

Coronary Heart Disease (CHD) is a potentially lethal blockage of the arteries supplying blood to the heart muscle, or myocardium. Its chief clinical manifestations are: (a) angina pectoris, severe chest pain signaling delivery of oxygenated blood to the affected area of the myocardium that is quantitatively insufficient for its current work load; (b) myocardial infarction, functionally complete blockage of a section of the coronary arterial system, resulting in death of the myocardial tissue supplied by that arterial branch; and (c) disturbance of electrical conduction in the myocardium consequent to arterial blockage, resulting in disruption or interruption of the heart’s pumping action, often leading to patient death.

A central example of the epidemiologic research carried out on the role of Type A behaviour in increasing the risk of coronary heart disease is the Western Collaborative Group Study (WCGS), carried out prospectively in the United States over an 8.5 years period (Rosenman et al., 1964, 1970, 1975). All members of the study population underwent a structured interview at the onset of the period of follow-up, specifically designed to

measure the coronary-prone behaviour pattern. The incidence rates of clinical coronary heart disease after 4.5, 6.5, and 8.5 years of follow-up have shown that men judged as Type-A at intake had 1.7 to 4.5 times the risk of new coronary heart disease as men judged as Type-B (i.e. relaxed and easy-going). The behaviour pattern was judged 'blind' without knowledge of the presence or absence of other cardiovascular disease risk factors, and subsequent diagnosis of disease was made without knowledge of behaviour type or risk factors. More recently, multivariate predictive data analysis of the WCGS data by Brand et al., (1976) has reconfirmed the independent risk status of the Type A behaviour pattern in coronary heart disease.

As for the components responsible for the relations with CHD and other associated disorders, a number of investigators (e.g., Matthews, 1982; Rosenman, 1985; Spiel Berger et. al., 1985; Williams et. al., 1980) have recently pointed to what Spiel Berger et. al., (1985) have labeled the *AHA! Syndrome*: anger, hostility and aggression. The deleterious effects of this set of interrelated variables on health have been independently established (e.g., Diamond, 1982; Greer and Morris, 1975). Direct support for the contention that it is these elements in Type-A pattern that may be uniquely responsible for the association between Type-A behaviour and CHD comes from a study by Matthews, Glass, Rosenman, and Bortner (1977). These investigators reanalyzed Structured Interview (SI) data from the Western Collaborative Group Study, a large prospective project, which found that middle aged men initially classified as Type-A, were more likely to develop CHD than those classified as Type-Bs (Rosenman et. al., 1964). Matthews et. al., (1977) reported that the Structured Interview (SI) items most sharply distinguishing CHD cases from non-CHD cases, were those related to irritability, anger, hostility, and several behaviours that could be motivated by these variables (e.g., vigorous answer and explosive voice modulation during the interview). Similar findings have recently been reported by Weinstein, Davison, DeQuattro, and Allen (1986).

Friedman and Rosenman (1974) maintain that coronary heart disease almost never occurs before 70 years of age in Type-B people, even if they smoke, eat fatty foods, and don't exercise. But people with Type-A behaviour patterns are prone to coronary heart disease in their thirties or forties. Since cardiac disease causes more than four out of ten deaths of men between 25 and 44 (Cooper, 1981), the effort to help Type-A individuals modify their behaviour has enormous health implications. This is not easy, however, since Type-A behaviour is associated in our society with occupational prestige, high income, and rapid career advancement as well as with competitiveness, impatience, and the potential for hostility (Rosenman & Chesney, 1982; Cooper 1981). More than half the men in Friedman and Rosenman's samples were Type-A, about 40 percent were B's, and 10 percent were a mixture of both. In general, more men than women show Type-A behaviour. Type-A women are more vulnerable to heart disease if they are working at a paying job than if they are home makers. With the steady influx of women into the labor force, the implications for the health of American women are grave.

Intervention

A long-range goal for Pattern A research is to generate programs of intervention that will reduce coronary heart disease. Efforts in this area have so far accomplished little more than suggesting approaches, which warrant further investigation. Psychotherapeutic approaches may prove effective in altering psychological processes that give rise to Pattern A behaviour. For example, modification of the way in which Type-A individuals perceive and appraise uncontrollable events might be accomplished through the use of rational approaches to treatment (Roskies, Spevack, Surkis, et al., 1978). Programs of behaviour modification might also be used with the aim of reinforcing Type-B behaviour while reducing the incidence and intensity of Type-A behaviour (Friedman and Rosenman, 1974). Relevant physiological processes have been the target of some behaviour modification programs, in which subjects were trained to recognize and control their somatic reactions in stressful situations (Roskies, Spevack, Surkis, et al., 1978). Pharmacological methods have also received attention in efforts to alter Type-A behaviour, including the use of agents called beta blockers (e.g., propranolol), which inhibit the production of catecholamines.

Conclusion

It seems clear that the past decade or two has provided systematic documentation for the observations of clinical cardiologists concerning coronary-prone behaviour (Dembroski, Weiss, Shields, et al., 1978). It is apparent, however, that additional research remains to be done. Complexities abound at each level of analysis, including the psychological variables that account for Type-A behaviour, the situations that elicit the behaviour, and the physiological processes whereby Pattern A leads to CHD. Researchers have developed stress-reduction techniques to help Type-A people pace themselves more realistically and achieve better balance in their lives. Although an attempt has been made to provide an overview of the knowledge that now exists, the current state of affairs may be more aptly compared with the fitting of one small piece into a large puzzle. It is hoped that the shadings and minute detail on this small puzzle piece will lead to the eventual completion of the picture.

References:

- n *Arnold, Hugh J. and Feldman Daniel, C., (1986), Organizational Behaviour, McGraw-Hill Publishing Company Limited, New Delhi, pp. 473-474.*
- n *Bluen Stephen D., Barling, Julian and Burns, Warren (1990), Predicting Sales Performance, Job Satisfaction, Depression by using the Achievement strivings and Impatience irritability Dimensions of Type A behaviour, Journal of Applied Psychology, 75(2), p.212.*
- n *Carson, Robert, C., Butcher, James N. and Coleman, James C.(1984), Abnormal Psychology and Modern Life, Scott, Foresman, U.S.A., pp. 258-260.*
- n *Cooper Cary L., Dewe Philip J., and O'Driscoll Michael P. (2001), Organizational Stress: A Review and Critique of Theory, Research, and Applications, A Sage Publication Series, New Delhi, pp. 120-123.*
- n *Cooper, Cary L and Paynee, Roy (1986), Stress at Work, John Wiley and Sons Ltd., New York, pp.134-136.*
- n *Fekken Cynthia G., and Jakubowski, Isabelle (1990), Effects of Stress on the Health of Type A Students, Journal of Social Behaviour and Personality, 5(5), pp. 473-474.*
- n *Hindle, Tim (1998), Reducing Stress, Dorling Kindersley, London, p. 56.*
- n *Hunter, Saundra Mac D., Johnson, Carolyn C., Vizelberg, Igor A., Webber, Larry S., and Berenson, Gerald S. (1991), Tracking of Type A Behaviour in Children and Young Adults, Journal of Social Behaviour and Personality, 6(1), pp.70-71.*
- n *Kreitner, Robert., Kinicki, Angelo., and Buelens, Marc (1999), Organizational Behaviour, McGraw – Hill Publishing Company Limited, New Delhi, pp. 518-520.*
- n *Landy, Frank J. (1986), Readings in Industrial and Organizational Psychology, The Dorsey Press, Chicago, pp.393-396.*
- n *Luthans, Fred (1992), Organisational Behaviour; McGraw-Hill Publishing Company Limited, New Delhi, pp. 201-203.*
- n *Miner, John B. (1992), Industrial–Organisational Psychology, McGraw-Hill Publishing Company Limited, New Delhi, pp.160-162.*
- n *Mitchell, Terence R., and Larson, James R. J. (1986), People in Organizations: An Introduction to Organisational Behaviours, Mc-Graw Hill Publishing Company Limited, New Delhi, p. 106.*
- n *Papalia, Diane E., and Olds, Sally Wendkos (1987), Psychology, McGraw-Hill Publishing Company Limited, New Delhi, pp. 358-359.*
- n *Robbins, Stephen P. (1996), Organisational Behaviour: Concepts, Controversies and Applications, Prentice Hall of India Pvt. Ltd., New Delhi, pp. 102-103.*
- n *Singh, Shalini and Singh, Rajbir (2001), Type A Behavior Pattern and Leadership, Journal of Indian Academic of Applied Psychology, 27(1-2), pp.137-138.*
- n *Spence, Janet T., Helmreich, Robert L., and Pred, Robert S. (1987), Impatience Versus Achievement Strivings in the Type A Pattern: Differential Effects on Student's Health and Academic Achievement, Journal of Applied Psychology, 2(4), pp. 522-523.*
- n *Tung, Surinder and Verma, Pooja (2000), Familial Variables and Type-A Behaviour Pattern, Journal of Indian Academic of Applied Psychology, 26 (1-2), p. 125.*

PERFORMANCE MEASUREMENT THROUGH BALANCE SCORECARD –RECENT TRENDS, ISSUES AND CHALLENGES IN INDIAN CORE SECTOR MANAGEMENT

Mr. Soumya Saha

Lecturer

George College, Dept. of Management
Studies, Kolkata

Abstract

Role of corporate sector specifically the core sectors are inevitable to the national as well as global economy in the present age of technology and information. Generally, to measure and manage the corporate performance effectively and efficiently, the internal and external users are very much dependent on the corporate financial reports. But it can not be denied that the performance measurement involves multidimensional approaches which can not always be explained through the financial perspectives. The argument against the financial measures in performance evaluation is as they are historic in nature and lacking the futuristic outlook in the post reform period. Thus, a need for finding out a different mode of application to measure and to manage the corporate performance is emerged. As a result, a new measurement technique of corporate performance, “Balance Scorecard” (BSC), is in practice which was propounded by Robert S Kaplan and David P Norton in early 1990’s. The BSC allows organizations to clarify their strategy, vision, and mission and convert them into actionable goal. In this paper we try to analyze, the issues and challenges related to the performance measurement through Balance Scorecard in the core sectors in India and try to conclude whether there is any positive impact on the performance which in turn help the organizations, falling under core sectors, to cope up with the global competitiveness through the application of BSC.

INTRODUCTION

Role of corporate sector specifically the core sectors are inevitable to the national as well as global economy in the present age of technology and information. Generally, to measure and manage the corporate performance effectively and efficiently, the internal and external users are very much dependent on the corporate financial reports. But it can not be denied that the performance measurement involves multidimensional approaches which can not always be explained through the financial perspectives. The argument against the financial measures in performance evaluation is as they are historic in nature; they lack the futuristic outlook in the post reform period. Thus, a need for finding out a different mode of application to measure and to manage the corporate performance has emerged. As a result, a new measurement technique of corporate performance, “**Balance Scorecard**” (BSC), is in practice which was propounded by Robert S Kaplan and David P Norton in early 1990’s. The BSC allows organizations to clarify their strategy, vision, and mission and convert them into actionable goal.

Introduced in 1992, Balanced Scorecard is well established in North America, Europe, South Africa, Australia and New Zealand. More than 60 per cent of the companies in US and EU report using the balanced scorecard.¹ While in India the adoption rate is only 45.48 per cent.² In India the number of companies that implements Balance Scorecard is not so large. Two companies from India are in Balanced Scorecard Hall of Fame. They are Tata Motors’ commercial vehicles division and Trent Ltd, the retailing arm of the Tata group.

The core sectors of India includes Power, Renewable Energy, Coal, Oil & Gas, Telecom, InfoTech, Roadways, Ports & Shipping, Mining & Metals, Water, Urban Infrastructure, Aviation, Railways, Finance, Tourism, Insurance, Environment etc. If we look into the contribution of core sectors in Indian economy, we find that they contribute a large proportion to the GDP. Manufacturing, Electricity and Construction contribute 26.7

¹ Balance Scorecard to foray into India : Business Standard, New Delhi February 10, 2005

² Balanced Scorecard in Indian companies by Manoj Anand, B S Sahay, and Subhashish Saha. Ssrnid 629249

percent to the GDP while Transport, storage, communication trade, hotels & restaurants contribute 25.2 percent to the GDP [Per cent share in Gross domestic product at factor cost (at current prices)].³

In this paper we try to analyze, the issues and challenges related to the performance measurement through Balance Scorecard in the core sectors in India. We try to conclude whether there is any positive impact on the performance which in turn helps the organizations, falling under core sectors, to cope up with the global competitiveness through the application of BSC. The paper has been concluded with some prudence necessary before and after implementation of BSC in any organization.

Balance Scorecard — An Insight

Propounded by Robert S Kaplan and David P Norton in 1992 the “*Balance Scorecard*” has become a useful tool in the field of performance measurement. On one hand it gives us the information regarding the actions taken on the basis of the financial performance of the corporate and on the other hand it also gives us the information regarding customer satisfaction, internal processes, and the organization’s innovation and improvement activities and other operational measures. These are the prime indicators of the future financial performance too. Balance Scorecard helps to translate a company’s vision and strategy into implementation. It generally gives answer to four basic questions i.e., how does our customer see us; what must we excel at; Do we get the best deal for the government; Do we continue to improve and create value from the point of view of four perspectives namely, Financial Perspective, Customer Perspective, Internal Business Process Perspective and Learning and Growth Perspective. This is depicted in the following figure.

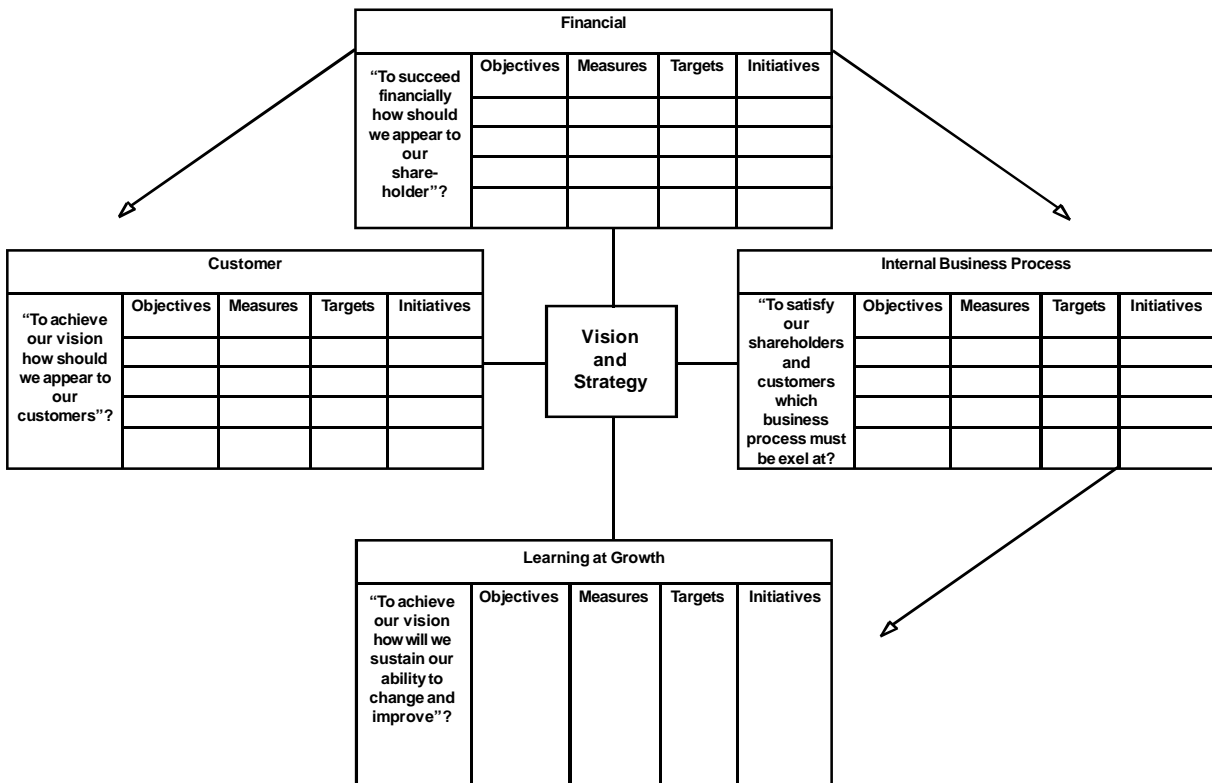


Figure 1 ⁴

The Learning and Growth Perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self improvement. A company’s ability to innovate, improves, and learns ties directly to the company’s

³ CMIE database

⁴ Harvard Business Review. Exhibit from “Using the Balanced Scorecard as a Strategic Management System,” by Robert S. Kaplan and David P. Norton, January–February 1996, p. 76.

value. That is, only through the ability to launch new products, create more value for customers, and improve operating efficiencies continually can a company penetrate new markets and increase revenues and margins – in short, grow and thereby increase shareholder value (Kaplan & Norton, 1992)

Financial Perspective

Organization's financial health is addressed by the financial perspective of the scorecard. It is concerned with the increased in revenue, productivity, profitability, reduction in cost, and better utilization of organization's assets in monetary terms. It is work as a medium towards the shareholders to give them proper information regarding financial health of the organization whenever it's required. Generally, we know following are some of the indicators of the financial performance of an organization, namely sales turnover, earnings per share, and net profits.

Customer Perspective

This perspective helps the company to have sufficient knowledge about the customers which in turn help the company to retain the customer and to build a strong continued patronage. Customers' concerns tend to fall into four categories: time, quality, performance and service, and cost. To put the balanced scorecard to work, companies should articulate goals for time, quality, and performance and service and then translate these goals into specific measures. In addition to measures of time, quality, and performance and service, companies must remain sensitive to the cost of their products. (Kaplan & Norton, 1992)

Internal Business Process Perspective

This talks about the process, decisions, and actions internal to the organization that influences consumer satisfaction. Cycle time, quality, and employee skills are some of the internal factors. It works from the individual employee level. To achieve the organizational target or in other words corporate objective, every employee has to achieve a specific target in terms of quality, cost, time and service.

FEATURES OF A GOOD BALANCED SCORE CARD:⁵

- It tells the story of a company's strategy, articulating a sequence of cause and effect relationships.
- It helps to communicate the strategy to all members of the organization by translating the strategy into coherent and linked set of understandable and measurable operation targets.
- A balanced score card emphasizes non-financial measures as a part of program to achieve future financial performance
- The balanced score card limits the number of measures identifying only the most critical areas. The purpose is to focus manager's attention on measures that most affect the implementation of strategy.
- The balanced score card highlights less than optimal trade offs that managers may make when they fail to consider operational and financial measures together.

A properly constructed balanced score card can provide management with the ideal tool in reacting to the turbulent business environment and helping the organization correct the course of action (Guptha, Sarkar, & Samantha, 2004)

Present Status of Application of Balance Scorecard in India

In India there are about 45.28 per cent compares, who are using the balanced score card.

Initiating the change process in the organization (50%), broadening of the performance measures (45.8%), and facilitating the integration of business plans with the financial plans (45.8%) are the major motivations for the implementation of the Balanced Scorecard in corporate India. The other management motivations

⁵ <http://www.citehr.com/89214-balance-score-card.html>

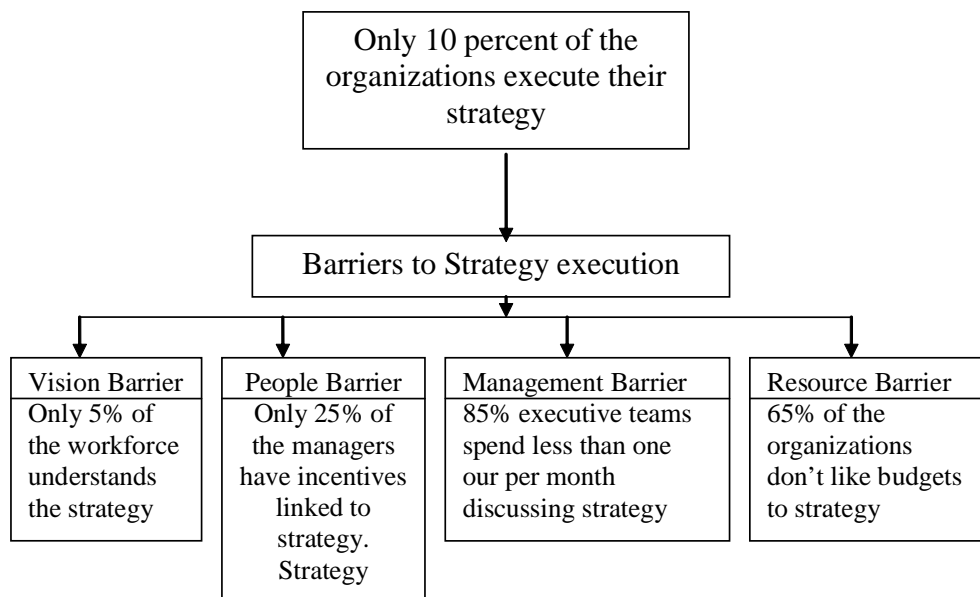
include translating corporate vision and strategy into integrated set of objectives and measures, benchmarking, and making visible trade off between long term growth and short term improvements (Anand, Sahay, & Saha, 2005).⁶

Now if we look into the Indian core sector the scenario is not so good. Here we consider the BSE-30 index. Amongst the 30 companies enlisted in BSE-30 as on 2nd February 2, 2009, only 18 companies are from the core sectors. The index include two companies from private sector banks and one from public sector, three from InfoTech, two from urban infrastructure, one from housing finance, one from metals, one from oil, three from power sector, one from steel and two from telecommunication sector. Now the question is whether the companies are implementing the balance scorecard technique to evaluate their performances. By the review of the annual reports of the companies we found that none of the companies out of the 18 companies use Balance score card as the performance evaluation tool.

Prospects

Mr. Tice, Managing Director of the Balanced Scorecard Initiative Inc (BSCol)-Asia Pacific, said India, with its liberalized economic policy regime, had reached a stage where competitive cost and quality are the “price of entry into the market” and not a winning proposition by themselves. The BSC would help companies make a difference to the consumer and the market. Mr. Tice said the balanced scorecard looked beyond the traditional financial measurements of performance and examined the organisation’s operations from the perspective of the customer, the shareholder, internal processes and organizational learning. It took care of the long-term health of the organisation and change management. Companies’ business strategy was “fine tuned”, communicated and implemented through a Strategy Map involving quantitative measurements, focused communication and employee empowerment. “Every company has a business strategy, implicit or explicit, and the BSC helps businesses identify gaps in their strategy and align the goals of all parts of an organisation as also individuals to the business strategy”, said Mr Tice. While quality improvement techniques like TQM, TPM and Six Sigma were helpful for any company to implement balanced score-card, they were not indispensable.⁷

Barriers to Implementing Strategy⁸



⁶ Balanced Scorecard in Indian companies by Manoj Anand, B S Sahay, and Subhashish Saha. Ssrn id 629249

⁷ Balanced Scorecard adoption can benefit Indian industry by R. Gopalakrishnan [http://www.hindu.com/2006/01/27/stories/2006012701751500.htm]

⁸ Introduction to Balance Scorecard ,[http://www.accountingnet.ie/content/uploads/0471423289_1_.pdf]

Application of balance Score card in different sectors

Based on the data available, we conclude that BSC is not very popular in India. If we look into various sector we found that there is a need for the application of BSC in any organization. A few sectors has been considered for our study.

IT Industry

IT industry is one of the major sectors which enable Indian economy to flourish in the post liberalization period. It earns a great amount of forex which strengthen the economy of India as a whole. IT governance is gaining importance day by day in the current business world. Balance scorecard is the tool that helps to measure the areas of corporate performance which other can't. It will help the CEO and CIO's to understand how well the business is doing and how it can be improved. By providing required information to the top management the IT governance scorecard can play an important role to enhance the corporate governance.

Telecom Industry

Telecom Industry has witnessed a sea change in the recent times because of the increased number of users, players in the industry and ever improving technology. It has been projected that it will become the second largest telecom market globally by 2010.⁹ According to CRISIL Research estimates, eight infrastructure sectors, which include the telecom sector, are expected to draw more than US\$ 345.28 billion investment in India by 2012. Thus to cope up with the global competitiveness BSC can be one of the best tool which enable the company of this sector to sustain in the long run.

Banking Industry

Based on the projections made in the "India Vision 2020" prepared by the Planning Commission and the Draft 10th Plan, the report forecasts that the pace of expansion in the balance-sheets of banks is likely to decelerate. The total assets of all scheduled commercial banks by end-March 2010 are estimated at Rs 40, 90,000 crores. That will comprise about 65 per cent of GDP at current market prices as compared to 67 per cent in 2002-03.¹⁰ Despite all the deregulation is the truth that prevalent in this sector worldwide. Commercial banks now try to find out the better ways and means of profitability of their operations without compromising to the quality of services. Implementation of BSC in this industry will merge the two concepts namely performance measurement and performance management. In India the banking industry ,if rely on this technique, can look for better performance and management in this high time of opening up of market.

Hotel Industry

Hotel industry in India grows at a tremendous rate in recent years. It stands second, just after china. According to the tourism ministry, 4.4 million tourists visited India last year and at current trend, demand will soar to 10 million in 2010 – to accommodate 350 million domestic travelers. 'Hotels in India' has a shortage of 150,000 rooms fueling hotel room rates across India. ¹¹ Thus, to sustain in the long run, the question of performance measurement comes into picture which leads to the implementation of BSC in hotel industry of India. The literature reviews suggest that the traditional model of BSC is suitable for this industry. The implementation offers a number of benefits and cross company comparison. It also offers the industry strong strategic plans which enable them to monitor the performance more easily.

⁹ <http://www.ibef.org/industry/telecommunications.aspx>

¹⁰ <http://business.mapsofindia.com/india-industry/banking.html>

¹¹ <http://business.mapsofindia.com/india-industry/hotel-industry-in-india.html>

Power Sectors

A recent report by the World Bank has warned India that unless it introduces reforms in its power sector it could lose millions of dollars in revenue. The report prescribes an injection of 10 billion dollars over the next five years into the power sector, without which India will be facing eight to ten hour power cuts, daily.¹² Power has been treated as the basic human need as it is required for every facet of our life. Growth of an economy is also depends largely on this sector. Growth of Power Sector infrastructure in India since its Independence has been noteworthy making India the third largest producer of electricity in Asia. Generating capacity has grown manifold from 1,362 MW in 1947 to 113,506 MW (as on 30.09.2004). The over all generation in India has increased from 301 Billion Units (BUs) during 1992- 93 to 558.1 BUs in 2003- 04.¹³ Thus from the above data it is evident that for a long term sustainability there is a need for performance measurement. BSC is the tool, implementation of which can give the sector a mileage.

