

PARIKALPANA

KIIT Journal of Management

December, 2017

Parikalpana: KIIT Journal of Management

December • 2017

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ISSN 0974-2808
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Foreword by Vice Chancellor



Parikalpana, the peer-reviewed Management research journal, being published by the **KIIT School of Management**, has been a well appreciated journal among academicians, research scholars and practitioners. The strength of the journal is of its soft boundary, that is encompassing, inviting papers from management as well as related domains of importance.

Having a well-established process of selecting papers for publication puts the journal among the set of quality journals that professionals, academicians and students look for.

The current edition of this journal with 14 number of papers, bring in the works of 27 researchers drawn from 11 institutes, covering our entire nation. It covers the emerging themes, in the areas of Marketing, Finance, HRM, General Management and Operations Management.

I wish the researchers and professionals will find the articles helpful for their research and call upon all to contribute their works to the next edition of the journal. This journal is listed/ indexed with many databases of international repute. We look for its continuous up-gradation and higher academic appreciation.

Prof. Hrushikesh Mohanty

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IFRS AND ITS IMPACT ON INDIAN COMPANIES: AN EMPIRICAL STUDY

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DOI # 10.23862/kiit-parikalpana/2017/v13/i2/164516

ABSTRACT

When a new accounting standard adopted by a country for its own domestic companies for reporting their financial statement, it may have an impact on the quantitative as well as qualitative attributes of financial statements. IFRS has become a global reporting language. Therefore India is keen to adopt it and make it mandatory for its own interest. In this study, the main purpose is to make a parallel comparison between IFRS and Indian GAAP and document the basic difference between these two standards. It helps to find out the effects of IFRS adoption on the financial statements and market value, prepared by Indian Companies. To find out the statistical significance of the above stated activities, appropriate statistical test (Wilcoxon Signed Rank, regression, correlation) has been applied.

Key Word: Comparison, IFRS, Indian GAAP, Wilcoxon Signed Rank, regression

INTRODUCTION

In the present era of globalization, distances are not important any more. As the world is now being referred to as a global village, one of the most important prerequisites for existence is to operate a business successfully and also to have a good financial reporting system. In this regard, it is essential to have universally set standards in all domains to overcome conflicts and discrepancies across different countries and have a uniform framework

of policy which will be well defined and structured. In order to make company accounts comparable and understandable, International Financial Reporting Standards (IFRS) have been crafted as a common global language for business affairs around the world.

Concept of IFRS

International Financial Reporting Standards (IFRS) have been formulated as a common global platform for business affairs so that

entity accounts are understandable and comparable across international boundaries.

It consists of

- International Accounting Standards (IASs)—adopted by the IASB.
- International Financial Reporting Standards (IFRSs)—developed by the IASB.
- Standing Interpretations Committee (SICs).
- Interpretations originated from the International Financial Reporting Interpretations Committee (IFRICs); and

IFRS in India:

International accounting standard is not a new idea. The concept was first arose in the late 1950 when industrialized nation want to create a standard that could be used by developing countries and smaller nations. But after globalization when business world more global, large companies, global auditing firm start to realized the importance of having a single global accounting standard. In the year of 2007 International federation of accountant (IFAC) conducted a survey on one forty three (143) nations around the world on the subject of need of single accounting standard; near about 90% respondents gave positive response for the growth of their country.

In India, when the former Prime Minister Narashima Rao and his government

announced the modern policy of Indian economy, that is liberalization privatizations and globalization, the importance of international accounting standard came into the picture. A survey, conducted by Ernst & Young (2009), reveals that 79% of the Indian corporate are looking forward to the IFRS convergences for its transparency, accountability and global acceptability. On the basic of this, in 2010, First time MCA officially proposed phase approach regarding IFRS adoption in India. In the first phase they have considered the conversion of opening balance sheet as at 1st April 2011 by grouping the Indian companies in to three broad heads. These are:

Group A- Companies that are part of NSE 50 (Nifty 50).

Group B- Companies that are part of BSE Sensex (BSE 30).

Group C- Companies whose shares or other securities are listed on a stock exchange outside India.

Group D- Companies, listed or not, having net worth exceeding INR1, 000 crore.

But due to some legal difficulties and some major changes in International standard, up to 2014, it was not possible to make it mandatory in India. At 16th February 2015, the Ministry of Corporate Affairs (MCA) has notified the revised guide line for implementing IndAS which is relatively converged with IFRS for Indian companies other than Banking and Non banking finance companies and Insurance.

LITERATURE REVIEW:

When a company adopts any new accounting standard to prepare their financial statement it may be positively or negatively impact on financial indicators. Sometimes it remains unchanged. Several researches around the globe shows that IFRS adoption changed the financial indicators like equity position, solvency position, profitability position, total assets valuation and liquidity position [(Callao. et al,2007; Lantto & Sahlstrom,2009; Beke,2011; Sovbetov.,2013; Terzil et. al,2013)]. On the other hand some research reveals that adoption of IFRS does not affect on Financial Indicators. These remain unchanged. [(Akta, 2007; Dimitrios. et al, 2013; Ibiameke et al.,2014; Jindrichovska & Kubickova,2014)]. One stream of research around the world reveal that adoption of IFRS improved the earning quality of the companies (Jeanjea&Stoly,2008; Houge & Ziji, 2010; Mercedes, 2014). Earning quality of an organization can be classified as Discretionary accrual(DA) and Non-discretionary Accruals(NDA). Some research concluded that Impact of IFRS adoption on earning quality remain unchanged [(Gancharov & Zimmermann, 2007; Major, 2009; Ton, 2011)]. All the study considered post and pre adoption year of IFRS and then compare the financial figure. The Core Group of Ministry of Corporate Affairs of India (MCA) has recommended convergence to IFRS in a phased manner from April 1, 2011. But they failed to meet the target.

Still it is not a mandatory criterion. One stream of study reveals some challenging as well as beneficial factors for IFRS implementation. Challenging factors like Legal system, External environment, huge transaction cost, lack of training, Amendment of existing law. [(Ball.,2005; Irvine&Lucas,2006; Gyasi,2009; Cohen.,2010; Rai.,2013; Yadav & Sharma,2012; Aurva & Chauhan.,2013; Anabalgan,2013; Dhankeret.al,2014; Kulkarni & Hyderabad,2014; Das,2015)]. Beneficial factors are better access to global capital market, easier access to financial reporting, Better quality of Financial reporting, helps in decision making process, Reliability of Information. [Kavita. et al, 2010; Ikpfor& Akande,2012; Akintola& Francies, 2012]. Gray (1980) had developed a formula $[1 - (R_{\text{New standard}} - R_{\text{Old standard}}) / R_{\text{New standard}}]$ to measure the conservativeness of information. Later, It has been used by several subsequent studies to interpret the level of information quality between two accounting standard. One line of researchers have worked on the original scaled proposed by Gray and found some changes in accounting number like equity ownership. (Istrate., 2012), profitability, liquidity [Ibiameke et.al, 2014; Punda, 2011; Lemes, 2013; Lopes & Viana, 2008]. On the other hand one stream of researcher have applied the modified scaled proposed by Gray.(1980)and found that there is no material effect on liquidity position ,solvency position Profitability position and equity position (Danifoo

et.al,2012).Some researcher also applied this index to measured the nature of the organization, whether it is pessimistic, optimistic or belong in neutrality region (Patricia & Viana, 2008) and found that most of the firm carried a pessimistic characteristic.

OBJECTIVES:

The objectives of this study are:

1. To analyze the impact of voluntary IFRS adoption on financial indicators
2. To study the impact of voluntary IFRS adoption on market value of the companies.

METHODOLOGY:

Sample Design:

For attaining the different objectives based on secondary data, the researcher focused on MCA announcement regarding IFRS convergence in India early 2010. And found that Indian technology sector leads the path of voluntary adoption of IFRS. Compare to other sectors (Infrastructure, Tele- communication, Pharmaceuticals),

Indian IT Companies like Infosys, Wipro, TCS have already field financial statement in accordance with IFRS as per the requirement of US Stock Exchange. To analyze objectives 1 & 2 researcher considered top thirty (30) Indian IT companies as per their sales volume 2014-15.

To know the impact of mandatory adoption of IFRS on the qualitative factors of financial reports, the researcher have used Stratified random sampling method and try to obtained the expert opinion in the form of closed ended questioner(used five point likert scale), developed by literature review and expert Interview. Researcher has issued questioners to qualified working Chartered accountants and Cost accountants, Tax consultant, Company Accountant and Academician by equal distribution.

Sample Size:

As per the report, disclosed by **Money control 2014-15**, Top Thirty Indian Origin IT companies as per their sales volume and Net worth are:

Table 1: List of IT Companies

SI No	Company Name	Net Sales(Rs Cr)	Voluntary Adopter	Net worth (Rs Cr)
1	TCS	85,863.85	#	9654.70
2	Infosys	53,983.00	#	8795.28
3	Wipro	41,209.80	#	9825.24
4	Tech Mahindra	19,162.70		12815.8
5	HCL Tech	17,153.44		6420.583
6	Mindtree	3,547.40	#	2163.50
7	Oracle Fin Serv	3,341.10		3552.23

8	Mphasis	3,026.45		5899.85
9	Rolta India	1,871.50	#	6963.01
10	Polaris Consult	1,678.21		493.29
11	NIIT Tech	1,346.09		642.31
12	Cyient	1,294.01		1389.97
13	Persistent	1,242.50		1414.92
14	Zensar Tech	1,079.93		1041.14
15	Hinduja Global	1,070.40		813.30
16	Tata Elxsi	849.4		283.35
17	Mastek	665.12		144.26
18	Intellect Desig	453.1		50.10
19	Infinite Comp	415.24		285.69
20	3i Infotech	400.72		2262.52
21	Geometric	381.49		227.25
22	Sasken Comm	346.76		407.88
23	Ramco system	222.97		179.10
24	SQS India BFSI	214.16		68.87
25	Financial Tech	161.03		2079.62
26	Hinduja Venture	110.43		648.11
27	Mindtrack	80.17		2010.80
28	Saksoft	46.61		82.83
29	Bodhtree Cons	42.82		26.59
30	Ducon Infotech	35.96		29.32

Source: www.moneycontrol.com

The above table shows that out of this top Thirty IT Companies, Five companies voluntarily adopted IFRS and prepared their financial statement simultaneously with IGAAP. To attain the first objectives, researcher considered these five company's annual report from 2010-11 to 2014-15.

Source Of data: Secondary data have been collected from the company's annual report from 2010-11 to 2014-15.

Period of Study: Initially MCA announced the date of convergence for Indian

companies was 1st April 2011. For that reason, to compare IGAAP and IFRS adopted by Indian IT companies, the researcher analysis the data of Companies annual report from 2010-11 to 2014-15.

Data Analysis Technique: When financial data are collected, there are two sets of information, one for IGAAP and other for IFRS for Five years (2010-11 to 2014-15) each. Due to small sample size (5 IT companies), the data set may not be followed the rules of normality. For that reason, Wilcoxon Signed Rank test is being

used for testing hypotheses at 5% level of significance (Punda, 2011), but before that, Gray Conservative Index method has been applied to know the conservativeness of all the financial positions. If the index value lay in between 0.95 to 1.05, means there is no significant impact of new accounting standard on financial position. To study the effect of Voluntary IFRS adoption on market value of the firm Multiple Regression Equation has been used between adopter and non-adopter IT companies in India.

Operational Definitions:

The basic motive of this research is to draw a parallel comparison between IFRS and IGAAP and try to find out significant difference between this two. Financial statement basically helps to measure a company's different parameter like

profitability position, liquidity position, leverage position, assets position and cash flow position. When a company adopts new rules for preparing financial statement that can directly affect on company's financial parameter (profitability position, liquidity position, leverage position, assets position and cash flow position).

On the other hand new standard indirectly effects on company's qualitative characteristic like Comparability, transparency, Accuracy and reliability and understandability and these effect may be brings some benefits from investors point of view. In this research, the researcher try to identify the impact of IFRS on quantitative and qualitative Characteristics of financial statement, prepare as per IFRS as well as IGAAP and what kind of benefits derives out of this effect.

Table 2: Quantitative Areas

AREA	Ratio	FORMULA
Liquidity	Current Ratio (CR)	Current Assets/Current Liabilities
	Quick Ratio (QR)	Quick Assets/Current liabilities
Profitability	Return on Assets (RA)	Net Profit/Total Assets
	Return on Equity (RE)	Net Profit/Total Equity
	Net Profit Margin (NP)	Net profit/Total Net sales
	Return on Capital Employed (ROCE)	Net profit/Capital Employed
	EPS valuation	Actual Value
Leverage & Net worth	Proprietary Ratio (PR)	Equity fund/Total assets
	Debt-Equity ratio (DE)	Total Debt/Total Equity
	Total Liabilities to Net Worth (TL-NW)	Total liabilities/Net worth
	Current Liabilities to Net Worth (CL-NW)	Current Liabilities/Net Worth

	Fixed Assets to Net Worth	Fixed Assets/Net worth
Assets position	Goodwill To Assets Ratio (GAR)	Goodwill/Total Assets
	Degree of Depreciation & Amortization (DD&A)	Depreciation/Fixed Assets
	Valuation of Fixed Assets (VFA)	Cl.Balance of FA- Log transformation
Cash Flow Position	Operating cash flow ratio (OCF)	CFO/Current Liabilities
	Financial Policy ratio (FPR)	CFA/Total Assets
	Cash Flow Margin (CFM)	CFO/Sales

HYPOTHESIS:

Hypotheses I:

Ho: Voluntary IFRS adoption has no impact in improving the financial position in terms of indicators.

H₁: Voluntary IFRS adoption has impact in improving the financial position in terms of indicators.

To test the hypothesis I, the researcher assumes five sub hypotheses. These are

H_{0,1}: Liquidity position did not changed after adoption of IFRS voluntarily

H_{0,1}: Profitability position did not changed after adoption of IFRS voluntarily.

H_{0,1}: Net worth and Leverage position did not changed after adoption of IFRS voluntarily

H_{0,1}: Assets valuation did not changed after adoption of IFRS voluntarily.

H_{0,1}: Cash flow position did not changed after adoption of IFRS voluntarily.

Hypotheses II:

Ho: Market value of the firm will not

increase after voluntary adoption of IFRS.

H₁: Market value of the firm will increase after voluntary adoption of IFRS.

TESTING OF HYPOTHESES:

Hypothesis I

Hypothesis I aim to test the effect on financial indicators after voluntary IFRS adoption by Indian companies. Financial indicators define the financial position of a company like liquidity position profitability position, assets position, cash flow position and leverage position.

Liquidity indicates to a entity's ability to meet its continuing obligations as they arise. Short term assets and liabilities are considered for defining this position. On the other hand Profitability position measures a company's ability to generate earnings relative to sales, assets and equity and capital. Net worth position defines that how much an entity worth in the market and leverage position defines company's debt and equity position. Valuation of Goodwill, Depreciation treatment on

tangible assets and evaluation of the fixed assets are the major area for evaluating fixed assets position of a company.

On the other hand cash flow position shows cash flow from operating activities,

cash flow from financial activities and cash flow from investment activities. Treatment of Bank overdraft, Interest and Dividend are the major areas affected to cash flow position of the Indian Companies by IFRS adoption.

Table 3: Test statistics for liquidity position

YEAR / Ratio	2014-15 (p value one tail)	2013-14 (p value one tail))	2012-13 (p value one tail)	2011-12 (p value one tail)	2010-11 (p value one tail)
Current Ratio	0.023	0.040	0.023	0.023	0.250
Quick Ratio	0.021	0.042	0.020	0.023	0.250

p values for 2014-15,2013-14,2012-13 and 2011-12 of liquidity ratios lay in the critical region and as per the proportionate principal, it proves that the results of all the ratios are significant at 5% level of significance. So we can say that reporting of liquidity position has been changed under IFRS voluntary consideration as compared to IGAAP.

The main reason for this significant improvement in liquidity ratios may be reduced current liabilities and strengthened

current asset. When Indian GAAP considers proposed dividend before approved it by shareholders, IFRS says the approval before payment of dividend. This effect may reduce provision for liability to a considerable extent. IFRS says, lease rentals and advance as current assets where Indian GAAP considers lease rentals and advance in PPE. This reporting difference has boosted current asset in IFRS and resulted in a better liquidity position.

Table 4: Test statistics for profitability position

YEAR / Ratio	2014-15 (p value one tail)	2013-14 (p value one tail)	2012-13 (p value one tail)	2011-12 (p value one tail)	2010-11 (p value one tail)
ROA	0.50	0.25	0.15	0.34	0.25
ROE	0.11	0.20	0.34	0.11	0.04
NP	0.35	0.34	0.11	0.50	0.17
ROCE	0.34	0.17	0.20	0.07	0.17
EPS	0.50	0.20	0.165	0.20	0.46

All the p values of profitability indicators (except 2010-11 for ROE) fall in the acceptance region and so H_0 gets accepted. Thus, there is no statistical significant at 5% level of significance, to

prove that Profitability position has been changed under IFRS compared to IGAAP. The differences can be observed in absolute terms, but there is not enough evidence to prove the same statistically.

Table 5: Test statistics for Net Worth & Leverage position

YEAR	2014-15	2013-14	2012-13	2011-12	2010-11
Ratio					
PR	0.25	0.22	0.25	0.21	0.11
DER	0.32	0.31	0.31	0.30	0.03
TL-NW	0.25	0.23	0.25	0.24	0.02
CL-NW	0.04	0.062	0.04	0.04	0.43
FA-NW	0.34	0.25	0.25	0.31	0.02

All the value of leverage ratios does not lie in the critical region (except CL-NW for 2014-15, 2012-13, 2011-12, 2010-11, DER-2010-11, TL-NW-2010-11, FA-NW-2010-11), but lies in the non significant area and so H_0 gets accepted. Thus, there is no statistical prove at 5% level of significance, to prove that Reporting leverage position under IFRS

is changed as compared to IGAAP. Therefore, even though differences can be observed in absolute terms, there is not enough evidence to prove the same statistically. Jindrichovska & kubickova (2014) found the same things that IFRS does not significantly impact on key financial ratios of the Czech Republic Companies.

Table 6: Test statistics for Assets position

YEAR / Ratio	2014-15	2013-14	2012-13	2011-12	2010-11
GAR	0.34	0.35	0.07	0.03	0.14
DD&A	0.11	0.17	0.03	0.13	0.28
VFA	0.054	0.07	0.03	0.02	0.05

All the value of Assets valuation ratios does not lie in the critical region (except DD & A 2012-13, GAR 2012-13, 2011-12, VFA 2012-13, 2011-12), but lies in the acceptance region and so H_0 gets accepted. Thus, there is no statistical prove

at 5% level of significance, to prove that Reporting Assets under IFRS is changed as compared to IGAAP. Although the differences can be seen in absolute terms, but there is not enough proof to prove the same statistically.

Table 7: Test statistics for Cash Flow position

YEAR Ratio	2014-15	2013-14	2012-13	2011-12	2010-11
OCF	0.043	0.080	0.043	0.138	0.345
FPR	0.465	0.785	0.721	0.276	0.312
CFM	0.431	0.465	0.423	0.715	0.895

All the value of Cash Flow ratios does not lie in the critical region (except FPR 2010-11), but lies in the acceptance region and so H_0 gets accepted. Thus, there is no statistical prove at 5% level of significance, to prove that Reporting cash flow under IFRS is changed as compared to IGAAP. Although the differences can be seen in absolute terms, but there is not enough proof to prove the same statistically.

Overall interpretation as per hypothesis I

The aim of hypothesis I is to tested the impact of IFRS on the financial indicators

of the Indian Companies. To prove this, the researcher formulates another five sub hypotheses as per different financial position of the Indian companies who have adopted IFRS voluntarily. The test result reveals that:

Hypotheses I:

H_0 : Voluntary IFRS adoption has no impact in improving the financial position in terms of indicators.

H_1 : Voluntary IFRS adoption has impact in improving the financial position in terms of indicators.

Sub Hypothesis	Decision
$H_{0,1}$: Liquidity position did not changed after adoption of IFRS voluntarily.	Rejected
$H_{0,1}$: Profitability position did not changed after adoption of IFRS voluntarily.	Accepted
$H_{0,1}$: Net worth and Leverage position did not changed after adoption of IFRS voluntarily	Accepted
$H_{0,1}$: Assets valuation did not changed after adoption of IFRS voluntarily.	Accepted
$H_{0,1}$: Cash flow position did not changed after adoption of IFRS voluntarily	Accepted

Out of Five Sub hypotheses, one is rejected, means IFRS have significant impact on liquidity position of selected Indian Companies. In case of other four positions, although there is a difference in absolute value but these are not good enough to prove it statistically. It leads to the conclusion that

Discloser of Financial position did not improve after the adoption of IFRS voluntarily by selected Indian companies.

Hypothesis II:

To know the impact of voluntary IFRS adoption on firm valuation, the researcher

adopted Tobin's Q as representative of firm market value (Kim & Koo, 2013). Tobin's Q ratio is a ratio devised by James Tobin of Yale University to estimate the firm market value; later several researchers have modified it and applied it in their research. The traditional formula to calculate Tobin Q is Total Market value of the firm/Total assets value. Wang & Campbell (2012) applied modified formula of Tobin Q ratio. That is Total Market value of the firm/Net Worth. In this research, revised formula has been applied for calculating Tobin Q ratios. Prior research suggested that the level of disclosure of accounting information have significant effect of the firm size (Owusu-Ansah 1998; Alsaeed 2005). On the other hand Profitability, ownership structure and Company's growth influence the market

value of the firm (Kim & Koo, 2013). To know the impact of explanatory variables (company size, growth, profitability, ownership structure and the set of accounting standards) on the representative variables, a linear regression equation is being developed.

$$\text{Tobin's } q = \beta_0 + \beta_1 * \text{ROE} + \beta_2 * \Delta \text{SALES} + \beta_3 * \ln(\text{ASSET}) + \beta_4 * \text{DEBT} + \beta_5 * \text{Dummy} + \varepsilon$$

Where:

ln(ASSET): natural log of Assets

ΔSales: Change in sales

ROE: Return on Equity

DEBT: Debt to Equity ratio

Dummy: indicator of IFRS. Adopter=1, Non adopter=0

Table 8: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
roe	.088	71	.200*	.935	71	.120
Chnginsales	.058	71	.180*	.967	71	.071
Inassets	.122	71	.140	.922	71	.070
DEBT	.445	71	.000	.572	71	.000
tobinq	.059	71	.180*	.975	71	.095
Dummy	.074	71	.200*	.965	71	.081
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction						

Table 9: Correlations Results

		Roe	Chnginsales	Inassets	DEBT	Tobinq	Dummy
Roe	Pearson Correlation	1	-.076	.033	-.106	-.095	-.190
	Sig. (2-tailed)		.527	.785	.374	.425	.111
	N	72	72	72	72	72	72

		Roe	Chnginsales	Inassets	DEBT	Tobinq	Dummy
Roe	Pearson Correlation	1	-.076	.033	-.106	-.095	-.190
	Sig. (2-tailed)		.527	.785	.374	.425	.111
	N	72	72	72	72	72	72
Chnginsales	Pearson Correlation	-.076	1	.324**	-.352**	.655**	-.015
	Sig. (2-tailed)	.527		.006	.002	.000	.898
	N	72	72	72	72	72	72
Inassets	Pearson Correlation	.033	.324**	1	-.119	.136	.044
	Sig. (2-tailed)	.785	.006		.319	.253	.716
	N	72	72	72	72	72	72
DEBT	Pearson Correlation	-.106	-.352**	-.119	1	-.572**	.358**
	Sig. (2-tailed)	.374	.002	.319		.000	.002
	N	72	72	72	72	72	72
Tobinq	Pearson Correlation	-.095	.655**	.136	-.572**	1	-.025
	Sig. (2-tailed)	.425	.000	.253	.000		.834
	N	72	72	72	72	72	72
Dummy	Pearson Correlation	-.190	-.015	.044	.358**	-.025	1
	Sig. (2-tailed)	.111	.898	.716	.002	.834	
	N	72	72	72	72	72	72

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

According to Table – 9, Two out of four independent variables are having significant correlations with the dependent variable which is “Tobin q”. The first variable, Change in Sales are having positive correlation (0.655) with market value of the company and significant at

5% level of significant. On the other hand Debt to Equity ratio is negatively correlated (-0.572) with the market value of the company. But for other two variables, they does not show any significant relation which can prove statistically with Tobin q.

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.776 ^a	.602	.566	.90755	1.508
a. Predictors: (Constant), Dummy, Inassets, ROE, DEBT, Chnginsales					
b. Dependent Variable: Tobinq					

The above table shows the regression model fit summary, the R value which is .776, signifies that 77.6% of correlation is present between the dependent and independent variables. Next, the R^2 value which is .602, it depicts that the linear regression explains 60.2% of the variance in the dataset when all the independent variables in the model affects the dependent variable, and the Adjusted R^2 value which is .566 shows that 56.6%

of variation is explained by only those independent variables that in actuality affect the dependent variable. Then, the Durbin-Watson $d = 1.508$, which is between the critical value of $1.5 < d < 2.5$. It shows that there is no first order linear auto-correlation in the dataset. On The other hand, Durbin-Watson value of 1.508 indicates that the data has no serial correlation or autocorrelation problem.

Table 11: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.657	5	13.531	19.246	.000 ^b
	Residual	46.402	66	.703		
	Total	114.059	71			
a. Dependent Variable: Tobinq						
b. Predictors: (Constant), Dummy, lnassets, ROE, DEBT, Chnginsales						

According to Table –11, the F-test value is 19.246 with degree of freedom (df) 71 and the p value is less than 0.05 (0.00). In regression equation, F-test has always a null assumption that there is no linear

equation between the variables (in other term, $R^2=0$). Above F value and p value indicates that, F-test is significant and there is a linear relationship between the variables in the model.

Table 12: Multiple regression analysis results (multi-co linearity check)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.355	1.185		.299	.766		
	ROE	-.016	.014	-.101	-1.147	.256	.951	1.051
	Chnginsales	.072	.014	.500	5.060	.000	.755	1.325
	lnAssets	.096	.085	.103	1.136	.261	.898	1.113
	DEBT	-.330	.284	-.459	-4.677	.000	.764	1.309
	Dummy	.108	.105	.093	1.029	.308	.906	1.104
a. Dependent Variable: Tobinq								

The above model indicates that the average variable inflation factor (VIF) is 1.15. Therefore; it can be considered that there is no multi-co linearity problem for this model. As per **Neter et al. (1989)**, if the value is excess of 10, it is an indication of multi-co linearity and the regression coefficients are poorly estimated.

According to Table – 12, the 1st independent variable “ROE” is having a beta value of -0.016. It implies that 1 unit increase in the X (ROE) will decrease 0.016 units in the Y (Tobin q). Which is very negligible and not statistically significant (0.766) at 5% level of significance. **Mensah(2013)** have got the same result when he conducted a study in Ghana.

2nd independent variable “Change in sales” is having a beta value of 0.072. It implies that 1 unit increase in the X (Chnginsales) will increase 0.072 units in the Y (Tobin q). Which is statistically significant (0.00) at 5% level of significance.

3rd independent variable “assets” is having a beta value of 0.096. It implies that 1 unit increase in the X (Assets) will increase 0.096 units in the Y (Tobin q). Which is very negligible and not statistically significant (0.261) at 5% level of significance.

4th independent variable “DEBT” is having a beta value of -0.330. It implies that 1 unit increase in the X (DEBT) will decrease 0.330 units in the Y (Tobin q). Which is statistically significant (0.00) at 5% level of significance. It indicates that increasing

long term debt by a company will negatively impact on shareholder perception.

5rd independent variable “Dummy” is having a beta value of 0.108. It implies that 1 unit increase in the X (Dummy) will increase 0.108 units in the Y (Tobin q). But this result is not statistically significant (0.308) at 5% level of significance. May be the reasons are small number of adopter; simultaneous present of IGAAP based and IFRS based statement, lack of awareness. But the indicator shows a positive sign towards IFRS adoption.

CONCLUSION:

The present research contributes to the literature by investigating the basic differences between IFRS and Indian GAAP. Then it further analyzes the impact of these differences on Indian Companies who have adopted it by analyzing annual reports of the Indian IT companies. The above analysis shows that, although there is absolute difference in the quantitative indicators, calculated as per financial statement which is prepared as per IFRS and IGAAP rules simultaneously, there is no statistical evidence (except liquidity position) to prove this difference. On the other hand the regression analysis shows some indicative result that adoption IFRS can increase market value by way of foreign investors, foreign acquisition etc. This research would help the policy makers in formulating more appropriate rules and regulations towards IFRS harmonization in India.

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TRAINING EVALUATION AND MOTIVATION TO TRANSFER TRAINING - A REVIEW OF LITERATURE

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164517

ABSTRACT

In the current scenario training plays a vital role for employee development. The worth of training can be assessed by evaluation. The training is said to be effective when the trainees will apply the learning back to their job and life. Transfer of training in soft skill training is not possible without motivation to transfer. The purpose of this literature review is to explore different models theories and concept of training evaluation, motivation to transfer training. Also different factors contributing to motivation to transfer training has been studied. Basing the extant literature study, a conceptual model has been developed evaluate the factors before and after training which influence motivation to transfer training in soft skill training programmes.

Key Words: *Training, Training Transfer, Motivation to Transfer, Training Evaluation, Soft Skill Training*

INTRODUCTION

Modern management gives importance to employee development. In the current scenario training plays a very important role for enhancing individual and organizational performance. Training is defined as an activity which helps in changing people's behavior. It encourages the enhancement of the knowledge, skill and attitude of the

people for a specific objective. Bramley (2004) defines training as "a process which facilitates learning so that people can become more effective in carrying out their work".

Research shows that organizations are investing huge amount of money on training (Holton, Bates & Ruona, 2000) with the anticipation that it leads to better individual

as well as organizational performance, and productivity at work, more revenues, reduction in employee turnover, better customer satisfaction and enhanced motivation level of employees (Velada et al, 2007). Effective application of the learning back to the work setting is big concern for the organisations. Training has no value until and unless it is being practiced by the trainees to their job as well as personal life. Currently, the focus of organisations is on soft skill/life skill training programmes apart from technical training programmes, because a happy and satisfied employee can perform better than an unhappy and dissatisfied one. Bradley, (2011) argued that training should facilitate employees to perform well in their work, as well as lessen frustration and over anxiety created due to unfamiliar work hassle. Soft skills are defined as important job-related skills that have little or zero interaction with machines and it can be applied to multiplicity of job contexts.

The principal objective of the present literature survey is to understand the existing literature on the concept of training evaluation, motivation to transfer training and soft skill training programmes, different models and theories and the most influential factors accountable for motivation to transfer training.

