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EDITORIAL

FROM THE EDITOR'S DESK

Warm Greetings!

Welcome to the second issue of “**Parivartan - The journal of Management Research**” - being presented to you as symbol of our commitment to research and similar other pursuits to fulfill our intellectual appetite at the Oriental Institute of Management (OIM).

We, at OIM, have been striving to inculcate and develop in our faculty and other members - a structured approach towards the out-of-the-box thinking, innovation and research. We are working with steadfast devotion to create a research environment that genuinely and justifiably addresses to certain vital aspects like diversity among human beings, our managerial and entrepreneurial eco-system as also the broader canvas of the Indian as also global business, economic and industrial environment.

We do hope that our research initiatives at OIM positively impact our industrialists, policy and decision makers to develop an appreciation towards genuine applied research at our educational institutions. This will go a long way in emergence of new possibilities.

There are fourteen excellent articles in the current issue. I should felicitate the authors of these articles for their excellent research work and express my very sincere appreciation for their willingness to make this effort and share their ideas.

For the persons of finance background, we have five papers throwing light on different aspects of financial markets like derivatives, securities, FDI, microfinance and dividends. The first research article has shown the impact of the derivative market on the Indian stock market; the second is to know the impact and magnitude of FDI inflow in India in comparison to other countries, the third article has suggested the factors that determine the dividend payout ratios of firms, the fourth article talks about building a sustainability framework for Indian economy and the fifth is a useful contribution in the field of microfinance.

For the researchers in the domain of “Human Resources”, two papers have been included – the first: an article managing organizational intelligence where the researcher has done her study on the major challenges to managing the talent with in organization and the second: the article on general management where the researcher has examined the relationship between travel motivation and life style.

Apart from the above, there are articles on Public Private Participation (PPP) Model for Health Care and Education Services, Customer Satisfaction, Students’ Perception towards Information Media Mix and last but not the least - an article on “Assessing the Preparedness among the CEOs of MSMEs for getting into planned Corporate Social Responsibility”.

I take this opportunity to extend my sincere gratitude to all the authors of the current issue of this journal. I welcome comments, suggestions and healthy criticisms from the readers for making the future issues of our journal more valuable.

Dr Rashmi Soni

Chief Editor

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Effect of Derivative Securities on Indian Stock Market Volatility

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ABSTRACT

Globally, derivative markets are huge and growing rapidly, and expansion is probably going at a scorching pace in India. This paper evaluates the impact of introduction of derivative securities market on volatility of underlying stocks and index and also examines trend of the trading business of futures and options. This study finds the degree of relationship between the turnovers of derivative and cash markets and also the index and stock futures of both the segments of NSE and BSE as well as the impact on the approach of investor's perception.

INTRODUCTION :

The stock market is one of the most important sources of raising money or raise additional capital for expansion by selling shares of ownership of the company, which also provides liquidity and allows businesses to be publicly traded and this leads to be an up coming economy's strength of a country. In the last 30 years, *derivatives*¹ have become increasingly important in the world of finance. Futures and Options are now traded actively on many exchanges throughout the world. Many different *types of derivatives*² regularly traded by financial institutions, fund managers, corporate treasurers, individuals, etc., who can be classified into three *categories of participants*³ in the derivative market in the over-the-counter market. Derivatives trading are an integral part of the measuring process of Capital Market of every nation.

Derivative contracts were introduced just as a risk management tool in the financial market. Due to availability of derivative instrument in the market, there may be a shift in the quality of underlying spot market transactions like changed volatility structure, improved market efficiency etc., consequently, there should be some impact of derivative instruments on the trading volume of underlying stocks and the whole of the market.

II. Literature Review:

Keeping in view the introduction of Derivative

securities and their impact on the Indian Stock Market as well as economic development of the country, large numbers of studies have been carried out by the academicians, scholars, practitioners and professionals. **Black-Scholes (1973)** concluded that the call option pricing formula was a land mark in the history of financial modeling and continues to be the preferred model for theoretical valuation of option prices. **Nathan R (1974)** concluded that the introduction of stock options has a stabilizing effect on the underlying cash market. **Latane et al (1976)** observed that out-of-money put options are generally overpriced in the market. **Danthine (1978)** argued that the futures markets improve market depth and reduce volatility because the cost to informed traders to responding to mis-pricing is reduced. **Trennepohl et al (1979)** examined the effects of options market and found a decrease in volatility in optioned stocks compared to non-optioned ones. **Herbst et al. (1987)** examined the leading relationship between the spot and futures markets for S&P 500 indices, which lead between zero and eight minutes. **Aggarwal (1988)** argued that volatility in all markets, with or with out futures-related activity, had increased during the post-futures period. **Conrad (1989)** concluded the variance of average excess return has declined after the introduction of options while the systematic risk has remained the same. **Skinner (1989)** found that option listing is associated with a decline in stock

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return variance but didn't find any impact on non-diversifiable risk (beta) of the stock. **Detemple et al (1990)** concluded that the options have price effects, volatility effects, cross effects, announcement effects and persistence effects on the market for underlying stocks. **Damodaran et al (1991)** revealed that option listing does not lead to shift in intrinsic variance rather it expedites the price adjustment process. **Blume et al. (1994)** expressed the trading strategies that use past prices can be improved by incorporating the trading volume. **Elfakhani et al (1995)** concluded that option listing had a stabilizing effect on the underlying stocks. **Fleming et al. (1996)** found the index futures lead the options but that the index options lead the cash market. **Kumar et al. (1998)** found that the option listings are associated with a decrease in the variance of the pricing error. **Antoniou et al. (2001)** examine the lead-lag relationship between stock and futures markets of France, Germany and the UK, and confirmed the futures markets lead spot markets. **Shalstorm (2001)** examined that the stock option listing affects and documents the impact of stock option listing on underlying stocks volatility bid-ask spread, and auto-correlation structure of return series. **Gupta (2002)** opined that it is necessary to introduce of derivative products in the secondary market in the reforming process to provide for risk management to investors. **Thenmozhi (2002)** investigated the empirical relationship between the NSE 50 futures and the NSE 50 index and found the volatility of the spot market has decreased with the introduction of futures trading. **Nath (2003)** concluded the volatility of the stock market as measured by benchmark indices, such as S&P CNX Nifty and S&P CNX Nifty junior has fallen during the post-derivatives period. **Raju et al (2003)** applied error correction model to delay closing values of the stock index nifty in NSE and concluded that information gets reflected first in the futures market segment. **Shenbagaraman (2003)** opined that the introduction of futures and options has had no effect on spot market volatility. **Nagaraj et al (2004)** find the index futures trading have a positive impact on spot market volatility. **Mishra et al. (2006)** examine the deeply in the money and deeply out of the money options are having higher volatility than the money options. **Afsal E M et al (2007)** conclude that majority of the cases, no impact of the futures trading on the market

volatility. **Sandeep Srivastava et al. (2007)** examined that introduction of derivative securities have stabilizing effect and has led to decline in volatility of underlying assets. **Sathya Swaroop Debasish (2007 and 2008)** found that both the index futures and index options contracts lead the cash index by up to one hour and also opined the volatility in stock prices of NSE Nifty does influence not only by the futures trading activity but also responsible the other macroeconomic variables, such as inflation and risk premium. **Bodla B S et al (2008)** after the introduction of derivatives, found a positive impact of expiration of derivatives on trading volume of sample stocks. **Claudio Albanese et al. (2008)** observed the volatility derivatives are well suited to be traded with moment methods, whereby one extrapolates the distribution of the relevant path functions on the basis of a few moments. **Fazillah M et al. (2008)** conclude hedging reduces distress cost and increases firm's debt capacity. **Kakati M (2008)** concludes the Adoptive Neuro-Fuzzy System (ANFS) model could significantly reduce the Root Mean Square Errors (RMSE) of forecasting, and also provide an alternative way to refine the options' valuation. **Manvendra Tiwari et al. (2008)** studied the effect of using a variation of the Black-Scholes model to price call options on S&P CNX Nifty and suggested that the incorporation of skewness and kurtosis into the option pricing formula yields values much closer to market prices. **Noor azlinna Azizan (2008)** examined trading volume of the stock index futures to predict the movement of their respective prices and found the London market exhibits bidirectional relationship between volume and volatility, but not Singapore and Malaysia. **Subrata Kumar Mitra (2008)** concludes the Black formula provides better result in comparison to Black-Scholes formula for Nifty options.

III. Need and Objectives of the Paper:

The impact of derivative securities on the Indian stock market is the stuttered change of financial sector reforms. These are pointed out that improving market efficiency, enhancement transparency, checking unfair trade practices and bringing the Indian Capital Market up to a certain international standard are some of the major objectives of these reforms. Due to such reforming process, one of the important steps taken in the secondary market is introduction of derivative

products in two major Indian Stock Exchanges (viz., NSE and BSE) with a view to provide tools for risk management to investors and also improve the informational efficiency of the Cash Market. In India, derivatives were mainly introduced with a view to curb the increasing volatility of the asset prices in financial markets, to higher return by reducing risk and transaction cost as compared to individual financial assets.

Though the onset of derivative trading has significantly altered the movement of stock prices in Indian Spot Market, it is yet to be proved whether the derivative products have served the purpose as claimed by the Indian regulators. Therefore, an attempt is made in this paper to highlight the rationale for introduction of futures and options contracts on more stocks as they contribute to enhancing the efficiency of underlying stock market and managing the market risk and to compare the turnover between derivative market and cash market. It is also attempted to examine and evaluate the product mix turnover and the market capitalization of the selected market segments. Finally, to examine the impact of derivatives market on the Indian stock market volatility, liquidity, risk management, developing hedging strategies and growth and development and integrate with the global reforms as well as impact on Indian Economy and thereupon draw the conclusion.

IV. Hypothesis:

It is hypothesized that there is a positive impact of introduction of derivative securities on the growth and development of Indian stock market.

V. Data sources and methodology:

The proposed study is to examine the impact of derivatives market on Indian Stock Market as a whole. The relevant data has been collected from the secondary sources comprising published monthly and annual reports, official websites of SEBI, RBI, NSE, BSE, CMIE, and various reputed journals and magazines. The collected data on derivative securities on Indian Stock Market trend and progress and its changes of BSE Sensex and NSE S&P CNX Nifty is classified, tabulated and analyzed in a systematic manner. For the data analysis various simple statistical techniques such

as averages, standard deviation, co-efficient of correlation, co-efficient of variation and trend percentages have been deployed.

VI. Sample Design and Period of the study:

The proposed research is a micro level study, for which the two major stock market indices such as BSE Sensex and NSE S&P CNX Nifty have chosen. For an in-depth examination, eight years of data were collected from 2000-01 to 2007-08 for the relevance of the study. We have also collected the information of ten top Individual derivative securities as on of NSE and BSE segment and presented its moving average for 200 days.

VII. Findings and Analysis:

In this section, it is evaluated the introduction of derivative securities market and its impact on the Indian stock market's liquidity and volatility as well as the Indian economic development as a whole, focusing on derivatives, cash markets and product-wise turnovers as well as open interest in derivatives at both the segments of NSE and BSE. It analyses the trading of futures and options at both the selected segments and also examines the market capitalization of the ten top selected companies' weighted scripts and their daily return of the individual securities as on March 31st, 2009 in the stock market for 5-200 days, to focus on the market indices, growth and development.

Derivatives Turnover vis-à-vis Cash Market Turnover:

Introduction of exchange traded derivatives is one of the significant developments in the history of India's securities market. In India, derivatives trading began with the launch of index futures in June 2000 followed by index options, single stock options and single stock futures in 2001 and interest rate futures in 2003. The two premier stock exchanges, namely NSE and BSE provide trading platforms for derivatives. Table-1 shows the derivative and cash market turnovers of both the segments of BSE and NSE for the period from 2000-01 to 2007-08. The total turnover on the derivative market has grown exponentially from Rs. 4,038 crores in 2000-01 to Rs. 1,33,32,787 crores in 2007-08, in which, the derivatives market in India is dominated by NSE with its share of over 98 per

cent in the total turnover as well as number of contracts. Whereas, the derivatives turnover in the segment of BSE has been increased from Rs. 1,673 crores in 2000-01 to Rs. 2,42,309 crores in 2007-08 except in the year 2005-06. The total turnover in the derivative segments surpassed the combined turnover in the cash segment of both BSE and NSE since early 2004. Presently, the cash market in India is dominated by NSE with its share of over 65 per cent in the total turnover for the study period. It is also found that during 2007-08, the turnover of derivatives market was higher by 259.9 per cent of the combined cash market turnover of BSE and NSE, the reason why, existence of lot and initial margin system in derivatives whereas single share system in cash market..

Derivatives Turnover and Open Interest in Derivatives at NSE and BSE:

The **table-2** clears the total number of contracts traded in the derivative segment of NSE rose by 96 per cent to 42,50,13,200 in 2007-08 from 90,580 in 2000-01 with a steady increase in derivatives turnover during 2007-08, except marginal fall in the years 2004-05 and 2006-07, which was raised by 78 per cent to Rs. 1,30,90,498 crores in 2007-08 from Rs. 2,365 crores in 2000-01. On the other hand, at BSE, the number of contracts traded rose by 382 per cent to 74,53,371 in 2007-08 from 77,743 in 2000-01 with an increasing turnover by 311 per cent to Rs. 2,42,309 crores from Rs. 1,673 crores for the same period.

The open interest process has been introduced at NSE in 2001-02, whereas at BSE in 2002-03. The total number of contracts traded in the segment of NSE rose by 27 per cent to 22,82,671 in 2007-08 from 93,917 from its inception with an increased turnover by 26 per cent to Rs. 48,900 crores in 2007-08 from Rs. 2,3150 crores in 2001-02, whereas at BSE, the number of contracts traded increased by 678 per cent to 3,175 in 2007-08 from 375 in 2002-03 with an increased turnover by Rs. 74 crores from Rs. 7 crores for the same period. Further, it is observed that the BSE segment is more variant than NSE segment, and is recorded a high degree of correlation coefficient(r) between both the segments of contracts and values of the derivatives and the open interest rates for the study period.

Product-Wise Turnover of Indian Stock Market:

The table-3 discloses the product-wise turnover such as index futures, index options, single stock options and single stock futures for the period from 2001-02 to 2007-08. Of the total derivatives turnover, 57.66 percent was contributed by the single stock futures, followed by index futures 29.19 percent in 2007-08. The share of index options stood at 10.41 percent and stock options 2.74 percent for the same period. However, the product-wise share turnover at the derivative segment of NSE indicates the futures are more popular than options in India.

Futures and Options Trading:

Further, the tables 4, 5, 6 and 7, examine the impact of futures and options on both the segments of BSE and NSE. The table-4 clearly analyses the total number of contracts in the derivative segment of BSE index futures significantly increased by 337 per cent by 71,57,078 contracts with a turnover of 323 per cent of Rs. 2,34,660 crores in 2007-08 from 77,743 contracts with a turnover of Rs. 1,673 crores in 2000-01, whereas the number of contracts in stock futures has crossed almost doubled in percentage i.e., recorded to 2,95,117 contracts with a turnover of Rs. 7,609 crores in 2007-08 from 17,951 contracts with a turnover of Rs. 452 crores in 2001-02 and no business has been taken place in interest rate futures for the entire period.

The **table-5** examines the trend behaviour of the segment NSE of index futures significantly increased by 92 per cent by 15,65,98,579 contracts with a turnover of 50 per cent of Rs. 38,20,667 crores in 2007-08 from 90,580 contracts with a turnover of Rs. 2365 crores in 2000-01, whereas the number of contracts in stock futures has recorded to 20,35,87,952 contracts with a turnover of Rs. 75,48,563 crores in 2007-08 from 19,57,856 contracts with a turnover of Rs. 51,516 crores in 2001-02 and no business has been taken place in interest rate futures for the entire period except in 2003-04. However, it is observed the index futures more variate than the stock futures and recorded a high degree of correlation co-efficient in index futures to total derivatives of both the segments of BSE and NSE and moderate degree is recorded in stock futures to total derivatives of segment BSE and high degree of correlation is recorded in NSE for the selected periods of the study.

The **tables 6 and 7** reveal the information related to number of contracts and turnovers of both the index and the stock call and put options, which were launched in 2001-02 in both of the selected segments of BSE and NSE for the periods from 2000-01 to 2007-08. In the segment of BSE, the total number of index option contracts and turnovers respectively decreased to 1,161 with a turnover of Rs. 39 crores from 2,415 contracts with a turnover of Rs. 84 crores, whereas the stock options decreased from 5,105 contracts with a turnover of Rs. 114 crores to 15 contracts without any turnover over the selected period of the study (table-6). On the other hand, the total number of index option contracts increased by 120 per cent with an increased turnover of 85 per cent over the study period of the NSE segment (table-7). However, it is found that the index options are more than stock options, in which call options turnover is more than the put options trading in both the segments of BSE & NSE over the study period, which shows the high degree of market volatility in the Indian Stock Market, due to high increase of price changes, market volatility and high range of fluctuations made.

Market Capitalization of individual securities on NSE and BSE:

The Index calculations depend upon the methodology of market capitalization. The table-8 reveals the market capitalization of ten weighted selected securities in Indian Stock Market at ten specialized categories i.e., Ambuja Cements (Cement-Major), Bharti Airtel(Telecommunications-Service), BHEL (Engineering-Heavy), HDFC (Finance-Housing), Infosys (Computer-Software), Maruti (Auto-Cars and Jeeps), ONGC (Oil drilling and exploration), Ranbaxy Labs (Pharmaceuticals), Reliance (Refineries), Tata Steel (Steel-Large). It also focuses on the daily return of the sample securities of above selected companies in the stock derivatives. Tata-Steel recorded a high market capitalization in NSE showing with Rs.1025.6 crores, as well as the lowest market capitalization by Ambuja Cements, showing with Rs.12.73 crores. In BSE, Reliance recorded a high market capitalization showing with Rs.240.27 crores as well as the lowest market capitalization by Ambuja Cement, showing with Rs.2.45 crores. The market fluctuations are

completely dependent upon the daily return of the individual securities in the stock market, focusing on the market indices, market growth and market development.

The table-9 reveals the moving averages of ten selected weighted derivative securities in Indian Stock Market, which reveals the observations have been made on the past details of the companies ranging from 5 to 200 days. It is identified that the Infosys has got highest average return of Rs.2365 and also observed the Ambuja Cement has lowest average returns, Rs.99, over the study period.

VIII. Concluding Remarks:

The study concludes that the derivate market segment has a positive impact and exhibits more market fluctuations as compared with cash market segments. Further, the index options are more vitiate than stock options, in which call options turnover is more than the put options trading in both the segments of BSE and NSE over the study period, which shows the high degree of market volatility in the Indian Stock Market, due to high increase of price changes, market volatility and high range of fluctuations made.

The study also show that there is a high degree of positive correlation between derivative and cash market turnovers of NSE and BSE, which resulted a positive and equal impact on the approach of investor's perception. This positive trend encourages the investor, which leads to standard increment of Indian stock market as well as the overall economic development.

It is suggested the Indian government should take the stringent measures with the help of regulatory bodies in formulating policies in controlling the market fluctuations and its volatility and in strengthening the efforts to promote the derivative market in India.

Notes:

1. In the Indian context the Securities Contracts (Regulation) Act, 1956 (SC(R)A) defines "derivative" to include a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; and a contract which derives its value from the prices, or index of prices, of underlying securities.

- 2 The following are the different types of derivatives:
- a. **Forwards:** A forward contract is a customised contract between two entities, where settlement takes place on a specific date in the future at today's pre-agreed price.
 - b. **Futures:** A futures contract is an agreement between two parties to buy or sell an asset at a certain time in the future at a certain price. Futures contracts are special types of forward contracts in the sense that the former are standardised exchange-traded contracts.
 - c. **Options:** Options are of two types- calls and puts. Calls give the buyer the right but not the obligation to buy a given quantity of the underlying asset, at a given price on or before a given future date. Puts give the buyer the right, but not the obligation to sell a given quantity of the underlying asset at a given price on or before a given date.
 - d. **Warrants:** Options generally have lives of up to one year, the majority of options traded on options exchanges having a maximum maturity of nine months. Longer-traded options are called warrants and are generally traded over-the-counter.
 - e. **LEAPS:** The acronym LEAPS means Long-Term Equity Anticipation Securities. The LEAPS are options having a maturity of up to 3 years.
 - f. **Baskets:** Basket options are options on portfolios of underlying assets. The underlying asset is usually a moving average of a basket of assets. Equity index options are a form of basket options.
 - g. **Swaps:** Swaps are private agreements between two parties to exchange cash flows in the future according to a prearranged formula. They can be regarded as portfolios of forward contracts. The two commonly used swaps are: i) Interest rate swaps: These entail swapping only the interest rate cash flows between the parties in the same currency. ii) Currency Swaps: These entail swapping both principal and interest between the parties, with the cash flows in one direction being a different currency than those in the opposite direction.

- h. **Swaptions:** Swaptions are options to buy or sell a swap that will become operative at the expiry of the swaption. Thus a swaption is an option on a forward swap. Rather than have calls and puts, the swaptions market has receiver swaption and payer swaptions. A receiver swaption is an option to receive fixed and pay floating. A payer swaption is an option to pay fixed and receive floating.

3. They can be classified into three categories viz.

Hedgers: A transaction in which an investor seeks to protect or anticipated position in the spot market by using an opposite positioning derivative is known as a hedge. A person who hedges is called a hedger. These are the people who are exposed to risk due to their normal business operations and would like to eliminate or minimise or reduce the risk.

Speculators: The person who buys and sells a contract in the hope of profiting from subsequent price movements is known as a speculator. These people voluntarily accept what hedgers want to avoid. A speculator does not have any risk to hedge. He/she has a view on the market and based on the forecast the speculator would like to may gain by taking long and short positions on the derivatives. They perform a valuable economic function by feeding information and analysis into the derivatives markets. In general, speculators can be the counterparties for hedgers.

Arbitrageurs: These are the third important participants in the derivatives market. Arbitrage means to obtain risk-free profits by simultaneously buying and selling identical or similar instruments in different markets. Arbitrageurs are in the same class as that of speculators to the extent that they have no risk to hedge. However, they buy to make gains by identifying derivatives, or inefficiencies between the markets for derivatives and the corresponding underlying assets.

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Table - 1 Derivatives Turnover vis-à-vis Cash Market Turnover

Years	Derivatives Turnover(Rs. in Crore)			Cash Market Turnover(Rs. in Crore)		
	NSE	BSE	Total	NSE	BSE	Total
Jun-00 to Mar -01	2,365(58.57)	1,673(41.43)	4,038(100)	13,39,510(57.25)	10,00,032(42.75)	23,39,542(100)
2001-02	1,01,925(98.15)	1,922(1.85)	1,03,847(100)	5,13,167(62.55)	3,07,292(37.45)	8,20,459(100)
2002-03	4,39,865(99.44)	2,478(0.56)	4,42,343(426)	6,17,989(66.30)	3,14,073(33.70)	9,32,062(100)
2003-04	21,30,649(99.42)	12,452(0.58)	21,43,101(100)	10,99,534(68.61)	5,03,053(31.39)	16,02,587(100)
2004-05	25,47,053(99.37)	16,112(0.63)	25,63,165(100)	11,40,072(68.73)	5,18,715(31.27)	16,58,787(100)
2005-06	48,24,250(99.99)	9(0.01)	48,24,259(100)	15,69,558(65.79)	8,16,074(34.21)	23,85,632(100)
2006-07	7356,271(99.2)	59,006(0.80)	74,15,277(100)	19,45,287(67.04)	9,56,185(32.96)	29,01,472(100)
2007-08	1,30,90,478(98.18)	242,309(1.82)	1,33,32,787(100)	35,51,038(69.22)	15,78,857(30.78)	51,29,895(100)
Total	30492856	335961	30828817	11776155	5994281	17770436
Average	3811607	41995	3853602	1472019	749285	2221305
SD	4531682	83250	4607295	961478	430430	1377745
CV%	119	198	120	65	57	62
r	0.95	0.82		0.99	0.97	

Note: Growth rate in the base period turnover 2000=100; r=Co-efficient of Correlation* Values in parenthesis represent growth rates.

Source: SEBI Handbook of Statistics,2008.

Table - 2 Trends in Turnover and Open Interest in Derivatives at NSE and BSE

Years	Derivatives				Open Interest at the end of the Year			
	No. of Contracts		Turnover (Rs. in crores)		No. of Contracts		Turnover (Rs. in crores)	
	NSE	BSE	NSE	BSE	NSE	BSE	NSE	BSE
Jun-00 to Mar -01	90580 100	77743 100	2365 100	1673 100	-	-	-	-
2001-02	4196873 (4633)	105527 (136)	101925 (4310)	1922 (115)	93917 (100)	-	2150 (100)	-
2002-03	16768909 (400)	138037 (131)	439865 (432)	2478 (129)	97025 (103)	375 (100)	2194 (102)	7 (-)
2003-04	56886776 (339)	382258 (277)	2130649 (484)	12452 (503)	235792 (243)	35 (9)	7188 (328)	1 (14)
2004-05	77017185 (135)	531719 (139)	2547053 (120)	16112 (129)	592646 (251)	0 (-)	21052 (293)	0 (-)
2005-06	157619271 (205)	203 (0.04)	4824250 (189)	9 (0.06)	1028003 (173)	408 (100)	38469 (183)	13 (100)
2006-07	216883573 (138)	1545169 (761167)	7356271 (152)	59006 (655622)	1791549 (174)	408 (100)	38670 (101)	13 (100)
2007-08	425013200 (196)	7453371 (482)	13090478 (178)	242309 (411)	2282671 (127)	3175 (778)	48900 (126)	74 (569)
Total	954476367	10234027	30492856	335961	6121603	4401	158623	108
Average	119309546	1279253	3811607	41995	874515	734	22660	18
SD	145458373	2544278	4531682	83250	870695	1211	19478	28
CV%	122	199	119	198	100	165	86	156
r	0.91		0.91		0.76		0.69	

Note: Growth rate in the base period turnover 2000=100 , NSE 2001(Open Interest)= 100, BSE 2002 (open Interest)=100; *Values in parenthesis represent growth rates.

Source: SEBI Handbook of Statistics,2008.

**Table-3 Product - wise Turnover of Indian Stock Market
(Per cent)**

Year	Index Futures	Single StockFutures	Index Options	Single Stock Options	Total
Jun-00 to Mar -01	100.00	-	-	-	100
2001-02	21.08	50.54	3.69	24.69	100
2002-03	9.99	65.14	2.10	22.76	100
2003-04	26.02	61.29	2.48	10.19	100
2004-05	30.32	58.27	4.79	6.63	100
2005-06	31.38	57.87	7.02	3.74	100
2006-07	34.52	52.08	10.77	2.63	100
2007-08	29.19	57.66	10.41	2.74	100

Source: BSE Annual Report, 2007-08.

Table - 4 Derivative Segment at BSE

Years	No. of Trading days	Index Futures		Stock Futures		Interest Rate Futures		Total	
		No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)
Jun-00 to Mar-01	207	77,743 (100)	1,673 (100)	-	-	-	-	77,743 (100)	1,673 (100)
2001-02	247	79,552 (81.59)	1,276 (73.84)	17,951 (18.41)	452 (26.16)	0	0	97,503 (100)	1,728 (100)
2002-03	251	1,11,324 (81.16)	1,811 (73.77)	25,842 (18.84)	644 (26.23)	0	0	1,37,166 (100)	2,455 (100)
2003-04	254	2,46,443	6,572 (65.78)	1,28,193 (55.97)	5,171 (34.22)	0 (44.03)	0	3,74,636 (100)	11,743 (100)
2004-05	253	4,49,630 (98.53)	13,600 (98.46)	6,725 (1.47)	213 (1.54)	0	0	4,56,355 (100)	13,813 (100)
2005-06	251	89 (88.12)	5 (83.33)	12 (11.88)	1 (16.67)	0	0	101 (100)	6 (100)
2006-07	250	16,38,779 (92.00)	55,491 (94.04)	1,42,433 (8.00)	3,515 (5.96)	0	0	17,81,212 (100)	59,006 (100)
2007-08	251	71,57,078 (96.04)	2,34,660 (96.86)	2,95,117 (3.96)	7,609 (3.14)	0	0	74,52,195 (100)	2,42,269 (100)
CV (%)		201	206	123	119	0	0	184	187
Correlation coefficient(r)		0.90	0.80	0.91	0.82				

Note: Growth rate in the base period turnover 2000=100 (Index Futures), 2001 = 100 (Stock Futures)

Source: SEBI Handbook of Statistics,2008. *Values in parentheses represent growth rates.

Table - 5 : Derivative Segment at NSE

Years	No. of Trading days	Index Futures		Stock Futures		Interest Rate Futures		Total	
		No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)
Jun-00 to Mar -01	211	90,580 (100)	2,365 (100)	-	-	-	-	90,580 (100)	2,365 (100)
2001-02	247	10,25,588 (34.36)	21,482 (908)	19,57,856 (65.64)	51,516 (100)	0	0	29,83,444 (100)	72,998 (100)
2002-03	251	21,26,763 (16.61)	43,951 (205)	1,06,76,843 (83.39)	2,86,532 (556)	0	0	1,28,03,606 (100)	3,30,483 (100)
2003-04	254	1,71,91,668 (34.68)	5,54,462 (1262)	3,23,68,842 (65.30)	13,05,949 (456)	10,781 (0.02)	202	4,95,71,291 (100)	18,60,613 (100)
2004-05	253	2,16,35,449 (31.50)	7,72,174 (139)	470,43,066 (61.50)	14,84,067 (114)	0	0	6,86,78,515 (100)	22,56,241 (100)

Years	No. of Trading days	Index Futures		Stock Futures		Interest Rate Futures		Total	
		No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)
2005-06	251	5,85,37,886 (41.98)	15,13,791 (196)	8,09,05,493 (58.02)	27,91,721 (188)	0	0	13,94,43,379 (100)	43,05,512 (100)
2006-07	249	8,14,87,424 (43.71)	25,39,575 (168)	10,49,55,401 (56.29)	38,30,972 (137)	0	0	1,86,44,2,825 (100)	63,70,547 (100)
2007-08	251	15,65,98,579 (43.48)	38,20,667 (150)	20,35,87,952 (56.52)	75,48,563 (197)	0	0	36,01,86,531 (100)	1,13,69,230 (100)
CV (%)		129	120	102	105	265	265	108	106

Note: Growth rate in the base period turnover 2000=100 (Index Futures), 2001 = 100 (Stock Futures)

Source: SEBI Handbook of Statistics, 2008. *Values in parentheses represent growth rates.

Table - 6 : Derivative Segment at BSE

Years	Index Options						Stock Options					
	Call		Put		Total		Call		Put		Total	
	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)
Jun-00 to Mar-01	-	-	-	-	-	-	-	-	-	-	-	-
2001-02	1139	39	1276	45	2415	84	3605	79	1500	35	5105	114
2002-03	41	1	2	0	43	1	783	21	19	0	802	21
2003-04	1	0	0	0	1	0	4391	174	3230	157	7621	331
2004-05	48065	1471	27210	827	75275	2298	72	2	17	0	89	2
2005-06	100	3	0	0	100	3	2	0	0	0	2	0
2006-07	2	0	2	0	4	0	0	0	1	0	1	0
2007-08	951	31	210	8	1161	39	9	0	6	0	15	0

Note: Growth rate in the base period turnover 2001=100 (Index options and Stock options)

Source: SEBI Handbook of Statistics, 2008.)

Table - 7 : Derivative Segment at NSE

Years	Index Options						Stock Options					
	Call		Put		Total		Call		Put		Total	
	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)	No. of Contracts	Turnover (Rs. in crore)
Jun-00 to Mar-01	-	-	-	-	-	-	-	-	-	-	-	-
2001-02	113974 (100)	2466 (100)	61926 (100)	1300 (100)	175900 (100)	3766 (100)	768159 (100)	18780 (100)	269370 (100)	6383 (100)	1037529 (100)	25163 (100)
2002-03	269674 (237)	5670 (230)	172567 (279)	3578 (275)	442241 (251)	9248 (246)	2456501 (320)	69645 (371)	1066561 (396)	30490 (478)	3523062 (340)	100135 (398)
2003-04	1043894 (387)	31801 (561)	688520 (399)	21022 (588)	1732414 (392)	52823 (571)	4248149 (173)	168174 (241)	1334922 (125)	49038 (161)	5583071 (158)	217212 (217)
2004-05	1870647 (179)	69373 (218)	1422911 (207)	52581 (250)	3293558 (190)	121954 (231)	3946979 (93)	132066 (79)	1098133 (82)	36792 (75)	5045112 (90)	168858 (78)
2005-06	6413467 (343)	168632 (243)	6521649 (458)	169837 (323)	12935116 (393)	338469 (278)	4165996 (106)	143752 (109)	1074780 (98)	36518 (99)	5240776 (104)	180270 (107)
2006-07	12632349 (197)	398219 (236)	12525089 (192)	393693 (232)	25157438 (194)	791912 (234)	4394292 (105)	161902 (113)	889018 (83)	31909 (87)	5283310 (101)	193811 (108)
2007-08	26667882 (211)	668816 (168)	28698156 (229)	693295 (176)	55366038 (220)	1362111 (172)	8002713 (182)	308443 (191)	1457918 (164)	50693 (59)	9460631 (179)	359136 (185)

Note: Growth rate in the base period turnover 2001=100 (Index options and Stock options)

*Values in parenthesis represent growth rates.

Source: SEBI Handbook of Statistics, 2008.

**Table-8 Market Capitalisation of selected ten weighted securities in Indian Stock Market
(March 31st, 2009)**

Name of the Company	Industry	NSE Nifty			BSE Sensex		
		No. of Quantity Traded	Market Price (Last Traded Price in Rs)	Market Capitalisation (Rs in Crores)	No. of Quantity Traded	Market Price (Last Traded Price in Rs.)	Market Capitalisation (Rs in Crores)
Ambuja Cements	Cement - Major	12,73,614	99.95	12.73	2,46,650	99.65	2.45
Bharati Airtel	Telecommunications – Service	51,17,207	421.90	215.89	6,69,214	418.55	28.00
BHEL	Engineering - Heavy	9,36,027	2,280.00	213.41	1,40,872	2,325.15	32.75
HDFC	Finance - Housing	7,81,869	2,544.00	198.91	63,115	2,776.8	17.51
Infosys	Computer – Software	12,60,744	2,322.10	292.76	87,881	2,308.4	20.29
Maruti	Auto – Cars and Jeeps	6,71,108	1,514.00	101.61	1,50,408	1,698.9	25.55
ONGC	Oil drilling and exploration	14,82,163	1,150.00	170.45	3,18,737	1,171.3	37.33
Ranabaxy Labs	Pharmaceuticals	27,55,555	356.50	98.23	5,19,575	403.05	20.94
Reliance	Refineries	22,15,286	2,183.00	483.6	10,91,545	2,201.2	240.27
Tata Steel	Steel - Large	1,92,09,821	533.90	1025.61	17,56,208	510.35	89.61

Source: www.bseindia.com, www.vfmdirectindia.com, and www.nseindia.com

Table - 9 The daily return of the sample securities of the ten selected companies in the stock derivatives

Name of the Company	Moving Averages (Simple)						
	5 Days	8 Days	13 Days	20 Days	39 Days	50 Days	200 Days
Ambuja Cements	99	99.00	99	99	101	100	83
Bharati Airtel	428	424.00	421	420	412	412	368
BHEL	2,277	2,271.00	2,258	2,264	2,253	2,246	1,788
HDFC	1,538	1,524.00	1,502	1,485	1,464	1,458	1192
Infosys	2,365	2,326.00	2,282	2,243	2,146	2,099	1,577
Maruti	1,606	1,559.00	1,546	1,517	1,442	1,404	924
ONGC	1,158	1,159.00	1,168	1,168	1,167	1,147	907
Ranabaxy Labs	366	356.00	344	338	315	305	236
Reliance	2,114	2,129.00	2,108	2,073	2,029	2,015	1,703
Tata Steel	522	507.00	485	466	462	452	310

Source: www.bseindia.com, www.vfmdirectindia.com, www.nseindia.com

Advertising Costs & Sales Benefit Analysis: An Empirical Study with reference to Consumer electronics Industry in India

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Abstract:

Advertising has become the dominant marketing variable because all competing brands are essentially identical with respect to price, distribution and product attributes. The consumer electronics industry in India presents such a picture. The paper attempts to analyze the advertisement expenditure as a percentage of sales and relationship between advertisement expenditure and sales revenue for the consumer electronic industry.