Failure of balance scorecard

Why most balanced scorecards fail:¹⁴

- ✓ The independent (i.e. non-financial) variables on the scorecard are incorrectly identified as the primary drivers of future stakeholder satisfaction.
- ✓ The metrics are poorly defined.
- ✓ Improvement goals are negotiated rather than based on stakeholder requirements, fundamental process limits, and improvement process capabilities.
- ✓ There is no deployment system that breaks high level goals down to the sub-process level where actual improvement activities reside.
- ✓ A state of the art improvement system is not used.
- ✓ There is not and can not be a quantitative linkage between non-financial and expected financial results.

Conclusion

A **study** at MIT pointed out few weaknesses of performance measurement tools. The limitations are also applicable for BSC. They are: vanity, provincialism, narcissism, laziness, pettiness, inanity, and frivolity. Unless these aspects are prevented or repaired, BSC can not be expected to be successful. In general, it becomes evident that a systematic plan of management based on the integration of the broader goals of management with the functional and individual goals leads to better results, which can be monitored and amended to meet the changing requirements of the organizations.

Reference:

- n *Kaplan R.S.; Norton D. P., "The Balance Scorecard-Measures that Drive Performance", Harvard Business Review, 70(1), 1992*
- n *Kaplan R.S.; Norton D. P., "Using the BSC as Strategic Management" Harvard Business Review, 74(1), 1996'*
- n *Kaplan R.S.; Norton D. P., " The Balance Scorecard: Translating Strategy into Action, Boston MA(1996)*
- n *Lichka C., Kuuehn H., Karagiannis D., IT based balanced scorecard, (in German), In: wisu das wirtschafts stadium, (31. Jg., 07/2002)*

¹² <http://www.ieo.org/jen002.html>

¹³ <http://www.indiacore.com/power.html>

¹⁴ "WHY BALANCED SCORECARDS FAIL" by Arthur M. Schneiderman [http://www.schneiderman.com/AMS_publications/Why%20BSCs%20Fail/fail.doc]

- n Norton D. P., “ *Measuring Value Creation with the Balance Scorecard*” In: *balanced Scorecard Report Article*, (May 15, 2000)
- n *Balance Scorecard Collaborative*, [Http://www.bscol.com\(2003\)](http://www.bscol.com(2003))
- n <http://www.indiacore.com/power.html>
- n “*WHY BALANCED SCORECARDS FAIL*” by Arthur M. Schneiderman [http://www.schneiderman.com/AMS_publications/Why%20BSCs%20Fail/fail.doc]
- n <http://business.mapsofindia.com/india-industry/banking.html>
- n <http://business.mapsofindia.com/india-industry/hotel-industry-in-india.html>
- n <http://www.ieo.org/jen002.html>
- n <http://www.ibef.org/industry/telecommunications.aspx>
- n *Balanced Scorecard adoption can benefit Indian industry* by R. Gopalakrishnan [<http://www.hindu.com/2006/01/27/stories/2006012701751500.htm>]
- n *Introduction to Balance Scorecard* [http://www.accountingnet.ie/content/uploads/0471423289_1_.pdf]
- n Barbeqr, B & Keidel D (2005), “ *Balance Scorecard Methodology and Insight Vision Software Combine to help carlson Hotels Worldwide successfully Execute New Strategy*”. Available at: <http://www.insightformation.com/carlsonHotelsCaseStudyFeb205.pdf>
- n <http://www.citehr.com/89214-balance-score-card.html>
- n *Harvard Business Review*. Exhibit from “*Using the Balanced Scorecard as a Strategic Management System*,” by Robert S. Kaplan and David P. Norton, January–February 1996, p. 76.
- n *Balance Scorecard to foray into India: Business Standard* , New Delhi February 10, 2005

Tax Return under Value Added Tax: A Study on Tax-Payers Perception

Dr. Ranjit Singh

Assistant Professor
Department of Business Administration,
Assam University, Silchar-788011

Ms. Sweety Agarwal

Lecturer
G. S. Lohia Girls' College
Tinsukia-786125 Assam, India

Abstract

Value added tax [VAT] is a tax system where the tax paid on purchases is set off and the tax is charged only of the value added by the seller. The objective of the present study is to find out the perception of the different categories of the tax payers in respect of tax return under Assam VAT. The study is conducted in Tinsukia town of Assam. The study is made with the help of structured questionnaire. The traders and professional accountants of Tinsukia are considered as sample to be studied in this study. It is found that the perception of the tax payers is favourable in respect of certain items and unfavourable in respect of certain items.

Introduction

Value added tax is a multi point sales tax with set off for tax paid on purchases. Thus, the difference between the sale proceeds and the cost of the materials etc. that it has purchased from other firms is its value added, which is the tax base of the value added tax (Sarkar, C.R., 2005).

VAT has been introduced in federal countries like Brazil, Canada and the European Union (EU). Most important aspect in the introduction of VAT in a federal country is to have a harmonized system of inter-state transactions. Till now the VAT has been introduced in more than 130 countries (Bezborah, P. and Singh, R, 2005).

Along with the other states of India, VAT was implemented in Assam in the year 2005.

Tax Return under Assam VAT

As per sec 29 of the Assam VAT Act read with rule 17 (1) requires every registered dealer or any dealer liable to pay tax, whose taxable turnover exceeds 10 lakhs in any assessment year, to file a tax return monthly in Form 13 within 21 days of the close of each month (Agarwalla, J. P., 2008). Every registered dealer or any dealer liable to pay tax, whose taxable turnover in a year is either below or up to Rs 10 lakhs, shall be liable to file tax return quarterly (every three months) in Form 13 within 21 days of the close of each quarter [Rule 17(2)] (Agarwala, R., 2007).

The return to be filed by a dealer shall be accompanied by a receipted challan (in Form 24) of a designated Bank or draft or a crossed cheque or a crossed bank draft on a local bank as a proof of deposit of tax [Rule 17(3) & 26(1)] (Agarwala, R., 2007).

Sec 29(6) of Assam VAT Act requires that the return shall be signed and verified by the following category of person (Agarwala, R., 2007):

[1] In case of individual- by the individual himself or any person authorised by him; [2] In case of an HUF- by the Karta; [3] In case of a company or a local authority- by the Principal Officer, Chief Executive Officer or the Authorised Signatory; [4] In case of a partnership firm- by any partner or by a manager; [5] In case of other association- the person competent.

Rationality of Studying Tax Return under Assam Value Added Tax

Essentially a business that pays and charges VAT is acting as a tax collector for the government. A business hands over the difference between the amounts of tax charged to customers and the amount that the business has paid to suppliers. This is done by filing of the Tax Returns. The number of the tax invoices in the hands of dealer is voluminous. So the data regarding the same is given to the government through the Tax Returns. VAT Returns is the summarized form of the tax collected and tax paid by the dealer. So the Tax

Returns are the source document for the government to have the information regarding the tax collected and tax paid by the dealer.

Another area of greater concern to the VAT administration is tax compliance. *In India VAT was first introduced in Haryana.* Here also it is seen that the tax collections have increased but still 100% compliance is not there (<http://vat-experts.info/index.php>). As it is known that the tax compliance takes place through filing of Tax Returns. This indicates the importance of Tax Returns.

Natural follow up of an investigative mind is to enquire whether the Unfavourable experiences, as reported by Bhowal, A. and Singh, R. (2009), is still being experienced by tax payers after the completion of several years. Since, most of the unfavourable experiences in the study done by Bhowal, A. and Singh, R. (2009), relates to filling of tax returns, attitude of the tax –officials etc. So, the current research attempts to investigate those uncovered areas.

Therefore, a study on the tax return under VAT will throw light on the various aspects of it and also highlight the areas where it needs to be improved. This can be taken as an input and lesson from these can be applied while implementing Goods and Service Tax (GST).

Objectives of the Study

The aim of the current paper is to investigate the perception of the tax payers regarding the tax return to be filed under Assam VAT.

Research Methodology of the Study

The study is done in the Tinsukia town of Assam. Here the term taxpayer has been used to include those who have tax- payment experiences. These include those who have the experience of payment of tax at the office of tax on their own [i.e. traders] and those who have the experience of payment of tax on behalf of the others and the clients [i.e. professional accountants]. The period of data collection for the present research ranged from 15 December 2006 to 18 February 2007.

Universe and Sample of the Present Study

The population for the study include traders who are registered with Trade and Tax Department of Tinsukia under Assam VAT Act, 2003 and the Professional Accountants. Total number of registered traders/dealers is 2003 and the total number of the Professional Accountants is 19 as on 13th December 2006. A sample of 105 respondents is taken randomly. Of this, 96 respondents were traders and, rest 9 were of the Professional Accountants

Questionnaire Design for the Present Study

Based on various Returns and Assessment provisions under Assam VAT Act, 2003 and Assam VAT Rules 2005, result of the pilot study and discussion from the experts 7 items were selected with respect to the tax return for the structured questionnaire. The scale used was two-point as well as nominal in nature. The items in the questionnaire were as follows:

- The first part of the questionnaire was with respect to the mode of paying tax. Here the options given to the respondents were Traders paying tax based on Accounts, Traders paying tax under lump sum method, Professional paying tax on behalf of trader clients and Traders silent about the method.

Items identified to know the perception of the tax payers in respect of various aspects of tax return to be filed under Assam VAT were as follows:

- Item 1 was related to the simplicity or difficulty in understanding of tax form
- Item 2 was related to the convenience of printed form for tax return
- Item 3 was related to the sufficiency of notes in the tax form

- Item 4 was related to the availability of Approachable authority for Tax form fill up
- Item 5 was related to the possibility of Filling Tax form without expert help
- Item 6 was related to the Scope of error in filling tax form
- Item 7 was related to the necessity of Information asked for in tax form

Findings of the Study

The Finding of the present study is reported in the following paragraphs :

As per Table 1, it is found in the sample that majority of the traders paying tax based on accounts. Slightly a higher proportion of the professional paying tax on behalf of the trader clients opined that understanding of the form is difficult. Majority of Traders paying tax based on Accounts and Traders silent about the method opined that Printed form for Tax Return is convenient; whereas majority of the Traders paying tax under lump sum method and Professional paying tax on behalf of trader clients opined other way.

Table No 1
Perception regarding Tax Return by Different Types of Tax Payers

			Experience with mode of payment of VAT				
			Traders paying tax based on Accounts	Traders paying tax under lump sum method	Professional paying tax on behalf of trader clients	Traders silent about the method	Total
Understanding of Tax Form	Difficult	Count	16	5	5	3	29
		% of Total	15.2%	4.8%	4.8%	2.9%	27.6%
	Simple	Count	50	10	4	12	76
		% of Total	47.6%	9.5%	3.8%	11.4%	72.4%
Printed form for Tax Return	Not convenient	Count	24	8	5	3	40
		% of Total	22.9%	7.6%	4.8%	2.9%	38.1%
	Convenient	Count	42	7	4	12	65
		% of Total	40.0%	6.7%	3.8%	11.4%	61.9%
Notes in Tax form	Not sufficient	Count	27	9	6	7	49
		% of Total	25.7%	8.6%	5.7%	6.7%	46.7%
	Sufficient	Count	39	6	3	8	56
		% of Total	37.1%	5.7%	2.9%	7.6%	53.3%
Approachable authority for Tax form fill up	No	Count	34	11	5	8	58
		% of Total	32.4%	10.5%	4.8%	7.6%	55.2%
	Yes	Count	32	4	4	7	47
		% of Total	30.5%	3.8%	3.8%	6.7%	44.8%
Filling Tax form without expert help	Not Possible	Count	37	9	2	9	57
		% of Total	35.2%	8.6%	1.9%	8.6%	54.3%
	Possible	Count	29	6	7	6	48
		% of Total	27.6%	5.7%	6.7%	5.7%	45.7%
Scope of error in filling tax form	Not more	Count	23	5	1	4	33
		% of Total	21.9%	4.8%	1.0%	3.8%	31.4%
	More	Count	43	10	8	11	72
		% of Total	41.0%	9.5%	7.6%	10.5%	68.6%
Information asked for in tax form	Not necessary	Count	28	8	2	5	43
		% of Total	26.7%	7.6%	1.9%	4.8%	41.0%
	Necessary	Count	38	7	7	10	62
		% of Total	36.2%	6.7%	6.7%	9.5%	59.0%

Source: Compiled from Survey data

It is also found that the majority of the Traders paying tax based on Accounts and Traders silent about the method opined that Notes in Tax form is sufficient; whereas the majority of the Traders paying tax under lump sum method and Professional paying tax on behalf of trader clients opined that Notes in Tax form is not sufficient. This can be inferred that because of the reason that as they don't find the sufficient notes required in the tax return form, so they consider printed form of tax return to be inconvenient. Majority of the respondent from each category is of the opinion that for tax form fill up purpose tax authorities are not

approachable. Majority of the traders perceive that Filling Tax form without expert help is not possible; whereas Professional paying tax on behalf of trader clients perceive other way. The authorities are not approachable for filling up of the tax return form, so the traders in case of any confusion have no other option than to seek experts help for the same. It is seen that in the observed sample, majority of the respondents from each categories opined that scope of error in filling up the tax form is more. Despite the fact that majority of the traders find the tax return form simple, convenient and with sufficient notes, they opine that filling of the tax form without the help of the expert is not possible. It indicates the lack of confidence of the traders in them. Newness of the system may be reason for the same. This may be a reason for the trader's opinion of more scope of committing error in filling tax form. It is observed in the sample that the majority of the Traders paying tax based on Accounts, Traders silent about the method and Professional paying tax on behalf of trader clients opined that Information asked for in tax form are necessary; whereas, the majority of the Traders paying tax under lump sum method opined that Information asked for in tax form are not-necessary.

Conclusion and Policy Implications

There is a need that the government should arrange for training and orientation programmes to educate the traders, so that VAT becomes more users friendly. As a result the traders will be able to do the work of Filling of Return form without the help of experts. It is also suggested that the government should translate the VAT Act and VAT Rules in the different languages spoken in different parts of the country. A step in this direction will make the VAT Act and Rules easily understandable to its readers and consequently eliminate the need to take the help of the experts in understanding the provisions of the Act and for filling as well as filing of the VAT returns. The use of social marketing is also desirable in this context (Weinreich, Nedra Kline, 1999). Social Marketing is the use of commercial marketing techniques to promote the adoption of a behaviour that will improve the well being of the target audience or of society as a whole. This includes engaging with the taxpayers through seminars and workshops regarding VAT, disseminating information regarding VAT using brochures, pamphlets to cause a favourable change in the attitude of people towards VAT of Assam. Very soon the government is going to implement Goods and Service Tax (GST). So, the learning taken place during the implementation of VAT in respect of tax return should be taken care of while implementing the GST. Then only the implementation of GST will be an effective and efficient and it will serve the purpose for which it is meant for.

References

1. Agarwala, R., (2007), *Value Added Tax in Assam, Second Edition, Asha Publication, Pp 31-32.*
2. Agarwalla, J. P., (2008), *A guide to Assam Value Added Tax, Book Corporation, 1st Edition, pp. 478*
3. *Assam Value Added Tax Act 2003*
4. *Assam Value Added Tax Rules, 2005*
5. Bhowal, A. and Singh, R. (2009), *Grass Root Reality beyond the White Paper on State Level Value Added Tax in Assam, Bhavishya-Journal of Future Business School, Vol. 2, No. 2, pp. 103-118*
6. http://vat-experts.info/index.php?category_name=vat-delhi/&paged=2 visited on 20.08.2010 at 2.30 pm
7. Sarkar, C.R., (2005), "VAT: A Valuable Strategy to Combat Tax Hazards", *Journal of the Institute of Chartered Accountants of India, Vol. 53, No 12, pp.1610.*
8. Singh, R. & Bezborah, P. (2005), "Value Added Tax-Problems and Prospects", *Vaniya, Dibrugarh University Annual Journal of Business Studies, Vol. 15, pp. 12 – 27*
9. Weinreich, Nedra Kline, (1999), *Hands on Social Marketing- A Step-by-Step Guide, New Delhi: Sage Publications India Pvt. Ltd, pp. 35- 67*

A TYPOLOGY OF INVESTMENT BEHAVIOUR OF INVESTORS TOWARDS MAKING AN INVESTMENT IN THE COMPETITIVE MARKET : A FACTOR ANALYTICAL APPROACH

Dr. Sangeeta Arora

Reader, Dept. of Commerce &
Business Management, Guru Nanak
Dev University, Amritsar

Kanika Marwaha

Senior Research Fellow,
Guru Nanak Dev University,
Amritsar

Abstract

The objective of the paper is to have a better understanding of the behaviour of individual investors while making investment decisions. The results of this research will be helpful for the financial service providers in understanding the behaviour of individual investors and offer them more effective advice. The major factors that influences the individual investors are required to be sought by the financial service providers in order help them find the preferred investment instruments by them. Data has been collected through primary sources by framing a questionnaire answered by 100 respondents in Punjab. Factor analysis has been used to analyze the data. The analysis revealed five underlying dimensions of financial attitudes and behaviour i.e. Awareness and Interest, Apprehensive in financial matters, Aggressive risk takers, Adjourned decision making, Spontaneous decision making. The results showed that most of the investors are worried about their financial affairs, are risk takers and have an interest in financial affairs.

Introduction

Individuals making investing decisions face a daunting task (Ackert and Church, 2006). Today, the financial services and the economic sector are highly diversified than ever. This diversification implies that the individual investors have a wider range of investment instruments to invest in and there is much greater choice for them of how to invest their money (Warren et.al, 1990).

For a long time, the main hypothesis assumed by most of the financial academic researchers was the investor's full rationality approach (Zoghalmi and Matoussi, 2009). It was supposed that the decisions made by investors are based on technical analysis. Portfolio theory and Capital asset pricing theory have been covered extensively in the literature but the behavioral aspects relating to the individual investor's portfolio composition choice have been paid little attention (Benzion and Yagil, 2003). Economic models assume that the investors are rational and the decisions made by them are unbiased. The behaviour of the individual investors involving technical analysis and the rational thinking has been studied extensively under such models.

The irrational behaviour of investors needs to be studied using lifestyles or psychographics along with demographics. Few researchers have analyzed the attitudes, opinions and the activities of the individual investors which relate to their investment decisions. Such analysis is referred to as psychographics because it evaluates the investor's characteristics relating to the patterns of their interests and activities (Warren et.al, 1990). Funfgeld and Wang (2009) examined the self-stated attitudes and behaviour of individual investors regarding their daily financial affairs and identified the impact of socio-demographic variables on their behaviour.

Though a comprehensive literature review about behavioral finance involving study understanding investor behaviour in general is beyond the limitation of this paper, some well known empirical studies have been highlighted regarding investor's behaviour while making investment decision. Investors are generally selective in investing. Warren et.al (1990) studied the lifestyles and the demographic attributes of individual investors and predicted the individual's investment choices for bonds and stocks on such basis. Kiran and Rao (2004) studied the relationship between the risk taking ability and demographic and psychographic variables influencing investor behaviour and investor segments were identified on such basis. Wood and Zaichkowsky (2004) grouped the investors on the basis of the shared attributes, biases and behaviours and identified the different segments of investors Nagpal, Sushant and Bodla, B.S. (2007) attempted to understand the individual investor's

pattern of investments and analyzing the investor's preferences for various investment alternatives across the demographic and psychographics dimensions. Chandra, (2008) explored the impact of behavioral factors and investor's psychology on their decision-making, and examined the relationship between investor's attitude towards risk and behavioral decision-making.

Objective of the study

To understand the behaviour that influences the decision of an individual investor while making an investment in today's competitive market.

Research Methodology

The present study is mainly based on primary data collected from 100 respondents from Punjab. These investors were interviewed through a pre-tested, well structured questionnaire which was administered personally. Convenience sampling technique was used. To analyze the behaviour of investors while making investment decisions, factor analysis was used. Factor analysis is a technique primarily used for data reduction and summarization. The demographic characteristics of the respondents depict that the majority of the investors were in the age group of 25-40 years and 58% of them were males and remaining were females.

Results and discussion of Factor Analysis

Cronbach's alpha is the most widely used method for testing the reliability of the scale. It may be mentioned that its value varies from 0 to 1 but, satisfactory value required is more than 0.6 for the scale to be reliable (Malhotra, 2002). In the present study, the value of cronbach's alpha comes out to be 0.723 which is significant. After checking the reliability of the scale, it was tested whether data so collected is appropriate for factor analysis. The correlation matrix is computed and examined. It reveals that there are enough correlations to proceed with factor analysis.

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is a useful method to show the appropriateness of data for factor analysis. Kaiser-Meyer-Olkin measure of sampling adequacy is found to be 0.711 in our study. It is indicated that the sample is good enough for survey. The overall significance of correlation matrices is tested with Bartlett test of sphericity, approx chi-square =519.289 and significant at provided as well as support for validity of the factor analysis of the data set.

Principal Component Factor Analysis

Principal Component Factor Analysis followed by varimax rotation (Hair, et.al, 1990) is employed for extracting factors. 18 statements were reduced to 5 factors. These factors explained 58.523% of the total variance, which is very much acceptable for the Principal Component Varimax rotated factor loading procedure i.e. 50 % (Johnson and Wichern, 2002).

In interpreting factors, there is a need to determine that which factor loadings are to be considered. The criterion given by Hair, et.al. (1990), where factor loading based on sample size is taken as the basis for decision about significant factor loading, was adopted. For our sample of 100 respondents, a factor loading of 0.4 and above has been considered significant. The five factors and the variables loaded on these factors have been summarized in Table No.1.

Table 1: Factor Names			
Factor Number	Factor Name (Cumulative percentage of variance explained)	Factor Loading	Statements Included in the Factor
F ₁	Awareness and Interest (20.710)	0.788	I know a good deal about the various investment categories and accompanying risk levels
		0.777	I understand the basic principles and I track my investments from time to time.
		0.775	I enjoy investing and look forward to such activity in future
		0.773	I have thorough knowledge of financial markets and the economy and I closely track my investments and financial news.
		0.638	I feel that I am substantially better informed than an average investor.
		0.527	I compare and calculate risks.
		0.410	Special offers entice me into investing.
F ₂	Apprehensive in financial matters (30.665)	0.741	I am anxious about financial and money affairs
		0.565	I feel that most individual investors are net losers.
		0.515	I enjoy reading about results of product testing, it is fun to compare.
		0.425	I read the business section of newspaper attentively.
F ₃	Aggressive risk takers (40.491)	0.797	I feel annoyed when things don't go my way.
		0.563	I prefer to take substantial risks in order to achieve substantial financial gains from my investments.
		0.483	After making a decision, I am anxious whether I was right or wrong.
F ₄	Adjourned decision making (49.993)	0.809	I spend money when I am unhappy or frustrated.
		0.668	I tend to postpone financial decisions.
F ₅	Spontaneous decision making (58.523)	0.852	At the end of the day, I decide intuitively in financial affairs.
		0.576	I get unsure by the lingo of financial experts.

Factor 1: Awareness and Interest

This factor explains the interest, awareness and knowledge of investors towards financial affairs and explains 20.710% of variation.

Factor 2: Apprehensive in financial matters

This factor reveals the worry and anxiety found in behaviour of investors while taking investment decisions.

Factor 3: Aggressive risk takers

These statements show the frustration that investors feel after making wrong investment decisions and their attitude of being a risk taker.

Factor 4: Adjourned decision making

This factor explains that investors hold behaviour of postponing decisions and their decisions are effected by their mood swings.

Factor 5: Spontaneous decision making

This factor explains the unsure behaviour of investors and reveals that investors have an intuitive behaviour.

Managerial Implications

The study focuses on the behaviour of individual investors towards investment decision making. By identifying the various factors, this study aims to contribute understanding of the complex behaviour of individual investors in their day to day financial matters. The factors taken into account would contribute to the field of behavioral finance by lending an insight into the behaviour of individual investors. It will help financial service providers to offer more effective advice and help their investors improve their personal financial management. However, the understanding of investor behaviour will provide implications to financial service providers to help individual investors find their investment preferences as per their current stated attitude.

Conclusion

The present study is an exploratory study for understanding the complex behaviour of individual investors of Punjab. Total five factors were developed in the study i.e. Awareness and Interest, Apprehensive in financial matters, Aggressive risk takers, Adjourned decision making, Spontaneous decision making. The factors like 'Awareness and Interest' play an important role in identifying interest and knowledge of individual investors towards making investment decisions. Similarly the factor such as 'Apprehensive in financial matters' showed worry in their decision making ability. The other factors like Aggressive risk takers, Adjourned decision making, Spontaneous decision making showed that most investors in Punjab are risk takers but feel uncertain when taking decisions. This study presents a step towards better understanding of the complex behaviour of individual investors. Thus it is concluded that investors enjoy investing and they are also worried about their financial and money affairs. The investors in Punjab were found to be having a risk taking attitude and were found to be aggressive in their financial decision making. Most of the investors had behaviour of spending when they were sad or happy and were found to be uncertain in taking decisions.

References

- n Ackert, L. F. and Church, B. K. (2006), "Firm Image and Individual Investor Decisions", *Journal of Behavioral Finance*, Vol. 7, No.3, pp: 155-167
- n Warren, W. E., Stevens, R. R. and McConkey, W. C. (1990), "Using demographic and Lifestyle analysis to segment Individual Investors", *Financial Analyst Journal*, Vol.46, No.2, pp: 74-77
- n Zoghlami, Faten and Matoussi, Hamadi (2009), "A survey of Tunisians Investors Behaviour", *International Research Journal of Finance and Economics*, Issue31, pp: 66-82
- n Benzion, Uri and Yagil, Joseph (2003). "Portfolio Composition Choice: a Behavioral Approach", *Journal of Behavioral finance*, Vol.4, No. 2, pp: 85-95
- n Funfgeld, Brigitte and Wang, Mei (2009), "Attitudes and behaviour in Everyday finance: Evidence from Switzerland", *International Journal of Bank Marketing*, Vol.27, No.2, pp: 108-128
- n Nagpal, Sushant and Bodla, B.S. (2007), *Psychology of Investments and Investor's Preferences*, Regal Publications, New Delhi
- n Kiran, D. and Rao, U.S. (2004). *Identifying investor group segments based on demographic and psychographic characteristics*. Retrieved on October 8, 2010 at <http://ssrn.com/abstract=870749>
- n Wood, Ryan and Zaichkowsky, Lynne, Zudith (2004), "Attitudes and Trading Behaviour of stock Market Investors: A Segmentation Approach", *Journal of Behavioural Finance*, Vol.5, No.3, pp: 170-179
- n Chandra, A. (2008), "Decision making in the stock market: Incorporating psychology with finance", available online at <http://ssrn.com/abstract=1501721>
- n Hair, J.F., Anderson, R.E. and Tatham, R.L. 1990. *Multivariate data analysis-with reading*. Newyork, USA: Macmillian Publishing Company.
- n Johnson, R. A. and Wichern, D. A. 2002. *Applied Multivariate Statistical Analysis*, NJ, USA: Prentice Hall.
- n Malhotra, N.K. 2002. *Marketing research: an applied orientation*. 3rd edition. New Delhi, India: Pearson education.