Evaluation of the Training

Evaluation is defined by Bramley (2004) as a process to determine the values of something. The purpose of evaluation is to know whether training investments are

justified in terms of money and time. Evaluation helps in assessing and enhancing the quality of content, delivery and also the decision concerning the continuity of the training programme, it binds accountability of training practitioners (Griffin, 2012). According to Jain & Agrawal (2007) the important steps of training are analysis, design, development, implementation, and evaluation. Santos and Stuart (2003) also described four stages of training such as “identifying needs, planning, delivery, and evaluation. The most problematic part of training function is the evaluation part. Organizations usually pay little attention to assess the effectiveness of the training programmes. The purpose of evaluation is mainly to exhibit and enhance training effectiveness (Ogundeji, 1991).

Phillips (1996), defines evaluation of training as ‘a systematic procedure to find out the value of training and its effect on the organization’. Broadly evaluation process includes all the measures to put a value on people, events, processes or things (Rossi & Lipsey, 2004). Scriven (1999) recommended three basic questions to be focused while doing evaluation such as is it worth of doing, is there any better approach for conducting it and whether the evaluation lead to the expected impact.

Different Models of Training Evaluation

There are many models of training evaluation developed by different

researchers. Five emerging models are presented in this section.

Kirkpatrick's Training Evaluation Model

Kirkpatrick, (1979) has established four stage criteria (Reaction, Learning, Behaviour and Results) for training evaluation. Reaction data reflects the likeliness of a particular training programme. Learning focuses on assessing the knowledge gained during the training. Behaviour measures application of learning back to job and results deal behavioural changes at work. Level- 3 (behavior) is concerned with training transfer. Results indicate the extent of improved individual and organizational performance.

Among all the evaluation models Kirkpatrick's training evaluation model is one of the widely accepted model (Kaufman & Keller 1994; Bramley & Kitson, 1994; Phillips 1997). Cascio (2014) also said, it is the widely accepted model in the field of organizational psychology. Many studies conducted in this field support the Kirkpatrick Model of training evaluations (e.g. Fromkin et al., 1975; Latham et al., 1975, Clement, 1978 cited by Noe & Schmitt, 1986). However in later parts, the model gets criticized by many (Swanson & Holton 1999; Holton, 1996). The model was opposed by Holton (1996) and he argued that the association between the levels is not strong. Other researchers found that true hierarchical relationship does not exist between the levels (Clement, 1982;

Brewer, 2007). The reaction of the trainees (Level 1) is not bound to be positive for experiencing knowledge acquisition (Level 2). Behaviour change (Level 3) in the job, might also happen without learning from the training (level-2). Warr, Allan, & Birdi (1999) argued that significant relation exists among reaction, benefits of the training, motivation to apply and Learning (Level 2). No significant relationship exists job behaviour, learning and reaction. But Performance in the job and learning are positively related (Warr & Bunce, 1995). However Kirkpatrick (2009) argued that the association between constructs of his model is linear: for the effectiveness of training programme trainees should react favourably and behaviour change will not happen without learning.

Kaufman's Evaluation Model

Kirkpatrick's innovative four-level model has been expanded by other evaluators. (Kaufman & Keller, 1994a) added a fifth level which addresses societal issues. They tried to justify that the main rationale of the model by Kirkpatrick was to assess training and now companies are interested for evaluating other kind of developmental events. Kaufman level 5 which addresses societal issues extend evaluation beyond the scope of the organisation and intended to find how the evaluation process affects the society and the surroundings near of the organisation.

ROI Model by Phillips

Return on investment (ROI) concept is

applied in industry to determine the financial worth of an investment (Phillips, 1996). There is much similarity between Phillips's evaluation model and Kirkpatrick's model. ROI as the fifth level is a new addition in his model. To capture the financial value of the training programme the ROI must be calculated (Phillips & Phillips, 1997) The different phases of Phillips's evaluation model are Reaction and Planned Action (level-1), Learning (level-2), Job Application (level-3) Business Results(level-4) and return on Investment(level-5). The first level deals trainees reaction about the programmes and their planning regarding the material of the training. Level-2 (learning) assesses the magnitude of improvement in knowledge, skill and attitude after attending the programmes. Level-3(Job application) assesses whether the trainees applied the learning in their job. Level-4 (Business result) measures the whether the training leads to any tangible results and level-5 (Return on Investment) deals with the cost benefit analysis. ROI assesses whether the monetary values exceed the cost of the training programme.

The first level of evaluation of ROI model, is similar to reaction measure of Kirkpatrick's model. Phillip's model incorporates the application of learning by the participants from the training programme. Few other researchers explained that ROI is already embodied in level 4 results of Kirkpatrick's model, hence there is no need of the fifth level (Lanigan, 1997). In response it has been

argued that the fifth level is based on a cost-benefit analysis which is mandatory to calculate ROI, which in turn helps to calculate the monetary worth of the training programme (Phillips, 1996).

CIRO Model by Warr, Bird, & Rackham

The phases of CIRO model are Context, Input, Reaction, and Outcome (Warr, Bird, & Rackham, 1970). The purpose of context evaluation is proper training need analysis. There are three objectives in the context level i.e ultimate, intermediate and immediate. The input evaluation deals with effective planning, design of the training, delivery and management to achieve the effectiveness of the training programme. Reaction evaluation deals with the satisfaction of the trainees about the training. And finally outcome evaluation measures the results of the training programmes.

In this model context and inputs analysis are considered to be mandatory before reactions and outcome assessment (Santos & Stuart, 2003). The basic difference between CIRO model and Kirkpatrick model is the CIRO evaluation model targets the activities both before and after the training programme. This model get criticized because it does takes in to account the behaviour. The model is suitable to managerial levels than for lower level employees.

CAIPO Model by Easter- Smith

Another model was developed by Easter-Smith in 1986 which includes: context,

administration, inputs, process and outcomes (Easterby-Smith, 1994). Context evaluation looks out different aspects out of the box of the training program i.e. work place supports to the trainees. The main goal of administration evaluation are pre and post training activities such as nomination, selection, briefing of training, and follow-up action and post-course evaluation. Inputs Evaluation critically analyses methodology & subject matter. Evaluation concerned with process deals with experience of the trainees and the actual procedure applied throughout a training programme and experience of the participants. Outcome evaluation measures the change in knowledge, skills, attitudes and behaviour of the person and overall performance of the organization. The techniques used in CAIPO evaluation may be alike to other evaluation models. But here, the evaluator gets a series of options for conducting evaluation.

In spite of the criticism put by many Kirkpatrick model is the most widely accepted model because of its simplicity. Toole (2009) opined that in the year 2009 Kirkpatrick model celebrated its 50th anniversary and still it is the highly influential approach being used across the world for instructor led and content based training. It is made an outstanding contribution to the field of evaluation. In spite of the criticism this model has proved to be highly significant and influential (Santos & Stuart, 2003).

Major Gaps

Literature on training evaluation shows that the different procedures for assessing training are not simple rather appears complex and confusing. There are many models or methods which often creates panic among practitioners. According to Spitzer & Conway (2002) the causes for lack of training evaluation are in appropriate methods, lack of focus on pre training assessment, lack of clarity regarding linking training to business results. Hence evaluating the transfer of training is mostly overlooked, in spite of many training transfer models being presented by researchers (Noe & Schmitt, 1986; Baldwin & Ford, 1988; Thayer & Teachout, 1995; Holton III, 1996; Tracey, J et al., 2001).

Motivation to Transfer Training

In the field of training transfer, motivation to transfer plays a very vital role. In spite of many efforts transfer problem is of great headache for organizations (Baldwin & Ford, 1988). Training transfer is the effective implementation of attitude, knowledge and skills back to the professional life after attending the training programme (Baldwin & Ford, 1988). Training transfer therefore, is concerned with actual learning from training. Hence training transfer is considered as behavior change in work place and the new learning form the training must be relevant to the context of the job, and there should be continuity in application of the learning over a period of time. Kirkpatrick (1996)

stated that training transfer is possible to measure and it can be done by measuring participants learning and reaction. Motivation to transfer is the pre condition for actual transfer of training.

According to Bates, Kauffeld, & Holton (2007) 'motivation to transfer training is the magnitude, direction and continuous effort to implement the knowledge and skills gained from the training in the work place. In other words the interest of the trainees to use the new learning in the job is called motivation to transfer training.

Factors Influencing Motivation to Transfer Training

There are many factors that can facilitate or hinder motivation to training transfer. Most of the researchers and practitioners in training field have highlighted three magnificent factors influencing training transfer such as a) design of training : training programmes must be designed in such a manner, the trainees will be comfortable to learn the content, b) relevance and reinforcement: the newly learned knowledge, skill and attitude must be relevant to the work and reinforced positively; and c) motivation of the trainees to apply the new learning in the workplace (Polanco, 2013).

Tziner, Haccoun, & Kadish (1991) explored a positive correlation among personality of the trainee and training transfer. Following the theory of Locus of control (Rotter, 1966) they found that locus of control and training transfer are significantly connected. The rate of

transfer is more with individuals having internal locus of control than external locus of control. Motivation and transfer of training together supports to create a best possible learning atmosphere. If the trainees feel that the learning is important and can be applied in their life they will consider learning worthy, and will be motivated to obtain the new skill or knowledge. For effective transfer of training the trainees must be aware of the opportunities for transfer and must be motivated to utilize those opportunities (Prawat, 1989).

Perception of trainees about a suitable work atmosphere greatly influence their motivation to gain knowledge of and apply the newly learnt skill from the training programme (Noe & Schmitt, 1986). Transfer of training is greatly affected when trainees do not find a conducive work atmosphere and lack of support from their managers/supervisors the supervisors, work pressure (Baldwin & Ford, 1988; Broad & Newstrom, 1992; Cheek & Campbell, 1994). In addition, the trainee does not show any interest to apply the newly learnt skill when they found no opportunities to use the acquired learning from the training activities. Lack of performance feedback from the supervisor also restricts the transfer (Velada et al., 2007). Performance feedback helps the trainees know whether they are rightly applying the learnt skill. Furthermore, pressure from peer reduces transfer, particularly when peers have not undergone the similar training or they don't

give importance to the new skill (Marx, 1982). One more external factor is the incentives by organizations to encourage the transfer and how these incentives meet the expectations of the trainees (Facteau, Dobbins, Russell, Ladd, & Kudisch, 1995). Reward is also found to be a positive determinant of transfer of training. Among the plethora of barriers found in past studies, the most prevalent barrier to transfer of training is lack of reinforcement at the workplace (Broad & Newstrom, 1992; Cheek & Campbell, 1994). A supportive work atmosphere motivates the trainees to apply newly learnt skill where as an unsupportive work atmosphere prevents transfer of training (Rouiller & Goldstein, 1993).

Holton, Bates, Seyler, & Carvalho (1997) in their study on transfer climate at work place revealed that support from supervisor, rigidity to accept change, scope to utilize the newly learnt skill have impact training transfer. Perceived situational limitation in the workplace negatively affects pre-training motivation and ultimately training effectiveness (Mathieu et al. 1992).

According to Kozlowski & Salas (1997) opined that pre-training environment also affects transfer of training. The motivation level of the trainees to use the learned skill is low when the context does not support.

Soft Skill Training

Soft skills are the the inter and intra personal skills, necessary for self-development, socialisation, and achieving

excellence in workplace (Kechagias, 2011). Soft skills are usually referred as people skills and attributes which influence an individual's capability to be interactive with co-workers and customers. The skills considered as soft skills are communication, conflict resolution and problem solving. Coaching is also termed as a soft skill for supervisors. These skills help one stay employed, survive in a job, perform better on the job and have better interpersonal relationship

Soft skills are essential for getting success in professional life. These skills help the organisation function smoothly and increase the productivity. Nowadays Organizations expect that their employees must possess both soft skills and hard skills for serving better customer satisfaction. It has been argued that hard skills contribute to growth in organizations but down falls are because of lack of soft skills.

Major Gaps

On the basis of above study of literature, it has been found that though there are studies concerning training evaluation and its effect motivation to transfer training, there is dearth of studies with regards to soft skill training programmes (Charoensap-Kelly et al., 2016). In spite of the heavy importance evaluation of soft skill training are mostly ignored by the organizations. So there is a demand to study the impact of training evaluation on motivation to transfer in soft skill training programmes.

Table 2. Summarization of the Literature Review

Training Evaluation		
Contributors	Major Findings	Major Gaps Identified
Cascio (2014), Toole (2009), Brewer (2007), Santos & Stuart (2003), Spitzer & Conway (2002), Warr, Allan, & Birdi (1999), Phillips (1997), Lanigan (1997), Holton (1996), Kirkpatrick (1996), Holton III (1996), Warr & Bunce (1995), Thayer & Teachout (1995), Kaufman & Keller (1994), Easterby-Smith (1994), Baldwin & Ford, (1988), Noe & Schmitt, (1986), Clement (1982), Warr, Bird, & Rackham (1970).	<ul style="list-style-type: none"> • The four levels of Evaluation are reaction, learning, behaviour and result. • Importance of Evaluation is highlighted • Kaufman added 5th level concerning societal issue • Phillips added Return on Investment (ROI) • Phillip's model is similar to Kirkpatrick model. 	<ul style="list-style-type: none"> • Though on an average results show that Kirkpatrick model has been widely utilized but such evaluation did not show realistic results • Moreover organizations mostly used the first two levels but did not venture beyond that • Lack of awareness on training evaluation in training communities • Lack of budget for evaluation of training programme
Motivation to Transfer Training and Soft Skill Training		
Charoensap-Kelly et al., (2016), Polanco (2013), Bates, Kauffeld, & Holton (2007), Velada et al., (2007), Kozlowski & Salas (1997), Kirkpatrick (1996), Fecteau et al., (1995), Tziner, Haccoun, & Kadish (1991), Prawat (1989), Baldwin & Ford (1988), Noe & Schmitt (1986), Rotter (1966).	<ul style="list-style-type: none"> • The need of transfer of training studied • The factors such as trainees characteristics, training design and work environment given by Baldwin and Ford model mutually affects training transfer • Freedom of choice for attending the training programmes results better achievement scores • Positive correlation among personality of the trainee and training transfer exists • Motivation is very important for transfer of training • Perception of trainee about suitable work atmosphere affects the motivation to transfer • External factors such as incentive by the organization also affects motivation to transfer of training • Perceived situational limitation affects pertaining motivation and training effectiveness • Soft skills the important job-related skills that that has little or zero interaction with machines. • Soft skills are crucial for better performance, present and future leaders • In comparison to hard skills, soft skills contributes more in the success of an organization. 	<ul style="list-style-type: none"> • Training does not lead to change in behaviour always • It is very difficult to measure motivation to transfer training and actual transfer of training • The transfer of training is very low • Evaluating motivation to transfer of training is not a common practice and is overlooked in spite of many models and transfer problem still persists in organisations • Dearth of studies in measuring the transfer of soft skill training • In comparison to hard skill evaluating the effectiveness of soft skill training is very difficult • No simple models for evaluating the transfer of soft skill training programmes

Conclusion

From the above literature, it has been found that there are different factors which

impact motivation to transfer training in soft skill programmes. Those factors can be categorized as factors related to

characteristics of trainees and situational factors. The most important individual factors are self efficacy, work motivation, desire to learn, pre motivation to transfer, locus of control etc. The situational factors influencing motivation to transfer are support form organization, work culture, work atmosphere, rewards, managerial support, supervisory support, peer support etc. Evaluation of these factors will enhance motivation to transfer among the trainees.

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CAUSAL LINKAGE AMONG BUSINESS ANALYTICS, SUPPLY CHAIN PERFORMANCE, FIRM PERFORMANCE AND COMPETITIVE ADVANTAGE

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DOI # 10.23862/kiit-parikalpana/2017/v13/i2/164518

ABSTRACT

The research work examines the causal linkage among business analytics, supply chain performance, firm performance and competitive advantage. The conceptual model and hypothesis was developed through literature review and collected data from industries were empirically tested using structural equation modeling technique. The finding suggest that companies that support their analytical capabilities with good information system are likely to be more capable of performing better and better understanding of the factors of business analytics that influences the organizational competitive advantage

Key words: *Business Analytics, Supply Chain Performance, Firm Performance Competitive Advantage*

INTRODUCTION

Supply chain managements play an important role in this modern world since the competition is no longer between the organizations but between the supply chains(Narasimhan & Jayaram, 1998; Trkman, McCormack, De Oliveira, & Ladeira, 2010). The supply chain(SC)

achieves its competitive advantage by increasing the efficiency of SC analytics and the techniques for the optimization has been an integral part of the organizational business process.(Wang, Gunasekaran, Ngai, & Papadopoulos, 2016). Over the years, interest in research of Business Analytics (BA) has been increasing since

it provides the correct decision in business based on the amount of data.

Here based on the Supply-Chain Operation Reference (SCOR)-Plan, source, make, and deliver. We consider analysis of BA on different parts of the Supply Chain (Trkman et al., 2010). This paper thus analyses the causal linkage among business analytics, supply chain performance, firm performance and competitive advantage. This is important in achieving competitive advantage by enhancing the effectiveness and efficiency of supply chain analytics. The optimizing technique and business analytics playing an important role in organizational business processes by using business analytics. We can take important and crucial business decisions based on bundles of very large volumes of both internal and external data (Rao & Holt, 2005).

Structural equation modeling (SEM) refers to a diverse set of mathematical models, computer algorithms, and statistical methods that fit networks of constructs to data (Tenenhaus, Vinzi, Chatelin, & Lauro, 2005). The methods of SEM help researchers to incorporate unobservable variables measured indirectly by the indicator variables (Vinzi, Chin, Henseler, & Wang, 2010). It includes confirmatory factor analysis and path analysis (Ganeshkumar & Nambirajan, 2013). For this paper, we used partial least squares path analysis to check the hypothetical model. While examining the model. The structured of paper is as follows: Initially

the relationship of supply chain performance, firm performance, and competitive advantage are considered along with a conceptual model and hypothesis. Secondly, we consider the methodology that is being used in this research work. Next, the results and discussion are explained. The conclusion reflects the main implication of research and scope for future study.

LITERATURE REVIEW AND CONCEPTUAL MODEL

Supply chain and the mathematical equations cannot effectively capture the dynamics that occur within these value systems. Improving and monitoring the performance of a supply chain has become an increasingly complex task and includes many management processes such as identifying measures, defining targets, planning, communication, monitoring feedback (Handfield & Bechtel, 2004). Business analytics analysis the bundles of very large volumes of data. Large companies may have thousands of different suppliers, the use of such frameworks is impossible without business analytics (Limam Mansar & Reijers, 2007). Business analytics improves supply chain performance through analytical measurement system. it promotes the efficiency within an organization, improved business analytics capabilities reduces the costs and achieves higher profit margins. Many organization that already have system in place to collect data and gather information often find themselves in a

situation where they do not have a suitable approach to put their vast data and information into use for strategic decision making. It is also critical that the organization constantly evaluate its models to ensure their predictive validity (K. McCormack et al., 2009). The supply chain management is quite a broad term and encompasses the integration of organizational units and business processes

along a supply chain to coordinate materials, information and financial flows in order to fulfill customer demands (K. P. McCormack & Johnson, 2016). Since SCOR (Plan, source, make, deliver) has been widely employed for supply chain optimization it was used as a framework for our study (Lockamy III & McCormack, 2004)..

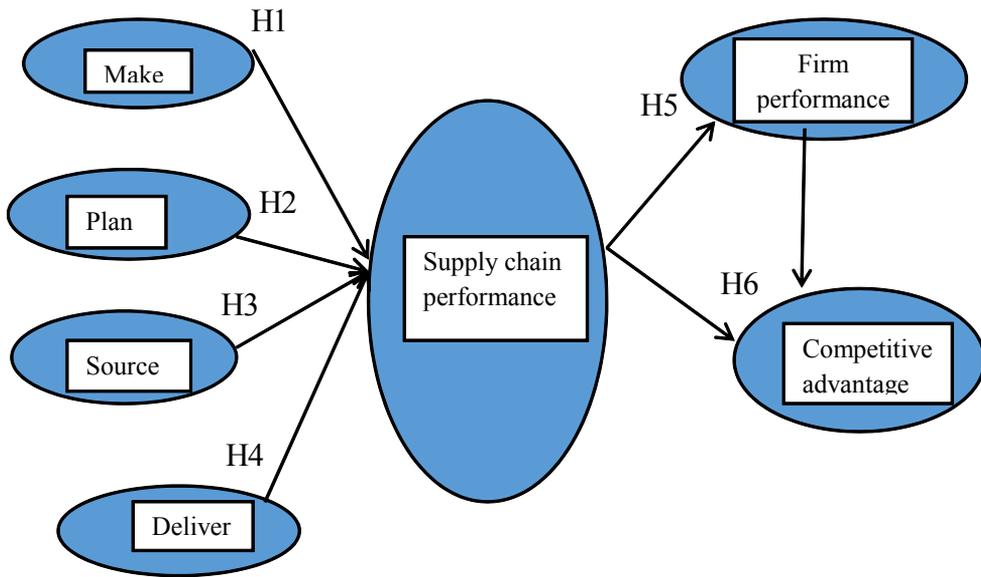


Fig 1: Conceptual Model

H1: There is a positive relationship between make and supply chain performance, H2: There is a positive relationship between plan and supply chain performance, H3: There is a positive relationship between source and supply chain performance, H4: There is a positive relationship between deliver and supply chain performance, H5: there is a positive relationship between supply chain performance and firm performance, H6: there is a positive relationship between supply chain performance and Competitive advantage and H7: there is a positive relationship between firm performance and Competitive advantage.

3. RESEARCH METHODOLOGY

This study investigates the casual linkage since it aims to study the impact of analytics in organizational performance and competitive advantage. The survey embraced questions regarding the key practices in supply chain and its applications in the supply chain. The deliberations and interviews were based on the SCOR (plan, source, make, deliver model). All the construct is related to the perceived performance as determined by the survey performance, as determined by the survey respondents. It is represented as a single item for each decision area. The participants are asked to give their suggestions in five point Likert scale (1=Strongly disagree; 5 Strongly agree).

The sample includes 31 companies from different industries and the respondent came from different positions (sales, IS, planning and scheduling, marketing, manufacturing, engineering, finance,

distribution, and purchasing (Ganeshkumar & Nambirajan, 2013) .

RESULTS AND DISCUSSION

To test the hypothetical model and evaluate the influence of BA variables on supply chain performance, firm performance and competitive advantage using, structural equation modeling has been used (partial least square; PLS) was used to test the hypothesis. The construct of analytics capabilities in the plan , source, make and delivery areas of SCOR area were considered as latent variables of the reflective construct related with performance, the research results show that the use of BA in critical process area can affect supply chain performance , firm performance and competitive advantage. The different sample of companies from different industries inculcate the findings. Our result provides a preliminary indication that an investment in BA brings most significant improvement.

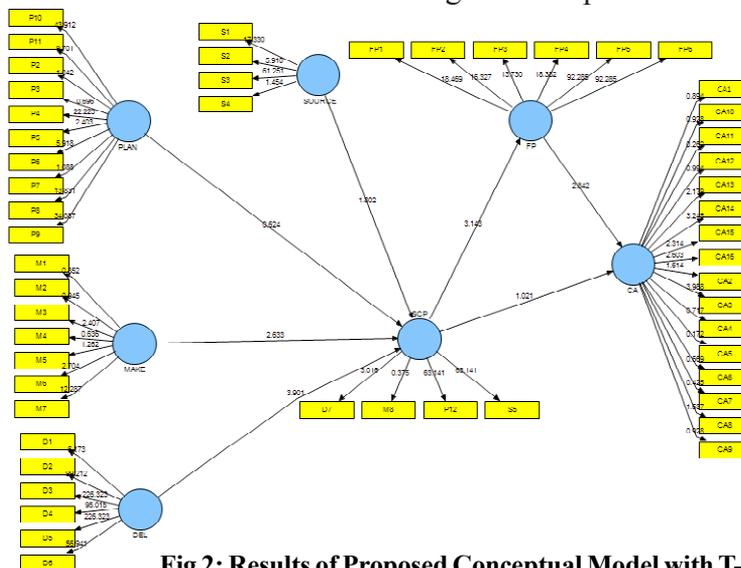


Fig 2: Results of Proposed Conceptual Model with T-Statistics Values

When it comes to making process, the T stat value is 2.633 which have a positive influence on supply chain performance, the companies are adopting constraint-based planning methodologies which include customer planning and scheduling information and they can improve upon the lead time information updates also. Deliver components have greater impact on supply chain performances. The T stat value of deliver component is 3.901 which

influence the supply chain performances. The supply chain performance has a T stat value of 3.143 on firm performance, which shows that supply chain performance has a greater impact on firm performance which enhances the competitive advantage. The price, quality, delivery dependability, product/service innovation, time to market incorporates the competitive advantages. Fig 3 represents the Beta value of the components

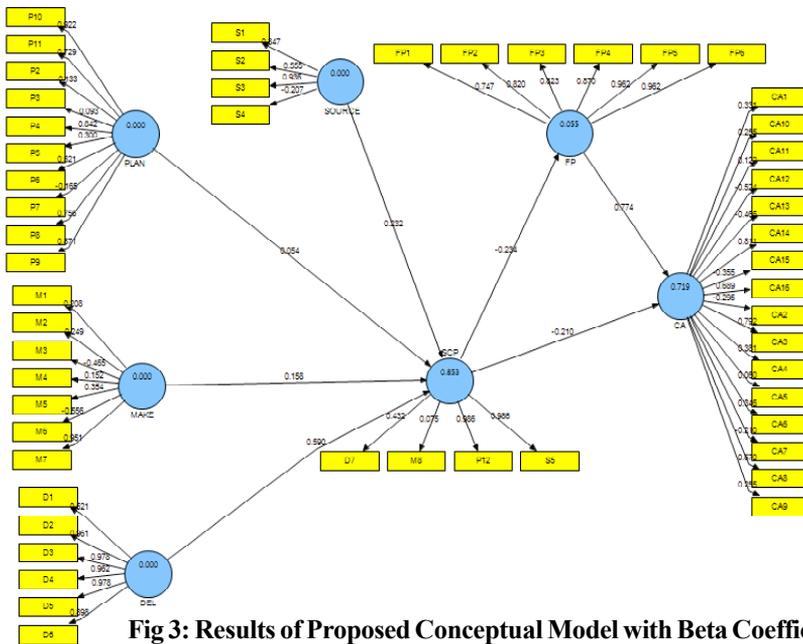


Fig 3: Results of Proposed Conceptual Model with Beta Coefficient Value

Table 1: Result of Hypothesis-testing

RELATIONSHIPS	Beta Value	S.E	T stat Value	Hypotheses Results
H1:Make to Supply chain Performance	0.158	0.06	2.633	Accept at 0.01 significant level
H2:Plan to Supply chain Performance	0.05	0.09	0.624	Reject
H3:Source to Supply chain Performance	0.232	0.13	1.802	Accept at 0.10 significant level

H4:Deliver to Supply chain Performance	0.590	0.16	3.901	Accept at 0.01 significant level
H5:Supply chain Performance to Firm Performance	-0.234	0.08	3.143	Accept at 0.01 significant level
H6:Supply Chain Performance to Competitive Advantage	-0.210	0.21	1.021	Reject
H7:Firm Performance to Competitive Advantage	0.77	0.22	3.41	Accept at 0.01 significant level

Fig 2. shows that the T stat value of plan component is 0.624. It had value less than 1.96 which implies that the planning component has less impact on supply chain performance. Many companies are not using analysis tools to examine the impact before a decision-making, but if they use them, then the companies can have better planning. The forecast accuracy value is 0.701. Even the usage of mathematical methods for forecasting the demand is also less. These all factors affect the supply chain performance in a broader way.

Studies reveals that the usage of analysis tools to examine the decision-making, the usage of mathematical model for forecasting demand and good strategies influences the planning processes. So companies can improve their planning process by concentrating on these aspects thereby by it can improve the supply chain processes.

Further gathering of enough data may be difficult and time consuming. It is noted that a company is unable to make simultaneous efforts in each of the four SCOR areas (Plan, source, make, deliver).

CONCLUSION AND IMPLICATIONS

The analytical capabilities have greater impact in guiding towards precise decisions and impart automated decisions in some tasks in organizations. The companies that support their analytical capabilities with good information system are likely to be more capable of performing better. The result provide limited support for the impact of analytics in the deliver area, it is because delivery is often outsourced and decision take place at the end of the decision process where their effect may be limited but after reaching a certain level in plan, source and make areas, Business analytics has greater impact on performance in deliver area. Business analytics can bring a larger improvement in performance, the investment in business analytics plays a greater impact in organization performance; further gathering of enough data may be difficult and time consuming. It is noted that a company is unable to make simultaneous efforts in each of the four SCOR area (Plan, source, make, deliver). But the proper investing sequencing depends on the characteristics of the supply chain, and firm performance

as treated as a single construct in this paper .It also investigates how Business Analytics in various areas of supply chain impact different performance metrics such as on-time delivery quality, costs, reliability, and flexibility.

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DETERMINING ASSOCIATION BETWEEN AGE, OCCUPATION AND USAGE OF ONLINE BANKING SERVICES AMONG CUSTOMERS

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164519

ABSTRACT

Banking is a customer oriented service industry, therefore the customer is the focus and customer services is the differentiating factors. Customer in India and specifically in urban area, no longer want to wait in long queues and spend hours in banking transaction. So this paper shows awareness and perception of customers regarding SSBT (Self Service Banking Technology). To conduct this descriptive research, response of 300 respondents is taken through questionnaire from Ahmedabad city. Analysis of respondent's response done through SPSS software and chi square test is used to determine association.

Key words: Indian Banking Industry, SSBT, Satisfaction, technology

Introduction

Tremendous Progress in the field of information technology has reduced the world to a global village and it has caused unprecedented changes in the banking world. The Banking industry like many other financial services industries facing a rapid changing market, new technologies, Competition, uncertainties, more demanding customers and changing climate has presented noticeable set of challenges. Bank have started recognizing that business depends on client services and contentment of customers and this is

compelling them to improve customer service and build up relationship with customer.

Literature review

Internet and Mobile Association of India, (2006) Noted banking transactions are performed majorly through ATMs i.e. 53% and only 23% of the online users do their banking transactions through Internet Banking. It was also found that people prefer face to face meet with the bank employees and get their transactions processed instead of online banking because of reasons like lack of knowledge,

security issues and less user friendly channels.

Gerrard, Cunningham, and Devlin, (2006) Studied the goal of marketing campaigns is to attract more males as well as more internet users who have used internet services before, educated public, and high income groups. There are reasons why people do not using online services like firstly that it is risky and secondly, they feel these services are not needed. The other drawbacks of not using Online service is unreachability, lack of understanding, pricing, lack of IT knowledge.

Sohail & Shanmugharn, (2003) Identified the factors that affected the use of Internet banking some of them are awareness, convenience, trust on the bank, accessible, adopting new changes, etc. more adoption to internet banking have been witnessed in Malaysia and there are lots of chances of increase in usage of online services.

Bradley & Stewart, (2002) As per the research conducted by Bradley and Stewart, it shows that the major issue hindering in retail banking is Internet Banking. Internet Banking is not a standalone strategy i.e. clicks only rather it is a multi-channel strategy i.e. bricks & clicks. With the help of more accessibility of internet banking, banks can achieve competitive advantage through their services.