Key Words : India, Consumer Electronic Industry, Advertising, expenses, Sales revenue, Costs & Sales Benefit Analysis.

INTRODUCTION :

It is a known fact that advertising pressure is only one of the many factors controlling sales levels and its contribution is submerged in the aggregate effect of all of them. Nevertheless, there are situations in which advertising is the dominant marketing variable because all competing brands are essentially identical with respect to price, distribution and product attributes. The Consumer electronic industry in India presents such a picture. In this Industry, the other factors affecting the sales are also similar across brands and the function of advertising is to act as a cure or reminder to purchase. The effort is to build a reputation of quality for the company over the long run. Advertising messages are also designed to make customers aware about a forthcoming discount and other promotional schemes. Keeping in view the strong link between advertising and sales, the immediate sales could indeed become a useful performance measure and the basis for operational objectives.

Literature Review :

For the past Five decades, researchers have tried to estimate the effects of advertising on brand sales using field data (Leone & Schultz, 1980; Vakratas and Ambler 1996). Most of these studies have focused on many technical issues involved

in efficiently capturing the unbiased effects of advertising, given the limitations of field data (Hanssens et. al. 1990). Meta Analysis of these studies have shown that the effects of advertising are significantly greater than zero but vary with market & product characteristics (Assmus et. al. 1984, Sethuraman & Tellis 1991), Lambin (1976) found limited empirical support of the view that advertising influences industry sales: in only four products markets out of ten could significant industry advertising effects is observed.

The four industries were all in the early stages of lifecycle. More recent studies based on single source data have also found some significant effects of advertising (Deighton et.al. 1994, Kanitkaret.al. 1992, Pedric and Zufryden 1991, Tellis 1998, Tellis and Weiss 1995). Estimates of how advertising affects aggregate sales are available from variety of econometric models which estimate parameters of general demand function. One such approach has been called Replication Analysis (Farley et.al., 1981) to indicate that various studies are viewed as imperfect replications of one overall unplanned experiment. Partly because of the fragility of advertising effects and the complexity of getting bias free estimates, few studies have addressed the next important issues about advertising effects on sales.

Research Objective and Methodology :

The objective of the present study is to analyse the relationship between advertising expenditure and sales revenue for the consumer electronic industry. For this purpose a sample of Three Indian companies viz. Videocon International, BPL India, Mirc Electronics; and five foreign multinational companies' viz. Samsung India, Sony India, LG India, National Panasonic India, and Sansui India were selected for analysis. The sales revenue and the advertisement expenditure data for five years (2004-2009) has been collected for each of the sample companies from their annual reports.

Analysis and Results :

Advertising Budget is the annual statement which determines the amount of advertisement expenditure to be incurred on each product/ company. **Table 1** shows advertisement expenditure as a percentage of sales, over the period of Five years (2004-09) for all the sample companies. the Indian companies spend much less on advertisements as a percentage of their sales compared to the foreign multinational companies. The average expenditure of Indian companies in 2008-09 was 2.26, percent, and compared to 7.60 percent by the foreign companies.

Table 1

	2004-05	2005-06	2006-07	2007-08	2008-09
BPL	8.11	7.87	7.69	3	1.32
Videocon International	11.45	11.88	5.14	4.26	2.44
Mirc Electronics (Onida)	3.75	5.44	3.61	3.29	3
Samsung	0.58	3.14	3.48	3.27	3.28
Sony India	1.31	1.69	2.09	9.84	7.31
LG India	3.28	6.16	3.12	7.40	5.15
National Panasonic India	3.42	5.50	7.08	14	10.76
Sansui India	11.78	13.66	30	21.11	11.93

Source: Computed from Annual reports of the company

The trend shows a continuous decline of advertisement expenditure as a percentage of sales for the two major Indian companies' viz. BPL and Videocon, which hold major market share (approx. 30 percent). There is no major rise in case of Mirc Electronics. The decline and consistency in

trend may be attributed to the product life cycle stage of Indian companies. Most of them are passing through the high growth stage towards the maturity stage. Hence much advertisement for these companies is not needed.

In case of the foreign multinationals the trend shows a continuous rise in their advertisement expenditure, as a percentage of sales. The increase in the advertisement expenditure is because of the fact that most of these companies are comparatively new to the Indian market and they want to increase their sales by engaging themselves into heavy advertising in order to establish their brand in the Indian market. The sharp decline in the advertising expenses of all the companies in the period (2008-09) because of the global economic crisis.

A simple test of hypothesis has been performed to check the significance of the relationship between advertisement expenditure and sales revenue by using correlation and regression analysis. The involved testing:

The null hypothesis i.e. there is no significant relationship between the advertisement expense and sales revenue, $H_0 : p = 0$

The alternative hypothesis i.e. there exists significant relationship between the advertisement expense and sales revenue $H_1 : p \neq 0$

To test the significance of this relationship, the test Statistic t, has been computed using:

$$t = r \cdot \sqrt{\frac{n - 2}{1 - r^2}}$$

The test has been done at $\alpha = 0.5$ with $n-2=3$ degrees of freedom, the critical value of t, obtained from the table is 2.5333. If the computed value of t is less than 2.353, we accept the null hypothesis, and vice versa.

To determine the impact of advertising expenditure on the sales revenue, the following regression model has also been hypothesized:

$$Y = ax + bx + e$$

Where:

Y = Sales revenue per year

X = amount of money spent on advertisement per year

a = a parameter that represents the mean value of the dependent variable (Y), when the value of independent variable (X) is zero.

b = a model parameter that represent the slope that measures the change in the value of independent variable (x) associated with one unit increase in the value of independent variable.

e = an error that describes the effect of (Y) on all factors other than the value of (X).

Results of Correlation and regression analysis for the five years period (2004-09) are presented in

Only two companies – BPL and Videocon had shown negative correlation which shows that there is a tendency of small advertisement expense (x) to be associated with a large sales revenue (Y). This inference may be the reason of declining advertisement expense in these companies, over the past five years (2005-10). The rest of the companies have shown a positive trend in correlation, the greatest being shown by Sony India and LG, which shows a tendency of high advertisement budget being associated with high sales revenue.

Table - 2

	\tilde{a}	Correlati Trend	T = (at \tilde{a} = 0.05)	Null Hypothesis	a	b	e
BPL	-0.445	Negative	0.86	Accepted	2149.23	-5.66	340.69
Videocon International	-0.717	Negative	1.79	Accepted	2116.81	-5.98	405.83
Mirc Electronics (Onida)	0.66	Positive	1.52	Accepted	208.15	15.04	153.83
Samsung	0.16	Positive	3.09	Rejected	136.37	3.4	37.27
Sony India	0.87	Positive	3.16	Rejected	397.72	2.56	109.51
LG India National	0.87	Positive	3.06	Rejected	170	5.17	41.35
Panasonic India	0.81	Positive	2.45	Accepted	94.23	1.65	19.34
Sansui India	0.31	Positive	0.32	Accepted	-30.37	5.08	94.16

Source: Computed from the Data of the Annual Reports of the companies.

The test of significance (t) reveals that in the case of BPL, Videocon, Mirc Electronics and Sansui India, null hypothesis cannot be rejected, it means that there is no systematic relationship between x and y, but if the same value of \tilde{a} has been obtained from large sample (eg: N=30), then a possible conclusion could be a systematic association between variables.

In case of regression analysis, the parameter 'a' estimate reflects the mean value of sales revenue if no advertising expenditure is carried out. It may be noted that companies shows a greater positive correlation X and Y, have a greater tendency to show decline in their mean value of sales revenue, if no advertisement is carried out. The mean sales revenue of Sansui India has shown a negative trend in the absence of advertising expense. The parameter b indicates that if advertising

expenditure is changed by 1 unit, the sales revenue will change by 6 units. Mirc Electronics has the maximum value of b, which means that there is greater tendency of change in Sales revenue if the advertisement budget was changed by one unit. This trend is followed by LG India, Sansui India, Samsung and Sony India, in that order. Interestingly, BPL and Videocon have shown negative value of b, which may be interpreted as a decline in the sales revenue, if advertising budget is increased. The error term 'e' is central to the regression analysis model. The smaller the value of error term 'e' the better will be the fit between advertising expenditure (x) and the tendency value (a). From the table, it is seen that (e) is the lowest in case of Samsung India and highest for Videocon international showing a greater tendency of error in Videocon, followed by BPL, Mirc Electronics and Sony India.

Conclusion:

The study shows that during 2004 to 2009 there is a 22 percent decline in the advertising expenses of the Indian Consumer electronic durable companies in contrast to the Japanese companies that have shown the marked hike of 300 percent in their advertisement expenses. This trend not only portrays the eagerness of Japanese companies to build their brand image and position strongly in the mind of Indian consumers, but also shows the aggressiveness of their marketing operations in India which are bound to increase in near future. The result of correlation & regression analysis also upholds the present conclusion.

The future research could aim to answer the questions relating to time lag between the advertisement and the behavior (purchase by the consumer). For the behavior to be an appropriate measure, the time lag should be short. Another implication for the future research may be the task to determine when the short term effect of advertisement is meaningful enough to include in the analysis in a campaign that has primarily a long run objective. In making such a judgment a careful distinction should be made between incremental short term sales that are borrowed from the future and short term sales increases that really represent immediate incremental profits. Finally, a more comprehensive overall model of advertising effectiveness would be helpful in generating theoretical predictions about the impact on the advertisement effectiveness under specific market conditions. Such a model also would help to promote a more explicit and comprehensive basis for developing a similar hypothesis.

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Managing Organizational Intelligence : Talent

* DR. SHIKHA KAPOOR

Abstract

In today scenario, the concept of Human Resource which was primarily responsible for the administrative function has been replaced by “Human Capital Management” concept. The HR has widened its horizon and has conveyed in the idea of becoming a “business partner”. Many organizations are struggling to change the HR processes and technologies. New thinking and a new vision and mission are required to achieve business success. All competitive business factors have become commoditized and talent is the ultimate driving factor for business success. The communities of the HR professionals are looking forward to “Talent Acquisition & Retention”. Talent acquisition is being viewed as selecting and nurturing the talent. The best talent within an organization should be made insular to the external world so that the loyalty or productive employee is ensured on a continuous basis to an organization.

The article emphasizes on the strategic human resource initiatives needed by the organization that can help the organization realize the institutional talent goals and help to contribute to the higher performance and build future institutional capacity.

Key Words: Business success, employee engagement, strategy, talent acquisition.

INTRODUCTION

Talent management refers to the identification, development, engagement, retention and development of those employees who are particularly valuable to an organization in terms of their potentialities for the future or because they are fulfilling business/ operation critical roles. Talent management is the process of ensuring that the organization attracts, retains, motivates and develops the talented people it needs.

Talent Management is critical for organizations to attain their long – term strategy so that individuals are placed in an environment where they can have the highest impact within the enterprise.

Talent Management is to get motivated and customer conscious employees in order to achieve service excellence . Motivated employees are crucial to a company’s success. It is a means of involving staff at all levels in enabling them to understand their role in the process.

OBJECTIVES OF THE STUDY

- To study the Challenges of Talent Management
- To provide rationale behind Talent

Management and identify areas where talent Management can play a vital role.

- To identify the ways to retain best talent in an Organization.

Managing Organization’s Intelligence requires importance of skilled workforce, employee engagement, managing demands of global workforces, succession planning, outsourcing and off shoring trends. “If organizations believe that it is their people that will win them greats in the market place, it stands to reason that they attract the right people, keep them, and grow them.” “Talent Acquisition” forms a part of much broader strategic approach in corporate quest to gain and sustain a competitive advantage. Strategies are to be formulated keeping in view the strategy of the organization and objectives to be achieved. Talent management is depicted as a circular, not linear set of activities.

As Larry Bossidy put it: “To put it simply and starkly: If you don’t get the people process right, you will never fulfill the potential of your business.”

The McKinsey organization in its report “War of

Talent” suggests six action steps i.e.-

- I. Establish a gold standard for talent.
- II. Get actively involved with people deep within the organization.
- III. Drive a simple, probing talent review process.
- IV. Instill a talent mindset in all managers throughout the organization.
- V. Invest real money on talent.
- VI. Hold leaders accountable for the strength of the talent pools they build.

Talent management requires strong support with the systems and processes for utilizing the right talent for the right work at the right time. This is how talent drives higher business performance. According to, John Gibbons, the program director for employee engagement research and services at the Conference Board 2010 (the survey done on job satisfaction) “widespread job dissatisfaction negatively affects employee behavior and retention, which can impact enterprise –level success. The organizations have to invest in talent acquisition programs –skills. According to survey done by Aberdeen Group in 2008 top pressures are in all Organizations. Competition is for skilled labour 88%, shortage of desired skills 83%, Globalization 14%, compliance requirements (11%) To achieve the corporate goals by enhancing the organizational Intelligence there is need for initiative and combination of strategic actions technologies and organizational capabilities required. Some of the HR initiatives strategy that can be formulated by an organization can be Enhancing Strategy for Workforce planning.

There are internal struggles and pressures which the organizations should address to. For this, a proper strategy should be formulated by the organization which is the long-term strategy before searching for acquisition of the workforce. Organizations need to formulate the long term strategy and define the goals. They need to assess the objectives and means to achieve it. While formulating the strategies to acquire talent one should be clear about the goals and roles. Talent acquisition and retention strategies will be decided by the objective of the organization whether long term and short term, how far the required talent can help us to grow. While planning we need to understand that every non conventional idea will become conventional and obsolete one day.

In the absence of clear goals support, trust can erode quickly and even talented people who are good fit can fail or decide to leave.

A. Talent Sourcing :

Aligning the individual goal’s with the Organization’s goal - An organization should plan the workforce by addressing the needs of the skills required for the organization as per the short term and the long term future as well as the present. An effective method of estimating the industry and the market conditions should be looked into with the business and the staff needs. Talents are in abundance in organizations, the need is to tap for the right source, to get the right people at right time. To meet the situation with ease, organizations need to develop a talent source, which can assure the pipeline of qualified talent at the time of need. A proactive search for the potential candidate, hiring cycle needs to be redesigned .Strong relationship building or networking skills are important to identify “star players”.

A “Talent Pool” to tap the internal talent and external talent can be clubbed and assessed, to be utilized effectively in situation of any eventuality.

To focus on defining managing and establishing a system on innovation focused - talent management system, companies need to create an environment to generate new, good ideas, foster ideation and take risk taking initiative. Creativity is the ability to produce new and original ideas and things. Innovation makes the idea practical and usable. The innovative activity in any business enterprise depends upon the creative contributions of its members. It also depends upon how the organization taps the creativity of its talented members. Provide new managers with an internal mentor and an external coach to insure support during the transition process. This support should be for at least six months to one year. This process is referred to as transition integration.

B. Knowledge Management:

Knowledge Management is the management of knowledge within organizations. It requires collecting and organizing the data, summarizing and analyzing the information and synthesizing and deciding the knowledge to be provided. The value of Knowledge Management enables the members of the organization to deal with today’s situations

and effectively visualize and create their future, thus it relates directly to the effectiveness. Organizations need to identify orderly means to transfer knowledge to new employees in case of succession and career path advancement. Steps and process seeks to expand the organization's knowledge among the employees looking into their background, abilities and motivation. An integrated system with right process, people tools and due diligence steps is to be established to acquire the right talent. Effective knowledge management pays off in fewer mistakes, less redundancy, quicker problem solving, better decision - making, increased worker independence, enhanced customer relations and improved service.

A knowledge management system uses its knowledge about the specific, complex application area to act as an expert consultant to end users. For organization to manage their knowledge effectively and efficiently, it will be essential take up acquisition, storage, analysis, sharing and application of knowledge for the management of corporate knowledge through technological support.

C. Succession Planning

Succession planning helps in alignment of development processes and strategic priorities to ensure that right people are at the right job at the right time. It helps to identify future leaders in an organization and develop them to take the next leadership roles. The individuals identified in the plan will eventually be responsible for ensuring that the company is able to tackle future challenges. Establishing the strategic direction, succession planning helps to identify high potential individuals in the organization which is vital to the success of the organization.

For succession development certain steps need to be taken:

1. The organization needs to analyze key roles and duties of the employees, identify the business critical tasks and the skill set one has.
2. Identifying the potential leader from an existing Talent Pool.
3. Mentor the potential Leader by defining roles, responsibilities and expectations.
4. Empower the successor to make management

decisions, and learn from their mistakes while you are still there to coach them through the transition.

D. Human Capital Audit

HR audit helps to assess the effectiveness of HR functions of an organization and to achieve the organizational goal. Audit of managerial compliance of personnel policies, procedures and legal provisions, corporate strategy regarding HR planning, staffing, IRs, remuneration, employee motivation, morale and job satisfaction needs to be done. HR Audit helps to find out the proper contribution of the HR department towards the organization and develop the professional image of the organization. Need of audit is to visualize human capital as a top corporate priority. Companies need to assess these questions. How competitive is the organization in talent acquisition and talent management capabilities? How prepared is the organization to compete for and retain "A Players" for the need to succeed?

Organizations need to build the infrastructure for talent value chain to successfully compete for the "A players". Expertise in talent management strategies process and systems are to be developed for human capital acquisition, integration and retention. Tools and trainings are required to develop the available resource.

E. Activate workgroup commitment: Assimilation & Alignment

HR needs to encourage task forces, committees, team based on competencies required for the task. Diversity can help to yield high quality outputs and thus contributing to high performance teams. Organizations need to develop the assimilation and alignment process to accelerate teamwork and productivity. Whether the person is new to the organization or new to the job the alignment process should condense the learning curve and support retention. Organizational culture developed over the period will decide the flexibility and ability to act as recipient, which can accept the acquired talent as an augmentation to the talent pool and give a conducive environment for talent retention, accelerate team work and productivity in short time.

Creativity and innovation are required from every employee from the president to the front-line workers. Successful supervisors and managers know how to activate their employees' energy and dedication. Creating commitment begins with

helping employees see the connection between their daily activities and the organization's goals.

F. Internally driven for Performance:

Organizations need an infrastructure in place to build the culture of performance and accountability. Average employee at every level cannot articulate how they contribute to meet the organizational goals or how they are measured. Management need to formulate the measuring tools so that the clear picture of the contribution by an employee can be given to them so that the talent or the performers can be assessed separately and he can enjoy the feel of achievement and success. HR can encourage and enable appointments to task forces, committees or teams based on competencies required by the task. Diversity yields high –quality outcomes, therefore contributing to high –performing teams.

“Performance is linked to the well-being of the individual that he is professionally well taken care of by the organization”.

G. Retention Practices:

Good Players” do not leave for money - they leave for Leadership & Opportunities. Once the talent has been identified, the next stage is to start building on - going relationships and look for that all ‘elusive trigger’ in some ones career that would get them to change jobs. Retained talent is more like a stock listed in the market - more it performs more the demand and value it gets. Good retention practices focus not only on what the employee is contributing to the company, but also focus on how the manager can create a climate so that the employee is retained and committed on a long term basis. There are a number of organizational systems and processes that influence retention. Some of them are evident, such as the equality of pay scales. Closely linked to the other components, Measurement and Accountability ensures that retention is an on-going priority.

H. Create Meaningful Rewards & Recognition:

Focus on material rewards such as money or extra vacation days drive motivation. Certainly, people want to be paid what they're worth, but motivation is much more than money. Employees want to grow, develop, be valued and be in control of their careers. Organization should design a reward and recognition strategy to recognize performers and

the Top management should be equipped with the knowledge and tools to drive higher levels of performance and productivity.

Vince Lombardi is reputed to have said, “There is nothing more unequal that the equal treatment of unequal.” Treat people on the basis of merit, not seniority or position.

I. Development

What is your ROI (return on investments) on human capital development? No stocks can pay back the same dividends continuously unless they are manipulated and combined with other stocks. Similarly the talent acquired today cannot keep a pace with payback capacity unless it is being retrained & developed to face new challenges. The set of skills for which the talent is being retained today will become obsolete tomorrow. A process in place to acquire skills and competencies is to be developed. Provide all candidates with self-assessment tools and learning opportunities. This can be done in organization in the form of added responsibilities through outside learning opportunities such as conferences and executive education programs, professional memberships.

II. Conclusion:

Talent is to be developed. Talent Management is a strategic, proactive initiative to sustain the organization's current and future success. The need is for Innovative HR leaders to understand and play a key to enabling a strategy for enhancing the knowledge with innovative and creative strategy. Talent Management process helps to develop the strategies that will enable those individuals to assume new roles and/or replace identified players who are making changes or leaving the organization.

Acquisition of the talent is a rigorous exercise, which includes the identification of talent, required in line with the organizational goals and objectives. Once the talent is identified, the more intricate phase of retaining and assimilating of the talent starts. This phase decides that how long organizations can retain the inducted talent. The flexibility of organizational structure and acceptance of an alien in the organization will decide on the dividends we may reap.

“Internal development of talent, amplified by strategic recruitment, provides ample approach to create an innovative organization.”

Expansions, diversifications, mergers and acquisitions are order of the day and are here to stay. The core concept of talent acquisition is to get away from the “fill in the box” thinking to one that is more pro-active and much closer to building the skill set required to achieve organization success. In emerging knowledge economy value is increasingly driven by talent and other non-tangible capital. The competitive strength of organizations, regions and countries are no longer strictly tied to physical assets or resources, but to the intellectual attributes of their knowledge workers.

The average cost of replacing a professional is 1.5 to 3 times salary, cost of working around an under performer can run as high as six figures. The cost of consistently failing to attract and retain good talent-including declining productivity, morale, culture and reputation is inestimable. Investing in talent, acquisition, retention and development infrastructure yield’s tremendous returns. The top management needs to be more sensitive towards acquiring talent and develop leadership skills at multiple levels so as to manage the talent pool to sail the organizations smoothly in the turbulence.

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“Man alone has the power to transform his thoughts into physical reality; man alone can dream and make this dream come true.”

.....**Nepoleon Hill**

Global Economic Chaos and FDI in India : An Empirical Analysis

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** Prateek Gupta

Abstract :

In the past three years (2007-10), we have seen a number of developed and developing countries fighting against economic chaos through out the world. USA, UAE and Greece are the recent witness of it. This is time to tighten the belts as no developed or developing country is left behind in facing such challenges. India may also face such an economic challenge and requires fuel in terms of financial and economical efforts to sustain its growth. Foreign Direct Investment (FDI) always plays a vital role in keeping the boat of a nation flowing over the sea of crises. In India, FDI is inflowing in almost all type of industries like Fisheries, Mining, Manufacturing, Electricity, Construction, Transport, Real Estate, Service Sector, Research Sector, Hotels and Trade etc with upward figure. It is indeed necessary to know the impact of the FDI flow against such crises and position of FDI before and after the crises. In this paper we aim to analyze the degree of FDI flow in India before and after recent macroeconomic crises with their impact over the economy of the nation.

Keyword : Foreign Direct Investment, FDI Policy, Macroeconomic Crises, India

INTRODUCTION

In the times when the world is struggling for its existence, it has become very difficult to have inclusive growth. Every country wants to sustain its economy but the question arises that how is it possible in such a challenging environment with insufficient fund. In today's era global economy is a highly interconnected one. This connection gives scope to positive as well as negative impact over the global network. USA, UAE and Greece are the major sufferer of recent macroeconomic crises. These crises affect all the major developed and developing countries in whole. This must be kept in the mind that when a major or developed country suffers due to any reason, all concerned developed and developing countries also suffer in regard. The major impact of such crises can be identified in form of scarceness in liquidity of fund. The Macroeconomic Crises and Recession have played their adverse role in world economy. Each nation is putting its best effort to recover after these recent economic shocks. There was a big fear in the Indian market too related to global recession

and the financial crises which through the real impact over the economic growth, capital flow and corporate restructuring.

A nation requires new techniques, innovative ideas, technology and skilled manpower to run the engine of growth. This engine requires fuel in form of fund in large capacity for boundless and hassle free growth. International financial and economical efforts are the sources which help it directly. Growing international production and trade has accelerated the flow of international investment. A country requires international investment for enhancing its production, trade and distribution capabilities whereas a county invests in such country which provides secured and high return. Foreign Direct Investment (FDI) is the major part of International investment. One of the advantages of foreign direct investment is that it helps in the economic development of the particular country where the investment is being made.

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Methodology

The present study is carried out to know the impact and magnitude of FDI flow in India in comparison to other countries during the tough time for the world.

The study period comprises of the crises years i.e. 2007 to 2010. However, the relevant data is collected for the previous periods also wherever necessary. We have used tables and charts for the presentation of findings.

Findings and Interpretation

India, one of the developing countries as an emerging economy is in the process of economic expansion. The major qualities of India are as, it is cost effective, labor intensive and natural resourceful economy with a strong manufacturing and export oriented industrial framework. Due to its specific features, India has become a centre of attraction and favored destination for foreign direct investments. Mauritius (US \$ 10,376 million), Singapore (US \$ 2,379 million), U.S.A. (US \$ 1,943 million), U.K. (US \$ 657 million), Netherlands (US \$ 899 million), Cyprus (US \$ 1,623 million), Japan (US \$ 1,183 million), Germany (US \$ 626 million), UAE (US \$ 629 million), France (US \$ 303 million) are the top ten countries which are making investments in India in 2009-10. Since the application of the policies regarding liberalization and the economic reforms in India (1991), the FDI is inflowing in India in increasing mode with following figures:

Figure 1: FDI Flow in India (in US \$ mn)

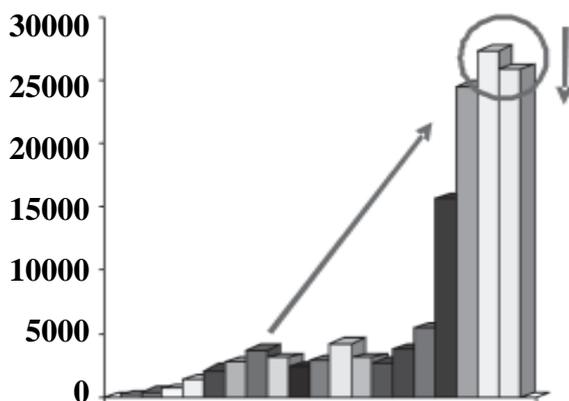


Table 1: AMOUNT OF FDI INFLOWS

Year (April-March)	Amount of FDI inflows (In US\$ million)
1991-1992 (Aug-March)	167
1992-1993	393
1993-1994	654
1994-1995	1,374
1995-1996	2,141
1996-1997	2,770
1997-1998	3,682
1998-1999	3,083
1999-2000	2,439
2000-2001	2,908
2001-2002	4,222
2002-2003	3,134
2003-2004	2,634
2004-2005	3,759
2005-2006	5,546
2006-2007	15,726
2007-2008	24,581
2008-2009	27,331
2009-2010	25,888
Total	1,32,432

As per the supply of this FDI, there was a tremendous inflow of foreign investment in India. Cumulative FDI equity inflow to India is US \$ 1,32,432 million from August 1991 to March 2010. Out of these in the current decade from April 2000 to March 2010, total FDI inflows was US \$ 1,15,729 million whereas in the current year from April 2009 to March 2010 the inflow was US \$ 25,888 million. But the concern is required when the recent macroeconomic crises started to take place in the year 2008 (Figures in circle).

Table 2: Monthly FDI Inflows From 2008 to 2010

Months	FDI Inflow (In US\$ mn)	Change*	%Change
Apr-08	3,749	--	--
May-08	3,932	183	4.88
Jun-08	2,392	-1,540	-39.17
Jul-08	2,247	-145	-6.06

Contd....

Months	FDI Inflow (In US\$ mn)	Change*	%Change
Aug-08	2,328	81	3.60
Sep-08	2,562	234	10.05
Oct-08	1,497	-1,065	-41.57
Nov-08	1,083	-414	-27.66
Dec-08	1,362	279	25.76
Jan-09	2,733	1,371	100.66
Feb-09	1,466	-1,267	-46.36
Mar-09	1,957	491	33.49
Apr-09	2,339	382	19.52
May-09	2,095	-244	-10.43
Jun-09	2,582	487	23.25
Jul-09	3,516	934	36.17
Aug-09	3,268	-248	-7.05
Sep-09	1,512	-1,756	-53.73
Oct-09	2,332	820	54.23
Nov-09	1,735	-597	-25.60
Dec-09	1,542	-193	-11.12
Jan-10	2,042	500	32.43
Feb-10	1,717	-325	-15.92
Mar-10	1,208	-509	-29.64

From 2004-05 the FDI inflow was increasing in significant mode but recently the figure becomes negative as in 2008-09 the inflow of the FDI was US \$ 27,331 million which fell down to US \$ 25,888 million in 2009-10 (Table-1). If we analyze the FDI inflow for 2008-09 and 2009-10 on monthly basis, we will find high fluctuation (Table-2). We can not say that it is just because of recent crises but somewhere, somehow these financial crises affect adversely it.

The Crisis in USA

The world has seen the subprime mortgage crisis in United States economy in 2008. The NBRF declared the entry of USA in recession during the late 2007, which lead to huge reduction in trade deficit (US \$ 840 bn to US \$ 500 bn) and high personal saving rates (1% to 5%) from early 2008 to late 2009. National Builders (Beazer Homes USA, Hovnanian Enterprises, Lenner Corporation, KB Home, Pulte Homes, Toll Brother), Real estate and appraisal (Coldwell Banker and Prudential Real Estate), Association (American Society of Appraisers, Appraisal Institute, National Association of Home Builders, National Association of Realtors, Real Estate Counseling Group of America, Urban Land Institute), Subprime lenders (New Century Financial Corporation, American Home Mortgage Investment Corporation, Accrdiated Home Lenders, Countrywide Financial, Ameriquest), Insurer (AIG, Ambac, MBIA, Motgage Guaranty Insurance Corporation, CGU), Banks (JP Morgan Chase, Citigroup, Credit Suisse, Deutsche Bank, Bear Stearns, Goldman Sachs, Lehman Brothers, Bank of America, HBOS, Merrill Lynch, Washington Mutual Bank, Llyods Banking Group, Landsbanki, Dexia, Fortis, Netbank etc.), central banks (Federal Reserve Bank, Europeon Central Bank, Bank of Japan and Central Bank of Russia) and other entities like credit rating agencies, governamnetal, non-governmental, non-profit making organizations were involved in the 2007-08 USA crisis. The impact of that was reduction in liquidity of international fund. The analysis says it also affected India as shown in table-3.

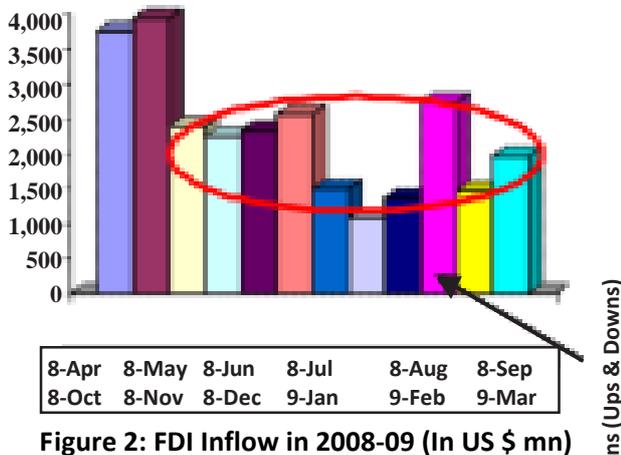


Figure 2: FDI Inflow in 2008-09 (In US \$ mn)

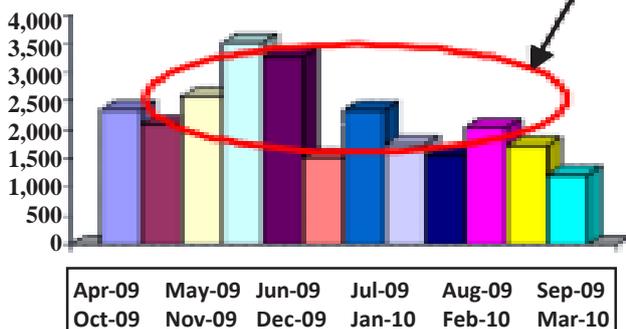


Figure 3: FDI Inflow in 2009-10 (In US \$ mn)

Table 3: FDI INFLOW FROM USA

Country	Amount of FDI Flow (IN US \$ mn)	Change*	% Change
2006-07	856	-	
2007-08	1089	233	(+) 27
2008-09	1,802	713	(+) 65
2009-10	1,943	141	(+) 8

If we look at the table 3, we can see that during 2006-07, 2007-08 and 2008-09, the FDI inflow from USA was increasing in increasing mode with 27% and 65% respectively but in 2009-10 it increased by only 8%. We can analyze that the financial crisis in USA did not affect India as it was expected as in 2009-10 the FDI from USA inflowed with a positive growth.

The Crisis in UAE

UAE's economy, particularly that of Dubai, was badly hit in 2009 as the country's economy shrank by 4.00 percent. Just three days before Eid, the Dubai government announced seeking a six-month reprieve on debt repayments and sent shockwaves through the world markets, as it raised doubts over the Gulf emirate's ability to meet its financial obligations. The banks that have lent money to Dubai World could suffer significant losses. Duabi's total debt stands at \$80 billion. If creditors were to reject proposals to postpone debt repayments for six months, the Dubai government could be forced to hold a fire sale of its international real estate assets. The key factor behind the crisis is the boom-bust policy of the UAE central bank. After closing at 4% in October 2006 the yearly rate of growth of the central bank's balance sheet (the pace of monetary pumping) climbed to 177% by December 2007. In response to this pumping the yearly rate of growth of UAE's monetary measure AMS jumped from 6% in October 2006 to 62% by April 2008. Like USA, the economy of UAE also jumped very high on the papers but push to all concerns towards a great financial shock. Several real estate properties have already dropped in price by up to 50%, this carried the impact over the reduction in international fund and liquidity.

We can see its direct impact over India as:

Table 4: FDI INFLOW FROM UAE

Country	Amount of FDI Flow (IN US \$ mn)	Change*	% Change
2006-07	260	-	-
2007-08	258	(-) 2	(-) 1
2008-09	257	(-) 1	(-) 0.0387
2009-10	629	(+) 372	(+) 145

The table 4 represents the FDI inflow from UAE from 2006 to 2010. From 2006-07 and 2007-08 to 2008-09, the FDI inflow from UAE was decreasing with 1% and 0.0387% respectively but in 2009-10 it tremendously increased by 145%. When the policymakers and the officials of India were under shocked and fear due to this crises, this figures showed the strength of India. This data states that the financial crisis in UAE did not affect India, even in 2009-10; the FDI from UAE marked a positive and significant growth.

The Sovereign Debt Crisis

The world was shocked one more time recently as now it was the time for Euro crisis. The countries including Greece, Spain and Portugal together presented the 2010 Euro Crisis which can be named also as the sovereign debt crises. In 2009, Greece had the EU's second lowest index of economic freedom after Poland, ranking 81st in the world. The country suffered from high levels of political and economic corruption and low global competitiveness relative to its EU partners. By the end of 2009, as a result of a combination of international (financial crisis) and local (uncontrolled spending prior to the October 2009 national elections) factors, the Greek economy faced its most severe crisis after 1993. The Greek governments ran large deficits to finance public sector jobs, pensions, and other social benefits. An indication of the trend of over-lending in recent years is the fact that the ratio of loans to savings exceeded 100% during the first half of the year. The global financial crisis, 2008 largely affected the Greece. Tourism and shipping, two

Table 5: FDI Flow with % Change from various Countries

Country	2007-08	2008-09	Change*	% Change	2009-10	Change*	% Change
MAURITIUS	11,096	11,208	112	1	10,376	-832	-7
SINGAPORE	3,073	3,454	381	12	2,379	-1,075	-31
U.S.A.	1,089	1,802	713	65	1,943	141	8
U.K.	1,176	864	-312	-27	657	-207	-24
NETHERLANDS	695	883	188	27	899	16	2
CYPRUS	834	1,287	453	54	1,623	336	26
JAPAN	815	405	-410	-50	1,183	778	192
GERMANY	514	629	115	22	626	-3	-0.47
U.A.E.	258	257	-1	0	629	372	145
FRANCE	145	467	322	222	303	-164	-35

of the country's largest industries were badly affected by the downturn with revenues falling 15% in 2009.

We may name this entire recent macroeconomic crisis as '**2007-10 Crisis**'. The good news for India is that this crisis did not affect India as per the fear. We can analyze the FDI inflow from top countries from 2007 to 2010 as the data and figures are as follows (Table-5).