COMPARATIVE STUDY OF THE PREFERENCES OF URBAN AND RURAL CONSUMERS WITH RESPECT TO ATTRIBUTES OF CARS

Dr. B.S. Hundal

Associate Professor, Department of Commerce
and Business Management, GNDU Amritsar

Saurabh Grover

Junior Research Fellow, Department of Commerce
and Business Management, GNDU Amritsar

Abstract

An attempt has been made to measure the consumer buying preferences towards cars and both urban and rural segments are compared. The data of 477 respondents was collected from Punjab region. The conjoint analysis using regression has been used to analyze the data. It has been found that Hyundai brand is the most preferred brand now a days and people in both urban and rural region prefer to buy LPG segment than petrol and diesel. It has also been found that as disposable income in Punjab region is high so people prefer to buy cars ranging above 8 lacs. Both urban and rural area gave more weightage to first attribute i.e. brand but the least important attribute in rural area is fuel variant in urban areas is price range.

INTRODUCTION

Behavior of consumer is influenced by cultural forces, social factors like family, reference groups etc. and perceptions (Sternthal et.al 1982). Consumption is a key to understand why consumer buys products (Blackwell, Miniard and Engel, 2007). Rural marketing is the process of developing, pricing, promoting, distributing rural-specific goods and services leading to exchange between urban and rural market, which satisfies consumer demand and also achieves organizational objectives (Iyer, 2008). India, being largely an agricultural and rural oriented economy, need for assessing the potential for rural business and studying buying behaviour in rural market is imperative. A thorough understanding of the rural market has become an important aspect of marketing in the Indian marketing environment today. This attraction towards the rural market is primarily due to the colossal size of varied demand of rural areas. The demand in rural market is growing in India at such a rapid pace that it is going to overtake the demand in urban market. So it can be claimed that rural markets are growing faster than urban markets (Adesara, 2004).

The story of the car is one of the most important chapters in the history of transport. Millions of people use their cars to help them earn a living or to travel for pleasure. The origin of the car can be traced to Europe (Rani 2008). In today's scenario, people in rural and semi urban areas are trying to elevate their life style and people in metropolitan cities are completely disappointed with the public transport system. This has lead to the exponential sales of passenger cars in the domestic market (Kaushik and Kaushik, 2008).

Review of Literature

Kaushik and Kaushik (2008) investigated empirically customer's preference towards passenger car brands in South West Haryana region. They also considered pre purchase and post purchase behavior and factors influencing the brand preference of passenger cars. Judgmental sampling method was followed and study was carried out in Bhiwani and Mahendragarh districts of Haryana in months of June-August 2007. Cross Tabulation and Multi Dimensional Scaling techniques were used. It was observed that Maruti 800, Alto and Wagon-R were favourite in that region and customers were more influenced by friends, relatives rather than dealers and sales persons. Brand name, fuel, efficiency and price were found to be primary determinant for buying cars in that region.

Rani (2008) studied the passenger car industry in India. Trends in car industry had been studied prior to liberalization and post liberalization. She pointed out that broad branding policy which gave new licenses to broad groups of automotive products started in 1985. After liberalization, the passenger car industry in the

nineties was characterized by an increase in the number of brands available in the market which caused brands to compete on the basis of product features.

Thakar et. al (2009) explored the basic parameters for development of new marketing strategy encompassing “Green Marketing” of automobiles among the consumers of the chosen region. Research was conducted to measure the awareness for the green automobiles. The sample of 80 randomly selected voluntary respondents was taken and it was conducted during the period of April to June 2006. Factor analysis and t-test statistics were used to analyze the data. It was found that middle aged segment, urban segment and four wheelers segments of the study exhibit more awareness as compared to younger people and people with rural background.

Peter’s et.al (2011) identified psychological factors that are effective in measuring change in behaviour and helps in promoting fuel efficient cars. Model was proposed which integrated psychological variables that explained the purchase of fuel efficient vehicles by private consumers. The data was collected from 302 Swiss respondents whose household have bought a new car since 2002. Structured equation modeling was used to confirm the factors. It was concluded that problem awareness, symbolic motives and response efficacy influence the respective behaviour indirectly via effecting the direct predictors.

Need and Objective of the Study

A number of studies have been conducted on measurement of buying preferences covering urban segment but rural segment was ignored. Hence the thrust of this proposed study is the comparison between rural and urban consumers especially to understand the rural behaviour in a more comprehensive way. This analysis will be helpful for various car manufacturers and will help them to know about the buying preferences of both the segments. Marketer would be able to form different strategies for marketing their product and penetrating into the rural areas. Hence, the main objective of the paper is to identify and compare the relative importance of different attributes of cars in urban and rural areas.

Research Methodology

The present study is mainly based on primary data collected from 477 respondents from Punjab. The respondents can be further classified as 239 from urban and 238 from rural area. These respondents were interviewed through a pretested, well structured questionnaire which was administered personally. The survey was conducted during the period of January 2011 to June 2011. Convenience cum Judgment sampling method has been used keeping in view the socio economic characteristics. All respondents selected for the study are having cars or they are purchasing it in near future. The families residing in the posh and planned colonies were selected for the survey.

Conjoint Analysis – Inferring consumer preference towards a product and forecasting associate market potential involve dealing with much uncertainty and conjoint analysis is a contingent rating method that allow one to capture consumer preferences rather accurately by providing consumers’ with similar choice situations (lee and cho 2009). Conjoint Analysis is a multivariate technique developed specifically to understand how respondents develop preferences for any type of object (products, services or ideas). (Hair et.al 2011). It is an attempt to convert ordinal scale into interval scale value or utility scale. (Nargundkar, 2010). Conjoint procedures attempt to assign values to the levels of each attribute, so that the resulting values or utilities attached to the stimuli match, as closely as possible, the input evaluations provided by the respondents. (Malhotra, 2010). The basic steps in conducting conjoint analysis are selection of preference models, selection of data collection method, construction of stimulus set and selection of measurement scale and estimation method (Scholz 2008). The three important attributes identified for the cars are brand of car, fuel variant and price range. The levels of these attributes so taken are as follows.

Table-1
Attributes considered by prospective car buyers

Attributes	Levels
Brands (Brands with highest sales in 2010)	<ul style="list-style-type: none"> • Maruti • Hyundai • Tata
Fuel Variant	<ul style="list-style-type: none"> • Petrol • Diesel • LPG
Price Range	<ul style="list-style-type: none"> • Below 4 Lacs • 4-8 Lacs • Above 8 Lacs

The car description can be constructed by using 27 possible combinations of the attributes as follows; three dimensions with three levels each ($3*3*3=27$). Each combination is then written in the form of question.

The 27 combinations are presented in random order and the respondents are asked to rank them from least preferred to most preferred (North and Vos 2002). The ranking of various levels are determined. This method of data collection is called full profile method. The full profile method is recommended when the number of factor is 6 or fewer (hair et. Al). and in our study there are only 3 factors. The respondent is asked to rank order all stimuli or to provide a metric rating of each stimulus (Hauser and Rao 2002).

After the completion of data collection, it is assumed that the overall preference is an additive sum of the part worth of the features by a series of dummy variables and used monotonic regression to estimate contribution of each attribute/ level to overall preference (Hauser and Rao 2002). The coding of the attributes for this purpose known as 'effects coding' which is similar to coding of dummy variables (Nargundkar 2010). The coding of the attributes is done in the following manner-

Table-2 Coding for Brand Name

Brand	Variable (Maruti)	Variable2 (Hyundai)
Maruti Suzuki	1	0
Hyundai	0	1
Tata-1	-1	

Table-3 Coding for Fuel Variant

Fuel Variant	Variable 3 Petrol	Variable4 (Diesel)
Petrol	1	0
Diesel	0	1
LPG	-1	-1

Table-4 Coding for Price Range

Price	Variable 5 (Below 4 lace)	Variable 6 (Above 8 lacs)
Petrol	1	0
Diesel	0	1
LPG	-1	-1

The input data sheets are prepared separately for rural and urban consumers. Mean value of ranks given by respondents is taken and accordingly further ranking is done. The Conjoint analysis is done with the help of regression analysis and adjusted R square for rural data comes out to be 0.927 and 0.880 for urban data which is a pretty good figure. Normality assumption of data is also satisfied in both urban and rural series.

Table-5 Analysis for Rural Data-

Conjoint analysis using regression model is carried out which gave the following results.

Multiple R	0.971
R Square	0.943
Adjusted R Square	0.927
Standard Error	2.1636

Interpretation- All the above figures represent good model fit.

Table-6 Utility Table for Conjoint Analysis-

Attributes	Levels	Part Utility	Range of utility (Max-Min)
Brands	Maruti	-7.741	6.481-(-7.741) = 14.222
	Hyundai	6.481	
	Tata	1.260	
Fuel Variant	Petrol	-3.741	6.371-(-3.741) = 10.112
	Diesel	-2.630	
	LPG	6.371	
Price Range	Below 4 Lacs	-1.852	2.259- (-1.852) = 4.111
	4-8 Lacs	-0.407	
	Above 8 Lacs	2.259	

The table 8 clearly states that most important brand in urban area is Hyundai and least important is Maruti where as LPG is most desirable variant and price range is above 8 Lacs.

The most important combination is Hyundai brand, LPG variant and price range above 8 Lacs. Highest range is for brand and lowest is for price so we can say that people take brand as most important attribute in urban areas and they give least importance to price range.

Discussion, Conclusion and Implications for Marketers

It can be clearly seen that the most important brand in both rural as well as urban area is Hyundai as this particular brand came out with the various innovative versions like i10, i20, Tucson, Verna etc. People in Punjab region prefer cars with low running cost so they mostly prefer LPG variant and they assign less importance to petrol which is quiet expensive. Disposable income in Punjab region is somewhat high so people prefer price range of above 8 Lacs. If marketer wants to approach rural and urban Punjab, they have to come out with the new and latest segments of cars with LPG variant and there is no need to think more about price range as people assigned less weightage to price. Hyundai is very famous in Punjab but it should try to come out with LPG so that desires of individuals can be satisfied. If we look at overall statistical range, it can be seen that in both urban and rural area, branding is the most important attribute but the least important attribute in rural area is fuel variant where as it is price range in urban area. It may be due to the fact that disposable income in rural area is somewhat less than urban area so rural people give more weightage to pricing where as urban people are more concerned about fuel variant than price range. Hence in order to increase customer base, companies have to come out with more innovative versions of cars and try to give LPG version in those cars.

References

- n Adesara, H. (2004), "Making Inroads into the Hinterlands", October 23, (www.indian television.com)
- n Blackwell, Roger, Miniard, Paul & Engel, James 2007. *Consumer Behaviour*. Thomson South Western College Publishers, 10TH Edition.
- n Dogra Balram & Ghuman Karminder (2008). *Rural Marketing: Concepts and Practices*, Tata McGraw Hill Publishing Company limited, New Delhi
- n Hair J F, Ralph E A, Ronald L T and William C B (1995), *Multivariate Data Analysis*, 4th Edition, Prentice Hall, New Jersey.
- n Hauser, J and Rao, V. (2004) "Market Research and Modeling- Progress and Prospects, Chapter- Conjoint Analysis related Modeling and Applications, pp-141-168.
- n Hung L.P, (2005) "A Personalized Recommendation System based on Product Taxonomy for One to One Marketing Online" *Expert Systems with Applications*, Vol. 29, No. 2, pp-383-392.
- n Iyer, S.R (2006), "Marketing Strategies for Rural Indian Markets", www.alliancebschool.com.
- n Kaushik, V.K. & Kaushik, Neeraj (2008). "Buying Behavior for Passenger Cars (A Study in South West Haryana)", *Indian Journal of Marketing*. Vol xxxviii, No. 5, pp- 49-54.
- n Malhotra N K (2005), *Marketing Research: An Applied Orientation*, Pearson Edu. (India Branch), New Delhi.
- n Montaner, M., Lopez, B and De La Rosa (2003) "A Taxonomy of Recommender Agents on the Internet", *Artificial Intelligence Review*, Vol-19, No. 4, pp-285-330.
- n Nargundkar R (2010), *Marketing Research: Text and Cases*, Tata McGraw-Hill Publishing Company, New Delhi.
- n North, Ernest and Vos de Retha (2002). "The Use of Conjoint Analysis to determine Consumer Buying Preferences: A Literature Review", *Journal of Family Ecology and Consumer Sciences*, Vol 30, pp-32-39.
- n Peters, Anja, Gutscher, Heinz and Scholz, Roland (2011). "Psychological Determinants of Fuel Consumption of Purchased New Cars", *Transportation Research*, Vol 14, part-F, pp. 229-239.
- n Rani, Sakthivel (2008). "Passenger Car Industry in India ", *Indian Journal of Marketing*, Vol xxxviii, No. 11, pp. 36-42.
- n Schafer, J., Konstan, J and Riedl, J (1999) "Recommender Systems in E-Commerce in Proceedings of the Ist ACM Conference on Electronic Commerce, pp-158-166.
- n Sholz, Michael (2008). "From Consumer Preferences towards Buying Decisions: Conjoint Analysis as Preference Measuring Method in Product Recommender Systems", 21st Bled e- Conference, University of Passau, Germany.
- n Sternthal, Brian and Craig, Samuel. (1982). *Consumer behaviour- An Information Processing Perspective*: Prentice Hall
- n Thakar, Girish, Joshi, Nitin & Chitale, A.K (2009). "An Investigation of Customer Awareness With Reference To Green Marketing of Automobiles: An Empirical Study Conducted at Indore, Madhya Pradesh", *Indian Journal of Marketing*. Vol. xxxix, No. 9, pp- 11-21.
- n Wei, K., Huang, J and Fu, S (2007): A Survey of Ecommerce Recommender Systems, In 2007 IEEE International Conference on Service Systems and Service Management, pp-1-5.

NATURE OF USAGE AND PERCEIVED QUALITY OF SERVICE OF INTERNET BANKING – A COMPARATIVE STUDY ON IT PROFESSIONALS

Dr. Swaha Bhattacharya

Associate Professor

Department of Applied Psychology

University of Calcutta

Abstract

The aim of the present investigation is to study the nature of usage and quality of service of internet banking as perceived by the IT professionals across Kolkata city. Accordingly, a group of 50 male and 50 female young IT professionals were selected as sample from two IT sectors. A General Information Schedule, Nature of Usage of Internet Banking Questionnaire and Perceived Quality of Internet Banking Services Questionnaire were used in this investigation. The findings revealed that there is an average usage of internet banking services and no significant difference was observed between the male and female group except two items, viz., “manage your investment” and “market match”. Not only this, quality of services as expressed by the IT professionals is more or less good. Findings also reveal that the users take facility of e-mail and sms alerts from net banking, followed by viewing account balances and mini statements, but do hardly make donations and demand drafts online. According to them, more safety and security measures is required for internet banking users. Internet banking is a very important aspect of Indian banking industry. Internet banking not only provides instant banking facilities but it also confers mobility to the account holders. So, measures should be taken for the improvement of the quality of service of internet banking.

INTRODUCTION

Internet banking or online banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In internet banking system the bank has a centralized database that is web-enabled. Internet banking is drastically changing the banking industry. Banking is now no longer confined to the branches where one has to approach the branch in person to withdraw cash or deposit cheque or request a statement of accounts. In internet banking, any enquiry or transaction is processed online without any reference to the branch at any time. Providing internet banking is increasingly becoming a “need to have” or a “nice to have” service. The net banking is now more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services. Internet banking is the latest in the series of technological wonders in the recent past involving use of internet for delivery of banking products and services. Satisfaction with banking services is an area of growing interest to researchers and managers. One of the key challenges of the internet as a service delivery channel is how they manage service quality, which holds a significant importance to customer satisfaction. Internet banking provides a number of added facilities like buying a railway pass, recharging a mobile phone, shopping online, investing online etc. Internet banking bridges time gap, distance and facilities too which are very concerning issues for the young professionals of today. Getting these services only with the help of a PC and internet at any time of the day has made the use of internet banking so popular. Arne and Horst (2006) investigated the importance of antecedents of online loyalty such as trust, quality of website, quality of service and overall satisfaction. Satisfaction and trust were identified as important antecedents of loyalty. Additionally, the moderating role of consumer characteristics, viz., gender, age, involvement, perceived risk and technophobia were the related factors in this regard.

Birgit (2008) investigated the nature of the service quality and satisfaction relationship. The empirical findings provide evidence for the existence of satisfiers and non-satisfiers. Satisfiers exhibit initially no relationship with satisfaction, but after the acceptable level of quality (i.e. inflection point) has been reached, they become positively related. Non-satisfiers follow initially a positive relationship path with satisfaction but after the inflection point, they exhibit no relationship or at best a significantly weakened one with satisfaction. The relationship patterns were found to be service attribute as well as service type dependent. The findings

suggest that for non-satisfiers increasing service quality and infinitum may not be the most prudent approach. Here the gains in satisfaction can no longer be achieved after the acceptable quality level has been reached. However, for satisfiers, service firms must leap over the threshold before gains in satisfaction can be realized. This may require larger investments in quality improvements.

Boal et al. (2007) conducted an exploratory study of length and frequency of internet banking usage. The advent of internet has provided banks an opportunity to reduce costs, increase customer base and mass customization by delivering their products and services through this medium. The findings reveal that as customers become more acclimatized to internet banking services; they use these services more often. Further, daily and also frequent users are more pleased with “ease of use” and “aesthetic” and tend to use internet banking more for electronic fund transfer and foreign exchange transactions than the less frequent users. The findings suggest that bank needs to develop more customized services since there are distinct market segments with different banking requirements.

Byoung et al. (2001) conducted a study to investigate the determinants of consumer’s adoption of internet banking. The findings show that there are significant differences in terms of the demographics of the households that use different payment methods. The result may help banks and financial institutions to implement successful distribution strategies and consumer educators to guide consumers on how better to use banking services. Gloria et al. (1997) investigated the effects of developing typologies of consumer motives for use of technologically based banking services. The findings identified four motivational clusters that differed significantly in their attitudinal and behavioral responses to technological innovations. For example, the instant gratification group was a heavier user of ATM and automatic deposit, whereas hassle avoiders were more likely to use automatic withdrawal. Luis et al. (2008) investigated the role of satisfaction and website usability in developing customer loyalty and positive word-to-mouth (WOM) which has been traditionally two main goals aimed at by managers. Focusing on the online banking the importance of these concepts is even greater due to the increasing competence in electronic commerce. The findings revealed that the satisfaction with previous interactions with the bank website had a positive effect on both customer loyalty and positive WOM. In order to develop customer loyalty and positive WOM, banks should prioritize ease-of-use in website development and identify the needs of online customers in order to offer them what they really want.

According to Marvin et al. (2008), today’s consumers are increasingly rigorous in choosing products in terms of their demands and preferences. To be competitive, business must design services that do not satisfy customers, they must also delight them. The study highlighted how the customer’s voice can be designed into its e-banking system. Besides this, Raman (2009) investigated the moderating effects of involvement on the relationships between satisfaction, trust and commitment in e-banking. The influence of online satisfaction on commitment was significantly stronger for highly involved users; conversely, the effect of satisfaction on trust was weaker. However, customer’s trust had a stronger effect on commitment for customers with purchase involvement, and a weaker effect for highly ego-involved customers. The interaction role of customer involvement thus offers a more complete view of the satisfaction-trust-commitment model, providing an initial test of the efficacy of using involvement to understand online decisions. Another study conducted by Shumaila et al. (2003) extended an area of information systems research into a marketing of financial services context by looking into the element of trust and risk in e-banking. A conceptual model of trust in e-banking is proposed with two main antecedents that influence customer’s trust: perceived security and perceived privacy. The antecedent variables are moderated by the perceived trustworthiness attributes of the bank, which includes benevolence, integrity and competence. Trust is being defined as a function of the degree of risk involved in the internet banking transaction, and the outcome of trust is proposed to be reduced perceived risk, leading to positive intentions towards adoption of e-banking. Considering the above the present investigation has been designed to study the nature of usage of internet banking services as expressed by the IT professionals of Kolkata city and also the quality of service of internet banking as perceived by them.

CONCEPT AND OPERATIONALIZATION

Internet banking : Internet banking or online banking means any user with a personal computer and a browser can get connected to his bank's website to perform any of the virtual banking functions. In internet banking system, the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service.

Nature of usage : In the present study, nature of usage refers to the pattern of services availed by the customers of internet banking services of different banks. It particularly refers to the identification of the services availed by the customers and also frequency of use of those items.

Quality of services : Services are characterized by the fact that they are intangible, simultaneous and heterogeneous and cannot be stored for future consumption. Quality of services in this study refers to the nature of satisfaction that the customers experience from different internet banking services provided by the bank.

OBJECTIVES

1. To study the nature of usage of internet banking services as expressed by the IT professionals of Kolkata City.
2. To study the quality of services as perceived by the IT professionals of Kolkata City.

HYPOTHESES

Hypothesis – I : Nature of usage of internet banking services as expressed by the IT professionals is differentially associated with gender difference.

Hypothesis – II : Quality of services of internet banking as perceived by the IT professionals is differentially associated with gender difference.

STUDY AREA AND SAMPLE

In order to carry out the present investigation, a group of 100 young IT professionals (50 male and 50 female) from two IT sectors (IBM and WIPRO Technologies) across Kolkata City were selected as sample in this investigation. All are users of internet banking services. Their age is between 21-30 years and they are either graduate or post-graduate. IBM is one of the well-known IT sector in the world that offers end-to-end solutions to the customers from hardware to software services and consulting, on the other hand, WIPRO Technologies is another well-known software company in India. It has proved its excellence in media and entertainment, financial services, telecommunication and internet, government insurance and several others.

TOOLS USED

General Information Schedule : It consists of items like name, address, age, gender, educational qualification, designation etc.

Nature of Usage of Internet Banking Services Questionnaire: It consists of a set of 20 items answerable in five fixed categories, viz., very often, often, sometimes, rarely and never. It covers almost all dimensions of nature of usage of internet banking services. The questionnaire was developed by the investigators.

Perceived Quality of Service of Internet Banking Questionnaire: It consists of 20 items considering the quality of service of internet banking as perceived by the user where high score indicates favorable perception and vice-versa. The response pattern consists of five fixed categories, viz., strongly agree, agree, undecided, disagree and strongly disagree. The odd-even split-half reliability is 0.81. The questionnaire was developed by the investigators.

ADMINISTRATION, SCORING AND STATISTICAL TREATMENT

General Information Schedule, Nature of Usage of Internet Banking Services Questionnaire and Perceived Quality of Service of Internet Banking Questionnaire were administered to the selected subjects by giving proper instruction. Data were collected and properly scrutinized. Scoring was done with the help of standard scoring key. Tabulation was done for male and female group separately. In order to determine the general characteristic features of the subject, mode, frequency and percentages were calculated. Mean and S.D. were calculated for other two tests. Comparisons were made by applying chi-square and t-test.

RESULTS AND INTERPRETATION

The general characteristics data inserted in Table –1 reveals the characteristic features of the subjects, under study.

Table – 1 General characteristic feature of the subjects

General characteristics	Male (N=50)	Female (N=50)	Combined (N=100)
Age in years (mode)	24.25	26.64	25.92
Educational Qualification (%)			
Graduation	66.00	64.00	65.00
Post-graduation Designation (%)			
Employee	36.00	34.00	35.00
Officer	38.00	46.00	42.00
Manager	26.00	20.00	23.00

Data inserted in Table-2 reveals the nature of usage of internet banking service as expressed by the IT professionals of Kolkata city. Internet banking is the latest in the series of technological wonders in the recent past involving use of internet for delivery of banking products and services. Getting these services only with the help of a personal computer and internet at any time of the day has made it popular. But in the present investigation, the findings indicate that the variety of internet banking services is not equally popular among the users. Though some services are highly popular among them, but many of them are yet to be availed by the young IT professionals of Kolkata city. Further it can be said that majority of the IT professionals avail services as “make payment online”, “manage the investment”, “facility of e-mail and sms alerts”, “optional alerts online”, “pay utility bills”, “online shopping”, “view account balances and mini statements”, “transaction enquiry and e-ticketing”. However, services such as “one bank view”, “transfer funds”, “deposit cash or cheque”, “market match”, “personalized cash withdrawal”, “refill the prepaid mobile” and “move ticket booking” are availed on an average basis by the young IT professionals. But services like “book fixed deposit”, “demand drafts online” and “donation” are not at all popular among the IT professionals. When comparison was made between the male and female group of IT professional in terms of nature of usage of internet banking services, significant difference was observed only on “manage the investment” and “market match”. But no significant difference was observed in connection with the other factors. Thus the **Hypothesis –I** which postulates, “**Nature of usage of internet banking services as expressed by the IT professionals is differentially associated with gender difference**” – is rejected except for item no. 4 and 17.

Table -2: Comparison between the male and female group of IT professional in terms of nature of usage of internet banking services

Serial no.	Internet Banking Services	Chi-square values
1.	One bank view	7.22 *
2.	Make payment online	4.54*
3.	Transfer funds	3.16*
4.	Manage the investment	10.36**
5.	Book fixed deposit	4.80*
6.	Facility of e-mail and sms alerts	4.90*
7.	Inter bank fund transfer	3.76*
8.	Optional alerts online	1.18*
9.	Pay utility bills	2.08*
10.	Online shopping	4.76*
11.	View account balances and mini statements	1.80*
12.	Transaction enquiry	7.66*
13.	Movie ticket booking	5.22*
14.	Demand draft online	2.42*
15.	Donation	0.92*
16.	E-ticketing	3.62*
17.	Market match	10.34**
18.	Deposit cash or cheque	3.08*
19.	Personalized cash withdrawals	6.94*
20.	Refill the prepaid mobile	5.82*

* Difference is insignificant. ** Difference is significant at 0.05 level.

Comparison was made between the male and female group of IT professionals in terms of perceived quality of service of internet banking (Data inserted in Table -3). There are some factors which the users perceive favorably; on the contrary, there are some other factors which they perceive unfavorably. Young IT professionals opined that net banking is easy to use; there is no difficulty in accessing account, website appears to be responding, availability of information is satisfactory, bank website loads fast, use of internet banking is enjoyable, behavior of customer care executive is good, products are delivered in time, internet banking services are easy for communication and bank's responsiveness in dealing with internet banking transactions is satisfactory. However, there are certain problems and doubts regarding specific issues. Users feel that there are chances of money being debited or credited wrongly, bank account may be hacked. Besides this, internet banking services are not always reliable, it takes a lot of time to get the internet banking account start and this service does not give proper safety and security to the consumer. Although consumers agree that the bank tries to fulfill each and every criterion of internet banking transactions, still there are certain complaints against internet banking. As internet banking is increasingly becoming "a need to have" than "a nice to have" service, young IT professionals feel that internet banking service is recommendable. When comparison was made between the two groups of IT professionals (male and female) in terms of perceived quality of service of internet banking, no significant difference was observed. Thus the **Hypothesis – II** which states, "**Quality of service of internet banking as perceived by the IT professionals is differentially associated with gender difference**"– is rejected in this investigation.