Bandyopadhyay, (2004) Concluded it is seen that in the past three years credit card industry is been growing at 3.1% compounded annually. In India 0.6% of

the consumption expenditure is through credit cards. The countries in USA and Asia Pacific region shows higher usage of credit card usage.

Eriksson & Nilsson, (2007) Proved that every coin has two sides, similarly, internet banking also have its pros and cons. On one side internet banking is a multi-channel context which is useful to the users and on the other side users are not satisfied with the service providers and the distribution channels. Nevertheless, buyers are satisfied with face to face meets which cannot be fulfilled through internet banking. One can be satisfied with internet banking but it does not guarantee that the user will be loyal to this service.

Jazeela, (2005) Conducted on perceptions of banking products and services by Jazeela, in urban areas of Kerela shows that due to rigid systems of book keeping, accounting and legal bank customers are dissatisfied. Moving to or adopting any new technology by Indian banks is very slow. Banks are adopting electronic innovation but are not fully adopted. Due to lack of availability of fund, there are problems in automation of banking functions.

Akinci, Aksoy, & Atilgan, (2004) Conducted a study that revealed the differences between attitudes and demographic profiles of users as well as non-users. The users of internet banking were more techno savvy, convenient & middle aged. While the people who don't use internet banking are dragged towards

traditional banking structure, less adaptability to changes, lack of confidence in internet banking. The preferences of consumers play an important role in banking channels.

Lee & Schumann, (2005) stated there are lots of difference between online users and non-users in terms of attitudes, beliefs, convenience, risk taking ability, etc. the people who wanted quick & better services always preferred online services whereas, non-users receive lower services at better rates.

Goldfinger, (2001) Discussed the major issue that came across was the safety and security of banks as well as consumers. The consumers hesitated to use online services as they felt it is less secured and their personal data can be misused. On the other side the banks had unauthorized access in their systems and also cost of adopting new security tools was high. To minimize the flaw in the banking systems, they are updating their security techniques like smart card, digital signatures, biometrics, etc.

Kimball & Gregor, (1995) Identified that branch banking are useful in retaining existing customers as well as attracting new customers for the banks. ATM is the first alternative channel which is a part of self-service banking channel. It is convenient to customers 24/7. The other channel used by customers is telephone banking in which the customers were able to connect

to an automated channel of their bank by giving a phone call.

Eriksson & Nilsson, (2007) Explored banks started offering various other banking channels because of development of technology and as a result of this the self service banking technology has replaced the face to face interaction between both, i.e; banks and the customers.

Zeithaml & Gilly, (1987) Observed that the adoption of self service banking technology depends on various factors like age, gender, marital status. This study has linked age and adoption of self service banking technology from which it is found that the adoption of self service banking technology is more among youngsters.

Thornton & White, (2001) they made comparison between seven different channels namely ATM, EFT, Cheque, Human Teller, Credit Card, Telephone and Internet from which it was found that convenience, knowledge, service, internet are the factors on which the usage of distribution channel depends on. The usage of ATM, EFT and telephone was increased due to increase in understanding, alertness and availability of internet.

Daniel, (1999) Founded that “ease of use” is the most important factor for customers in order to accept electronic banking. She also found out the reasons for low acceptance of electronic banking which were risk involved in electronic banking,

security and internet availability. So according to her the customers will not adopt electronic banking until and unless it is safe and secure.

Lee & Lee, (2000) Reveled that very less people have adopted the technology for direct bill payments. Due to increase in education and income, customers have started adopting new technologies. In the research conducted before, customers response was positive as they find it easy and useful.

Polatoglu & Ekin, (2001) Conducted research and identified the factors to determine the satisfaction level of customers in which it was seen that the cost saving factor is the reason behind satisfaction of customers. It is easy for the customers to use self-service banking technology due to higher knowledge and skills. Even the availibility of resources was also a factor on which the adoption of these services is dependent.

Leblanc, (1990) Analyzed the perceptions of users and non-users towards ATM's. In this study, author identified various factors that attracted ATM users such as 24/7 availability, prompt, easy to use and less cost. Customers find ATM service complex, difficult to understand, less secure and risky so they avoid using it.

Research Methodology

Objective

To Study the usage pattern of technology-enabled banking self-services and relation between Gender and Usage of Online

Services such as ATMs, internet banking, Tele-banking and mobile banking by bank customers.

Scope of the study

This study aims to determine the consumer satisfaction and commitment through Self-service banking technology. Focus is placed on the bank service fields which includes services provided by bank like ATM, online banking, mobile banking etc. and the usage pattern of these services.

Research Type: Descriptive

Sample Size: 300

Sampling Method: Convenience Sampling adopted.

Research Instrument: Questionnaire

Data analysis and Interpretation

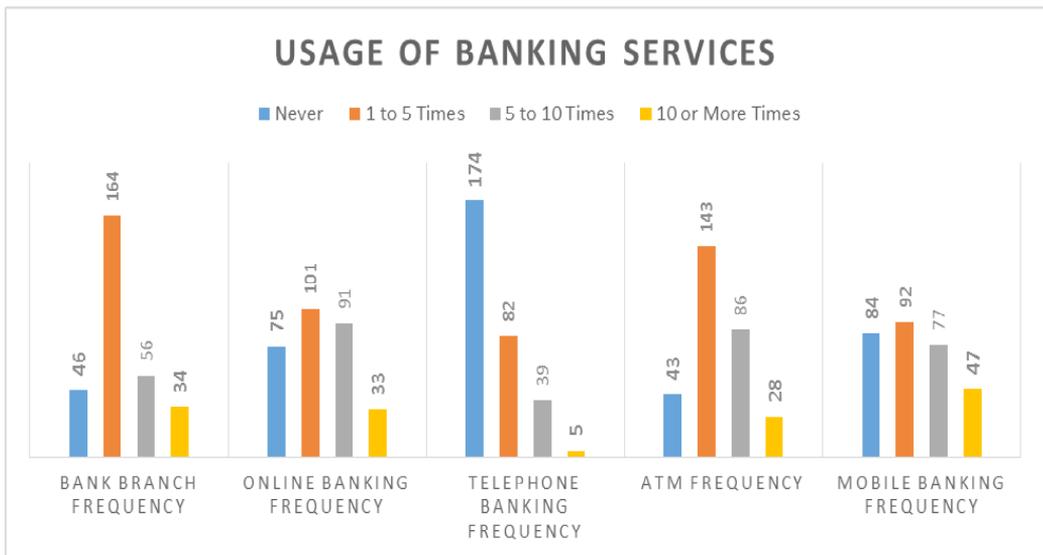
Data is collected through questionnaire filled by 300 respondents and detailed classification of the respondents in terms of services usages is as follows:

Mode of banking services used be respondents:

- 28% of the respondents used Bank Branch service.
- 22% of the respondents used Online Banking services.
- 3% of the respondents used Telephone Banking service.
- 30% of the respondents used ATM service.
- 17% of the respondents used Mobile Banking service.

Table:1 Usage of Banking Services

Usage of Banking Services	Bank Branch Frequency	Online Banking Frequency	Telephone Banking Frequency	ATM Frequency	Mobile Banking Frequency
Never	46	75	174	43	84
1 to 5 Times	164	101	82	143	92
5 to 10 Times	56	91	39	86	77
10 or More Times	34	33	5	28	47
Total	300	300	300	300	300



From the data collected and presented in table:1 it is observed that:

74% of the respondents use online services and only 26% of the respondents do not use online services. Telephone banking is hardly used by customers. Most preferred banking service among customers is mobile banking and frequency of mobile banking is highest in a month in comparison of all other banking

services. We can also conclude that ATM services is also behind mobile banking which shows mobile banking is highly convenience and user friendly.

Hypothesis

Ho: There is no significant relation between Gender and Usage of Online Services.

H1: There is no significant relation between Gender and Usage of Online Services.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.308 ^a	3	.063
Likelihood Ratio	7.321	3	.062
Linear-by-Linear Association	3.458	1	.063
N of Valid Cases	300		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.74.			

INTERPRETATION:

As the Pearson Chi-Square value is 0.063 which is more than the significance value 0.05. So, we accept the Null Hypothesis and reject the Alternate Hypothesis. So, we can conclude that there is no relation

between Gender and Usage of Online Services.

Ho: There is no significant relation between Occupation and Usage of Online Services.

H1: There is significant relation between Occupation and Usage of Online Services.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.877 ^a	12	.006
Likelihood Ratio	26.405	12	.009
Linear-by-Linear Association	.036	1	.850
N of Valid Cases	298		
a. 2 cells (10.0%) have expected count less than 5. The minimum expected count is 2.88.			

Annexure**Table:1 Type of Bank**

Types of Bank	Frequency	Percent
Public Bank	177	59
Private Bank	159	53
Cooperative Bank	67	22.3
Foreign Bank	34	11.3

Table:2 User’s Frequency of Type of Account

Type of Account	Frequency	Percent
Savings Account	272	90.7
Current Account	90	30
Salary Account	59	19.7
Loan Account	37	12.3

Table :3 Bank Branch

	Bank Branch Frequency	Percent	Valid Percent	Cumulative Percent
Never	46	15.3	15.3	15.3
1 to 5 Times	164	54.7	54.7	70
5 to 10 Times	56	18.7	18.7	88.7
10 or More Times	34	11.3	11.3	100
Total	300	100	100	

Table: 4 Online Banking

Online Banking	Online Banking Frequency	Percent	Valid Percent	Cumulative Percent
Never	75	25	25	25
1 to 5 Times	101	33.7	33.7	58.7
5 to 10 Times	91	30.3	30.3	89
10 Times or More	33	11	11	100
Total	300	100	100	

Table : 5 Telephone Banking

Telephone Banking	Telephone Banking Frequency	Percent	Valid Percent	Cumulative Percent
Never	174	58	58	58
1 to 5 Times	82	27.3	27.3	85.3
5 to 10 Times	39	13	13	98.3
10 Times or More	5	1.7	1.7	100
Total	300	100	100	

ATM	ATM Frequency	Percent	Valid Percent	Cumulative Percent
Never	43	14.3	14.3	14.3
1 to 5 Times	143	47.7	47.7	62
5 to 10 Times	86	28.7	28.7	90.7
10 Times or More	28	9.3	9.3	100
Total	300	100	100	

Mobile Banking	Mobile Banking Frequency	Percent	Valid Percent	Cumulative Percent
Never	84	28	28	28
1 to 5 Times	92	30.7	30.7	58.7
5 to 10 Times	77	25.7	25.7	84.3
10 Times or More	47	15.7	15.7	100
Total	300	100	100	

INTERPRETATION:

As the Pearson Chi-Square value is 0.006 which is less than the significance value 0.05. So, we accept the Alternate Hypothesis and reject the Null Hypothesis. So, we can say that there is relation between time duration of Occupation and Usage of Online Services.

Conclusion

Demonetization is a major factor because of which the usage of online banking services like ATM's, Online Banking, Mobile Banking, Tele-Banking is growing rapidly. Branch banking is progressively being replaced by Self - Service Banking Technology. The Self - Service Banking

Technology services are provided by banks with the help of automated channels like ATM, internet banking, mobile banking and tele banking. The acceptance of automated banking among people is growing day by day. The consumers are preferring to do more of their day-to-day banking activities using ATMs, online banking, or mobile banking without the aid of branch personnel. Consumers want to be able to do more banking themselves at their own convenience.

From our study we want to conclude that gender and online banking services aren't associated in any way. Whereas occupation and usage of banking services

has association. Timing of occupation leads the costumers to use online banking services.

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UNDERSTANDING THE ROLE OF SERVICE AND VALUE CO-CREATION IN SALES FUNCTIONS

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164520

ABSTRACT

In today's market a customer buys a product not just for transactional value but for a value in use. Companies tend to look at the customer as a co-creator of value by engaging with the customers through learning, dialogue, mailers, and social media thereby following a collaborative approach for customized products and services. Accordingly, companies have moved from a post sales reactive strategy, to a presales proactive engagement with the customer leading to reduced dissonance and increased collaborative value creation. This paper critically analyses the essence of collaborative value creation and discusses the critical role of customers, intermediaries, and communication in current business scenario.

Keywords: *Cocreation of value, communication, collaborative value creation*

INTRODUCTION

Sales today is primarily a function of value that the consumer perceives in the product features, attributes, and the entire value chain. Today it is important to ensure a holistic approach to marketing that aligns and integrates all stake holders including the channels, the sales personnel, the product, the pricing and the promotional aspects towards the company philosophy so that the product/service stands out as distinct in the minds of the consumers. It is also important is to understand the internal customers - both the intermediaries and the company sales personnel. The focus

today is to look beyond Segmentation, Targeting and Positioning and focus on value or the utility that the product/service has to offer so that the customer will be able to make a purchase decision after clear evaluation of information available to him/her and the alternatives available thereby.

Today there is a paradigm shift from customers being just offered a product or service, to engaging the customer in creating a value for the object or service. Engagement in creation of value makes the customer a co-creator of value and is being referred to as "Prosumer". To be

competitive, today companies, have to move from mass customization to a process of collaborative product development, customer innovation, customer empowerment, and customer involvement in order to have a competitive advantage over the competitors. Today engaging with the customer pre purchase and post sales plays an important role in creating a win-win situation for both the company and the customers.

Pierks et al. (2012) and Hienwarth et al. (2014) focus on the ecosystem, wherein both business and customers interact and innovate involving end consumers, distributors, suppliers and the company sales force, as an important thrust area in creating value. The Ecosystem plays a vital role in the process of co-creation of value. Hence, the focus of most marketers today is to engage with customers from pre sales to post sales and use various tools like Customer Relation Management, online feedback and social media in order to reach out to customers and make them aware of various products and services along with responding to their queries. Accordingly, companies focus in the process of creating special task forces to work upon co creation of value through collating data and studying the changing preferences of customers and competitor moves in the market, analyzing customer feedback, implementing best practices and reducing customer dissonance. Listening to customers helps companies to engage effectively with the customers and help increase the process of affiliation

between the product and the customer. Consumers collaborate with companies or with other consumers to produce things of value. As a result the gap between producers and consumers is blurring (Tapscott and Williams, 2006) and a person can seamlessly shift from consumer to contributor and creator of product, services, and its value. As a result, it is observed that a lot of focus has been there on the word ‘prosumer’ which was first coined by Alvin Toffler in 1980, to emphasize the novelty of asking individuals to simultaneously play the role of consumer and producer (Kotler, 1986; Tapscott and Williams, 2006). Value is always co-created with the customer (Vargo and Lusch, 2008). The concept of value co-creation proposes a value system where producer and customer in a relational system create value through the integration of their resource (Lusch, 2011) and value is realized and determined by the customer (Ramirez 1999; Grönroos 2004; Payne et al., 2008; Vargo and Lusch, 2008). Customers do not make purchases for the sake of making a purchase; rather they seek a “value” through the service.

Studies have argued that customers possess unique knowledge about their preferences (Prahalad and Ramaswamy 2004) and so their involvement increases success in terms of product –customer need fit (Alam, 2002), profit and market share (Joshi and Sharma, 2004). Through a process of co creation, firms and customers exchange their ideas, obtain

solutions (Kristensson et al, 2002) resulting in product innovation and better customer adoption. The process of co creation is dependent on meaningful and mutual *engagement* (Prahalad and Ramaswamy, 2004) between the firm and the customer where both stand to benefit.

Frank and Piller (2004) also found that consumers are willing to pay a considerable price for self designed products. The companies by involving the customer in the innovation process also gets to know more on their needs and thereby the likelihood of success of the products increases so as also the firm's reputation (Kaplan, 2006, Fuchs, 2011). Customer participation is activated by communication at the firm-customer interface and through iterative customer-company interaction; both sides can combine their knowledge, enhance shared understanding and learn about the other's needs (Sawhney et al, 2005). Satisfied customers shall talk positively about the new product (Hoyer et al, 2010). Secondly, even if the product doesn't match with needs, the firm shall benefit from learning during the product's development, learning from innovation experience and improving the firm's organizational capabilities thereby ensuring long term innovation having a positive impact on the firm's performance . Ramirez (1999) says customers create value, co create and coinvent it. By engaging the customers as active participants, these companies create customized products for the customer to see value in it.

Tapscott and Williams (2006) talked about Flevog shoes where customers are asked to submit online designs for consideration by the company to produce. Similarly, Virgin Mobiles asked a select group of customers for ideas on how to better market the company's products and services and also implemented the suggestions of the customers in improving service levels (Chesborough et al., 2006). Weiner (1992) suggested that in the process of co creation the consumer remains attached with the co created product. Similarly, Norton and Ariely (2007) also had similar views on customer playing the role of the producer today.

Companies have realized that the customer plays an important role not just in the buying process but beyond. In the Value Chain starting from the product conceptualization/design to the functional attributes of the product and services the customer plays an important role as a Co Creator of the value proposition creating a win-win situation for both the company and himself/herself. The company tends to benefit by engaging with the customer in understanding the shifts in preferences of customers and adapting itself to better technology and customization in products and services to create a competitive edge. Companies today need to gear up to not just the transactional experience but the pre and post transactional experience, and accordingly thereby the segmentation, targeting and positioning strategy can be worked out . Starting with Product awareness and subsequent positioning to

the after sales servicing and the positioning thereof. These shall focus around not just Value Positioning but Value in Use Positioning too. Product variants such as kitchen gels, liquid hand washes, pre and post purchase consultancy in case of paints and electronic goods indicate that companies tend to innovate today by creating a need /latent need in the minds of the customer. At the same time companies tend to innovate/improvise their products by learning from customers too. Asian paints has come up with many new product variants from customer feedbacks. Often customer relationship can be best managed by intermediaries who act as an interface between the customer and the producer by understanding them appropriately. The intermediaries interact with the customers more often and at times create attachment with the customer, thereby understanding the role of service in influencing consumer buying behavior. The role of the firm's sales force becomes extremely critical as they are the people who frontend with the customer on a regular basis. They cut across the organization's functional areas (Davis, Brady, and Hobday, 2007) and ensure that the ecosystem also supports the process of co-creation. Apart from *Internal resources* like its own sales force, the firm also engages with *external resources* like channel partners/members, consultants in trying to work out a Value Proposition. Customer engagement in product/service innovation today has been made possible through the internet, which now allows

companies to build strong online communities through which they can listen to and integrate thousands of customers from all over the world (Dahan and Hauser, 2002). The success stories of open source software projects such as Linux and Apache suggest that customer empowerment also makes sense economically (Pitt et al., 2006). Companies have been engaging with customers through social media and the feedback received from customers is analysed and monitored by companies (many companies have a special task force to collect, analyse and integrate the data) and is used as a tool for strategy. Companies such as Adidas, BMW, Ducati, Procter & Gamble, and 3M have created online platforms that aim to integrate their customers' innovative new product ideas into processes more actively, more directly, and more systematically (Ogawa and Piller, 2006; Pitt et al., 2006; Sawhney et al., 2005).

It is evident that an area where companies need to focus is people where both the company personnel and channel members play an important role as they need to believe in the Value Proposition of the company so that they disseminate information in a manner where the customer sees value and engage with the customer in the process of Co Creating value.

Understanding the process of Data Analysis, and Integration to create a competitive edge

Data analysis as a tool becomes all the more useful today for understanding customer preferences, creating a value proposition, and thereby a differentiation by engaging with the customer. What is of importance to companies is to understand the ways and means of capturing data, careful introspection/analysis of data and integrating the data in strategy formulation. Leveraging market, customer and internal knowledge is a key function of any sales function. Both the sales person and customer tend to identify preferences of customers, perceived benefits, identification of needs, both stated and unstated, making the way for understanding the value that the customer is looking at and identifying areas where the customer can be involved in the process of creating value. Similarly, the entire value delivery chain needs to be integrated towards creating the value in the service offerings of the product that shall be a determining factor in the entire segmentation, targeting and positioning process. Different levels of customization can then be made to suit the customer and the seller and more towards customer bonding.

Understanding the level of involvement and the role of the customer in the process of co-creation:

It is increasingly important to bridge the gap between the customer's perception of value and the actual benefits, and the seller needs to continuously strive to ensure that the value proposition created through the service offerings needs to be properly

understood. The customer's perception of value may be influenced by the firm's activities and the sale personnel who communicate value to the buyer. In this context, it is important that the firm and its sales personnel are able to manage the expectations of the customer with respect to the tangible and intangible benefits that the product/service offers. Hence the seller /sales personnel needs to be highly skilled to ensure desirable satisfaction from the customer, as also to harp upon the customer that there needs to be a shift from just functional attributes of the product to the service that the product offers to satiate the needs and wants of the customer.

Business entities such as Titan, Sony and McDonald have started asking consumers for detailed inputs. Crowd sourcing is another means of getting ideas and feedback to inform customers on product design and service delivery. Many T shirt companies these days allow customers to design their own products. IKEA sells unassembled furniture that the consumers put together. In this process IKEA lowers its operational cost and passes the benefits to consumers in the form of lower prices. Products like KurKure in India ask the consumer for recipes and the same is incorporated with the customers' family picture on the packet thereby recognizing the customer's involvement for his collaborative innovation. Procter and Gamble's "Vocalpoint" program is an online community of product enthusiasts who are rewarded with coupons and samples in

return for talking to others about the products. Companies in India have also started to use social media as a means to reach out to customers. Facebook and Twitter are used as an interactive medium to reach out to and engage with the customer and apprise him of product features, new product launches and feedback.

Leveraging market, customer and internal knowledge for profit maximization and increase in sales:

Leveraging market, customer and internal knowledge is a key function of any sales function. Both the sales person and customer tend to identify preferences of customers, perceived benefits, identification of needs, both stated and unstated, thereby helping in deciding strategies both at the macro and micro level decision making, thus helping the marketer to redesign his sales strategy. Perceptions of customers with respect to the product attributes may vary, but the relevance of service that the product would offer would more or less be the same. The process would also help understand the role of experiential learning, memory in the decision making process.

Moving away from functionalities to the service that the product offers becomes relevant for both the buyer and the seller so that the customer perceives and understands the value in the product. The entire value delivery chain needs to be integrated towards creating the value in the service offerings of the product that shall be a determining factor in the entire

segmentation, targeting and positioning process. Different levels of customization can then be made to suit the customer and the seller and more towards customer bonding and thereby profit maximization. Exploratory research can help here in identifying the preferences of the customer and thereby the customization strategy of the seller.

Conveying Value Proposition to the customer:

It is increasingly important to bridge the gap between the customer's perception of value and the actual benefits, and the seller shall continuously strive to ensure that the value proposition created through the service offerings needs to be properly understood. Towards this, the customer's perception of value may be influenced by the firm's activities and the sales personnel who communicate value to the buyer. It is important that the firm and its sales personnel are able to manage the expectations of the customer with respect to the tangible and intangible benefits that the product/service offers. Hence the seller/sales personnel needs to be highly skilled to ensure desirable satisfaction from the customer, as also to harp upon the customer that there needs to be a shift from just functional attributes of the product to the service that the product offers to satiate the needs and wants of the customer.

The entire communication process needs to be customized and at the same time the value offered in terms of the services offered by the product needs to

understood well by the customer. Hence, the channel members and intermediaries along with the sales personnel need to understand the consumer's values, attitudes and lifestyle and accordingly present to and make the consumer to see the benefits / services that the product/services offers. Exploratory research would help in understanding their perceived benefits in order of their relevance to the customer in order of priority after which a descriptive research can be done on the same.

Co-creation of value and solutions:

In the concept of understanding sales and distribution logic, what is important is that there has to be a process of meaningful and mutual engagement. Sales personnel need to understand that the actual value is determined by customer and hence try to put themselves in the shoes of the customer and identify the needs, preferences and identify more value added customized propositions. They should be able to integrate the organization activities and processes with respect to the marketing decisions taken by customer. In this process, while the customer gets to know about the services that the product offers, the seller in the process of understanding the customer also gets to know about certain unstated or latent needs which if incorporated in the product/services could actually result in creating value which can create a competitive edge and cocreate solutions for both the buyer and seller. In this process of cocreating solutions, it can lead to a satisfied customer, thereby resulting in a positive word of mouth, repeat

purchase and addition of new customers. Involving customers in the value creation process can decrease a company's cost of production which may in turn influence the price that the company charges. In this process of creating least or no customer dissonance, utmost care is to be taken in ensuring that more value propositions are created through dialogue and conversations with the consumer/buyer and the seller.

Conversation, Dialogue and Learning:

Most customers have unclear needs and that is where the sales person has to have the ability to quickly elicit customer priorities. The seller has to be more interactive with the customer and engage him/her into a conversation, dialogue and thereby learns from the customer the value perception and should be able to convey to the customer in clear terms about the benefits of the services that the product offers. The process of conversation will help in understanding the unmet needs of the customer and can be used to explore latent needs thus help in creating value through customized solutions and thereby resulting in increased sales and a competitive advantage. Often while responding to queries posed by the consumer, the seller gets to understand the relevance of the services offered through various product attributes and offerings and in the process the seller gets to explore the unstated and latent needs, and plans accordingly to create value to act as a differentiator in the marketing and selling process.

Building Trust and Long Lasting Relationship:

A sales and distribution logic is inherently formed in customer orientation and the customer loyalty depends on the service that the customer receives from the seller. The qualities of customer relationship are dependent on how well it is managed and if not managed properly can be detrimental. The co-creation of value through the process of dialogue, conversation and learning should not be just a short term process but should be a continuous and ongoing process for sustainable competitive advantage through co-creation of unique value propositions. This would ultimately reduce customer dissonance, increase customer base, repeat purchase of same/modified product, and foster brand loyalty.

A positive Word of Mouth will ensure that it is a loyal customer gained who can be influential in getting more customers to buy the product, reference groups can be formed, a competitive advantage can be gained and through new product innovations and strategies. It has to be a sustainable strategy and the Product Life Cycle (PLC) needs to be carefully understood and at each stage create benefits/services that shall hold the customer on through the Product Life Cycle.

Service Dominant Logic in Sales functions:

Today service can be defined as the intangible element that is exchanged

between the buyer and the seller with the goods/services being purchased. Whether in the Fast Moving Consumer Goods sector or the Consumer Durables sector, there is a shift today from the traditional selling process and, the focus has shifted to a consultative process where problem recognition, presentation of solution by understanding the customer's perspective, his expectation, his met and unmet needs, through a process of interactive personal selling by understanding the services that the product offers. Whether in Consumer Durables, FMCGs, or typical service industry it is the level of customization that ultimately creates a bonding between the customer and the seller which is built on trust and fosters brand/product loyalty.

The paradigm shift will be towards a solution based approach towards marketing rather than an attribute based approach in order to understand a customer's needs so that a more customized service offering of the product/services can be made, create a stronger Customer Relationship and thereby a coherent competitive advantage. Today the emergence of the service dominant logic in sales has made marketers to rethink their branding strategies and focus on the functional attributes of the product in how to create value for the product and thereby create a bonding.

These can be substantiated from the case studies on select brands as follows:

L'Oreal

The tagline "Because you are worth it" talks

about the values the company stands for. Innovation and flexibility are the indicators of the relevance of Co-creation and value in use concept, and a source of Responsibility towards the customer. L’Oreal focused heavily on educating and training the customer on better quality products, and yet being affordable to middle economic class people. 50 academic institutions train 1.5 lakh hairdressers annually. Apart from this, they engage with customers on social media, focuses on raw materials that are biodegradable and believe in better distribution channel and strong retail relationship.

Indigo Airlines

It has a Unique Selling Proposition of “On Time performance”, low price, and connectivity targeting the cost conscious processing and portions itself as “Low cost No frills” and focus on “Single Class” which is primarily “Economy class”. Continuous innovation to improve on non price factors such as ease of ticketing, check in etc has helped the carrier. Tie-up with hotels creating on holistic package for the customers (the tie up with Sarovar Hotels) is another example of value addition. Faster turnaround time of less than 30 min reinforces the Just In Time concept along with empathy resulting in positive “Word of Mouth” coming from highly satisfied customers works for it.

Maruti Suzuki

The differentiating factors for itself are Reliability and Responsiveness as rated by

customers (Topped the JD power 2015 Costumer Service Index shady as best after sales service for the 16th year in a row), and Assurance (Costumer Service Index of 906/1000 point scale with a industry average of 866, a measure of Customer Service Index). Other factors include Empathy, Economy with Technology and Large distribution network.

Ginger Hotels

It focuses on catering to huge middle class segment on affordability yet quality hotels. This chain of hotels is present across 29 locations in India. Brand image of Tata group along with no hidden costs & transparent booking process coupled with empathy results in a strong brand equity.

Dove

Unilever’s biggest personal care brand in four primary groups such as body wash, deodorants skincare lotions and hair care and more than 100 different lines including facial wipes, lotions, shampoos, anti aging cleanses, skin nourishing treatment, deodorants, etc. New innovations like Dove firming (to reduce the appearance of cellulite), Dove silk (a moisturizing range), Done fresh touch , Dove pro-age (for mature skin and hair) , Dove Summer Glow (with self tanning agers) have helped its cause.

Whirlpool A/C

It has realignment of its team on *Relationship oriented sales driven approach*. Internal focused strategy on

planning & prioritizing, persuasive communication, people management, Innovation & quality is focused. In store promotion, Innovation like power saving mode, climate control mode, Inverter technology with 40% energy saving act as value addition for the customer. Values of the company focuses on respect (through great results built on trust), team work (collaboration of ideas), diversity and inclusion (making every individual to excel), integrity (maintaining highest possible standards of personal, professional and legal), and high customer investment through blogs, opinions, reviews, online feedback form, and 24X7 customer care.

Conclusion

All these point to the fact that companies these days are focusing on creating value for the customer and the service concept of the product is being given a lot of focus so that they create a product/service in which the customer sees Value (both Value in Use and transactional Value).

Most importantly in today's scenario where the customer is more Value conscious, the entire Value Delivery Chain adopted by the Company tries to engage with the customer in a spirit of collaboration where the customer plays an important role in the process of Value Creation whether transactional or value in use.

Hence companies have been trying to engage with customers and the data collected through listening, conversation

and dialogue with customers through various forums including social media and face to face interviews is integrated effectively to create a competitive edge.

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TELEVISION ADVERTISEMENT AND ITS IMPACT ON TEENAGERS' BUYING BEHAVIOR- A STUDY IN BARASAT CITY KOLKATA

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DOI # 10.23862/kiit-parikalpana/2017/v13/i2/164521

ABSTRACT

In the present era as the market has become wider, exchange patterns and complexities have also become huge in terms of number of offerings and offer -makers. In this context, the role of sellers is to develop a market sustainable strategy. For this they find the way of different roots as well as media to reach the customer faster than competitors. In purchasing cycle, teenagers as a customer group, play a vital role. Keeping the thought in mind, the present study makes an attempt to find out the role of television advertisement in changing the mindset of consumers and energizing the inner current of consumers, which subsequently convert them into buyers in a tech-savvy modern world. Data have been collected from the students of three universities, situated at Barasat city in Kolkata. The results indicate that to make the things clear in term of awareness and interest, television advertisement play really big.