In the above table 5, we can see the top ten countries making investment in India. On the top position Mauritius is placed followed by Singapore, USA, UK, Netherlands, Cyprus, Japan, Germany, U.A.E and France. The concern is required over the column of "% change" as it presents the impact of global slowdown over India. The countries including Mauritius, Singapore, UK, France and Germany reduced their FDI to India whereas USA, UAE, Japan, Cyprus and Netherlands showed their belief in India by increasing their investments.

Conclusion

Undoubtedly, the global macroeconomic crisis has stumbled the major developed and developing countries directly or indirectly. The major contributors of the world economy are fighting against this adverse situation by putting their best

efforts. The impact of these crises over India can be analyzed as:

- The downfall of US \$1443 mn (as in 2008-09 it was US \$ 27,331 mn and US \$ 25,888 mn in 2009-10) is need to be considered carefully.
- The Top investors like Mauritius, Singapore, UK, France and Germany have reduced their investments.
- The crises in USA and UAE did not affect India directly (as both the countries have increased their FDI in India) but as the total inflow is decreased, somewhere other investors are afraid of or affected from the crisis.
- The Investment in service sector is also decreased (as in 2008-09 it was US \$ 6,116 mn and US \$ 4,392 mn in 2009-10).

When in a house, a room catches fire other connected rooms also get affected, same is with this world. This world is like a house and all the countries are interconnected rooms. When there is a crisis in a specific country, no other country may be left behind. Each country is interconnected due to international trade and commerce hence will be affected if any country suffers. When there was a crisis in USA, UAE and Sovereign countries, somewhere India also suffered. The best news for the India was that such crises did not affect Indian economy to that extent due to its good relations

world-wide, availability of natural resources, cost effective labour, infrastructure and other attractions of investments.

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"The greatest accomplishment of man have resulted from the transmission of ideas of enthusiasm"

Thomas J. Watson

" A good leader takes a little more then his share of blame, a little less than his share of the credit."

Arnold H. Glasgow

Information Media Mix perception study Of Management Studies in West Bengal

* Subrata Chattopadhyay

Abstract:

Management studies aspirers use a wide range of information media to finally arrive at a decision on their preferred B-School. The paper studies the role of each information media, conventional and unconventional, in influencing the perceptions of the students.

The choice of the proper set of info-media and the influencers in the selection of the Higher education studies is a complex process. The study is based on a survey research with the sample area being the state of West Bengal, a structured questionnaire using stratified random sampling to understand the impact of the influencers and the media and the extent of influence that each have in the final selection. Perceptual Mapping technique was used to understand the proximity of each of the media in the same. It examines the consumer behavioural models and its applicability in Higher Educational perspective. With the internet gradually being popular media, the educational websites and the networking and social media is gaining predominance in the product /service choice and the same is reflected in Higher Education. The objective was to project the preferred media among the aspirers and the pursuers so that the B-Schools can understand the varying relevance of the different media and channelize their advertisement and branding strategies towards communicating to their target respondents accordingly with an efficient and improved return on investment.

Key Words: Perceptual map, media-mix, combinatorial media impact

INTRODUCTION

Literature Review:

When a problem of sufficient magnitude is taken into consideration for propelling the consumer into action, the search process is activated to acquire information about products or services which might eliminate the problem (Hawkins *et al.*, 2004:525).

According to Du Plessis and Rousseau (2005:87), this is the stage in the process where the search for information and the organisation thereof within the individual's frame of reference begins. The investigation of the consumer search process is highly important to organisations, because it influences their marketing strategies, especially promotion and communication strategies.

The managerial problem of providing information to the market can be presented in terms of certain

questions, as adapted to higher education (Dholakia, 1995:283):

- What information should higher education institutions provide to students?
- In what form must the information be provided and which media should higher education institutions use? and
- To whom should the institution provide the information, for example prospective students, parents or alumni?

Hawkins *et al.* (2004:530) note that the consumer decides how many and which sources of information to use. Two types of consumer search processes can be identified as internal and external searches. Weidlich (2001) suggests that higher education institutions make use of e-mail

as a relationship building tool with cost saving advantages to recruit students.

Consumers' motivations and goals depend on how consumers interpret macro-environmental factors, local content, and social networks within their own personal history, circumstances and values (Arnould *et al.*, 2004:288).

Research Methodology:

The study uses stratified random sampling with the sample area being the state of West Bengal and the government, government aided and the Private B-Schools as the strata on one end and the different B-School entry coaching centres on the other. Survey based research with a structured questionnaire was conducted over a sample size of 184 with equal weight to the aspirers and the pursuers i.e the sample size taken from the B-Schools was the same as that obtained from the different coaching centres. The respondents' educational, financial, economic background and the related demographics, psychographics were studied to understand their preferred choice of the information media basket and the corresponding degree of emphasis. The age group were considered in equi-spaced intervals of five from 19 to 38 years. The income level considered was in intervals of INR 10000, with the higher limit open as >INR 55000. Occupational and experience parameters like service, government, public, private, fresher, business and the level of experience if so, was given due weightage. All possible forms of undergraduate education were taken. The respondents had varied time duration of preparation based on the entry level exam/ exams appeared for and hence the corresponding search for information media by them so as to arrive as the best possible media mix that would optimize their selection decision. SPSS -17 was used to identify the related impact levels and the perceptual map therein to arrive at the co-relatedness of the influencers and the information media mix and how they guide towards the final choice of the preferred B-School. The questionnaire was expert opinionated and Cronbach Alpha values of 0.84 indicated the reliability and validity.

Research Findings:

Literature implies that the management students do not lay too much of emphasis on their own towards seminars/conferences. 38% of the respondents' preferred educational websites as their first choice followed by 24% with social networking as the second choice. Low level of interest in seminars/ conferences may be attributed to the fact that the candidates might have felt that individual Institutions do position their B-School on a higher pedestal which may not be assured thereby making it a low unsecured choice and an unreliable option to be considered in the first place. This also brings forth the usage level of the different media by the target customers, which here is the B-School aspirants with the choice of the aspirant being the internet educational and social networking sites, the B-Schools should place a lot of emphasis on these media in their advertisement initiatives as they are preferred even over Business Magazines and newspapers thereby proving the worth of the e-media as a reliable, trusted and secured information provider as compared to print media. Updating of latest information on the internet is also directed at for a better awareness.

Different types of external information sources exist: personal sources such as friends, family, career guidance teachers, reference groups and opinion leaders; independent sources such as consumer groups, government agencies, the Internet and service experts; marketing sources such as sales personnel, advertising, websites or brochures of the organisation; and experiential sources such as organisational visits (Hawkins *et al.*, 2004:530).

The search stage involves the accumulation and assimilation of information necessary for students to develop a shortlist of institutions (Hossler & Gallagher, 1987).

According to a press statement by the Primary Research Group (2007) more than 47percent of American universities use web advertising to market their institutions.

A good percentage (87.6%) of the respondents uses different educational websites to gain information

regarding all aspects of B-Schools. This is followed by social networking sites and Business Magazines- indicating that social networking is gradually gaining predominance among the media savvy youth of India. The data collected shows a clear preference of usage of suitable media mix by both the aspirers and the pursuants-including educational websites, social media, business magazines,newspaper advertisements, write-ups, educational journals/ records etc with the seminars/ conferences ranking the lowest. McDonough (1994:434) found that for mid-range academic performers, institution choice is a highly rationalised, managed process requiring professional help from a variety of sources.

Impact Of Influencers in B-School selection:

The survey clearly shows that self research gains influence backed by peer group influence (relatives, friends,teachers etc).

Self	54.3%
Parents	6.5%
Peer Group (relatives, friends, teacher etc.)	16.3%
Family Members	4.3%
Self & Parents	2.2%
Self & Peer Group (relatives, friends, teacher etc.)	9.8%
Self & Family Members	1.1%

The peer groups do provide a lot of support and herein the influence of parents is subdued over the relatives, friends and teachers who play a crucial role in determining the ultimate choice.54.3% of the respondents referred to as self as the chief influencer backed by infomedia and 16.3% laid considerable influence on peer group i.e.friends, teachers and relatives in the selection process.

Zeithaml and Bitner (2000:32-33) state that the service industry recognises the strong influence of word-of-mouth. Word-of-mouth (personal sources) gives the consumer the opportunity to reduce risk, since it gives the consumer the opportunity to receive feedback. Friends, family

and peer groups may all give advice, whether based on experiences, knowledge or opinion.

This is also evident from the fact that since the students' heavily rely on educational loans to fund their B-School education, household income reliability is not the major issue but the idea is to be informed with the right choice which can be provided by learned friends, teachers and relatives who have a fair knowledge on the same and are able to guide them in selecting the right B-School enabling them to shape their career in the best possible way.

Research shows that when purchasing a service product such as education, students rely to a greater extent on personal sources, such as word-of-mouth by friends, family, opinion leaders and teachers, because mass media convey very little about experience qualities(Jones, 2002:76). Cosser and Du Toit (2002:2) found that the family has a high degree of influence in the institution selection process, especially by encouraging students to continue to study. Research done by Mitra, Reiss and Capella (1999:223) supports the common marketing belief that consumers prefer personal information sources to impersonal information sources. Word-of-mouth information, in particular, is regarded as highly credible and believable. Kotler and Fox (1995:258) are of the opinion that many people, such as friends, alumni, faculty members, and parents of students have an influence on the selection of an institution. Cosser and Du Toit (2002:101-103) also found that discussion with relatives and friends were well used by high school learners as sources of information.

The Chapman model (Chapman, 1984) proposes that student's characteristics interact with external influences to create a general notion of higher education life. Student characteristics include aspects such as education aspirations, academic performance and scholastic ability. External influences include friends, secondary school personnel as well as institutional characteristics such as external institution communication.

To improve this awareness level the B-Schools should present sustainable and correct information as external stakeholder information is considered worthy. TQM recognizes students as both

customers and employees of the education system (Weaver, 1992).

Mabote(2001:62) is of the opinion that perception is equal to the truth, which, if not managed, can destroy an organisation. Institutions should realise that they are in business not only because they offer good quality service products and prices; they are also in business because consumers hold particular views about them.

Drucker (1973) suggests, MBA programs that expect to survive and thrive must constantly seek effectiveness first and efficiency second. Paraphrasing Drucker, effectiveness asks us to seek to answer the question, what is the right thing for us to be doing. Once that choice is made, and we contend that question must be constantly revisited, then the task becomes to pursue efficiency in doing the right thing.

Conclusions/Recommendations:

The research survey conducted clearly brings out that the web-media is gaining predominance hence the educational websites and social networking sites in addition to mailers and web based advertising has to be resorted to by the Higher Educational Institutions of Management education as the respondents indicate clear preference for the same. The respondents use a mix of information sources both external and internal with the peer level influence and self motivation being the key driver in the selection decision. The Management Institutions should provide reliable, trusted information in the electronic/ print media as the seekers of the same back it up by word of mouth and peer level internal information. Distorted/ exaggerated information may result in a disaster as perception is guided by truth in the long run which results in goodwill creation and value generation leading to sustained credibility. The Management Institutions should understand that the customers trust, faith and confidence is based on the foundation of the correct information provided which if not matching in any of the information search process results in loss of faith and below the line word of mouth negative campaign.

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Table: 1. Higher Education in MBA

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MBA Aspirant	92	49.7	50.0	50.0
MBA Pursuing	92	49.7	50.0	100.0
Total	184	99.5	100.0	
Missing System	1	.5		
Total	185	100.0		

In our sample, number of MBA aspirants was 92 and number of MBA pursuing was also 92. Next step was to identify the few qualities of the respondent's like Educational qualifications, Occupations.

Table: 2. Qualification of the prospect

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	.5	.5	.5
UG-B.Tech /B.E	96	51.9	51.9	52.4
UG-B.Sc	8	4.3	4.3	56.8
UG-B.Com	36	19.5	19.5	76.2
UG-B.A	4	2.2	2.2	78.4
UG-BCA	4	2.2	2.2	80.5
UG-BBA	34	18.4	18.4	98.9
UG-B.Pharma	2	1.1	1.1	100.0
Total	185	100.0	100.0	

Among the respondents majority was from B.Tech background (i.e., 51.9%). Few were from B.Com background (i.e., 19.5%) and many were from BBA background (i.e., 18.4%).

Table: 3. Occupation/Experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Service Sector	10	5.4	5.4	5.4
Government	6	3.2	3.3	8.7
Public Sector	6	3.2	3.3	12.0
Private	14	7.6	7.6	19.6
Student / Fresher	112	60.5	60.9	80.4
Business	14	7.6	7.6	88.0
Student with 1/2/3/4/5/ >5 Years of experience	22	11.9	12.0	100.0
Total	184	99.5	100.0	
Missing System	1	.5		
Total	185	100.0		

Table: 4

Information Media	No	Yes
INTERNET-EDUCATIONAL WEBSITES	13.0%	87.0%
INTERNET-SOCIAL NETWORKING	55.4%	44.6%
BUSSINESS MAGAZINES	59.8%	40.2%
NEWS PAPER ADVERTISEMENTS	69.6%	30.4%
NEWS PAPER WRITEUPS	87.0%	13.0%
CALL LETTERS RECEIVED FROM		
B-SCHOOLS	92.4%	7.6%
EDUCATIONAL JOURNALS / RECORDS	81.5%	18.5%
SEMINARS / CONFERENCES	96.7%	3.3%

The above tables do not tell us anything about combinational impacts. In perceptual figure we tried to do that.

Table:5 Media Mix preferred most for collecting information regarding B-school

		Higher Education in MBA	
		MBA Aspirant	MBA Pursuing
How do you collect information regarding B-Schools?	INTERNET-EDUCATIONAL WEBSITES	15.2%	21.7%
	INTERNET-SOCIAL NETWORKING	8.7%	6.5%
	BUSSINESS MAGAZINES	.0%	.0%
	NEWS PAPER ADVERTISEMENTS	2.2%	.0%
	NEWS PAPER WRITEUPS	.0%	.0%
	CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
	EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
	SEMINARS / CONFERENCES	.0%	.0%
	INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING	8.7%	8.7%
	INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES	4.3%	8.7%
	INTERNET-EDUCATIONAL WEBSITES, NEWS PAPER ADVERTISEMENTS	8.7%	4.3%
	INTERNET-EDUCATIONAL WEBSITES, CALL LETTERS RECEIVED FROM B-SCHOOLS	2.2%	.0%
	INTERNET-EDUCATIONAL WEBSITES, EDUCATIONAL JOURNALS / RECORDS	4.3%	2.2%
	INTERNET-EDUCATIONAL WEBSITES, SEMINARS / CONFERENCES	.0%	.0%
	INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES	2.2%	.0%
	INTERNET-SOCIAL NETWORKING, NEWS PAPER ADVERTISEMENTS	.0%	.0%
	INTERNET-SOCIAL NETWORKING, NEWS PAPER WRITEUPS	.0%	.0%
	INTERNET-SOCIAL NETWORKING, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
	INTERNET-SOCIAL NETWORKING, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
	INTERNET-SOCIAL NETWORKING, SEMINARS / CONFERENCES	.0%	.0%
	BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS	2.2%	.0%
	BUSSINESS MAGAZINES,NEWS PAPER WRITEUPS	.0%	.0%
	BUSSINESS MAGAZINES, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
BUSSINESS MAGAZINES, EDUCATIONAL JOURNALS / RECORDS	.0%	2.2%	
BUSSINESS MAGAZINES, SEMINARS / CONFERENCES	.0%	.0%	

	Higher Education in MBA	
	MBA Aspirant	MBA Pursuing
NEWS PAPER ADVERTISEMENTS, NEWS PAPER WRITEUPS	.0%	.0%
NEWS PAPER ADVERTISEMENTS, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
NEWS PAPER ADVERTISEMENTS, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
NEWS PAPER ADVERTISEMENTS, SEMINARS / CONFERENCES	.0%	.0%
NEWS PAPER WRITEUPS, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
NEWS PAPER WRITEUPS, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
NEWS PAPER WRITEUPS, SEMINARS / CONFERENCES	.0%	.0%
CALL LETTERS RECEIVED FROM B-SCHOOLS, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
CALL LETTERS RECEIVED FROM B-SCHOOLS, SEMINARS / CONFERENCES	.0%	.0%
EDUCATIONAL JOURNALS / RECORDS, SEMINARS / CONFERENCES	.0%	.0%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES	4.3%	2.2%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, NEWS PAPER ADVERTISEMENTS	.0%	4.3%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, NEWS PAPER WRITEUPS	.0%	.0%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, SEMINARS / CONFERENCES	2.2%	2.2%
INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS	2.2%	.0%
INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES,NEWS PAPER WRITEUPS	.0%	.0%
INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	2.2%

	Higher Education in MBA	
	MBA Aspirant	MBA Pursuing
INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES, EDUCATIONAL JOURNALS / RECORDS	2.2%	.0%
INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES,SEMINARS / CONFERENCES	.0%	.0%
INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS	.0%	.0%
INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES,NEWS PAPER WRITEUPS	.0%	.0%
INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES,NEWS PAPER WRITEUPS	.0%	.0%
INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES,SEMINARS / CONFERENCES	.0%	.0%
BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS, NEWS PAPER WRITEUPS	.0%	.0%
BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS, CALL LETTERS RECEIVED FROM B-SCHOOLS	.0%	.0%
BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS, EDUCATIONAL JOURNALS / RECORDS	.0%	.0%
BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS, SEMINARS / CONFERENCES	.0%	.0%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES, CALL LETTERS RECEIVED FROM B-SCHOOLS	0%	4.3%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES,NEWS PAPER WRITEUPS	2.2%	.0%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES, EDUCATIONAL JOURNALS / RECORDS	4.3%	8.7%

	Higher Education in MBA	
	MBA Aspirant	MBA Pursuing
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES, NEWS PAPER ADVERTISEMENTS, NEWS PAPER WRITEUPS, EDUCATIONAL JOURNALS / RECORDS	8.7%	8.7%
INTERNET-EDUCATIONAL WEBSITES, INTERNET-SOCIAL NETWORKING, BUSSINESS MAGAZINES,NEWS PAPER ADVERTISEMENTS	2.2%	2.2%
INTERNET-EDUCATIONAL WEBSITES, NEWS PAPER ADVERTISEMENTS, NEWS PAPER WRITEUPS	4.3%	4.3%
BUSSINESS MAGAZINES, CALL LETTERS RECEIVED FROM B-SCHOOLS, SEMINARS / CONFERENCES	2.2%	.0%
INTERNET-EDUCATIONAL WEBSITES, NEWS PAPER ADVERTISEMENTS, EDUCATIONAL JOURNALS / RECORDS	4.3%	4.3%
INTERNET-EDUCATIONAL WEBSITES, BUSSINESS MAGAZINES,CALL LETTERS RECEIVED FROM B-SCHOOLS,EDUCATIONAL JOURNALS / RECORDS	2.2%	2.2%

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	INTERNET-EDUCATIONAL WEBSITES	70	37.8	38.0	38.0
	INTERNET-SOCIAL NETWORKING	44	23.8	23.9	62.0
	BUSSINESS MAGAZINES	26	14.1	14.1	76.1
	NEWS PAPER ADVERTISEMENTS	24	13.0	13.0	89.1
	NEWS PAPER WRITEUPS	10	5.4	5.4	94.6
	EDUCATIONAL JOURNALS / RECORDS	10	5.4	5.4	100.0
	Total	184	99.5	100.0	
Missing	System	1	.5		
Total	185	100.0			

38% of the respondent's prefer Internet-educational websites, and 24% of the respondent's prefer Internet-social networking where as only 14% prefer Business Magazines and 13% prefer News paper advertisements.

We next tried to tabulate data table-6 according to respondent's (MBA aspirants & pursuing) with most preferable information media. MBA aspirants prefer Internet-educational websites (32.6%), Internet-social networking (28.3%), Business Magazines (17.4%), News paper advertisements (15.2%).

Table: 6

			Which media you prefer most to collect information regarding B-school?	
Higher Education in MBA	MBA Aspirant	INTERNET-EDUCATIONAL WEBSITES	30	32.6%
		INTERNET-SOCIAL NETWORKING	26	28.3%
		BUSSINESS MAGAZINES	16	17.4%
		NEWS PAPER ADVERTISEMENTS	14	15.2%
		NEWS PAPER WRITEUPS	2	2.2%
		CALL LETTERS RECEIVED FROM B-SCHOOLS	0	.0%
		EDUCATIONAL JOURNALS / RECORDS	4	4.3%
	MBA Pursuing	SEMINARS / CONFERENCES	0	.0%
		INTERNET-EDUCATIONAL WEBSITES	40	43.5%
		INTERNET-SOCIAL NETWORKING	18	19.6%
		BUSSINESS MAGAZINES	10	10.9%
		NEWS PAPER ADVERTISEMENTS	10	10.9%
		NEWS PAPER WRITEUPS	8	8.7%
		CALL LETTERS RECEIVED FROM B-SCHOOLS	0	.0%
EDUCATIONAL JOURNALS / RECORDS	6	6.5%		
SEMINARS / CONFERENCES	0	.0%		

With this information one conclusion we can be drawn that to pass messages about B-School to the target profile for generating more businesses the B-school management should invest in the above Media.

In this study we tried to know about the human influencers of the respondent's regarding MBA. According to the Table-7 Self awareness is the key factor though Peer Group (relatives, friends, teacher etc.) play a vital role and the role of parents can not be ignored.

Table: 7

	Higher Education in MBA				
		MBA Aspirant		MBA Pursuing	
Any Other	No	92	100.0%	92	100.0%
	Yes	0	.0%	0	.0%
Self	No	26	28.3%	26	28.3%
	Yes	66	71.7%	66	71.7%
Parents	No	78	84.8%	80	87.0%
	Yes	14	15.2%	12	13.0%
Peer Group (relatives, friends, teacher etc.)	No	64	69.6%	62	67.4%
	Yes	28	30.4%	30	32.6%
Family Members	No	86	93.5%	88	95.7%
	Yes	6	6.5%	4	4.3%

To support our above statement we presented a combinational impacted table in Figure below

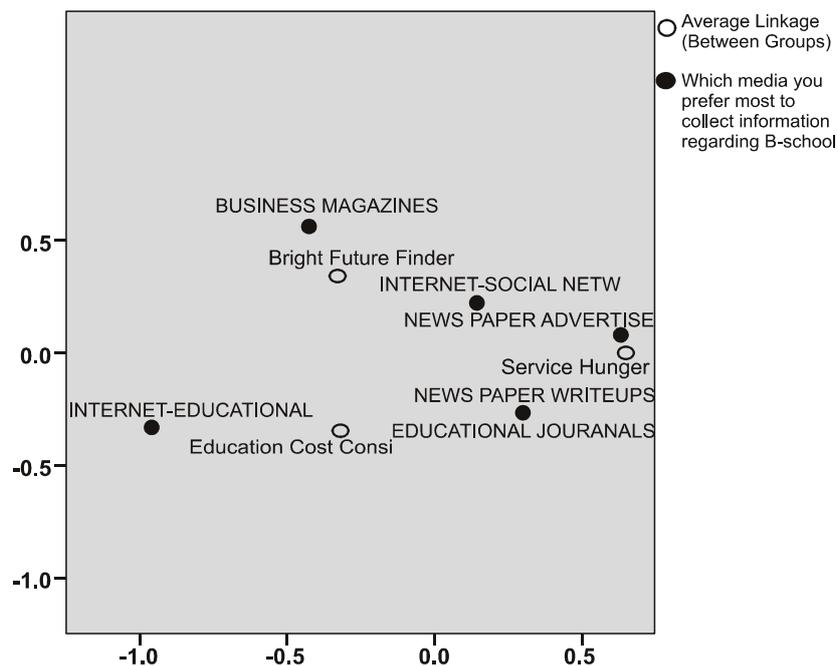
Table-8.

Who is the chief human influencer towards B-School Selection?	Any Other	.0%
	Self	54.3%
	Parents	6.5%
	Peer Group (relatives, friends, teacher etc.)	16.3%
	Family Members	4.3%
	Self & Parents	2.2%
	Self & Peer Group (relatives, friends, teacher etc.)	9.8%
	Self & Family Members	1.1%
	Self & Any Other	.0%
	Parents & Peer Group (relatives, friends, teacher etc.)	1.1%
	Parents & Family Members	.0%
	Peer Group (relatives, friends, teacher etc.) & Family Members	.0%
	Self, Parents & Peer Group (relatives, friends, teacher etc.)	4.3%

PERCEPTUAL MAP:

This result is shown below, produced by correspondence analysis. We can see that Service Hunger is closest to News paper advertisements and News paper write ups. Bright Future Finder is

close to Business Magazines and Social Network Sites. Education Cost Conscious is in between Education Websites and Educational Journals.



Socio- economic status of hospital entrepreneurs in Kerala: A comparative study among private, public and co-opertive hospitals

* SHYNI M.C

ABSTRACT

Entrepreneurship is often described as the ability to create ventures from new or existing concepts, ideas and visions. There has been significant entrepreneurial response to the changes in the scientific and social underpinnings of health care services delivery. However, a growing portion of the economic development driving health care industry expansion is threatened further by longstanding use of financing models that are suboptimal for health care ventures. Health care is quite different from other industries because of its organizational structure, service delivery. Balancing costs, quality, and access presents unique challenges for each stakeholder group committed to promoting the health and healing of its citizens. In India, as all over the world, hospitals are the key health care delivery institution. At the time of independence the country had 1, 13,000 hospital beds. The bed population ratio was 2.4 beds for a population of 1000, which was grossly inadequate. There is one bed per 1447 population in India now, while it is one to 171 in USA. This inadequacy in India has to be rectified soon to provide health for all. A significant role for voluntary health institutions, private nursing homes and private hospital has to be envisaged. Thus there is ample scope for entrepreneur to establish a private hospital. A hospital is a crucial organization and stands unique and incomparable to any other business enterprise. It is unique and special because it deals with life of mankind Patients are not just attracted by high-tech hospitals. The demand for devoted doctors, accurate diagnostic facilities, quality nursing and good support service are equally important. Establishment of a hospital requires careful planning. The human factor is very essential, unlike in other industries, since, a hospital involves care of the physical, clinical and psychological aspects of patients. Facilities should be appropriate according to the needs and affordability of the community. The doctors, nurses and technicians are more important than the equipment and building. Great care therefore should be taken to recruit proper staff, and there should be continuous training and motivation.

INTRODUCTION

Entrepreneurship is often described as the ability to create ventures from new or existing concepts, ideas and visions. There has been significant entrepreneurial response to the changes in the scientific and social underpinnings of health care services delivery. However, a growing portion of the economic development driving health care industry expansion is threatened further by longstanding use of financing models that are suboptimal for health care ventures. Health care is quite different from other industries because of its organizational structure, service delivery. Balancing costs, quality, and access presents

unique challenges for each stakeholder group committed to promoting the health and healing of its citizens. In India, as all over the world, hospitals are the key health care delivery institution. At the time of independence the country had 1, 13,000 hospital beds. The bed population ratio was 2.4 beds for a population of 1000, which was grossly inadequate. There is one bed per 1447 population in India now, while it is one to 171 in USA. This inadequacy in India has to be rectified soon to provide health for all. A significant role for voluntary health institutions, private nursing homes and private hospital has to be envisaged.

Thus there is ample scope for an entrepreneur to establish a private hospital. A hospital is a crucial organization and stands unique and incomparable to any other business enterprise. It is unique and special because it deals with life of mankind. Patients are not just attracted by high-tech hospitals. The demand for devoted doctors, accurate diagnostic facilities, quality nursing and good support service are equally important. Establishment of a hospital requires careful planning. The human factor is very essential, unlike in other industries, since, a hospital involves care of the physical, clinical and psychological aspects of patients. Facilities should be appropriate according to the needs and affordability of the community. The doctors, nurses and technicians are more important than the equipment and building. Great care therefore should be taken to recruit proper staff, and there should be continuous training and motivation.

India being the second most populated country of the world and with changing socio-political – demographic and morbidity patterns that have been drawing global attention in recent years. Despite the several growth orientated policies adopted by the changing governments, the widening economic, regional and gender disparities are posing challenges for the health sector. It is reassuring to note the commitment is to rise the annual spending on healthcare to more than 2% of the GDP, which had fallen to 9% in the past few years. India is a land of striking inequalities, more than 70% of its population lives in rural areas, where only 20% of the total hospital beds are located. Yet India is proudly announcing that it is ready to cater to “health tourists” from the developed world. About 75% of health infrastructure, medical manpower and other health resources are concentrated in urban areas where 27% of the population lives. Over the last six decades, India has built up a vast health infrastructure and man power at primary, secondary and tertiary care in govt, voluntary and private sectors. But public health infrastructure is far from satisfactory.

In India the health care systems is experiencing dramatic changes from what it was a few decades ago. Health is a basic fundamental right of all

citizens and health promotion forms an intrinsic part of health care. According to World Health Organization, “health is a state of complete physical, social and mental well being and not merely an absence of disease or infirmity.” Since independence, India had achieved remarkable progress in social political and economic fields. In the area of medical science too, commendable progress has been made during this period. However unfortunately hospital administration has lagged far behind. Even the most sophisticated and the so called modern hospitals in India continue to be governed by the stereotyped system of hospital administration, viz appointing the senior most doctor as the focal points of education for the health professional and clinical research necessary for advancement of medicine. Thus the hospital is one of the most complexes of all administrative organizations.

Hospitals are an important component of the health care delivery system. Over the years, India has experienced a significant increase in the number of hospital beds to meet the growing health demands of its population. Hospitals are the backbone of the health care delivery system. Hospitals as organizations face a number of challenges as they are exposed to greater risk compared to other industry, primarily because of the complexity of its operation, ensuring appropriate quality of care, humanitarian issues and various ethical dimensions facing health care. Hospital is an economic institution with a significant social role in the community. It is not possible to discuss problems in medical and health care intelligently without reference to hospitals in terms of what they are, what they do, and how they do it. Economics of the hospital sector has often received wide attention because it has been the major consumer of health care expenditure accounting for about 40-60% of gross health care expenditure in many countries”.

Hospitals in India have been organized on the British lines with strict hierarchical structure. The term hospital means an establishment for temporary occupation by the sick and injured. Let us examine a few definitions of the term hospital.

Definition of Hospital :

According to the directory of hospitals in India 1988, "A hospital is an institution which is operated for the medical, surgical and/or obstetrical care of in-patients and which is treated as hospital by the Central/State Government/Local body or licensed by the appropriate authority."

The World Health Organisation defines "The modern hospital is an integral part of social and medical organization, the function of which is to provide for the population complete healthcare both curative and preventive and whose out-patient services reach out to the family in its home environment. The hospital is also a centre for training of health workers and for bio – social research."

On the basis of the above definitions Goyal R.C. evolved a comprehensive definition for the hospital: "A modern hospital is an institution which possessed adequate accommodation and well-qualified and experienced personnel to provide services of curative, restorative and preventive character of the highest quality possible to all people regardless of race, colour creed or economic status, which conducts educational and training programmes for the personnel particularly required for efficacious medical care and hospital service, which conducts research assisting the advancement of medical science and hospital services and which conducts programmes on health education."

Growth of Hospitals in India :

In India, the history of medicine and surgeons dates back to the earliest of the ages. But hospitals as institutions to which a sick person could be brought for treatment were of a much later origin. The brilliantly planned cities Mohenjo-Daro and Harappa are good examples of township with sophisticated drainage system and importance of environmental sanitation for good health. The Ayurvedic System of medicine was developed in India after the Aryan invasion of the Indus Valley. In primitive day's religion, art and medicine were combined. People looked to the priests to cure them from sin and disease. As evolution progressed these became more distinct.

In sixth century BC, during the time of the Budha there were a number of hospitals to look after the crippled and the poor. More such hospitals were started by Buddha's devotees. Asoka was responsible for spread of social medicine. The outstanding hospitals in India at that time were those built by King Asoka. The use of Allopathic System of medicine commenced in 16th century with the arrival of European missionaries in South India. The first hospital in India was probably built in Goa. The first hospital in Madras was opened in 1664. The establishment of a hospital in Mumbai was in 1676. The earliest hospital in Calcutta was built in 1707-8 and in Delhi in 1874. In 17th century, the European doctors employed by the East India Company played an important role in introducing of modern medicine in India.

But after that in 17th and 18th centuries, there was slow but steady progress in the growth of modern system of medical practice in India and the indigenous system was pushed to the background. During the last decades of 18th century, western medicine was introduced to serve their armed forces. 80 to 90% of population realized the value of medical practitioners and hospitals. British government in India introduced medical care system to cover the army, to cover money spent on them. In the 19th century, modern medicine took firm root. Allopathic Medicine became dominant. It competed with Homeopathy, Osteopathy and others. Scientific development took place in microbiology and surgery. In 1835, in India there were 1250 hospitals and dispensaries, which constitute 6% of 192 million populations. In 1857, three universities started medical education in a formal way. Between 1800-1916, 17 medical schools/colleges were started in various cities. In late 1907, survey teams were sent by world council of churches to survey Christian medical work in India. By 1920, foundation has been laid for contemporary hospital system and the following 30 years brought refinement and consolidation.

Since independence .stringent effort have been made to booster medical research and to improve and enhance the reach and capability of our health infrastructure. Comparing Indians with low income countries have unfavorably in terms of availability of health infrastructure and its utilization as well

as the overall disease burden .The first landmark in official health policy of independent India was the acceptance of Bhore committee Recommendation of 1946, which laid the foundation of comprehensive rural health services through the concept of primary health centres and he emphasized that health service should be available to all citizens irrespective of their ability to pay for it and as near the location of the people as possible in order to ensure the maximum benefits to the communities to be served .

Several health committees offered valuable recommendations for health sector reform in India. .Bhore Committee Report ,(1946), other committee report ,Mudaliyar (1959),Mukherjee (1965),Junjunwala(1967), Kartar Singh (1973),Srinivasan (1974) and Krishnan (1984) have made far reaching recommendations for expanding health and medical infrastructure with a view to improve the accessibility of services in both rural and urban areas. The WHO sponsored Alma Ata declaration in 1978 had made remarkable change in the thinking of all the governments towards health sector

The World Bank has focused on health care financing in developing countries as one of its central areas of interest since it started to take an active role in the health sector in the 1980s.In 1987 the world bank published its policy paper, “Financing Health Services in Developing Countries: An agenda for Reform” and the World Development Report of 1993, focused on “Investing in Health”. The word bank agenda for Health Sector Reform proposed four policy recommendations ,first one is to charge user fees at govt health facilities ,second one is to promote health insurance ,third one is to promote the private sector and the last one is to decentralize govt health services. The role of the govt in providing basic services including health care is very critical in developing countries like India .Public health expenditure is a necessary social investment without which the large mass of working classes cannot realize good health and contribute to the economy.

As the time passes by, India is advancing in its health care and treatments facilities. The growth in this sector has lead to the use of new equipments

and methods and facilities. India has now developed numerous state of the art facilities that have helped most of the hospitals undertake a lot of complicated procedures and treat numerous diseases. This results in increased medical travel to our country, leading to economical growth ranging from the best cancer institute to heart care centers. Indian hospital today, promise complete safety and protection to all type of treatments. Health is the most crucial and important factor to lead a happy and worry free life. We all know that our body is like a machine, with too many parts functioning independently inside to make our machine, the body runs smoothly. A little care for our body and we can ensure a good and healthy life. India is growing sector in the health care industry, with an expected growth to till US \$ 75 billion; health care is one of the fastest growing and most potent sectors in our country. India has progressed vastly in this sector and offers some of the best treatments and medications as compared to other countries.

But the fruits of so called development have not reached the large section of poor masses of the society .It is very unfortunate that while thousands of people are being benefited by a new developments in medical sciences ,millions are still suffering and dying on account of common conditions such as diarrhea,malaria,tuberculosis ,malnutrition etc.Most of these are easily preventable and curable in the initial stages at a relatively small cost which can be met even by the developing countries

Health status in Kerala:

Kerala is characterized by the co-existence of an almost stagnant economy and a good quality life. The state’s achievement in the field of health still remains a conjecture. The entire world is keen to understand and analyze Kerala’s progress in health. Kerala is well and truly on top of all the other Indian states in terms of health indicators of its population. In fact Kerala achieved the health targets set for 2000 in the nearly 1970 s itself and its success in health departs significantly from traditional models of economic development.