Table – 3: Comparison between the male and female group of IT professionals in terms of perceived quality of service of internet banking

Category	Perceived	Quality of	Service of	Internet Banking
	N	Mean	S.D.	t-value
Male	50	69.66	10.17	1.80*
Female	50	66.24	8.77	

Score range: 20 to 100

High score indicates good service and vice-versa. * Difference is insignificant.

CONCLUDING REMARKS

The study reveals that nature of usage of internet banking as expressed by the IT professionals of male and female groups do not differ except only for two items, viz., “manage the investments” and “market match”. On the other hand, no significant difference was observed between the male and female group in terms of perceived quality of service of internet banking statistically but from mean score, it can be said that male group perceive it comparatively better than that of the female group. Young IT professionals perceive quality of service of Internet Banking is more or less good and acceptable. However, the variety of services offered through internet banking is not equally popular among internet banking users. It can be said from the findings that the participants take facility of e-mail and sms alerts from net banking, followed by viewing account balances and mini statements, but do hardly make donations and demand drafts online. Internet banking is a very important aspect of Indian banking industry. It not only provides instant banking facilities but also confers mobility to the account holders. Banking services being a sophisticated nature should be promoted carefully, clearly and innovatively. Though banks have come up with several security measures, the customers are also required to be a bit careful to ensure security and safety of internet banking.

References:

- n *Arne, F. and Horst, T., (2006). What keeps the e-banking customer loyal? A multi-group analysis of the moderating role of consumer characteristics on e-loyalty in the financial service industry, Journal of Electronic Commerce Research, 7(2), 97-104.*
- n *Birgit, L.P. (2008). The nature of the service quality and satisfaction relationship, empirical evidence for the existence of satisfiers and not – satisfiers, Managing Service Quality, 18 (6), 537-542.*
- n *Bool, H.K. and Herman, R. (2007). An exploratory study of length and frequency of internet banking usage, Journal of Theoretical and Applied Electronic Commerce Research, 2(1), 76-85.*
- n *Byoung, M.K., Richard, W. and Tansel, Y. (2001). The determinants of consumer’s adoption of internet banking, [http:// www.bos.frb.org/news](http://www.bos.frb.org/news)*
- n *Gloria, B., Pam, S.E. and Bruce, K.P.(1997). Developing typologies of consumer motives for use of technologically based banking services, Journal of Business Research, 38(2), 131-139.*
- n *Luis, V.C., Carlos, F. and Miquel, G. (2008). The role of satisfaction and website usability in developing customer loyalty and positive word-of-mouth of the e-banking services, The International Journal of Bank Marketing, 26(6), 399-406.*
- n *Marvin, E.G, Rene, D.M. and Rhonda, W.M. (2008). An alternative approach in service quality: An e-banking case study, The Quality Management Journal, 15 (1), 41-48.*
- n *Ramon, Y.C. (2009). The moderating effects of involvement on the relationships between satisfaction, trust and commitment in e-banking, Journal of Interactive Marketing, 23 (3), 247-258.*
- n *Shumaila, Y.Y., John, G.P. and Gordon, R.F. (2003). A proposed model of e-trust for electronic banking, Technovation, 23 (11), 847-860*

A STUDY ON EFFECTIVENESS OF RECRUITMENT PROCESS IN BPO SERVICES IN CHENNAI, TAMILNADU

P. Bhuvanswari

Assistant Professor
MBA, SNS COLLEGE OF
ENGINEERING, Coimbatore

N. S. Suganya

Assistant Professor
MBA, SNS COLLEGE OF
ENGINEERING, Coimbatore

P. Senthil Kumar

Assistant Professor
MBA, SNS COLLEGE OF
TECHNOLOGY, Coimbatore

Abstract :

The business process outsourcing industry in India is growing at a phenomenal pace. The study has been taken on the topic "A Study on effectiveness of Recruitment Process at BPO Services in Chennai, Tamilnadu", to analyze the effectiveness and various recruitment process. Human resources are a term used to describe the individuals who comprise the workforce of an organization. Recruitment forms a major part of an organization's overall resourcing strategies, which identify and secure people needed for the organization to survive and succeed in the short to medium-term.

The data has been collected using questionnaire and it has been analyzed in a general way which involves a number of closely related operation that are performed with the purpose of summarizing the collected data and organizing them in such a manner that answer the research questions. The whole chapter of analysis and interpretation is based on the responses of 140 respondents who were administered with a questionnaire which contain the personal data their views about the recruitment process and procedure.

INTRODUCTION

Recruiting is the discovering of potential applicants for actual or anticipated organization vacancies. BPO services are now looking out for new ways of giving themselves a competitive advantage. Employees are the biggest assets in any organization and it becomes vitally important that this asset is properly selected and placed in the right place at the right time. These assets must be properly nurtured and their efforts to be harnessed so as to obtain maximum productivity. Recruitment is an important aspect in this regard. Thus, in this context it becomes important to make an empirical study on the effectiveness of the recruitment process and a study in this aspect is carried out.

BPO services are a socio-technical business innovation that provides a rich new source of competitive advantage. In many organizations recruiters spend a majority of their time sorting through resumes in their inbox or finding candidates from job boards - over 60% of their time is spent in these areas. Outsourcing their non core functions help save time and increase productivity levels. Many organizations today are considering recruiting process from India as one of the possible options to stay ahead and be competitive that helps save time and costs. The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contains Preparing the job description and person specification, Locating and developing the sources of required number and type of employees (Advertising etc), Short-listing and identifying the prospective employee with required characteristics, Arranging the interviews with the selected candidates, Conducting the interview and decision making

REVIEW OF LITERATURE

Taylor, m. Susan; Bergmann, Thomas J. (1987) in their article emphasis that the Organizational **recruitment** activities have been hypothesized to affect applicants' reactions to the organization, independent of effects exerted by the job attributes associated with the position (e.g., location, salary, title). The authors utilized a co relational design and a field setting in assessing applicants' reactions to a five-stage **recruitment** program. **Recruitment** activities were significantly related to applicants' reactions only at the initial interview stage. Conversely, job attributes emerged as significant predictors of applicants' reactions at each of the four **recruitment** stages where they were assessed. No support was found for three hypothesized moderating variables—the perceived comparability of job offers, applicants' work experience, and their labor market opportunities. Suggestions for strengthening organizational **recruitment** programs and for directing further research are discussed.

Manishankar Chakraborty (2008) in his article “Recruitment dynamics” stresses that recruitment has metamorphosed from a peripheral to a central activity of an organization. The emergence of knowledge sectors, coupled with novel HR practices, giving a new shape and dimension to the recruitment landscape. The article insists about the novel recruitment practices which enable the local companies to go global. Head-hunters, RPO, referrals, database development are few among them. It concludes by insisting that the recruitment process has changes over the years. There is a need to understand the changing dynamics in the recruitment landscape. In spite of all-round developments taking place all across the industries, the rural urban divide still exists, mainly because the chunk of population from rural sphere thrive on a partly income.

DSNV Prasad Rao (2009) in his article “Recruitment – An essential HR activity” says that the best organizations succeed not because of the people they hire but because of the right people. An effective recruitment process is an essential tool in the hands of a successful business manager. The recruitment process has to be continuously improved and ensured that every recruitment cycle fetches a better employee than the previously recruited. An HR manager should be made conscious that they are laying the foundation of an organization. If they show any lethargy or take any untoward steps, no matter how strong the building will be, it would crumble one day. Since the organization process, to a great extent, depends on the kind of people one recruits, one needs to take care of every possible alternative which is there, to get the right fit.

OBJECTIVES OF THE STUDY

- I To study the effectiveness of recruitment strategy at BPO services in Chennai
- I To understand what all Recruitment practices are being adopted so as to make the BPO services work well.
- I To study the different sources of recruitment which are adopted in BPO services
- I To study the different stages of recruitment process which led to selection of a candidate till a selection is made.

RESEARCH METHODOLOGY

The study was conducted in the BPO Sector, Chennai. The size of the sample is 140 respondents. The study made use of primary and secondary data. Primary data was collected by using the structured questionnaire format. Secondary data was collected from books, magazines and manuals of organization.

SOURCES OF RECRUITMENT IN BPO SERVICES

1. Networking - Developing relationships with institutions that have direct or indirect access to culturally diverse candidates
2. Internet - Searching web databases, placing ads at various career sights geared toward a diverse array of individuals, attending on-line career chats
3. Resume Services - Purchasing a packet of resumes that match identified hiring criteria and contain a significant level of diversity.
4. Direct Mail Campaign - Systematically sending recruitment materials to culturally diverse individuals who meet your hiring criteria and organizations that have access to such individuals.
5. Job Fairs - Participating in job and career fairs that cater to culturally diverse job seekers.
6. Newspaper/Periodical Advertising - Placing job ads in periodicals that cater to culturally diverse individuals.
7. Radio & Television Advertising - Placing job ads on shows that cater to culturally diverse individuals.
8. Professional Associations - Becoming actively involved in a professional association that caters to underrepresented members of a particular profession

Statistical Tools used :

The collected data have been analyzed with the help of tools like

- I Simple percentage method
- I Garrett Scale
- I ANOVA and
- I Chi-square tests are used

DATA ANALYSIS AND INTERPRETATION

Table 1 showing Personal Profile of the respondents using Simple Percentage Method

GROUP	CLASSIFICATION	NO OF RESPONDENTS	PERCENTAGE
Gender	Male	95	68
	Female	45	32
Age	>20	29	20
	20-25	50	36
	25-30	40	27
	30<	21	17
Educational Qualification	Technical (+2 & Diploma)	45	32
	Under Graduate	69	49
	Post Graduate	35	19
Marital Status	Married	42	30
	Unmarried	98	70
Experience	0-3yrs	62	44
	3-7 yrs	53	38
	Above 7 yrs	25	18

Inference

Most 68% of the respondents are male, Maximum (35%) of the respondents are in the age from 20 to 25 years, nearly half (49%) of the respondents are under graduates, Majority (70%) of the respondents are unmarried, Less than half (44%) of the respondents are holding the services between 3 and 7 years.

Table 2 Showing Garrett's Rank showing the critical screening round in the organization using Garrett Scale Method

Distribution of respondents based on the factors that are concentrated highly during critical screening round conducted during the selection of candidates such as Group Discussion, Voice and Accent, Written test, Technical skills and HR Interview. The scale is based on high to low focus that the respondents feel during their selection.

Factors	Garrett's Scale					Weight age	Rank
	75	60	50	45	24		
Group Discussion	54	41	27	11	7	12.18	2
Voice and Accent	18	28	48	16	30	9.81	5
Written Test	45	57	24	9	5	12.17	3
Technical Skills	33	25	30	28	24	10.44	4
HR Interview	54	41	27	11	7	12.77	1

Source : Primary Data

Interpretation

The above table reveals that the rank order reveals that the high focus they feel during their selection was towards HR interview that occupies the 1st place followed by the Group Discussion which is ranked 2nd by the respondents, whereas third place is for the written test, fourth place to the Technical skills and finally the 5th rank is for voice and accent.

Table 3 showing relationship between Educational Qualification and opinion on job assignment using Chi-square Method

Educational Qualification	Opinion on Job assignment			Total
	Agree	Neutral	Strongly Agree	
Technical (+2 & Diploma)	14	6	16	45
Under Graduate	17	18	14	69
Post Graduate	7	5	9	26
Total	38	29	39	140

Chi Square Value = 1.509
 Degree of Freedom = 2
 Table Value = 5.991
 Result = Not Significant

H₀ : Null Hypothesis

There is no significant relationship between Gender and opinion on job assignment and qualification

H₁: Alternative Hypothesis

There is significant relationship between Gender and opinion on job assignment and qualification

$$\chi^2 = \sum (O - E)^2 / E = 1.509$$

$$\text{Degree of Freedom} = (c-1) (r - 1)$$

$$= (3-1) (2-1)$$

$$= 2 \times 1$$

$$= 2$$

$$= 5.991$$

Interpretation

The result of the chi-square test reveals that the calculated chi-square value (1.509) is less than the table chi-square value (5.991) at 5% level of significance and therefore, the relationship between Gender and opinion on job assignment and qualification is not significant. Thus the hypothesis is that the relationship between Gender and opinion on job assignment and qualification does not hold good.

Inference

There is no significant relationship between Gender and opinion on job assignment and qualification. Thus the null H_0 hypothesis is accepted and alternative (H_1) is rejected.

Table Showing Analysis of Variance between Experience of the Respondents and Opinion on present job opportunities for career growth

Experience	Opinion on present job and Opportunities for career growth			Total
	Strongly agree	Neutral	Agree	
0 to 3 years	17	12	33	62
3 to 7 years	14	9	30	53
Above 7 years	8	6	11	25
Total	39	74	27	140

Source of Variation	SS	df.	Mean Square	F-ratio	5% F-limit
Between Columns	398	(3-1) = 2	198.78	8.24	F(2,4)=6.94
Between Rows	248	(3-1)=2	124.11	5.15	F(2,4)= 6.94
Residual of error	96	2 x 2 = 4	24.11		
Total	742	(3 x 3)-1 = 8			

The above table shows that the calculated value of F is 8.24 which is more than the table value of 6.94 at 5% with d.f. being (2,4) for between columns i.e. opinion on present job opportunities for career growth and the calculated value of F is 5.15 which is marginal less than the table value 6.94 between rows i.e. Experience of the Respondents. The analysis of variance between Experience of the Respondents and Opinion on present job opportunities for career growth is marginally significant.

Therefore it is clear that there is significant variance between Experience of the Respondents and Opinion on present job opportunities for career growth.

FINDINGS

- n 68% of the respondents are male, Maximum (35%) of the respondents are in the age from 20 to 25 years, nearly half (49%) of the respondents are under graduates, Majority (70%) of the respondents are unmarried, Less than half (44%) of the respondents are holding the services between 3 and 7 years.
- n It was found that the rank order reveals that the high focus they feel during their selection was towards HR interview that occupies the 1st place

- n It was found there is no significant relationship between Gender and opinion on job assignment. Thus the null H_0 hypothesis is accepted and alternative (H_1) is rejected.
- n It was found that there is significant variance between Experience of the Respondents and Opinion on present job opportunities for career growth.

SUGGESTIONS

- n Technical skill, experience of the candidates and other different dimensions are to be focused based on the nature of the job provided.
- n Certain measures such as training and technical support, skill development related to the employee job will make him secured.
- n HR specialists will periodically monitor the employee's involvement in the job for total productivity and attaining the organization goal.
- n A measure has to be adopted to provide career growth, assurance for good performance by the employees to increase ability and skill.
- n After recruitment, the appointed personnel can be made known to all the employees in the particular department, before commencing the job.
- n Certain psychological tools should be implemented to access the personality of the candidates, if necessary.

BIBLIOGRAPHY

- n *Taylor, m. Susan; Bergmann, Thomas j. (1987), " Organizational recruitment activities and applicants' reactions at different stages of the recruitment process." Personnel psychology, summer87, vol. 40 issue 2, p261-285*
- n *Chakraborty, Manishankar (2008), "Recruitment Dynamics", HRM Review, November issue, Page: 16-19.*
- n *DSNV Prasad Rao (2009)," Recruitment : An Essential HR Activity ",HRM Review, January 2009, http://www.iupindia.in/109/HRM_Recruitment_28.html*
- n *K. Aswathappa (1997), " Human Resource and Personal management", Tata Mcgraw Hill Publishing Company Ltd, New Delhi-110001.*
- n *C.R Kothari (2001), "Research Methodology" of Wishwa Prakashan publishing, Chennai-17.*
- n *Biswaject Pattanayak (2001), "Human Resource and Personal Management" Prentice Hall of India Pvt., Ltd. New Delhi.*

AN ANALYSIS OF CUSTOMER ATTITUDE TOWARDS BANKING SERVICES WITH REFERENCE TO PRIVATE SECTOR BANKS

Bindiya Tater

Research Scholar, Suresh Gyan Vihar University, Jaipur, Rajasthan.

Dr. Sameer Sharma

Professor & Dean(Management & Hotel Management), People's University, Bhopal

Navratan Bothra

Research Scholar, Madhya Pradesh Bhoj Open University, Bhopal

Abstract

With the advent of liberalization policy and RBI's easy norms several private banks have entered in Indian banking sector which has given birth to cut throat competition amongst banks for acquiring large customer base and market. Banks have to deal with many customers and render various types of services to their customers.

The objective of the present research is to study private banks in terms of the services provided by them. The research work uses both the sources of data collection i.e. primary and secondary sources. Four private sector banks from Bikaner and Jaipur regions of Rajasthan are considered for study. Primary data has been collected from 500 bank customers through a structured questionnaire. Kruskal Wallis test is used to rank different services as per customer responses. The result indicates that cash withdrawal remains the most popular banking service through branch banking and ATM banking.

Introduction

The banking industry in India is steadily expanding. Liberalization of economy has created a competitive culture, which has taken the service industry and particularly the banking industry by storm. Banking sector is the backbone of every country. Changes through technology have a sweeping impact on any country. The developments in information collection, storage, processing and transmission technologies have influenced all aspects of banking activity.

Private Banks

Private Banks have played a major role in the development of the Indian banking industry. They have made banking more efficient and customer friendly. In the process they have jolted public sector banks out of complacency and forced them to be competitive. New private sector banks have brought with them state-of-the-art technology, have built upon modern infrastructure, a wide network of branches, shown superior standards in productivity and encouraged several global practices.

The success of most of the private sector banks can be attributed to their proactive measures with respect to their relationship with the customer. This has compelled the public sector banks to do some introspection and work towards understanding the changing demands of the customer and equip themselves in order to cater to the growing expectations of the customer.

Services provided by banks

People go to banks when they need a loan to purchase a new house, tuition fees for their study, financial advice for investments, or a credit line for starting a newly owned business (Rose, 1999). Thus, banks are providers of the widest ranges of financial products and services, labeled as a "financial department store"

The financial needs of high net worth individuals, families, and their businesses differ from those of most consumers. Consumers use banks to keep financial resources safe and readily available for use. Private banking clients must usually present a certain minimum net worth to obtain private banking services. Private bank services are Cash Withdrawal, Tax, Insurance, Utility Bill payments Account Balance, Fund Transfer, Investment information and Online loan related information, Download online forms, E-ticketing etc.

Customers of the bank rely upon its ability to liquidate financial resources held on account when they request the bank to do so. Banks provide customers with specially printed checkbooks. Banks lend money to private and business customers. These loans take the form of personal loans, commercial/business loans, and home/property loans (mortgages).

Banks also issue credit cards to customers. A credit card is a form of demand loan available to the customer. The bank also supports its credit card business by processing payments to settle customer credit card bills. To support merchants accepting customers' credit cards, banks may offer a merchant network service. Merchant network services include card terminals or credit card machines.

Banks provide debit cards to their customers. Sometimes called check cards, debit cards provide ready access for customer use without the need to make a physical check or cash withdrawal. Customers may use debit or credit cards in the bank's automatic teller machine (ATM).

Banks facilitate fund transfers for customers via wire transfer and electronic transfer of funds. Banks utilize an interbank network to transfer funds for clients. Banks also provide certified or cashiers' checks for customers. The bank guarantees the check so that the customer may offer it as certified available funds to a payee. In order to create a certified check, the bank usually withdraws client funds. Banks interact with their customers and deliver services in electronic environments.

Objective of the Study

The general purpose of this study is to explore customers' attitude towards the popularity of ATM Banking, Branch banking, Internet Banking, Mobile/Tele-Banking services such as investment opportunities/new offerings, cash withdrawal, tax, insurance, utility bill payments, fund transfer within the same bank branches, transferring money to other banks, Investment information and online loan related information, e-ticketing and getting information inquiry.

Services provided by banks

People go to banks when they need a loan to purchase a new house, tuition fees for their study, financial advice for investments, or a credit line for starting a newly owned business (Rose, 1999). Thus, banks are providers of the widest ranges of financial products and services, labeled as a "financial department store"

The financial needs of high net worth individuals, families, and their businesses differ from those of most consumers. Consumers use banks to keep financial resources safe and readily available for use. Private banking clients must usually present a certain minimum net worth to obtain private banking services. Private bank services are Cash Withdrawal, Tax, Insurance, Utility Bill payments Account Balance, Fund Transfer, Investment information and Online loan related information, Download online forms, E-ticketing etc.

Customers of the bank rely upon its ability to liquidate financial resources held on account when they request the bank to do so. Banks provide customers with specially printed checkbooks. Banks lend money to private and business customers. These loans take the form of personal loans, commercial/business loans, and home/property loans (mortgages).

Banks also issue credit cards to customers. A credit card is a form of demand loan available to the customer. The bank also supports its credit card business by processing payments to settle customer credit card bills. To support merchants accepting customers' credit cards, banks may offer a merchant network service. Merchant network services include card terminals or credit card machines.

Banks provide debit cards to their customers. Sometimes called check cards, debit cards provide ready access for customer use without the need to make a physical check or cash withdrawal. Customers may use debit or credit cards in the bank's automatic teller machine (ATM).

Banks facilitate fund transfers for customers via wire transfer and electronic transfer of funds. Banks utilize an interbank network to transfer funds for clients. Banks also provide certified or cashiers' checks for customers. The bank guarantees the check so that the customer may offer it as certified available funds to a payee. In order to create a certified check, the bank usually withdraws client funds. Banks interact with their customers and deliver services in electronic environments.

Objective of the Study

The general purpose of this study is to explore customers' attitude towards the popularity of ATM Banking, Branch banking, Internet Banking, Mobile/Tele-Banking services such as investment opportunities/new offerings, cash withdrawal, tax, insurance, utility bill payments, fund transfer within the same bank branches, transferring money to other banks, Investment information and online loan related information, e-ticketing and getting information inquiry.

Hypothesis of the Study

H_1 : Usefulness of banking services is same for all the banks.

H_0 : There is no significant difference between usefulness of banking services between the four private banks.

H_a : There is a significance difference between usefulness of banking services between the four private banks.

Research Methodology

Descriptive research methodology has been used to accomplish this study. Descriptive research can use qualitative or quantitative methods to describe or interpret a current event, condition or situation.

Collection of data: For the study both primary and secondary data have been collected, analyzed tabulated and presented in a lucid manner. For collection of primary data, stratified random and convenience sampling has been used. For collecting secondary data books, research papers, Journals, magazine and internet etc. have been considered. The primary data was collected with the help of a structured questionnaire.

Questionnaire development: The questionnaire consists of three sections. Section 1: Demographic profile of the Respondents, Section 2: Customer's account profile of the Respondents, Section 3: Customers attitude towards with different banking services.

Scope of the study:

Four private sector banks (ICICI, HDFC, AXIS, INDUSIND) have been considered from Bikaner to Jaipur regions of Rajasthan.

Customer's attitude towards banking services: The data were collected from 500 bank customers (ICICI bank- 154, HDFC bank- 88, AXIS bank- 77, INDUSIND bank- 84) through structured questionnaire method out of which 403 replied it.

The data collected were tabulated and analyzed for the purpose of giving precise and concise information. The simple frequency percentage was adopted as the statistical measure and hypothesis testing was analyzed using the Kruskal Wallis test.

Results and Discussion

An attempt has been made to study bank customer's attitude towards banking services.

Hypothesis of the Study

H_1 : Usefulness of banking services is same for all the banks.

H_0 : There is no significant difference between usefulness of banking services between the four private banks.

H_a : There is a significance difference between usefulness of banking services between the four private banks.

Research Methodology

Descriptive research methodology has been used to accomplish this study. Descriptive research can use qualitative or quantitative methods to describe or interpret a current event, condition or situation.

Collection of data: For the study both primary and secondary data have been collected, analyzed tabulated and presented in a lucid manner. For collection of primary data, stratified random and convenience sampling has been used. For collecting secondary data books, research papers, Journals, magazine and internet etc. have been considered. The primary data was collected with the help of a structured questionnaire.

Questionnaire development: The questionnaire consists of three sections. Section 1: Demographic profile of the Respondents, Section 2: Customer's account profile of the Respondents, Section 3: Customers attitude towards with different banking services.

Scope of the study:

Four private sector banks (ICICI, HDFC, AXIS, INDUSIND) have been considered from Bikaner to Jaipur regions of Rajasthan.

Customer's attitude towards banking services: The data were collected from 500 bank customers (ICICI bank- 154, HDFC bank- 88, AXIS bank- 77, INDUSIND bank- 84) through structured questionnaire method out of which 403 replied it.

The data collected were tabulated and analyzed for the purpose of giving precise and concise information. The simple frequency percentage was adopted as the statistical measure and hypothesis testing was analyzed using the Kruskal Wallis test.

Results and Discussion

An attempt has been made to study bank customer's attitude towards banking services.

Section 1: Demographic profile of the respondents

Table 1: Demographic profile of the Respondents

Demographic Variables	Categories	ICICI	HDFC	AXIS	INDUSIND
Sex	Male	122 (79)	74 (84)	65 (84)	68 (81)
	Female	32 (21)	14 (16)	12 (16)	16 (19)
Age	18 yrs-30 yrs	42 (27)	42 (48)	45 (58)	31 (37)
	30 yrs-45 yrs	76 (49)	31 (35)	21 (27)	36 (43)
	45 yrs+	36 (23)	15 (17)	11 (14)	17 (20)
Qualification	Under Graduate	28 (18)	14 (16)	21 (27)	21 (25)
	Graduate	53 (34)	28 (32)	24 (31)	24 (29)
	Post Graduate	73 (47)	46 (52)	32 (42)	38 (46)
Monthly Income	< 10000	38 (25)	21 (24)	18 (23)	11 (14)
	10001-20000	58 (38)	25 (28)	29 (38)	30 (36)
	20001-350003	34 (22)	28 (32)	21 (27)	37 (44)
	5001 & above	24 (16)	16 (10)	10 (13)	6 (7)

Figures in brackets denotes % to column total, Source: primary data-Questionnaire

The result reveals that about 58% of AXIS bank respondents belong to the age group of 18 yrs-30 yrs, 49% of ICICI bank respondents belong to the age group of 30 yrs-45 yrs and 23% of ICICI bank respondents belong to the age group of 45 yrs+. Most preferred age group for banking technology adoption is 18 yrs-30 yrs then 30 yrs-45 yrs.