Keywords: *Television, teenagers, brand awareness, product exposure, advertisement*

INTRODUCTION

The ongoing decade has witnessed the emergence of new media vehicles mostly dominated by social media and its frenzy among the new generation. Amidst the hype and hoopla of all that happened around us, the traditional or mass media still has got its own pie. In this form of media, television has remained one of the most effective medium for reaching today's customers and it also is the most efficient one for introducing people to brands thanks to the burgeoning spread of cable and satellites. Advertising through television allows marketers to show and tell a wide audience the business, product, or service. It allows one to actually demonstrate the benefits of ownership. Television appeals to the literate as well as the illiterate and this is one feature of TV that makes it unique and different from other mediums.

Television advertising is a fleeting medium; messages flash and vanish, so it requires more exposures. Moreover, in TV there is fragmentation of viewership because of variety of channels and programme options (Ramaswami & Namakumari, 2004). Adolescent learn consumer skills primarily from parents and secondarily from media contacts (Brand & Greenberg, 1994). By watching television, teens may gain information about products, brands, stores and shopping as well as information about as to how products are used and fit with certain lifestyle (Moschis, 1978). As regards liking products such as cold drinks, movies, sports shoes, pens, garments,

shaving creams, soaps, shampoos, deodorants, automobiles, mobile phones and computers is very much directly influenced by TV commercials. The female counterparts show interest in products such as cosmetics, jewellery, soap, shampoos, sanitary napkins, footwear, clothes, chocolates, food products, perfumes and watches. It is found that girls viewed TV advertisements with interest and found them entertaining and informative (Kotwal et. el.). A consumer's attitude and assessment and external factors construct consumer purchase intention, and it is a critical factor to predict consumer behavior (Fishbein & Ajzen, 1975). Purchase intention can measure the possibility of a consumer to buy a product, and the higher the purchase intention is, the higher a consumer's willingness is to buy a product (Dodds, et al., 1991; Schiffman & Kanuk, 2000). The majority of teenagers believe television advertisements to be informative and most teenagers respond to them favorably (Cruz, 2004).

Literature review

In the present study to judge the teenagers perception, the concept of appeal being incorporate in the form of quality, packaging, brand and price which are really a sensual issue in front of consumers'. There are various past studies though very limited in numbers have shown certain instances of how TV as a media can cater to the purchasing intentions and subsequently influence the teenagers to become customers through various advertisements being aired from time to time.

Saksena (1990) found that teenagers were influenced by TV advertisement and mostly purchased those brands and products which are advertised more on television. Atkin (1978) observed that children or adolescents are most influential when they are primary customers, for example, clothes, toys, snacks, breakfast cereals and school supplies.

Past studies reveal that there is substantial variation in the amount of teenagers' influence in purchase decision for products for their own use and for their family (Cotte and Wood 2004). The ability of teenagers to perceive what advertising is and is meant to do depend on such factors as the age, educational attainment level and the amount of influence parents have in mediating and explaining advertising (Hite and Eck 1987).

In the present digitalization era it is very easier task to purchase any kind of products through online. The online marketers also supply the information by mail or website which is easier to access by teenagers. In this situation it is very difficult task for marketer to find the impact of television advertisement by the teenagers group who fall under high spending pattern group. In this context we are trying to analyze the teenager buying behavior in such area which carries a flavor of metropolitan culture and also semi urban outlook. So the basic enquiries from the research that in due changing environment how young age consumers' support the television advertisement and how they are taking the television

advertisement as a reference point at the time of purchase decision and behavior.

Objectives

1. To study how effective are the television advertisements in teenager's perspectives.
2. To identify the role of advertisement on building consumer perception.

Methodology

The present study is about test the preference level of teenagers about television advertisement. The area has been confined the Barasat city of west Bengal. For the data collection we have chosen the teenagers of 3 university students who represent different part of west Bengal. Regarding the data collection our basic units of data are individuals' i.e. teenagers. Individuals have been randomly chosen from different university. Individuals as the primary unit of the present study have first been selected using random sampling method. The information has been collected by the category from. High level stands 5, medium level stands-2 and low level stands 1. Total 400 data have collected. Total 210 samples have been considered for final analysis. The age group has been considering in between 19-25.

Relevance

The intrinsic as well as exposed variables responsible for operating as responsive agents on certain stimuli forms the basic logic of advertising initiatives undertaken by various organizations from time to time. This current study of ours focuses on the impact of advertisement on the user's

behavior. It makes an attempt to explore the factors which are affected by the advertisement and ultimately influence the buying behavior of the consumers. The study will help the readers to understand the consumer behavior while purchasing the cosmetic products (being mostly regarded as youth products) so that they can devise appropriate strategy to advertise their product in a best possible way.

Findings and analysis

To start with the attempt was made to know about the relationship between television advertising and its exposure and subsequently how television advertising create the awareness level of the teenagers mind. In the survey the responses have been counted in the category form.

Table-1 : The relationship between television advertising exposure and awareness level of teenagers

Awareness	Television Exposure			P- value
	1	2	5	
1		18.2%	0.5%	.000 significant
2		22.7%	9.6%	
5	100.0%	59.1%	89.9%	
Total	100.0%	100.0%	100.0%	

As shown in Table 1 above, '1' represents the low level of response, where as '2' represents the medium level of response and '5' represents the high level of response. This is because, the degree of response is always considered to be happening in various levels and can defer from individual to individual for the same kind of stimuli/ advertisement (may/ may not be for the same offering). In this context

the above data represent that there is strong combination between high level of exposure and awareness. It indicates that the teenagers who spent more time on television advertisement generate more awareness. When the information verified by chi square test, it was found significance. That is television advertising and its exposure level among the teenagers positively associated with their awareness level.

Table-2 : Relationship between awareness level and market exposure

Awareness	Market Exposure			P- value
	1 (no answer)	2 (by other help)	5 (by own help)	
1	3.0%	.7%	.8%	.024 Significant
2	14.8%	11.2%	4.6%	
5	82.2%	88.1%	94.7%	
Total	100.0%	100.0%	100.0%	

The next enquiry was to know that if the teenagers get sufficient level of exposure but do they apply this awareness in the market. In this context here the researcher tries to find out the relationship between the awareness level of the teen agers and their level of market exposure. Here market exposure means the market interaction of the teenagers, and how they use their idea in the market directly and

indirectly. The above data represent that awareness level of the teenagers and their market exposure level is high (94.7%). In consumer behavior it is an indication of buying intension means teenagers have an interest to verify their learning in reality. The statistical result shows the awareness and market exposure of the teenagers are strongly associated and the result is significant.

Table-3 : Relationship between advertisement awareness and product exposure

Awareness	Product Exposure			P- value
	1 (moderate)	2 (high)	5 (more)	
				.623 significant
1	2.6%		.8%	
2	9.0%		11.1%	
5	88.4%	100.0%	88.1%	
Total	100.0%	100.0%	100.0%	

The table no 1 and 2 indicates that television advertising create a positive mental space to the teenagers which denotes as awareness. This awareness makes them more comfortable in getting proper market selection which denotes market exposure. The table no 3 delineates the relationship between awareness and product exposure. The cross sectional analysis indicates high

response i.e. 88.1 %. But when we try to find out their association, it gives negative indication. This indicates that awareness levels of consumers are not positively associated with the product exposure. That gives us some hints that the major advantages taken by teenagers from television advertisement are information gather and market selection which they can use as a future purchase reference.

Table-4 : Awareness and its relation with general recognition (Interest)

Awareness of television	Interest (recognition)			P- value
	1	2	5	
				.002 Significant
1	66.7%	11.9%	11.6%	
2	33.3%	50.0%	56.0%	
5		38.1%	32.4%	
Total	100.0%	100.0%	100.0%	

The above table indicates how deeply consumers think about the information. The Elaboration Likelihood Method indicates there are two way of information process one is active and other way is passive. In case of passive the information stored via channel. Here the objective is to know how awareness of television advertising helps the teenagers to recognize the product or brand for long time. The table no 3 already examine that awareness are not associated with product exposure but here it states that television advertising are strongly associated with brand or product recognition of the teenagers. So it is clear that television advertising help in changing the attitude of the teenagers in the present

context when internet media stand a big pillar in front of electronic media. Consumer perception depends on the brand loyalty, pricing, quality and packaging of the product.

If we look into the present market, it is observed that there is an internal current are linking the consumer mind to develop faith on products. In this connection if we see the role of different media, obviously the name come first that is the social media but in our study, the matter has been represented to know the impact of television media. The data here try to represent the impact of different approaches of advertisement and their level of influence to the consumer.

Table-5 : Television exposure and price related consciousness

TV Exposure	Price			P- value
	1- can't say	2- without help	5- with help	.000
1- no channel		45.5%	5.7%	Significant
2- one channel		4.5%	2.6%	
5- 2 or more	100.0%	50.0%	91.7%	
Total	100.0%	100.0%	100.0%	

The above data represent that there is a good connection between high level of television exposure and price consciousness. It is a very debatable result of the present study because the study confined the teenagers but it indicates that to develop strong persuasion about the product or brand, still television advertisement make a stand. The statistical results show there is strong association between television exposure and price consciousness. The high level of exposure

develops high level of interest among the consumer about the price. It is a good reason of marketer and consumer to develop bargaining power of buyer which may convert into the buying decision.

The impact of advertising through different media are different but in general impact of television exposure is more in comparison to other because the different objectives of advertising. Packaging is a very interesting issue in marketing and consumer involvement level towards

packaging is significant. In this connection the present study tries to find out the relationship between television exposures in connection with packaging appeal. The inner reason of this analysis is that highlighting packaging appeal in advertising can make any internal change to the teenagers or not. The results show high level of exposure adopts high level of

information through packaging. The statistical results show that there is strong association between the level of television exposure and packaging. That means here television exposure help teenagers to get more information about the products or brand through packaging and packaging appeals also a good direction for the marketer to get response.

Table-6 : Relationship between television exposure and packaging

TV Exposure	Packaging			P- value
	1	2	5	
1- no channel	50.0%	13.6%	5.2%	.030 significant
2- one channel		13.6%	8.6%	
5- 2 or more	50.0%	72.7%	86.2%	
Total	100.0%	100.0%	100.0%	

Table-7 : Relationship between television exposure and quality consciousness

TV Exposure	Quality			P- value
	1-can't say	2- without help	5- with help	
1- no channel		22.7%	5.5%	.027 significant
2- one channel		4.5%	2.9%	
5- 2 or more	100.0%	72.7%	91.7%	
Total	100.0%	100.0%	100.0%	

The role of advertiser is to spread a fume of quality at the time of exposure of the product through variety media. If we look the present day advertising all the media highlight the product information in term of benefit, easy to use and comfortableness about the product via repetition. Sometimes they highlight price and celebrity to develop a string message to the audience about the quality of the product. In this regards the above table

shows that high level of television exposure create awareness level and this awareness convert into the interest. Interest is the reason to get more involvement about the product. More involvement means more conscious and consumer try to find out the quality of the products in comparison to other. The above data also indicates that high level of television exposure make a significant thought about the quality of the products.

Table-8 : Relationship between television exposure and brand approach

TV Exposure	Brand			P- value
	1-can't say	2- without help	5- with help	
1- no channel		22.7%	40.5%	.228 significant
2- one channel		22.7%	19.0%	
5- 2 or more	100.0%	54.5%	40.5%	
Total	100.0%	100.0%	100.0%	

The above table finds out the relationship between television exposure and brand approach. It is very common thought that advertising through television play three types of role i.e. informative, persuasive and reminder. But television advertising also highlights the brand as a major part. But the present study differ from the traditional thought, it show there is no positive association between television exposure and brand approach. It is a debatable question but the present study based on teenagers groups. It gives another indication that they get exposure about the brand from other sources, it may be web media, social media etc. The other reason may be in the huge crowded market teenagers gives more importance about other approach in spite of brand.

Conclusion

The study gives an important direction about the presence and sustainability of the television advertisement. The market vibration about the digital advertisement and promotion has a partial impact on young consumers but not whole. From the study it is clear that the role of television is no where reduces. The modern age of marketing, the marketers are getting

confused about the budget selection on different media vehicle. In this connection the present study indicates that to make the things clear in term of awareness and interest, television advertisement play a big to change the consumer attitude. The study also established the fact that to change the consumer mindset television advertisement plays a unique role. From the study it is clear in front of marketer that still there is huge impact of television advertisement so no question arises to thinks alternative about the technological based media. There should be proportionate distribution the advertisement between digital or online and television. Then it would have been more facilitating instruments for the marketers to get more success, in term of business prospective, consumer retention perspective and return perspective and finally to develop the competitive advantage in the market. The study also established the fact that to change the consumer mindset television advertisement plays a unique role even among the emergence of social media and others.

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PENSION PLANS: AWARENESS AMONG PRIVATE SECTOR EMPLOYEES – AN EMPIRICAL STUDY

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DOI # 10.23862/kiit-parikalpana/2017/v13/i2/164522

ABSTRACT

The main aim of the study was to examine the level of awareness of employees working in private sector in Salem and Erode districts of Tamil Nadu. The study was conducted with a view to find out the feasibility for investments in pension / group insurance plans. A well-structured questionnaire was prepared and distributed among 300 working people in Salem and Erode and 284 valid responses were received and properly analysed through statistical software. It was found through the study that the employees do not have the sufficient level of awareness about various pension schemes available in the insurance market and also they do not know much about the benefits of the pension schemes. However, the study found that there is a fair amount of interest among the employees to know more about pension plans and was eager to make invest in pension plans / group insurance plants when they are properly advised on the various schemes available in the market. The study concludes with the suggestion to the insurance companies to run awareness compaign in the State to create more awareness among working people to make investment in pension plans and have their lives secured after retirement.

Key words: Pension Plans, Group Insurance, Awareness programmes, Security

INTRODUCTION

In this era of competition where technology and systems are the primary working tools for every organization, it is the manpower who differentiate the good from the great. Are the working people secured enough? Adequately covered to

make good the loss or have regular income after retired life, especially the private sector employees who burn their midnight oil for the organization they work.

Security, in general, can be thought as a peace of mind and freedom from uncertainty, whereas insecurity implies

feelings of doubt, fear and apprehension – Trust with trust. There is a little evidence that a significant number of individuals will voluntarily save for their future needs. With increasing longevity, changes in the social psyche and nature of economy, the need for a group insurance and a pension plan is the need of the hour.

Pension and group insurance are twin sides of the same coin. Pension provides with the regular income after retirement and Group insurance provides a mechanism for employers to provide employee benefits as part of an employee's total compensation package, as part of one group, outside of government-provided benefit programs.

The people working in government sector and private before were covered and pension plans and their life after retirement from work was secured with earnings through pension and they need not depend on others for leading their life after retirement. However, after the Amendment to the existing PF Act the employees were not provided with pension after retirement and they may end up with facing problem in leading their life after their retirement. This environment raised the need for the habit of saving for retired life. People have to invest in some financial institutions to make their life secured after retirement. Do they have sufficient knowledge on the schemes on pension and group insurance? Are they aware of the different type of plans of insurance companies? Are they have already started making investment in such

pension plans? To answer all these questions, the authors of this paper investigated the level of awareness among employees working in private sector, as these people are getting their wages and salaries comparatively lesser than the people working in government sector and they have the higher risk of running of their life after retirement.

Area selected for the study

This study is mainly focuses on employees working in private sector organizations in Salem and Erode region to know their level of awareness on various pension plans and group insurance schemes available in insurance market.

Review of Literature

Praveen Jha and Nilachala Acharya (2013) states that in most countries of the developing world, though the importance of universal social security is being increasingly recognised as an integral part of progressive public policy, only a fraction of population have been covered under the safety-net of social security. Several state governments have designed schemes and programmes of social security, aimed both at organised and unorganised sector. At present, in India, the nature of social security schemes that benefit people after they cross certain ages are different for the organised and unorganised sectors. Hence they concluded that the overall magnitude of public resources available to the government in India has been grossly inadequate in comparison to several other countries, mainly owing to the low

magnitude of tax revenue collected in our country. Hence, it is high time to go for a comprehensive Social Security Scheme (or combination of schemes / programmes) in place with appropriate institutional mechanisms. India's experience on the whole has been disappointing with reference to addressing the social security needs of the elderly. There have been hesitant and limited sporadic efforts, instead of a coherent policy approach of any significance.

Mavlutovaa, et al. (2016) narrating the importance of pension plan in Latvia. They opines that European and other world countries are facing changes in their population age structure. This leads to conclude that intensifying ageing of population is a global phenomenon. Latvia has introduced a new three-level pension system aimed to reduce the effect of demographic risks and demonstrating the country's intention to provide viable public and private combination in old-age provision. The demographic estimates of European Commission show that by 2060 in Latvian population number elderly people aged 65 and over will almost double. The potential impact of demographic change on the age structure and the size of population is dramatic and still the main problem that cast the doubt on the ability of state mandatory non-funded pension scheme to provide a full-fledged social security. Personal financial planning, personal investments in Private voluntary pension schemes are important. The objective of research is to investigate

whether the existing Pension system in Latvia is working effectively under changing economic environment to reach the goal of providing appropriate pension level for the retired persons. It analyses the role of Private voluntary pension schemes, the current demographical situation with a flow of emigration and impact of new tax incentives for employees. The research evaluates efficiency of Private voluntary pension schemes and Latvian pension managers in providing appropriate pension level to future retirees in actual financial markets situation. Necessary action scenarios to provide wholesome standard of living in the future are analysed.

MacKellar (2009) looks at the experiences of various Asian countries in expanding the coverage of the pension system to informal sector workers. He argues that given aging and growing informality, a rapid forward-looking response from governments in the region is necessary to provide protection against the risk of poverty in old age. This risk is particularly acute in the case of informal sector workers, as is the difficulty of reaching them through traditional formal-sector pension approaches. From the analysis of various case studies the study concludes that expanding coverage to informal sector workers through mandatory systems is unlikely to work. Alternative, voluntary arrangements are need. However, because informal sector workers tend to have lower savings capacity and high discount rates, targeted

subsidies might be required to encourage enrolment. It discusses some of the issues related to the design of these programs including those related to administration and the collection of contributions, finally, the study emphasizes the need to resolve difficult trade-offs between the transfers to prevent poverty during old-age and expenditures in other social programs.

Shafie, et al. (2016) private retirement scheme (PRS) was first introduced in 2012 in supporting the private sector employees to prepare for their retirement. The main purpose of this exploratory study is to unveil the level of awareness of PRS and investigating factors influencing the retirement planning practices. This study applies quantitative approach with the use of survey questionnaires as the main instrument of data collection. Private sector employees from five private companies in Malacca were selected as respondents of this study. Data collected was analysed using descriptive analysis. In general, findings of this study show that relatively, the level of awareness towards PRS is still low. In addition to that, only 77% of those that aware about this scheme have an interest to invest.

Various factors were found to have an influence on the retirement planning practices private sector employees in Malaysia. Overall, this study shed some information on the awareness towards PRS among private sector employees in Malaysia and also factors influencing their current state of retirement planning practices.

Stewart (2007) feels that Pension Benefit Guarantee Schemes are insurance type arrangements with premiums paid by pension funds, which take on outstanding obligations which cannot be met by the insolvent plan sponsors. Arguments for such schemes stem from 'market failure' with workers not fully understanding the trade-off between pensions deferred wages and current income, and diversification as most workers are highly exposed to the insolvency of the plan sponsor in terms of current and retirement income and cannot properly diversify this risk particularly where the pension is funded by book reserves. However challenges to these schemes exist mainly in the form of moral hazard and adverse selection, which are problems for all insurance contracts, and potentially in the form of systematic risk as bankruptcies tend to be correlated, as does pension underfunding across schemes, and indeed as are these two factors.

Ayanendu Sanyal (2013) proposed a universal pension scheme as relief to working population in the unorganized sector and insisted that it will increase the coverage of pension without disturbing the fiscal situation. He reiterated that the main purpose of pensions is mitigating longevity risks, smoothing of consumption and poverty and inter-intra generation inequality and Universal pension scheme would do this successfully. He felt that one of the major components of old age social security is pension and the developed countries provide pension to those who

contribute for pension whereas in majority of the developing countries pensions are provided in a discretionary manner which reduces the coverage of pension. India has a low coverage of pension. The study revealed that an introduction of pension scheme will enhance the welfare of the working community majority of whose future lies in uncertainty.

Kanchan Bharati (2015) discussed the role of governments support with respect to economic security of old age people. He insisted the necessity of old aged to live longer because of their significance in their family with their valuable experience and also they should remain healthy. Hence they should be provided financial independence and dignity which would be possible by providing pension to them.

Roland, Sigg (2005) emphasized the need for social security of old age people to tackle impending social and demographic changes. The strategy needs to be based on a realistic assessment of the situation. In this process, social security institutions might find it even more difficult to achieve an integrated approach. A range of different funds and government departments are often involved in areas such as old age, disability, unemployment and family, making it hard to ensure a coordinated or coherent attitude towards the people concerned. A uniform system involving one-stop-shops and using current information technology resources prove that some degree of integration is possible and very much in the interests of both scheme members and other social security beneficiaries.

Goswami, R (2001) reviewed the Indian pension system. The Indian experience could potentially influence policy decisions in other developing countries, especially those with similar reliance on the national provident fund system. The paper brings the problems that the system is confronting now - Demographic aging: The age structure of the population is changing drastically with increasing life expectancy and declining birth rates. The result of such demographic transition will be a larger proportion of older people.

Research Design, Sample Size and Data Collection

The research design used for this study is a combination of descriptive and empirical research. The main purpose of descriptive research is description of the state of affairs as it exists at present.

Descriptive in the nature due to fact finding with the help of literature survey and the analysis of demographic profile of the respondents in the particular area considered for this study. The study is said to be empirical due to the application of statistical tools used for data analysis. Data has been analyzed with the use of reliability of the study, frequency analysis, cross tabulation and the testing of hypothesis using t-test, ANOVA to arrive on conclusions. The aim of this approach is to portray the employee's level of awareness towards the various pension plans and group insurance plans of insurance companies presently operating in the insurance industry.

Target Population

Target Population for this study has been selected industrial areas of Salem and Erode district in Tamil Nadu state. The main focus of the present study is the employees working in private sector companies and hence the employees working in the private companies of these two districts have been considered as the target population. The reasons for considering these areas are that they industrially developed as a large number of industries are located in these two districts, low literacy level on future plans, low level of savings for future life, low level of living standards, unstructured saving pattern, etc.

Sample Size

Sampling is the act of selecting a representative part of a population for the purpose of determining the characteristics of the whole population. Sample size refers to the number of items to be selected from the universe to constitute a sample. Sample size for this study is 300 customers, comprising of 150 from Salem district and 150 from Erode district. The samples were selected on the basis of researcher

convenience and the availability of respondents at the time of visit have been taken into consideration for this particular study. Out of this, 284 questionnaires were received back, but 16 questionnaires were discarded as they were not filled up adequately. Hence the analysis has been carried out on the basis of 284 respondents.

Primary data collected through conducting Personal interview by framing a well-structured questionnaire. The questionnaire was prepared and distributed to the respondents and information was gathered during April to June, 2017. The questionnaire consists of a number of questions printed in a defined order on a form or a set of forms.

Tools for the Study: Percentage Analysis, t-test, ANOVA

Data Analysis and Interpretation

The data gathered from 284 respondents in Salem and Erode through a structured questionnaire was entered into SPSS software and further analyzed to arrive at meaningful conclusions. The results of the data analysis and their interpretations are described in this session.

Table 4.1.1 Demographic details of customers

Demographic variable		Area					
		Salem		Erode		Total	
		Count	Row N %	Count	Row N %	Count	Row N
Gender	Male	111	59.4%	76	40.6%	187	100.0%
	Female	29	29.9%	68	70.1%	97	100.0%
Age	Upto 25 years	9	64.3%	5	35.7%	14	100.0%
	25-35 years	39	48.1%	42	51.9%	81	100.0%
	36-45 years	67	49.6%	68	50.4%	135	100.0%

	45-55 years	19	48.7%	20	51.3%	39	100.0%
	Above 55 years	6	40.0%	9	60.0%	15	100.0%
Qualification	Upto HSc	4	44.4%	5	55.6%	9	100.0%
	UG Degree	44	50.0%	44	50.0%	88	100.0%
	PG Degree	65	51.6%	61	48.4%	126	100.0%
	Professional	27	44.3%	34	55.7%	61	100.0%
MS	Married	112	49.1%	116	50.9%	228	100.0%
	Unmarried	28	50.0%	28	50.0%	56	100.0%
F_Status	Joint	51	48.1%	55	51.9%	106	100.0%
	Nuclear	89	50.0%	89	50.0%	178	100.0%
F_Income	upto 20,000	2	15.4%	11	84.6%	13	100.0%
	20,000 to 30,000	14	73.7%	5	26.3%	19	100.0%
	30,000 to 40,000	27	93.1%	2	6.9%	29	100.0%
	40,000 to 50,000	15	88.2%	2	11.8%	17	100.0%
	Above 50,000	82	39.8%	124	60.2%	206	100.0%

It can be seen from the above table that more number of female employees in Erode area responded to the survey than the female employees in Salem area; almost similar kind of age distribution is found in both Salem and Erode area; only a handful number of employees both in Salem and Erode area have studied upto HSc and all others at least hold a UG degree; majority of the respondents are married; more number of families are living in nuclear families in Salem as well as in Erode area; almost 73 per cent of the employees stated that they have their family income above Rs.50,000 per

month. It exhibits that there is a greater scope for canvassing their investment in pension plans and group insurance plans.

4.2 Level of Awareness – An Analysis

4.2.1 Level of Awareness on the Type of Pension plans

The respondents were asked to rate their level of awareness on the type of pensions plans through six statements on a 5-point liker scale, 1 being the lowest level and 5 being the highest level of awareness. The mean level of awareness of employees on these statements are tabulated below according to their Rank in Table 4.21.

Table 4.2.1 : Level of Awareness on Type of Pension plans

Statement	N	Min.	Max.	Mean	S.D.	Rank
Many private players apart from LIC sells pension products	284	1	5	2.746	1.439	1
Immediate pension plans are available in the market	284	1	5	2.535	1.464	2
The availability of unit-linked pension plans	284	1	5	2.426	1.446	3
Availability of government social security schemes	284	1	5	2.380	1.388	4
Availability of deferred pension plan	284	1	5	2.338	1.456	5
The availability of individual and group pension plans	284	1	5	2.306	1.384	6

It can be seen from the above table that the employees are less aware on the availability of various pension plans in the market as the means of almost all the statements are well below the neutral level of 3. The employees have expressed slight awareness on the various types of pension plans available; also they have expressed that they have least level of awareness on the statement 'Availability of individual and group pension plans' (2.306). This statement is followed by the statement 'Availability of deferred pension plan' (2.338) and 'Availability of government social security schemes' (2.380). This

further necessitates the awareness programmes to be conducted among the private employees to create necessary awareness about pension plans.

Level of Awareness on the benefits of Pension plans

The respondents were asked to rate their level of awareness on the benefits of pensions plans through seven statements on a 5-point liker scale, 1 being the lowest level and 5 being the highest level of awareness. The mean level of awareness of employees on these statements are tabulated below according to their Rank in Table 4.2.2.

Table 4.2.2 : Level of Awareness on the benefits of Pension plans

Statement	N	Min.	Max.	Mean	S.D.	Rank
Availability of the modes of pension- mly,qly,hly,yly	284	1	5	3.208	1.514	1
Details of maturity of policy	284	1	5	2.975	1.479	2
Change of nomination	284	1	5	2.856	1.583	3
Tax benefits available in choosing pension plan	284	1	5	2.845	1.519	4
Lapse of policy	284	1	5	2.743	1.663	5
Grace Period of payment of premium	284	1	5	2.701	1.599	6
Surrender of policy before maturity	284	1	5	2.662	1.590	7

It can be seen from the above table that the employees have low level of awareness on various benefits of pension plans as the means of almost all the statements are well the neutral level of 3 and only the statement 'Availability of the modes of pension' has the mean value just above 3 (3.208). The employees have the least level of awareness on 'Surrender of policy before maturity' (2.662), followed by the benefit 'Grace period of payment of premium' (2.701). This illustrates that lot awareness programmes have to be conducted by the

pension/insurance companies among the private employees to create necessary awareness to invest in pension plans for their secured future, i.e. after-retirement life.

Level of Interest on Pension plans

The respondents were asked to rate their level of interest on investing in pensions plans through ten statements on a 5-point liker scale, 1 being the lowest level and 5 being the highest level of interest. The mean level of awareness of employees on these statements are tabulated below according to their Rank in Table 4.2.3.

Table 4.2.3 : Level of Interest on Pension plans

Statement	N	Min.	Max.	Mean	S.D.	Rank
I am ready to open pension policies if someone approaches me	284	1	5	4.011	1.190	1
I may be approached to brief about pension policies	284	1	5	3.812	1.190	2
I don't know how to open pension policies	284	1	5	3.789	1.173	3
I don't know the availability of pension policies	284	1	5	3.768	1.448	4
I want to have pension policies for secured future life	284	1	5	3.720	1.028	5
I will never default paying pension premium in spite of all commitments	284	1	5	3.651	1.039	6
I don't know to whom and where I should contact to open pension policies	284	1	5	3.645	1.258	7
Pension policies are the best choice for my secured after-retirement life	284	1	5	3.595	1.245	8
I will never withdraw any amount from my pension plans before maturity	284	1	5	3.458	1.098	9
I can recommend to my friends also to open pension policies	284	1	5	3.407	1.140	10

It can be observed from the above table that the employees have expressed a fair amount of interest to invest in pension plans; the statement 'I am ready to open pension policies if someone approaches' has the highest mean (4.011), followed by the statement 'I may be approached to brief about pension plans' (3.812), 'I do not know how to open pension policies' (3.789), 'I do not know the availability of pension plans' (3.768), 'I want to have pension policies for secured future life' (3.720), and so on. This illustrates that there is great amount of scope for making the employees to invest in pension plans if they are made to be aware of pension policies and properly approached by insurance companies.

Impact of demographic variables on the Awareness of pension plans

The grand mean of awareness on all the three factors, viz. Type of plans, Benefits of plans and Interest on pension plans

were analyzed to see whether demographic variable gender has any impact on the awareness of these factors and the results are displayed in the following Table 4.3.1.

Table 4.3.1 Impact of Gender on Awareness

Gender	Benefits	Types	Interest
Male	2.716	2.192	3.263
Female	3.125	2.900	3.009
F	5.739	21.980	13.747
Sig.	0.017	0.000	0.000

It can be observed there is a significant difference in the level of awareness of male and female respondents ($p < .05$) on each of the factors taken for study, i.e., Benefits of pension plans, Types of pension plants and Interest on pension plans. Also it can be noted that female employees have showed higher level of agreement on Benefits and Types than the male employees whereas male employees have shown more interest in pension plans than the female employees.

Table 4.3.2 Impact of Age on Awareness

Age	Benefits	Types	Interest
Upto 25 years	2.235	2.031	3.321
25-35 years	2.545	2.176	3.184
36-45 years	3.025	2.600	3.142
45-55 years	3.143	2.667	3.175
Above 55 years	2.838	2.095	3.319
F	2.748	2.480	.607
Sig.	0.029	0.044	0.658

It can be observed there is a significant difference ($p < .05$) in the level of awareness of employees in different age groups on the factors Benefits and Types of pension plans, whereas there is no significant difference ($p > .05$) in the awareness of employees in different age groups as far as their interest in pension plan is considered. male and female respondents ($p < .05$). The employees in the age group of 45 to 55 years have shown more level of awareness on Benefits and Types of pension plans.