Kerala has a long history of organized healthcare. By the time the state was formed in

1956 the foundation for a medical care system accessible to all citizens was already laid. Some of the government hospitals in the state are about 150 years old. Health has been a major expenditure head in Kerala's budget from its early years. Kerala's health care infrastructure includes 15,409 institutions and 126013 beds, besides there are 5094 sub centers each covering a population about 47000 in 2001-02 and the hospital in the public sector control 17.7% of the institutions 41.4% of the beds and 13.6% of the doctors while 81.9% of the institutions 56.3% of the beds and 85.7 % of the doctors are in the private sector the remaining are in the co-operative sector.

The Opening up of the health field to the private sector facilitates access to higher level of health care services by the better off but neglects the poor. For instance, access to innovations such as tele-medicine is restricted to the educated and rich section of the population. The result is the 'medical poverty trap' with more and more people untreated. The co-operative hospitals are playing a socially beneficial role by providing inexpensive medical facilities compared to private hospitals. Such benefits are also accruing largely to the lower and middle class sectors of the society. To a certain extent these hospitals have been able to moderate exploitative practices of hospitals in the private sector. Competition from the private sector can become another problem. Co-operative hospitals in general face constraints in mobilizing huge capital. In this context, it may also be pointed out that an unhealthy competition among co-operative hospitals would also take place in future. Meanwhile, the government of Kerala also comes out with certain promotional schemes for the formation of hospitals in the co-operative sector. One was for the provision of one times subsidy on selected investments and share capital assistance.

Health sector Development in Kerala

Kerala's healthcare system has garnered international acclaim. The state has a very good medical facility. The United Nations Children's Fund (UNICEF) and the World Health Organization designated Kerala the world's first "baby-friendly state" because of its effective promotion of breast-feeding over formulas. For

example, more than 95% of Keralite births are hospital-delivered. Aside from ayurveda (both elite and popular forms), siddha, and unani many endangered and endemic modes of traditional medicine, including kalari, marmachikitsa, and vishavaidyam, are practiced. These propagate via gurukula discipleship and comprise a fusion of both medicinal and supernatural treatments, and are partly responsible for drawing increasing numbers of medical tourists. A steadily aging population (11.2% of Keralites are over age 60) and low birthrate (18 per 1,000) make Kerala one of the few regions of the Third World to have undergone the "demographic transition" characteristic of such developed nations as Canada, Japan, and Norway. In 1991, Kerala's total fertility rate (children born per women) was the lowest in India. However, Kerala's morbidity rate is higher than that of any other Indian state—118 (rural Keralites) and 88 (urban) per 1,000 people.

Kerala's remarkable achievements in health care were to a large extent based on its vast network of public health institutions which enabled her to earn the fame of "Kerala Model of Health" worth emulating even by advanced countries. The hall mark of this model was the low cost of health care, universal accessibility and availability to the poor sections of the society. This health model was made possible by many socio-economic conditions, important among which was the high female literacy rate in the state. Apart from these, the extensive network of medical institutions in modern medicine, homeopathy has also made this possible. Despite all these, Kerala faces some major problems in the health sector at the beginning of the 21st century. Difficult access to health care owing to high out of pocket health care expenditure has resulted in the impoverishment of a sizeable segment of the population. A major programme of the state in the 11th plan has been to strengthen the public health system and provide universal health security

Basic Health Indicators :

Table below shows the basic health indicators of both Kerala and India during 2008-2009

Table
BASIC HEALTH INDICATORS - KERALA AND INDIA
2008-09

Sl. No.	Health Indicators	Kerala	India
1	Birth rate (000 population)	14.7	23.1
2	Death rate (,,)	6.8	7.4
3	Infant mortality rate(,,)	13	55
4	Child mortality rate(,,)	3	17
5	Meternal mortality rate (per lakh live birth)	110	301
6	Total fertility rate (children per women)	1.7	2.9
7	Couple protection rate (in percent)	48.28 (2009)	46.6 (2005)
8	Life at birth Male	71.3	62.3
	Female	76.3	63.9
	Total	73.8	63.1

Judged in terms of conventional indices of health, Kerala stands out from the rest of India. What most distinguishes the performance of Kerala compared to that of other states in India is the improvement in the health status of the rural population in general and of children and infants in particular? Kerala's achievement in the health field becomes all the more significant and relevant to low income countries when viewed against the facts that the level of per capita income, per capita expenditure on health, and medical infrastructure measures in terms of bed-population ratio, doctor-population ratio, etc, are actually lower here than in some of the other states. The reason for the better health status of Kerala lies in the state having given equal importance to preventive and primitive measures like sanitation, hygiene, immunization programmes, infant and ante-natal care, health education, etc, as to curative medicine. Moreover, the spread of education, especially among women in the rural parts of Kerala, was a crucial factor contributing to the high degree of awareness of health problems and fuller utilization of available health care facilities.

At the time of formation of the present Kerala state, the foundation for a medical care system accessible to all citizens was already laid. One indicator of the government's commitment to health services provision is the proportion of government

expenditure set apart for health. From the time of the State's formation, the government's budget allocation for health was considerable. Social sectors mainly comprising education and health, accounted for a large share of the government development expenditure. The period from state formation to the early 1980 was characterized by great growth and expansion of the government health services. From 1961 to 1986, the State greatly expanded its government health facilities the numbers of bed and institution increased sharply. The total number of beds in government hospitals increased from around 13000 in 1960-61 to 20000 in 1970-71 and 29000 in 1980-81. By 1986, the total was 36000. Estimates in 1996 put the number at 38000 and in 2007 it was 50743.

In spite of the high demand for health care, the Kerala government could not increase its hospital beds substantially, for lack of resources for the health sector. During the 10 years from 1986 to 1996, public sector hospital beds in Kerala increased by only 5.5%, from 36 000 to 38 000, while in the private sector there was a 40% increase, from 49 000 to 67 500. Furthermore, the quality of the public health sector decreased because the financial restrictions affected supplies, including drugs, more than the salaries of the well-organized and militant employees. Taking advantage of this situation, the unregulated private sector in Kerala opened many hospitals with high-tech equipment, thereby increasing the cost of health care. For example, in 1995, 22 out of the 26 computerized tomography scan centres in the state were in the private sector and even the small remainder in the public sector is decreasing now. The introduction of user charges in the public hospitals as part of the reform process increased the out-of pocket expenses of those using public health facilities. Household health expenditure in Kerala has increased over five times during a 10-year period of 1987-96. This increase was significantly higher among the poorest people than among the richest. Even after adjusting for inflation the increase in health expenditure was about 4 times higher than the increase in consumer price index .The major reasons for this increase in health care costs are the increasing privatization of health care in the state, the increasing and often unnecessary use of technology, and a rise in drug prices. For example, Kerala has one of the highest rates of caesarean deliveries in the world now.

Caesarean rates were reported to be 22% of all deliveries in rural areas and 34.5% in urban areas. The extra cost of caesarean deliveries in the state was estimated to be Rs 25 million (US\$ 540 000) in the year 2000. Around 75% of the pregnant mothers had at least one ultrasonography test without any notable change in the management or outcome of pregnancy.

It is the sudden boom in private super-specialty hospitals that has nudged the drive for technology infusion and administrative shake-up in public health. Investment in super-specialty hospitals in the state in the last five years has been over Rs 500 crore. According to Kerala State Planning Board statistics, 36.3 million people in the state use government hospitals. The sudden advent of high-cost, high-quality medical care has highlighted the gap between the rich and poor. But there is also a feeling that all is not well in private health care. "The attack by the public on hospitals (private) is worrying," says P T Cheriyan, President (Kerala region), and Indian Medical Association (IMA). With the credibility of medical ethics in the private sector taking a blow with recent cases like a wrong drug killing a VIP patient, the unearthing of kidney rackets in private clinics in Kozhikode, there is pressure on the government to improve the secondary (taluka- and district-level) and tertiary (medical college hospitals and speciality hospitals) sectors. The Rs 810-crore project targets to improve bed-strength and OT facilities in 84 taluk and district hospitals within four years. Expensive cobalt therapy units for the Regional Cancer Centre, Thiruvananthapuram, and audiometry units for ENT departments are also in the offing. However, a recent study by A Raman Kutty has observed that although the state, inputs in health care have not fallen, 98 per cent of this went to feed establishment costs, like wages. However, over 20 million poor patients in taluka hospitals and medical college.

The sharp growth of the private health sector towards the end of the sixties was prompted by several factors: the falling state-spending for health, the increasing numbers of medical personnel, who could not find adequate employment in the health institutions, a growing middle class dissatisfaction with public sector and willingness to pay to the private sector. It is the

poor who are the major public hospital users who show a preference for private providers in the first instance and come to public hospital only when their conditions get serious or their finances are low. Therefore, they accept whatever care they get. This leads to the dubious money making practices of private hospitals like-unnecessary investigations and irrational therapies. Even though there is not much pressure on the public hospitals to be quality conscious, this aspect has to be stressed or else, their place will be overtaken by the private sector and will lead to weakening of health planning. The public systems work in an inefficient manner thereby making people resort to private clinics. Right from the time a patient queues up for registration as an outpatient or an in-patient, to getting a bed and other diagnostic facilities, medical attention etc., a huge investment of time and money is needed.

The private sector has been particularly successful in providing facilities for sophisticated tertiary care. This can be attributed to both the government's inability to provide these costly services and to the need for the private sector to focus on the most commercially profitable services. The public sector has been reduced to such a degree that many government-run primary health centers do not provide any curative services. Other than immunization and sterilization, most of the population's health needs are met by the private sector. This has led to an increase in the cost of medical care to the people. Meanwhile, the government has been unable to establish effective mechanisms or policies to regulate or over-see the activities of the private sector and private sector facilities. The ongoing decay of the public sector and the growing imbalance in the public/private mix must be addressed in order to ensure that the Keralite health system is equitable and sustainable: in order to restore 'primacy' to primary health care. Although the original system was intended to increase equity in access to health care, its inability to sustain itself has resulted in an increasingly inequitable health system. While the egalitarian social system which shares some of the guiding principles of good governance created an environment which enabled the improvement of the health status of the population, it is good governance practices which are required to address the growing crisis in Kerala's health system.

Statement of the problem:

Health service system in Kerala is functioning sub optimally and plagued by lack of infrastructure, suitable equipment, lack of professional staff at the critical posts, lack of funds for essential drugs etc. Even the public outlay for health has also steadily declined from the eighth five year plans onwards. The collapse of the public health system and the loss of faith of the people in government health services could be attributed to the declining investments and the same may be used as a rationale to increase the involvement of voluntary or self help groups and co-operative in the provision of healthcare especially in rural areas. Though co-operative movement has made deep in roads in to several sectors of our economy, their presence in social sectors like health and education is notably low, but some co-operative hospitals which are playing a socially beneficial role by providing low-cost health care services as compared to private hospitals. Even when relatively less propped by the government, the hospitals are able to operate on a viable basis and have recorded dynamic growth over the years. Non-availability of finance for fixed investment on a reasonable term is a serious problem confronting the co-operative hospitals. The co-operative sector is becoming less attractive to competent doctors for the reason that attractive salaries comparable to those in the private sectors are not given. In the private sectors, a major part of the payment to the doctor is also unreceipted. Such practices are prevalent in the corporate sector and to a limited extend to the co-operative sector too. The study aims to examine the validity of this belief by making a comparison among co-operative, public and private hospitals in Kerala.

Objective of the study :

The present study has been designed with the following objective in mind :

- 1 To study the origin and growth of hospitals in India in general and Kerala in specific
- 2 To analyze the socio economic status of hospital entrepreneurs in Kerala
- 3 To give suitable suggestion and conclusions based on the study.

Hypotheses

There exists significant difference in the socio economic status of hospital entrepreneurs in Kerala.

Population for the study

The co-operative, public and private hospitals operating in kerala over the 14 districts stretching from Thiruvanthapuram to Kasargod constituted the population. In kerala there were 2,711 institutions in the government sector, 65 hospitals in the co-operative sector and 12,383 hospitals in the private sector as on 31-3-2007

Sampling Design

The sampling procedure adopted for the study is multi stage stratified random sampling. For the purpose of the study the total population is divided into three strata. First based on region, the second based on ownership and the third based on bed strength of each selected hospitals.

1 Based on region

For the purpose of the study, the state is divided into three regions, Northern, Southern and Central. One revenue district each from each region is chosen based on convenience. From the Northern region Kannur is selected. Ernakulam district representing central Kerala and Thiruvanthapuram district from the southern region constitutes the sample district.

2. Based on ownership

Sample population from each region is further stratified into different sectors on the basis of ownership of hospitals. They are private sector public sector and co-operative sector. Then the total number of hospitals in each sector is being listed by assigning serial numbers.

3.On the basis of bed strength

After listing the hospitals under each sector it is again stratified according to their bed strength. The bed strength ranging between below 50, 51-150, 151-450, 450-750 and above 750 forms the group.

After stratifying the population on bed strength, the samples are drawn randomly by lot method for the purpose of the study. From each division samples are selected in such a way as to ensure that at least 10 % of the units are chosen as the sample.

Details of co-operative hospitals in Thiruvananthapuram District collected from the office of the Registrar of Co-operatives reveal that there are 3 co-op hospitals in the district. All the 3 hospitals were chosen for the study. But no data could be elicited from many of a co-operative hospitals. Since they were practically defunctioned on the date of the survey. Hence there is no representation of co-operative from Thiruvananthapuram District.

Methodology

The research is designed as both explorative and descriptive. So the major data source is primary in character. However secondary data from print media (books, reports, journals, monographs) and the official record of the samples are also expected to be collected. Suitable scaling and statistical tools will be made to analyze the data collected from the primary source.

Period of the study

The study covers a period of 5 years.

Limitation of the study

The study was restricted to 5 years only and that too covering only the allopathic institutions in the public, private and co-operative sectors in Kerala. It has not covered the other types of institutions in the health sector such as Ayurvedic, Homeopathic, and Unani etc. Due to the size of the problem, it has become difficult for the researcher to collect data from different hospitals. Perceptions of the respondents are measured through observation, personal interview, questionnaire and schedules. The power structure in India may cause respondents to answer with partially frank acknowledgement of feelings. It became very difficult to meet and elicit opinion of administrators due to their busy schedules. Majority of administrators are under the impression that research on management means

probing in to their internal affairs especially in health care sector. With this opinion they hesitated in providing required data. However administrators of some hospitals did co-operate. This research project would not have been possible without the help received from them.

Socio Economic Status of Hospital Entrepreneurs

The present section seeks to investigate the socio economic status of the hospital entrepreneurs in Kerala on the basis of selected variables.

Variables used for the study

To investigate the socio economic status of hospital entrepreneurs, the following variables are used viz position of entrepreneurs in the hospital, major decision makers in the hospital, involvement of entrepreneurs in social activities, type of involvement of entrepreneurs in social activities, reason for involvement of entrepreneurs in social activities, day today managerial function in the hospital, extend of support received by the hospital from their family members.

Position of entrepreneurs in the business

The two chief characteristics, viz the need for independence and sense of determination, drive a person to start their own new ventures. For effectively dealing with people, they need a drive, which influence and control others. This power is imperative for the success of the business. The position of women entrepreneur in the concern determines the degree of power exercised by them in the business which is needed to influence people and to lead them to implement ideas. A high position in the concern gives high power and status to the entrepreneur. When the persons are sole owners, they enjoy very high power and status in the concern. In the case of partnership firm, co-operative society or limited company, the degree of power is determined by their position in the concern. The Table-1 below depicts the position of entrepreneurs in the hospital.

Table 1
POSITION OF ENTREPRENEURS IN THE HOSPITAL

POSITION	PRIVATE	CO-OPERATIVE	TOTAL
Managing Director / Administrator	17(41.46)	2(22.22)	19(38.00)
Manager/Director /Secretary	0(0.00)	7(77.78)	7(14.00)
Owner	2(4.88)	0(0.00)	2(4.00)
Administrator/ Partner	3(7.32)	0(0.00)	3(6.00)
Administrator/Owner	19(46.34)	0(0.00)	19(38.00)
Total	41(100.00)	9(100.00)	50(100.00)

Pearson Chi-square: 37.8762, df=4, p=.000000

An analysis of the table shows that a large majority of the respondents in the private hospitals (41.46%) enjoy the position of administrator. 7.32% and 4.88% hold the position of administrator cum partner and owner respectively whereas in co-operative hospitals 77.77% enjoy the position of secretary and 22.22% has the position of chief executive. The chi square test also reveals a significant difference in the position of entrepreneurs in private and co-operative hospitals.

Major decision makers in the hospitals:

Making decisions and managing the affairs of the business are unavoidable functions of entrepreneurs. Irrespective of the size and type of undertakings, it is the primary function of the entrepreneur. In large scale undertakings very often management function will be vested with professional managers still the function of decision making in crucial areas will be reserved with the entrepreneurs who are the ultimate risk bearers. In small undertakings, on the other hand, the entrepreneur is expected to undertake all the managerial functions. The relevant data related to the major decision makers in the hospital are presented in the table-2 given below.

Table 2
Major decision maker in the Hospital

Decision makers	Private	Co-operative	Total
Board of Directors	1(2.44)	9(100.00)	10(20.00)
Chairman	4(9.76)	0(0.00)	4(8.00)
Partners	7(17.07)	0(0.00)	7(14.00)
Administrator	29(70.73)	0(0.00)	29(58.00)
Total	41(100.00)	9(100.00)	50(100.00)

Pearson Chi-square: 43.9024, df=3, p=.000000

It can be observed from the table that majority of the decisions in the private hospitals were taken by the administrator itself (70.73%), out of 41 private hospitals in the sample, major decisions in the 7 hospitals are taken by the partners, chairman would take decisions in 4 hospitals and the remaining ones taken by the Board of Directors. The table further shows that, out of 9 co-operative hospitals in the sample the major decisions are taken by the Board of Directors. To test the significance of difference between the major decision makers in the private and co-operative hospitals chi square test is conducted and the resultant P value is given in the table. The p value .0000 shows that there exists significant difference at 1%.

Involvement of Entrepreneurs in Social activities:

Involvement in social activities is an effective driving force for a person to become an

entrepreneur, as entrepreneurship adds good value to their social standing .Participation in social activities gives them mental peace, development of public contacts and exchange of ideas as it will help in business development .It also gives them an opportunity to serve the society financially and physically .Further, some person have chosen the path of entrepreneurship as a part of extension of their social activities.

Table 3
Involvement of Entrepreneurs in Social activities

	PRIVATE	CO-OPERATIVE	TOTAL
Very High	8(19.51)	3(33.33)	11(22.00)
High	11(26.83)	4(44.44)	15(30.00)
Moderate	22(53.66)	2(22.22)	24(48.00)
Total	41(100.00)	9(100.00)	50(100.00)

Pearson Chi-square: 2.92354, df=2, p=.231841

The response of entrepreneurs as to their involvement in social activities given in Table-3 depicts that the majority of entrepreneurs in private hospital (53.66) are moderately involving in social activities. Out of 41 sample hospitals 11 respondents are highly involving in social activities and 8 respondent's involvement is very high. The table further describes that among co-operative hospitals 3 respondents reveals a very high involvement, 4 respondents showing high involvement and 2 respondents are moderately involving in social activities. The chi square test found out that there exist significant difference in the degree of involvement I social activities among respondents.

Type of involvement of entrepreneurs in social activities

The type of involvement in social activities depends on several factors, viz financial position of women entrepreneurs, previous occupation, achievements in business, reputation enjoyed, family status, availability of time, personal interest, purpose etc .The relevant data related to this are presented in the table-4.

Table 4
Type of Involvement of Entrepreneurs in Social activities

MEMBER OF	PRIVATE	CO-OPERATIVE	TOTAL
Charitable Institutions	6(18.75)	0(0.00)	6(14.63)
Welfare Society	4(12.50)	0(0.00)	4(9.76)
Leader of political parties	0(0.00)	7(77.78)	7(17.07)
Not a member	20(62.50)	0(0.00)	20(48.78)
Any other	2(6.25)	2(22.22)	4(9.76)
Total	32(100.00)	9(100.00)	41(100.00)

Pearson Chi-square: 35.1632, df=4, p=.000000

It can be noticed from the table that most of the entrepreneurs in the private hospitals were not a member of any institution (62.50) .Out of sample unit 6 (18.75%) respondents have a membership in charitable institutions .4(12.50%) and 2(6.25) respondents represents a member of welfare society and member of some other institution respectively. Among co-operative hospitals majority of respondents were a member or leader of political parties (77.78%) and 2 respondents (22.22%) represent a member of some other institution. The chi square test reveals that there exists a significant difference between the type of involvement of entrepreneurs in social activities among private and co-operative hospitals.

Reason for involvement of entrepreneurs in social activities

Entrepreneurs engage in social activities due to various reasons. Some successful entrepreneurs usually get offers to occupy a good position in government sponsored organization or other welfare organizations which give them high social status, mental satisfaction, barer public contact etc.

Table 5

Reasons for Involvement of Entrepreneurs in Social activities

REASONS	PRIVATE	CO-OPERATIVE	TOTAL
Social commitment	5 (23.81)	7 (77.78)	12 (40.00)
Mental Satisfaction	6 (28.57)	2 (22.22)	8 (26.67)
Others	1 (4.76)	0 (0.00)	1 (3.33)
Social commitment & mental Satisfaction	4 (19.05)	0 (0.00)	4 (13.33)
Social commitment & social status	2 (9.52)	0 (0.00)	2 (6.67)
Mental satisfaction & social status	1 (4.76)	0 (0.00)	1 (3.33)
social commitment , mental satisfaction & Social status	2 (9.52)	0 (0.00)	2 (6.67)
	21 (100.00)	9 (100.00)	30 (100.00)

Pearson Chi-square: 8.96825, df=6, p=.175411

The above table-5 depicts the reasons for involvement of entrepreneurs in social activities. From the analysis of the table it is clear that, out of total sample units 28.57% respondents are involving in social activities for mental satisfaction, 23.81% are involving for social commitment, 19.05% respondents are involving for social commitment as well as mental satisfaction, 9.52% for social commitment and social status, another 9.52% are for social commitment, mental satisfaction and social status, 4.76% for mental satisfaction and social status and remaining 4.46% are involving for some other reasons. Among co-operative hospitals majority of the respondents (77.78%) are involving in social activities for social commitment and 22.22% are involving for mental satisfaction. The chi square test also depicts the difference at 5% level.

Table 6

Day today managerial functions in the Hospital

Undertaken by	Private	Co-operative	Total
Paid manager /Secretary	5(12.20)	9(100.00)	14(28.00)
Proprietor/Partner	3(7.32)	0(0.00)	3(6.00)
A team of middle level managers	7(17.07)	0(0.00)	7(14.00)
Administrator	22(53.66)	0(0.00)	22(44.00)
Any other	1(2.44)	0(0.00)	1(2.00)
Administrator /anyother	3(7.32)	0(0.00)	3(6.00)
Total	41(100.00)	9(100.00)	50(100.00)

Pearson Chi-square: 28.2230, df=5, p=.000033

Extent of support received by the hospital entrepreneurs from their family members

Table 7

Extent of support received by the hospital entrepreneurs from their family members

Type of support	Private	Co-operative	Total
Carry on the work as livelihood	1 (2.44)	0 (0.00)	1 (2.44)
Continue the hospital service as a casual job	7 (17.07)	0 (0.00)	7 (17.07)
Supported the idea of having associated with the hospital	22 (53.66)	0 (0.00)	22 (53.66)
Financial support	8 (19.51)	0 (0.00)	8 (19.51)
No support	3 (7.32)	0 (0.00)	3 (7.32)
Total	41 (100)	0 (0.00)	41 (100)

Extent of improvement gained by the person after becoming a hospital entrepreneur

Persons develop several skills when they become entrepreneurs. Of which the most important one are communication and self confidence. These skills are very essential for running an enterprise which

is susceptible to risk. The management skill and communication skill play a key role in the day today life to manage a concern efficiently.

Table 8

	PVT	Co-OP	Total	P-level
Communication skill	94.88	95.00	94.90	0.8839
Leadership Skill	92.73	91.11	92.44	0.2550
Mgt Skill	91.29	83.89	89.96	0.0005
Technical Skill	89.73	86.11	89.08	0.0954
Self Confidence	93.39	92.00	93.14	0.4728
Courage	94.61	89.44	93.68	0.0027
Mobility	92.37	87.22	91.44	0.0150
Independence	92.00	91.11	91.84	0.5557

Table-8 reveals that both in private and co-operative hospitals the major skills developed by the hospital entrepreneur is the communication skill, 94.88% in the case of private hospitals and 95% in co-operative hospitals, which is very essential for an entrepreneur. Leadership skill develop 92.73 % in private hospitals and 91.11% in co-operative hospitals. Management and technical skill developed by entrepreneurs in private hospitals is 91.29% and 89.73% respectively and that of co-operative hospital is 83.89% and 86.11% respectively. Self confidence and courage developed by entrepreneurs is 93.39% and 94.61% in private hospitals and that is 92% and 89.44% in co-operative hospitals. Mobility and independence skill is 92.37% and 92% in private hospitals and among co-operative hospitals it is 87.22% and 91.11% respectively. Since the p value is less than 0.005 the extend of improvement gained by entrepreneur in different private and co-operative hospital is significant.

Findings of the Study

The study finds out that Kerala presents a unique experience among developing countries where a commitment to investment in social sectors such as health has reaped great benefits in the improvement of the health status of its people. Growing fiscal problems of the state administration pose a serious threat to the health services in the

state. The analysis shows that majority of the hospital entrepreneurs are playing a socially beneficial role by involving in several social activities and almost all the entrepreneurs develop several skills after starting their hospital business. But while comparing the socio economic status, the co-operative hospitals and the government hospitals have been playing a significant role than the private hospitals.

Recommendations of the study

Health service system in India is functioning sub-optimally and plagued by lack of infrastructure, suitable equipments, lack of professional staff at the critical posts, lack of funds for essential drugs etc. The collapse of the public health system and the loss of faith of the people in the government health services in the country, could be attributed to the declining investments and the same may be used as a rationale to increase involvement of voluntary or self help groups and co-operatives in the provision of health care, especially in rural areas. Programs for manpower development will have to conform to the requirements of the cost effective, optimized system. An associated priority area will be the development of a more appropriate health service cadre structure.

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"The problem is never how to get new, innovative thought into your mind ,but how to get old ones out"

Dee Hock, Founder of VISA

"You got to be rigorous in your appraisal system.The biggest cowards are those managers who do not let managers know where they stand"

Jack Walch

PPP Model for Healthcare and Education Services – Strengthening Rural India

* Sachin Srivastava

Abstract

Since independence Indian government has launched various schemes and programmes for the upliftment of the rural India, however the growth and development of rural masses is not as per the ambitions of the Government of India. Education and healthcare are the one which have suffered the most and needs immediate attention. Recent slowdown in the global economy has shown that rural India is somewhat insulated from the recession. This has led many FMCG companies shifting their focus to rural marketing, setting rural malls. These rural malls have come up with the concept of 'all-under-one roof' products and services. Keeping this in mind the author is proposing a conceptual model of Public Private Partnership for delivering healthcare and education services to rural India. The model proposes an integration of village Gram Sabha with rural malls and schools in urban area. Given the autonomy to run its schemes of healthcare and education this model can serve the needs of the rural folks. The study is based entirely on secondary studies.

Keywords : Public Private Partnership, Gram Sabha, Rural Mall, Healthcare and Education

Introduction

India is a country of villages and about 50% of the villages have very poor socio-economic conditions. Since the dawn of independence, concerted efforts have been made to improve the living standard of rural masses. Over the years, the government has introduced various educational and health programmes and policies to better the standard of life of its citizens. The issue of health comes under the purview of the Ministry of Health and Family Welfare. This ministry is divided into the Department of Health, Department of Family Welfare and the Department of Ayurveda, Yoga, Naturopathy, Unani, Siddha and Homeopathy. Urban India has got the specialized and super specialized hospitals whereas the Rural India is still languishing for full time Doctors.

The educational services comes under Ministry of education. In India, the school level education has been divided into three main segments – primary, secondary and higher education. The Higher education further goes into graduation, post graduation and doctorate level. Urban schools provide state of the art infrastructure with modern gadgetries to its students whereas the schools in

the rural areas lack even in the basic structure. School dropouts is profound in the rural belt, one reason could be imposing urban level school education model upon rural India which is totally a misfit. Even though the education system and healthcare system is robust in design, rural India is still languishing for basic and functional amenities.

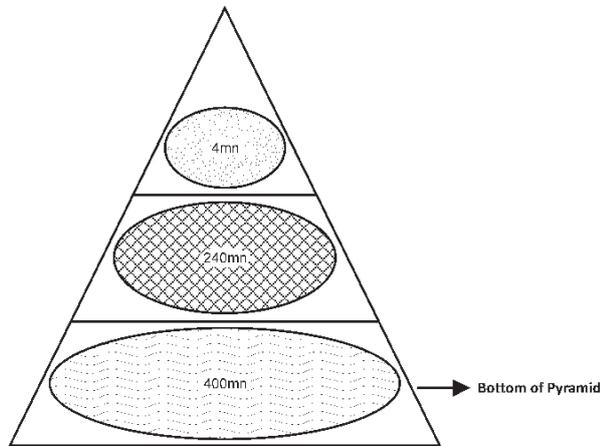
Growth of Rural India – A Unique Market

As per C.K. Prahlad's Bottom of Pyramid concept, the son's of the soil are the true representative of Indian character. The reports of National Council of Applied Economic Research NCAER, there are almost 400 million people in India who belong to the BOP.

Fig. 1 - Anatomy of Rural Market

Class	Annual Income (Rs)	No. of People (mn)
The Very Rich	Above 2,15,00	4
The Consuming Class	45,000 - 2,15,000	115
The Climbers	22,000 – 45,000	331
The Aspirants	16,000 – 22,000	170
The Destitute	Less than 16,000	124

However not all rural population come under BOP but most of BOP section belongs to rural, slums in cities & other far flung regions. The above table if put in pyramid form shows:



NCAER projection shows that in near future, lowest income class (25,000 & below) will shrink by more than 60% and the absolute size of rural market is thus expected to double that of Urban India.

There are several factors which have led to an increase in rural purchasing power, says Pankaj Gupta, practice head, consumer & retail, Tata Strategic Management Group. “The increase in procurement prices [the government sets the minimum support price — MSP — for many farm products] has contributed to a rise in rural demand. A series of good harvests on the back of several good monsoons boosted rural employment in agricultural and allied activities. Government schemes like NREGS [National Rural Employment Guarantee Scheme], which guarantees 100 days of employment to one member of every rural household] reduced rural underemployment and raised wages. Also, farmers benefited from loan waivers [introduced in the last Union Budget]. The increase in rural purchasing power is reflected in rural growth across a number of categories.

Organised Retail in Rural India

The slowdown witnessed by India due to IT, real estate, and financial services was basically limited to urban India, however in the villages and small town the picture was different. The rural India was insulated from the global meltdown and there was an encouraging performance in rural area. Till recently, a large part of marketing was done targeting the urban consumer i.e. top of the

pyramid; with near saturation and cut-throat competition in urban markets the growth was sluggish. This made the corporate India to turn towards the rural areas. The rural India provided a cushion of support to many corporate during the testing times of global economic meltdown.

Traditionally India is known as the nation of shopkeepers, but these shops are basically grocery shops. This pattern is however changing in recent times both in Urban and rural India. India’s rural population has caught the attention of private players like TATA, ITC, and GODREJ, DCM Shriram etc. These players have opened their retail outlets in rural areas and are offering services to villagers with a concept of one stop shop. Proliferation of large format rural retail stores which have been successful are: - DSCL Haryali stores, M & M Shubh Labh stores, TATA/Rallis Kisan Kendras, Escorts rural stores

Corporate – Government Initiatives in Rural Education

- a) **Gramjyoti** – It’s a project undertaken by Ericsson in 18 villages and 15 towns of Tamil Nadu. The major objective of this project is to facilitate education using high speed internet bandwidth across these villages. It has set up community centers in these villages which are equipped with PC’s and has deployed teachers at their Chennai office to deliver education through internet.
- b) **Gyandoot**: An initiative of Madhya Pradesh government wherein intranet facilities have been set up to connect rural cyber cafes. The gyandoot samiti has set up 32 kiosks in high schools and higher secondary schools of Dhar district. Through these kiosks the students are provided educational contents of class X and XII level in client server architecture.
- c) **Akshya, Kerala**: It was launched in 2002 by Kerala government to promote basic computer usage in rural India

Challenges in Rural India:

In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On

account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. However rural facilities are plagued with many problems; let's look at the situation:

Healthcare Challenges

- Drugs are often pilfered and diverted to the market
- Expensive medical equipment lies unused or unrepaired
- Absenteeism from Doctors at work or they don't discharge their duties as they should,
- Scarcity of supporting staff
- Unpaid salaries / wages
- Lack of Cleanliness
- Often Health centers are far from the villages, leading to long commuting hours
- Inaccessibility due to bad roads, and
- No power supplies.

Educational Challenges

- High drop-out rates especially after 10th standard
- Inadequate School infrastructure
- Poorly functioning schools
- High teacher absenteeism
- Large number of unfilled teacher vacancies
- Poor quality of education and inadequate fund

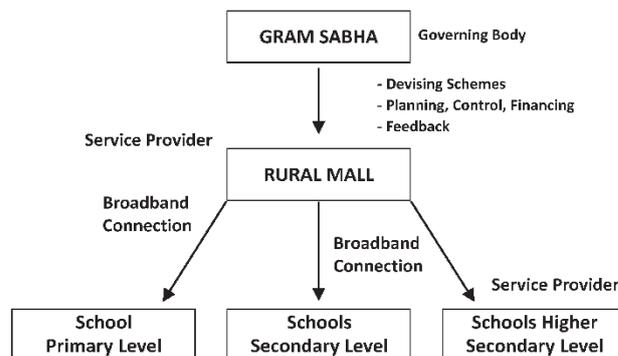
Question now arises is: how do we improve the current public facilities in the rural areas, especially with increasing amounts of central funds going to them under NRHM. In order to further strengthen the rural belt a new public-private partnership can be formed to deliver healthcare and educational services with strong commitment and leadership from both the public and private partner.

Proposed Public Private Partnership Model

The most pressing challenge before the country today is to improve the rural health and education which continues to assume new dimensions. Rural India is witnessing a lot of economic interventions for improving livelihoods of the poor. The current model proposes to form an entity at the rural level

which includes the village Gram Sabha along with the Rural Malls of the private players like DSCL Hariyali Kisan Bazaar, M&M Shubh Labh Stores, ITC E-Choupal, and Escorts Rural Stores etc and schools in the urban area.

Diagram 1- PPP model for delivery of Healthcare and Education Services



Working of the Model

Gram Sabha is a constitutionally mandated body enjoying extensive powers relating to planning, monitoring and implementing development initiatives. It is equivalent to Lok Sabha and Rajya Sabha as long as it is able to exercise the powers conferred on it by the act of Panchayati Raj. The government of India observed 2009-10 as Gram Sabha year. No other agency at grassroots level can match the administrative and financial strengths of Gram Sabha.

Today the Gram Sabha is expected to own the responsibility of implementing major rural development programmes and enforcing radical laws like MNREGA, Forest Rights Act, Right to Information Act, Gram Nyayalaya Act. With increasing focus on social protection, sustainable rural livelihoods and effective management of village resources, the role of Gram Sabha assumes a vital role and it can also be entrusted the power to devise, implement and monitor the health and education services of the rural population.

The delivery of health and education services will be through the private player. Facilities which are already existing in the malls are:

- 1) Working hours of 6 am to 9 pm
- 2) Computer Systems and Internet Connectivity
- 3) Training facility on modern farm techniques.
- 4) Parking facilities for Tractors
- 5) Godowns for storing farm inputs and also for stocking products retailed at the mall.

The rural mall will provide the infrastructure facilities and will also be responsible for its upkeep. The rural mall will function under the guidelines of the Gram Sabha for implementing the programme successfully. It will provide broadband connectivity with the schools in the urban area. The lecture hours of the schools can be listed in the mall and rural masses can avail the facility in their training rooms. For providing the logistic support, social workers and village teachers can help the rural masses in enrolment and guide them in the usage.