Qualification/Education is the factor that makes the customer aware of the banking technology and also helps them in easy adoption. Among the four banks, about 27% of AXIS bank respondents belong to the

qualification category of undergraduate, 34% of ICICI, 32% of HDFC, 31% of AXIS and 29% of INDUSIND bank customers belong to the qualification category of graduate. 52% of HDFC, 47% of ICICI, 46% of INDUSIND and 42% of AXIS bank customers belong to the qualification category of post graduate.

The survey reflect that about 25% of ICICI bank respondents, 24% of HDFC bank respondents, 23% of AXIS bank respondents and 14% INDUSIND bank respondents belong to the monthly income category of <10000, 38% of ICICI and AXIS bank respondents belong to the monthly income category of 10000-20000, 44% of INDUSIND, 32% of HDFC, 27% of AXIS and 22% ICICI bank respondents belong to the monthly income category of 20001-35000, 16% of ICICI and HDFC bank, 13% of AXIS and 7% INDUSIND bank respondents belong to the monthly income category of 35001 and above.

Section 2: Customer profile of the Respondents

Table 2: Association of the Respondents with bank

Customer's account Variables	Categories	ICICI	HDFC	AXIS	INDUSIND
Type of account	Current	87 (56)	16 (18)	29 (38)	27 (32)
	Saving	67 (44)	72 (82)	48 (63)	57 (68)
Time of association with Banks	<2yr	52 (34)	38	27 (35)	31 (37)
	2 – 4 yrs	64 (42)	(43)	37 (48)	36 (42)
	4 yrs & above	38 (25)	27 (31) 23 (26)	13 (17)	17 (20)
Frequency of visits to Banks	Every day	39 (25)	31	24 (31)	31 (37)
	2-3 times per week	46 (30)	(35)	19 (25)	26 (31)
	1-2 times per Month	69 (45)	34 (39) 23 (26)	34 (44)	27 (32)
Access to Electronic Banking services		134(87)	75	68 (88)	72 (86)
		122	(85)	72	68 (81)
		(79)	78	(94)	41 (49)
	ATM Banking	87 (56)	(89)	41	36 (43)
	Branch Banking	76 (49)	45	(53)	
		(51)	44		
	Internet Banking		53	(57)	
	Mobile banking/Tele banking		(60)		

Figures in brackets denote % to column total, Source: primary data-Questionnaire

Table 2 represents the statistics of the respondents about the form and age group of association with the bank. From the table it was found that 56% of respondents having current account and 44% of respondents having a saving account belongs to ICICI bank, 18% of respondents having current account and 82% of respondents have saving account belongs to HDFC bank, 38% of respondents having current account and 63% of respondents have saving account belongs to AXIS bank, 32% of respondents having current account and 68% of respondents have saving account belongs to INDUSIND bank.

Timing of association represents state of connection. The result shows that most of respondents have 2 yrs-4yrs of the association with their banks. People have long timing of accounts with public bank and as Private Banks are new. So, the timing of the association is less and these bank needs to generate more publicity among customers about their product and services. The longer the duration of holding an account with the bank, the more trust is developed which adds to customers' satisfaction.

From the table it was found that 45% of ICICI bank respondents visit 1-2 times per month, 39% of HDFC bank respondents visit 2-3 times per week 44% of INDUSIND bank respondents visit 1-2 times per month.

The survey reflects that for ICICI, 36% of respondents prefer ATM Banking, 28% prefer branch banking, 20% prefer Internet Banking and 16% prefer Mobile/Tele-banking. Similarly for HDFC 36% of respondents prefer ATM Banking, 34% prefer branch banking, 16% prefer Internet Banking and 14% prefer Mobile / Tele-banking. In AXIS bank, 42% of respondents prefer ATM Banking, 31% prefer branch banking, 17% prefer Internet Banking and 10% prefer Mobile /Tele-banking. 42% of respondents prefer ATM Banking, 24% prefer branch banking, 21% prefer Internet Banking and 13% prefer Mobile /Tele-banking in INSUSIND bank. The result reveals that ATM and Branch banking remain as the popular banking services.

Section 3: Customers attitude towards banking services

Table 3: Ranking of banking services (ICICI BANK)

ICICI BANK							
Rank banking services from (1 to 7)	1	2	3	4	5	6	7
Cash Withdrawal	32	32	26	22	15	12	15
Tax, Insurance, Utility Bill payments	22	19	35	26	21	12	19
Account Balance	34	34	19	17	21	12	17
Fund Transfer	15	20	28	24	25	25	17
Investment information and Online loan related information	16	22	17	16	29	22	32
Download online forms	19	10	14	17	25	38	31
E-ticketing	16	17	15	32	18	33	23

Table 4: Ranking of banking services (HDFC BANK)

HDFC BANK							
Rank banking services from (1 to 7)	1	2	3	4	5	6	7
Cash Withdrawal	15	16	14	11	13	5	14
Tax, Insurance, Utility Bill payments	11	3	6	15	24	23	6
Account Balance	15	8	8	14	12	20	11
Fund Transfer	12	11	16	9	11	18	11
Investment information and Online loan related information	13	18	13	14	9	8	13
Download online forms	12	16	12	13	9	11	15
E-ticketing	10	16	19	12	10	3	18

Table 5: Ranking of banking services (AXIS BANK)

HDFC BANK							
Rank banking services from (1 to 7)	1	2	3	4	5	6	7
Cash Withdrawal	11	14	10	22	10	5	5
Tax, Insurance, Utility Bill payments	13	8	14	14	18	3	6
Account Balance	10	19	11	8	7	3	19
Fund Transfer	10	20	13	11	10	8	6
Investment information and Online loan related information	12	6	9	12	13	11	14
Download online forms	12	6	6	5	12	21	14
E-ticketing	10	3	14	5	7	26	12

Table 6: Ranking of banking services (INDUSIND BANK)

INDUSING BANK							
Rank banking services from (1 to 7)	1	2	3	4	5	6	7
Cash Withdrawal	13	14	10	8	13	10	7
Tax, Insurance, Utility Bill payments	11	12	10	10	8	7	17
Account Balance	14	7	11	10	9	9	16
Fund Transfer	20	16	9	7	5	10	8
Investment information and Online loan related information	3	5	12	16	11	11	17
Download online forms	6	4	8	10	13	12	13
E-ticketing	7	14	12	10	12	10	10

Note: 1 indicates highest ranking and 7 indicate lowest ranking

Kruskal Wallis test is a non-parametric test (distribution-free) used to compare three or more independent groups of sampled data. Seven respondents from each four private banks (ICICI, HDFC, AXIS & INDUSIND) were randomly sampled to determine whether customer's ranking of different banking services were the same. The hypothesis is formulated as:

H₁: Usefulness of banking services is same for all the banks.

The test statistic for the Kruskal-Wallis test is H. This value is compared to a table of critical values for U based on the sample size of each group. If H exceeds the critical value for H at some significance level (usually 0.05) it means that there is evidence to reject the null hypothesis in favor of the alternative hypothesis.

In the present study Kruskal Wallis test is used for ranking of the following services provided by private banks:

- I. Cash Withdrawal (CW)
- II. Tax, Insurance, Utility Bill payments (TI)
- III. Account Balance (AB)
- IV. Fund Transfer (FT)
- V. Investment information and Online loan related information (OL)
- VI. Download online forms (OF)
- VII. E-ticketing (ET)

If null hypothesis (Customer's ranking of different banking services) is not true then chi square tends to get large and the hypothesis is rejected otherwise vice versa. The ranks are from high value to low value of banking services.

Table 3: Kruskal Wallis test to determine usefulness of banking services

S. No.	Banking Services	Degree of freedom (4-1=3)	Kruskal Wallis test value	Result
1	Cash Withdrawal	3	-63	Reject Ho, Chi-square<7.815 at 5% level of significance
2	Tax, Insurance, Utility Bill payments	3	-28.0	Reject Ho, Chi-square<7.815 at 5% level of significance
3	Account Balance	3	-55.1	Reject Ho, Chi-square<7.815 at 5% level of significance
4	Fund Transfer	3	-48.7	Reject Ho, Chi-square<7.815 at 5% level of significance
5	Investment information and Online loan related information	3	-58.9	Reject Ho, Chi-square<7.815 at 5% level of significance
6	Download online forms	3	-47.3	Reject Ho, Chi-square<7.815 at 5% level of significance
7	E-ticketing	3	-28.0	Reject Ho, Chi-square<7.815 at 5% level of significance

Source: Primary data-Questionnaire

The table shows that Chi square value is less than the Kruskal Wallis test value of all the variables. So, the null hypothesis is rejected in favor of alternate hypotheses. There is a significant difference between the usefulness of banking services between the four private banks.

Conclusion

The results indicate that cash withdrawal remains as the most popular banking service among Customers as they liquidate financial resources held on account when they request the bank to do so by branch banking, ATM banking, Internet banking or Mobile banking. Private sector banks may have appeared to be winning the race, but public sector banks, with their vast client base and unparalleled treasury of trust, are evolving their own brand of customer-friendliness.

In this study using Kruskal Wallis test, the null hypothesis is rejected for all banking services through ATM, inter branch banking, mobile banking and internet banking. It means that all median responses of different banks for these banking services are not identical. All banking services are different in the four private banks studied.

References

Books

- n *Ajzen, I. and Fishbein, M. (1980). Understanding Attitudes and Predicting Social Behavior. London, Prentice-Hall, Englewood Cliffs.*
- n *Fishbein, M. and Ajzen, I. (1975). Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research. Reading, Addison-Wesley.*

JOURNAL AND OTHER ARTICLES

- n Al-Sabbagh, I., and Molla, A. (2004). "Adoption and Use of Internet Banking in the Sultanate of Oman: An Exploratory Study." *Journal of Internet Banking and Commerce* 9(2): 1-7.
- n Heikki Karjaluoto, Minna Mattlia and Taplo Pento(2002) "Factors underlying attitude formation towards online banking in Finland", *The International Journal of Bank Marketing* 20,6,261-272.
- n Marlin, S., "Banking for the 21st Century", *Bank Systems and Technology*, July 1, 2005.
- n Perumal, V. and B. Shanmugam, "Internet banking: boon or bane", *Journal of Internet Banking and Commerce*, December, Vol. 9, No. 3: 1-6, 2004.
- n Ramsay, J. and M. Smith, "Managing consumer channel usage in the Australian banking sector", *Managerial Auditing Journal*, Vol. 14, No. 7: 32-33, 1999, MCB University Press.
- n Sadiq Sohail, M., Shanmugham, B. (2003) E-banking and customer preferences in Malaysia: An empirical investigation.
- n Tan, M. and Teo, T. (2000). "Factors Influencing the Adoption of Internet Banking." *Journal of the Association for Information Systems* 1(5): 1-42.
- n Wan, W.N., Luk, C-L. and C.W.C. Chow, Consumers' adoption of banking channels in Hong Kong, *International Journal of Bank Marketing*, Vol. 23, No. 3: 255-272, 2005.

Websites

- n www.business-standard.com/special/bankannual/2003/tech.htm
- n www.banknetindia.com/banking/bsoftware.htm
- n www.iloveindia.com/finance/bank/nationalised-banks/index.html
- n www.en.wikipedia.org/wiki/Private_bank
- n www.rbi.org.in

THE CHALLENGES OF CROSS CULTURAL NEGOTIATION

Dr. Samina Azhar

(Assistant. Prof. Humanities Deptt.)
Maulana Azad National Institute of
Technology, Bhopal.

Prof. Vinita Mohindra

(HOD Humanities Deptt.)
Maulana Azad National Institute
of Technology, Bhopal

Syed Sajjad Azhar

Syed Sajjad Azhar (Assistant
Professor) People's University
Bhopal

Abstract

Globalization has squeezed the world thus making communication its most important tool. When we talk of communication or negotiation- culture inevitably becomes its vital part. This paper aims to discuss how people of different cultures negotiate. In detail it deals with the various negotiation styles, approaches and strategies adopted by people of diverse cultures. It further studies some real-life intercultural negotiations, and tries to detect reasons behind their breakdowns.

Globalization has not only made business increasingly competitive but has also added an aspect of cross-cultural communication to. In international business, cross-cultural understanding is an important pre-requisite to successful cross-cultural negotiation. According to **Salacuse** four elements of culture – behavior, attitudes, norms and values – influence cross cultural negotiations. **Glen Fisher** in his work: *International Negotiation: A Cross Cultural Perspective* has identified five considerations: (1) the players and the situation (2) styles of decision making (3) national character (4) cross cultural noise; and (5) interpreters and translators. In brief culture profoundly influences how people think, communicate and behave, and it also affects the kinds of deals they make and the way they make them. If we put different elements of culture together, cross cultural negotiation depends on the following aspects.

- Time and Space
- Nonverbal Communication
- Language
- Customs, traditions and beliefs
- Styles of decision making and attitude

Time and space are the two important factors that determine the negotiating styles of the involved parties. The two different approaches of time that exist across the world are monochronic and polychronic. Monochronic approaches to time are linear, sequential and involve focusing on one thing at a time. These approaches are most common in the United States, Japan, Germany and Switzerland. Polychronic involves simultaneous occurrences of many things and the involvement of many people. People of Mediterranean and Latin cultures including France, Italy, Greece, and Mexico, as well as some Eastern and African cultures follow this approach. Negotiators from *polychronic* cultures start and end meetings at flexible times, take breaks when it seems appropriate, and expect to read each other's' thoughts and minds. While negotiators from *monochronic* cultures prefer prompt beginnings **Carbaugh** has categorized cultures like Iran, India, and the Far East as past-oriented. The United States, he concludes, tends to be oriented to the present and the near-future and Latin America leans toward both present and past orientations.

Space orientations differ across cultures. Certain cultures, including Mediterranean, Arab, and Latin American, are more tactile and allow more touching. Asian, American, Canadian, and U.S. cultures tend to discourage touching and hugging. Especially in Indian culture it creates offense. As far as seating arrangements for negotiations is considered Americans tend to talk with people seated opposite them, or at an angle, for Chinese, these arrangements may make them feel alienated and uneasy.

Negotiation process is affected by the general environment, customs, traditions and ways of conducting business. Cultures where there is a comfort with high power distance are those where some people are considered superior to others because of their social status, gender, race, age, education, birth, personal achievements, family background or other factors. Cultures with low power distance tend to assume equality

among people. Understanding cultural implications and leadership styles affect the ways of taking decisions. Style and attitude for decision making also depends on certain psychological and cultural outlook of the negotiator. The North American landscape is vast, with large spaces of unpopulated territory, Novinger thinks, in this expansive landscape, many children grow up with an epic sense of life, where ideas are big, and hope springs eternal. Places in the world with much smaller territory, whose history reflects repeated conquest and harsh struggles(Northern Ireland, Mexico, Israel, Palestine) there is more emphasis on destiny's role in human life they develop fatalistic attitude. Physical public contact between man and women is strictly prohibited in Muslim cultures and some Asian countries. In United States and Canadian dominant culture settings eye contact is taken as a sign of reliability and trustworthiness. In Asian and North American indigenous settings, eye contact may be seen as disrespectful and inappropriate. In addition to these there is also educational culture, race culture, gender culture, and religious culture which help us to understand how the other person thinks and communicates.

Linguistic problems and the problems of translation becomes major obstacle when the negotiators from culturally as well as linguistically diverse countries have to communicate with each other. The Arcelor – Mittal negotiation is an apt example of how culture, race and language affect negotiation. Mittal's €18.6 billion offer for Arcelor was harshly rejected by Arcelor management and a group of European politicians who criticized everything from his grammar, his Indian origins to the quality of his company's steel.

Comparative Study of Negotiating Styles in Different Countries

U.S. Approaches to Negotiation

U.S. negotiators tend to rely on individualist values, imagining self and other as autonomous, independent, and self-reliant. With high individuality index they would not take time to think and make decisions. This does not mean that they don't consult, but the tendency to see self as separate rather than as a member of a web or network means that more independent initiative may be taken. Looking through the eyes of the Japanese negotiator who wrote "**Negotiating with Americans**", American negotiators tend to:

- be competitive in their approach to negotiations, including coming to the table with a fall-back position but beginning with an unrealistic offer;
- be energetic, confident, and persistent; they enjoy arguing their positions, and see things universally — i.e., they like to talk about broad applications of ideas;
- concentrate on one problem at a time;
- focus on areas of disagreement, not areas of commonality or agreement;
- Like closure and certainty rather than open-endedness or fuzziness.

This culture stresses individual initiative and achievement. Moreover, Americans can also be competitive in both work and leisure. The concept "time is money" is taken seriously in U.S. business culture. Business people are used to making up their minds quickly and decisively. They value information that is straightforward and to the point. Americans by their very nature are restless, result oriented and impatient, so they try to complete the negotiation process within the stipulated time. In the U.S.A., money is a key priority and an issue that will be used to win most arguments. Status, protocol, and national honor play a smaller role. Similarly, "saving face" and other social niceties and formalities that are vitally important to other cultures are not as important in the United States.

Hofstede identified the United States, Scandinavia, and Singapore as having a higher tolerance for uncertainty. It may be easier for outsiders to establish trusting relationships with negotiating partners in these cultural contexts. American businesspeople are opportunistic and willing to take chances. Opportunism and risk taking often result in Americans going for the biggest possible slice of the business, 100% if possible. Americans tend to dislike periods of silence during negotiations. They may continue to speak simply to avoid silence. In general, people from the U.S. will not hesitate to answer "no." Business people are direct and will

not hesitate to disagree with you. This communication style often causes embarrassment to business travelers who are unaccustomed to dealing with Americans or direct communication in general. Persistence is another characteristic you will frequently encounter in American businesspeople; there is a prevailing belief that there is always a solution. Moreover, they will explore all options when negotiations are at an impasse. The work ethic is strong, so that it appears that Americans' lives revolve around work. Low-context cultures like the United States and Canada tend to give relatively less emphasis to nonverbal communication.

Emotional sensitivity is not highly valued, and dealings may seem straightforward and impersonal. They are quite aggressive in their approach. Walt Disney is remembered by many as someone who loved children. Few people know that during the 1941 Disney cartoonists' strike, he was very belligerent in his negotiations with striking employees. He held a hard line, often not letting his opponents speak. On one occasion, he even punched one of the main strike organizers. Mediators later ruled in favor of the workers on every issue. It became clear that the mediators were significantly influenced by the stubbornness of Walt Disney, to the point of granting more than they would have had Disney been a bit more flexible.

Japanese Styles of Negotiation

Hofstede rated countries and regions such as Japan and Latin America as preferring values of assertiveness, task-orientation, and achievement. Japanese communicate in a high context manner. They would evaluate their counterpart on various criteria and then decide about the final agreement. The following values tend to influence Japanese communication: focus on group goals, interdependence, and a hierarchical orientation. In negotiations, these values manifest themselves in awareness of group needs and goals, and deference to those of higher status. Japanese negotiators are known for their politeness, their emphasis on establishing relationships, and their indirect use of power. They tend to use power in muted, indirect ways consistent with their preference for harmony and calm. In comparative studies, Japanese negotiators were found to disclose considerably less about themselves and their goals than French or American counterparts.

During negotiations in Japan when you try to confirm a point by asking, do you not want this added to the agreement? You are answered with a 'yes'; consequently you keep it within the agreement. But later on you will find that the inclusion of that point has upset your Japanese counterpart because the Japanese answer positively to negative questions. Japanese negotiators tend to put less emphasis on the literal meanings of words used in negotiation and more emphasis on the relationships established before negotiating begins. In high-context settings such as Japan or Colombia, understanding the nonverbal components of communication is relatively more important to receiving the intended meaning of the communication as a whole.

Indian Approaches to Negotiation

A study by Goldman Sachs suggests that India is expected to be the world's third-largest economy by 2035, next only to the United States and China. The Indian culture has been shaped by a wide variety of influences the prominent among them is that of Hindu religion. Negotiating in India poses a unique set of challenges. Indians are very flexible in their approach and desire the same flexibility from their counterparts. This flexibility must be made manifest in cultural, political, time and social spheres. Indian negotiators require a lot of information and time to analyze it. Their high aspirations, belief in hierarchy and inability to work well as a team combine to make sure that any negotiation will not be quick. They are sensitive and emotionally attached to their ideology and the use of pressure tactics does not bring any fruitful results. Their attachment to ideology makes them defensive, and critical comments end up being taken personally rather than as encouragement to make constructive changes. The implementation of negotiated agreements may sometimes result in frustration for the other team as the bureaucratic hurdles and certain procedural issue may delay the implementation. It is the simultaneous presence of individualism and collectivism that distinguishes the Indian negotiator from his counterpart. There is less of a need for lavish banquets or after-hours drinking, as is often the case in Japan or China. But the fact that relationships are less important at the beginning of the

negotiations does not necessarily imply that the time required to complete the negotiation will be shortened. Further, the importance of relationships may increase during the operational stage of the venture.

Indians may adopt a different approach to negotiation depending on whether they negotiate with foreigners or with representatives from their own culture. They may be cooperative and helpful to internal members while being competitive, dominant and manipulative for foreigners. Bargaining is a part of Indian negotiation culture and even in a collaborative Indian negotiators are more indirect than Americans or Germans but less so than Chinese or Japanese.

In 1992, the US energy giant Enron began negotiations with the government of India. Negotiations began with both the state government and with the Maharashtra State Electricity Board (MSEB). Enron's mega project proposal was for the construction of a US\$3 billion, 2015-megawatt power plant. Within five days a memorandum of agreement was signed. Despite certain technical problems negotiations continued. As the project commenced, public opposition to the project swelled as activists and an assortment of differing organizations challenging the legitimacy of the project filed suit against the project in the India High Court. The advent of election united the opposition parties started projecting it as anti-nation and anti-poor. As a consequence, the Shiv Sena and BJP coalition won the elections and MSEB cancelled the power purchase agreement with the Dabhol Power Company. Enron managed to persuade the government of Maharashtra to reopen negotiations. In terms of the renegotiation, MSEB gained a 30% partnership with Enron and its interest reduced from 80% to 50%. Despite these agreements, the project still could not continue because a host of various groups including unions, activists and other public interest groups filed 24 legal actions in the courts in an effort to stop the project. The project restarted but after a series of financial setbacks, Enron declared bankruptcy.

Chinese Approaches to Negotiation

People with high level of collectivism are selected as negotiators in countries like China and Japan. Chinese are very persistent negotiators they try last minute concession as at the end of negotiations the Chinese negotiation team may suddenly demands a drop in your prices or threaten a pull out in case you are not ready to oblige. In China, the goal of negotiation is not a signed contract - therefore any unexpected circumstances, whenever they arise, are resolved through the relationship. The fact that you have signed a contract means that it is a beginning of relationship. Trust is the foundation of the contract but they are not very expressive people. In China and Japan, a facial expression that would be recognized throughout the world as that of happiness may actually express anger or mask sadness as they do not believe in inflicting their pain or grief on others.

French Approaches to Negotiation

French prefer to negotiate by the way of informal business discussions in restaurants where everyone appreciates a good meal and the environment is relaxed. Elements such as venue, climate, hospitality and courtesy during the meeting are as important as the negotiation goal itself. Collar, tie and a dark business suit for men are very necessary. This shows the level of formality. The working days abutting the French holidays and vacation periods are not prime time for business meetings and negotiations. The most important characteristic of French business behavior and process of negotiations is its emphasis on courtesy and a certain formality. Appointment schedules and hierarchical titles are to be respected and correspondence and communication is expected promptly. For centuries the French have taken pride in the sophistication of their culture, the beauty of their spoken language and their diverse accomplishments. Material comforts, such as homes, new appliances, and automobiles became synonymous with a high standard of living. These facilities in form of lubrication could provide a boost in the process of negotiation. Personal questions should be avoided if the aim is to promote good working relations with French. One study found the French to be very aggressive negotiators, using threats, warnings, and interruptions to achieve their goals. In some countries, such as, India, France and the United Kingdom, risk avoidance is very low. This means that more innovative and creative alternatives may be pursued during negotiation.

Summary of approaches to cross cultural negotiations of different countries

AMERICAN Approaches to Negotiations	JAPANESE Approaches to Negotiations	CHINESE Approaches to Negotiations	INDIAN Approaches to Negotiations	FRENCH Approaches to Negotiations
Low context	High context	High context	High context	High context
Would not rely on non-verbal behavior	Rely on non on non-verbal behavior	Rely on non on non-verbal behavior	Rely on non on non-verbal behavior	Rely on non on non-verbal behavior
Aggressive	Collaborative and Aggressive Aggressive	Collaborative and Aggressive	Collaborative and Aggressive	Aggressive Aggressive
Monochronic	Monochronic	Polychronic	Polychronic	Polychronic
Individualism	Collectivism	Collectivism	Collectivism and Individualism	Individualism

In a global world, it is important to be able to adapt the negotiation style in cross-cultural negotiations. Understanding how to navigate this competitive environment is essential for successful negotiation. To reach a higher level of effectiveness in cross border business it is necessary to investigate and research cross cultural negotiating style of the target country and to acquire new negotiation skills. Thus to conclude there are various patterns for negotiations in various countries, however any negotiator, in order to be successful has to be comfortable with the culture of the alien country in which he has to operate.

References:

- n *Adler, Nancy. International Dimensions of Organizational Behavior (3rd Ed.) Cincinnati, OH: South-Western College Publishing, 1997, p. 217.*
- n *Fisher, Dalmar, ‘Communication in Organization’ Jaico Publishing House, 1994.*
- n *Morris, Catherine, ed, ‘Negotiation in Conflict Transformation and Peace building: A Selected Bibliography’, Victoria, Canada: Peacemakers Trust, 2004.*
- n *Nierenberg, Gerard, I., ‘The Art of Negotiating: Psychological Strategies for Gaining Advantageous Bargains, Barnes and Noble, 1995.*
- n *Novinger, Tracy. Intercultural Communication. Austin, TX: University of Texas Press, 2001.*
- n *Salacuse W. Jeswald, Intercultural Negotiation in International Business, The Fletcher School of Law and Diplomacy, Tufts University, Medford, MA 02155, USA*

LIQUIDITY MANAGEMENT: AN EMPIRICAL STUDY OF CUDDAPAH SPINNING MILLS LIMITED, KADAPA (AP)

N. Venkata Ramana

Associate Professor
Annamacharya P.G. College of
Management Studies

S.Md.Azash

Associate Professor
Annamacharya Institute of Technology
and Sciences Rajampet-516126,
Kadapa District (AP)

K. Ramakrishnaiah

Professor
Sri Venkateswara
University,
Tirupathi – 517502

Abstract

This paper mainly focus on liquidity management of Cuddapah Spinning Mills Ltd, Kadapa (AP). This study tries to achieve the objective of finding relationship if any between liquidity and profitability with the help of Spearman's Rank Correlation. In this study the few financial ratios are calculated such as Current Ratio (CR), Quick Ratio (QR), Absolute Liquidity Ratio (ALR), Inventory turnover Ratio (ITR), Age of Inventory, Debtor Turnover Ratio (DTR), Average Collection Period, Working Capital Turnover Ratio (WTR), Current Assets Turnover Ratio (CATR) and Current Assets to Total Assets (CATA). This study utilized the database from 2001-02 to 2009-10 from the annual reports of Cuddapah Spinning Mills Limited, Kadapa (AP). The final results reveals excess current assets were invested, absolute liquidity ratio are not satisfactory and it not met the standard norm of 0.5 : 1, inventory turnover ratio was very high. There is a positive correlation between the liquidity and profitability. A few solutions have been offered to ameliorate the problems such as optimum utilization of current assets to maintain the cash position properly to meet the liquidity of the firm and investment in inventory should be minimized.