Table 4.3.3 Impact of Qualification on Awareness

Qualification	Benefits	Types	Interest
Upto HSc	3.651	2.857	3.100
UG Degree	2.573	2.013	3.187
PG Degree	2.976	2.519	3.190
Professional	2.897	2.801	3.144
F	2.621	5.902	0.157
Sig.	0.051	0.001	0.925

It can be observed there is a significant difference ($p < .05$) in the level of awareness of employees with different qualifications on the factor Types of pension plans, whereas there is no significant difference ($p > .05$) in the

awareness of employees in different qualification groups with respect to the factors Benefits and Interest on plans. The employees with HSc qualification are well aware of the benefits of pension plans than others.

Table 4.3.4 Impact of Marital status on Awareness

Marital status	Benefits	Types	Interest
Married	2.879	2.457	3.121
Unmarried	2.763	2.334	3.402
F	0.317	0.418	11.746
Sig.	0.574	0.519	0.001

It can be observed there is a significant difference ($p < .05$) in the level of awareness of married and unmarried employees with regard to their interest on pension plans, whereas there is no significant difference ($p > .05$) in the awareness of married and unmarried employees on the factors Benefits and Types of plans. The unmarried employees have shown more interest towards investing in pension plans.

Table 4.3.5 Impact of Family Income on Awareness

Family Income (Rs.)	Benefits	Types	Interest
upto 20,000	3.077	2.615	3.262
20,000 to 30,000	3.045	2.391	3.226
30,000 to 40,000	1.823	1.739	3.236
40,000 to 50,000	2.521	2.294	3.211
Above 50,000	2.997	2.535	3.155
F	5.363	2.771	0.280
Sig.	0.000	0.028	0.891

It can be observed there is a significant difference ($p < .05$) in the level of awareness of employees with different levels of income with regard to the factors Benefits and Type of plans, whereas there is no significant difference ($p > .05$) in the awareness of employees on the factor Interest on pension plans. The employees with family income below Rs.20000 per month have more level of awareness than the other employees.

Table 4.3.6 Impact of Type of Family on Awareness

Type of family	Benefits	Types	Interest
Joint	2.864	2.605	3.180
Nuclear	2.851	2.331	3.174
F	0.006	3.204	0.007
Sig.	0.938	0.075	0.932

It can be observed there is no significant difference ($p > .05$) in the awareness of employees on the each of factor Benefits, Type of plans and Interest on pension plans. This implies that the level of awareness is not affected by the type of family in which the employees are living.

Conclusion

The main aim of the study was to examine the level of awareness of employees working in private sector companies in Salem and Erode area on Pension/group Insurance plans. Out of 284 valid responses received, it was found that in principle, there is no desired level of awareness among the employees on various types of pension plans, benefits of

pension plans even though they have certain amount of interest to know about pension plans and to invest in pension plans when they are made aware of and properly approached. Hence the study concludes that a widespread awareness programmes have to be conducted by the pension/insurance companies throughout the state to make the people know more about pension schemes and tap a considerable market available for pension/insurance market and provide the people with a secured retired-life.

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SOCIO-ECONOMIC ASPECTS AS A POTENTIAL MODERATOR ON THE RELATIONSHIP BETWEEN WORKPLACE SPIRITUALITY AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR - AN EMPIRICAL STUDY

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164523

ABSTRACT

Spirituality is the unique inner search for optimum personal advancement through involvement into inspirational secrecy. Open expression of spirituality at workplace enables employees to experience a feeling of completeness at work. Spirituality is our internal realization and way of self enlightenment. It is a specific form of job sentiment that stimulates action. It may emphatically contribute more in the formation of more strong position for Organizational Citizenship Behaviors to make a way into in a workplace. Each facet of Workplace Spirituality has a positive link with organizational citizenship behaviors, (OCB). This paper tries to identify the sagacity of Spirituality and its impact on the employees in private engineering colleges in Bhubaneswar by using a self administered questionnaire.

This research intended to find the association between workplace spirituality and OCB by using simple regression analysis. The present study also investigated the moderating effect of socio-economic factors on the relationship between workplace spirituality and OCB by using hierarchical multiple regression analysis. The study found a positive relationship between workplace spirituality and OCB. It has been also

found that the select socio-economic factors have a significant moderating effect on the relationship between workplace spirituality and OCB.

Keywords: *Workplace spirituality, organizational citizenship behaviors, Hierarchical Multiple Regression Analysis.*

INTRODUCTION

The notion of spirituality heightens its growing importance and many scholars have pointed out its importance. Spirituality does not mean religious principles. It could be beliefs, value systems, or meaning of the life of an individual. Kellehear, & Gawain revealed that “in the modern society people are lost and a feeling of insecurity exists among them because of lack of an inner spiritual strength.” Spirituality is the actualization of individuality; it translates superficial life and develops awareness in the people, individual faith and value systems. Isen & Baron and Shaw found that Individuals who are in an authentic spiritual disposition demonstrate high-degree of achievement on their respective job. Spirituality in place of work has a firm impact on employee’s vigor and involves an employee in auxiliary-job related behavior which may be known as OCB. Employees committed in OCB go very far away from fixed task duties and strive to give their best to accomplish organizational objectives. OCB may result in several constructive outcomes for the organizations like enhanced prosperity,

competence, and augmented output.

In today’s business condition manifested by awful competition, a vigorous and strong commitment from employees is a demanding factor that can greatly assist an organization to compete efficaciously with its competitors and to acquire superior performance in the market. OCB is among one of the several factors that persuade employees to make positive contributions towards the organization. Ozer Podsakoff “OCB as an idea has been considered comprehensively in research”. Studies have found that OCB has a positive link to a range of organizational effectiveness and outcomes.

Taking into the manifestation of the benefits that OCB could contribute to the success of an organization; this study recommends some workplace situation that can support OCB of employees. Precisely, the percussion of workplace spirituality on OCB of employees of Engineering Institute is the objective of this research. In the literature, several scholars have written about the benefaction of workplace spirituality on employees individual outcomes. The teachers who are

capacitated to take part in the decision-making of the Institute affect the learning environment. The empowered work environment assists in improving the leadership and professionalism among teachers.

“Teachers are more devoted towards their work when they perceive their work as significant” Henkin, Dee, & Duemer. “The work environment where management provides superior work-life policies gives momentum to the education offered in the institutes. So that the institute can become a better learning institute” Yong. A sound academic system of a nation is treated as the backbone of that nation and academicians are the essential premise of that academic system.

“The latent and brilliance of the academicians determines the success of an academic system” Yeshodhara & Joolideh. Research has shown that the committed teachers give their strong contribution to their institutions and they also show a high level of performance for their institutes.

The present study will facilitate future investigators in understanding the effect of Workplace Spirituality and job satisfaction on OCB particularly in the framework of academic and non-academic employees. The present study will also demonstrate the importance of OCB in escalating the efficacy of the educational institutes and the influence of workplace spirituality on OCB of faculties. The current study will

appraise the magnitude of OCB of teaching and non-teaching staff in the success of educational institutes.

The underlying principle for the present study lies in the fact that all employees of an academic institution with different background have a spiritual expedition. The purpose is to discover how employees from diverse institutional settings perceive spirituality in their work.

Literature Review Workplace Spirituality

People give their wholehearted contribution to their work. When employees give endless efforts to their work they will obviously seek to find significance and aspiration, a type of accomplishment that means at the place of work employees can find intrinsic pleasure. Spirituality makes satisfaction of individual requirements especially a sense of satisfaction. Spirituality in relation to the workplace can be apprehended as “the positive reception that workers have an internal life that is cherished and sustained by significant work that takes place in the framework of society” Ashmos & Duchon.

Ashmos and Duchon, “There are three divergent magnitudes of workplace spirituality: a sense of society, purposeful work internal life. They found that the first dimension related to connection the employee has with other human beings in the workplace, the second dimension deals with conducting activities at work that gives

meaning to the person's life, and the third dimension is concerned with the understanding of one's inner power and its use in the wellbeing of workplace". Workplace spirituality contributes positively to individual outcomes of employees. Kolodinsky noted that this contribution can be understood as a person- organization fit. It may be termed as "judgments in relation to a similarity between an employee's personal value system and the culture of an organization" Cable & DuRue.

Kolodinsky (twentieth century) found that when a constant relation exists between the employee's values and the organization's values, a positive relationship with individual outcomes will be seen. For instance, Milliman reported that "the magnitude of spirituality at the workplace is not only positively allied with an employee's organizational dedication but also negatively linked to the intention to quit." In addition, Robert stated that it is a positive and close association between workplace spirituality and job satisfaction.

Giacolone & Jurkiewics found that "spirituality means the various aspects of the workplace, either in the individual, the group, or the organization, that augment feelings of satisfaction. To elaborate, that process of work that facilitates a sense of being connected to a nonphysical force that provides feelings of completeness and joy".

Ashar & Lane-Maher "spirituality is an embedded and wide search for sublime meaning in an individual's life". They submitted that workplace spirituality incorporate some universal behavioral mechanism and also some kind of devotion to do meaningful work which may serve the society at large".

According to Neal, "workplace spirituality is about employees watching their job as a divine pathway, which serves as a scope to develop individually and to devote something to humanity in a purposeful manner. It may be treated as a learning process to become more cautious and sympathetic towards the co-worker, along with superiors and subordinates. It is about sincerity, reliability, being truthful.

Workplace Spirituality means an individual's aspiration to live his values in the workplace. Or it may also be referred to as the way by which an organizations transforms themselves to maintain the spiritual growth of its workers". Kale and Shrivastava, narrated that workplace spirituality is not associated with religious custom or communication with God and it also not a religious ceremony.

The study is supported by the viewpoint of Mitroff and Denton, who argued that subsistence workplace spirituality was not associated with a particular religion, though religion could be a fine opportunity for introducing spirituality.

Table 1: Demographic Profile of Sample of academic and non-Academic employees (N=280)

Particulars	Frequency	Percentage	Cumulative Percentage
Gender			
Male	136	48.6	48.6
Female	144	51.4	100.0
Total	280	100.0	
Nature of Job			
Teaching	120	42.9	42.9
Non-teaching	160	57.1	100.0
Total	280	100.0	
Marital status			
Married	88	31.4	31.4
Un-Married	192	68.6	100.0
Total	280	100.0	
Age			
25-30	212	75.7	75.7
31-40	52	18.6	94.3
41-50	16	5.7	100
Total	280	100.0	
Experience			
Up to 5 years	152	54.3	54.3
5 to 10 years	84	30.0	84.3
10 to 15 years	28	10.0	94.3
More than 15 years	16	5.7	100.0
Total	280	100.0	
Educational Qualification			
Matriculation	4	1.4	1.4
Intermediate	12	4.3	5.7
Graduation	28	10.0	15.7
Masters	228	81.4	97.1
PhD	8	2.9	100.0
Total	280	100.0	
Total	280	100.0	

Table 2 : Pearson Correlation Analysis – Spirituality and OCB

Pearson Correlation	OCB	Spirituality
OCB	1.000	0.741**
Spirituality	0.741**	1.000
N	280	

***. Correlation is significant at the 0.01 level.*

Ten dimensions of workplace spirituality

Sl	Dimensions	Definitions
1.	Generativity	Continuous focal point, showing an apprehension for the results of one's actions into future.
2.	Integrity	Obedience to rules and regulations, implementing unforced authority.
3.	Mutuality	All employees are unified and jointly dependent; each devotes to the final output by working together.
4.	Accountability	Independently works to goal attainment irrespective of difficulty.
5	Justice	Equal treatment with all employees; unbiased, honest; rewards and punishments
6.	Respect	Consider each employee with respect.
7.	Faith	Able to depend on the disposition and truth of the organization.
8.	Receptiveness	Flexible orientation toward risk-taking, and rewards
9.	Kindness	Orientation to benevolence to develop the happiness of workers
10.	Humanism	Practices that focus on the self-respect and worth of employee

Organizational Citizenship Behavior (OCB)

According to Graham, Organ & Ryan, "OCB can be understood as the worker behaviors which support to endorse the efficient functions of the organization, and these behaviors are not overtly stimulated by the ceremonial reward structure of the organization. Theoretically, the concept of OCB is developed on the ground of the concept of social exchange theory provided by Blau. According to Lavelle, social exchange relationship can be narrated as "unfair, relationship-oriented arrangements between employers and workers symbolized by a replacement of social and psychological profit." OCB involves a combination of behaviors, such as taking and accommodating extra duty, loyalty to system and rules regulations of an organisation, maintaining a positive attitude, and avoidance of work-related dissatisfaction.

OCB is a set of responsible behaviors that are not exclusively incorporated in the job descriptions, but indirectly boost the wellbeing of business. "OCB reflects the themselves to the organization beyond their in-role duty" Moorman & Harland. Organ, specified OCB as "personal behavior that is optional, not documented by the ceremonial reward system, and that promotes the effective performance of an enterprise". To get accomplishment in today's cutthroat competitive world, OCB supports enterprises to achieve newness and more productive measures to achieve success. Organizations cannot gain an aggressive advantage just by giving products or services. Preservation of competent human resource definitely plays a crucial function in this regard. That's why many organizations are putting greater interest to worker motivation and their wholehearted commitment of to achieve organizational efficiency.

Five Dimensions of OCB

Sl	Dimensions	Definitions
1..	Conscientiousness	An example of doing fine with the bare minimum required of job requirements.
2.	Sportsmanship	Readinesses to abide by the unavoidable inconveniences, without any complaint.
3.	Courtesy	The discretionary performance of purposeful behaviors that avoid job-related troubles for others.
4.	Civic virtue	Participation in the events of the organization.
5.	Altruism	Voluntary actions that may facilitate coworkers in solving job- related problems.

Workplace Spirituality and OCB

The first element of workplace spirituality, sense of community, could be considered as an important factor that prompts employees to perform OCB. The sense of community is about working in a place where employees can have an impression that there is a strong relationship among the coworkers Ashmos & Duchon.

As stated by Schwartz & Bilsky, Workers having a greater sense of community are more likely to exhibit prosocial behavior, which is the willingness to help, protect, or promote the welfare of others. Therefore, this prosocial behavior that employees have in their workplace can motivate them to make discretionary contributions to help their coworker and the organization beyond their regular responsibilities. Bartholomew & Manion, pointed when in a place of work sense of society exists; individuals will be characterized by a confined obligation of

the members, the capacity to outline consent, a sense of adherence a contemplative personality, and a sense of safety.

According to them, these characteristics will help create the environment of mutual trust that encourages employees to devote themselves to help other employees and the organization. According to Pandey & Gupta, "Academics of Management had never been completely sightless to the spiritual aspects of job".

Donde and Dennis, advocated that workplace spirituality is a very effective approach which is required to stimulate employee's inner strength in organization functions. Long and Mills in indicated that spirituality in the workplace is essentially necessary for the effective functioning of the organizations and also for those employees who work for them to advance in their career.

Researches in this area of study conserve that organizations which are rated with high spiritual values performs better than those organizations that don't give importance to workplace spirituality. On the criterion of intensification, competence and other related benefits. Workplace Spirituality does not hold a conviction or faith in a divinity. When someone approaches his or her work with a sense of importance and rationale that alter the instrumentalities of work, one becomes capable of expressing his spirituality through his or her work.

Though the interrelationship between workplace spirituality and OCB has been studied previously Kazemipour, Tepper, the literature is incomplete. Tepper developed a model which shows that spirituality has indirect effects on OCB through three psychological states: indebtedness, sensitivity to the needs, and tolerance for inequality. However, Tepper focused mainly on how individual spirituality is related to OCB.

However, the present article describes an empirical study targeting on workplace spirituality as an important component of the organizational culture. More specifically, we recommend that inner life, sense of association, and purposeful work are aspects presented in the organizational culture and may have an impact on OCB. Therefore, this research paper tries to contribute to the research in workplace spirituality by providing some practical support that would strengthen its importance.

Although the research in the area of spirituality and OCB has amplified outstandingly in the last few years, little effort has given on the comparative study of OCB of the academic and non-academic workforce of education institutes.

This study will help the other researchers in analyzing the effect of different types of spiritual behaviours depicted by these two divergent groups of employees in an educational institute. It will also represent the importance of OCB in increasing the efficiency of the educational organization and will determine the factors that create OCB of employees of an Academic institution.

Difference between Academic and Non-Academic Employees:

In an education system, there are several types of persons involved. They facilitate in imparting education and learning to the students. Such workforce may include both academic and non-academic employees of the institute.

In this perspective, we have frequently heard the word 'faculty' and 'staff' in our day to day life. Faculty refers to the academic workforce staff of the institution, whereas a staff simply means the administrative workforce of the institute. In this article excerpt, we are going to throw light on the difference between the workplace spirituality and OCB of the academic and non-academic workforce of an educational institute.

Academic workforce or Faculty:

By the academic workforce or faculty, we mean a body of educators, i.e. professors, or teachers, whose aim is to impart knowledge to the learners at the school, college or university. In simple terms, an Academician means the intellectual asset of an educational institute. The academic employees are hired with a purpose of providing education to the students.

Non-Academic workforce

When we talk about an educational

institution, the non-academic workforce consists of employees of various levels –

- Top-level staff such as administrators, dean, director, president, etc.
- Middle-level employees include those workers of an institute who carry out in-office tasks and provide support functions like a counselor, cashier, office assistants and so on. They are mainly responsible for admissions, security, and paperwork.
- Low-level staff includes watchman, servants, gardeners, guards, cleaners, etc

Comparison Chart of Academic and Non-Academic workforce

Basis For Comparison	Academic	Non-Academic
Meaning	A group of academicians who impart education to the students.	They constitute the non-Academic workforce.
Implies	Academic group of the institute.	Employees of any organization.
Working hours	Regular	Regular
What do they do?	They perform a teaching function.	They perform administrative and support functions.
It may include	Professors, lecturers, researchers, teachers, etc.	Secretaries, assistant, dean, president, registrar, clerk etc.
Educational Requirement	As per the standards set by the institution.	Depends on the designation.

Significance of the study

The present study is being conducted in the times when private universities are moving a step ahead in the form of the highly technological labs and improved infrastructure and posing a challenge for the universities for maintaining their status and rankings as the leading universities. Higher Education Commission has developed a criterion for ranking universities in different domains.

Employees are one of the significant factors among them and their profiles are playing a substantial role in ranking. Therefore the major challenge for the public and private universities are to retain their competent workforce and to provide them an environment that induces them so that they not only stay trustworthy but do something extra beyond their duty for their university. Hence psychological and behavioural dimensions of employees of higher learning

institutions are important to study so that their implications can be anticipated in the long run. This study also indirectly explores the satisfaction and motivation level of the employees by the examination of their voluntary behaviour and their willingness to participate informally in the organisation.

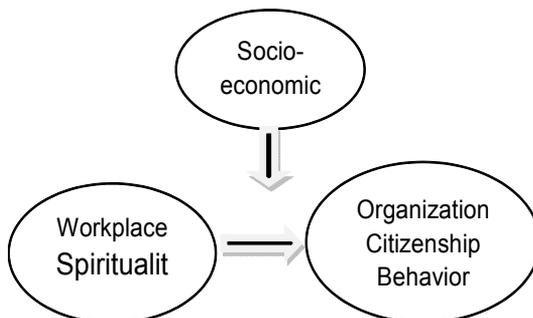
Objective of the study:

Following objectives give the impetus to conduct the present study

- To evaluate the perception of academic and non-academic employees on different dimensions of Spirituality and OCB.
- To determine the impact of Workplace Spirituality on OCB of academic and non-academic employees.
- To identify the moderating effect of age, gender and nature of job on the relationship between workplace spirituality and OCB.

The Model of association between Workplace Spirituality, socio-economic factors and OCB:

As per the objectives, the following model and hypotheses are proposed. The model will try to establish an alliance between workplace Spirituality, socio-economic factors and OCB.



Research Hypotheses

H₁: Spirituality contributes significantly to OCB and has a constructive implication on OCB.

H₂: Age moderates the relationship between Workplace Spirituality and OCB.

H₃: Gender moderates the relationship between Workplace Spirituality and OCB.

H₄: Nature of job moderates the relationship between Workplace Spirituality and OCB.

Research variables are:

1. Independent Variable:

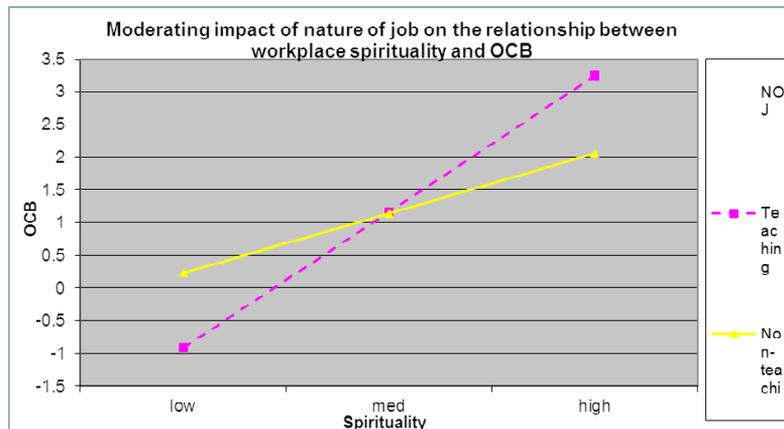
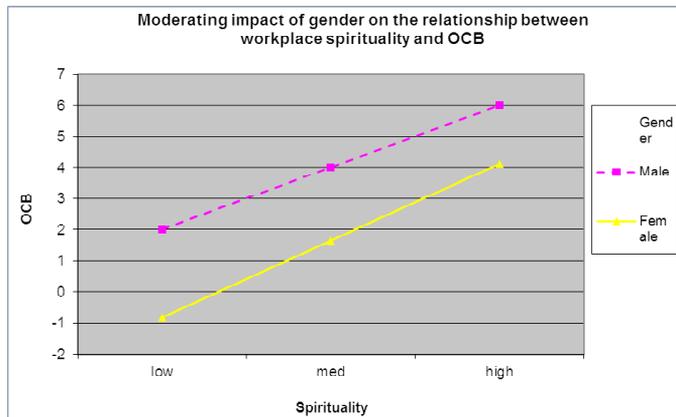
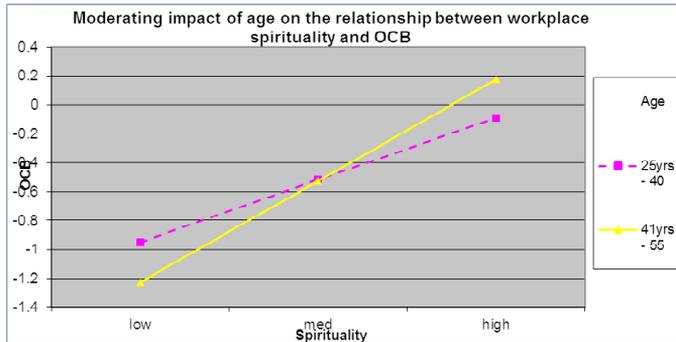
In the present study workplace spirituality, age, gender and nature of job are taken as independent variables. Workplace spirituality is the foundation of principles and value system in the culture of an organization to facilitate employees' to experience elevation from their job and facilitate a feeling of community with other employees. Age, gender and nature of job are the socio-economic factors.

2. Dependent variable:

OCB is taken as the dependent variable for the current study. OCB refers to the kind of behavior is not acknowledged and valued directly by ceremonial reward system of an organization but it elevates effective functioning of the organization. It refers to the act that employees perform, impulsively and of their own accord, which is not in their specified contractual obligations. In other words, it is optional.

Table 3 : Simple Regression Analysis – Spirituality and OCB

Description	R ²	Value of adjusted R ²	Value of beta	Value of C	Sig.
Dependent Variable: OCB Independent Variable: Spirituality	.549	.542	.736	17.937	.000



Research Methodology

This section describes the samples, measures, and estimating technique used in the study.

Samples

The current study is based on primary data collected from 280 teaching and non-teaching employees working in various B.Tech institutes in Bhubaneswar city. For the current study, a simple random sampling technique is chosen for data collection. An analytical questionnaire based on Likert's five-point rating scale was administered among the 280 respondents. The authenticity of the research tool was investigated by Cronbach's Alpha.

Data Analysis

Table 1 represents the demographic characteristics of the respondents. From the present study of 280 employees who are surveyed, it is found that in Age majority of the respondents belongs to 25-30 of age (75.7percent) and rest are between 31 to 50 years of age (24.3percent). Concerning marital status majority of respondents are unmarried (68.6 percent) followed by married employees (31.4). As for years of work experience is concerned the majority of respondents have less than 5 years of experience (54.3 percent), followed by employees having experience of 5-10 years in their job. Only (10 percent) of employees have 10-15 years of experience. Concerning educational qualification (81.4 percent) of employees

have a masters degree, (2.9 percent) have Doctoral, (10 percent) of employees have Bachelors Degree and (43 percent) of employees have a degree of Intermediate. It is also found that majority of employees of the institute are female (51.4 percent) followed by their male counterparts who are (48.6 percent) of the total population. The majority of the population belongs to Non-teaching employees (57.1 percent) whereas the total number of teaching staff is (42.9 percent).

Measures

The present study employed the measurement tool of workplace spirituality developed by Ashmos and Duchon in the twentieth century. This measure comprises three subscales corresponding to the three workplace spirituality dimensions: a sense of community, meaningful work, and inner life. The subscales have a 5-point Likert-type scale (1 = strongly disagree, 5 = strongly agree).

In order to measure OCB, the authors utilized the measurement tool developed by Williams and Anderson in nineteenth century. The various dimensions of OCB were measured on a 5-point Likert-type scale (1 = strongly disagree, 5 = strongly agree). Items for OCBI are "I help my co-workers when they have been absent" Examples of the items for OCBO are "I defend my company when other workers try to employees criticize it".

Construct Reliability Test

Construct reliability test is conducted to ensure that a scale consistently yielded the

same response (Nunnally, nineteenth century). Construct reliability is determined by Cronbach's alpha (α). A minimum recommended value for Cronbach's alpha coefficient is .7 (Chin, nineteenth century; Fornell & Larcker, (nineteenth century). Based on responses from those in the sample, the Cronbach's alpha value of spirituality is found to be **.851** which is above the minimum acceptable standard. Further, the Cronbach's alpha value of the responses on OCB scale developed by Williams and Anderson is determined as **0.839**, which is also above the minimum acceptable standard.

Regression Analysis

Regression analysis is frequently adopted and used tool, when two variables are said to be scientifically connected by a linear relationship. In present study, we have taken two variables; one is an independent variable (workplace spirituality) which is rooted in the cause of another behavior, which may be defined as a dependent variable (OCB). Regression analysis can elucidate that exists in actuality i.e., there must be a physical approach in which the independent variable (workplace spirituality) be able to influence a dependent variable (OCB). In the present study, researchers have used simple regression analysis to depict the relationship among Workplace Spirituality and OCB. The impact of workplace spirituality and OCB may be different for different age groups, male and female as well as for teaching and non-teaching employees. To identify this relationship a

hierarchical multiple regression analysis is used in the present study. This tool is used when the independent variables are entered into regression in steps. In the present study, the researchers try to examine the moderating effect of age, gender and nature of job on the relationship between Workplace Spirituality and OCB.

Correlation Coefficient and Regression Analysis between Spirituality and OCB Results:

The hypothesis H_1 states that Spirituality contributes significantly to OCB and has a constructive implication on OCB. To understand the correlation between workplace spirituality and OCB. Pearson's Correlation analysis in Table 2 depicted the correlation between Spirituality and OCB, $R = 0.741$. It represents a highly positive correlation between the two variables. The current model shows a strong and positive correlation between the independent and dependent variable.

A simple regression analysis is applied to find the impact of workplace spirituality on OCB. Table 3 shows that Spirituality regressed to OCB with a beta value of .736 and a constant value of 17.937. The analysis shows that for every unit increase in Spirituality of individuals there will be approximately .736 units increase in individuals OCB. Similarly, for every unit decrease in Spirituality, there will be approximately two units decrease in OCB of employees. The coefficient of determination, $R^2 = 0.549$ explains 54.9%

variability in OCB by Spirituality. The model is statistically significant as $p=0.000$. Hence, the null hypothesis is rejected and the present study has established a highly significant and positive interrelationship among these two types of variables i.e. Spirituality and OCB of academic and non-academic employees of an engineering college.

Hierarchical Multiple Regression Analysis Results:

H₂: Age moderates the relationship between Workplace Spirituality and OCB.

To test the relationship between Workplace Spirituality and OCB among the two age groups (25yrs – 40 yrs, 41 yrs -55 yrs), a hierarchical regression is executed. At the first step, two independent variables Workplace Spirituality and age are selected. These variables accounted for a significant degree of variance in OCB, $R^2 = 0.549$, F Value = 40.813, $p = 0.000$.

In the next step, the interaction term between Workplace Spirituality and age was added to the regression model and it was found that “ $R^2 = 0.001$ and the model is statistically significant at $P=0.000$.”

Test of the interaction plot in figure 1 shows that when there is an increase in Workplace Spirituality, the level of OCB for both the age groups also increases, but the rate of increase in OCB among the employees coming under the age group of 41yrs – 55 yrs is more than the employees

coming under the age group of 25yrs to 40yrs. Thus the null hypothesis is rejected and the present study exhibited that there is a moderating effect of age on the relationship between workplace spirituality and OCB.

H₃: Gender moderates the relationship between Workplace Spirituality and OCB.

To examine whether the relationship between Workplace Spirituality and OCB for male and female is same or not, a hierarchical regression analysis is conducted. In the first step, gender and Workplace Spirituality are entered into the model. These variables accounted for a significant amount of variance in OCB, $R^2 = 0.554$, F Value = 41.590, $P = 0.000$. In the second step, the interaction term between gender and Workplace Spirituality were added to the regression model, which accounted for a significant proportion of the variance in OCB, “ $R^2 = 0.027$, F Value = 30.567, $P = 0.000$.”

Test of the interaction plot in figure 2 shows that when Workplace Spirituality increases, the level of OCB of both the male and female employees also increases, but the proportionate increase in Workplace Spirituality is more among female employees than the male employees. Hence, the null hypothesis is rejected and the present study exhibited that there is a moderating effect of gender on the relationship between workplace spirituality and OCB.

H₄: Nature of job moderates the relationship between Workplace Spirituality and OCB.

In order to examine the relationship between Workplace Spirituality and OCB for both academic and non-academic employees is same or not, a hierarchical regression analysis is conducted. In the first step, Nature-of job and Workplace Spirituality are entered into the model. These variables accounted for a significant amount in variance OCB, $R^2 = 0.008$. F Value= 29.216, P= 0.000. In the second step, the interaction between workplace spirituality and OCB was added to the regression model which accounted for a significant proportion of variation in OCB, " $R^2=0.008$, F Value=29.216, p=0.000.