The various health services which can be undertaken by this PPP successfully and easily are:

1. Immunization of Pregnant women & distribution of Iron & Folic Acid Tablets
2. Immunization of children
3. Distribution of Contraceptives, ORS
4. Family Planning information dissemination
5. Nutrition
6. AIDS Awareness
7. Distribution of DOT's medicines for tuberculosis treatment etc.

Benefits of the Model

The question arises: how the Private players who have entered into rural market through rural malls will be benefited through this consortium. The benefits are listed below:

1. Increase in number of footfalls
2. Higher confidence level of rural folks on the services of rural malls
3. Increase in awareness of the products / services of the rural malls
4. Enhancement in Brand image and Brand recall.
5. Increase in sales volume and profitability.

Concept of Rural Malls of providing 'all-under-one roof' products and services can be achieved.

Schools in the urban area that have entered into the consortium will be fulfilling their corporate social responsibility of providing education to rural people without physically being present. Their only cost lies in providing broadband connectivity, cost of which can be compensated by the Gram Sabha on a monthly basis.

Thus without investing on the infrastructure of schools, dispensary, appointing teachers and doctors spending on their salaries, dealing with absenteeism from teachers and doctors from rural postings, poor standards of delivery, this PPP model

can help in improving the health and education status of the rural masses.

Conclusion

The current situation calls for the professional management of services in rural India. Conditions would undoubtedly improve if the proposed model is given authority to devise, launch and manage schemes as per the requirement of the village. However the watch full eyes of the Medical officer in charge of the rural health facility should always be on the quality of the scheme and the treatment offered.

Government should give incentives to the Gram Sabha and the rural mall for the delivery of services of the requisite standard. The funding should be linked with performance. This includes: launch of health service meeting the requirement of the village, how many patients visited the facility, how many villagers actually got benefited, how many pregnant ladies and children's got immunized, and so forth. The biggest advantage of this performance-based-financing is that the in-charge of managing facilities and the Gram Sabha will have considerable freedom to organize themselves to achieve results.

Private players who are into rural marketing needs a fundamental change of mindset, this is the time to introduce critical reforms in the approach to rural marketing. Entering into a partnership with a government body will further enhance their presence in rural market; strengthen their bond with the rural folks, enhance the confidence level of the villagers towards their product and services and through this partnership they will get a chance to fulfill their corporate social responsibilities too.

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A Research Study on Consumer Satisfaction in Respect of Big Bazaar

* Ms.Renu Vij

Abstract

The Indian Retail Industry is the fifth largest in the world. Comprising organised and unorganised sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Although, initially the retail industry in India was mostly unorganised, the industry is getting more popular these days and getting organised as well. With growing market demand, the industry is expected to grow at a pace of 25-30%. The Indian retail industry is expected to reach US \$ 450 billion by 2015. This study enables to find out relation in sales and quote of "Isse sasta aur Accha aur kahan". In this study primary data was collected from 100 respondents visiting Big bazaar personally by the researchers. In this research direct observation was done to finds out their behaviour towards the Big Bazaar and reaction to "Sabse Sasta aur Acha aur kahan. It is found from the study that there is an association between punch line of Isse sasta aur accha kahin nahin", and discount offered at Big Bazaar. It is concluded that Customer satisfaction is a direct determination factor in customer loyalty which in turn is a central loyalty, which in turn is a central determinant of customer retention.

Key words : Retail Industry, BigBazaar, New Marketing

INTRODUCTION

The Indian Retail Industry is the fifth largest in the world. Comprising organised and unorganised sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Although, initially the retail industry in India was mostly unorganised, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organised as well. With growing market demand, the industry is expected too grow at a pace of 25-30%. The Indian retail industry is expected to reach US \$ 450 billion by 2015.

India Retail Report for the first quarter of 2011 forecasts that total retail sales will grow from US \$ 392.63 billion in 2011 to US \$ 647.37 billion by 2014.strong underlying economic growth, population expansion, the increasing wealth of individuals and rapid constructions of organised retail infrastructure are key factors behind forecast growth. With the expanding middle and upper class consumer base, there will be opportunities in India's tier II and III cities.

Literature Review

Rajaguru and Matanda (2006) examined Consumer perception of store and product attributes and its effects on consumer loyalty within Indian retail sector and observed that except product price, other store and product attributes have positive effects on consumer loyalty Further research is needed to identify retail manager focus on product quality, store convenience as well as assure quality and availability of new products in order to enhance customer loyalty and also to compare consumers using various retail formats and consumer perception of product and store attributes on retail formats keeping in view demographic correlates.

Charles (2005) investigated why do people shop where they do? The attributes of shopping centres that determine where consumers choose to shop and found that people are attracted to different centres for different reasons as shoppers have different expectations. The attributes though which were significantly different between

centres, did not appear to be significantly influenced by income or socio economic group. Specifically shoppers spend more at centres which more closely match their requirements. Further research is needed to carry out studies on consumers choices from more shopping centres.

Sinha(2003) studied shopping orientation in the evolving Indian market' and analysed that the Indian shoppers show an orientation based more on the entertainment value than of the functional value. The other distinct aspects of the Indian shoppers include post purchase information management, bargaining and convince. The orientation is also found to be affected by the type of store, frequency of buying and socio economic classification. Further research is required to identify the retailers' need to experiment with a format that attracts both types of shoppers and also to find out the relationship of orientation with store variables such as store format, merchandising, pricing, location, communication and customer retention.

Kaul (2006) analyzed a conceptual note on influencing store loyalty: implication for Indian retailers. She reviewed existing retail literature to identify the dimension of store loyalty with specific focus on its antecedents such as store image.

Sinha& Kar (2007) has an insight into growth of new retail formats in India due to changing consumer dynamics. According to them the retailers need to formulate their innovate strategies and tactics to deliver desired value proposition to consumers via a suitable vehicle such as retail format facilitating positioning of the store. Further research is needed to recognize and match consumer requirement to understand whether it is all about deciding the format.

Ahmad,Nor ,Rahman (2008) carried out Small retailers and entrepreneurs perception on the departmental store department: A Malaysian Case Study, their findings indicated that the existing retail outlets would be affected by the development of departmental store. Further research is needed to identify the effective and efficient management of retail outlets to withstand increased competition.

Identify the problem

The said study was taken into consideration of the authors for years. Being the frequent shoppers

themselves a sea change is observed in retail scenario. During less than a decade , many retailers such as Big Bazar, Reliance fresh , easy day have entered the city and few of them such as Subhiskha, Spencer have left. But what are the underlying reasons due to which many renowned players entered and left. Why Big Bazaar is attracting the maximum crowd especially during weekends. Moreover during the events like Maha Bachat, Mega Sales, exchange offer, Sabse Badi Loot to name a few especially during festival seasons and national holidays, people have to wait for their turn, firstly to make an entry then to reach to the departments of their choice and then at the billing counter.

Statement of the Problem

The problem in specific is to analyse the reasons due to which Big bazaar become a favourable destination for routine shopping by the consumers. What is the impact of "Isse sasta aur Accha aur kahan". This study enables to find out relation in sales and quote of Isse sasta aur Accha aur kahan.

Research Methodology

For conducting the study, both primary and secondary data is collected. It was an empirical study. In this study primary data was collected from 100 respondents visiting Big bazaar personally by the researcher scholars. In this research direct observation was done and then Consumer behaviour towards the Big Bazar, reaction of "Sabse Sasta aur Acha aur kahan".

Big Bazaar

Big bazaar is not just another hypermarket. It caters to every need of a family. Where big bazaar scores over other stores is its value for money proposition for the Indian customers. At big bazaar, one can get the best products at the best prices- that are what they guarantee. With the ever increasing array of private labels, it has opened the doors into the world of fashion and general merchandise including Home furnishing, Utensils, Crockery, Cutlery, Sports goods and much more at the price that makes their customer surprise as now marketer follows the concept of customer surprise. Customer surprise means in this parameter, customer never can judge about the services they

will get from the service provider. Now most of the companies adopt this practice to get surprise for their consumer so develop long lasting relationship with their existing as well as new potential and prospective consumer.

New way of Marketing

The oldest one but new one, new term added is customer surprise. In this parameter, customer never can judge about the services they will get from the service provider. Now most of the companies apt this term get surprise to their customer so they would be able to make long term relationship with their existing customers or to attract new customers.

Production concept moves to sales concept then forwarded to Marketing concept which moves to customer delight and leads to customer surprise.

Customer satisfaction

Philip Kotler, the extent to which a product's perceived performance matches a buyer's expectation. If the product's performance falls short of expectation, the buyer is dissatisfied."

Consumer satisfaction is central to the marketing concept. With the evidence of strategic links between satisfaction and overall firm performance. It is now common to find mission statements designed around the satisfaction notion, marketing plans and incentive programs that target satisfaction as a goal and consumer communication that trumpet awards for satisfaction achievements in the marketplace which will bring more success to big bazaar. Customer satisfaction is the greatest need of any company to retain their customers as well as to attract more customers. Therefore, from the research we would be able to conclude about the level of customer's satisfaction from big bazaar along with its tagline, Isse saasta aur accha kahin nahin. And whether the product and services along with the offers available in big bazaar justify its tagline or not.

Research Findings:

H_0 = there is no association between punch line of "Isse sasta aur accha kahin nahin", and discount offered at Big Bazaar.

H_1 = There is an association between punch line of "Isse sasta aur accha kahin nahin", and discount offered at Big bazaar.

Test Statistics

	How much do you agree with the punch line of Big Bazaar Isse sasta aur sabse accha kahin nahin?	Are you happy with the discounts & offers in Big bazaar?
Chi-Square	24.00	38.400
Df	1	1
Assumption	.121	.000

Interpretation

The calculated value of chi-square is greater than table value at 5 % level of significant at 1 d.f. hence, the null hypothesis is rejected and alternative hypothesis is accepted. It meant there is an association between punch line of Isse sasta aur accha kahin nahin , and discount offered at Big Bazaar.

Conclusion

Throughout this study we demonstrated that products are not seen purely for their functional features, but rather products are complex combinations of various attributes, which together with functionally also bring status serve as a key to certain social class reinforce one's self esteem and much more.

Big Bazaar is undoubtedly the number one retailer in India. It has built a very emotional and cordial relationship with its customers. It is also very intending to build long term relationship with all its stakeholders which is very essential for a successful business venture. The wide range of merchandise available in the big bazaar is sufficient as per the views of the customers. Customers are satisfied with the length and breadth of merchandising.

Though customer satisfaction does not guarantee repurchase on part of customer but still plays as important as customer satisfaction is a direct determination factor in customer loyalty which in turn is a central loyalty, which in turn is a central determinant of customer retention. Therefore, organisation should always strive to ensure that their customers are highly satisfied.

Recommendation

1. Big bazaar should convert its customers into publicity agents. Customer should develop an incentive for them to tell associates and friends about the value of their products or services as an endorsement from them is more effective than any amount of advertising and it is much cheaper.
2. Should reward them each time they refer someone who become a customer reward can be as simple as a credit toward their next order from the customer.
3. Visual merchandising, which is seen that the people come to the store to browse rather than buy. The role of salesperson should be more effective an efficient in generating interest in new customers.
4. Big Bazaar should focus more on infrastructure during Wednesday, Weekends and discounted days throughout year.
5. It should provide more benefits towards users of retail chain outline as customer will get hold of something one desperately needed product and they should keep on changing offers of the day and make customers tracking to see the offer as point added service towards their purchase.

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Effective leadership is putting first thing first. Effective management is discipline carry it out”

Stephen R Covey

Building a sustainability framework for Indian Economy- Towards a Sustainable Self and Evolving a collective Consciousness

*Dr. Renita Dubey

Abstract

“Human Rights” can be understood as a set of acknowledged principles of international law, as well as the right to self-determination, the right to culture, the rights of indigenous peoples, the right to development. The field of human rights involves an evolving transnational project to define an ethical baseline for the governance of human society. The Universal Declaration of Human Rights asserts, “Everyone has the right freely to participate in the cultural life of the community.” In this report, we will describe about the Human right and the methods of protecting them in India.

Keywords: Human Rights, Sustainable Development, Ethics, Economy, Policy

Objectives of Study

1. To study the relevance of Human Rights and Ethics in the Indian Economy.
2. To advocate the prophecy of the subject towards Sustainable Development of the Indian Economy in terms of the general awareness and obedience of the populations towards adhering to the right ethics and know their rights.
3. The study just provides an insight on the significance of the two broad subjects in the perspective of the Indian Economy.

Research Methodology

The paper has been written considering qualitative or Secondary method. However references have been taken from various case studies, Journals, Magazines, Books, opinions of the authors and Practitioners of the policy subject. In some cases the perceptions of the researcher herself.

Data Analysis & Interpretation

The research has been done in a conceptual manner and is not to be taken for immediate application in any form. However, the research done is only for providing the readers, policy makers, the social entrepreneurs, executives in the

social sector to know the relevance of the subject. The idea is just to propagate the knowledge and awareness on the subject of Human Rights & Ethics. The Research is done considering the factors or approaches expressed in terms of variables since size and word limit was a limiting factor, these approaches have been defined as 1, 2, 3, 4, 5, and 6.

Review of Literature

Human Rights is the set of Entitlements under International Law. Various authors have defined the concept in a number of ways. Many feel that Human Rights is to deal with setting up of some ethical standards. Legal scholars and practitioners use human rights to refer to a body of international law that originated in response to the egregious affronts to peace and human dignity committed during World War II. According to ICESCR (International Covenant on Civil and Political Rights) Human Rights and ethics means abiding by the ethical norms and standards that have been formed as a result of the customs and usages. Our own Indian Legal system is guided and influenced by the customs and usages, the law thus framed is to look after community interests. Human rights as per Lawrence O. Gostin, J.D., LL.D. (Hon.)

is Professor of Law at the Georgetown University Law Center and Professor of Public Health at the Johns Hopkins Bloomberg School of Public Health. He is also Director of the Center for Law & the Public's Health, CDC'S Collaborating Center Promoting Health Through Law have features in common with ethics, but they are different fields. Human rights, like ethics, are often concerned with individual rights and interests, and, like advocacy ethics, human rights convey a sense of moral certainty.

1. Introduction:

Human rights are the basic rights and freedoms to which all humans are considered entitled: the right to life, liberty, freedom of thought and expression, and equal treatment before the law, among others. These rights represent entitlements of the individual or groups of people, as well as responsibilities of the individual and the government authorities. Such rights are ascribed "naturally," which means that they are not earned and cannot be denied based on race, creed, ethnicity or gender. These rights are often advanced as legal rights and protected by the rule of law. However, they are distinct from and prior to law, and can be used as standards for formulating or criticizing both local and international law.

2. Human Rights Issues:

2.1 Abolition of Bonded Labour The Commission has been involved in the monitoring of the implementation of the Bonded Labour System (Abolition) Act as per the directions of the Supreme Court in WP (Civil) No. 3922 of 1985. The Commission is presently monitoring the BLS (Abolition) Act by calling for information from the States on a quarterly basis on identification, release and rehabilitation of bonded labour.

2.2 Functioning of the Mental Hospitals at Ranchi, Agra and Gwalior

The Management of the mental hospitals at Ranchi, Agra and Gwalior came under the Supreme Court through Writ Petitions (C) No.339/96, No.901/93, No.80/94 and No.448/94 in the matter of Rakesh Chandra Narain etc. The Supreme Court in its Order dated 11 November 1997 requested the National Human Rights Commission to be involved in the supervision of the functioning of

these three hospitals. In pursuance of the Order of the Supreme Court, the Commission remains deeply involved in overseeing the functioning of the Ranchi Institute of Neuro Psychiatry and Allied Sciences (RINPAS), Institute of Mental Health and Hospital (IMHH), Agra and the Gwalior Mansik Arogyashala (GMA), Gwalior. The Commission continues to monitor the implementation of the tasks assigned to these Institutions by the Supreme Court while granting them autonomous status in September 1994.

2.3 Functioning of the Government Protective Home (Women), Agra

As per the directions of the Supreme Court of India in the Writ Petition No.1900/81 - Dr. Upendra Bakshi & Others v State of Uttar Pradesh vide Order dated 11-11-1997, the Commission has been supervising the functioning of the Government Protective Home (Women), Agra. The District Judge of Agra has been entrusted with the responsibility of conducting monthly inspections and submitting a visit report to the Commission. The Reports are scrutinized by the Commission and appropriate directions given to the State Government for overall improvement of the functioning of the Home.

2.4 Right to Food On 3rd December, 1996, the Commission took cognizance of a letter from Shri Chaturanan Mishra, the then Union Minister for Agriculture regarding starvation deaths due to the drought in Bolangir district of Orissa. On 23rd December, 1996, the Indian Council of Legal Aid and Advice and others filed a Writ Petition (Civil) No.42/97 before the Supreme Court of India under Article 32 of the Constitution, alleging that deaths by starvation continued to occur in certain districts of Orissa.

3. Restoring Human Rights in the Peace building Phase

Government institutions and the judiciary, which bear the main responsibility for the observation of human rights, are often severely weakened by the conflict or complicit in it. Yet, a general improvement in the human rights situation is essential. To preserve political stability, human rights implementation must be managed effectively. Issues of mistrust and betrayal must be addressed, and the rule of law must be restored.

While human rights are universal theory which gives idea about basic needs that should be guaranteed vary according to cultural, political, economic and religious circumstances.

To promote human rights standards in post-conflict societies, many psychological issues must be addressed. Societies must either introduce new social norms or reestablish old moral standards. They must design programs that will both address past injustice and prevent future human rights violations. Human rights must not become just another compartmentalized aspect of recovery, but must be infused throughout all peace building and reconstruction activities. Democratization implies the restoration of political and social rights. Government officials and members of security and police forces have to be trained to observe basic rights in the execution of their duties. Finally, being able to forgive past violations is central to society's reconciliation.

4. INTERVENTIONS TO PROTECT HUMAN RIGHTS

4.1 Human Rights violations in Indian Occupied Kashmir By Dr Raja Muhammad Khan

According to a recent report on Human Rights violations in Indian Occupied Kashmir by Indian Army and its paramilitary forces, there have been deaths of 93,274 innocent Kashmiri from 1989 to June 30, 2010. Besides this alarming figure of open killings by its security forces, there have been 6,969 custodial killings, 117,345 arrests, destruction, and razing of 105,861 houses and other physical structures in the use of the community as a whole. The brutal security forces have orphaned over 107,351 children, widowed 22,728 women and gang raped 9,920 women. In June 2010 only, there have been 33 deaths including four children besides, torturing and injuring 572 people. The brutal Indian security forces molested eight women during this one month. This brief account indeed, is the reality of Indian achievements on which they are trumpeting for their success in the Kashmir through counter insurgency operations.

4.2 Protection Against Human Rights

To protect human rights is to ensure that people receive some degree of decent, human treatment. Because political systems that protect human rights are thought to reduce the threat of world conflict, all nations have a stake in promoting worldwide

respect for human rights. International human rights law, humanitarian intervention law and refugee law all protect the right to life and physical integrity and attempt to limit the unrestrained power of the state. These laws aim to preserve humanity and protect against anything that challenges people's health, economic well-being, social stability and political peace. Underlying such laws is the principle of nondiscrimination, the notion that rights apply universally. Responsibility to protect human rights resides first and foremost with the states themselves. However, in many cases public authorities and government officials institute policies that violate basic human rights. Such abuses of power by political leaders and state authorities have devastating effects, including genocide, war crimes and crimes against humanity. What can be done to safeguard human rights when those in power are responsible for human rights violations? Can outside forces intervene in order to protect human rights?

5. Methods to Protect Human Rights

Various methods to advance and protect human rights are available:

- 5.1 During violent conflict, safe havens to protect refugees and war victims from any surrounding violence in their communities can sometimes help to safeguard human lives.
- 5.2 As violent conflict begins to subside, peacekeeping strategies to physically separate disputants and prevent further violence are crucial. Limiting the use of violence is crucial to ensuring groups' survival and creating the necessary conditions for a return to peace.
- 5.3 Education about human rights must become part of general public education. Technical and financial assistance should be provided to increase knowledge about human rights. Research institutes and universities should be strengthened to train lawyers and judges. To uphold human rights standards in the long-term, so that they can properly serve the society.
- 5.4 Dialogue groups that assemble people from various ethnicities should be organized to overcome mistrust, fear and grief in society.
- 5.5 External specialists can offer legislative assistance and provide guidance in drafting press freedom laws, minority legislation and

laws securing gender equality. They can also assist in drafting a constitution, which guarantees fundamental political and economic rights.

- 5.6 International war crimes tribunals are established to hold individuals criminally responsible for violations of international human rights law in special courts. The international community rarely has the will to create them.
- 5.7 Various democratization measures can help to restore political and social rights. For sustainability and long-term viability of human rights standards, strong local enforcement mechanisms have to be established.
- 5.8 Humanitarian aid and development assistance seeks to ease the impact that violent conflict has on civilians. During conflict, the primary aim is to prevent human casualties and ensure access to basic survival needs. These basics include water, sanitation, food, shelter and health care.

6. Business Ethics:

The business culture of India is a reflection of the various norms and standards followed by its people. Indians have various cultural trends, which extend to their business culture too. Thus, it is important that a person visiting the country has an idea of the business culture of India. Thus, it is important that a person visiting the country has some basic idea regarding the business ethics and customs followed here. Having a good grasp on Indian business culture will ensure that you succeed in maintaining a well-earned affinity with your business counterparts. If you are unsure of how to deal with an Indian when it comes to business, we are here to simplify the task. Read on to know about the things that are to be strictly adhered to, while forming any kind of business associations with Indians.

- 6.1 A sound knowledge of India's cultural practices and business etiquettes is necessary for any trade or business venture within the country. A proper understanding of culture and business etiquette would not only demonstrate a respect for India but will also create a feel good factor amongst the prospective clients.
- 6.2 The notion of time, time management, punctuality is still an anathema in India. It is

more to do with the mindset and ingrained in the Indian culture. It would not be surprising if meetings are postponed, re scheduled, cancelled or organized at a very short notice.

- 6.3 The proficiency over the English language for the average middle class is commendable. Official communication-letter faxes, emails are generally received without any hitch, but it would be prudent to cross check if the transmission has reached the receiver.
- 6.4 Bureaucratic hurdles and a laidback approach to work in the government circles could result in delays in processing, overload of paperwork and a general lack of confidence in the system. Therefore, immense patience is very much necessary for any business transaction in India.
- 6.5 In India, Companies follow the hierarchical system and decision-making is usually from the top to bottom. It could at times be time consuming, International companies show respect to this. The lack of infrastructure and inadequate supply chain management can also act as bottleneck for foreign investment.

7. Approach of Business Ethics Program

- 7.1 A compliance-based approach, which "focuses primarily on preventing, detecting, and punishing violations of law"
- 7.2 A values-based approach, which "aims to define organizational values and encourage employee commitment to ethical aspirations"
- 7.3 A satisfying external stakeholders approach through which enterprises "hope to maintain or improve their public image and relationships with external stakeholders"
- 7.4 A protecting senior management approach, which "is introduced in part to protect owners and senior management from blame for ethical failures or legal problems"

8. Conclusion

The expansion of human rights law has often not been matched by practice. Yet, there is growing consensus that the protection of human rights is important for the resolution of conflict and to the rebuilding process afterward. To achieve these goals, the government of India has identified a number of mechanisms both to end human rights abuses and to establish an environment in which they will be respect in the future. They are not

alternatives, but each provides important benefits in dealing with the past and envisioning a brighter future.

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“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change”

Charles Darwin

“Success is often achieved by those who do not know that failure is inevitable”

Coco Chanel

Micro Finance : A Tool of Sustainable Growth

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Abstract

Though the concept of micro finance is not entirely new as it has existed in different forms in different parts of the world for ages, however, its emergence as an organized business is of nascent origin as far as India is concerned. The business of making the tiniest loans, as it is widely referred to, has achieved a phenomenal growth in India in a very short span of time. But the promise of huge opportunities has attracted, as it is being alleged, even vested interests who are eager to exploit hapless debtors, mostly poor peasants, to make quick bucks. Besides, there have also been allegations of lack of corporate governance and other malpractices on the part of the microfinance lenders in the country. To understand the ground reality as to how far these allegations are true and what measures need to be taken so as to bring the real benefits to the needy. Rural financial markets in Asia are ill-prepared for the twenty-first century. About 95 percent of some 180 million poor households in the Asian and Pacific Region (the Region) still have little access to institutional financial services. Development practitioners, policy makers, and multilateral and bilateral lenders, however, recognize that providing efficient microfinance services for this segment of the population is important for a variety of reasons.

INTRODUCTION

The interest in microfinance has burgeoned during the last two decades, multilateral lending agencies, bilateral donor agencies, developing and developed country governments, and nongovernment organizations (NGOs) all support the development of microfinance. A variety of private banking institutions has also joined this group in recent years. As a result, microfinance services have grown rapidly during the last decade, although from an initial low level, and have come to the forefront of development discussions concerning poverty reduction.

(i) Microfinance can be a critical element of an effective poverty reduction strategy. Improved access and efficient provision of savings, credit, and insurance facilities in particular can enable the poor to smoothen their consumption, manage their risks better, build their assets gradually, develop their microenterprises, enhance their income earning capacity, and enjoy an improved Quality of life. Microfinance services can also contribute to the improvement of resource

allocation, promotion of markets, and adoption of better technology; thus, microfinance helps to promote economic growth and development.

Poor people often have just hand to mouth existence and have few reserves for major expenses such as illness, weddings, house repairs or education. They are unable to build their savings and are forced to borrow at exorbitant rates. This further adds to their burden and worsens their economic situation. Micro finance is the supply of loans, savings, and other basic financial services to the poor. The idea of micro finance was developed as a survival strategy for the poor. In India, Ela Bhatt established the Self-Employed Women's Association (SEWA) in 1974. **Mohammed Yunus founded the Grameen Bank project in Bangladesh in 1976.**

Micro credit provides poor people with access to small loans at more manageable interest rates, and can lead to self-sufficiency and poverty alleviation. There are many models of micro credit. Saving and borrowing are really different ways of turning small

amounts of money into lump sums. Saving involves building a lump sum by first accumulating smaller amounts. Borrower is taking the lump sum first and then 'saving' afterwards in the form of loan repayments.

Poor people have been able to reduce debt burdens and break the cycle of poverty, when the interest is low. Studies of the impact of micro finance in more than 24 countries have found dramatic improvements in household income levels.

Like everyone else, people living in poverty need a diverse range of financial instruments

- To run their businesses,
- Build assets,
- Stabilize consumption, and
- Shield themselves against risks.

Lending institutions will not lend to people unless they have some kind of security, or collateral, for the loan, to ensure that if it is not paid back, the bank or other institution will be able to recover part of the debt.

Micro finance can be defined as small loans that help poor people who wish to start or expand their small businesses but are not able to get banks to lend to them. Micro credit is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. It is helping millions of poor people, especially poor rural women, with tiny loans so they can start small, create self-employment and improve their lives.

Micro finance is the supply of loans, savings, and other basic financial services to the poor. The idea of micro finance was developed as a survival strategy for the poor. Ela Bhatt in India and Professor Muhammad Yunus of Bangladesh are the pioneers in this field.

Ela Bhatt founded **Self Employed Women's Association (SEWA)** in 1972. It was to bring poor women together and give them ways to fight for their rights and earn better livings. Its membership has grown to 7000 members in 1975 and now it must be over 700,000.

Providers of financial services to the poor include

- Donor-supported, non-profit non-government organizations (NGOs),
- Cooperatives;

- Community-based development institutions like self-help groups and credit unions; commercial and state banks
- Insurance and
- Credit card companies
- Post offices etc

Without permanent access to institutional microfinance, most poor households continue to rely on meager self-finance or informal sources of microfinance, which limits their ability to actively participate in and benefit from the development opportunities.

- ii. Microfinance can provide an effective way to assist and empower poor women, who make up a significant proportion of the poor and suffer disproportionately from poverty.
- iii. Microfinance can contribute to the development of the overall financial system through integration of financial markets.

Providing microfinance services efficiently to this excluded segment of the market remains a major challenge in the Region. However, given that the Asian Development Bank (ADB) has adopted poverty reduction as its overarching objective, ADB must respond to this challenge effectively. Supporting the development of sustainable MFIs that can reach the poor provides ADB an opportunity to respond to this challenge and make a significant contribution to its poverty reduction objective and the development of the overall financial system in its developing member countries (DMCs).

This paper, which was prepared through extensive consultation involving ADB's DMCs, other funding agencies, and external experts in microfinance proposes a development strategy for institutional microfinance covering the services provided by both formal and semiformal sources.

The paper addresses three major concerns:

- (i) What should be the strategic directions in ADB's assistance to its DMCs to expand the frontier of institutional microfinance to include the poor who are currently excluded and those who are likely to be excluded in the future?
- (ii) How should ADB support improvement of the quality of microfinance services in the Region?

- (iii) How can ADB help expand microfinance services to achieve the maximum development impact, including a reduction in the incidence of poverty?

Thus, the strategy defines ADB's role in the development of microfinance in the Region and covers qualitative and quantitative dimensions. The strategy is formulated within ADB's overall strategy for poverty reduction.

Once almost exclusively the domain of donors and experimental credit projects, institutional microfinance has evolved during the last decade into an industry with prospects for financial viability, offering a broader range of services and significant opportunities for expansion.

The prospects for financial sustainability are revolutionizing the microfinance field and suggest that a large proportion of the millions of poor people can be provided access to institutional microfinance. This change has important implications for ADB. ADB needs to take cognizance of the challenges and prepare to effectively harness the opportunities in its DMCs.

A Strategy can also -

- (i) Provide a clear and consistent link between ADB's microfinance operations and its overarching objective of poverty reduction
- (ii) Facilitate promotion of a common approach to microfinance operations throughout ADB, which will also contribute to better coordination with other funding agencies
- (iii) Provide a consistent basis for policy dialogue with the DMCs on microfinance and related issues
- (iv) Assist ADB's ongoing efforts to improve the quality of project design, processing, and implementation of microfinance operations
- (v) Facilitate adoption of a longer term perspective than in the past in providing assistance for microfinance.

Demand for Microfinance Services

The poor and low-income households and their microenterprises in the Region are a diverse group. Their demand for microfinance services also reflects this diversity

The collective demand of these groups for financial services is large and the types of services they

demand vary across households and microenterprises and over time.

This large demand and the heterogeneity of services needed across households and microenterprises and over time have created scope for commercial financial intermediation.

Poor and low-income households and their microenterprises in the Region have a large demand for safe and convenient deposit services. This demand reflects the importance of savings for these households and microenterprises for a variety of reasons. The poor need to save for emergencies, investment, consumption, social obligations, education of their children and many other purposes. They have the capacity and willingness to save. Savings are important for Microenterprises and provide them with a major source of investment funds. The large demand for deposit services among the poor is confirmed by empirical evidence.

The demand for microcredit that originates both from households and microenterprises is also large. Poor households in the Region require microcredit to finance livelihood activities, for consumption smoothing, and to finance some lumpy nonfood expenses for purposes such as education (e.g., school fees and books), housing improvements, and migration. Many Asian countries have numerous small farms and their operators also require microfinance services. The other source of demand is nonfarm microenterprises, which cover a wide array of activities such as food preparation and processing, weaving, pottery, mat and basket making, furniture making, and petty trading.

Supply of Microfinance Services

The market structure in microfinance varies significantly across countries in the Region depending on their stage of financial development, level of economic development, policy environment, and other factors. However, aspects of the supply, particularly about different types of suppliers, may be usefully discussed.

They supply mainly short-term credit and charge higher interest rates than semiformal and formal sources. Because of the relatively greater bargaining power enjoyed by the informal suppliers in general, the terms and conditions under which services are provided do not enable

the clients to fully harness economic opportunities. The informal sources operate in highly localized areas. For example, informal sources do not allow savings to be collected from more than a small group of individuals well known to one another, and they do not move funds over large distances. Most informal insurance mechanisms are typically weak, particularly against repeated shocks, and often provide only inadequate protection to poor households.

The involvement of formal sources in microfinance has increased during the last two decades. This greater involvement has stemmed from

- (i) The expansion of the scope of formal institutions into microfinance through downscaling and establishment of linkage programs with semiformal sources of different types;
- (ii) The emergence of new formal institutions focused on microfinance, such as the Grameen Bank of India
- (iii) Reforms of state-owned financial institutions such as unit of RBI
- (iv) The introduction of new microfinance programs by the governments through nonfinancial institutions. However, the formal operations concentrate mostly on providing credit facilities, and savings mobilization has yet to receive adequate attention, with few exceptions

Formal microfinance has changed to some extent with increasing involvement of private sector institutions. The Bank Dagang Bali in Indonesia has expanded its microfinance operations and increased its clientele. Grameen Banks, owned by India villagers, now reach 1.7 million clients, and the Grameen Bank in Bangladesh, owned largely by its borrower members, operates in over 38,000 villages with 1,140 branches and reaches about 2.4 million client

Cooperatives are also playing a significant role as financial intermediaries in the Region, particularly in India, Sri Lanka, Thailand, and Viet Nam. The thrift and credit cooperative societies in Sri Lanka reach about 800,000 households while primary agricultural cooperative societies in India have about 89 million members. These cooperatives, among other things, provide microfinance services.¹³ In many countries, the cooperatives

have begun to explore possibilities for deeper penetration into the microfinance market and show a greater concern about their financial viability than they did in the 1980s.

Major Achievements in Micro Finance

The MFIs and other financial institutions (OFIs) providing microfinance services have expanded their outreach from a few thousand clients in the 1970s to over 10 million in the late 1990s. The developments in microfinance in the Region have set in motion a process of change from an activity that was entirely subsidy dependent to one that can be a viable business.

- (i) MFIs and OFIs mobilizing voluntary savings have shattered the myth that poor households cannot and do not save, and proved that savings can be successfully mobilized from poor households. This is perhaps a more important achievement of microfinance in the Region than the expanded outreach in access to credit.
- (ii) MFIs, OFIs, and their clients have shown that the poor are creditworthy (poor women, in particular) and financial services can be provided to and accessed by the poor on a profitable basis at low transaction costs without relying on physical collateral, if it is done with appropriate financial technology and a commitment to achieve efficiency.
- (iii) Microfinance services have triggered a process toward broadening and deepening of rural financial markets.
- (iv) Microfinance services have strengthened the social and human capital of the poor, particularly women, at the household, enterprise, and community level.
- (v) Sustainable delivery of microfinance services on a large scale in some countries has generated positive developments in microfinance policies and practices among all stakeholders: governments, central banks, microfinance service providers, and external funding agencies.

Challenges

The achievement in microfinance in the Region has been impressive relative to the status in the 1970s. However, a number of major problems remain.

Limited Retail Level Institutional Capacity

Most retail level institutions do not have adequate capacity to expand the scope and outreach of services on a sustainable basis to most of the potential clients. Many institutions

- (i) Lack capacity to leverage funds, including public deposits, in commercial markets
- (ii) Are unable to provide a range of products and services compatible with the potential clients' characteristics
- (iii) Do not have an adequate network and delivery mechanisms to cost-effectively reach the poorest of the poor, particularly those concentrated in resource-poor areas and areas with low population densities
- (iv) Do not show a vision and a commitment to ensure their financial soundness and sustainability within a reasonable period, and become subsidy independent
- (v) Do not have the capacity to manage growth prudently. Inefficiency, and have a very limited capacity to serve an increasing segment of the market on a continuing and sustainable basis. They suffer from governance problems mainly because they lack "owners" in the traditional sense of the term, and their management assumes a great deal of power. Heavy reliance on and relatively easy access to donor funds have aggravated the governance problems of some NGOs.

Most of the state-sector institutions or programs that provide microfinance services have been created within and nurtured by a distorted policy environment characterized by various degrees of financial repression. They do not have a business culture. Even new institutions created by the governments in most DMCs are unable to provide good quality services, let alone expand their services on a sustainable basis

Policy Environment

Despite general improvement in the policy environment for financial sector programs, the policy environment for microfinance in many countries remains unfavorable for sustainable growth in microfinance operations. For example, in countries such as People's Republic of China, Thailand, and Viet Nam, and the ceilings on

interest rates limit the ability of MFIs to provide permanent access to an increasing segment of the excluded households.

As a result, most DMCs are crowded with poorly performing government microfinance programs that distort the market and discourage private sector institutions from entering the industry.

Inadequate Financial Infrastructure

Inadequate financial infrastructure is another major problem in the Region. Financial infrastructure includes legal, information, and regulatory and supervisory systems for financial institutions and markets. Most DMC governments have focused on creating institutions or special programs to disburse funds to the poor with little attention to building financial infrastructure that supports, strengthens, and ensures the sustainability of such institutions or programs and promotes participation of private sector institutions in microfinance.