INTRODUCTION

Liquidity refers to the ability to pay in cash the obligations that are due. In the absence of adequate liquidity, an enterprise is technically insolvent and at least faces the financial embarrassments of renegotiating its obligations to creditors. It may be defined as a firm's ability to realize value in money. In other words, liquidity is a firm's ability to meet its maturing obligations.

In relation to business the concept of liquidity has a multiplicity of definitions. In the words of Anthony and Reece, "liquidity refers to the company's ability to meet its current obligations". "Solvency" on the other hand, pertains to the company's ability to meet the interest costs and repayment schedules associated with its long-term obligations. In the words of Hampton, "liquidity means adequate cash in hand held by the firm to meet its obligations at all times". An enterprise must have certain level of cash above its expected needs to act as a reserve to meet emergencies. It should also be able to meet all its bills and to get all possible discount facilities available to for bulk purchases. The highest financial liquidity is the lowest risk of technical insolvency and vice versa.

LITERATURE REVIEW

To estimate loss rates and scheming quality of portfolio, a simple statistical tool by means of risk index was developed for risk measurement (Smith, 1964). Modigliani and Pogue (Modigliani, (1974)) presented two measures of risk; relative measure denoted by beta and measure of total risk denoted by standard deviation. Relying on monthly rate of return from 1945 to 1970 they established beta measure to be more significant for securities' pricing and predictable for great portfolios. (Doherty, 1975) Presented a model based on loss probabilities to show how the scope and level of interdependence connecting unusual ways of treating risk rely on the composition of quality in risk management.

(Ratti, 1980) found that dissimilarities in environment can cause positive (negative) income affect that show the way to fewer (extra) risk taking by banks. (Kim, 1988) Found capital ratios fruitless mean to limit bank's insolvency risk. (Deakins, 1994) argued that method of risk estimation has very important inferences for

banker and business relationships and highlighted on investing both in time and resources through risk assessment process, (Metwally, 1997) found that while financing loans interest-free banks depend deeply on their equity, face extra complexity, and inclined to be fairly additional conservative in utilizing their loan able resources than conventional banks (Clementi, 2001), Presented an outline of the tendency in consolidation of the market, prior to reviewing present suggestions on new Basel Accord and on the bank's capital adequacy. The study highlighted the returning difficulty of liquidity and then presented some examination of fresh developments, predominantly in risk transfer method. The study stressed that modernism must be handled with some care, and found risk management as significant goal of financial system.

(Ghannadian, 2004)Observed the performance of an Islamic banks and how Islamic banking scheme can offer liquidity and support in the process of money creation from side to side contribution transactions accounts and found that in all developing economies investing funds on basis of profits and losses is an attractive choice for the banks. (Gabbi, 2004),Emphasized about the reliance of risks on organization's place in the market. The study explained that liquidity risk can be controlled in the course of practices that are severely connected to the scale and scope of financial measures, seeing as large banks are capable both to manage additional market information and to influence monetary policy functions. (Zheng H. , 2006)Found that short-term yield spreads are dominated by liquidity risk. (Franck, 2007,2011)Found that securities market matter more in supporting bank for likely liquidity deficiency while studying the function of stock exchange as a similar function of and lender of last resort. Many dealers assert that extra liquid markets are superior to fewer liquid markets, (Mainelli, 2008) and found uniqueness of liquid markets are flexibility deepness and tightness.

(Zheng H. &. , 2008)Stated that in the presence of liquidity risk more realistic loss can be estimated by liquidity adjusted conditional value at risk which provides a better measure for risk. And also suggested efficient Monte Carlo method: which applies to portfolio of securities or single securities, and finds approximate conditional value at risk and risk at value of all percentiles from the loss distribution with in single set of samples.

(Anas, 2008)Suggests that Islamic banks should strengthen their risk management practices such as, to enhance secondary market they need price transparency and liquidity. Moreover, they can trade Sukuks and Financial Takaful (insurance) as a medium of risk-hedging. (Hassan, 2009)Argues that three types of risks are being faced by Islamic banks in Brunei Darussalam such as, credit risk, foreign-exchange risk and operating risk, and they are managing those risks very efficiently with the help of risk management practices, which includes risk identification (RI) and risk assessment and analysis (RAA). (Dinger, 2009) proposed that in emerging economies, due to the existence of transnational banks aggregate liquidity shortage risk has been reduced, as in normal circumstances they are holding low liquidity assets but in crises they holds higher liquid assets as compared to single market banks.

(Vaihekoskia, 2009)Investigated that in the period of systematic liquidity risk (illiquidity) of those stocks which provides high rate of return were negatively related to the price of liquidity risk. Therefore, systematic liquidity risk is not priced as an asset-specific risk but as market-wide systematic risk as it is enough to occupy all liquidity related risks. (Uddin, 2009)Identified that there exists the negative relationship between liquidity and stock return, as stock become more illiquid the liquidity risk increases more than the relative rate, also indicate that return is not affected by the fluctuations in the relative stock liquidity.

(Ismael, "Assessment of liquidity management in Islamic banking industry". , 2010)Indicate that with respect to liquidity management, the Islamic banks in Indonesia are evaluating themselves on the basis of three factors such as, banks liquidity management policy, liability side and asset side, and they stands in the index of —good grade. (Ismael, "Strengthening and improving the liquidity management in Islamic banking"., 2010)Suggested that Islamic banks should improve their policies to balance liability and asset, communicate

their operations and principles to public to deepen their understanding towards Islamic banks and restructure management of liquidity on asset and liability side in order to improve and strengthen their liquidity management (Sawada, 2010) Investigated that in the times of crises, due to the liquidity shock persuaded by the depositors, banks increase their cash holdings by selling their securities in the financial market, not by liquidating their loans. As they adjust their portfolio dynamically through selling and buying their securities in financial market. (Ojo, 2010), Emphasized on the significance of risks all the way through a position to the vital role engaged by capital adequacy. On the basis of Accord principles the study observed that beside substantial development, a lot work is yet to be done specifically relative to liquidity risk.

NEED FOR THE STUDY

Liquidity plays a crucial role in the satisfactory working of a firm. Liquidity management has, thus, become a basic and broad aspect of judging the performance of a corporate entity. Liquidity should be neither excessive nor inadequate.

Excessive Liquidity is an indicator of idle funds, on the other hand, adversely affects the creditworthiness of the firm, interrupts the production process and hampers its earning capacity to a great extent. Thus, efficient Liquidity management has become essential for the smooth running of any business enterprise.

OBJECTIVES OF THE STUDY

The specific objectives of the study are:

- To evaluate the liquidity management of the company through ratio analysis.
- To examine the relationship between liquidity and profitability by using Spearman's rank correlation and also to test the significance of such correlation

HYPOTHESIS OF THE STUDY

H₀: there exists no significant correlation between the liquidity and profitability of Cuddapah Spinning Mills Ltd.

TOOLS OF ANALYSIS

Current ratio, Quick ratio or Acid test ratio, Absolute liquidity ratio, Inventory turnover ratio, Age of inventory, Debtors' turnover ratio, Age of debtors, Working capital turnover ratio, Current assets turnover ratio, Current assets to total assets ratio

Coefficient of rank correlation: An attempt has been made to study the extent of relationship between the liquidity and profitability. For this purpose the ratio of current assets to total assets has been used as the liquidity indicator and the ratio of return on capital employed has been taken as the profitability parameter.

$$R = 1 - \frac{6(\sum d^2)}{n^2 - n}$$

d = difference in the ranks of individuals in the two characters

n = number of individuals

Analysis and Findings: The table 1 shows the current ratio of Cuddapah Spinning Mills Ltd from 2001-to-2010. Current ratio is the relationship between current assets and current liabilities and shows the proportion of current assets available per unit of current liability. From the Table1 it is inferred that current ratio is satisfied the standard ratio norm of 2:1 in all years except in 2001-02, 2002-03, 2004-05 and 2005-06 the rest of the years excess current ratio it implies that more investment is made in current assets. So, current assets were idle.

Table 1: Current ratio of Cuddapah Spinning Mills Ltd from 2001-02 to 2009-10. (In rupees)

Year	Current assets	Current liabilities	Current ratio
2001-02	38351673	26324726	1.45
2002-03	37046802	28103426	1.31
2003-04	34886586	11621086	3.00
2004-05	23966296	43784885	0.54
2005-06	39848938	24341623	1.63
2006-07	33454568	9273444	3.60
2007-08	41787791	5436783	7.68
2008-09	48321576	5621176	8.59
2009-10	50028938	5591317	8.94

(Source: annual reports from 2002-to-2010)

Table no 2 represents the quick ratio. Quick ratio is a rigorous and penetrating measure of a firm's ability to meet the short-term liabilities. It is a widely used parameter of judging the short-term repaying ability of the firm in the near future. It excludes inventory and bank overdraft, which are difficult to realize at short notice. Thus, it can assess the liquidity position of a company more effectively. Normally, an ideal quick ratio of 1:1 is considered to represent a satisfactory current financial condition. From the table no 2 refers that quick ratio was least in 2004-05 and highest in 2009-10 overall excess quickratios than standard ratio of quick ratio.Hence, excess investment is made in quick assets.

Table 2: Quick ratio of Cuddapah Spinning Mills ltd from 2001-02 to 2009-10. (In rupees)

Year	Quick assets	Current liabilities	Quick asset ratio
2001-02	19379490	26324726	0.73
2002-03	19299917	28103426	0.68
2003-04	26429103	11621086	2.11
2004-05	14859476	43784885	0.33
2005-06	12489004	24341623	0.51
2006-07	11274756	9273444	1.21
2007-08	11330916	5436783	2.08
2008-09	19285356	5621176	3.43
2009-10	32872469	5591317	5.87

(Source: annual reports from 2002-to-2010)

Looking at the table 3 reveals the absolute liquidity of Cuddapah Spinning Mills Ltd. Absolute liquidity ratio establishes a relationship between absolute liquid assets and quick liabilities. It is a more rigorous test of the liquidity position of a company. A high absolute liquidity ratio is good from the creditor's point of view but from the management point of view, it indicates poor investment policy. In the table 3 it is observed that the absolute liquidity ratio was not a satisfied standard ratio of absolute liquidity ratio i.e. 0.5:1 in all years except 2003-04. It means that CSM has not invested sufficient amount in cash and marketable securities. Since, the company does not meet the liabilities of creditors.

Table3: Absolute liquidity ratio of CSM ltd from 2001-02 to2009-10. (In rupees)

Year	Absolute liquid assets	Current liabilities	Absolute liquidity ratio
2001-02	8165102	26324726	0.31
2002-03	8586827	28103426	0.30
2003-04	16542256	11621086	1.42
2004-05	770573	43784885	0.02
2005-06	1647279	24341623	0.06
2006-07	718691	9273444	0.07
2007-08	1058716	5436783	0.19
2008-09	968999	5621176	0.17
2009-10	1397194	5591317	0.24

(Source: annual reports from 2002-to-2010.)

The table no 4 depicted the inventory turnover ratio of Cuddapah Spinning Mills Ltd from 2001-to-2010. The Inventory turnover ratio measures the velocity of conversion of stock into sales. Usually a high inventory turnover/stock velocity indicates efficient management of inventory because more frequently the stocks are sold; the lesser amount of money is required to finance the inventory. A low inventory turnover ratio indicates an inefficient management of inventory. A low inventory turnover implies over-investment in inventories, dull business, poor quality of goods, stock accumulation, accumulation of obsolete and slow moving goods and low profits as compared to total investment. The inventory turnover ratio is also an index of profitability, where a high ratio signifies more profit; a low ratio signifies low profit. Sometimes, a high inventory turnover ratio may not be accompanied by relatively high profits. Similarly a high turnover ratio may be due to under-investment in inventories. From the table no 4 states that inventory turnover ratio is less in all years except in 2004-05 .It indicates inefficient management of inventory, over investment in inventory, poor quality of goods and dull business.

Table 4: Inventory turnover ratio of CSM ltd from 2001-02 to 2009-10. In rupees)

Year	Cost of goods sold	Average stock	Inventory turnover ratio
2001-02	13844853	8528802	1.62
2002-03	16195711	8590661	1.88
2003-04	18974905	6707534	2.82
2004-05	31554232	3339884	9.44
2005-06	53780998	11073184	4.85
2006-07	55972761	17456906	3.20
2007-08	39915264	19084404	2.09
2008-09	44531474	22521551	1.97
2009-10	35286317	21435257	1.64

(Source: annual reports from 2002-to-2010)

Table 5 present the age of inventory turnover ratio from the table it is inferred that the Age of inventory is very high in all years except in 2004-05. Generally the lower age of inventory is better the liquidity position and vice versa. 2004-05 is good when compared to other years as its age is very less compared to other years during the study period.

Table 5: Age of inventory of CSM ltd from 2001-02 to 2009-10.(In rupees)

Year	No. of days in a year	Inventory turnover ratio	Age of inventory (days)
2001-02	365	1.62	225
2002-03	365	1.88	194
2003-04	365	2.82	129
2004-05	365	9.44	39
2005-06	365	4.85	75
2006-07	365	3.20	114
2007-08	365	2.09	175
2008-09	365	1.97	185
2009-10	365	1.64	225

(Source: annual reports from 2002-to-2010)

The debtor's turnover ratio indicates the speed with which debtors are converted into cash. This ratio measures the rapidity or slowness of debtors' collection. Generally, the higher the turnover, the more efficient is the trade credit management. On the other hand, low debtors' turnover implies inefficient management of debtors' and less liquid debtors. From the table no 6 is observed that the debtors' turnover ratio is high in 2006-07 year compared to other years. Generally debtors' turnover ratio is of satisfactory level resulting in more efficient credit management and more liquid debtors.

Table 6: Debtorsturnover ratio of CSM ltd from 2001-02 to 2009-10. (In rupees)

Year	Sales	Debtors	DTR
2001-02	26286788	3466393	7.58
2002-03	43852014	3623870	12.10
2003-04	37935599	1095476	34.62
2004-05	52584203	5425978	9.69
2005-06	80988831	1261936	64.17
2006-07	98078050	921732	106.40
2007-08	66743392	2029944	32.87
2008-09	71633690	10074101	7.11
2009-10	61268742	10373149	5.90

(Source: annual reports from 2002-to-2010)

Table no 7 shows the age of debtor of Cuddapaha Spinning Mills Ltd from the 2001-to-2010. The average collection period refers to the average time lag between sales and collection measurable in terms of number of days. It is a significant measure of the collection activity and quality of accounts receivables. A rule of thumb is that the collection period should not exceed 1/3 times the regular credit period. From the table no7 states that the shorter collection period implies quick payment by debtors, it occurs in the years of 2003-04, 2005-06, 2006-07& 2007-08. Longer the payment period in the years of 2008-09&2009-10. Overall average collection period is satisfactory during the period

Table 7: Age of debtors of Cuddapah Spinning Mills ltd from 2001-02 to 2009-10. (In rupees)

Year	No. of days in a year	DTR	Age of inventory (d)
2001-02	365	7.58	48
2002-03	365	12.10	30
2003-04	365	34.62	11
2004-05	365	9.69	38
2005-06	365	64.17	6
2006-07	365	106.40	3
2007-08	365	32.87	11
2008-09	365	7.11	51
2009-10	365	5.90	62

(Source: annual reports from 2002-to-2010)

The working capital turnover ratio measures the efficiency with which the working capital is being used by a firm. A high ratio indicates efficient utilization of working capital and vice versa. But a very high working capital turnover ratio may also mean lack of sufficient working capital which is not a good situation. Table no 8 indicates that the Working capital turnover ratio is fluctuating from year to year. It is higher in 2005-06 and lower in 2004-05. It shows inefficient utilization of working capital during the operation of the business.

Table 8: Working capital turnover Ratio of CSM ltd from 2001-02 to 2009-10. (In rupees)

Year	Sales(Rs)	Net working capital (Rs)	Working capital turnover Ratio
2001-02	26286788	12026947	2.18
2002-03	43852014	8943376	4.90
2003-04	37935599	23265500	1.63
2004-05	52584203	-19818589	-2.65
2005-06	80988831	15507315	5.22
2006-07	98078050	24181124	4.05
2007-08	66743392	36351008	1.83
2008-09	71633690	42700400	1.67
2009-10	61268742	44437621	1.37

(Source: annual reports from 2002-to-2010)

Table no 9 represents the current assets turnover ratio of Cuddapaha Spinning Mills Ltd from 2001-to-210.

It is applied to measure the turnover and profitability of the total current assets employed to conduct the operations of the firm. The ratio is calculated by dividing the amount of sales by the amount of current assets. The idea behind the current assets turnover ratio is to give an overall impression of how rapidly the total investment in current assets is being turned. The lower the turnover of the current assets, the worse is the utilization of current assets. The higher the turnover, the better is the use of current assets. From the table no 9 it is inferred that the Current assets turnover ratio is fluctuating from year to year. Current assets are ranging between 1 to 3 times. The higher the turnover of current assets the better is the utilization of them.

Table 9: Current Assets Turnover Ratio of CSM Ltd from 2001-02 to 2009-10. (In rupees)

Year	Sales	Current assets	Current assets turnover ratio
2001-02	26286788	38351673	0.68
2002-03	43852014	37046802	1.18
2003-04	37935599	34886586	1.08
2004-05	52584203	23966296	2.19
2005-06	80988831	39848938	2.03
2006-07	98078050	33454568	2.93
2007-08	66743392	41787791	1.59
2008-09	71633690	48321576	1.48
2009-10	61268742	50028938	1.22

(Source: annual reports from 2002-to-2010)

The table no 10 shows the current assets to total assets ratio of Cuddapaha Spinning Mills Ltd from the 2001-to-2010. Increasing Current Assets to Total Debt ratio is generally a positive sign, showing the company has a better ability to satisfy its debt obligations using its total current assets. A ratio of 1.0 or greater indicates the company would just meet its debt obligations, when in reality the company would need a ratio result that is higher than this, as some of the current assets could not easily be converted into cash. Table no 10 refers that current assets to total assets ratio is very less during the analysis period so the company not using current assets in proper way and not satisfy the debt obligations.

Table10: Current Assets to Total Assets Ratio of CSM Ltd from 2001-02 to2009-10. (In rupees)

Year	Current assets	Total assets	Current assets to total assets Ratio
2001-02	38351673	196544442	0.19
2002-03	37046802	201811688	0.18
2003-04	34886586	218207224	0.15
2004-05	23966296	130758311	0.18
2005-06	39848938	164495311	0.24
2006-07	33454568	164495311	0.20
2007-08	41787791	172389165	0.24
2008-09	48321576	172389165	0.28
2009-10	50028938	172389165	0.29

(Source: annual reports from 2002-to-2010)

Table no 11 depicted the rank correlation between the liquidity and profitability of Cuddapaha Spinning Mills Ltd and an attempt have been made to judge the significance of the relationship by using the t-test. For this purpose the ratio of current assets to total assets has been used as the liquidity indicator and the ratio of return on capital employed has been taken as the profitability parameter. It is found that there is a significant correlation is exist between liquidity and profitability ($r=0.583$) which is significant at 0.05 level. To test the null hypothesis t-test have been used from the results it is inferred that the computed value of $t=1.8995$ is less than the critical value of 't' (3.499) at 5% level of significance. Hence, the null hypothesis have been accepted, which signifies there exists no significant relationship between the liquidity and profitability of the company.

Table 11 : Rank Correlation between Liquidity and Profitability of CSM Ltd.

Year	Current assets to total assets (%)	Liquidity rank (r1)	Return on capital employed (%)	Profitability rank (r2)	(r1-r2) d	d
2001-02	19	6	-37.03	8	-2	4
2002-03	18	7.5	-10.35	6	1.5	2.25
2003-04	15	9	-13.17	7	2	4
2004-05	18	7.5	-106.70	9	-1.5	2.25
2005-06	24	3.5	0.37	4	-0.5	0.25
2006-07	20	5	12.99	1	4	16
2007-08	24	3.5	1.93	3	0.5	0.25
2008-09	28	2	6.80	2	0	0
2009-10	29	1	0.14	5	-4	16

$$\sum d^2 = 45$$

$$R = 1 - \frac{6(\sum d^2 + \sum (t^3 - t)/12)}{n^3 - n}$$

$$R = 1 - \frac{6(45+5)}{9^3 - 9}$$

$$R = 1 - \frac{300}{720}$$

$$R = 1 - 0.416$$

$$R = 0.583$$

T-test :

$$t = \frac{R^1}{\sqrt{1 - R^{12}}} \times \sqrt{n - 2}$$

$$t = \frac{0.583}{\sqrt{1 - (0.583)^2}} \times \sqrt{9 - 2}$$

$$t = \frac{0.583}{\sqrt{0.6602}} \times 2.6457$$

$$t = \frac{0.583}{0.812} \times 2.6457$$

$$t = 1.8995$$

Conclusion: Managing liquidity is a fundamental component in the safe and sound management of firm's finance. Sound liquidity management involves prudently managing assets and liabilities (on- and off-balance sheet), both as to cash flow and concentration, to ensure that cash inflows have an appropriate relationship to approaching cash outflows. The study investigate the relationship between the liquidity and profitability of Cuddapaha Spinning Mills Ltd during years from 2001-to-2010. In this study various ratios were calculated to find out the relationships between the liquidity and profitability and the results shows that liquidity does not have a significant influence on the profitability of the company.

References :

- n Anas, E. &. (2008). "Managing Risks and Liquidity in An Interest Free Banking Framework: The Case of The Islamic Banks". *International Journal of Business and Management* , , 80-95. .
- n Clementi, D. (2001). "Financial Markets: Implications for Financial Stability". *BALANCE SHEET*, 9 (3), 7-12.
- n Deakins, D. &. (1994). "Risk Assessment With Asymmetric Information". *International Journal of Bank Marketing* , , 24-31.
- n Dinger, V. (2009). "Do Foreign-Owned Banks affect Banking System Liquidity Risk?". *Journal of Comparative Economics* , 647–657. .
- n Doherty, N. A. (1975). "Some Fundamental Theorems of Risk Management". *The Journal of Risk and Insurance* , , 447-460.
- n Franck, R. &. (2007,2011). "Liquidity Risk and Bank Portfolio Allocation". *International Review of Economics and Finance* , *Interdisciplinary Journal of Research in Business*, 1 (1), 60-77.35-44.
- n Gabbi, G. (2004). "Measuring Liquidity Risk in A Banking Management Framework". *Managerial Finance*, (30), 44-58.
- n Ghannadian, F. F. (2004). "Developing Economy Banking: The Case of Islamic Banks". *International Journal of Social Economics* , , 740-752. .
- n Hassan, A. (2009). "Risk Management Practices of Islamic Banks of Brunei Darussalam". *The Journal of Risk Finance* , , 23-37.
- n Ismal, R. (2010). "Assessment of Liquidity Management in Islamic Banking Industry". *International Journal of Islamic and Middle Eastern Finance and Management* , , 147-167. .
- n Ismal, R. (2010). "Strengthening and Improving The Liquidity Management in Islamic Banking". *Humanomics* , , 18-35. .
- n Kim, D. &.-1. (1988). "Risk In Banking and Capital Regulation". *The Journal of Finance* , 1219-1233.
- n Mainelli, M. (2008). "Liquidity 5 Diversity". *The Journal of Risk Finance* , , 211-216.
- n Metwally, M. (1997). "Differences Between The Financial Characteristics of Interest-Free Banks and Conventional Banks". *European Business Review* , , 92-98.
- n Modigliani, F. &. ((1974)). "Introduction to Risk and Return: Concepts and Evidence". *Financial Analysts Journal* , , 69-86.
- n Ojo, M. (2010). "Risk Management by The Basel Committee: Evaluating Progress Made from The 1988 Basel Accord to Recent Developments". *Journal of Financial Regulation and Compliance*, (18,), 305-315.
- n Ratti, R. A.-3. (1980). "Bank Attitude Toward Risk, Implicit Rates of Interest, and The Behavior of An Index of Risk Aversion for Commercial Banks". *The Quarterly Journal Of Economics* , , 309-331.
- n Sawada, M. (2010). "Liquidity Risk and Bank Portfolio Management in A Financial System Without Deposit Insurance: Empirical Evidence from Prewar Japan". *International Review of Economics and Finance* , , 392–406.
- n Smith, P. (1964). "Measuring Risk on Consumer Instalment Credit". *Management Science*, II(2), 327-340.
- n Uddin, M. H. (2009). "Reexamination of Stock Liquidity Risk with A Relative Measure". *Studies in Economics and Finance* , , 24-35.
- n Vaihekoskia, M. (2009). "Pricing of Liquidity Risk: Empirical Evidence from Finland". *Applied Financial Economics* , , 1547 — 1557.
- n Zheng, H. (2006). "Interaction of Credit and Liquidity Risks: Modelling and Valuation". *Journal of Banking & Finance* , , 391-407.
- n Zheng, H. &. (2008). "Jump Liquidity Risk and Its Impact on Cvar". *The Journal of Risk Finance* , , 477-491

SERVICE-LED GROWTH: THE ROLE OF SERVICE SECTOR IN INDIA'S DEVELOPMENT

Ms. Yogita Singh Jadon

Asst.Prof. TIT-MBA, Bhopal

Ms. Manisha Singh

Asst.Prof. TIT-MBA, Bhopal

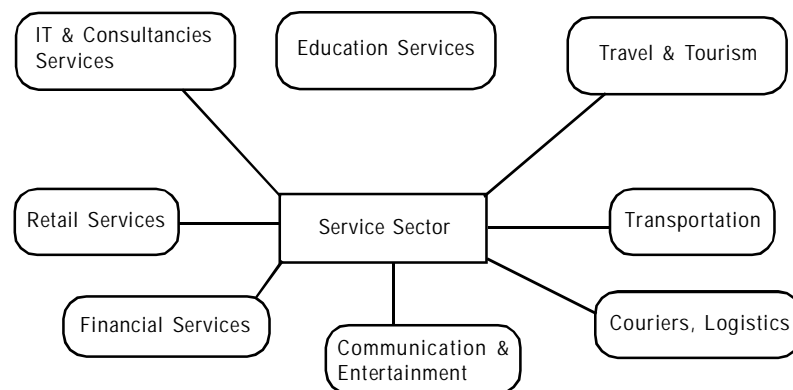
Abstract

During the past decade, services have increasingly assumed an important role in the Indian economy. The task of marketing is to make the innovative efforts more and more competitive and it also needs to fuel the process of development. The article focuses on the emerging trends in the service sector on India, contribution to GDP and employment opportunities, service sector or the tertiary sector of the economy covers a wide gamut of activities like trading, banking and finance. The main reason for flourishing of the service sector is due to increase or growth of urbanization, privatization and demand of consumer service. In between all these, the availability and quality of service is important for growth of the economy as well as this sector.