Test of the interaction plot in figure 3 depicts that when Workplace Spirituality increases, the level of OCB also increases among all the employees, but there is remarkable increase in the level of increase in OCB of academic employees in comparison to non-academic employees with increase in Spirituality. Thus, the null hypothesis is rejected and the present study exhibited that there is a moderating effect of nature of job on the relationship between workplace spirituality and OCB.

Discussion and Conclusion

This study contemplated an augmentation of the workplace spirituality dimensions to OCB. The outcome of the Regression analysis revealed a significant contact of workplace spirituality on OCB. Specifically, the researchers found that

every dimension of workplace spirituality is closely and positively associated with both OCB. Overall, these results supported the prior predictions about the linkages.

The results of this study offer an extra contribution to the existing literature. First, the findings provide an extra vision about a workplace condition that can improve employee OCB. Discovering new antecedents of employee OCB is important since it helps researchers identify major factors that can incite this positive behavior. Previous studies on the determinants of OCB focus on factors like dispositional traits, Job characteristics, and workplace environment Konovsky & Organ (1996), Lavelle (2009), Restubog (2008). In the present study, workplace spirituality has proved to be an important work condition that encourages employees to make extra contributions to the organization beyond their predefined responsibilities. This study has confirmed that employees who can accommodate their spiritual self with their work community and organization are more likely to develop emotional adornment to their workplace, thereby motivating them to express OCB to both their organization. Furthermore, since workplace spirituality is a new concept that still needs more empirical support, this study makes a contribution to research in this area.

The current study has shown a very close association between spirituality (independent variable) and OCB (dependent variable) in case of both the

categories of employees. The results of Hierarchical regression show that with an increase in age, there is a spurt increase in the spirituality of employees and the resulted OCB. The model of moderation depicted that male employees are found to be more spiritual than the female employees and lastly the results of model of moderation exhibited that teaching employees are exhibiting a stronger spiritual behaviour than their non-teaching counterparts. So, we can say that demographic variables of employees play a very pivotal role in shaping the spirituality of employees as well as the OCB, which is said to be closely linked with the later.

The results of this research can provide guidance for those institutes that would like to create or boost employees' commitment to their firm. Since OCB is considered a pivotal behavior that devotes significantly to higher organizational performance (Podsakoff et al, 2009), the capacity of any educational institute to promote OCB can provide ample benefit to their performance. As a result, the study suggests that the origination or improvement of workplace spirituality within the institute can be one solution to actualize this objective.

To conclude, we can state that, the present study proposes that spirituality can be one of the important factors which promote OCB in educational institutes. Empirical results also support the positive contact between workplace spirituality and OCB. In general, the results highlight the

importance of organizational leaders in constituting a work climate that elevates employee spirituality at work to encourage both types of employees in engineering institute to perform OCB.

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PRADHAN MANTRI MUDRA YOJNA: A CRITICAL REVIEW

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DOI # 10.23862/kiit-parikalpana/2017/v13/i2/164524

ABSTRACT

Financial Inclusion is one of the most treasured strategies in India. Our monetary arrangement has dependably been driven by a basic plan of a practical and comprehensive development. The primary point behind the monetary consideration is to cover the all segment of population under monetary administrations. Government of India (GOI) has introduced some of the major steps to “fund the unfunded” micro enterprises segment. One of the initiatives taken by Government of India (GOI) is Pradhan Mantri Mudra Yojana (PMMY) which plays an important role in achieving the success of financial inclusion. The idea behind the scheme is to provide the credit requirement to small business upto 10 lakh. This research paper includes the overview of PMMY, performance analysis of the scheme based on state, caste and category, SWOT analysis of the scheme and some recommendations.

Keywords : *Financial inclusion, Mudra, Micro Credit,*

INTRODUCTION

Finance is one of the most important things to fight poverty and provide opportunities. Financial Inclusion is one of the most treasured strategies in India. Our monetary arrangement has dependably been driven by a basic plan of a practical and comprehensive development. The concept of financial inclusion was first introduced by the Governor of RBI Shri Y.V.Reddy

in 2005. Financial Inclusion means process of ensuring access to appropriate financial services to all the sections of society such as low income groups and weaker section at an affordable rate. Government of India (GOI) has been introduced a number of financial inclusion initiatives such as Pradhan Mantri Mudra Yojana (PMMY), Pradhan Mantri Jeewan Jyoti Beema Yojana (PMJJBY), Pradhan Mantri Jan

DhanYojana (PMJDY), Atal Pension Yojana (APY) and Pradhan Mantri Surakhsha Beema Yojana (PMSBY) etc. for the small business man, weaker section, low income groups and micro enterprises. PMMY was introduced by the Hon'ble Prime Minister Shri Narendra Modi on 8th April, 2015 along with the introduction of MUDRA bank. It is also known as the Mudra loan scheme. This scheme is available from all bank branches across the country.

REVIEW OF LITERATURE

Mol S.TP (2014) has clarified that there are some issues like money related Illiteracy, absence of mindfulness and client securing is high. Reserve Bank of India has started different activities to improved money related consideration. Information and communication technology offers the opportunities enhancement of financial inclusion.

Mehar L (2014) has showed that the financial inclusion in India has increased in the last few years with new innovations like mobile banking, ultra small branches etc, Roy, Anup Kumar (2016) has displayed that the small businesses are the foundation of economic development. A major number of initiatives have been taken in the past few years in the right direction.

Dr. J. Venkatesh and MS. R. Lavanya Kumari(2017) has showed that besides the schemes that are being introduced for the overall growth and development of the MSME sector, initiatives have been

launched which focus solely on entrepreneurs. The schemes will contribute to the well-being of the individuals engaged in small scale industries which will positively affect the progress of the whole economy.

Verma S. (2015) has explained that the design of MUDRA scheme will not only caters to the financial problems of MSMEs but also give moral support to a lot of young population to become an entrepreneur.

Rudrawar, M. A. A. & Uttarwar, V. R. (2016) has explained that PMMY can bring a desired transformation. If it will be applied properly at the bottom level, it may act as a game changing idea and boost the Indian economy. It should include less documentation and easily accessible. In coming few years, MUDRA will play a crucial role for the development of entrepreneurship, increase in GDP and development of employment.

R. Rupa (2017) has showed that the MUDRA scheme is very much successful in Tamil Nadu. It is found that the MFIs have contributed substantially to increase the number of accounts financed under the PMMY.

THE STUDY

In India the main problem that acts as a hurdle for the development of entrepreneurship is financing. Micro enterprises face many problems so it is very backward in their position. Other major problems faced by micro enterprises, small

business and entrepreneurs includes financial illiteracy, lack of information, lack of financial access, entry level policies, lack of infrastructure, high cost and technologies barriers. In budget speech 2015-2016, According to Finance Minister Shri Arun Jaitely, there are about 5.77 crore small business units and micro units, majorly sole proprietorship which are involved in small manufacturing, trading or service businesses. 62% are of them are held by the Scheduled Cast, Scheduled Tribe and Other Backward Class. For these weaker sections and low income groups, it is difficult to approach financial services and credits easily. The aforesaid review indicates the importance of micro unit sectors and its financial requirement about credit. Government of India (GOI) has introduced some major scheme to fund the unfunded micro enterprises segment known as Pradhan Mantri Mudra Yojana (PMMY). The data used is secondary and are obtained through journals, articles, research papers and reports available at official website of MUDRA scheme.

OBJECTIVES OF THE STUDY

- To get the overview of Pradhan Mantri Mudra Yojana (PMMY)
- To analyse the performance of the scheme and analyse the state wise list based on disbursement.

PRADHAN MANTRI MUDRA YOJANA (PMMY) SALIENT FEATURES

PMMY was announced by the Hon'ble

Prime Minister Shri Narendra Modi on 8th April, 2015 alongside the reporting of MUDRA bank. PMMY is another financial inclusion initiative of Government of India which aims not only on funding the unfunded but also aims to increase the funding gap to micro enterprises. It also helps the existing micro units to enhance their activities. GOI makes guidelines, rules and regulations related to PMMY, for all banks and MFIs. MUDRA is Non-banking finance institution for supporting the micro enterprises segment in the country. It provides support to the banks and all MFIs for micro enterprises having loan necessity up to 10 lakhs.

BENEFICIARIES OF SCHEME

Any Indian Citizen who has a wage producing plan from small scale business exercises in exchanging, assembling and preparing and whose advance prerequisite is under Rs.10 lakh can approach advances under PMMY. Loan rate is regulated by Reserve Bank of India (RBI) time to time. Non corporate Small Business Sector (NCSBS) occupied with benefit division, miniaturized scale fabricating units, natural products and vegetable distributing, support and repairing, handiworks and working nourishment administrations and so on are benefited under the plan.

MUDRA BANK

The Union Budget presented by the Hon'ble Finance Minister Shri Arun Jaitley, for F.Y. 2015-16, proclaimed the arrangement of Micro Units Development

and Refinance Agency or MUDRA Bank. It was enrolled as a Company in March 2015 according to Companies Act, 2013. MUDRA Bank is additionally a Non-Banking Finance Institution or NBFI with the Reserve Bank of India on 07th April 2015 with a target of “funding the unfunded”. MUDRA had propelled by the Hon’ble Prime Minister Shri Narendra Modi on 08th April 2015. MUDRA Bank is collaboration with banks, Micro Financial Institutions and other loaning foundations. MUDRA Bank is a noteworthy monetary incorporation activity in Indian economy. MUDRA has been fundamentally shaped as a completely claimed backup for Small Industries Development bank of India or SIDBI with 100% capital being committed by it. The approved capital of MUDRA is 1000 crores and paid up capital is 750 crore.

MAJOR PRODUCT OFFERINGS

MUDRA Bank has divided borrowers into three categories such as:

Shishu: shelters loans up to Rs 50,000/-

Kishor: shelters loans above Rs 50,000/- to up to Rs 5 lakh

Tarun: shelters loans above Rs 5 lakh to up to Rs 10 lakh

MUDRA: ROLE AND RESPONSIBILITIES

It will be in charge of creating, upgrading and renegotiating every single Micro-undertaking zone by supporting the Micro Finance Institutions which are occupied with the matter of providing loan to smaller

scale/private firms. MUDRA is framed to accomplish the objective of “funding the unfunded”. It deals with the web-based interface for checking the PMMY information. It takes different duties or exercises allowed to it. Notwithstanding of renegotiate, MUDRA will likewise give credit assurance to the qualified advances gave according to the plan of Pradhan Mantri Mudra Yojana.

FINANCIAL INCLUSION AND PMMY

Reserve Bank of India had set up a board under Shri Deepak Mohanty, Executive Director to look the medium term way on money related incorporation. The board of trustees shaped under the direction of Shri Deepak Mohanty examined issue with respect to credit and protection to the monetarily avoided gathering’s. Towards accomplishing full money related consideration crosswise over credit and protection Government of India had propelled Pradhan Mantri Mudra Yojana. There is a significant prerequisite for improving the monetary motor is MUDRA. Numerous business people of small scale undertakings have a place with the monetarily weaker area of society so that is the reason they can’t get to money related administrations. Subsidizing this unfunded area of the general public is the primary point behind the arrangement of Pradhan Mantri MUDRA Yojana (PMMY). It gives renegotiate and credit certification to the loan specialists who back further in such sort of exercises.

MUDRA awards advance such small scale ventures which occupied with exchanging, assembling and administration division for credit sum up to Rs. 10lakh. Miniaturized scale undertakings build up a noteworthy monetary segment in our country. It gives expansive work after horticulture in India. This financial part incorporates smaller scale units, private venture enroll in assembling, exchanging and other segment. Smaller scale Finance is a monetary advancement device whose goal is to give wage creating chances to the general population who are fiscally rejected. It covers an assortment of monetary administrations which incorporate, notwithstanding the arrangement of credit, numerous other credit in addition to administrations, money related proficiency and other social help administrations. The overdraft allowed of Rs.5000 under Pradhan Mantri Jan Dhan Yojana (PMJDY) is additionally regarded as a piece of MUDRA advances. Budgetary consideration through PMMY

expands the open doors for credit necessity and renegotiate.

DATA ANALYSIS

PROGRESS MADE UNDER PMMY

Government was set to disburse Rs 122188 crore loans to micro businesses under the MUDRA scheme; it has been accomplished by March 2016. For the money related year 2016-2017 government was set focus of 180000 crore. The accomplishments and advancement of PMMY is seen on a week after week premise through a PMMY gateway. Government focuses to sanction Rs 1.22 lakh crore advances to small scale organizations under the MUDRA by March 2016. It is plan of funding the unfunded. So far in the F.Y. 2015-2016, number of loan sanctioned under PMMY is 34880924 that include the sum authorized 137449.27 crores and sum dispensed 132954.73 crores. Initially the table.1 demonstrates the progress under PMMY.

Table.1 PMMY PROGRESS (Amounts in crores)

	FINANCIAL YEAR 2016- 2017	FINANCIAL YEAR 2015- 2016
No. of PMMY loan sanctioned	29953852	34880924
Amount Sanctioned	121034.61	137449.27
Amount Disbursed	116820.58	132954.73

Source: (<http://www.mudra.org.in/>)

STATEWISE PERFORMANCE

TABLE 2. SHOWING PERFORMANCE OF THE MUDRAScheme STATE WISE

*Amount in crores

	STATES	FINANCIAL YEAR : 2015-2016		FINANCIAL YEAR : 2016-2017		% CHANGE DISBURSEMENT
		NO. OF ACCOUNT	DISBURSEMENT AMOUNT	NO. OF ACCOUNT	DISBURSEMENT AMOUNT	
1	Andaman and Nicobar Islands	24719	212.78	3353	78.34	-0.63
2	Andhra Pradesh	795688	5790.79	587569	5731.8	-0.01
3	Arunachal Pradesh	4625	71.62	6109	78.67	0.10
4	Assam	427272	1728.46	1255754	4824.54	1.79
5	Bihar	2451439	7265.91	3756716	11585.63	0.59
6	Chandigarh	22605	204.52	19039	221.26	0.08
7	Chhattisgarh	639711	2156.14	884941	3209.86	0.49
8	Dadra and Nagar Haveli	1236	21.27	2587	22.61	0.06
9	Daman and Diu	1109	12.02	774	12.08	0.00
10	Delhi	394388	2857.97	224975	3700.51	0.29
11	Goa	45471	376.04	31289	372.78	-0.01
12	Gujarat	1086407	5910.02	1103453	7692.07	0.30
13	Haryana	745535	3152.62	716622	3697.59	0.17
14	Himachal Pradesh	85564	965.7	82851	1214.02	0.26
15	Jammu and Kashmir	57974	1152.15	89712	1663.51	0.44
16	Jharkhand	872868	2845.66	1023593	3908.99	0.37
17	Karnataka	4459609	16469.43	3933578	17290.7	0.05
18	Kerala	830411	4727.38	982260	6140.44	0.30
19	Lakshadweep	740	5.35	473	4.51	-0.16
20	Madhya Pradesh	2511191	7769.29	2683052	10191.91	0.31
21	Maharashtra	3535065	13372.42	3344154	16976.76	0.27
22	Manipur	24021	120.03	21865	142.47	0.19
23	Meghalaya	19151	162.41	23915	185.74	0.14
24	Mizoram	7772	77.78	6973	90.31	0.16
25	Nagaland	5134	76.54	11051	103.83	0.36
26	Odisha	2343261	5436.26	2606769	7600.68	0.40
27	Pondicherry	82866	331.91	130360	485.49	0.46
28	Punjab	653973	3484.49	705569	4512.28	0.29
29	Rajasthan	1159819	5248.28	1204837	8823.3	0.68
30	Sikkim	6889	54.61	19865	96.54	0.77
31	Tamil Nadu	4781567	15496.86	5309857	17756.39	0.15
32	Telangana	400761	3694.34	482694	3780.49	0.02
33	Tripura	68146	337.26	253807	968.55	1.87
34	Uttar Pradesh	3345382	11880.93	3337547	14753.59	0.24
35	Uttarakhand	360007	1745.08	286579	1913.88	0.10
36	West Bengal	2628548	7740.41	4566505	15480.03	1.00
	TOTAL	34880924	132954.73	39701047	175312.13	0.32

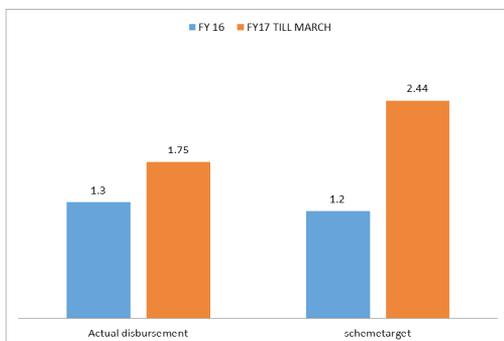
Source: (<http://www.mudra.org.in/>)

From the above, table it is observable that the growth rate in the union territories like Andaman and Nicobar Island and Lakshadweep is negative that is declined by 63% and 16% respectively. Also on

the other hand there is a slow growth of the scheme all around the country except two states Assam and Tripura, which shows a tremendous growth of 179% and 189% respectively. States like Rajasthan

and West Bengal that consist of a large population and still having the growth of 68% and 100% respectively. This shows that the scheme is having a great success in these states and people are aware of the scheme benefits.

Chart 1: Representing Difference In The Actual And Target Set For Disbursement.



The government's micro loan scheme, Pradhan Mantri Mudra Yojana, has

disbursed Rs1.75 trillion worth of loans so far in 2016-17, which shows a 32% growth from the previous year. In fiscal year 2016, the scheme was first implemented and the disbursements had exceeded the target specified by that year's budget. Beyond the success of FY 16, the government had set the target of Rs2.44 trillion for disbursements in 2017. But with just a week left for the year to end, disbursements are just 71.4% of the target. This reason is not enough to label the scheme unsuccessful. To be fair, we can say the government's target was lofty since it was over 80% higher than last year's actual disbursements.

The reason can be the effect of demonetization. Due to which the planning that the department was made was not that much successful as they expected.

CASTE WISE PERFORMANCE

TABLE 3. CASTE WISE PERFORMANCE

*Amount in crores

SR NO	CATE GORY	FINANCIAL YEAR : 2015-2016		FINANCIAL YEAR : 2016-2017		% CHANG E IN DISBUR SEMENT	%SHARE IN DISBURSE MENT IN 2015-16	%SHARE IN DISBURSE MENT IN 2016-17
		NO.OF A/CS	DISBURSE MENT AMOUNT	NO. OF A/CS	DISBURS EMENT AMOUNT			
1	General	16479425	83758.4	17200853	109032	0.30	63.0	62.2
2	SC	6114737	14691.8	7135624	18524.1	0.26	11.1	10.6
3	ST	1678346	4742.03	1792502	5105.55	0.08	3.6	2.9
4	OBC	10608416	29762.5	13572068	42650.2	0.43	22.4	24.3
	Total	34880924	132955	39701047	175312	0.24	100	100

Source: (<http://www.mudra.org.in/>)

The table shows that the general category peoples are utilizing the scheme at full pace also OBC category is utilizing it in a healthy pace. On the other hand SC and ST category are lacking behind on the total

actual amount but in terms of their size they are pretty good. Apart from the share in the disbursement, growth of the OBC category in terms of disbursement is more than that in general category which is a tremendous achievement.

CATEGORY WISE PERFORMANCE

TABLE 4. CATEGORY WISE PERFORMANCE

*Amount in crores

CATEGORY	Financial Year : 2015-2016		Financial Year : 2016-2017		% CHANGE IN DISBURSE MENT	%SHARE IN DISBURSE MENT IN 2015-16	%SHARE IN DISBURSE MENT IN 2016-17
	NO.OF A/Cs	DISBURS EMENT AMOUNT	NO.OF A/Cs	DISBURS EMENT AMOUNT			
Women Entrepreneurs	27628265	63190.4	29146894	78249.8	23.8	46.0	46.2
New Entrepreneurs	12474668	58908.1	9989470	69974	19	42.9	41.3
Minority	4088210	13560.3	5154551	19474.2	44	9.9	11.5
PMJDY OD Account	2417219	274.02	1423715	312.62	14	0.2	0.2
Mudra card	517456	1391.25	183924	1515.84	9	1.0	0.9
Total	47125818	137324	45898554	169526	23.4	100	100

Source: (<http://www.mudra.org.in/>)

- The data present in the table shows that the scheme is mostly favoured by the entrepreneurs. Infact women entrepreneurs are ahead in the disbursement share. Before this women used to face the difficulty of getting the loan for business as they are seen as less mature and less capable of doing a business. So this distrust over women leads to difficulty in getting the loan for them.
- There is a share of PMJDY ie. Jan Dhan Yojana in the MUDRA scheme also which is 0.2 percent.
- The growth in the minority sector is still not remarkable. Though the Percentage share has increased but they need to be focussed more.
- The scheme having the Interest rates which are nominal
- It is very easy to apply for loan.
- It also makes a credit guarantee to the one who has taken the loan. It means that the person will not only go into debts. The government will also have to bear the responsibility of the loan.
- There are certain agents hired under the committee who will guide on how to organize and process a business so that there are minimum risks of getting a negative result.

All the small business units and sectors will be placed under the surveillance, and a regular evaluation will be made based on their performance.

SWOT ANALYSIS STRENGTHS

- The scheme can give support and empower the needy people and small business

WEAKNESSES

- **There can be a potential of conflict of interest due to the nature of roles**

and responsibilities of MUDRA Bank.

- There can be the promotion of shadow banking.
- There can be multiple regulators for MFIs.
- There is unawareness about the scheme.

OPPORTUNITIES

- There can be more focus on job creation
- There can be an extension of the Scheme to personal sector other than farms and factories.
- There can be more collaboration with the MFIs.
- There can be more encouragement for women entrepreneurs and can be attached to the scheme.

THREATS

- There is a better solution to finance micro and small businesses.
- There are number of already existing refinancing agencies.
- There can be confusion due variable interest rates.

RECOMMENDATIONS

- Scheme can be extended to personal sector other than farms and factories. They can start a loan funding of less than Rs 50,000 so that the gap of 0-50k can be fulfilled.
- There should be more concentration on the minority sector.

- MUDRA card can be used more intensively in the future.
- Women entrepreneurs should be more encouraged to wipe out the difficulties faced by them.

CONCLUSION

The study concluded that PMMY is a great initiative taken by the GOI. Due to it, there is a big change in the area of micro finance. The scheme will help the weaker section, low income group and unfunded population and also will increase the competition. Financial inclusion through PMMY increases the opportunities for credit requirement and refinance.

The introduction of the national plan PMMY with other type of financial inclusion initiative, yield a valuable result. The PMMY conspire is certain to take our country forward to the future. MFIs contributed significantly for the financing women under PMMY.

It perceives that because of dispatch of this plan, monetary consideration has expanded towards positive heading. So it can be say that if it is implemented properly, it may work as a game changing financial inclusion initiative of Government of India and may boost the Indian economy.

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AN ENQUIRY INTO EFFECT OF CAPITAL STRUCTURE ON FIRM VALUE: A STUDY OF POWER SECTOR COMPANIES IN INDIA

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164525

ABSTRACT

This empirical study is an effort to the existing field of effect of capital structure decisions on firm value. The investigation is made on eleven power companies selected from the 'BSE Power' from Capitaline database for the period 2007-2015. The firm value is proxied by Tobin's Q and the Enterprise value to profit before interest, depreciation and taxes ratio. The leverage is measured using debt-equity ratio. Panel data regression model is employed for analysis which supports the view that there is a negative influence of financial leverage on firm value (measured using Tobin's Q). However, the other measure is not significantly impacted by the extent of debt in the capital structure.

Keywords - Capital structure, Firm value, Multi-collinearity, Levin-Lin-Chiu test, Panel data

1. Introduction

In the field of corporate finance, there are several issues that still seem like a mystery which are yet to be resolved. One such issue is that of capital structure and its impact on the firm. Due to this lack of consensus, researchers around the world have been dealing with it but have not been able to deliver concrete answers yet. Many theoretical discussions have taken place over the years with many theories in place like the Net Income Approach, Net Operating Income Approach, the Modigliani and Miller Hypothesis, the trade-off theory, Pecking Order theory and the Market timing theory.

The arena of capital structure came to light with the Modigliani and Miller theorem (1958) which points to the irrelevance theorem of capital structure in determining firm value. But, the consideration of a symmetric information, imperfect markets and taxes made Modigliani and Miller to rethink after which they proposed the relevance theory. Similarly, the trade-off theory proposed that since there are two aspects connected to capital structure viz. tax savings on interest payments versus increasing bankruptcy costs, it is likely to generate a situation of optimal capital structure as pointed by Kraus and Litzenberger (1973) and Scott (1976). It

therefore suggests that at a particular debt level, the firm value can be maximized which will be reflected in the stock price (Fama, 1978). In the same line, Brigham and Houston et al. (2004) recognized the importance of capital structure decision in improving company operations and performance. However, they add a word of caution mentioning that too much of debt might increase the chances of bankruptcy. Later, the Pecking order theory of Myers and Majluf (1984) proposed that organizational managers resort to financing following a hierarchical order, starting with own funds first and then resorting to external funds. However, the point is that no matter what the theories are, there is lack of agreement on the effect of capital composition on corporate performance. The relationship is found to be contingent upon the situation under which the theory is tested.

2. Literature review

It is known to us that financial management decisions hover around three decisions namely, financing decisions, investment decisions and dividend decisions. All these are extremely important in the context of any organization since they have / likely to have a long-term impact. Capital structure which the study deals with is the ratio between external funds and total capital (Riyanto, 1999). It is one of the key areas that aim to improve the efficiency and performance of a firm. Salvatore (2005) mentions that the main goal behind a firm tracking financial markets and going public to raise funds is to increase shareholder

welfare by maximizing the firm value. Firm value and shareholders wealth are closely related (Bringham and Gapensi, 2006). Hampton (1992) states that the prime objective of a firm is value maximization that is consistent with shareholders' wealth. One of the ways to achieve it is through capital structure decision (Marcus, 1983 and Ogbulu and Emeni, 2012). By a capital structure decision, we refer to the proportion of debt and equity in the total capital such that it minimizes the cost of capital (Agliardi and Kousisi, 2013, Kabir and and Nguyen, 2008 and Gersbach, 2013) and maximizes firm value. However, results relating capital structure and corporate performance differ across scholars. Solihah and Taswan (2002) demonstrate the positive but insignificant influence of leverage on firm value. However, the capital structure measure (measured by debt to equity ratio) finds a positive and significant effect on the price-to-book value ratio (Sujoko and Soebiantoro, 2007). Also, Andawasatya et al., (2017) points to the study of capital structure that acts as a mediator in the relationship between profitability and firm value.

There is controversy in literature due to lack of consensus with regard to the effect of these decisions on the valuation of firms. Since, this empirical study focuses on the issue of capital structure, the researcher highlights a few literatures that have looked into the effect of the decision on performance. This controversial topic has interested researchers across the world

with immense studies carried out in Asia, Europe, America and Africa. Some of the noteworthy European studies include the names of Gersbach (2013), Agliardi and Koussis (2013), Margaritis and Psillaki (2010), Kapopoulos and Lazaretou (2006), Bandt et al. (2006) and Iavorskyi (2013). The studies of Abor (2005), Oguna (2014), Anarfo (2015) and Dada and Ghazali (2016) are popular ones that studied the corporate environment in Africa. In the same light, some prominent names in the context of Asia include Chowdhury and Chowdhury (2010), Siddik et al. (2017), Singh and Bansal (2015) and Hasaudin et al. (2013). There are many other studies that unveiled the capital structure-performance relationship some of which include Ana et al. (2012), Oguna (2014), Memon et al. (2015) and Seetanah et al. (2014). The main controversy is the contradictory inferences drawn by researchers in different contexts and industry settings. Some of the studies that point to a positive effect of leverage on performance include Hadlock and James (2002), Mwangi (2010), Saaedi and Mahmoodi (2011) and Salim and Yadav (2012). Similarly, the study of Fadhilah (2011) recognizes a positive effect of capital structure leveraging on the price-to-equity ratio, a measure of firm's market value. In two recent studies, Akeem et al. (2014) and Hermuningsih (2013) also find a positive influence of leverage on firm value.

On the contrary, there are also empirical evidences to show the opposite

relationship between debt in the capital structure and corporate performance. The comparatively old studies include the likes of Wiwattanakantang (1999) study on Thai firms and Rajan and Zingales (1995) on G7 countries that recognize a negative relationship. Similarly, Abdul (2012), Mumtaz et al. (2013) and TPV and Phung (2013) note a similar relationship between the two variables. Ogbulu and Emeni (2012) supports the irrelevance theorem based on a Nigerian study. Furthermore, there are also evidences to prove a mixed effect of financial leverage on corporate performance. The investigation by San and Heng (2011) on Malaysian construction companies finds changing results with change in the firm size. Similarly, Salim and Yadav (2012) identify a negative influence of short-term debt on return on equity but revealed a positive impact on Tobin's Q. Shah (2014) identifies a negative effect of total debt on all forms of accounting measures but a positive relationship between proportion of debt and margin. The Fosberg and Ghosh (2006) research finds no relationship between leverage and performance. There are many more research evidences pointing to such results.

3.1 Objective of the study

The research aims to identify the effect of leverage on firm value.

Null hypothesis (H_0): There is no effect of leverage on firm value.

3.2 Research design

The empirical investigation focuses on the 'power generating' or 'power transmitting'

companies in India. The main point of investigation is to determine the relationship between composition of the capital structure and value of the firm. Here, the investigator studied a total of seventeen such companies, but ends up with eleven because six companies are not in a true sense in the power sector as they are engaged in producing capital goods / equipments which are required by such power producing and / or transmitting companies. Based on the sample, analysis is done on a balanced panel considering data for the period 2007 to 2015. The source is collected from the Capitaline database. Because, the data set is in the form of a panel with both time series and cross-section data merging together, panel data analytical techniques are employed instead of ordinary least square method.

Choice of variables:

The regression model that we aim to predict has a dependent variable (proxy for firm value) and independent variable (proxy for capital structure) and control variables which are firm-specific variables. The dependent variables for this study are two, used in two separate models viz.

- (i) Price to book value ratio (PBV) and
- (ii) Enterprise value to Earnings before interest, depreciation and taxes (EVPBIDT)

On the other hand, the capital structure is proxied by debt-to-equity ratio. To negate the effect of some extraneous factors, some control variables are employed which are

- (i) Asset Tangibility (ASSETTANG) measured as fixed asset to total assets, considered relevant by Tehranian (2004) and Suh (2014).
- (ii) Size (SZ) computed using the natural logarithm of total sales, which is considered by Abor (2005) and Ehikioya (2007).
- (iii) Growth (GROWTH) measured by growth in total assets employed by Abor (2005 and 2007)
- (iv) Age (AGE) calculated as the natural logarithm of number of years in business.