The other major financial infrastructure-related problems include lack of

- (i) a legal framework conducive for emergence and sustainable growth of small-scale financial institutions,
- (ii) Regulatory and supervisory systems for microfinance in countries where the microfinance subsector is approaching a level of maturity
- (iii) Emphasis on development of accounting and auditing practices and professions. These are important for the development and expansion of market-based microfinance services because to serve clients who are outside the frontier of formal and semiformal finance, MFIs must have access to funding far beyond what external agencies and governments can provide.

Inadequate Investments in Agriculture and Rural Development

Agricultural growth, which underpins much of the growth in the rural nonfarm subsector, significantly influences rural financial market development. Thus, agricultural growth must be accelerated in much of Asia. However, many DMCs are not making adequate investments for agricultural growth and rural development. This is a major constraint on

the development of sustainable microfinance services. The insufficient investments in physical infrastructure (especially irrigation; roads; electricity; and support services for marketing, business development, and extension) continue to increase the risk and cost of microfinance and particularly discourage private investments in the provision of microfinance services on a significant scale.

Inadequate Investments in Social Intermediation

The low level of social development, a distinctive characteristic of the poor in the Region, is a major constraint on the expansion of microfinance services on a sustainable basis. This is particularly true with respect to the poorest, women in poor households, poor in resource-poor and remote areas, and ethnic minorities. A vast amount of financial and human resources is required to address this issue. Private sector MFIs are not likely to invest in social intermediation given the externalities associated with such investments. The development of sustainable microfinance to reach a large segment of the potential market requires supporting social intermediation on a large scale.

Development Impact

Although it is difficult to reliably measure the development impact of financial services, assessments of the seven completed microfinance projects and review of the ongoing projects offer some important insights on the development impact of ADB's microfinance assistance. In general, the early microfinance projects failed to make a significant contribution to poverty reduction because of their limited outreach. Some projects had a limited positive impact on a small number of clients, but there was no mechanism to sustain this impact beyond the project period. Poverty reduction requires continuous access to a broad range of financial services, not one-time access to loans. Poor infrastructure, sluggish agricultural growth, and limited markets

imposed serious limitations on the potential for broad-based growth in rural areas and access to credit could contribute little to permanent improvements in income for clients of microfinance projects under such conditions. Thus, to maximize their development impact, it is Micro

finance smoothens consumption levels and significantly reduces the need to sell assets to meet basic needs. Micro finance programs have generally targeted poor women. This sends a strong message to households as well as to communities by providing access to financial services only through women like

- Making women responsible for loans,
- Ensuring repayment through women,
- Maintaining savings accounts for women,
- Providing insurance coverage through women etc.,

Access to finance enables poor women to become economic agents of change by increasing their income and productivity, access to markets and information, and decision-making power. It has improved the status of women within the family and the community.

Poor people have been able to reduce debt burdens and break the cycle of poverty, when the interest is low. Access to financial services enables the poor to increase income and smooth consumption flows, and thus expand their asset base and reduce their vulnerability. . Access to financial services enables the poor to fight the various dimensions of poverty and make improvements to their lives. It provides the poor with the means to make improvements in their lives

Increased earning and savings provide poor people with some cushion from the day-to-day struggle of earning a living. Increased earnings from financial services lead to better nutrition and better living conditions, which translates into a lower incidence of illness. This opens up the possibility of investing in their children's future, and in education in particular. With increased earnings the poor do invest in improved housing, water, and sanitation.

Studies of the impact of micro finance in more than 24 countries have found dramatic improvements in household income levels. Micro finance programs may enable poor people to improve their situation, but they do not eliminate the need for other basic social and infrastructure services. The United Nations has declared the year 2005 to be the Year of Micro credit

The Grameen Bank of Bangladesh has loans currently in the hands of borrowers totaling over US\$300 million, with deposits of a similar amount.

Over 95% of the Grameen Bank's 3.8 million members are women. It has reversed conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity.

GB provides credit to the poorest of the poor in rural Bangladesh, without any collateral. At GB, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the over all development of socio-economic conditions of the poor who have been kept outside the banking orbit on the ground that they are poor and hence not bankable.

Today the SEWA Cooperative Bank has \$1.5 million in working capital and more than 30,000 depositors with a loan return rate of 94 percent. SEWA's efforts to increase the bargaining power, economic opportunities, health security, legal representation, and organizational abilities of Indian women have brought dramatic improvements to hundreds of thousands of lives and influenced similar initiatives around the globe.

LITERATURE REVIEW

Puli Kishore (2011) : Though the industry is in a nascent stage, considering the rate at which it is growing i.e., 125% p.a., one can safely conclude that within a period of about five years, the industry is going to occupy a significant space in the financial sector. As a date, the industry is catering to about 7 crore households as beneficiaries. The total outstanding portfolio is about Rs 60,000 cr. Almost all the banks- public sector, private sector and foreign sector are enthusiastically extending finance to the MFIs. Since the banks themselves were not in a position to achieve such recovery rates, it is but natural that they would support the MFIs in this regard and also achieve their priority sector lending targets. Several initiatives taken by the MFIs, NBFC MFIs, more the sector achieve maturity and respectability in a short period.

Bharali Subhra Jyoti (2011): The concern raised by RBI is relevant because of its scale of operation. At the same time, the government has not kept any other options for the not-for-profit MFIs. In majority of the cases, MFIs become a property of

the promoter with very little scope for second line management. It is worthwhile to set up a strong governance structure once the MFI reaches that scale to afford its cost. But considering cost as an obstacle for corporate governance could lead to a chaotic situation in the industry.

Nanda Nitya (2011): Microfinance require adequate and stable funding pattern which is lacking in this country. Second challenge is the technology which not only reduces the cost but also increases the efficiency of the staff. Given the width of geographical coverage, connectivity is a major challenge. One issue is the social security of the human resources involved in the microfinance sector. Secondly, the high rate of interest charged by the MFIs is benefiting the investors only, with the good return on investment. On the other hand, a major chunk of the clients of microfinance are paying regularly with the hope of getting the next round of funding. In this process, at times, clients are pushed to take the help of moneylenders to keep a good track record of their repayments. That's why the money lending business is also becoming in places where there is a good penetration of microfinance in the country.

CONCLUSION

Saving and borrowing are really different ways of turning small amounts of money in to lump sums. Saving involves building a lump sum by first accumulating smaller amounts. Borrower is taking the lump sum first and then 'saving' afterwards in the form of loan repayments.

Access to credit allows poor people to take advantage of economic opportunities. Though it does not always result in increased earnings, it has been demonstrated that reliable sources of credit provide a fundamental basis for planning and expanding business activities. It reduces vulnerability and increase earnings and savings.

Financial services thus transforms the poor households from "every-day survival" to "planning for the future". It has proved to be a powerful instrument for poverty reduction that enables the poor

- To build assets,
- Increase incomes, and
- Reduce their vulnerability to economic stress

ADB recently reviewed its microfinance operations for 1988–1998. A number of observations can be drawn from the review. ADB has engaged in an increasing amount of microfinance activity over time. The number of projects and the total amount of loans for microfinance have increased since the first project was approved in 1988. Six of the 15 microfinance loan projects and 2 of the 6 microfinance component projects were approved during the last 3 years. These eight projects accounted for 49 percent of the total amount approved for microfinance during the last 11 years. ADB’s microfinance loan assistance has been concentrated in a few countries. Two countries (Bangladesh and Indonesia) received about 62 percent of the total loan amount for microfinance projects; Philippines and Nepal, 33 percent; Kyrgyz Republic, 4 percent; and Mongolia, 1 percent.

The lessons learned during the last 11 years include the following:

- (i) Adoption of the financial system development approach is the key to achieving sustainable results and to maximizing development impact. This approach emphasizes an enabling policy environment, financial infrastructure, and the development of financial intermediaries that are committed to achieving financial viability and sustainability within a reasonable period and that can provide a variety of financial services, not just credit, to the poor.
- (ii) Microfinance clients are more concerned about access to services that are compatible with their requirements than about the cost of the services.
- (iii) Given the diversity of demand for financial services, a broad range of institutional types is required to expand the outreach.
- (iv) Strong retail institutions committed to outreach and sustainability are essential for extending the permanent reach of financial services and to have a significant impact on poverty reduction. Thus, building the capacity of institutions with a commitment to reach the poor is vital.
- (v) Financial institutions committed to provide microfinance services in most DMCs require considerable technical assistance for capacity building. This is particularly true for institutions

that target potential clients in resource-poor areas and the poorest of the poor.

- (vi) The demand for savings services by poor households and microenterprises is as strong as or stronger than the demand for credit. Expansion of the outreach of savings services can have a potentially significant impact on both institutional sustainability and poverty reduction.
- (vii) Because microfinance is primarily targeted to the poor who are disadvantaged, social mobilization is necessary to introduce them to a formal or semiformal, market-oriented institutional environment. This is particularly true for poor women and the poorest of the poor. It is important, however, to distinguish between financial intermediation and social intermediation in designing support programs.

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Marketing Implications towards the Travel Motivation and Lifestyles among Indian Tourists

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Abstract

Study attempted to profile the Indian domestic pleasure travel market based on lifestyles and travel motives as well as the relationship between the two constructs. It also investigated the sources of information and other travel-related characteristics in the Indian pleasure travel marketplace. This study involves a questionnaire-survey of respondents and employed factor analyses with varimax rotation as the main statistical method. Factor analysis of 50 travel motivation items selected from previous literature reveals that there are five major forms of pleasure-motivated travel, namely, Nature, Cultural, Budget, Adventure and Freedom. Nature-motivated travel emerges as the most popular type among local tourists. This may be due to the country being rich in natural attractions. Thus, this study recommends further development of the ecotourism sector to encourage more Indians to spend their vacation locally. Five types of lifestyle were extracted from the factor analysis. The five factors labelled as the Satisfiers, the Dreamers, the Indoors, the Achievers and the Escapist. The Satisfiers and the Dreamers are the two most dominant types of lifestyle. Generally, domestic tourists are satisfied with their present leisure activities as well as possessing high curiosity for travelling to novel tourist destinations. At the same time, the Pearson Product-moment Correlation analysis was employed to investigate the relationships between the travel motivations and lifestyle dimension. The results show that the Dreamers have significant relationships with all five forms of travel motivations. The study's findings will assist tourism industry players in developing tourist destinations based on these underlying travel motivations and lifestyles, thus segmenting and differentiating one destination from another for further success in promoting the destinations.

Keywords: Travel motivations, Lifestyles, Tourism, Segmentation, Indian

INTRODUCTION

Tourism contributes significantly to the economies of many countries (APEC, 2002; WTO 1999; WTTC 1995). It is also considered as an information-intensive industry in which electronic commerce plays a very significant role. The travel and tourism industry is undergoing a period of rapid change and rapid growth that has been attributed to many factors. These include an increase in disposable income and leisure time, successful tourist promotion, technology change, and recognition by host governments that tourism is an important industry that generates foreign exchange earnings. Moreover, this is largely due to the vigorous campaigns and a systematic approach by the government to turn tourism into one of the major foreign exchange earners in the country. This development could be further enhanced if the local

tourists themselves give their first priority to travelling in their own country. Pleasure travel is a major and most important sector of the Indian tourism market as the country is rich in natural flora and fauna attractions. Tourism is always related to human beings and to human nature, thus it is important to investigate why people travel and identify what they enjoy. Past research has shown that identifying tourist motivations can be a useful and effective approach for determining appropriate visitor opportunities and, further, that heterogeneous tourist segments can be easily categorized by these motivation factors (Keng & Cheng, 1999; Poria et al., 2004). The pleasure travel segment should be further researched to provide a better understanding of tourist behaviour, such as how they make their travel decisions. Factors

such as increased leisure time, improved transportation system and higher disposable income will further enhance the growth of this enormous market (Dybka 1987). Thus, the determinations of travel motivations among pleasure based tourists can be viewed as a critical variable to understand, especially in developing an itinerary or guide programme aimed at providing a satisfactory tourist experience (Crompton, 1979; Fodness, 1994). Pleasure-travel decisions made by tourists are not single independent choices of separate elements (including mode of transportation, accommodation used or use of travel package) but rather a complex multi-faceted decision in which the choices for different elements are interrelated and evolve in a decision process over time (Dellaert et al., 1998). Therefore, the relationship of all these elements should be studied to provide a better understanding of the travel decision process. According to Abbey (1979), tourism research is separated into demographic and behaviouristic studies. Behavioural analysis attempts to explain more concrete reasons behind purchase behaviour and the most popular behaviouristic approach for studying tourists is lifestyle analysis. Woodside and Pitts (1976) also suggested that lifestyle information could be more important in predicting foreign and domestic travel behaviour than demographic variables. There are a limited number of studies empirically and conceptually measuring the lifestyle and travel motivations among pleasure based domestic tourists in Indian. It is hoped that the results of this research will enlighten travel-related service providers of this pleasure market's behaviour and preferences, thereby enabling them to suggest and develop appropriate marketing programmes that are designed to promote Indian's tourism products and services effectively to the local tourists.

1.1 Travel Motivations

Motivation has been referred to as psychological, biological needs and wants including the integral forces that arouse, direct and integrate a person's behaviour and activity (Dann, 1981; Pearce, 1982; Uysal & Hagan, 1993). A travel motivation/motive is defined as the set of attributes, when aggregated together, that describe a place as a travel destination. They include all elements that are related to a destination and to travelling to the

places such as the physical and cultural characteristics of the destinations, and actual distance required to get to the destination (Um, 1987). According to Crompton (1979) and Fodness (1994), travel motivations are critical aspects in understanding travel behaviour. Moreover, Lubbe (1998) stressed that a consumer's motivation to travel begins when he/she realises that there are certain needs and is aware and perceives that certain destinations may have the ability to serve those needs.

Mathieson and Well (1982) indicated that the tourism consumer is purposively being an active information seeker in their travel planning. Tourist's decision-making is based on their motives and motivated tourists may seek information that is relevant to their needs through friends and relatives, travel guidebooks, TV travel channel, and the Internet, etc (Peter & Olson, 1999). Tourist information search is considered a dynamic process because tourists depend on various amounts and types of information sources in facilitating their travel planning (Fodness & Murray, 1997). According to Shih (1986), a traveller's vacation is a complex process that involves the traveller's attitudes, perceptions, experience, motives, or benefit sought. According to Mok and Armstrong (1996), tourists generally have limited knowledge about a destination, especially if they have not previously visited the location and are often dependent upon symbolic information acquired from either the media or from social groups. Motivation or motive is explained as why an individual does something (Hawkins et al., 1998).

Schiffman and Kanuk (1999) explained that the driving force is caused by unsatisfied or unfulfilled needs of consumers. In addition, some motivation is based on rational and emotional motives. This means that emotional motives will lead consumers to behave rationally and carefully consider all alternatives, thereby giving them the best utility and emotional motives, which are opposite to the rational motives that serve to maximize satisfaction. According to Cooper et al. (1998), most people want to travel based on their inner urges, which initiate travel demand. This phenomenon is due to differences in an individual's attitudes, perceptions, images and motivation. These factors are considered crucial and important in tourism study because of their influence in travel decision-making.

Yoon and Uysal (2005) investigated the causal relationship between tourists' motivational factors with satisfaction and destination loyalty. Some of the important motivational factors measured were exciting, knowledge, escape, achievement, family togetherness, safety/fun, away from home, modern amenities, wide activities, natural scenery, night life/local cuisine, water activities, interesting town, different culture, etc. The results indicate that tourism players should provide greater attention to travellers' relaxation, family togetherness, safety and fun in appealing to the internal motivations of travellers. At the same time, the marketers should also consider the uniqueness of the destination attributes such as its attractions and activities, focusing on the emotional aspects of travellers needs.

1.2 Travel Market Segmentation and Lifestyle

Market segmentation has become one of the most valuable concepts in developing promotional strategies to better reach the market (Rovelsted & Blazer, 1983; Stynes, 1983; Crompton, 1983; Uysal 1986; Woodside et. al., 1987). In the pleasure-travel market, there is extensive prior research focusing only on the demographic variables. Javalgi et al. (1992) carried out a study to explore the pleasure travel marketplace in the United States. Their aim was to understand the differences in consumer behaviour of senior and junior travellers. The study set an initial step towards establishing an understanding of the need for developing an effective pleasure travel marketing programme to target the huge market of pleasure travel worldwide. Their findings showed that the most popular form of travel was visiting relatives and friends followed by close-to-home leisure trip and touring vacation.

According to Zablocki and Kanter (1976), a lifestyle marketing perspective recognizes that people sort themselves into groups based on the things they like to do, how they like to spend their leisure time and how they choose to spend their disposable income. Thus, an AIO (activity, interests and opinion) inventory is the fundamental approach to lifestyle study. Lifestyle allows travel marketers to create a travel package that is more compatible with the motivations, attitudes and opinions of the tourists. In turn, these choices create opportunities for market segmentation strategies that recognize

the potency of a tourist's chosen lifestyle in determining types of products purchased and the specific brands most likely to appeal to a particular lifestyle segment (Solomon, 1999). Abbey's research finding suggested that travellers prefer tours designed with vacation lifestyle information to those designed with demographic data alone.

Gonzalez and Bello (2002) explained that lifestyle permitted greater knowledge of variables in influencing tourist behaviour. The study conducted in Spain managed to identify five tourist lifestyles - 'Home Loving', 'Idealistic', 'Autonomous', 'Hedonistic' and 'Conservative'. 'Home Loving' generally focused on family life. They preferred to have a vacation accompanied by their families and domestic destinations are the most frequent for a holiday destination. 'Idealistic' is the group who enjoy sport, music, theatre or outdoor activities. This segment does not spend much money on accommodation and is fond of country villages. Meanwhile, for 'Autonomous', this group sees success as fundamentally linked with individual freedom and independence and places great emphasis on enjoying life and are not attracted to cultural activities. They spend their holiday time using low-priced accommodation and prefer city destinations. The 'Hedonistic' segment consists of those attracted to pleasure and tends to travel in the company of friends. They are those people attracted to newly arrived products or services on the market. Lastly, 'Conservative' is a home-loving segment, which focuses on the wellbeing of their family and is attracted to traditional domestic seaside destinations.

Hawes (1988) conducted a study of travel-related lifestyle, which was based on an age-specific (demography) study focusing on older women. Factor analysis results, indicated three major underlying dimensions within this group of travel, which were labelled as "traveller", "laid back" and "dreamer". The traveller reflects a strong vacation travel orientation and is generally associated with singleness or small household size, activeness, acceptance or liking of excitement and uncertainty, higher income and education. The 'laid back' indicates an acceptance of vacation travel but essentially of the domestic, unhurried, unexciting, quiet and relaxing, rural variety, less affluent and more concerned with indebtedness. The 'dreamers' reflect an orientation in vicarious thrills

and wishing or dreaming substitute for the real thing. Television was found to be their main source of information for travel decisions.

The information search dimension is another important factor that should be given attention in order to design an effective tourism-marketing programme. Schul and Crompton (1983) concluded that search behaviour is better explained by travel-specific psychographics than by demographics. Results of factor analysis of their study reflect travel-specific behavioural characteristics that are labelled as “cultural interest”, “comfort, familiarity/convenience”, “activity”, “opinion leadership” and “knowledge-seeker”. The importance of lifestyle descriptors are increasing in assisting the design of an effective promotional campaign as well as in the selection of suitable advertising media. The research findings also showed that lifestyle measurement is capable of differentiating between the passive information seekers and the active information seekers.

A study by Fodness and Murray (1994) indicated that travel for pleasure-oriented motives will have a higher tendency to depend on their personal experiences as the main source of information in planning their travel programme. Earlier, a study by Etzel and Wahlers (1985) found that pleasure trip importance (measured in terms of the dollar cost, duration and social importance) and the incidence of requesting information was positively correlated. Travellers who simply sought a change of scene or a rest were less likely to seek information while those who were undertaking a challenge or anticipating educational experiences were more likely to request information. Visitors to historical, fabricated and natural attractions are more likely to seek information compared to the outdoor visitors and visitors to friends and relatives. The study also found no relationship between the mode of travel and information seeking behaviour.’

2. Objectives

Generally, this study attempts to segment Indian pleasure-tourists based on their lifestyles and motives of engaging in a travel activity.

- 1) To profile the lifestyle of pleasure based local tourists in terms of their travel motivations.
- 2) To examine the relationships that exists between travel motivations and lifestyle.

- 3) To determine the sources of information used to make travel decisions and other travel-related characteristics.

3. Methodology

The main research instrument employed for this study was questionnaires that were self-administered to 400 respondents. The Trans Himalayan and Mountainous part, which is located within the state of Jammu and Kashmir, was chosen as the sampling area. Thus, a heterogeneous sample that constitutes people from all ethnic groups and various demographic characteristics can be drawn from this area. This study employs cluster sampling, a type of probability sampling, which involves the division of the sampling area into regions. From each of these regions a probability sample of organizations were chosen where the final sample is then drawn from the employees of these organizations.

The population of consumers being considered in this study is office workers that are employed in organizations and holding positions in professional, administrative and managerial, technical, clerical, sales and service areas. Based on the Indian Statistics Department Report 2008, the population size for eligible respondents in the hill and mountainous part is huge. A respondent must be at least 18 years old, have a permanent job and be interested in pleasure-travel activities. Researching the actual consumer groups allows more valid and reliable explanations as office workers are more likely to possess purchasing power and decision making capabilities (Cacioppo & Petty, 1979). Organizations were used in this study as an effort to ensure that all respondents selected have permanent jobs as well as to obtain a high response rate. A purposive sampling method was employed to select the respondents from each participating organization. A total of 248 questionnaires were returned with an overall response rate of 62 percent.

The measurement of the lifestyles construct was based on the 34 statements of Activity-Interest-Opinion (AIO) adapted from Hawes (1988). Some modifications were made to the original statements in order to suit the Indian market. All the statements were designed based on a six-point Likert scale anchoring from 1 (not at all agreeable) to 6 (very agreeable). As for the construct of travel

motives, 50 items were identified from the review of past literature. Respondents were required to indicate the importance of the motives related to their pleasure travel activities on a six-point scale ranging from 1 (not at all important) to 6 (very important). Factor analysis using principal component with orthogonal Varimax rotation was employed to summarize the original items (both travel lifestyles and motivation variables) into smaller sets of newly correlated composite dimensions. Cronbach's coefficient alpha was used to assess the internal reliability of the factors identified. Subsequently, Pearson product-moment correlation was performed to measure the association between the underlying factors of pleasure travel motivations and lifestyle dimensions.

4. Findings

4.1 Factor Analysis -Pleasure Travel Motivations

From the Varimax rotated factor matrix, seven factors representing 71.45 percent of the explained variance was extracted from the original 50 statements. Only factors with loading equal to, or greater than, 0.50 and with eigenvalues equal to or greater than 1 are considered significant in this study. The results show that alpha coefficients for five factors ranged from 0.75 to 0.90 and eigenvalues from 1.24 to 6.72. These five factors are named as "nature", "culture", "budget", "adventure" and "freedom". They explain 69.45 percent of the variance. Table-1 summarizes the factor analysis results of pleasure-travel motivations.

Factor 1: Nature. This factor contains seven items and explained 35.26 percent of the variance with an eigenvalue of 6.70. The seven items are: "wilderness and undisturbed nature", "learn about nature", "birds", "trees and wildflowers", "mountains", "photography of landscape/wildlife" and "rural areas".

Factor 2: Culture. Loaded with four items, this factor explained 11.54 percent of the variance with an eigenvalue of 2.19. The four items consist of "cultural activities", "local crafts", "museums, art galleries" and "live theatres and musicals".

Factor 3: Budget. Accounting for 10.51 percent of the variance and loaded with only three items. The items labelled "reduced fares", "budget

accommodation" and "inexpensive meals". The eigenvalue for this factor is 2.00.

Factor 4: Adventure. This factor explained 6.52 percent of the variance with an eigenvalue of 1.24. There are three items in this factor: "be daring and adventurous", "participate in sports" and "be physically active".

Factor 5: Freedom. Two items were involved that explain 5.63 percent of the variance and with an eigenvalue of 1.07. The items labelled as "change from a busy job" and "free to act the way I feel".

4.2 Pleasure Tourist's Lifestyle

Factor analysis with varimax rotation is used to identify the underlying dimension of tourist's lifestyles from the 34 statements. Five factors with eigenvalues from 1.49 to 2.64 were extracted (Table 2). The first factor, labelled as "the Satisfiers", explained 18.83 percent of the variance with an eigenvalue of 2.64. It carries five items related to self-satisfaction. The second factor, identified as "the Dreamers", which consists of two items with an eigenvalue of 1.74 explained 12.45 of variance. This factor is related to desire for future travel. The third factor called "the Indoors", which has three items, explained 12.15 of the variance with an eigenvalue of 1.70. It consists of statements, which reflected the interest for indoor activities that were influenced by television advertisements. The next factor, named as "the Achievers", has the highest alpha (79 percent) of reliability analysis. It explained 11.92 percent of the variance with an eigenvalue of 1.67. "The Achievers" consists of items reflecting their previous travel experiences. "The Escapists" is the final factor representing 10.67 percent of the variance with an eigenvalue of 1.49. Two items identified in this factor reflected a passive-type of holiday.

4.3 Relationships between Travel Motivations and Travel Lifestyles

Table 3 shows the results of Pearson product-moment correlation between pleasure travel motivations and lifestyle factors. There is no significant relationship between two types of lifestyle - "the satisfiers" and "the achievers" with any type of travel motivation. However, "the satisfiers" have a relationship with two other

segments of lifestyle factors - "the achievers" and "the tranquillity". In contrast, "the dreamers" have relationships with all five types of travel motivations and to "the achievers". "The Escapists" have a significant relationship with only three types of travel motivations - "budget", "adventure" and "freedom". While "the indoors" is related with only one type of travel motivation - "culture".

4.4 Pleasure Travel Sources of Information

A large majority (55.51 percent) of the respondents made their pleasure destination decisions based on recommendations from their friends/relatives as their main source of information. The second important source was printed tourism materials (36.0percent), closely followed by their own personal experience/knowledge (35.56 percent). Meanwhile, the Internet channel was found to be the least important source of information for the local pleasure tourists with a mean of 17.50. Table 4 summarizes the overall results discussed above.

4.5 Pleasure Travel-related Characteristics

With reference to Table 5, personal transport is the most preferred means of transportation (56.9 percent) followed by public transport (32.7 percent). Rented transport on the other hand is not a popular mode (4.4 percent). Hotel/motel was identified as the most popular type of accommodation (46.4 percent). A total of 24.2 percent of respondents preferred a chalet followed closely by 20.2 percent that chose to stay at their relative/friend's house. In terms of travel companion, the majority or 84.3 percent of respondents preferred to be accompanied by their relatives/friends while only 5.6 percent chose to travel alone. Only 10.1 percent of the respondents used a travel package to organize their trip.

5. Discussion and Marketing Implications

The study revealed five main types of pleasure-motivated travel in the Indian domestic tourism industry. Nature-motivated travel emerged as the most popular type of motivation to travel by domestic tourists. This phenomenon could also help explain the boom in ecotourism and agro tourism segments of tourism in this country as well as in the world as a whole. Lindberq (1991) revealed that tourism overall has been growing at

4 percent annually but nature travel is growing at 10 percent to 30 percent each year. Indian should focus on nature-based tourism as its main market positioning since this form of pleasure travel managed to attract not only foreign tourists but also the domestic tourists. As there is a correlation between "nature" and "freedom", any promotion planning should focus on these travel motivations in encouraging local tourists to take a vacation in Indian's outstanding nature destinations. This particular approach is important in attracting "the dreamers" to spend their leisure time in the country. This approach can be enhanced by using testimonial advertisements on television as it will create 'word of mouth' communication among locals.

Culture-based was the second most popular motivation in the pleasure tourism activities. Apart from its geographic attraction, Indian's major asset is its multi-racial and multi-cultural population, which is reflected in its festivals, food and general way of life (Cockerell 1994). This phenomenon could explain the reason why culture-based was one of the main travel motivations for embarking on pleasure travel by Indians in their own country. "The indoors" is the only type of lifestyle reported to have a relationship with culture-based tourism. This factor consists of individuals who depend very much on passive or push promotions as their main source of information in making their travel decision. Among the most popular push promotion's related to "the indoors" is television advertisements. Therefore, culture-based tourism activities or destinations need to be advertised more regularly and efficiently through the television media compared to other media.

Domestic tourists are more concerned with their travel expenses in organizing their pleasure activities. There is a relationship between "budget" in other types of travel motivations - "freedom", "nature" and "culture". It also correlates with "the Dreamers" and "the Escapists". Domestic tourists are normally more concerned with the core products of the travel activities or destinations and not on the augmented products (etc. transportation, accommodation). Therefore, they will usually seek budget accommodation, reduced fares and inexpensive meals when conducting their trip.

“The Escapists” are those individuals who prefer to engage in a more passive kind of travel. Resting and relaxing are all that they want to do while on their vacation. The accommodation for this segment tended more towards the rustic than the lavish. They will also search for a low fare for their trips, as this will not burden their finances as well as their mind while engaging in the trip. Since, people frequently associate tranquillity with suburban or rural environments, in the future, tourism developers/players need to focus on the development of medium class hotels rather than high class accommodation, especially in the suburban tourist destinations.

Tourism players must also concentrate on designing more attractive value-based travel packages to cater for the needs of this segment. They can develop family packages because most domestic tourists prefer to spend their holidays with family. This allows them to channel their leisure time towards improving relationships between the parents and children. The package should include all of the main travel components (transport, accommodation, meals and destination tour) at an attractive or special pricing. This strategy will also encourage “the Dreamers” to spend their money locally for their future vacations.

Adventure-based is the second most important travel motivation in the Indian pleasure tourism. Nature tourism and ecotourism activities seemed to be very important components in the mix of so-called adventure product experiences (Wight 1996) as the activities include hiking, rafting, canoeing, cycling, kayaking, horseback riding and wildlife viewing. This is reflected by a relationship resulting from the correlation analysis between the adventure and nature and culture and budget based tourism. Adventure tourism has a perfect correlation with budget-based type of travel. It can be concluded that local tourists engaged in adventure tourism are likely to select from a range of adventure-type accommodation such as cabins, camping or bed and breakfast, which are relatively low in budget.

The final form of pleasure travel is “freedom”. This is a type where tourists want to experience a change from their busy life or job and to feel free to act the way they want to. “Freedom” has relationships with all other travel motivations since all types are a form of escapism from routine life.

Everyone is searching for change, some do it actively and others passively. Tourism is actually escapism from one's routine life. Therefore, tourism players should assist their customers in planning and designing their own tailored vacation package. It is advisable for local tourist agencies to work as a consortium or build a wide network with various other tourism operators in the country to fulfil all the tourist needs and wants.

Lastly, “the satisfier” is the factor for those tourists that are satisfied with their life and have the capacity to enjoy better leisure time. Thus, tourism marketers should attract this segment, which is composed of people attracted to pleasure and enjoying life. Tourism players can offer them a range of choices, attractive tour packages incorporating stays in hotels of a certain charm, of medium to high category. This should be backed up in other mass media. TV advertising around the time of news programmes and print media including certain types of magazines seem the most appropriate to inform them. The messages could be connected to provide comfort, peaceful and simple holidays for the family to enjoy.

6. Conclusion

Pleasure travel is expanding in India, thus, requiring a behaviouristic study to have a better understanding of this lucrative market. Lifestyle segmentation is one of the most valuable tools in developing promotional strategies to reach the market effectively. The segmentation of the market that emerged divides into five factors: “the Satisfiers”, “the Dreamers”, “the Indoors”, “the Achievers” and “the Escapists” and five major motives of pleasure travel: “nature”, “culture”, “budget”, “adventure” and “freedom”. These labels try to give a general idea of lifestyle and travel motivations of pleasure tourists. The current study adopted a cross-sectional design, which was conducted at one point in time. While it provides a useful “snapshot” of consumer or travellers/users data and helps understanding the phenomenon under study, it does not explain the possible changes in travellers/users’ attitudes and behavioural characteristics over time. According to De Wulf (1999), a longitudinal study can detect attitudes and behavioural changes over time and allows stronger inferences to be drawn from the dynamic elements of behaviour. Future research

should collect longitudinal data to test the predicative validity that exists between travel web site effectiveness characteristics and intention to use travel web sites. The characteristics of each are much more extensive than the label defining them. Furthermore, these labels and characteristics would not correspond precisely to those to be found in other countries. However, the methodology can be adapted to any location/place.

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TABLE-2 FACTOR ANALYSIS RESULTS: TYPES OF LIFESTYLE

Related Statements	Factor 1 The Satisfiers	Factor 2 The Dreamers	Factor 3 The Indoors	Factor 4 The Achievers	Factor 5 The Escapists
Basically, I am satisfied with my present leisure-time activities.	0.67				
I am satisfied with my present financial situation.	0.72				
Our family income is high enough to satisfy nearly all	0.71				
I really enjoy life. your important desires.	0.76				
I have enough leisure time.	0.72				
I would like to take a vacation overseas.		0.88			
I would like to take a vacation in other places.		0.89			
I watch television more than I should.			0.80		
Television is our primary source of entertainment.			0.82		
My choice of brands for my products/ services is always influenced by advertising.			0.64		
I have travelled overseas.				0.87	
I have travelled to nearby countries				0.88	
I just want to rest and relax while on vacation.					0.83
A cabin/motel/chalet by a quiet lake/beach/ forest is a great place to spend a vacation.					0.83
Variance	18.83	12.45	12.15	11.92	10.67
Eigenvalue	2.64	1.74	1.70	1.67	1.49
Cronbach's alpha (a)	0.77	0.69	0.63	0.79	0.62

TABLE-3 CORRELATION ANALYSIS : FORMS OF TRAVEL AND TYPES OF LIFESTYLE

	The Satisfiers	The Dreamers	The Indoors	The Achievers	The Escapists
The Satisfiers	1.00				
The Dreamers	- 0.03	1.00			
The Indoors	0.06	0.50	1.00		
The Achievers	0.23*	0.20 *	- 0.09	1.00	
The Escapist	0.21*	0.05	- 0.03	0.08	1.00
Nature	0.03	0.19 *	0.10	- 0.06	0.10
Culture	0.11	0.14 *	0.20 *	- 0.04	0.09
Budget	- 0.09	0.17 *	0.11	- 0.05	0.19 *
Adventure	- 0.09	0.17 *	0.11	- 0.05	0.17 *
Freedom	0.08	0.22 *	0.06	0.04	0.18 *

	Nature	Culture	Budget	Adventure	Freedom
The Satisfiers					
The Dreamers					
The Indoors					
The Achievers					
The Escapists					
Nature	1.00				
Culture	0.43 *	1.00			
Budget	0.30 *	0.24 *	1.00		
Adventure	0.30 *	0.24 *	1.00 *	1.00	
Freedom	0.40 *	0.25 *	0.41 *	0.41 *	1.00

*: Significant relationship

TABLE 4. SOURCES OF INFORMATION

Sources of Information	Percentage
Recommendation from friends/relatives	55.51
Print Media Materials	36.00
Knowledge and Previous Experiences	35.56
Television Programs	29.02
Tourism Indian's Promotion Tools	26.96
Internet	17.50

TABLE 5. PREFERRED TRAVEL-RELATED CHARACTERISTICS

Preferred Travel-Related Characteristics	Percentage of Responses
Mode of Transportation: <ul style="list-style-type: none">• Private transport• Public transport• Tour bus• Rented transport	56.90 32.70 6.00 4.40
Type of Accommodation: <ul style="list-style-type: none">• Hotel/motel• Chalet• Relatives/Friend house• Others	46.40 24.20 20.20 9.30
Form of Travel: <ul style="list-style-type: none">• Accompanied by family members/friends• Packaged travel• Alone	84.30 10.10 5.60

“You must be the change you want to see in the world”

Mahatma Gandhi

Determinants And Stability of Dividends in India

* Swati Goyal

ABSTRACT

The issue of dividend policy is important for several reasons. Despite the rich literature on the overall issue of dividend policy, most studies exclude regulated firms from their analysis. On average, a regulated firm is less risky; has a lower growth rate; has much fewer insiders holding its common stock; and has fewer investment opportunities, but pays a higher percentage in dividends. While the issue of dividend policy is far more pervasive, this study tries to address the determinants of dividend payout for firms. Specifically, it is concerned with addressing what factors determine the dividend payout rate. An attempt has been made to use several financial variables to explain the possible differences in the dividend policy of both regulated and unregulated firms. The study used only secondary data which are collected from the annual reports of the companies. Top 4 companies of the IT sector (as per company turnover) have been taken as it was the one which was the most affected sector during recession. The annual reports for 5 years, i.e. from financial year 2005-06 to financial year 2009-10, of these companies have been taken into account and studied. Mathematical tools have been used to calculate certain figures. It has also been observed that the majority companies in India follow a constant and regular dividend policy even during the recession as their objective is wealth maximization. The findings from the analysis are in accordance to the past studies on this subject.