Introduction

Services are everywhere, visiting to a lawyer, a doctor, a holiday trip in a hotel or a day at school. The service sector has become a very significant contribution in the global economy. The majority of the gross national products of the industrialized countries are being generated by their service sectors.

After the initiation of the liberalization process by the government of India in 1991, service environment changes at a very fast pace. Services sector have become a strong support for generating employment, and contributing to the economy. Indian economy shifts from agriculture age to an information age. In post industrialization period income of the individual rises and their needs become less 'material' and the demand of services increases – in health, education, entertainment, banking, communication etc.



Objectives of the study

The study has been made with the following set of objectives :-

- To know the significant role of service sector for Indian's development
- To know the role played by the service sector in India's GDP
- To know the level of employment opportunities providing through service sector.
- To know the basics of outsourcing of services in Indian economy.

Research Design

The study covers the role of service sector in India and its impact in the economy development. The research is conceptual and to elaborate this study secondary data has been collected and analyzed. Standard books, journals, articles and websites were referred.

Developments in outsourcing of services

Out sourcing of business services as one of the fastest growing sectors of international trade, has inducted both development and developing to participate in this dynamic countries sector. Services being cheaper in development countries due to ample availability of skilled labor at relatively low cost has helped some of the developing t countries like Indian to emerge as a major supplies of such services.

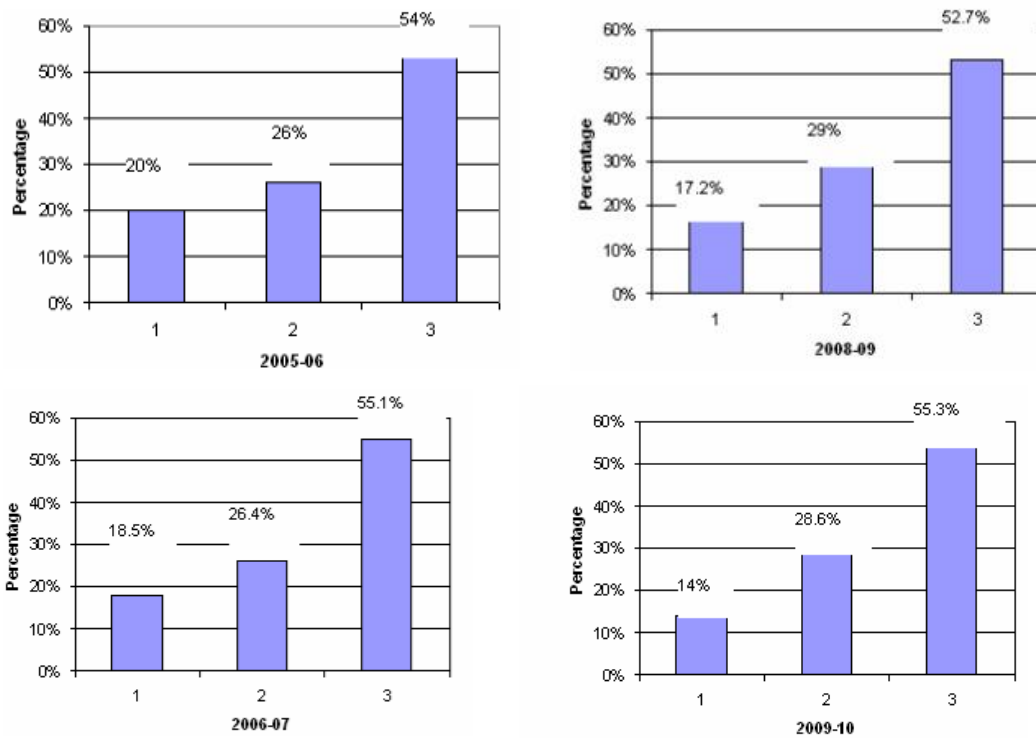
In the trend of outsourcing of business services, in which India is getting maximum share, is raising heated debate at regular intervals in the development countries. On the one side, opportunities to significantly reduce cost of operations through outsourcing of business services have tempted large number of organizations to outsource wide range of services.

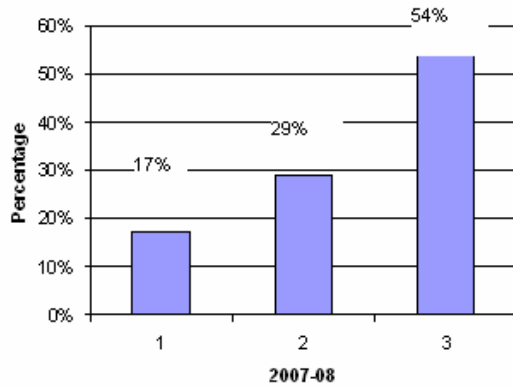
It is important to note that while studying scenario of trade in service and particularly off shoring, the articles deals with a phenomenon, which is difficulty to define and measure. Characteristics of services like intangibility and variability have created problems of definition and measurement in services trade, which further gets aggravated in international services trade – as services cannot be physically observed during its passage to other Countries. Equally difficult in tracking of related financial transaction. The information related to international services trade, is recorded in ‘invisibles’ section of balance of payment (BOP), suffers from severe classification problems. Within such limitations this section tries to understand Indian scenario of services Trade.

Contribution to GDP

India’ Gross domestic production (GDP) means the total value of all the services and goods that are manufactured within the territory of the nation during the specified period of time. The structure of India’s GDP has undergone immense transformation in the face of such rapid economy growth. Service sector contributes more than 50 % of GDP, this is an indicator for further economic growth.

Sector wise contribution in GDP





- 1— Agriculture sector
- 2— Industrial sector
- 3— Service sector

Source: -Economic survey, various issues

The above data supports that the service sector replaces the industrial sector as the leading sector of the economy. By the mid 1990's services accounted for almost two – thirds of worlds GDP, now it contributes half of the GDP. Agriculture is the predominant occupation in India, employing more than 50 % of the population. The service sector accounts for employing more than 25 while the industrial sector accounts for more than 10 % (India's GDP statistics)

EMERGING TRENDS IN SERVICE SECTOR

1. Now a days, India's economy is rapidly increases due to the contribution of services sector. India's economy could be the third largest in the world by in 2050, measured at market exchange Rates.
2. There are n – number of some goods or services are available in the market, that's why the consumers have many options there rate of switching over from one product to another product is very high. Due to this, the business firms have to provide good services to them for there sustainability.
3. The pattern of production of services is change worldwide in which India is playing a major role as a high – end services provider.
4. The two – way trade i.e. information technology and information technology enables services (IT & ITE) is rapidly increases and other one is high end services of sub – sector are the major factor for improving the Indian's economic performance.
5. If service sector have to retain they have to take interest in the human resources because human resources are the major elements for give boom to this sector. Further, this labor force or Human force is getting better trained (literacy rates are up to 74 Percent in the 2011 census)
6. The foreign companies seeing this have started outsourcing their works to India especially in the area of business services which includes business process outsourcing and Information technology services. This may give major boost to the service sector in India.
7. Inseparability is one of the important trail of services, that's why service sector is directly concern with customers. So it's a challenge for a creator or service provided to give the best quality to seller to differentiate the company from other.
8. Growth in service has led to higher use of services in manufacturing sector, which implies that the service sector will be able to generate its own clements in the future.

FINDINGS

In alignment with the global trade, India service sector has witness a major boom and is one of the major contributions to both employment and national income in recent times. Through services are expending and contributing a lot to the economy & social well – being of the whole world, they are affecting the Indian and like economics more than the other developed economies which have already seen this phase of development.

It is now understood that the services sector is going important by its contribution to the GDP and employment generation. The major findings are:

- The production of the services requires relatively less natural capital and more human capital as compared to agriculture or industrial goods; it leads to employment opportunity which helps for the economic growth.
- Another benefit of the growing service sector is that by using fewer natural resources than agriculture or industry it puts less pressure on the local, regional and global environment.
- India has a large pool of highly skilled, low cost and education workers in the country. Therefore the services that are available in the country are of the best quality.
- Shares of services sector in GDP is associated positively with per capital income in the countries with higher per capital income also have a large share of services in GDP.
- Services of India will be successful in creating its own demand and also helps in the manufacturing sector for their highly output growth and improves productivity in this sector.

Conclusion

It is proven fact the with the development of an economy, the performance of industrial sector and services sector become highest contributive factor to the GDP, while the contribution of agriculture sector gradually declines. This is due to the fact that India has a large pool of highly skilled, low cost and educated workers in the country. For this reason, services available in the country are of the best quality.

The foreign companies started outsourcing their work to India especially in the area of Business services. Further it has been observed the there is a progressive diversification in the employment structure reflected in the share of the various sectors. The period post – independence and pre – reforms the Indian economy used to generate nearly 51 % employment, the secondary sector 19 % and the tertiary sector generate 30 %. After the introduction of economic reforms, the Indian employment scenario witnessed a sea change in its contribution.

The Indian Government must take steps in order to ensure the services sector growth in India's GDP continues to rise. Thus it can be concluded that service sector plays a important role in shaping and building Indian economy but it is also equally important that the government should plan to develop strong infrastructure for the proper development of the service sector, and also there is a need to strengthened up the programs of industrialization and modernization of agriculture and agro – based industries. For this will ensure the growth & prosperity of the country's economy.

Bibliography:

- n *S. Mukherjee & D. Mukherjee, Economics (C.A. foundation course)*
- n *Economic Survey 2009-10, Computed from Govt. of India.*
- n *The Economic Times (2005a).*
- n *The ICFAI Journal of services Marketing Vol.V No.1 March 2007.*
- n *MAIMT- Journal of IT & Management, Vol. 2 No.1 May-Oct 2008.*
- n *Illeris Sven, The Service Economy, J.wiley 1996.*
- n *Heskett James L, Managing in the Service Economy, Harvard Business Press 1986.*

IMPORTANCE OF *CHIT FUNDS* IN AN INCREASING RATE OF INTEREST SCENARIO : A STUDY WITH SPECIAL REFERENCE TO BHOPAL CITY

Naila Iqbal
Rajiv Gandhi College, Bhopal

Abhay Arvind Bedekar
Registrar, MP Pharmacy Council, Bhopal

Abstract

The main Objective of this paper is to find out the origin of Chit Funds as a source of finance in unorganised financial sector, to understand the mechanism of Chit Fund operations and to calculate the size of money involved in Chit Fund type schemes in Bhopal City. Out of Unorganized Non-Banking Financial Institutions Chit Funds are a very important source of finance in India. A Chit Fund is a kind of savings scheme practiced in India. A Chit Fund Company means a company managing, conducting or supervising, as foreman, agent or in any other capacity, chits as defined in Section 02 of the Chit Funds Act, 1982.

A collection of members called a chit group makes their contribution in the form of money to collect a chit amount and they bid in an auction to be awarded with the prized money which is equal to the chit amount minus the discount and the foreman's commission.

INTRODUCTION

The Indian Financial system plays a significant role in the economic growth of the country by mobilizing the surplus funds and utilizing them effectively for productive purposes. The word "Finance" in the term "*financial system*"¹, implies funds of monetary resources required by individuals, business-houses and government for their various needs whereas "system", implies a set of complex and closely connected or interlined institutions, agents, practices, markets, transactions, claims, and liabilities in the economy. The financial system refers to the system of borrowing and lending of funds to all individuals, institutions, companies and Governments. Chit funds are mainly Unorganised Non banking Financial agencies which provide Easy money to its beneficiaries.

Financial Institutions are the intermediaries who facilitate smooth and proper functioning of the financial system by mobilizing the savings of surplus units and allocate them in to productive activities which will fetch better rate of return as compare to the various available productive projects. These institutions also provide services to entities like individual, business units, government bodies who seek advice on various issues ranging from restructuring to diversification financial plans. According to Gurley and Shaw² "the principal function of financial intermediaries is **to purchase primary securities from ultimate borrowers and to issue indirect debt for the portfolio of the ultimate borrowers and to issue indirect debt for the portfolio of the ultimate lenders.**"

Non-Banking Financial Companies (NBFCs) provide a variety of fund asset-based and non-fund based advisory services. These companies with very little capital of their own have been raising deposits from the public by offering attractive interest rates and other incentives. NBFC's mobilizes public funds and provide loans to wholesale and retail traders and also to small scale industries and self employed persons. NBFC's play an important role as financial intermediaries because they can take quick decisions; they can assume greater risks and they design their products according to the need of the customers. Depending on the nature and type of service provided, they are categorized as follows:

- Leasing companies
- Hire-purchase and consumer finance companies
- Housing finance companies
- Venture capital funds
- Merchant banking organization

- Credit rating agencies
- **Chit Funds/kitty/BC(20-20)/Anjuman**
- Factoring and forfeiting organizations
- Housing finance companies
- Stock broking firms
- Depositories

A **Chit Fund** is a kind of savings scheme practiced in India .A Chit Fund Company means a company managing, conducting or supervising, as foremen, agent or in any other capacity, chits as defined in Section 2 of the Chit Funds Act, 1982. According to Section 2(b) of the Chit Fund Act, 1982, “Chit means a transaction whether called chit, chit fund, chitty, kuri or by any other name by or under which a person enters into an agreement with a specified number of persons that every one of them shall subscribe a certain sum of money (or a certain quantity of grain instead) by way of periodical installments over a definite period and that each such subscriber shall, in his turn, as determined by lot or by auction or by tender or in such other manner as may be specified in the chit agreement, be entitled to the prize amount”.

Such chit fund schemes may be conducted by organised financial institutions or may be unorganised schemes conducted between friends or relatives. There are also variations of chits where the savings are done for a specific purpose. Chit funds also played an important role in the financial development of people of south Indian state of kerala , by providing easier access to credit. In kerala chitty (chit fund) is a common phenomenon practiced by all sections of the society. In Kerala, there exists a company under the State Government, called Kerala State Financial Enterprise, the main business activity of it being the chitty business. Chit Funds are also misused by its promoters and there are many instances of the founders running what is basically a Ponzi scheme and absconding with their money.

HISTORY

According to Primitive civilizations, a book written by Edith Jemima Simcox, the ‘Malabar Kuri’ system existed from ancient Dravidian times and is somewhat similar to the systems in China. In China it developed to what is popularly known today as the Chinese lottery.

Dr NM Nampoothiri in his work ‘Legacy of Nila’ refers that the Village Banking system known as Kuri has its origins from the ‘Kaavu tattakam’ social group system. ‘Kavu tattakam’ refers to the territorial jurisdiction of a ‘kaavu’ or temple to a specific area. There were many such Thattakams and all ‘Kaavu Tattakams’ were finally linked to Zamorin’s Tirunavaya Mamankam. There are usually four kinds of chits. The ‘Simple Kuri’, the ‘Lelam Kuri or Auction Chit’, the ‘Sahaya Chit’ and the ‘Prize Chit or Lottery’ where a certain amount of gambling is involved. In Travancore, the usual term used is ‘Chitty’ from where ‘Chit’ comes whereas ‘Kuri’ or ‘Panam Payattu’ is the name employed in Cochin and Malabar regions. chit fund become very popular in the 19th century when ruler of erstwhile Cochin state, Raja Rama Varma, gave a loan to a Syrian Christian traders, keeping a certain portion of it to himself for administrative and other expenses. Later, to manage the increasing numbers of those seeking loans, he ordered a cast of lots and gave the accumulated amount to those who drew the lot on the principle of equity. Gradually the practice spread to other parts of the world including Myanmar and Sri Lanka. But the modern operations of chit funds started between 1830 and 1835, when the Chaldean Syrian church in Thrissur started Kuries under its name and issued passbooks to subscribers as evidence of enrolment. Another version of the origin of Chit fund is linked with Portuguese missionaries from China, who visited Muziris (Kodungalloor) for evangelization and established a seminary at Vypeencotta village in 1577. They reportedly encouraged promotion of chit fund in Kodungalloor.

A collection of members called a chit group makes their contribution in the form of money to collect a chit amount and they bid in an auction to be awarded with the prized money which is equal to the chit amount minus the discount and the foreman’s commission.

The chit is registered with the Deputy Registrar of Chits and a registered number is obtained. The Foreman promotes and conducts the Chits as per the regulations of the Chit Funds Act and Rules.

Chit Funds / Kuries /BC (20-20)/Anjuman etc - Schemes practiced in India

Chit Fund is a simple financial transaction whereby certain number of peoples joins together and contributes money, which is accepted by one person among them at a time. The contribution and acceptance are continued in turns until the cycle is completed where up on the contribution equals the acceptance.

For example, assume that 30 persons join together and contribute Rs.5, 000 /-each totaling to Rs.1, 50,000/- which is accepted by any one among them. Next month also, the sum contribution of Rs.5, 000/- is accepted and the same procedure is repeated for 30 months. The complete procedure will be clear after studying the following definitions.

Women in many parts of India contribute Rs 20 monthly for a period of total no. of women in the group and decide the beneficiary by a lottery chit. That's why they call it BC (20-20) also.

Definitions of Stake -Holders

Subscriber (Chittal)

Subscriber is a person who joins a chit run by the organization. Each Subscriber is having an identification number.

Foreman (Thalayal)

Foreman is the person who conducts the chit. He is also one of the subscribers of the chit.

Subscription

Subscription is the periodic contribution payable by the subscriber.Eg.Rs.5,000/-

Sala (Face value)

Sala is the total contribution collected from all the subscribers each time.Eg.Rs.1,50,000/- **Prize Money** Prize money is the amount for which the chit is prized or auctioned.Eg.Rs.1, 05,000/- (see Auction Discount)

Auction Discount

Auction Discount = Sala - Prize Money which is reduced by conducting auction. The reduction is limited to a certain percentage of sala say 30%.Eg.(Rs. 1,50,000/-) - (Rs.1,05,000/-) = Rs.45,000/-

Foreman's Commission

It is certain percentage of sala, normally 5% of sala. Eg.7, 500/-

Auction Dividend

Auction Dividend is Auction Discount less Foreman's Commission, which is divided among the eligible Subscribers. Eg.Rs.45, 000 - Rs.7, 500=Rs.37, 500

Net Subscription

Net Subscription is Subscription less Auction Dividend, which is to be paid in cash by the subscribers each time.eg.Rs.5, 000 - Rs.1, 250 = Rs.3, 750 (37500/30=1250)

Prized Subscriber

A Prized Subscriber is a subscriber who has auctioned the chit or who was prized.

Non Prized Subscriber A Non Prized Subscriber is a subscriber who is yet to auction the chit or who is yet to win the prize.

Foreman's Liability

Liability of the foreman is for accepting the prize money, i.e. normally the first prize money. In the above example, subscription collections of one month is taken by the foreman without any deduction i.e. Rs.1, 50,000/-. For the next month, whoever desires to get the receipt either goes for a lottery or an auction to decide the lowest bidder, which should not exceed 30%. If more than one person bids or reduction exceeds 30%, the case is decided by draw on lots. The auction dividend (Auction Discount less Foreman's Commission) is equally divided among the eligible subscribers and the balance net subscription is collected in cash and the total of such collections will be equal to the prize money payable. This procedure is continued until the cycle is completed.

Let's take a simpler example and work it out in more detail. Assume that there are 10 persons in a chitty including the foreman. Ten persons contribute Rs.1000/- each month for ten months. So the sala is Rs.10, 000/- per month. Remember for the first month's subscription collection is taken by the foreman without deduction i.e. Rs.10, 000/-. For next month, auction takes place and there is a limit for bidding it is 30%. So, let's say the prize money is not less than 70%. Suppose the prize money is Rs.7, 000/- then first auction discount will be Rs.3, 000/-. Foreman's commission is 5% of sala so it will be Rs.5, 00/-. Now auction dividend will be Rs.2, 500/- (3000 - 500). Share of auction dividend for each person will be Rs.250 (2500 / 10). So, next months net subscription will be Rs.750/- (1000 - 250).

This process will continue till 10 installments.

Sala = No: of Installments * Subscription Amount (10000 = 10 * 1000)

Auction Discount = Sala - Prize Money (3000 = 10000 - 7000)

Prize money not less than or equal to 70% (70% of sala (10000) i.e. 7000)

Foreman's commission (FC) is 5% of sala. (5% of 10000 i.e. 500)

Auction Dividend = Auction discount - Foreman's commission (2500 = 3000 - 500)

Share of Auction dividend = Auction Dividend / no: of divisions (persons) (250 = 2500 / 10)

Net Subscription (NS) = Subscription - Share of Auction dividend

(750 = 1000 - 250)

Acts Governing Chit Fund Operations in India:

Chit funds in India are governed by various state or central laws. Organised chit fund schemes are required to register with the Registrar or Firms, Societies and Chits.

- Union Government - Chit Funds Act 1982 (Except the State of Jammu and Kashmir)
- Kerala - Kerala Chitties Act 1975
- Tamil Nadu - Tamil Nadu Chit Funds Act, 1961
- Karnataka: The Chit Funds (Karnataka) Rules, 1983
- Andhra Pradesh - The Andhra Pradesh Chit Funds Act, 1971
- New Delhi- The Chit Funds Act, 1982 and Delhi Chit Funds Rules, 2007
- Maharashtra - Maharashtra Chit Fund Act 1975

Research Question/ Hypothesis:

Null Hypothesis H0: There is no significant difference in the rate of Interest Charged in a Chit Fund scheme and the prevailing Rate of Interests in Organised or Un-organised financial sector.**Alternative Hypothesis H1:** H0 is false.

Chit Funds operations in Bhopal City

Basic Information (related to Chit Funds) of Bhopal:

Population of Bhopal is Approximately 20 lacs (year 2011)

Area of Bhopal City is 280 Sq Miles approx.

It broadly means 04 lac Families. (A Family consists of 05 persons,say)

Calculations

Suppose, Approx. 05% families take part in chit fund activity in Bhopal that is 05% of 04 lac families means 20000 families.

We can divide these 20000 families in these classes:

Table: 01 Class wise Family Division (Bhopal City)

Sr. no	Classes	No. of families
a	Upper class	05% i.e. 1000 families
b	Upper middle class	15% i.e. 3000 families
c	Middle class	30% i.e. 6000 families
d	Lower Middle class	15% i.e. 3000 families
e	Lower Class	20% i.e. 4000 families
f	Poor	15% i.e. 3000 families

The size of chit is 10 persons/ chit and class wise contribution in Chit Fund is as under:

Table: 02 Class wise Contribution in Chit Fund (Bhopal City)

Sr. no	Classes	Contribution
a	Upper class	Rs. 25000/Person
b	Upper middle class	Rs. 10000/Person
c	Middle class	Rs. 5000/Person
d	Lower Middle class	Rs. 3000/Person
e	Lower Class	Rs. 1000/Person
f	Poor	Rs. 10/Person

Now, if we calculate the total money involved in chit funds in Bhopal City is:

$1000 \times 25000 = \text{Rs } 02.5 \text{ Cr} + \text{Rs } 02.5 \text{ Cr}$ (upper class females are also involved in same number)

$3000 \times 10000 = \text{Rs } 03 \text{ Cr}$

$6000 \times 5000 = \text{Rs } 03 \text{ Cr}$

$3000 \times 3000 = \text{Rs } 90 \text{ lacs}$

$4000 \times 1000 = \text{Rs } 40 \text{ lacs}$

$3000 \times 100 = \text{Rs } 03 \text{ lacs}$

Total contribution is Rs 12.33 Cr/Month, and total chits are $2000 + 100 = 2100$ in number (including 100 female chits in upper class)

Approx. Rs 145 to 150 Cr in a year in Bhopal are involved in Chit Funds.

Table: 03 Interest Rates/lending Rates

1	Base rate	9.50%
2	Home Loan up to 30 lac (5 years)	10%
	30 lac (15 years)	10.5%
3	Home Loan Top-up	12.0%
4	Mortgage Loan	14.75%
5	Traders Loan	13.5%
6	Career Development Loan	14.25%
7	Personal Loan	16%

Ref: Bank of Baroda Interest Rates
www.bankofbaroda.com

Findings :

This is a case study of a Chit Fund of Bhopal where 14 members are there in a cohesive group (called Anjuman) contributing Rs 30000/- a month (Size of the fund is 420,000/- and time period is 14 months). The operation of fund is simply like this :

Table: 04 Month wise Auction/Base Price for a Chit Fund

Months	Base Price (Rs/-)	Auction Price(Rs/-)
1	58800	76500
2	54600	74600
3	50400	76000
4	46200	50000
5	42000	68500
6	37800	57000
7	33600	46000
8	29400	29500
9	25200	26000
10	21000	21000
11	16800	16800
12	12600	12600
13	8400	8400
14	4200	4200

Rs 30000*14(months) = Rs 420000/-

Now 01% of Rs 420000 is 420000*01*14= Rs 58800/- is base price for first Month and so on.

It shows (questionnaire results) that the members are interested in this type of chit fund and will always remain interested because

- 1) Easy availability of funds in a day's time
- 2) Less ROI i.e. around 1% per month
- 3) No paper formalities at all
- 4) No repayment pressure
- 5) Cohesive Environment (Anjuman)
- 6) Increases Friendship and Enjoyment

Conclusion:

So, it is clearly visible that the ROI in bank for Personal loan is 16% Per annum and in market it is 18-24% Per Annum or 2-3% per month, but in chit fund it is less than 01% a month i.e. 12% Per Annum.

Moreover the environment of a chit fund gathering or an Anjuman (name given to such gathering) is very cohesive and relaxing. What a person needs when he approaches any body for a loan?

It is nothing but ease of availability of funds, less paper formalities, less re-payment pressure and easy and happy life afterwards.

Hence, people are engaged in chit funds and will remain forever.

Annexure-1 Questionnaire*

- 1) Name:
- 2) Father's Name:
- 3) Age:
- 4) Education:
- 5) Occupation:
- 6) Requirement of Money at a time:

Minimum	50000/-
	100000/-
	150000/-
	200000/-
- 7) How you arrange the Money required: through
 - Personal Loan
 - Chit Fund
 - Bank Loan
 - Mahajani System
- 8) From which age/how many years are you associated with Chit funds.
- 9) From where you learned first about Chit Fund?
- 10) In how many Chit Funds monthly are you engaged?
- 11) What is the Prevalent ROI in the Market (Un-organised sector) according to you?
- 12) What is the ROI you get in Chit Fund on the money you get? Is this rate the lowest?
- 13) Will you be engaged in Chit Fund in future also?