4. Analysis and findings

4.1 Nature of the data

The table (No. 1) below depicts nature of the variables by employing descriptive statistics. As evident from the results, it is clear that there is a wide variation in the two market measures across the companies during the time period. The maximum and minimum values of PBV are 9.34 and a negative value of 6.10. Similarly, the EVPBIDT shows the maximum and minimum figures to be 123 and zero respectively. A look at the capital structure variables shows that different companies have employed different tactics of financing. The maximum is 7.090 whereas the minimum is nil with the mean score being 0.992. Therefore, on an average there is an equal amount of debt and equity in the capital structure. A noticeable point is that almost 80% of the borrowed fund is long-term debt.

Table 1: Descriptive statistics of the variables

Variable	Variable type	Mean	Standard Deviation	Minimum	Maximum
P/BV	Dependent	1.857	1.849	-6.100	9.340
EV/PBIDT		11.443	13.586	0.000	123.010
ASSETTANG	Independent	0.375	0.255	0.002	0.881
Growth		0.675	3.871	-0.175	38.171
SZ		9.671	1.281	5.582	12.062
DER		0.992	1.116	0.000	7.090
AGE		3.420	0.388	2.565	4.111
Current Ratio		1.289	0.671	0.160	3.630

Source: Computed by the author

4.1 Testing for multi-collinearity

Before we move into the panel regression model, the researcher tests for multi-collinearity to see whether two or more independent variables are highly correlated. Generally, the variance inflation factor of more than 10 suggests multicollinearity problem.

Table 2: Testing for Multicollinearity			
Model		Collinearity Statistics	
		Tolerance	VIF
1	ASSETTANG	.532	1.881
	GROWTH	.772	1.295
	SZ	.431	2.323
	DER	.086	11.661
	LTD	.074	13.536
	AGE	.552	1.812
	CR	.552	1.812

Source: Computed by the author

Since, DER and LTD have VIF value exceeding 10, it points to multi-collinearity problem. Thus, we exclude LTD and keep DER in the model, it being a representative of the overall capital structure and re-check VIF values which are now found to

be within the desirable limit (see table 3) below.

Table 3: Final test for Multicollinearity			
Model		Collinearity Statistics	
		Tolerance	VIF
	ASSETTANG	.731	1.367
	GROW	.774	1.292
	SZ	.456	2.191
	DER	.632	1.582
	AGE	.561	1.783
	CR	.553	1.809

Source: Computed by the author

Thus, we have six independent variables for the panel regression model. However, before applying the panel data regression model, the data set is subject to unit root tests to test their stationarity property. This is necessary as the use of non-stationary data gives spurious regression results. In the present study, the Levin-Lin-Chu test is applied. The hypothesis tested is:

H_0 : The data is non-stationary.

H_1 : The data is stationary

Table 4: Levin-Lin-Chu Unit root test results

Variable	t-statistic
PBV	-18.371*
EVPBIDT	-20.598*
ASSETTANG	-11.807*
GROWTH	0.000*
DER	-6.204*
AGE	-11.824*
CR	-6.361*
SZ	-8.044*

Source: Computed by the author

* significant at 1% level.

Since, the p-values are less than 0.05, null hypothesis is rejected leading to the conclusion that data are stationary at levels. Thus, the results obtained are not spurious (Gujarati, 2003). Hence, the panel data regression is carried out.

4.3 Application of Panel Data Analysis

The empirical study considers both time series elements for which 't' is used and cross-sectional elements captured using 'i'. The model that is tested is as follows:

$$FV_{it} = \alpha + \beta_1 \cdot ASSETTANG_{it} + \beta_2 \cdot GROWTH_{it} + \beta_3 \cdot SZ_{it} + \beta_4 \cdot DER_{it} + \beta_5 \cdot AGE_{it} + \beta_6 \cdot CR_{it} + \delta_{it}$$

where FV_{it} denotes firm value.

For this investigation, the two models tested are:

Model I:

$$PBV_{it} = \alpha + \beta_1 \cdot ASSETTANG_{it} + \beta_2 \cdot GROWTH_{it} + \beta_3 \cdot SZ_{it} + \beta_4 \cdot DER_{it} + \beta_5 \cdot AGE_{it} + \beta_6 \cdot CR_{it} + \delta_{it}$$

Model II:

$$EVPBIDT_{it} = \alpha + \beta_1 \cdot ASSETTANG_{it} + \beta_2 \cdot GROWTH_{it} + \beta_3 \cdot SZ_{it} + \beta_4 \cdot DER_{it} + \beta_5 \cdot AGE_{it} + \beta_6 \cdot CR_{it} + \delta_{it}$$

The panel data regression results can be analyzed only after we finalise the model that we can apply. The steps that is adopted are given below:

- Compare OLS with Fixed effect (FE) model using Restricted F test. If p-value is less than 0.05 (assuming a level of significance of 5%), OLS is rejected and the decision is in favour of the FE model.
- Compare OLS with Random effect (RE) model using Breusch Pagan test. If p-value is less than 0.05, OLS is rejected and the decision is in favour of the RE model.
- In case, OLS gets rejected in both the above two, we apply Hausman test to make a final choice. If the null hypothesis is rejected, decision is in favour of the FE model, else the RE model is used.

4.3.1 Testing Model 1 results: PBV is the dependent variable

The following lines show that the restricted F-test and the Breusch test reject the null hypothesis. Thus, the Hausman test is the concluding test. Restricted F-test result shows that Residual variance is 1.6302 and $F(10, 82) = 7.4675$ with p-value of 0.000. Hence, the null hypothesis is rejected at 5% level of significance and the decision is in favour of the FE model. Similarly, the Breusch-Pagan test gives the Lagrange

Multiplier (LM) statistic value as 6.3879 with a p-value of 0.011, thereby rejecting the OLS model at 5% level. Hence, the Hausman test is applied which computes

the H-statistic as 57.6417 with prob (chi-square (6) > 57.6417) = 0.000. Thus, the FE model is the appropriate one in the given case. The results are given below.

Table 5: Fixed-effects Model
Dependent variable: PBV

	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-ratio</i>	<i>p-value</i>
Const	37.592	16.867	2.228	0.028**
ASSETTANG	-29.919	17.499	-1.709	0.091*
GROWTH	-0.339	0.399	-0.849	0.397
DER	0.445	1.282	0.347	0.729
AGE	-2.816	4.919	-0.572	0.568
CR	-5.517	3.401	-1.622	0.108
SZ	0.185	2.370	0.078	0.937

Mean dependent var	11.443	S.D. dependent var	13.586
Sum squared resid	12655.48	S.E. of regression	12.274
R-squared	0.300	Adjusted R-squared	0.183
F(14, 84)	2.576	P-value(F)	0.003
Log-likelihood	-380.585	Akaike criterion	791.171
Schwarz criterion	830.098	Hannan-Quinn	806.921
Rho	0.054	Durbin-Watson	1.252

Source: Computed by the author

* significant at 10% level

Note: the Heteroscedasticity and autocorrelation consistent (HAC) standard errors are computed.

For the above model, the researcher finds that only tangibility of asset has a significantly negative influence on the market value. None of the other variables show a strong effect on it. Hence, there is a lot of difference in the effect of the explanatory variables on the two market measures.

5. Conclusions

This study is another effort by the researcher to re-check the relationship/

effect of leveraging decisions of organizations on their firm value. The study investigates the power generating / transmitting companies as available from the 'BSE Power' of the Capitaline database. The study for the period 2007-2015 considers the effect of debt inclusion in the capital structure on the market value of firms which are measured using two variables, viz. Tobin's Q and the ratio of enterprise value to the profit before interest, depreciation and taxes. Some

control variables are also used to generate a level-playing analysis considering the different companies. The result is interesting and is an addition to the existing level of knowledge in this field of research. The analysis uses the balanced panel data for the eleven companies over a period of nine years. But, prior to its application, diagnostics checks have been made to identify if there is any problem of multicollinearity (using variance inflation factor) or unit root (using the Levin-Lin-Chiu test). Since, the method corrects for autocorrelation and heteroscedasticity using HAC estimates, it does not pose any problem to our estimates. The computation shows the significantly negative effect of DER, AGE and SZ on the price-to-book value ratio. But, the measure of growth reflects a positive effect on the performance measure. The negative effect of leverage on the PBV ratio is consistent with the findings of Soumadi and Hayajneh (2012) who reported a similar negative influence on Tobin's Q, a market measure. Moreover, the effect of size is in line with the conclusions drawn by Loncan and Caldeia (2014). With regard to the effect of tangibility, the insignificant effect is in line with the studies of Majumdar and Chhibber (1999) and Margaritis and Psillaki (2007) but goes against the findings of Zeitun and Tian (2007), Weill (2008) and Nunes et al. (2009). But, the result relating to effect of growth contrasts the finding of Andawasatya et al. (2017). Age has no significant effect on performance. In the second model that we employ, only

one variable represented by tangibility of assets has a positive effect on the EVPBIDT measure but negatively. None of the other independent or control variables have a significant effect on this market measure. Thus, this study is an addition to the controversial findings of early researchers which will give further opportunity for exploration with new lines of thought.

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REVIEW OF MONETARY POLICY OF INDIA SINCE INDEPENDENCE

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164526

ABSTRACT

Monetary Policy is the policy which looks after the supply of money into the economy, keeps record of inflation and takes into account the economy's growth. Central bank of a country conducts the monetary policy of that country. Reserve Bank of India (RBI) is the central bank of India hence regulates the monetary policy of the country. RBI formulates implements and supervises all the functions of monetary policy. Indian Monetary Policy has seen many structural changes since independence. During early 1990s, the major monetary policy measures were Cash Reserve Ratio (CRR) and Statutory Liquid Ratio (SLR). In case of India, it has been seen that the increase in inflationary pressure is mainly due to the money demanded by the central government to meet the budgetary deficit of the country. If we talk about the recent development in monetary policy of India, we see that Monetary Policy Committee (MPC) has been constituted after the recommendation of Urjit Patel Committee in the year 2016. Establishment of MPC is considered to be a revolutionary development in the area of monetary policy. This paper intends to take a review on the monetary policy of India, changes that have been made to tackle the economic instability in the past and the recent developments in monetary policy of the country. It also intends to test the monetary policy with respect to pressure on inflation. This research paper is entirely on the secondary data. Different journals, books and other research papers within the same context have been followed for this paper.

Key words: Monetary policy, India, Inflation, WPI, CPI, Monetary Policy Committee

Introduction

Money is a very vital aspect in any economy. The quantity of money is one of the major determinants of the level of overall economic activity. Money whether in digital form or physical form provides strength to an economy but if provided in excess, it can adversely affect the growth of an economy. Money is controlled to keep economic activity in a smooth course. Wrightsman (1983) explains that if money is not properly controlled, the economy will not be able to avoid fluctuation in prices. Therefore in order to have smooth economic growth, it is required to have proper regulation of money supply into the economy. This is what monetary policy does, to check the money supply into the economy and adjust it whenever is needed so as to avoid the undesirable situation such as inflation and deflation. These two situations occur due to the frequent fluctuation in the price of goods and services. Hence, maintaining price stability is the main aim of monetary policy of a country without hampering the growth of the country. Inflation and deflation are two extreme situations which drag down the economy to slower growth.

In India, monetary policies are being formulated and regulated by RBI. Under Reserve Bank of India Act 1934, RBI is the apex body which is responsible for any change in such policy of the country. Since 1952, monetary policy has been putting much emphasis on following two aims of the economic policy. i) To speed up country's economic development, to

increase national income and to increase living standard of the people, ii) Adapting measures so as to control and to reduce inflation in the economy. RBI through its various instruments of monetary policy regulates the supply of money into the economy. The flow of credit is controlled by RBI by implementing quantitative and qualitative measures.

Before 1991, monetary policy was mainly anti- inflationary. From 1991 onwards, RBI had made many changes in the monetary policy of the country like, earlier RBI had adopted a controlled policy but when globalization came it has changed it from controlled to decontrolled policy. The present paper intends to take a review on the monetary policy of India, changes that have been made to tackle the economic instability in the past and the recent developments in monetary policy of the country.

Inflation and Measures of Monetary Policy

Inflation is a situation which occurs when the normal price of the goods and services increases which results in decreasing in the real value of money and therefore leads to decrease in the purchasing power of the currency. In order to ensure the smooth running of the economy RBI adopts various measures so as to prevent the economy from both the extreme situations of inflation and deflation. Earlier in India the prime indicator of inflation was Wholesale Price Index (WPI) but recently the indicator has been changed to

Consumer Price Index (CPI). Both the WPI as well as CPI measures the average changes in the prices of basket commodities but the difference is the former reflects the prices for bulk sale at wholesale level of transaction whereas the latter reflects the changes in prices at retail level. Let us discuss the trend of inflation in India and the monetary policy measures taken by RBI to contain inflation in some detail.

Since 1955-56 prices have been continuously rising putting an inflationary pressure on to the economy of the country. During the period of 1956-64, the prices were rising heavily although the inflation rate was not the same throughout the period. During this period price rises at an annual rate of 5.1 %. During the year 1964-1981, the level of price increases averagely at 9.5 % p.a. Later on wholesale prices also increases at an annual rate of 8.2 % during the year 1981-1994. One of the major reasons for such inflationary pressure may be viewed as the money demanded by the central government to meet the budgetary deficit. When prices rise and appeared to be out of control, RBI intervene and took decision with regard to change in monetary policy so as to control the rising prices.

During the period 1961-1991, inflation was rising and to control such inflationary pressure RBI adopted both quantitative and qualitative monetary measures. In order to induce private investment it had adopted cheap money policy till 1961 but this was given up by RBI as the inflation

rises during the period. To contain the inflation, bank rate remained at 9 % in July, 1974. It was further increased to 10 % in July, 1981 to curb inflation. During 1980s, RBI used another monetary policy measure called Cash Reserve Ratio (CRR) to take back the excess capacity of lending money by commercial banks. In the year 1984 CRR was raised to 9 % from 7 % in 1983. Later on Statutory Liquid Ratio (SLR) also raised by RBI to 35.5 % in July, 1984. SLR was again increased up to 37.5 % in the month of April, 1987. Cash Reserve Ratio was increased up to 15 % in month of July, 1989. The Statutory Liquid Ratio rises to the tune of 38.5% in September month of 1990. To curb down excess liquidity with the commercial banks, Bank rate again revised at 12 % in October month of 1991 by RBI. After this the government decided not to rely only on CRR and SLR to curb inflation as per the recommendation of Narsimham Committee. Accordingly RBI reduced the Cash Reserve Ratio and Statutory Liquid Ratio. Statutory Liquid Ratio was reduced till 25 % in the month of October, 1997.

During late 90s, Indian economy had seen a little monetary change as the foreign exchange reserve rise sharply with RBI since 1992-93. This had impacted on the composition of reserve money. As RBI feared that this will create domestic monetary expansion and will lead to inflationary pressure, it decided to control the monetary expansion by selling out the accumulated reserve by the way of open

market operation. RBI sold the government securities worth ₹ 27,782 crore during 1993-1998. In the year 1995-96 inflation came down to 5.50%. But again during September, 1998 rate of inflation rose to 8.8%. In the year 1998-99 net sales alone on account of the open market operation generated by RBI was worth ₹ 29,669 crore. Open market operation steeply rose to ₹ 53,402 crore during 2002-2003. Therefore we can say that the open market operation come out as one of the very important tool of monetary policy.

During the year 2005-06, inflation rate averagely stood at 4.4%. It goes up to 5.5% during the year of 2006-07. It further increased to 12.6% in August month of 2008. However government managed to pull it down to 2.43% in February, 2009. But the average rate of inflation in 2010 again rose to 12.11%. The CPI inflation rate has increased since June 2008, the main cause for increasing the inflation were rising in the prices of food articles, fuel and services. This had reached a range of 16.2 – 17.6% during the month of January 2010. RBI continued to tighten the monetary policy in order to contain inflation since 2010. Repo rate was increased by 50 bps in the month of July 2011 and again by 25 bps in September month of 2011 by RBI. The main cause of inflation was due to the supply constraint. In order to regulate and control the money supply, RBI has always been criticized that the regulatory framework is anti-inflationary as well as anti-growth.

Therefore the major challenge before RBI is to control inflation without hampering the growth of the economy. Beside this, the main challenges to effective monetary policy management were fiscal pressures and global uncertainty.

During November 2012, headline inflation decreased to 7.2% resulted in declining in the prices of vegetables, minerals and fuel. However, in contrast to the development of WPI inflation, CPI inflation was on the higher side. The new combined (rural and urban) CPI (Base: 2010=100) inflation rose in the month of November, reflecting an increase in food inflation pressures, particularly the price of vegetables, cereals, pulses, oils and fats gone up. The non-food component of the index also reflected inflationary pressures. In order to curb down the liquidity deficit at reasonable levels, open market operations (OMOs) was conducted by the central bank on December 4 and 11, injecting primary liquidity of two thirty two billion. Repo rate was kept unchanged at 8.0%.

Recent developments in Indian Monetary Policy

Indian monetary policy has gone into various changes during the recent years. During September, 2013 Raghuram G. Rajan took over the charge and became the 23rd governor of RBI. During his tenure of 3 years Indian Monetary Policy has gone into very unusual changes. When he joined the office, the Indian economy was struggling with an alarming rate of inflation.

At this point of time the retail inflation stood at 9.49 %. As a governor, the primary concern of Rajan was to curb down the inflation. He was able to contain inflation at 3.78 % in the month of July, 2015- the lowest since 1990s. Headline inflation also declined from 5.98 % in September, 2013 to its lowest which is at -4.05 %. Earlier the key indicator of inflation was Wholesale Price Index (WPI) but during Rajan's tenure, as per the global norm RBI adopted Consumer Price Index (CPI) as the key indicator of inflation. Let us see in some detail the performance of monetary policy measure during his tenure.

During 2013-14, WPI inflation moderated at 5.98 % whereas CPI also moderated to 9.49 % from 10.21 % in 2012-13. In order to contain inflation, the monetary policy of RBI remained tight throughout the year. During the year RBI changed the repo rate four times with the rate standing at 8 % at the end of March, 2014 which was 50 bps higher than the rate standing at the end of March, 2013.

In April, 2014 RBI published its first bi-monthly monetary policy report. During the year 2014-15, headline inflation in terms of WPI moderated to an average of 3.4 %. It was high during the first quarter due to increased prices of food and fuel but gradually declined in the second and third quarter to 3.9 % and 0.5 % respectively. Inflation in terms of CPI which was around 9-10 % during 2012-2014 also came down significantly since the second quarter of 2014-15. The CPI inflation stood at 5.1 % (base year 2012) in January, 2015. The

negative slope in inflation was more quick than expected. This was due to the declining in the prices of crude oil, coal and global tradable which positively contributed to the declining of inflation much faster. The tight monetary policy helped in containing inflation, kept check on the volatility of rupee. In January, 2015 with the softening inflationary condition repo rate was also decreased by 25 bps to 7.75 %. RBI also reduced SLR to 21.5 % from 22 %. As recommended by Dr. Urjit R. Patel Committee, CPI (Combined) inflation is adapted by RBI as the key measure of inflation.

During 2015-16, Indian economy continued to experience a moderate inflation. Headline CPI (Combined for rural and urban area) stood at 4.9 % which was lower than that of 5.9 % in 2014-15. The decline in CPI (Combined) inflation was mainly due to decrease in the prices of food articles and non-food non-fuel category. Headline WPI inflation remained negative since November, 2014 and was at -2.8 % in 2015-16. With the ease of inflation, RBI decreased the repo rate by 100 bps to 6.75 % in September, 2015 and kept it unchanged in February, 2016.

Monetary Policy Committee (MPC)

In the Union Budget for 2016-17, upon the agreement between government and RBI, the government proposed to amend the Reserve Bank of India (RBI) Act, 1934 for giving statutory backing to the Monetary Policy Framework Agreement and setting up a Monetary Policy

Committee (MPC). MPC has been constituted for maintaining price stability, inflation targeting while keeping in mind the growth objective. MPC has been entrusted with the task of fixing the benchmark policy rate (repo rate) required to curb inflation within the specified target level. It came into force on June 27, 2016 and it is mentioned under the amended Act that government of India after consulting the central bank (RBI) would decide the inflation target once in every five years and the amended Act further provides for a statutory basis for the constitution of an empowered Monetary Policy Committee (MPC). The inflation target has been fixed by the government at the rate of 4 per cent with tolerance level of +/- 2 per cent for the period beginning from August 5, 2016 to March 31, 2021.

The government notified the constitution of MPC on September 29, 2016. Meanwhile on September 5, 2016, Dr. Urjit R. Patel took over the charge as 24th RBI governor. RBI in its fourth bi-monthly monetary policy statement published in October 4, 2016 the MPC has reduced the policy repo rate from 6.5 % to 6.25 %. Bank rate stood at 6.75 %. The headline CPI (Combined) inflation has been reduced to 4.5 % during 2016-17. Earlier there was a huge gap between the WPI and CPI inflation in about 10 %ages during September, 2015 but now in May, 2017 there is no gap between the two as both stands at 2.2 %. CPI inflation has been below to 4 % since last eight months and reached at its lowest to 1.5 % in June,

2017. The MPC held three meetings during the year 2016-17. MPC in its latest meeting held at August 2, 2017 have cut the repo rate by 25 bps to 6 %. The reverse repo rate stands at 5.75 %.

Conclusion

Price stability, ensuring adequate flow of credit into the economy and simultaneously controlling the inflation keeping in mind the growth prospect of the economy are the main objective of monetary policy. RBI is the regulator of the monetary policy in India. RBI is the supervisor of the financial system of the country. Monetary policy has gone to the tremendous change since independence and has helped the economy to contain inflation. Earlier the main measures of monetary policy used by RBI were CRR and SLR but later on focused slowly shifted to other measures after the recommendation of Narsimham Committee. The RBI Act, 1939 has been amended; it has given RBI a statutory mandate where there was no such provision earlier. Recent development in the area of monetary policy also includes changing the indicator of inflation from WPI to CPI (Combined) and setting up Monetary Policy Committee (MPC) after the recommendation of Urjit Patel Committee during the year 2016. . Establishment of MPC is considered to be a revolutionary development in the area of monetary policy.

At present the inflation is fluctuating within the range of 1 to 4 % which is a good sign as the inflation is within the acceptable limit.

Now the major challenge before RBI is to maintain inflation within this range keeping in the mind the growth of the economy.

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IMPACT OF COLLECTIVE BARGAINING IN MINING INDUSTRY IN ODISHA: A HALLMARK FOR PEACE IN INDUSTRIAL RELATIONS

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DOI # 10.23862/kiit-parikalpana/2017/v13/i2/164522

ABSTRACT

Article revolves around the collective bargaining process of selected mining industry of Odisha. The complexities of industrial relations have been increasing in a habitual basis. The problem of mis-match has been identified in the negotiation process and have been reviewed through the literature survey pertaining to collective bargaining, work culture and various benefits availed by the workers since antiquities. It has been accolade with the Dunlop model to resolve on the issues. Hence, it has argued that the three players in the industrial relations have to resolve disputes through flexible interaction in the worker's participation in the management, as collective bargaining ultimately ends with the reconciliation that is acceptable to both the parties. Article is a qualitative study into the research approach of collective bargaining. Paper uses ideal model of Collective Bargaining, identifying the gap and determining the objectives of employing tools and techniques viz. reliability statistics, frequency distribution, factor analysis in a comprehensive manner. The findings of the study indicate that collective bargaining has a positive impact on the mining industry in Odisha from the empirical data deduced from the analysis and data interpretation. The genuine co-operation of workers to achieve higher productivity can be gained only by mutual understanding through the process of collective bargaining which is ultimately proven method in the scenario of maintaining peaceful industrial relations.

Key words: Collective Bargaining, Condition of employment, Employment Relations, Trade unions

1.1 Introduction

Collective bargaining is the process by which the parties conduct the search for a suitable solution for varied interests, acceptable to both the parties. Collective bargaining involves the involvement of both the parties who are interested in the industrial relations as a matter of joint regulation. Collective bargaining aims at reaching some settlement, but going by its nature it implies some awareness of necessity. Collective bargaining means some amount of settlement reaching.

The behavioural scientists describe collective bargaining in terms of social, economical, political implications for the society. Collective bargaining directly affects trade union members through the setting of wages, working hours and conditions of employment. It indirectly affects large number of bread winners and encourages their employers to maintain good employment relation if only to avoid unionization. It also affects the consumer, through the production or the withholding of goods and services, the stock holder, through profits or losses of the enterprises, and the government in an attempt to stakeholders and alleviates or prevents industrial conflict.

Collective bargaining is one of the most effective instruments in the hands of the workers to better their conditions. It is just not a method of settling disputes only but also its prevention. The process of discussion and negotiation between the two interested parties, being it an individual

or between groups of persons acting in concert is called collective bargaining (Encyclopaedia of Social Sciences).

Collective Bargaining is a process of resolving labour-management conflicts. It is essentially a recognised way of creating a system of industrial jurisprudence. It acts as a method of introducing civil rights in the industry i.e. management should be conducted by rules rather than arbitrary decision making. The term “collective bargaining” was first used by the economic theorist Beatrice Webb in Britain in 1891. The concept was first used in U.S.A by Gompers. The collective bargaining is made up of two terms. Collective indicating an activity by a group of people and bargaining means negotiation. The two key ILO conventions- convention no-87 on freedom of association and convention no-98 on the right to collective bargaining are the key aspects of Industrial Relations. The labour policy is determined by the complex interplay of three main actors (Dunlop 1958). They are:

1. The government both central and state
2. The employers and their associations
3. The workers and the trade unions representing them.

In order to have harmony in industrial relations the government played an activist role by instituting a variety of labour laws. In the early post independence period the trade unions lacked cohesion. But in recent times the trade unions have become politicised and the powerful leaders of the

major political parties promote their own unions. Strike activity, measured by frequency, days lost or workers involved, has declined significantly in most countries during the past 50 years, although the rates of decline differ between countries and sectors. Trade unions take issues on the behalf of their members and negotiate with the management. With the emergence of the trade unions, the concept of Collective Bargaining has been originated.

When there were no trade unions, workers were at a disadvantage as an individual worker had no power to influence the employer to listen to the problems and to accede the demands. This was the genesis of collective bargaining. Significance of collective bargaining has been portrayed by Supreme Court in Ram Prasad Vishwakarma vs. Industrial tribunal (1961 SCR (3) 196).

1.2 Mining Industry Overview

Mining Industry in Odisha is geographically located in remote places and it is labour intensive industry; even with certain improved mechanisation. The capacities of collective bargaining of the employees are limited. The phenomenon is as old which dates back to early phase of 20th Century. Similarly Mining industry in Odisha started in the fag end of the 19th Century with raw materials which are unique to the eco system. Mining industry deals with the process or business regarding extraction of ore or minerals from mines. The act of extracting is normally done by the

government authority, individual entrepreneurs and business owners. The economy of India is endowed with the mining industry which contributes significantly as mining is a major economic activity. The total industrial sector contributes around 10% to 11% of GDP out of which the mining industry itself contributes for 2.2% to 2.5%. Odisha being rich in constitute 28% iron ore, 24% coal, 59% bauxite and 98% chromite of India's total deposits Odisha has emerged as a key state with regards to the mineral and metal based industries.

The state leads in iron, steel, Ferro alloy and aluminium production and has a strong base for coal based power generation. The mineral belt is spread over an area of more than 6,000 sq km. During 2014-15, mining was underway in nearly 173 mines. This has opened up immense possibilities for locating mineral based industries for manufacturing Steel, Cement, Alumina and Aluminium and Titanium etc.

Currently there are 596 mining leases in Odisha. Out of which public sector under government of India have 44 leases, public sector under government of Odisha holds 49 leases and rest 503 leases in private sector.

1.3 Government's Role for the Mining Sector

For governing the mining sector there are laws i.e. The Mines and Minerals (Development and Regulation) Act, 1957, (MMDR) and the Mines Act, 1952.

Furthermore, the government has formulated the National Mineral Policy, for granting permission to the private investment for exploration of 13 specified minerals. This policy was again revised in the year 1994. The government's role is to provide a framework against which negotiations can be conducted.

2.1 Problem Identification

For social, economic and potential progress to happen, the essential condition is to maintain harmonious relation by the human beings. Due to the rise in the complexity of the modern industrial system, numerous problems arise in the industrial relations scenario. The gap between the owners of the industry and the employees who work in it keeps on increasing due to the complexities. This gap gives rise to conflict in labour management relations. As a result of the conflict there is drastic fall in the level of production which further adds to hardship of the community. From the very beginning these difference of opinion has been existing. Workers keep his competence and exert effort to achieve higher wages and other economic benefits, great amount of job security in the course of employment. Workers feel that they should be provided with freedom and dignity at the work place. The employers on the other hand view this as encroachments upon their profitability, their freedom to hire and fire and to control the operation of their enterprises as a whole. There has been existence of conflicts and differences which leads to disputes

between the employers and the employees. It would be wrong to presume that the disputes between the two leads can be halted. The present study addresses this issue and also examines the impact of collective bargaining between employees and employers to determine the condition of employment and study the benefits availed by the workers in terms wages and other fringe benefits (real benefits) through collective bargaining.

3.1 Literature Review

Collective Bargaining has been an important academic research topic since the term evolved in the year 1891. From then on, there have been research studies undertaken to address the issues of Collective Bargaining. The reviews on some of the researchers in the domain are given:

Literature Review has been categorized in accordance to the following:

- Studies concerning about Collective Bargaining.
- Studies concerning work culture.
- Studies concerning various benefits availed by the workers.

Studies concerning Collective Bargaining:

- Perlman (1936): Believes that collective bargaining is not just meant to demand to raise wages, improvement in working condition and terms of employment or to establish democracy at workplace rather it serves a bigger purpose.

- Spinrad William (1960): Examines about comparing the participant and non-participant members of trade unions, inter relationship between the variables.
- Beaumont P.B., Thomson A.W.J., Gregory M.B. (1980) : There are multi-employer versus single employer, company versus plant level bargaining ,and the various public policy issues involved and also management decision on the bargaining structure.
- Moberly Robert B. (1983): The study emphasis on worker ownership, the concept of employee stock option plan (esop),the weaknesses in the law of collective bargaining especially where tribunals have limited and the duty to provide information and the scope of bargaining.
- Farber Henry S. (1986): The major finding is about the role that unions play in the economy.
- McCall J.B. (1986): This study examines on the finding that Collective bargaining depends upon particular skills at different stages for its successful outcome. Identification of these skills and an ability to use them accurately is essential for today's manager.
- Proceedings of the Twenty-Seventh Annual Winter Meeting of the Industrial Relations Research Association (pp. 150-162)1988: The bargaining process is an effective institution for dealing with issues in industrial relations.
- Gani A.(1996) : Discusses about the pros and cons of joining the unions. Economic and protective motives appeal much to workers to join unions, dissatisfaction with the unions and their leaders, and fear of victimization keep a large number of non members away from unions.
- Schregle Johannes (2000): Introduction of workers' participation by legislation or agreement, solid and effective training system as a basis for the functioning of any scheme of workers' participation, whether in the form of collective bargaining, works councils,workers' representation on management boards or workers' involvement at the shop-floor level.
- Ratnam C.S. Venkata, Jain Harish C. (2002):Examines about the extent of female participation in trade unions in India and the reasons for the low female membership and participations in the trade unions in India.
- Boulanger Marc , Kleiner Brian H.(2003):The study examines what both sides of parties would be thinking at negotiation time.
- Jordan Lisa, Bruno Robert (2005):The study shows the benefits if the union gets recognition and gaining certification. He further elaborates about the first contract being the ability of the union to leverage power..