INTRODUCTION

A number of researchers have provided insights, theoretical as well as empirical, into the dividend policy puzzle. However, the issue as to why firms pay dividends is as yet unresolved. Several rationales for a corporate dividend policy have been proposed in the literature, but there is no unanimity among researchers. Everyone, however, agrees that the issue is important, as dividend payment is one of the most commonly observed phenomena in corporations worldwide. The issue of dividend policy is important for several reasons. First, researchers have found that a firm uses dividends as a mechanism for financial signalling to the outsiders regarding the stability and growth prospects of the firm. Secondly, dividends play an important role in a firm's capital structure. Yet another set of studies have established the relationship between firm dividend and investment decisions. According to the "residual dividend" theory, a firm will pay dividends only if it does not have profitable investment opportunities, i.e., positive net present

value projects.

Further, a firm's stock price is affected, among other things, by the dividend pattern. Firms usually do not like to reduce or eliminate dividend payments [Woolridge and Ghosh, 1988 and 1991], hence, they make announcements of dividend initiation or increases only when they are confident of keeping up with their good performance. Moreover, because the success of a financial manager is tied to the maximization of shareholder's wealth (and firm value) so, he must understand the dynamics of dividend policy. Indeed, the market value of a firm is dependent upon its stock price. One of the most popular models for stock valuation (the dividends discounting model or DDM) relies upon the assumption that the firm will pay dividends until eternity.

LITERATURE REVIEW:

Lintner (1956) concluded that firms have some important concerns to set dividends Firstly; firms

have long-run target dividend payout ratios. The payout ratio is high in case of mature companies with stable earnings and low in case of growth companies. Secondly, the dividends change follows shift in long-term sustainable earnings. The managers are more concerned with dividend changes than on absolute level. Finally, managers do not intend to reverse the change in dividends.

Asquith and Mullins Jr. (1983) investigated the impact of dividends on stockholders' wealth by analyzing 168 firms that either pay the first dividend in their corporate history or initiate dividends after a 10-year interval. Subsequent dividend increases for same the sample of firms have also been investigated. The findings were consistent with the view that dividends convey unique and valuable information to the investors.

Campbell and Shiller (1988a and 1988b) studied the effect of stock prices, discount factors and earnings on dividend policies of the firms and **Mohd. Perry (1995)** used firm size and industry representation as control variables. The former, controls for both the transaction cost and agency cost proxies. Industry representation was used as a control variable for it is an important factor in payout decisions. It was found that the dividend policy is positively related to the firm size, amount of institutional holding and number of shareholders and is negatively related to past and future growth, operating and financial leverage risk.

De Angelo, DeAngelo and Skinner (2006) analyzed the relationship between dividends and losses and the information conveyed by dividend changes about the earnings performance. They examined the dividend behavior of 167 NYSE firms with at least one annual loss during 1980-95 and those of 440 firms with no losses during the same period, where all the firms had a consistent track record of ten or more years of positive earnings and dividends. They found that 50.9% of 167 firms with at least one loss during 1980-95 reduced dividends, compared to 1% of 440 firms without losses. Their findings supported signaling hypothesis in that dividend changes improve the ability to predict future earnings performance.

Bhat and Pandey (1994) found that management of the firms believe that they do have target dividend payout ratio and dividend change follows the sustainable increase in the level of the

earnings.

Glen et al. (1995) studied the dividend policy of firms in emerging markets. They find that firms in these markets have a target dividend payout rate, but less concerned with volatility in dividends over time. They also found that shareholders and governments exert a great deal of influence on dividend policy and observe that dividends have little signaling content in these markets.

Redding (1995) studied interrelationships between firm size and liquidity on dividend payments from a theoretical and empirical perspective and it is shown that the dividend decision is quite robustly positively correlated with company size and the liquidity of company's shares. The effect of the proxies of size and liquidity on the level of dividend payment is also examined wherein the dependent variable is the dividend yield and suggested that size and liquidity has its strongest contribution in explaining the dividend decision. Other informational factor such as monitoring and signaling remains strong determinants of the level of corporate dividend.

Benartzi, Michaely, Thaler (1997) analyzed the issue of whether dividend changes signal the future or the past. For a sample of 7186 dividend announcements made by NYSE or AMEX firms during the period 1979-91, they found a lagged and contemporaneous relation between dividend changes and earnings. Their analysis also showed that in the two years following dividend increases, earnings changes were unrelated to the sign and magnitude of dividend changes.

Bernsterin (1998) expressed the concern over the decline in payout over a period of time in the US market. He observed that given the 'concocted' earnings estimates provided by firms, the low dividend payout induces reinvestment risk and earnings risk for the investors. He asserted that "try calculating the historical correlation between payout ratios in year t and earnings growth over $t + 5$. The correlation coefficient was positive and statistically significant".

Mohanty (1999) surveyed of the dividend payout ratio of the 2535 Indian companies and indicated that firms maintain constant dividends per share and have fluctuating payout ratio depending on their profits.

Raghunathan and Dass (1999) found that the top-100 and high net worth companies have maintained a stable dividend payout policy of around 30% during the period 1990 to 1999 in India.

Lazo (1999) surveyed of 110 managers from Standard & Poor's 500 companies and found that companies (90%) use dividends as a signal of their future earnings. They were very reluctant to cut dividends, regardless of the purpose for such a cut. Even when the companies initiate stock buyback program, they did not reduce the dividends to support the repurchase. 75% of the firms have actually increased their dividend payments.

Koch and Shenoy (1999) found that both dividend and capital structure policies of the firm interact to provide significant predictive information about future free cash flows of the firm. Thus, strong information effect has been observed for both over- and under-investing firms than for value maximizing firms.

Fama and French (2001) analyzed the issue of lower dividends paid by corporate firms over the period 1973-1999 and the factors responsible for the decline. In particular they analyzed whether the lower dividends were the effect of changing firm characteristics or lower propensity to pay on the part of firms. They observed that proportion of companies paying dividend has dropped from a peak of 66.5 percent in 1978 to 20.8 percent in 1999. They attribute this decline to the changing characteristics of firms: "The decline in the incidence of dividend payers is in part due to an increasing tilt of publicly traded firms toward the characteristics – small size, low earnings, and high growth – of firms that typically have never paid dividends".

Baker et al. (2001) surveyed of 188 CFOs of Nasdaq-listed firms on 22 variables of the dividend policy and found that **Lintner's (1956)** survey results and model is valid. No significant difference was noticed between the dividend policy of Nasdaq-listed firms and NYSE-listed firms.

Chay and Suh (2005) used cross-sectional determinants of corporate dividend policy in twenty-four countries around the world including India, suggested that cash flow uncertainty has negative relation with corporate dividend policy around the world.

RESEARCH METHODOLOGY :

An attempt has been made to unearth various factors that determine the dividend policy decisions in India. Although tax policy, depreciation policy, retention policy, interest rate, size of the firm, age of the firm and investment opportunities *etc.* were theoretically assumed to be major determinants of the corporate dividends, in the light of lower effective corporation tax rate than nominal rate and higher effective depreciation rate than its nominal or general rate, the meagre dividend performance in India cannot be attributed to the taxation and depreciation systems.

The main objectives of the study are as follows:

1. To find out the determinants of dividends, i.e. to find out the factors that influence the dividend payout ratio of the firms in India.
2. To see the stability of the dividends over the past years and analyse the same with respect to the factors influencing the dividend payout policy.

The study used only secondary data which are collected from the annual reports of the companies. Analytical method is used for interpreting the data. The data collected from this source have been compiled and used with due care as per the requirements of the study. Top 4 companies of the IT sector (as per company turnover) have been taken as IT sector was the one which was the most affected sector during recession. The annual reports for 5 years, i.e. from financial year 2005-06 to financial year 2009-10, of these companies have been taken into account and studied. Mathematical tools have been used to calculate certain figures. The formulae used are:

- Percentage Change =
$$\frac{(\text{Present Value} - \text{Previous Value}) * 100}{\text{Previous Value}}$$

- Return on Assets =
$$\frac{(\text{Profit Before Interest and Tax}) * 100}{\text{Total Assets}}$$

- Interest Coverage Ratio =
$$\frac{\text{Profit Before Interest and Tax}}{\text{Interest Expenses}}$$

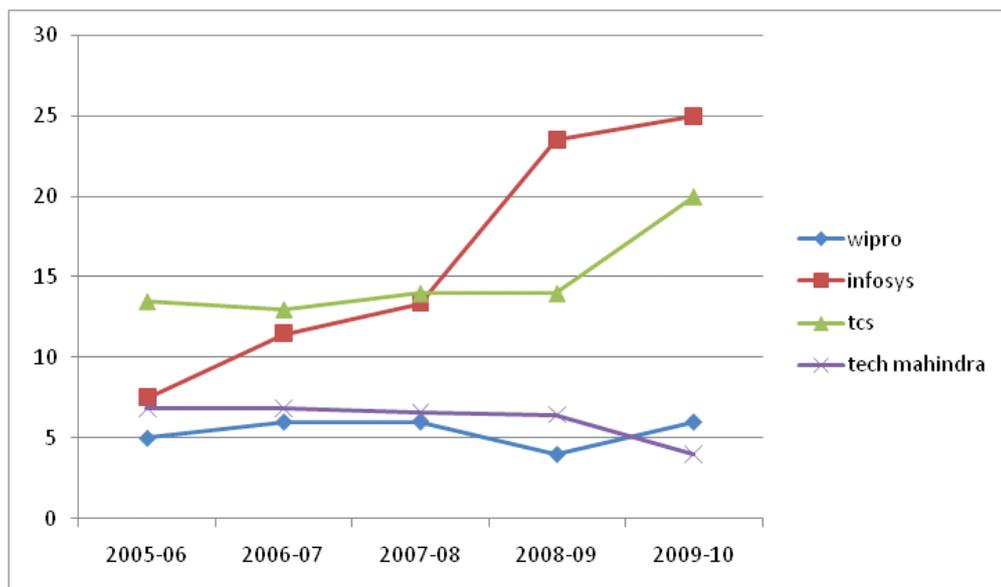
ANALYSIS

1. DIVIDENDS: (in Rs. millions)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	8,129	9,965	10,254	6,856	10,092
INFOSYS	12,380	6,490	19,020	13,450	14,340
TCS	6,605	11,254	13,701	13,771	39,314
TECH MAHINDRA	1039	266	668	488	428

DIVIDEND PER SHARE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	5	6	6	4	6
INFOSYS	7.50	11.50	13.25	23.50	25
TCS	13.50	13	14	14	20
TECH MAHINDRA	6.89	6.89	6.60	6.48	4.01



INTERPRETATION:

The above graph showed the trend of the dividend per share of these 4 companies over the past 5 years. The minimum variation in the dividend per share has been shown by Wipro and the maximum variation has been shown by Infosys. It is clear from the data that there has been a decrease in the dividends paid by the companies after 2008

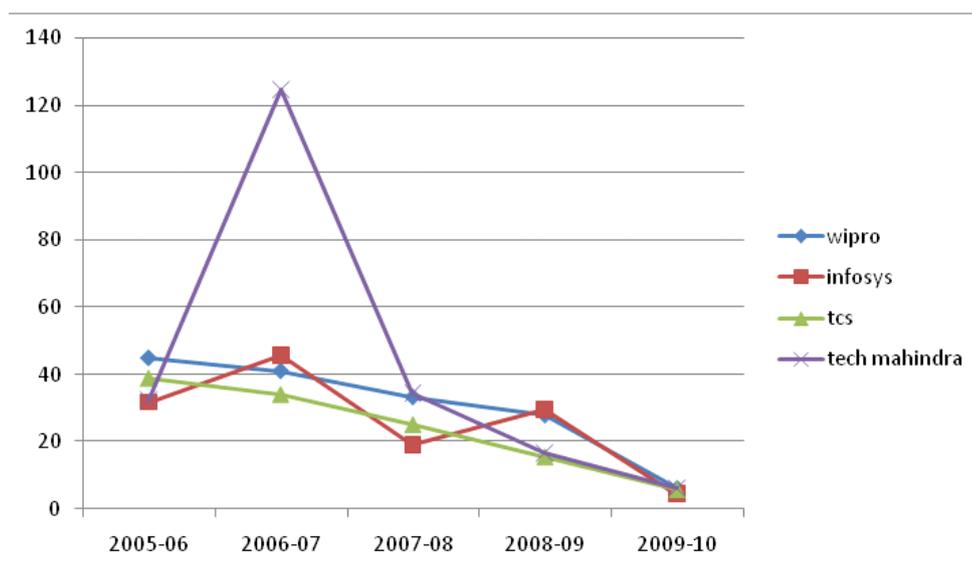
and this is because of the global meltdown which affected the IT sector the most. The companies again raised the level of dividends after 2009 except for Tech Mahindra because it utilized the funds to takeover Satyam. The above data and graph show that the companies follow a constant and regular dividend policy.

2. REVENUE: (IN RS. MILLIONS)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	106,164	149,751	199,575	255,442	271,414
INFOSYS	90,280	131,490	156,480	202,640	211,400
TCS	112,937	151,565	189,797	219,478	232,221
TECH MAHINDRA	12,284	27,596	37,023	43,153	45,747

% AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	44.900	41.056	33.311	27.993	6.253
INFOSYS	31.603	45.647	19.005	29.499	4.323
TCS	39.037	34.203	25.225	15.638	5.806
TECH MAHINDRA	32.157	124.649	34.161	16.557	6.011



INTERPRETATION:

The data above shows that the revenues of the companies have been increasing over the past 5 years though at fluctuating rates. The change in revenue can be attributed as a determinant of the dividend policy because a company cannot pay back its shareholders unless it earns good revenues. With the increase in the revenue of the company, the company is likely to pay dividends higher than the previous year though the increase may not be in proportion to the increase in the revenue as the company may have increased expenditures or may keep some more amount in general reserves in

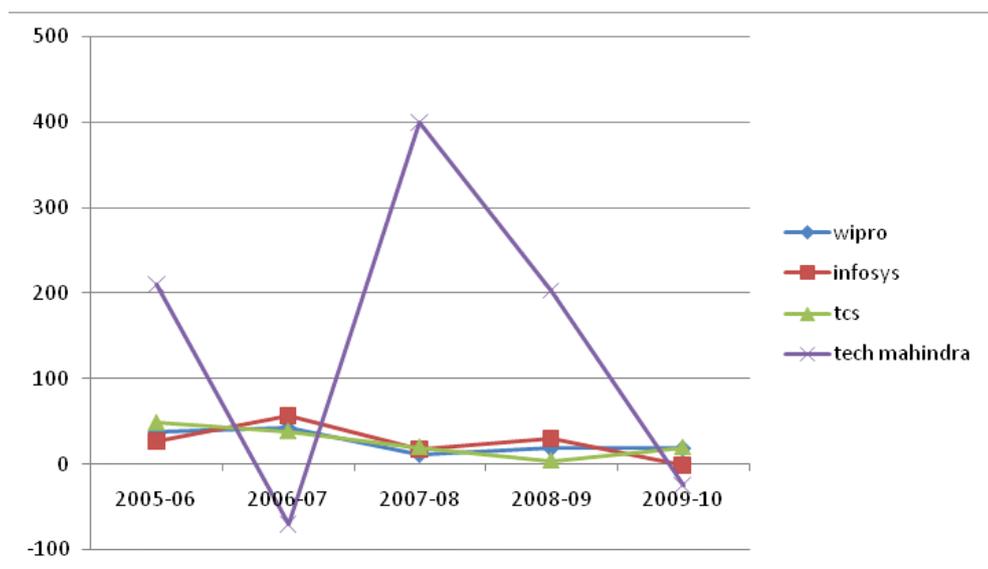
case it has some good investment plans and better growth opportunities in future. Tech Mahindra has shown the maximum variation in the revenues earned with a sharp rise in the rate of increase in 2006-07 and then a sharp decline in the consecutive year which has been carried over to the subsequent years. The decline in the revenues may be due to the recent acquisition of Satyam which was highly under debt. This is in accordance to the Lintner's study (1956), Bhat and Pandey's study (1994) and Benartzi, Michaely Thaler study (1997) which has been taken in literature review.

3. PROFITABILITY : (Rs. Millions)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	20,674	29,421	32,829	38,999	46,310
INFOSYS	24,210	37,830	44,700	58,190	57,550
TCS	27,169	37,573	45,088	46,962	56,185
TECH MAHINDRA	2,201	652	3,257	9,866	7,428

%AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	38.306	42.309	11.584	18.794	18.747
INFOSYS	27.153	56.258	18.160	30.179	(1.099)
TCS	48.351	38.294	20.001	4.156	19.639
TECH MAHINDRA	210	(70.377)	399.539	202.915	(24.711)



INTERPRETATION:

Profitability of the company is another major determinant of the dividend policy of the company. Profitability is actually the Profit after Tax which is finally available to be paid to the shareholders. The above data shows that the companies have been doing well and have earned good profits over the years. The growth rate of the profits has not been consistent over the years and has been fluctuating. The main reason behind the decreased rate of growth in profits is the global meltdown which has affected the IT sector the most as the

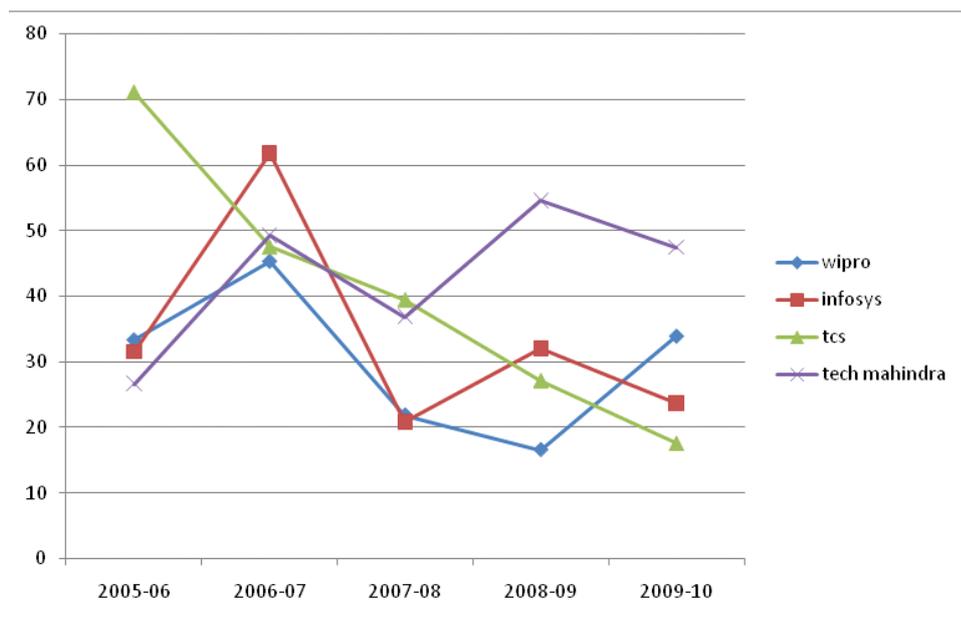
major clients of these companies have been in US and other countries. Tech Mahindra has again shown the maximum variation in the profitability over the years while the other companies have still been performing at a stable rate in comparison. A major reason of a low Profit after tax of Tech Mahindra has been the huge interest cost of Rs.1600 Million on money borrowed for Satyam acquisition. This supports the study done by Mohanty (1999).

4. SIZE OF THE FIRM: (NET WORTH in Rs. millions)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	66,053	95,960	116,914	136,284	182,425
INFOSYS	68,970	111,620	134,900	178,090	220,360
TCS	59,990	88,500	123,440	157,000	184,670
TECH MAHINDRA	6,155	9,185	12,572	19,434	28,650

% AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	33.287	45.277	21.836	16.568	33.857
INFOSYS	31.572	61.838	20.856	32.016	23.735
TCS	71.102	47.525	39.480	27.187	17.624
TECH MAHINDRA	26.620	49.228	36.875	54.582	47.422



INTERPRETATION:

The larger the size of the firm, the more will be its number of shareholders and hence the higher will be the quantum of the dividends. TCS has the highest net worth in 2009-10 and the dividend per share is also the highest i.e. 25. It is subsequently followed by TCS at 20, WIPRO at 6 and TECH MAHINDRA at 4.01 in the respective order. This

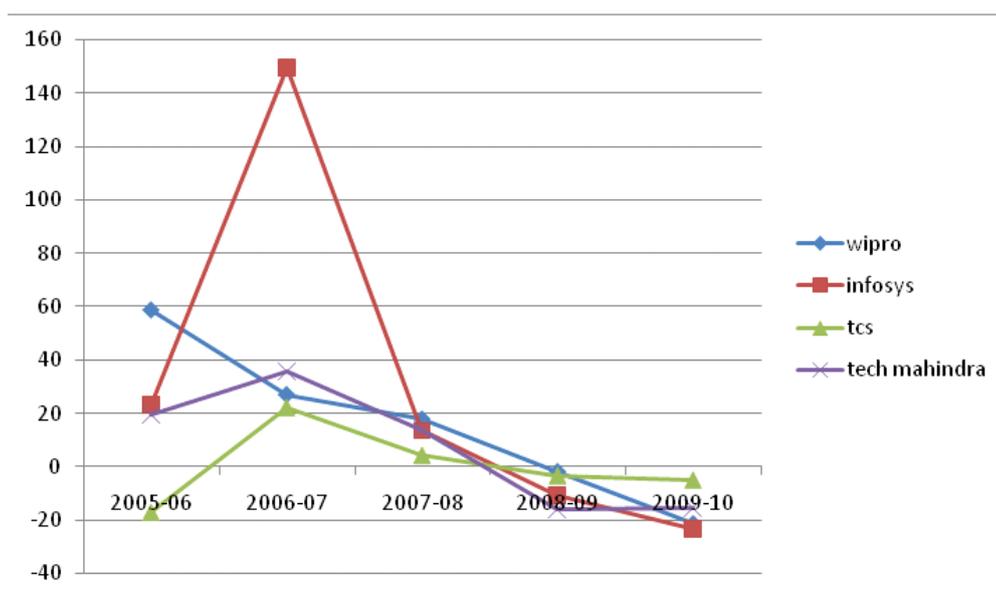
shows a positive relationship between the size of the firm and the dividend per share. In other words, there is a direct correlation between the size of the firm and the dividend per share. This is in accordance to the studies done by Campbell and Shiller (1988), Raghunathan Dass (1999) and Redding (1999).

5. NUMBER OF SHAREHOLDERS:

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	155,832	197,774	232,932	228,456	179,438
INFOSYS	195,956	488,869	555,562	496,907	381,716
TCS	592,021	722,905	753,064	727,136	690,186
TECH MAHINDRA	124,389	168,978	192,863	162,248	137,745

%AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	58.692	26.915	17.777	(1.922)	(21.456)
INFOSYS	23.456	149.479	13.643	(10.558)	(23.182)
TCS	(17.233)	22.108	4.172	(3.443)	(5.082)
TECH MAHINDRA	19.545	35.846	14.135	(15.874)	(15.102)



INTERPRETATION:

The above data and graph show the variation in the number of shareholders over the past 5 years. There is a common decreasing trend in the number of shareholders of all the four companies after 2008. The major reason for the decline in the number of shareholders is the global meltdown and also the sharp fall in the SENSEX from approx. 22,000 to 8,000 in 2008. The fall in the SENSEX and the global meltdown had a negative impact on the shareholders as they had lost a lot of money and hence they started to withdraw the money from

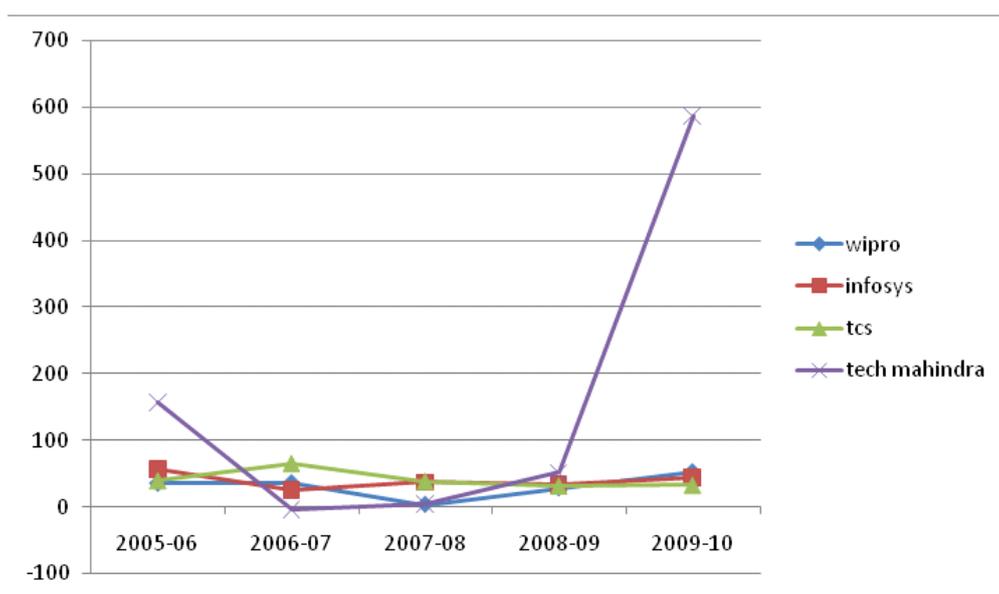
the share market and started investing in safer investment avenues like Bank deposits, Fixed deposits etc. Thus, with the decrease in the number of shareholders, the companies could pay higher dividends per share but the overall dividends paid declined. Hence, number of shareholders has a positive and direct correlation with the dividends paid but a negative correlation with the dividends per share. This is again in accordance to the studies done by Campbell and Shiller (1988), Raghunathan Dass (1999) and Redding (1999).

6. INVESTMENTS: (in Rs. millions)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	38,688	52,678	54,449	69,793	106,610
INFOSYS	44,630	56,100	76,890	102,890	148,040
TCS	19,635	32,520	45,093	59,360	78,934
TECH MAHINDRA	2,947	2,832	2,986	4,535	31,139

%AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	35.296	36.161	3.362	28.180	52.752
INFOSYS	56.542	25.700	37.059	33.815	43.882
TCS	39.811	65.623	38.662	31.639	32.975
TECH MAHINDRA	156.484	(3.902)	5.438	51.875	586.637



INTERPRETATION:

Investments decisions of the company also have an impact on the company's dividend policy. There is an inverse relationship between the investment decisions of the company and the dividend policy of the company. According to the residual theory, a company pays lesser dividends to the shareholders if it has some good investment opportunities in the near future. The data above validates this theory because it is clearly seen that

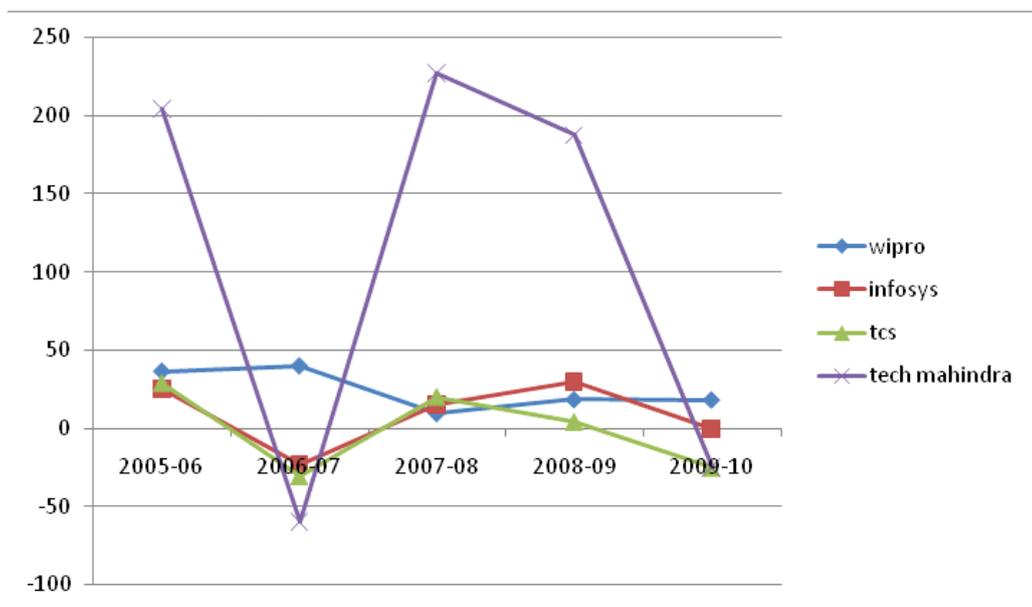
there has been a decrease in the dividends paid over the years but there has been an increase in investment in the respective years. Tech Mahindra has shown the maximum increase in the investments as it had invested in taking over Satyam and hence it paid the least amount of dividends. There has been a decrease in the investments made by the other companies and hence the dividends paid by them have increased.

7. EARNINGS PER SHARE: (Rs.)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	14.70	20.62	22.62	26.81	31.78
INFOSYS	88.67	67.93	78.24	101.65	101.22
TCS	55.53	38.39	46.07	47.91	35.67
TECH MAHINDRA	21.29	8.62	28.21	81.12	60.89

% AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	36.872	40.272	9.699	18.523	18.538
INFOSYS	24.975	(23.390)	15.177	29.921	(0.425)
TCS	28.839	(30.866)	20.005	3.994	(25.54)
TECH MAHINDRA	204.578	(59.512)	227.262	187.558	(24.938)



INTERPRETATION:

The earnings per share of any company determine the growth of a company. It tells how much profit was generated on a per share basis. EPS is calculated as:

The EPS of WIPRO initially grew at a good rate but then its growth rate declined thus indicating the low value.

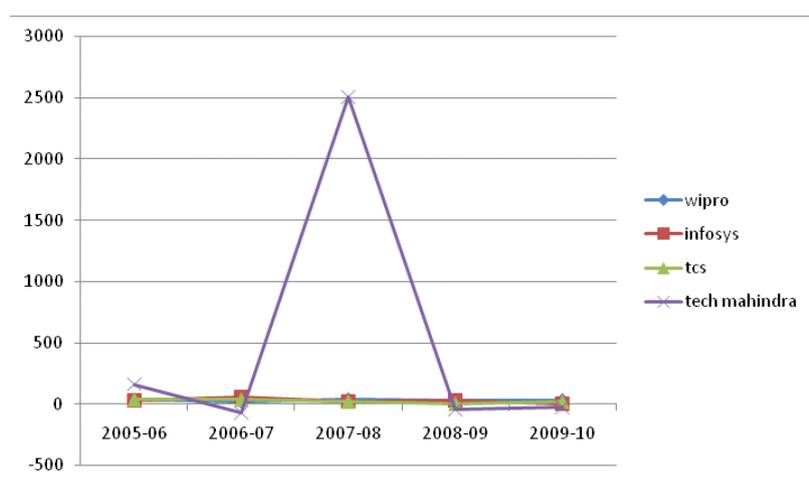
$$\text{EPS} = \frac{\text{NET INCOME-DIVIDENDS ON PREFERRED STOCK}}{\text{AVERAGE OUTSTANDING SHARES}}$$

8. RETAINED EARNINGS : (in Rs. Millions)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	61,161	73,947	101,066	126,646	165,789
INFOSYS	2,420	3,780	4,470	5,820	5,800
TCS	2,720	3,757	4,509	4,696	5,619
TECH MAHINDRA	230	65.23	1700	1000	750

%AGE CHANGE

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	35.495	20.905	36.674	25.310	30.907
INFOSYS	27.368	56.198	18.254	30.201	(0.344)
TCS	36	38.125	20.016	4.147	19.655
TECH MAHINDRA	161.364	(71.639)	2506.163	(41.17)	(25)



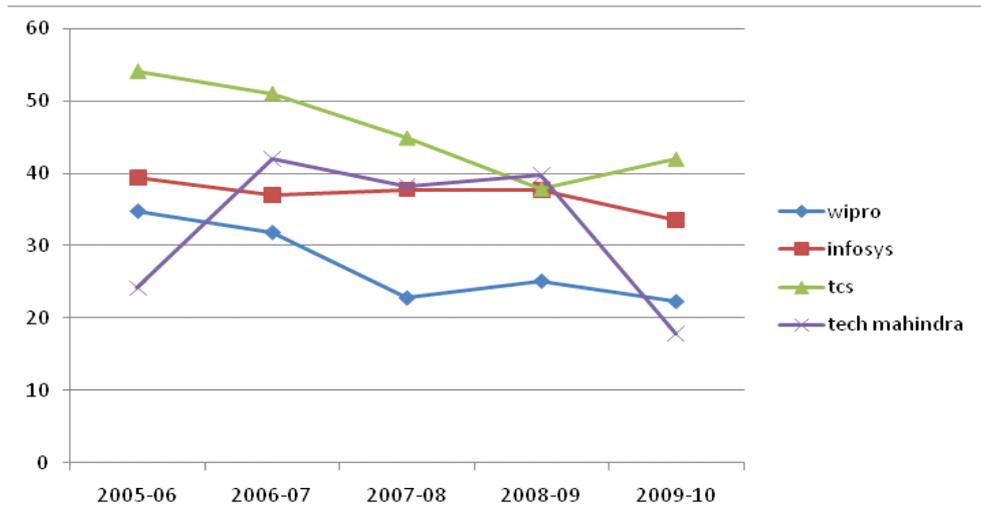
INTERPRETATION:

Retained earnings refer to that portion of net income which is retained by the corporation rather than distributed to its shareholders as dividends. When a company generates profits, management has one of the two choices: They can either pay it out to shareholders as a cash dividend, or retain the earnings and reinvest them in the business. When the executives decide that earnings should be retained, they have to account for them on the balance sheet under shareholder equity. This allows investors to see how much money has been put into the business over the years. The above graph shows the variation in the growth rate of the retained earnings of the companies. Maximum variation has been shown by TECH MAHINDRA. The

variation in the level of retained earnings has declined drastically because the company made heavy investment while it overtook Satyam and hence the dividends paid were also less as the interest expenses were high. The other three companies are following the same trend of increase in the retained earnings over the years though at fluctuating rates. The increase in both the retained earnings and the dividends is due to increased profits but the rates of growths of retained earnings and the dividends are not proportionate. The years, in which the growth rate of retained earnings is higher, the growth rate of dividends is much lower (negative in some cases) and vice versa. Hence, the retained earnings and dividends are inversely interrelated.