*The questionnaire is duly filled in by 14 members of the chit and all the responses are with the authors. This conclusion is based on those responses mainly.

References

- n It promotes deficient allocation of financial resources of socially desirable and economically productive purpose.-
 .- H.R.Machiraju , **Indian Financial System** ,3 E,Vikas Publishing House Pvt Ltd, 2009,edition 3,pg no.24 ;
 n E.Gordon and Dr.K Natrajan, Financial Markets and services- vikas publication, third edition, pg 122 .

Websites Referred:

1. "Chit Funds Act, 1982". Financial Intelligence Unit India. <http://fiuindia.gov.in/relatedacts-chitfunds.htm>.
2. "The 'Kuri' systems of Kerala". Maddy. <http://maddy06.blogspot.com/2009/05/kuri-systems-of-kerala.html>.
3. "Chit fund companies on the rise". DNA. http://www.dnaindia.com/money/report_chit-fund-companies-on-the-rise_1288173.
4. "Chit fund cos on the rise in Kerala". The Indian Express. <http://www.indianexpress.com/news/chit-fund-cos-on-the-rise-in-kerala>

A CONCEPTUAL FRAME WORK OF MERGERS AND ACQUISITIONS

Yogesh Puri
Asst. Professor
STEP-HBTI, Kanpur, UP

Prabhat Dwivedi
Asst. Professor
STEP-HBTI, Kanpur, UP

Abstract :

Mergers and Acquisitions (M&A) have been achieving importance and attention in the corporate world especially with advent of intense globalization. Today, it is one of the fastest strategic options that companies choose to face the global competitive market. Mergers and Acquisitions, in general sense, are very similar corporate actions. Conceptually, 'merger and acquisition' refers to buying, selling and combining different companies to get improved financial performance, create a global presence, and face the global competitive market. This conceptual paper is broadly divided into three parts. Initially, it started with the meaning definition and types of mergers and acquisitions. In the second part, it throws adequate light upon various theories of mergers and acquisitions viz. Efficiency theory, Market power theory, Raider theory, Valuation theory, Agency theory etc. Finally, the research paper explains the models available for merger and acquisitions.

Introduction

When two companies combine together so that one company is completely absorbed by another company is known as merger or acquisition. One company which is less important loses its identity and becomes part of the more important corporation, which retains its identity. A merger extinguishes the merged corporation, and the surviving company assumes all the assets, rights, privileges, and liabilities of the merged company. A merger is not the same as a consolidation, in which two companies lose their separate identities and unite to form a completely new corporation.

Definition

The phrase **mergers and acquisitions** (abbreviated **M&A**) refers to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company in a given industry grow rapidly without having to create another business entity.

Conceptual Background

Most of the mergers seek synergistic gains to both the acquiring as well as the target firm. Synergy could be expressed as follows:

In effect synergy is created and is positive only when the following equation holds true,

$$V(A + B) > V(A) + V(B)$$

Where:

$V(A+B)$:	Value of the combined firm
$V(A)$:	Value of firm A
$V(B)$:	Value of firm B

Also, merger and acquisition effect along all of the above considerations should also be positive, failing which little synergies benefit is deemed to have been generated [Pathak (2000)].

The net effect of synergy could be:

- Positive: If all or one of the above three happens.
- Neutral: No change over the stand-alone positions.
- Negative : All or one of the above may happen in reverse direction

Why do Merger & Acquisitions Happen?

In the following sections, we discuss in detail the five major theories that treat M&A motives as rational choices - efficiency theory, monopoly theory (also known as market power theory); raider theory, valuation theory (also known as information theory), empire building theory (also known as agency theory); and we elaborate on the financial advantages of M&A activity.

Efficiency Theory

When two companies merge, there is a possibility of lower per unit costs, stronger purchasing power or gaining of management efficiencies. When firms merge the less efficient firm will be brought to the level of the more efficient firm. It is likely that such potential gains in efficiency are more probable with firms in related businesses, so that there is significant managerial efficiency in the acquired firm, resulting in both personal gain (to the shareholders), and larger societal gains.

Efficiency theories also provide synergy in mergers. Synergy occurs when the value of the combined firm exceeds the value of the individual firms. There can be three types of synergies namely, financial synergy, operational synergy, and managerial synergy. Financial synergy results in lower cost of capital; operational synergy results from combining operations of separate units or from knowledge transfer and managerial synergy is realized when managers of either the acquiring or the target firm possess superior planning and monitoring abilities to their counterparts. One important variation of the efficiency theory of merger is Jensen's management competition model. Jensen describes takeovers as a disciplinary force in the capital market, which functions as a market for corporate control. Also, critics against financial synergy argue that it cannot be achieved in an efficient capital market. Hence adherents to capital market efficiency have to explain the missing link between the public information from financial statements and the public information incorporated in the stock price.

Target Firm's Intent

The managerial efficiency hypothesis suggests that the preference (if any) for pure-play securities stems not from lack of confidence in the market's ability to value complex organizations, but from the perceived inability of managers to manage them effectively. Even the best management team may reach a point of diminishing returns as the size and diversity of assets under their control increases. Part of the problem is that top management may be unaware of the unique problems and opportunities of a subsidiary in a different line of business. An announced motive in many sell-offs is to sharpen the corporate focus by spinning off (or divesting) units which are a poor fit with the parent company's other operations.

The issues of management incentives and accountability are related to management efficiency. Bureaucratization of management and consolidation of financial statements can stifle entrepreneurial spirit and result in performance going unrewarded (unpunished). Incentive compensation plans tied to parent company stock options may be meaningless or even counterproductive. A spun off subsidiary has the advantage of an independent stock price directly reflecting the market's response to management actions, and more closely linking compensation to performance.

Monopoly or Market Power Theory

A significant motive for mergers and acquisitions is that it helps increase the firms' market power through increase in size (market shares). Increase in market shares leads to an increase in industry concentration, which provides firms with greater growth opportunities through access to better technology, control over demand and supply of intermediary products and services, or the power to set prices, establish industry norms (dominant designs) in technology or (best practices) customer services. The acquiring firm can gain market power through collusive synergy or through competitor interrelationship. Market power is achieved by cross-subsidization of products, deterring potential entrants, or limiting competition through tacit collusions. However, past studies show that the market power theory is weaker than the efficiency theory in explaining merger and acquisition. A firm can acquire a larger volume of operations sooner if it goes for horizontal

acquisition, rather than developing internally. The increase in the market share will help the firm achieve economies of scale and pursue more growth opportunities. In case of vertical acquisition, the firm gets control over its resources and raw materials through backward integration; marketing capability and distribution network through forward integration. This will give the acquiring firm better control over a larger part of the value chain, which in turn, will give the firm an advantage over its competitors. Similarly access to better technology is also a reason for a firm acquiring another firm.

Target Firm's Intent

The target firm's reasons for being acquired are similar to those of the acquirer discussed above. If firm cannot acquire another firm with better control over the value chain, it can sell off itself to the larger firm. Being a part of larger firm, it will have easier access to markets, capital and technological resources and will grow faster.

Raider Theory

Raider theories focus on how an acquirer with no strategic intent (popularly known as private equity funds-whose only motive is to earn financial returns from investments) acquires a controlling stake in a target firm to transfer wealth from the target company stockholder to the acquirer stockholder. The primary value that raiders add would be to acquire distressed firms with inappropriate capital structures and restructure them to make them more efficient. Most often, these firms would be taken privately through leveraged buyouts. Recently, private equity with access to substantial funds has bought distress firms in a variety of sectors. The acquiring firm is often able to see those opportunities available to the target firm that other investment bankers fail to see. By providing the target firm with sufficient capital flows, restructuring, and selling off of non- profitable assets, the acquiring firm's intent is to enhance the value of the target firm significantly.

Target Firm's Intent

The target firm would sell out to a private equity fund primarily to fuel its expansion and growth plans, for which its current operations might not be able to generate sufficient capital resources. Target managers also look for access to superior (corporate) management capabilities, advice on inorganic growth strategies, and enhancement of their valuations.

Information or Valuation Theory

Since there is an information asymmetry between financial statements and the public information incorporated in the stock price, new information may be disclosed during a merger deal. Information theories refer to the revaluation of the firm through disclosure of new information during the merger negotiations, the tender offer process, or planning for a strategic alliance/ joint venture. The two major explanations of new information suggested by Bradley, Desai and Kim are (a) stimulating the management to implement a higher-valued operating strategy (kick-in-the-pants explanation), and (b) disclosure of assets/ resources that were undervalued by the market, unearthed by bidders with access to superior information (sitting-on-a-gold-mine hypothesis). These disclosures lead the market to revalue the firm with the new information. This theory is also known as the valuation theory.

Acquiring Firm's Intent

Acquiring firms get access to inside information about the target firm during the acquisition process. The information will be more valuable in cases when such information is not freely available in the public domain (where the target is either a privately-held company or owned by the government). The additional information could be leveraged by the acquirer to chalk out a strategy that provides for greater synergies and value addition.

Target Firm's Intent

The target firm's current owners/ managers might undervalue the firm because of the complexity of the managerial holdings. For example, in vertically integrated firms, owners/ managers might not have the

necessary information to value all their assets/ resources, and therefore an acquisition would be able to release information about these assets and rationalize the value of the firm accordingly.

Empire Building or Agency Theory

In their paper, Jensen and Meckling formulated the implications of agency problems. Agency problems occur when the separation of ownership and management leads the management to work towards their personal benefit rather than the benefit of owners. In most public firms, the top management owns little or no shares in the firm. Such separation of ownership between the agents (managers) and principals (owners) could also arise from the lack of motivation by minority owners (who own a small proportion of shares) to monitor and control the strategies of the managers. A number of compensation arrangements and the market for managers may mitigate the agency problem. The agency problem could be handled by either making the managers more accountable to the shareholders, or increasing the stake of the managers in the firm through various stock ownership plans. Agency problems also give rise to merger motives of the empire- building theory". Agency problems could end up motivating managers whose compensation is dependent on firm size to use highly risky merger and acquisitions to increase the size of the firm.

Target Firm's Intent

Agency problems could be managed by both organizational and market mechanisms. A part from increasing the stake of managers in the firm; the market for corporate control provides for external managers to gain control of the decision processes of the target firm as a means to overcome the agency problems.

Financial Advantages

Financial advantages in terms of tax advantages and high valuation may induce mergers and acquisitions. Differences in the treatment of period income taxes and capital gains for taxation purposes guide mergers. Mergers offer the potential to convert period earnings into capital gains through sell-offs and vice versa through acquisitions. Another tax benefit is to merge a highly profitable firm with another firm reporting losses, thereby reducing the tax liability of the profitable firm. Similarly, a lot of insider information is revealed during the bidding process, the undervalued target firm gets revalued and its stock price rises, resulting in significant financial advantages to the target firm.

Firm's can use acquisitions to capitalize their tax liabilities by buying out small high-growth firms with little or no dividend payouts, and subsequently selling them off to realize capital gains.

Target Firm's Intent

Retiring owners of privately-held firms could use sell offs as means to convert their potential (but uncertain) period incomes to capital gains by a tax-free exchange of securities, thereby earning share of the combined firm.

The Models:

There were two types of situations commonly prevailing in the case of all the Merger and Acquisitions. They have either acquired one or more companies in various years. There are two specific aspects of marketing synergy i.e., synergy arising out of marketing operations. These are market dominance synergy, which implies the ability of the firm to command better price-cost margins and market efficiency synergy as discuss above. The dummy variable has been used to separate the pre-merger and post-merger effects on performance.

The following two types of multiple regression models have been used to capture the synergy affect; brief descriptions about these models are as follows:

Model-1:

Application in case of single merger or acquisition in one year, for estimation of the market dominance

$$Y = \alpha + \beta D + \gamma DT + U$$

Where,

Y is the dependent variable to be measured; various measurable dependent variables have been discussed in details below.

α denotes the intercept.

β is the coefficient of D the dummy variable. D is defined as 0 pre-merger and 1 post-merger. This variable is introduced to isolate the synergy gains or losses from the merger activity.

γ is the coefficient of DT the dummy variable of time. DT is the product of D the dummy variable and T the time period of study taken as a series. The value of T for the first year of measurement is 0 and 9 for the 10th year. DT isolates the synergy gains or losses in the post-merger time period.

The term U denotes random disturbances.

Model-2:

Application in case of two observations of mergers and acquisitions in two different years; for estimation of the market dominance

$$Y = \alpha + \beta D1 + \gamma D2 + \delta DT + U$$

Where,

Two dummy variables D1 and D2 are used in addition to other notations. This is done to capture the effect of more than one merger or acquisition by the same acquirer in different time periods. That is, D1 shall capture the effect of the first merger and D2 shall capture the effect of the second merger.

β is the coefficient of the dummy variable capturing synergy gains or losses from the first merger denoted here as D1, such that D1 is 0 pre-merger and 1 Post-merger.

γ is the coefficient of the dummy variable capturing synergy gains or losses from the first merger denoted here as D2, such that D2 is 0 pre-merger and 1 Post-merger.

δ is the coefficient of DT the dummy variable of time.

Market Power: It has been measured in terms of price-cost margins.

$$\frac{\text{PBIT}}{\text{Sales}} = \alpha + \beta D + \gamma DT + U \quad \dots\dots 1$$

If β is less than zero, it implies that marketing synergies in terms of PBIT Sales synergy are accruing.

If γ is less than zero, then their synergies are increasing over time.

If γ is more than zero, then synergies are decreasing over time.

D = 0 before merger

1 after merger.

$$\frac{\text{PAT}}{\text{Sales}} = \alpha + \beta D + \gamma DT + U \quad \dots\dots 2$$

If β is less than zero, it implies that marketing synergies in terms of PAT Sales synergy are accruing.

If γ is less than zero, then their synergies are increasing over time.

If γ is more than zero, then synergies are decreasing over time.

D = 0 before merger

1 after merger.

$$\frac{\text{PBIT}}{\text{Sales}} = \alpha + \beta D1 + \gamma D2 + \delta DT + U \quad \dots\dots 3$$

If β is less than zero, it implies that marketing synergies in terms of PBIT Sales synergy are accruing.

If γ is less than zero, it implies that marketing synergies in terms of PBIT Sales synergy are accruing.

If δ is less than zero, then their synergies are increasing over time.

If δ is more than zero, then synergies are decreasing over time.

D = 0 before merger

1 after merger.

$$\frac{\text{PAT}}{\text{Sales}} = \alpha + \beta D1 + \gamma D2 + \delta DT + U \quad \dots\dots 4$$

If β is less than zero, it implies that marketing synergies in terms of PAT Sales synergy are accruing.

If γ less than zero, it implies that marketing synergies in terms of PAT Sales synergy are accruing.

If δ is less than zero, then their synergies are increasing over time.

If δ is more than zero, then synergies are decreasing over time.

D = 0 before merger; 1 after merger.

Model-3:

Part A

Operating cash flow returns on assets are used to measure improvements in operating performance because they represent the actual economic gains generated by assets. Since the assets employed affect the level of economic benefits, the cash flow is deflated by the assets employed to form a measure of returns for comparison across time and across firms. (Methodology adopted by Healy et al, 1992). The accounting data though not perfect measures of economic performance, could suggest the sources of any merger related gains. Operating cash flows are defined as sales minus cost of goods sold and selling and administrative expenses, plus depreciation and goodwill expenses. This cash flow measure is deflated by the market value of assets (market value of equity plus book value of net debt). This market value based measure of return excludes the effect of depreciation, goodwill, interest expense and income and taxes. It is therefore unaffected by the method of accounting of merger and the method of financing (cash, debt or equity). It is important to control for these financing differences in measuring post merger performance. If a merger is financed by debt or cash, its post acquisition profits will be lower than if the same transaction is financed by stock because income is computed after deducting interest expenses (the cost of debt). In this context since the differences in earnings reflect the financing choice and not in the difference in economic performance, it would be confusing to compare reported accounting earnings, which are computed after interest income and expenses, for firms that use different methods of merger financing. The market value based measure of cash flow return is unaffected by the choice of financing. The cash flow measures of economic performance helps to mitigate the impact of the financing of the acquisition and the method of accounting for the transaction (Healy et al, 1992). The cash flow variables measure period-by-period performance, which is affected by firm specific and industry factors. Thus this methodology aims to be an accurate indicator of productivity / efficiency effects which result from a combination. The financial data for the year in which merger occurred

is omitted in order to control for accounting differences and any one time merger costs incurred during the merger which would otherwise make it difficult to compare them with results for other years. The performance data of the target and bidding firm are aggregated before merger to obtain the pre-merger performance of the combined firms. Comparing the post merger performance with the pre-merger benchmark provides a measure of the change in performance.

The operating cash flows for the target and acquiring firms are used to determine the cash flows for the combined firms in each of the three years before the merger (years -3 to -1). Post merger operating cash flows are the actual values reported by the merged firm in years 1 to 3. Operating cash flows are deflated by the market value of assets. The market value of assets is recomputed at the beginning of each year to control for changes in the size of the firm over time. For the pre-merger years the market value of assets is the sum of the values for the target and acquiring firms in the respective years. The market value of assets of the combined firm is used in the post merger years.

The pre and post-acquisition performance of the merging firms are compared relative to control firms matched on pre-acquisition performance and size. A pair of matched firms from the industries of acquiring and target firms one year prior to the acquisition (year-1) is collected for the comparison purpose. Firms with cash flow and total assets closest to those of acquiring and target firms are selected as the pair of matching firms. The data for control firms are created as in the case of merging firms for pre-acquisition years by weighing the, cash flow returns based on the relative asset values of the acquirer and target control firms in the respective years. For the post- acquisition years also the data for control group is made by weighing cash flow returns based on relative asset size of control firms in the respective years. The matched firm adjusted excess cash flow returns are computed for each firm and year as the difference between the sample firm value in that year and control firms (for both acquirer and target).

The limitation of market based measure is that unexpected cash flow realizations can change expectations about future cash flows and hence the market values. If merger announcement equity revaluations are included in the asset base, measured cash flow returns may not show any abnormal increase, even though the merger results in an increase in operating cash flows. (Healy et al, 1992). Hence in order to account for equity revaluations, the market value of the assets year before merger was taken as a base and this formed the denominator of the return metric for all the three successive post merger years.

Part B

The above-mentioned methodology is repeated with the denominator being the book value of assets and sales.

Operating cash flows are defined as “sales minus cost of goods sold and selling and administrative expenses, plus depreciation and goodwill expenses”. This cash flow measure is deflated by the book value of assets (book value of equity plus book value of net debt). Another model used is cash flow /sales. Thus two alternative cash flow deflators that were not sensitive to market revaluations of equity after takeover - book value of assets at the beginning of the year and contemporaneous sales were used as alternate methodology.

Conclusion:

Many companies find that the best way to get ahead is to expand ownership boundaries through mergers and acquisitions. Mergers create synergies, economies of scale, expanding operations, cutting costs and enhanced efficiency of utilization of their assets. Enhanced efficiency of utilization of their assets by the merged firms appears to have led to the generation of higher operating cash flows. Investors can take comfort in the idea that a merger will deliver enhanced market power. Synergistic benefits appear to have accrued to the merged entities due to the transformation of the uncompetitive, fragmented nature of firms before merger, into consolidated and operationally more viable business units. M&A comes in all shapes and sizes, before investing, investors need to consider the complex issues involved in M&A. In the long run, mergers appear to have been financially beneficial for firms in industry. The financial characteristics of a firm have a critical role in the merger decision process. The acquirer firms with unused debt capacity can

use mergers as a strategic business tool for gaining financial synergy. Firms with unused debt capacity may be able to create value by using financial slack to acquire other firms. Thus, capital structure characteristics provide the acquirers and the target a motive for mergers.

Reference

Books & Journals

- n *Chatterjee, S, 1986, 'Types of Synergy and Economic Values: The Impact of Acquisitions on Merging and Rival Firms', Strategic Management Journal, Vol 7, pp 119-139*
- n *Gadiesh,0, C Ormiston, S Rovit, and J Critchlow, 2001, 'The 'Why' and 'How' of Merger Success', European Business Journal, Vol 13, No 4,.*
- n *Grant Thornton (India), 2006, "The M&A and Private Equity Scenario", Jensen, M C, 1986, 'The Takeover Controversy: Analysis and Evidence', Midland Corporate Finance Journal, Vol 4, No 2, pp 6-27*
- n *Lubatkin, M, 1983, 'Mergers and the Performance of the Acquiring Firm', Academy of Management Review, Vol 8, No 2, pp 218-225.*
- n *Mueller, D C, 1969, 'A Theory of Conglomerate Mergers', Quarterly Journal of Economics, Nov, pp 643-659*
- n *Trautwein, F, 1990, 'Merger Motives and Merger Prescriptions', Strategic Management Journal, Vol 11, No 4, pp 283-295.*
- n *Walter, G A., and J B Barney, 1990, 'Management Objectives in Mergers and Acquisitions', Strategic Management Journal, Vol 1, No 1, pp 79-86.*

Online Sources

- n <http://economitimes.indiatimes.com/>
- n <http://www.blonnet.com/>
- n http://www.startv.com/eng/pressrm_intro.cfm?
- n www.economywatch.com > Mergers and Acquisitions
- n www.acpc-rs.org/pdf/Case-study-on-mergers.pdf
- n www.livemint.com/SectionPages/Mergers-Acquisitions

Call for Papers & Subscription

People's Journal of Management is a Bi-Annual Journal which aims at enriching the field of business management by publishing high quality research findings in all the relevant and business management related disciplines. Research Papers, original opinion based articles, case studies book reviews and comments are invited from academicians, research scholars, management practitioners and students.

Format of Contributions :

Title : Not exceeding 10 words.

Names and designations of authors (maximum 3). Also attach brief profile of authors.

Abstract containing brief objective, methodology & findings in about 250 words.

Full Paper may include sections like introduction, objectives, research questions / hypothesis, methodology, findings / results, conclusions / recommendation, limitations and bibliography / references.

Annexures : Tables, Charts, Graphs etc. if any should be numbered, cited and referenced properly.

Abbreviations : if any, should be expanded the first time followed by the abbreviation, in parenthesis.

Footnotes : if any, should be numbered consequently in the text and should be typed on the same page they are denoted.

A Declaration by the authors that the work is original and that it has not been published or submitted for publication elsewhere must be submitted.

Format : A-4 Size, MS Word , Times New Roman 12 (14 for Title).

Margin : 1.5" on all sides, Lines Spacing : 1/2.

Word Limit : Maximum 8 pages or 3500 words whichever is less. Shorter papers are encouraged.

The Journal neither charges any processing fees nor pays any honorarium to the authors.

Editorial Board's decision shall be final and shall be communicated with a period of 2 months from the receipt of the paper.

The authors will receive one Complementary copy of the journal.

The copyright of all accepted papers will vest with PIMR.

Contributions may be sent in CD/DVD to the : The Editor, People's Journal of Management, PIMR, People's Campus, Bhanpur, Bhopal- 462037 or By E-mail Attachment to pim@peoplesgroup.in and dir@pim.peoplesgroup.in.

Contact us at 0755-4005400 ; 4005421 ; Fax : 0755-4005430.

Subscription :

Persons / Institutions interested in subscribing to People's Journal of Management may send their subscription through DD/ at par cheque in favour of "People's Institute of Management & Research ".

Annual Subscription : Rs. 500 (2 issues) . Price of single issue Rs. 300.

Institution having their own journal may write in for free subscription in mutual exchange.

CONTENTS



Management Articles

- | | | |
|-----|--|-----|
| 1. | Relationship between Personal Attributes and Job Satisfaction in the University Job in Nepal
<i>Dr. Shyam Bahadur Katuwal</i> | 1 |
| 2. | Building a Competent Workforce through Effective Competency Mapping
<i>Shashi Tiwari and Susmita Ghosh</i> | 11 |
| 3. | Influence Of Television Advertising On Children And Brands
<i>Prof. Hari Sundar.G.Ram, Prof. Dr. D. Sudharani Ravindran, and Prof. Dr. Anandakuttan.B.Unnithan</i> | 19 |
| 4. | Customer Satisfaction About Accommodation Facilities In Thanjavur District Of Tamilnadu
<i>Mrs. R.RENUKA, and Dr. S.MYTHILI</i> | 25 |
| 5. | A Study Of Occupational Stress Among Bank Employees In Chandigarh
<i>Ms. Renu Vij and Dr. C. Natarajan</i> | 30 |
| 6. | Type 'A' Behaviour Pattern (Tabp): A Veritable Double – Edged Sword
<i>Dr. Subhashree Panda</i> | 36 |
| 7. | Performance Measurement through Balance Scorecard –Recent Trends, Issues and Challenges in Indian Core Sector Management
<i>Mr. Soumya Saha</i> | 53 |
| 8. | Tax Return under Value Added Tax: A Study on Tax-Payers Perception
<i>Dr. Ranjit Singh and Ms. Sweety Agarwal</i> | 50 |
| 9. | A Typology of investment behaviour of investors towards making an investment in the competitive market : a Factor Analytical Approach
<i>Dr.Sangeeta Arora and Kanika Marwaha</i> | 54 |
| 10. | Comparative Study of the Preferences of Urban and Rural Consumers with respect to Attributes of Cars
<i>Dr. B.S. Hundal and Saurabh Grover</i> | 58 |
| 11. | Nature Of Usage And Perceived Quality Of Service Of Internet Banking – A Comparative Study On It Professionals
<i>Dr. Swaha Bhattacharya</i> | 63 |
| 12. | A Study On Effectiveness Of Recruitment Process In Bpo Services In Chennai, Tamilnadu
<i>P.Bhuvanewari, N.S. Suganya and P. Senthil Kumar</i> | 69 |
| 13. | An analysis of customer attitude towards banking services with reference to private sector banks
<i>Bindiya Tater, Dr. Sameer Sharma and Navratan Bothra</i> | 75 |
| 14. | The Challenges Of Cross Cultural Negotiation
<i>Dr. Samina Azhar, Prof. Vinita Mohindra and Syed Sajjad Azhar</i> | 83 |
| 15. | Liquidity Management: An Empirical Study of Cuddapah Spinning Mills Limited, Kadapa (AP)
<i>N.VenkataRamana, S.Md.Azash and K.Ramakrishnaiah</i> | 88 |
| 16. | Service-Led Growth : The Role of Service Sector In India's Development
<i>Ms. Yogita Singh Jadon and Ms. Manisha Singh</i> | 97 |
| 17. | Importance of <i>Chit Funds</i> in an Increasing Rate of Interest Scenario : A study with Special Reference to Bhopal City
<i>Naila Iqbal and Abhay Arvind Bedekar</i> | 101 |
| 18. | A Conceptual Frame Work Of Mergers And Acquisitions
<i>Yogesh Puri and Prabhat Dwivedi</i> | 108 |