9. RETURN ON ASSETS: (in %age)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	34.742	31.811	22.799	25.104	22.303
INFOSYS	39.495	36.992	37.806	37.7	33.555
TCS	54.169	51.089	44.931	37.875	41.994
TECH MAHINDRA	24.161	41.981	38.119	39.719	17.865



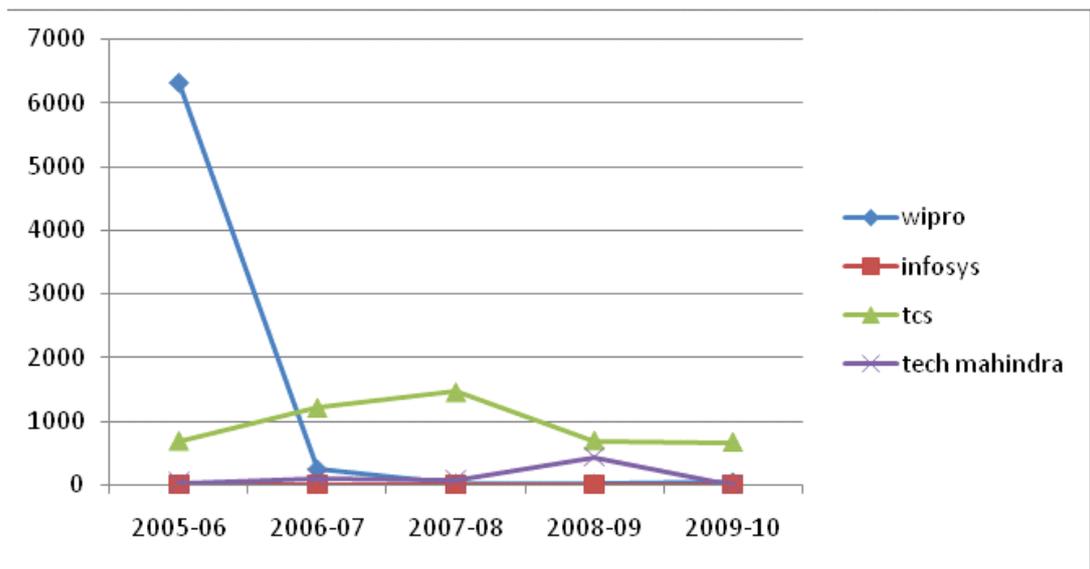
INTERPRETATION:

ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company’s annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as “return on investment”. ROA tells us what earnings were generated from the invested capital (assets). ROA for the public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company’s previous ROA numbers or the ROA of a similar company. The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment. This is an

important ratio for the companies deciding whether or not to initiate a new project. The basis of this ratio is that if a company is going to start a project they expect to earn a return on it, ROA is the return they would receive. Simply put, if ROA is above the rate that the company borrows at then the project should be accepted, if not then it is rejected. Hence, the investors are also interested in this ratio as they want to know whether it’s good for the company to pay dividends or to invest in new projects. The above graph shows that the return on assets over the years has been declining. The main reason for this is the global meltdown which has affected the IT sector adversely. As the investment opportunities have been less during the recession period, the companies have been paying high dividends per shares to the shareholders so as to attract more shareholders and thus prevent the profits from declining drastically.

10. INTEREST COVERAGE RATIO: (No. of Times)

COMPANY/YEARS	2005-06	2006-07	2007-08	2008-09	2009-10
WIPRO	6309.185	245.209	20.821	18.335	42.039
INFOSYS	9.141	6.313	7.798	8.012	8.853
TCS	685.702	1216.939	1464.123	691.815	668.753
TECH MAHINDRA	34.375	95.449	84.470	437.200	6.517



INTERPRETATION:

The interest coverage ratio is the measure of the number of times a company could make the interest payments on its debt with its profits before interest and taxes, also known as PBIT. The lower is the interest coverage ratio, the higher is the company's debt burden and the greater is the possibility of bankruptcy or default. The above data shows that the interest coverage ratio is very high for the companies, which implies that their PBIT is high and the interest expenses are very low thus indicating lesser debts. The above data shows a variation in the interest coverage ratio. The reason behind this variation is the variation in the interest expenses as the PBIT over the years has been increasing. The interest coverage ratio of INFOSYS is almost constant which shows the stability of the company over the years. A sharp decline in the interest coverage ratio of WIPRO has been due to the increased interest expenses and similar is the case with TCS. TECH MAHINDRA has shown a fall in the interest expenses over the past years because

during the year TECH MAHINDRA acquired a 42.67% shareholding in Satyam Computer Services Limited (Satyam) through Venturbay Consultants Private Limited (Venturbay), a wholly owned subsidiary of your Company with an investment of Rs. 29,695 Million, which was partly funded by borrowings. Consequently, Interest cost during the year substantially increased to Rs. 1,600 Million as compared to Rs. 25 Million in the previous year thus leading to the decrease in the interest coverage ratio. This supports the study done by Campbell and Shiller (1988).

CONCLUSION:

The major determinants which have a greater impact on the dividends than the others are revenues, profits, investments etc., as analyzed and discussed above. There has also been a great impact of recession especially on the IT sector but still it has managed to overcome the after-effects

of recession very well. It has also been observed that the majority companies in India follow a constant and regular dividend policy even during the recession as their objective is wealth maximization. The findings from the analysis are in accordance to the past studies on this subject.

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Assessment of level of preparedness among CEOs of MSME for getting into Planned CSR

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ABSTRACT :

CSR is getting statutory in nature. Also, the general consciousness towards philanthropy by 'doing well by doing good' is catching up. The need as well as desire to bring a positive impact on society is natural in a progressive society. The practice of discharging CSR in corporate sector is slowly taking shape as a standard business function like HR, Finance and Marketing Management; and is surely due to percolate to the MSME sector in due course (Government is even considering making CSR reporting mandatory for MSME sector). In the December 2006 edition of Harvard Business Review, Michael Porter and Mark Kramer argue that by approaching corporate social responsibility (CSR) based on corporate priorities, strengths and abilities, firms can develop socially and fiscally responsible solutions which will also provide operational and competitive advantages.

This Paper is designed to reach the CEOs of 30 MSME in MIDC Thane Industrial Zone and find the potential trend and barriers in incorporating CSR in MSME.

KEY WORDS: SME, MSME, CSR, Sustainability, Community, Corporate Social Responsibility, CEO, Cause Marketing, Social Business Models

1. INTRODUCTION AND BASIC CONCEPTS

Corporate Social Responsibility (CSR) is now not only a standard function in most companies, but also a very important one. It enables the company to leverage its products, employee strength, networks and profits to create a sustainable change for marginalized communities. The list below outlines the general framework and 'first steps' towards CSR:

- Conceptualizing CSR strategy and defining CSR philosophy and objectives
- Defining vision, mission and funding strategy of the CSR.
- Identifying causes or social initiatives that complement corporate mandate
- Conducting a stakeholder needs assessment and planning initiatives that leverage in-house expertise and meet stakeholder's expectations
- Developing a blueprint for executing CSR strategy
- Aligning internal process with CSR objectives
- Identifying implementation partners as and

when required

- Defining processes and reporting framework to measure outcomes

In October 2011 the European Commission published a new policy on corporate social responsibility. It states that to fully meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical and human-rights concerns into their business operations and core strategy in close collaboration with their stakeholders". The 'Action-Agenda' covers areas like

1. Disseminating 'good practices' through CSR
2. Enhance levels of (public) trust in business
3. Self- and co-regulation processes within / among business
4. Market reward for CSR for a company
5. Company disclosure of social and environmental information
6. Integrating CSR into education, training and research

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CSR has made its due place in corporate sector in last two decades, however, the MSME sector, which accounts for roughly 60% of production, spread and turnover is yet to catch up with 'why-and-how' of, and the possibilities that may open up by living with CSR as a practice. This research explores perceptions, preparedness and practices of CSR / or something that is close to CSR, in MSME sector, specifically in industrial areas in and around Thane district, Navi Mumbai

2. LITERATURE REVIEW

Thomas Laudal, (2011) in *"Drivers and barriers of CSR and the size and internationalization of firms"* [19] report that eight main drivers and barriers in different business contexts to stages in the transformation process from a SME to a MNE. and suggest that public policies for CSR should be adapted to four main contexts, referring to stages in the growth and internationalization of the firm, and overcoming barriers and boosting drivers for CSR

Mehran Nejati, Azlan Amran, (2009) in *"Corporate social responsibility and SMEs: exploratory study on motivations from a Malaysian perspective"*, [14] based on ten exploratory interviews find that Malaysian SMEs were mostly practicing CSR because of their own beliefs and values, religious thoughts, and pressure and encouragement from stakeholders.

Maria Santos, (2011) in *"CSR in SMEs: strategies, practices, motivations and obstacles"*, [12] recognizing the role played by small and medium-sized enterprises (SMEs) within the European economy, provide an insight into SME CSR practices. They find that, while CSR takes on an informal, non-structured character, it has been incorporated into the daily management of such companies. Furthermore, contrary to what happens at large companies, CSR at SMEs is fundamentally internally focused and results from attention to the potential benefits to the business from gains in eco-efficiency, a better social climate or a higher profile in the local community. The emphasis is on the adoption of simple, easily applicable and inexpensive measures and normally with specific results exemplifying how

SME CSR is located on the border between entrepreneurialism and business management and that of business citizenship.

Lorraine Sweeney, (2007) write in *"Corporate social responsibility in Ireland: barriers and opportunities experienced by SMEs when undertaking CSR"*, [11] that there has been a lack of attention to CSR in Ireland in relation to small and medium-sized enterprises (SMEs). This paper highlights how Irish firms define CSR. It differentiates between the management and activities of CSR among SMEs

Anne Ellerup Nielsen, Christa Thomsen, (2009) in *"CSR communication in small and medium-sized enterprises: A study of the attitudes and beliefs of middle managers"*, [2] conclude that CSR is primarily considered to be an ethical and moral issue which is isolated from strategic communication including public relations and reputation management. Rather than being a strategic instrument, CSR seems to be rooted in practice and regulated by the personal values and beliefs of managers. It is argued that in principle, SMEs like the ones in the case study which are based on employee commitment and the use of indirect word-of-mouth communication with internal and local stakeholders have a fruitful platform for adopting strategic CSR communication. The problem is how they should communicate CSR to their external stakeholders.

Caner Dincer, Banu Dincer, (2010) in *"An investigation of Turkish small and medium-sized enterprises online CSR communication"* [3] indicate, on basis of the data collected from the websites of SMEs. that the number of SMEs with CSR information on their websites is very low. The SMEs do not use the potential of their websites to their advantage in terms of the quantity and style. . *The paper emphasises* for better usage of the website (Online CSR activities that organizations may find interesting) and hints to improve websites for a better style and image of good corporate citizenship

Mirna Korican, Ivija Jelavic, (2008) in *"CSR, women and SMEs: the Croatian perspective"* [15] feel that CSR needs to be communicated from four different levels – government, community, company, and the individual simultaneously.

Chamhuri Siwar, Md Tareq Hossain, (2009) in *“An analysis of Islamic CSR concept and the opinions of Malaysian managers* [5] write that 1.6 billion Muslims believe that Islam is not only a religion, but also a guideline for the complete way of life and values and principles that have been central to Islam since the time of the holy Prophet Mohammed may serve as a foundation for the notion of CSR similar to those in the West.

Elena Fraj-Andrés, et al (2012) in *“Company image and corporate social responsibility: reflecting with SMEs’ managers”* [7] indicate need for establishing a framework for clarifying the drivers of CSR activities and proposes that the owner/managers’ values, market pressures and laws are key drivers for CSR in the SMEs context because managers expect positive outcomes when CSR is implemented. Their analysis suggests that while proactive and consistent SMEs may build up a good image and strong positioning, reactive and opportunistic firms may be penalised by stakeholders (e.g. customers).

Mariolina Longo, et al (2005) in *“Corporate social responsibility and corporate performance: the case of Italian SMEs”*, [13] indicate that majority of SMEs analysed welcomed the idea / concept of social responsibility not only because they have moral or ethical reasons for doing so, but also because they maintain that this contributes to the growth of the company’s own value. *They have come up with “grid of values”* can be a useful reference.

Fisher, K., Geenen, J and others (2009) in *“Applying asset-based community development as a strategy for CSR: a Canadian perspective”* [8] explore a case study of one Canadian SME that uses a community development framework called Asset Based Community Development (ABCD) for its CSR programming. Because ABCD relies heavily on the development and maintenance of social capital and can be utilized to attain set objectives; a strategy that integrates employees and stakeholders towards a common vision, and creates unique and sustainable alternatives towards the resolution of social and corporate goals.

Castka, P., Balzarova et al (2004) in *“How can SMEs effectively implement the CSR agenda?”* [4] present a UK case study , report using ISO 9001:2000 as a platform and

Morsing, M. and Perrini, F. (2009) in *“CSR in SMEs: do SMEs matter for the CSR agenda?”* [16] argue that the collective grandness of small business is often underestimated in CSR research and policy-making, emphasize the importance of understanding the contexts and the ways in which small- and medium-sized companies engage in CSR and how they differ from multinational companies. They feel that the urge to prove ‘the business case for CSR’ may be a wrong focus.

Davies, I. A. and Crane, A. (2010) explore employee engagement in *“Corporate social responsibility in small-and medium-size enterprises”* [6] and say that employee buy-in is a key factor in ensuring SME engagement with CSR. They talk of ‘triple bottom-line philosophy’ and observe that there is a tradeoff between selection of individuals who already identify with the triple bottomline philosophy and individuals with experience and capability to deal with mainstream brand management – two critical employee attributes that appear to be rarely found together.

Lattemann, C., Fetscherin and others (2009) in *“CSR Communication Intensity in Chinese and Indian Multinational Companies”* [10] explore why do firms in China, which has a higher level of economic development, communicate less CSR than firms in India? They find that it is so primarily due to a more rule-based, as opposed to relation-based, governance environment. Firms in the manufacturing industry tend to communicate more CSR. This study suggests that in order to improve the CSR of firms, policy makers in India and China must first try to improve public governance at the national level; and observe that improvement will not be immediate since the governance environment changes relatively slowly.

NEWELL, P. (2005) in *“Citizenship, accountability and community: the limits of the CSR agenda”* [17] address questions with regard to the accountability of companies to the communities in which they invest, and the growing popularity of various forms of ‘civil regulation’ that improve responsiveness of corporations to social and environmental issues Paper suggests that many state-based, community-based and company-based factors determine the likely success of such initiatives.

Kanchan, M. (2010) presents case in “*Weaving social responsibility with business strategy: a case study of South India Paper Mills*” [9] where a medium-sized family business manufacturing recycled paper integrated CSR early in its business strategy; activities such as providing free treated water for agriculture to the local farmers while finding a way of disposing of wastewater. The company voluntarily increased compensation and guaranteed employment to the children of retired employees, which ensured better living and educational standards, provided employment opportunities, and reversed the migration trend to the city. The acute power shortage led the management to generate its own power with the locally available biomass to ensure a steady supply of power and income, by supplying excess power to the State, and a regular source of income to the villagers

RIETO-CARRÓN, M.et al (2006) in *Critical perspectives on CSR and development: what we know, what we don't know, and what we need to know* [18] present development in various regions in the developing world—Central America, Pakistan, China, Vietnam, Argentina and India; insist that management-oriented perspective on CSR and development is one-sided. Authors seek to fill gap in order to facilitate a more in-depth investigation of what CSR initiatives can or cannot achieve in relation to improving conditions of workers and communities, and that a critical research agenda on CSR should encompass four areas: a) the relationship between business and poverty reduction; b) the impact of CSR initiatives; c) governance dimensions of CSR; and d) power and participation in CSR.

Amaladoss, M. X. and Manohar, H. L. (2011) discuss in “*Communicating Corporate Social Responsibility – A Case of CSR Communication in Emerging Economies*” [1] the shift from public relations, reputation management, and cause marketing to issues of competitive advantage and good corporate governance. This study analyses the CSR and governance themes of Reliance Industries Limited (RIL), and finds that the company lacks an inclusive and strategic approach to CSR communication. They suggest a participatory ‘top-

down’ and ‘inside-out’ approach for CSR communication

3. RESEARCH OBJECTIVES AND METHODOLOGY:

Objectives: To collect data on perception on various parameters of CSR, and statistically analyse and identify potential barriers / supporting patterns of perception.

Research Design : The research was conducted in 5 stages:

1. **STAGE ONE:** Literature Review and general reading to identify the scope of study
2. **STAGE TWO:** Semi-structured interview with 6 MSME entrepreneurs which helped to develop set of 26 statements to collect response in next stage. Care has been taken to ‘mix’ the statements well to ‘validate’ the response.
3. **STAGE THREE:** Data Collection, response was collected in-person meeting, using online Google Form (available at <https://docs.google.com/spreadsheets/viewform?formkey=dHJWNzNKUDI5OHN5NIpDVHIIWS1kSEE6MQ>)
4. **STAGE FOUR:** Data Tabulation and Interpretation.
Limitation: The research was conducted in MIDC areas in and around Thane District
Sample: 40 respondents, all of them CEOs, / directors / owners of SME / MSME units.
5. **DATA: ORGANIZATION:**
The response was downloaded in MS Excel format and then summarised; the resulting table is produced below:

Discovering barriers and supporters		SAgree-----Sdisagree					Total
RESISTANCE							
R1	MSME does not need to get into CSR	10	8	3	5	14	40
R2	MSME model of business does not leave scope for CSR	16	4	6	9	5	40
R3	At MSME, we are conscious about allocations of costs, CSR is not in our list yet.	11	8	3	10	8	40
R4	CSR will be an obstacle on operations of MSME	16	11	1	9	3	40
R5	We work with limited budget and team, CSR is out of question	21	5	4	4	6	40
R6	It depends on the particular person's style of thinking and working	6	5	9	12	8	40
R7	If law makes in mandatory, we will have to do something	5	19	6	6	4	40
R8	It will be difficult to get partners agree for CSR	17	12	5	5	1	40
R9	CSR is fine only when we have time from our routine business; we hardly have any!	13	16	8	3	0	40
R10	I need to understand why government and corporate who are anyway making fortune out of public wealth expect MSME to participate in CSR	14	20	0	3	3	40
R11	Most MSME support larger Crporates as their supplier or service provider. Corporate businesses which are larger is scale, strength and diversification are more suitable to take CSR initiatives, not MSMEs	10	18	2	6	4	40
R12	We will do what we can and we should, but if policy makes it a 'compulsion' it sounds fiddling with our freedom.	2	5	17	10	6	40
R13	In my opinion, doing something on name of CSR is against spirit of "do well and forget it" I feel we should focus on our business, so that more people can be employed, and so on...	4	18	12	3	3	40
SUPPORT							
S1	MSME can benefit by attending its CSR	4	14	5	15	2	40
S2	MSME can be more creative with CSR	8	15	3	14	0	40
S3	MSME can add localization for CSR	14	12	6	3	5	40
S4	An MSME can work like a nodal agency for a large-scale Corporate CSR	21	6	6	5	2	40
S5	MSME are generally family-owned, and we have non-firm ways of discharging our social responsibility	23	8	5	2	2	40
S6	MSME can join hands for Group CSR	9	18	10	2	1	40
S7	We need to form an opinion through discussions at our MSME forum.	10	13	8	8	1	40
S8	Yes, I am all for CSR.	6	11	15	6	2	40
S9	Though we cannot actively involve in CSR, we do feel it is essential.	21	8	8	1	2	40
S10	CSR has been the way Indians have done business, always.	19	12	6	1	2	40
S11	Strategy? I will set aside 1% of time and income, and encourage my employees to do the same.	7	9	6	13	5	40
S12	MSME is already 'doing good' by creating employment for locals and generating some GDP for nation.	22	6	11	1	0	40
S13	SMEs are right vehicles to take CSR further since they are in close contact with community.	5	8	8	13	6	40

Table. 1: Frequency Distribution on 26 statements (40 respondents)

To interpret this tabulation, the researchers have adopted simple frequency distribution method and pinpointed the ‘Strongly agree / Agree’ category statements in both the groups (barriers and supports). The nine ‘Resistance’ statements that attracted strong/agreement are R 2 4 5 7 8 9 10 11 and R13 (barriers) and six ‘Supporting’ statements on strong / agreement’ side are S 4 5 6, 9 10 12 (supporters) [Cut-off score at 16]

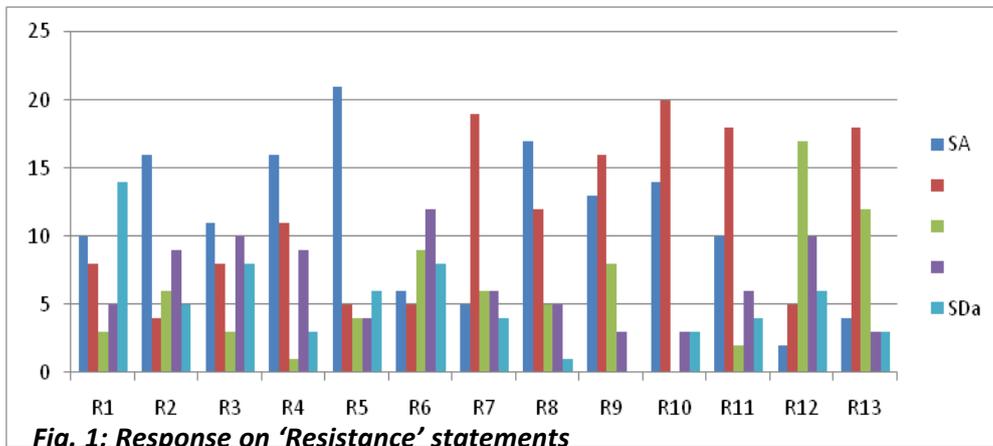


Fig. 1: Response on 'Resistance' statements

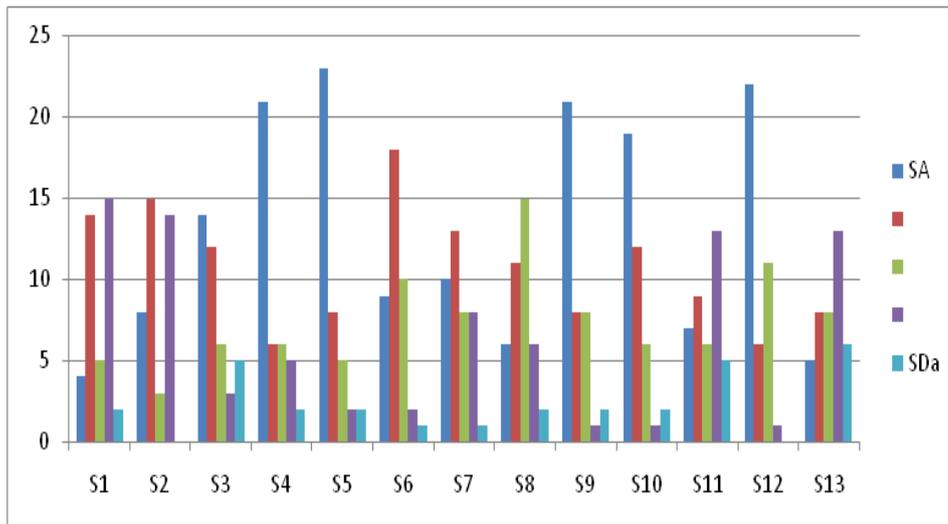


Fig. 2: Response on 'Support' statements

5. DATE INTERPRETATION:

By carefully grouping them, we can identify three major sources of resistance:

1. BARRIER 1: Scale of operations at MSMEs: R2, 4, 5, 9 and R11 indicate that the SME sector prefers to keep focus on business.
2. BARRIER 2: Compulsions / confusion under law: R7 and R10 indicate that SME sector needs clarity on laws with regards to CSR
3. BARRIER 3: 'Shifting': R8 and 13 indicate some kind of 'generalization' and 'pushing' the initiative / responsibility somewhere else. Similarly, we find silver-lining

1. The 'culture of doing-good-through-business' as indicated by S5, 9, 10 and 12
2. Possibility of being creative: S4 talks about SMEs' role to link Corporate CSR (macro level) with locality (micro level); and S6 about doing CSR as a group, rather than individual unit.

6. Recommendations: Model for CSR at MSME

Keeping in view the above observations and interpretations, we recommend that:

1. The Association of SMEs / local Institutions take up responsibility to educate / remind CEOs of benefits of CSR with help of cases from present and past

2. Federation of Industries takes up issues of any ambiguity in compulsion to engage in and report the CSR by SME owners.
3. Federation may also create agency that brings synergy in Corporate CSR and SME-CSR, ropes in local administration and NGOs and in the

process; makes the SMEs central for CSR effect to reach to the grass-root level

4. Stakeholders' role and benefits are clearly defined.

The table below can be a good help for SME's just getting started

Corporate Social Responsibility: First, small steps

How to begin?	What to do?
<ul style="list-style-type: none"> Find a person within the organisation who has the potential to drive the CSR programme. Big or small, size doesn't matter Supporting education, theatre or local charities: do what drives you, have a heart and an initiative Take help from other organisations Built CSR into their operations-DNA, your business will also be BIG one day! 	<ul style="list-style-type: none"> Coordinating and 'business-partnering' with and through SHGs / NGOs Facilitating cash and in-kind donations, Offer technical expertise, facilities and distribution channels to support the selected causes Payroll Giving Cause-specific social marketing (Tree-plantation / vaccination / old-age home / and alike) Employee-hours for volunteering Rural development and support BoP specific product development, pricing and servicing

Responsible entrepreneurship means how to run a business in a way that enhances its positive contribution to society whilst minimising negative impacts on people and the environment. It means the way in which entrepreneurs interact with their stakeholders on a daily basis: customers and business partners in the marketplace, employees in the workplace, the local community and the environment. Responsible entrepreneurs:

- treat customers, business partners and competitors with fairness and honesty;
- care about the health, safety and general well-being of employees and consumers;
- motivate their workforce by offering training and development opportunities;
- act as 'good citizens' in the local community;
- are respectful of natural resources and the environment.

They do all this and more not only by complying with regulation, but often go beyond minimum legislative requirements on a voluntary basis.

The three pillars of sustainable development are: economic growth, social cohesion and environmental protection; and SMEs can be the fourth pillar

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Perspectives on Management from Evolution to The Present

* Dr. VIDYA HATTANGADI

ABSTRACT :

One of the most basic activities of human is managing; from managing his personal life, environment, profession. The management definition goes as, 'it is the process of designing and maintaining environment in which individuals, working together in groups, efficiently accomplish selected aims'.

Management practices are recorded as long ago as 3000-4000 BC. Archeologists and historians discovered that Sumerians in 3000 BC used a form of record keeping for commerce that was relatively sophisticated system of accounting. The historical monuments all over world prove that building them required planning, organizing, guiding and directing, in short project management. It also required monitoring and decision making from time to time to achieve the completion of those monuments. The war of Kurukshetra in India has mind-boggling logistics references. Lord Krishna has preached management percepts to Arjuna in Mahabharata.

Role of management theory : the role of theory is to provide a means of classifying significant and pertinent management knowledge. Management as a discipline began as an offshoot of economics in 19th century. Let's take a look at the management theory starting from Classical management theory, Fredrick Taylor's scientific management, Elton Mayo's human relation movement, Max Weber's idealized bureaucracy, and Henri Fayol's views on administration. Let us also review the latest unified, global management practices.

Classical Management theory: Classical theory is a grouping of similar ideas on management of organizations that evolved in 1800s and early 1900s. This theory contains three general branches. The predominant characteristics of all three branches emphasize on economic rationality of individual employees at work place. Logical and rational structuring of job and work controlled this theory which highlighted human emotions. The classical theorists recognized a fact that human have emotions, but it overlooked the positive aspects of emotions.

Adam Smith's rational economic view: In his economic writing Smith mentioned that people choose the course of action that maximizes the economic rewards. Thus to get employees work harder, managers should appeal to their monetary desires. Smith's ideas span many disciplines in

addition to economics and they were instrumental in developing industrial revolution in England. Adam Smith's theory brought in the following practices in management then.

- People are motivated by economic gains.
- Because organizations control economic incentives an individual is primarily passive resource to be manipulated, controlled and motivated by organizations.
- Irrational emotions must be kept from interfering with economic rationality.
- Organizations can be designed in ways to control irrational emotions and thus unpredictable dysfunctional behaviors of employees.

Fredrick Taylor's Scientific Management Theory : He is known as father of scientific management. This title was given to him because of his contribution to the practices of management. He was one of the first practitioners to apply scientific approach to the study and practices of management. Taylor was strongly influenced by his social surrounding and the social scenario of his time. His lifetime (1856-1915) was shaped during the industrial revolution. During those days autocratic management was the standard. The capially strong industrialists ran the business with their whims and fancies. The workers were hardly respected. But, in those days the sciences of physics and chemistry were bringing forth miracles more often due to which the industrial

atmosphere was euphoric. On one side new innovations were taking place and on the other hand due to lack of scientific management many inventions could not be put in proper utility. Fredrick Taylor's began to diffuse scientific management practices; this started the era of modern management. In the late nineteenth century and earlier twentieth century he raised strong voice against awkward, inefficient, ill-directed and clumsy movement of management practices. He pointed out that waste of human talent was a national waste; not utilizing the talent and skills of the labor pool was a national loss. He advocated a change from the old system of personal management to a new system of scientific management. Under personal management the chief of an organization was expected to be brilliant and outstanding in everything that he did. Taylor claimed that a group of ordinary people following a scientific method of management would do better than the so-called brilliant captains of the industry.

Taylor consistently sought to out throw management by rule of thumb. He replaced it with actual observations leading to the logical at the same time lithe practices. He advocated systematic training of workers. Ordinary people could be trained and put on best-suited jobs. Taylor said that training and development of workers is essential for organizational performance. He also supported spirit of cooperation among the workers. He proved that cooperation between workers would ensure good work atmosphere at work places and the workload got distributed evenly among them. Taylor's strongest legacy was the concept of breaking a complex task down in number of subtasks and optimizing the work performance.

Scientific management met with significant success. Taylor's personal work includes papers on the scientific metal cutting, coal shovel design, worker's incentives scheme and piece rate system for the shop floor management. Scientific management can be seen in the industrialization process in the factions of personnel management and quality control. From an economic standpoint, Taylorism was extremely successful.

Taylor's ideas consist of four basic parts:

1. Each person's job should be broken down into basics and scientific way to perform each element should be determined.
2. Workers should be scientifically selected and trained to do the work in designed manner.

3. There should be good cooperation between management and workers so that processes are performed in designed ways.
4. There should be division of labor in managers and workers. Managers should take over the work of supervising, selecting, instructing and designing the work and workers should be free to perform the work itself.

Frank & Lilian Gilberth's Time-and-motion study:

This husband and wife team brought meaningfulness to the management movement. Both husband and wife were keenly interested in furthering careers in management field. Frank started a management-consulting firm and got actively involved in the management movement. Lillian went ahead and worked on her doctoral dissertation work on the topic of role of psychology in management. Together they introduced time-and motion study with seventeen basic motions used in performing most tasks. These seventeen motions included basic tasks like transportation, load, grasp, and hold. Though time-and-motion study does not work in all situations, it has added importance to the management studies in logistics area.

Piece rate system: Fredrick Taylor had introduced the piece rate system in his scientific management theory. Few management theorists re-worked on the original piece rate theory. The piece rate system is widely used even in today's industrial world. The workers earn incentives on the basis of number of pieces produced by them.

Elton Mayo - Human Relation Movement: Mayo along with F.J.Roethlisberger and W.J.Dickson worked at Hawthorne plant of Western Electric Co. to establish the need of environmental factors for efficiency of workers. They started an experiment in 1920s to determine the effects healthy work atmosphere with good lighting, ventilation and work breaks and whether this increases productivity. When the study of effect of lighting showed no correlation between light level and productivity the experiment then started looking at other factors. Working with a group of women, the experiment made number of changes such as rest breaks, no rest breaks, free meals, no free meals, more working hours days, fewer working hours days, no weekly offs granted, weekly offs granted etc. The productivity of the women went up at each change. Finally, the women were put back to their original hours and conditions and they set a productivity record. The study conducted by

Mayo got significant recognition. The Newton's science that supported the "one best way" of doing things was being strongly challenged by the new physics results of Michelson, Rutherford and Einstein. Even in the realms of hard sciences uncertainties and variations had found place. Yet, the stalwarts of that era had not realized that scientific inventions of physics and chemistry were different and it could not be compared to human mind and its strength. In the year 1929, when the stock market crashed the industrial environment became miserable. There was uncertainty in the air, workers were feeling insecure and they started forming unions.

The Hawthorne plant experiment gave a new insight to Mayo and his researcher's team. One, strong informal groups exist and two, non-economic factors affect employee's behavior factors at work place. The results of studies conducted by Mayo accomplished that the group dynamics and social makeup of an organization were extremely important force for higher productivity. While the Hawthorne experiment was carried on at Western Electric Company they experienced greater participation from the workers. They cheered Mayo and his associates. Greater trust and openness was set in the work environment. While Taylor's scientific management highlighted need for sound industrial engineering, quality control and personnel practices, and Mayo's human relation movement highlighted the concept of "group dynamics."

Mayo's findings revealed some inadequacies of the rational and structured approaches of classical theories. One, workers are rational and economic beings, that they are motivated only by economic rewards. Two, continuous routine of the same job bores the workers therefore workers need change of job profile. Three, employees can be controlled by the management of the organization.

Max Weber – Bureaucracy: In the wake of industrial revolution, the crash of the stock market, in the inventive phase of scientific miracles all happening in the late nineteenth century Max Weber was attempting sociological reform in the industrial practices. Weber was an economist and social historian. He saw the traditional value based and emotionally driven social environment transiting to technologically driven environment. It is unclear if he saw the tremendous growth in the government, military and industrial size and complexities as a result of the efficiencies of

bureaucracy or their growth driving that organization to bureaucracy. He assumed that Western civilization was becoming technocratic and there was no importance given to emotions of people. He believed that civilization was changing to seek technically optimal results at the expense of emotional humanistic content. Viewing the growth of large scale organizations of all types during the late nineteenth and early twentieth centuries Weber developed a set of principles for an 'ideal' bureaucracy. These principles included fixed and orderly jurisdictional areas of work. He designed firm, systematic hierarchy of superiors and subordinates relation management system. The basic principles of bureaucratic organizations are division of labor by functional specialization, well defined hierarchy of authority, specific duties and rights of employees, rules and regulations at work place, impersonal relations at the work place and promotions based on competencies of the workers. He further emphasized on organizational rulebook that followed unwavering rules, which everybody followed in an organization. The bureaucracy was visualized as a mechanism for attaining goals in most efficient manner possible.

Weber had proposed development of an ideal bureaucracy. He was fundamentally an observer rather than a designer. His principles of an ideal bureaucracy still ring true today and many of today's bureaucracies come from diluting those ideal principles. Overdoing the practices causes red tapism and too much of paper work. Too much of bureaucracy causes employee's indifference towards the organization due to working in water-tight compartments, impersonal atmosphere at work place, conformity in behavior of workers due to rules and regulations, and much reliance on the rule book smothers growth of the workers. Weber was also right in predicting that bureaucracies would have extreme difficulties dealing with individual cases.

Henri Fayol – Administration: Fayol was a mining engineer and a senior executive. While reviewing his work Principles of Administrative Sciences, it seems Taylor's scientific management influenced him. From the management theory point of view published by Fredrick Taylor till Henry Fayol's work one point is clear, and that is Fayol was primarily not a theorist rather a practitioner. He brought in lot of innovative practices with his personal experience. Fayol focused on personal duties of management at a much more granular level than

Weber did. While Weber laid out principles for ideal bureaucratic organization, Fayol's work is directed towards management layers.

Fayol emphasized on five principle roles of management: Forecasts and planning, to organize, to command, to co-ordinate, and to control. Forecasting and planning is the act of anticipating the future and acting accordingly. In the background the organization is the development of the resources, both material and human. Commanding is keeping institution's actions and processing running. Coordinating is the alignment and harmonization of group's efforts. And finally control means that the above activities are performed in accordance with appropriate rules and procedures. Fayol developed fourteen principles of administration to go along with management's five primary roles. They are:

- Division of labor as per specialization
- Authority with responsibility
- Discipline
- Unity of direction
- Unity of command
- Subordination
- Remuneration for the staff
- Centralization
- Line of authority/Scalar chain
- Order
- Equity
- Stability of tenure
- Initiative
- Esprit de corps

Fayol believed in personal efforts and team dynamics as a part of an ideal organization.

The modern management theory is strongly influenced by the works of Taylor, Gilberth, Adam Smith, Mayo, Weber and Fayol. Their percepts have become strong pillars of modern management. The modern management practitioners express their view upon these concepts, as "common sense" is a tribute to these founders. It is unbelievable that some time in history these concepts were new. Management fundamentals and practices differ country by country. The style is increasingly transiting from domestic to international due to globalization. International businesses are conducting themselves on the common ground in order to compete globally. They don't necessarily do business the same way – with identical processes functions and operations while approaching this elevated stage. Across the globe

businesses are trying hard to stay on the course to build and retain the market share. The most crucial challenge for business is achieving goals and profits. It is very difficult to subdivide management into categories. More and more processes simultaneously involve several categories. The complex business environment makes the practitioners think in terms of assumptions of various processes, tasks and objects.

The modern management theory has been shaped up effectively because of the works the great management scientists discussed above. New management researchers have augmented many of theories; many of them are reframed, and restructured. The evolutionary theories of management encourage managers to practice efficiency, excellence and quickness in their decision-making. Though the business environment is changing swiftly and the norms of businesses are also adapting flexibility to adopt the changes in the environment, the concepts described by Taylor, Fayol, Mayo, Gilberth and Weber continues to anchor the practices of the modern management. The percepts of these great management thinkers will guide the present and future of the management practices.

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