- Seifert Roger (2015): Examines collective bargaining, strikes, and public policy. Firstly when Marxists survived and thrived in industrial relations departments until after 2000, through closing courses and choking off demand. This shows the hypocrisy surrounding notions of academic freedom, and throws light on the determination of those in the labour movement and their academic allies to push forward wage controls and bargaining regimes, alongside restrictions on strikes.
- Nowak Paul (2015): Unions remain powerful agents of change in their own right and that a revival of organised labour is questionable.
- strategy i.e. to create more and better jobs working effectively.
- Pattanayak Subhrendu , Saha Shubhayu, Sahu Pravash, Sills Erin , Singha Ashok, Yang JuiChen, (2010): The researcher emphasis on the human development index. The villages which are close to the mines are very prone to the illness. They also have less forest benefits because forests are more degraded.
- Jena Satyajit, Guin K.K, Dash S.B. (2011): This researcher put the important of trust between the employees and the employers working in the organisation.

Studies concerning work culture

- Kenneth G. Dau Schmidt (2004): The researcher suggest that there are changes in the methods of production which leads to changes in the employment relationship and the collective organization of workers. Due to change in technology and globalisation there can be change in the relationship of the employees working in the industry.
- Bradon Ellem, (2008): Researcher concludes that the relationship between unions and social formations play a pivotal role in a company.
- Marelli Enrico, Signorelli Marcello, (2010): The important policy implication is to have the EU Lisbon
- Motsomi Ndala Marobela, (2011): Researcher contributes to the industrial relations involving diamond mining company and between the Mine Workers Union over the issues of pay bonus and collective bargaining. The finding elaborates on the loss of employment and dreams shattered for 461 dismissed workers who depended solely on this work as their only source of income.
- Darlington Ralph. (2012): Researcher contributes to the understanding of the multi dimensional causes of strike activity.
- Varkkey Biju, Kumar Randhir. (2013): The researcher concludes that the labour hoarding as a strategy for workforce management for the members.

- Sarkar A.N.(2013):The researcher finding suggest that effective monitoring and evaluation of the provision of the acts relating to mining, minerals, metals, energy, power, environment, etc. will ultimate be profitable on the part of the company. Transparency in the review and reforms processes with a help to pave the way for the future strategy. These two economy are given undue importance i.e. mining economy vs national economy.
- Boniface Michael ,Rashmi Michael. (2013): In the process of collective bargaining interest based bargaining is the connection between the negotiators. Due to the negotiation taking place it accentuates to collaboration.
- Fonsecaa Alberto, McAllisterb Mary Louise, Fitzpatrickc Patricia (2014): The researchers discusses about the minor changes taking place due to change in the broad framework of the mining companies .The researcher finding suggest that if the minor changes are reported accurately then it helps in the path of profitability and sustainability.
- Laurent Scaringella. (2016): This study examines how trust and mutual understanding playing a pivotal role in the framework of industrial relations.

Studies concerning various benefits availed by the workers

- Dunlop (1958): Focussed on the issues involved in the process while

defining collective bargaining as a system which sets modifies and administers workplace rules, a procedure to determine the amount of compensation and distribution of economic benefits for employees.

- Beach (1979): Collective bargaining revolves around the process of negotiation backed by administration. These include the collective agreements, covering wages, hours of work and other working conditions of employment.
- Kelly John (2015): The increase in general strikes in parts of Western Europe and of protest campaigns involving unions and civil society organizations. The term “outcomes” should be used broadly to refer to the impact of action on substantive union goals, on the organizational capacity of the trade unions, such as membership and finances, and on the labour movement more generally, both trade unions and political parties.

The above reviews of authors collected from the literature survey empirically reflect on the dimension of research.

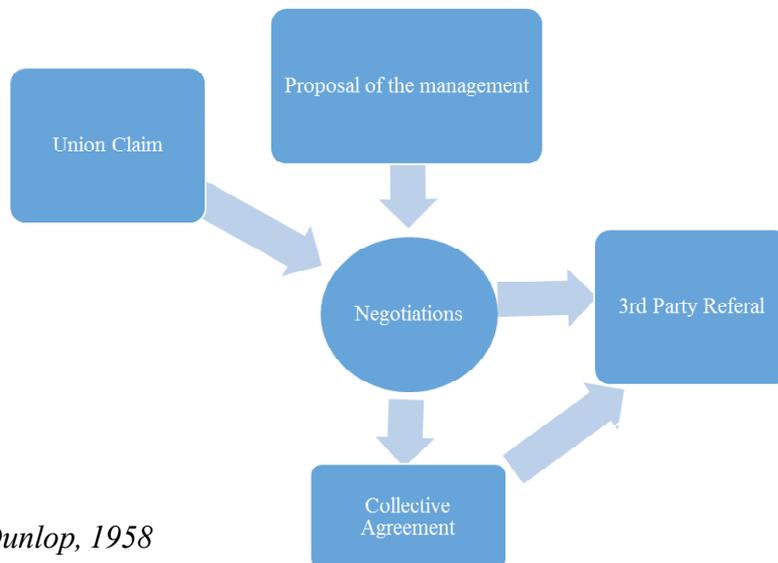
4.1 Research Gap

It is observed from the literature survey that most of the researchers on Collective Bargaining have focussed on the bargaining process but no relevance is given on what impact does it have on the employees (workers and labourers) in order to determine the condition of

employment. Limited study has been done in the Mining Industry in Odisha context. This study attempts to find out the benefits availed by the workers in terms of wages and other fringe benefits through the process of Collective Bargaining and also

suggest certain measures for successful working of collective bargaining in the mining industry in Odisha. The research study has a blend of qualitative and quantitative approach of collective bargaining with pertinence.

Generic Process of Collective Bargaining



Source-Dunlop, 1958

4.2 Research Methods

This part discusses the research methodology procedure used for this present study. It covers the research design, types of data sources, sampling technique, data collection process, statistical tools, coverage and the procedure of analyzing the data in detail. Then, it presents the research objectives and the appropriate methodology to accomplish the objectives. Following this the research designing and data collection procedure is explained.

4.2.1 Research Objectives

- i) To study the benefits availed by the workers in terms wages and other fringe benefits (real benefits) through collective bargaining.
- ii) To study the work culture for collective bargaining.
- iii) To suggest measures for successful working of collective bargaining in the mining industry in Odisha.

4.2.2 Universe of the study

Joda located in the Keonjhar District was

selected as the universe of the research for many reasons. First and foremost, Joda, has richest iron deposits in India and is a hub for many big industries in Odisha. Joda has many big industries and has a lot of man power, backed by mechanized and non mechanized mining ore processing units. So the process of collective bargaining happens and impact factor is more in these mining companies on a larger basis. Joda Circle has 24 running mines and has a significant production with lot of man power. Therefore, conducting research in this location was of sizeable benefit and provided useful insights to collective bargaining for the mining industry as a whole.

4.2.3 Research Design

This research comes under exploratory research type, as it is a preliminary study of an unknown problem about which the researcher has limited knowledge and wants to generate new ideas (Saunders, et al., 2011; Krishna swami and Ranganatham, 2003). According to Eriksson and Widersheim-Paul (1982), the three types of research are exploratory research, descriptive research, and explanatory research.

Exploratory research was found to be more appropriate for this study to explore the importance of collective bargaining and what impact does it have on Odisha's mining industry with reference to Keonjhar district. The research is exploratory and descriptive in nature. It shall blend both qualitative and quantitative research.

4.2.4 Data collection method

Survey Method in form of questionnaire, in-depth interview i.e. Interview schedule for employees & Interview guide for workers and labourers.

4.2.5 Sampling techniques

According to Malhotra (2004) in case of non-probability sampling method sampling units are primarily based on researcher's decision. Accordingly, this present study also used non-random sampling methodology on the basis of different grounds. Convenience sampling was considered to be most suitable for this study as the study addresses to mining area which is located in remote places of Odisha.

4.2.6 Source of Data

The research work is mainly based on primary data and secondary data sources. Information relevant for the study shall be collected from secondary sources like journals, magazines, published and unpublished research works and websites. Primary data shall be collected from questionnaires applied to sample respondents, group discussions and structured and unstructured interviews.

4.2.7 Survey Instrument

A well-structured questionnaire shall be designed to gather data required for this research. This study shall be undertaken with the questionnaire being distributed to 130 respondents. The number of questions distributed to the management representatives were 30, trade union

representative were 30, workers were 90 in number. My sample unit were Employees (workers & labourers), Employers or management representatives and Trade unions representatives of the mining industry.

To test the reliability of the research instrument, Cronbach's coefficient alpha was used through SPSS to examine the internal consistency of items of the scale.

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.749	.726	16

Source: Researcher's own computation with the aid of SPSS

5.1 Data Analysis

Quantitative analysis often utilises descriptive and inferential statistics as well

Table 5.1 represents that 84.6 percent of total participants are male and also 15.4 percent of females.

as frequency tables, sample size, averages and measures of variations etc. (Bryman, 2008). In contrast qualitative analysis deals with narrative analysis with words.

Descriptive Statistics

Initially in descriptive analysis, frequency distributions were performed on selected sets of socio-demographic data. Several frequency distribution tests were conducted to analyze the demographic as well as collective bargaining characteristics which are highlighted as under:-

Table 5.1 Frequency Distribution of the Sample on the basis of Gender

	Frequencies	Percentages
Male	110	84.6
Female	20	15.4
Total	130	100.0

Source: Field Survey

Figure 5.1 Gender Wise Distribution of Sample Respondents

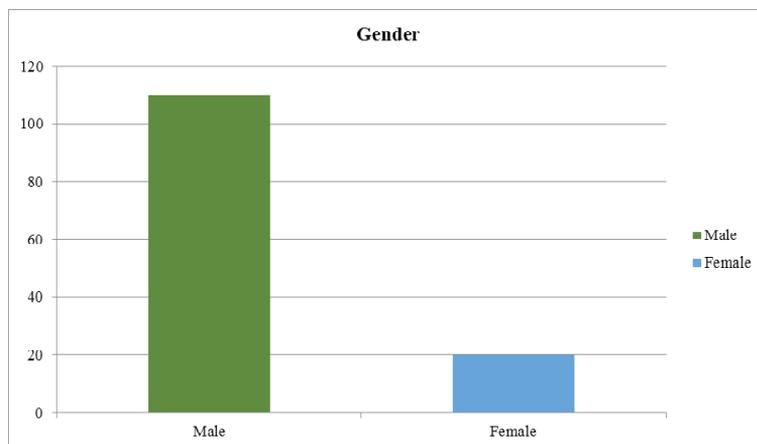


Table 5.2 Frequency Distribution of the Sample on the basis of Organizational Structure

	Frequencies	Percentages
Worker	90	69.2
Trade Union Representative	6	4.6
Management (Employer)	34	26.2
Total	130	100

Source: Field survey

Table 5.2 represent the profile of organisational structure of the respondents. The table depicts that the respondents comprises of 69.2% of workers, less number of trade union representatives and 26.2% of management or the management representatives were there for the responses.

Figure 5.2 Organizational Structure Wise Distribution of Sample Respondents



Table 5.3 Age-Wise Distribution of Sample Respondents

	Frequencies	Percentages
18-30 yrs	78	60.0
31-40 yrs	16	12.3
41- 50 yrs	30	23.1
51-60 yrs	4	3.1
60 yrs above	2	1.5
Total	130	100

Table 5.3 represent the frequency distribution of the age for the respondents. The age has been classified and it is seen that majority of people are in the age group of 18-30 years in the mining area.

Table 5.4 Experience Wise Distribution of Sample Respondents

	Frequencies	Percentages
less than 1 year	20	15.4
1-5 yrs	65	50.0
5+ -10 yrs	36	27.7
10 yrs above	9	6.9
Total	130	100.0

Source: Field survey

Table 5.4 represents the work experience of the respondents in the mining area of Odisha. Many respondents come under the bracket of 1 to 5 years which means that those who are working in the mining sector are happy with the work they have undergone and simultaneously proper training is being imparted to increase their efficiency.

Table 5.5 Salary Wise Distribution of Sample Respondents

	Frequencies	Percentages
less than 30000	90	69.2
30000- 40000	4	3.1
41000-50000	2	1.5
51000-60000	8	6.2
61000-70000	15	11.5
81000-90000	6	4.6
90000-100000	3	2.3
Above 100000	2	1.5
Total	130	100.0

Source: Field survey

Table 5.5 represent the salary slab of the respondents. The outcome of this table is that many respondents come under the first salary slab i.e. less than 30,000. Except from the salary they get fringe benefits, medical allowance etc.

6.1 Factor Analysis - Factor Analysis for measuring Collective Bargaining

To analyse the scope of bargaining, the measurement to find out in which area the

collective bargaining is being practised in the mining companies of Odisha's mining industry a couple of factors were put to determine which factor or factors has significant importance and impact on Collective bargaining which was the second objective in my research study. The intention of factor analysis was to find out which are the factors necessary in the area of collective bargaining in mining companies in Odisha's mining industry.

Table 6.1 Total Variance explained

Components	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.488	22.620	22.620	2.488	22.620	22.620
2	1.737	15.794	38.413	1.737	15.794	38.413
3	1.356	12.326	50.739	1.356	12.326	50.739
4	1.125	10.232	60.971	1.125	10.232	60.971
5	.981	8.921	69.892			
6	.944	8.580	78.472			
7	.753	6.842	85.314			
8	.636	5.780	91.094			
9	.514	4.669	95.764			
10	.274	2.492	98.255			
11	.192	1.745	100.000			

Source: Author's own computation using SPSS

The Bartlett's test of sphericity for factor analysis on Scope of Bargaining is applied. The approximate chi-square statistic was 1047.071 with 55 degrees of freedom, which was significant at the 0.01 level. The value of the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (.769) was also moderate (>0.1). Thus, factor analysis was

considered an appropriate technique. Factor analysis brought out four factors in all explaining 61.089% of total variance. The extracted communalities ranged between 0.400 and 0.661. The factor (At the moment, Working Conditions) registered the highest factor loading value of 0.661.

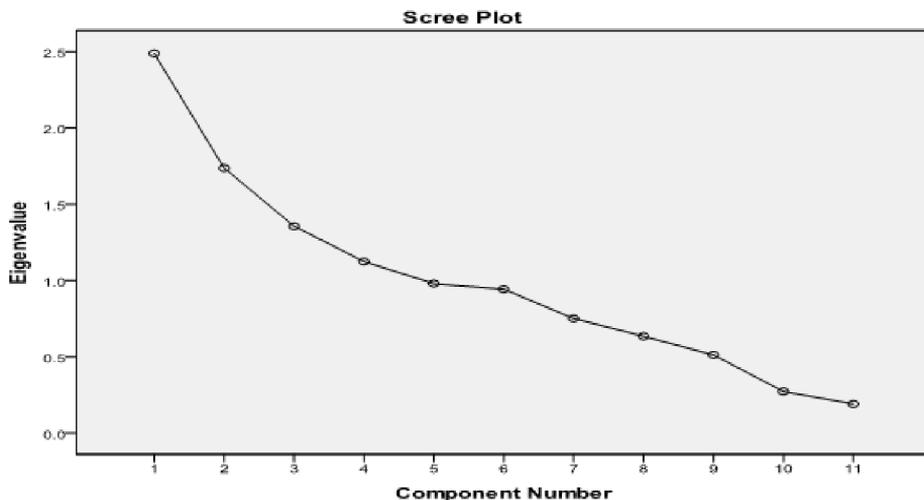


Table 6.2 : Component Matrix

	Component			
	1	2	3	4
Wages	.041	-.080	.052	.864
Training	.042	-.107	.378	.179
Bonus	.614	-.570	.235	.080
Fringe Benefits	.637	.036	-.204	-.358
Working conditions	.661	.432	.300	-.099
Grievance handling	-.469	.496	-.076	.145
Income and profit	.077	.398	.724	-.011
Promotion	-.457	.593	-.167	-.082
Recruitment	-.582	-.250	.237	.085
New technique of production	-.573	-.621	.003	-.283
Discipline	.405	.053	-.639	.295

Source: Author's own computation using SPSS

From the above Table 6.2 of Total Variance Explained it is clear that out of 11 items only 4 factors were extracted. This clearly explains that four factors play a major role in the collective bargaining process with reference to the mining industry in Odisha, i.e. Bonus, Fringe Benefits, Working Conditions and Discipline. From the factor analysis we come to the conclusion that the working condition has a significant impact on the working of the mine.

7.1 Management's and Trade Union opinion regarding the causes of union rivalry in the mining companies in Odisha's Mining Industry

In accordance to Objective 3, the research was further intended to investigate in to the causes of union rivalry in mining

companies and also what measure could be taken to eliminate it. In two or three mining companies that was surveyed there is existence to two unions or more than two unions. The intention of this question was to find out if the primary cause could be found out then there can be a scope of peaceful work culture in the mining companies.

To explore this question were asked to the representatives of the management and the representatives of the trade union on a basis of priorities. The sample size was large in number to know the view regarding the context. The following frequency distribution tables present the overall assessment framed by the mining companies from the perspective of the representatives of the management and trade union.

Table 7.1 Opinion about the causes of union rivalry in mining companies

Causes	Management/Employer (85)			Trade Unions (26)		
	Priority			Priority		
	1 st	2 nd	3 rd	1 st	2 nd	3 rd
Political orientation	53 (62.3%)	14 (16.4%)	18 (21.1%)	6 (23.07%)	8 (30.7%)	12 (46.1%)
Multiplicity of unions	32 (37.6%)	25 (29.4%)	28 (32.9%)	7 (26.9%)	9 (34.6%)	
Lack of proper leadership	12 (14.1%)	31 (36.4%)	42 (49.4%)	17 (65.3%)	3 (11.5%)	10 (38.4%)
To gain recognition	17 (20%)	40 (47.0%)	28 (32.9%)	11 (42.3%)	6 (23.07%)	9 (34.6%)

Source: Field survey

In the Table 7.1, it indicates that from the perspective of the management, around (62.3%) feel that the political orientation is the primary cause of union rivalry in mining companies. On the other hand the representatives of the trade union are of the opinion that lack of proper leadership (65.3%) is the cause. Trade union is not

merely the sum of the members present rather the other way round which includes the power and the strength of the workers involved. Trade unions have become the integral part of the economic system and their influence has become a prominent factor in the terms of employment relationship. Political orientation creates the main cause in union rivalry and this can be

Table 7.2 Opinion about the views in eliminating union rivalry in mining companies

Views	Management/Employer (85)			Trade Unions (26)		
	Priority			Priority		
	1 st	2 nd	3 rd	1 st	2 nd	3 rd
To make trade union conscious among workers	41 (48.2%)	23 (27.05)	21 (24.7%)	7 (26.9%)	9 (34.6%)	10 (38.4%)
To allow only one bargaining against in the organisation	56 (65.8%)	18 (21.1%)	11 (12.9%)	19 (73.07%)	3 (11.5%)	2 (7.6%)
To break the tie-up between the union and the political parties	37 (43.5%)	27 (31.7%)	21 (24.7%)	5 (19.2%)	10 (38.4%)	11 (42.3%)
To eliminate outside leadership	39 (45.8%)	29 (34.1%)	17 (20%)	8 (30.7%)	5 (19.2%)	13 (50%)

Source: Field survey

maintained by one union in one mine. As there is existence of more than one union so this situation arises in mine. The benefit of one union could be the interest issues can be bargained in a wide scale and the views can be taken forward by the management seriously. The trade union representative on the other hand feel that there are too many leaders who come forward for taking the leadership and the workers are in confusion to which is the better candidate elected or selected by them. In this hassle the best leader is sometimes under cover. The next table figures out the views in eliminating union rivalry in mining companies.

In Table 7.2 both the parties agreed on one bargaining agent in the mine. The management representatives also suggested eliminating the outside leadership so that the internal strength would evolve.

8.1 Analysis of Personal Interviews

The research questions and objectives of the research study as mentioned earlier in particular about the need to find out and the amount of credibility which could be done in the available resources (Patton, 2002) has given due importance to the collection of data on the basis of interview. Seven mining companies of Joda circle in Keonjhar district have been taken as sample of the study. Accordingly, the information collected through interviewing 10 executives of mining companies to discover their valuable opinions towards successful parameters for smooth working of Collective Bargaining in the mining industry in Odisha.

The measures suggested by top notch executives which are collective bargaining is the only proven method so far evolved for bringing co-operation and promoting understanding between workers and employers which is essential for ensuring higher productivity and better understanding of performance. Collective bargaining can succeed only if both sides negotiate on rational basis. They must have facts and figures to support their stand. Both parties must decide on the kind of data they should have to base their discussions. Management must collect and make the data available. The data required for discussions will include details such as rates of pay, fringe benefits, manpower budget, wages and salaries etc. Data must be factual and free from any bias. Also the trade union must believe in the data and accept it.

8.2 Benefits of Collective Bargaining In Odisha's Mining Industry

Since trade unions and associations are one of the stake holders in a collective bargaining process, it ensures existence of effective trade unions and associations as well. It highlights the benefits of a productive collective bargaining process which will ensure that trade unions and associations in the mining industry develop. In order to develop an effective trade union and association it is necessary for the employees to be aware of the benefits of a collective bargaining process. This awareness among employees will also be a positive development towards formation of trade unions and association of

employees. It must be remembered that the presence of trade unions and associations of employees in addition to taking care of employees do take active steps in the interest as a whole. This specific issue is very important in view of the present scenario in the state involving irregular activities in the industry. Responsible and effective trade unions and associations of employees with literate and responsible employees could have prevented such activities. Collective bargaining will also benefit the people in the industry as a whole and in turn will help in the growth of the industry and as a result the thefts that in done in the mining industry will also be less.

8.3 Conclusion

There is a trend towards flexibility in a country like India. But the future of flexibility will depend on the interaction of the three players in Industrial Relations. Going by the statistics provided by the Indian labour force participation rate 2011-2016 chart it is 52.50% compared to previous year which was 50.5%. With the advent of the new Industrial system, the workers and the employers are not in sink with each other so as to achieve flexibility. The essential thing about collective bargaining is the fact that it is a vehicle of joint rule-making in an economic organisation. The ultimate end of collective bargaining is to reach some settlement acceptable to both the parties involved in labour-management relations. Collective Bargaining if properly adopted, then it can pave the way for industrial democracy.

Union and the management are being paid due attention for the preparation of the negotiation in the mining sector in Odisha. Collective Bargaining has an positive impact on the mining industry in Odisha from the empirical data deduced from the analysis and data interpretation. The genuine co-operation of workers to achieve higher productivity can be gained only by mutual understanding through the mentioned process of collective bargaining which is ultimately proven method so far.

8.4 Limitations of the Study

Though this study has yielded significant results and produced substantial contributions to the existing body of knowledge in industrial relations research; however, there are limitations related to the scope of the research. This study investigated only the existing seven numbers of mining companies in the final study and pilot study included three mining companies in Joda circle in Keonjhar district. The sample size was adequately chosen representing the entire working mines; the data obtained from these seven mining companies in Odisha's mining industry proved adequate and sufficient, with substantial findings and insights being produced regarding the process of collective bargaining and its impact on variables taken in the mining sector.

8.5 Scope for further research

This study encompasses tremendous scope and directions for the future research. In the context of collective bargaining in industrial relations, the further

study can be done to improve the validity of the research model through large sample of data in form of considering all the mining companies in all circles of mining sector in Keonjhar and other districts in Odisha. A comparative analysis and study can be done for mining industry and other industries regarding the impact of collective bargaining or certain variables in one and other sector. This research study has one of the outcome of less female participation and which can be a scope for other researchers as to find out the reasons behind this and what can be the approach taken by the employer to increase the female participation. Women of today are the evangelist in all leading sector so why not in mining sector. An analysis can be done to identify the ratio of woman participation in the process of collective bargaining in mining industry in Odisha. Researchers also can be encouraged to evaluate the approach of industrial relations of other districts in Odisha and other states. A cross district comparative study can be taken in order to widen the gamut of research.

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IMPACT OF ORGANIZATIONAL FACTORS ON FINANCIAL PERFORMANCE

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164528

ABSTRACT

The corporate sectors are facing many challenges and cut throat competition in the era of globalization. So, in order to sustain in the long run financial performance is the appropriate yard stick through which sustainability can be measured. Financial performance is a comprehensive term and cannot be convincingly encapsulated in a few lines without compromising with its vastness. But it is an important phenomenon that conveys the financial health of a company. Hence, financial performance is the barometer of the operation of business organization. Our study is an attempt to study the important organizational factors to examine the extent of impact of independent variables on dependent variables. For the purpose of study a sample of 192 companies are selected which are studied for the period of ten years by applying multiple regression model. The outcome of the study is that organizational factors are significantly contributing towards financial performance of corporate.

Keywords: *Cut throat competition, Globalization, Financial Performance*

INTRODUCTION

The financial performance of any organisation plays an important role in maintaining the company's survival and growth. This financial performance is influenced by many factors which are

known to be the organizational factors. Some factors are positively influencing the performance while, some are negative. So, examining these factors has immense value for the corporate. The corporate should pay attention towards the factors in order

to minimize the negative influence and maximize the positive influence on firm's performance.

Popularly, profitability is the major indicator of financial performance. This profitability is measured by many parameters, i.e. Return on Asset, Return on Capital Employed, Net profit margin etc. The objective of the organization is no more earning profits but to increase the value of the shareholders which in turn increases the market price of the share of the company. Now a day's investor's perception towards a company performance is good if, it has good market value. So market value is also an important indicator of financial performance of a company. Hence, the financial experts, research scholars and students have been giving more emphasis on the financial analysis to examine the financial position and financial performance.

REVIEW OF LITERATURE

Ali Abbas et.al. (2013) made a study to determine the financial performance factors influencing the textile sector of Pakistan, with a sample of 139 companies from textile sector for the period of 2005-2010. By using regression analysis of Panel data and hausman test, they found that the firm's performance (ROI) in textile sector is significantly affected by Short term leverage, Size, risk, tax and non-debt tax shield. The above factors of textile sector significantly influence the firm's financial performance. Hence, the sector should take those factors into account while measuring the performance.

Sidra Ali Mirza and Attiya Javed (2013) has made an empirical analysis about the association between financial performance of the firm and economic indicators, corporate governance, ownership structure, capital structure, and risk management. The study is made for the period of study is 2007 to 2011 with 60 Pakistani corporate firms listed in Karachi stock exchange. By using Regression & Correlation analysis, Hausmann test, and chi-square test, the results reveal that there is a potential relationship between firm's financial performance and economic indicators, corporate governance, ownership structure and capital structure. But the intensity of relationship varies across different measures of performance. The study finds the evidence in support of the hypotheses that a positive association exists between corporate governance, and risk management and performance while mixed results are found for other variables.

Theiri Saliha, Ati Abdessatar(2011) examined the determinants of financial performance and association among performance, form of control and debt by taking 40 Tunisian listed and unlisted companies for a period of 1998-2006. Performance is measured by the ratio operating income / equity, Added value / sales. The study has analysed several determinants such as Growth opportunities, size, risk, The profitability, Tax savings not related to debt, structure of total assets, Industry Sector, Consumer goods sector, Services sector, Technology

sector. The result shows that debt and the form of control are related with the level of performance.

Priyanka Aggarwal (2015) empirically determined the factors of corporate growth in India in the post liberalization period, from 2004-05 to 2013-14 by taking a sample of 250 private sector companies given in the PROWESS database developed by (CMIE). Multiple regression analysis has been used for the study. Compounded annual growth rate of net sales (CAGRNS) and market capitalization (CAGRMC) taken as measure of growth. The results states that, size of a company, advertising intensity, age, profitability, and research and development intensity, solvency, leverage, efficiency, diversification and nature of industry are significant in determining the growth of Indian firms.

Mowery (1948) examined the impact of firm size and research expenditure on firm's growth for a period of 1921-46 by taking 200 American manufacturing firms. The study used Stepwise regression & correlation and took average annual increase in firm sales as a dependent variable while firm size, value of assets, research activity and scientific personnel employed as independent variables. The study reveals that larger firms 'are not research intensive. Research activity is linked with the firm survival and its growth.

Radice (1971) studied the effects of control Systems on the growth of large firms. The period of the study is from

1957-67 and the size of sample is 89 firms from three industries. Simple regression & correlation has been used and the result reveals that Management control firms are better in growth and profit.

STATEMENT OF THE PROBLEM

The review of the literature reveals that a large number of studies have been carried out all over the globe on analyzing the organizational factors, but still there is a dearth of literature on this subject in the Indian context. Only a few studies i.e. Kakaniet.al.(2001), kaur (1997), Kalirajan&Bhide (2003), Sanjay J Bhayane (2010) and have been carried out to analyze the organizational factors that contributes towards firm's financial performance in India. Along with that in the Indian context, most of the period of the studies are up to the year 2004 except the study of , Sanjay J Bhayane (2010).

Thus, the foregoing discussion reveals that no comprehensive study has been conducted in India during the last ten years, and the number of studies in the earlier period is also limited. Keeping into consideration of these facts, there is a sharp demarcation of research gap in the Indian context, which is the main motivation to conduct this study. Hence the present study is undertaken to explore more on such area and enrich the literature of this context.

OBJECTIVES OF THE STUDY:

- To study the relationship between the organizational factors and the profitability of the company.

RESEARCH METHODOLOGY:

Data Collection:

The study is based on secondary data only. All the dependent and independent variables are taken from PROWESS database. The different reputed journals, magazines and newspapers have been referred.

Sample Design:

The study is based on Nifty 500 companies on the basis of their market capitalization. Out of nifty 500 companies the following filters were applied to select the sample:

- Many companies with inadequate data are eliminated.
- The companies belonging to the financial service sector (i.e- banks and financial institutions) are eliminated.

Because of the specific nature of their activities, companies related to banking and financial sectors were excluded from the sample added to that, firms with missing data were also removed from the sample. Thus, as a result of these filters, a resultant sample of 192 companies was selected.

Time Period of the study:

The study covers a time span of ten years from 2005- 2006 to 2014-2015.

Scope of the Study:

The present study is confined to examining the seven factors, such as – brand value, employee productivity, marketing expenses, working capital ratio, company

size, leverage and dividend payout ratio on financial performance. Shareholder value creation and profitability are taken as an indicator of financial performance. NSE nifty 500 companies on the basis of market capitalization are the population of the study. A sample of 192 companies is constituted on the basis of filtering criteria explained above and studied for the period of ten years (i.e. 2005-06 to 2014-15).

Tools & Techniques:

In order to analyze the data collected, multiple regression analysis has been done using MS excel and multi-co-linearity has been tested through NCSS 11 software.

Variables:

The study examines the determinants of financial performance from two dimensions i.e., shareholder value creation and profitability of sample companies. Different proxies are taken as the dependent and independent variables after reviewing the existing literature. For a better understanding of these variables, these are explained below.

DEPENDENT VARIABLES:

- PBV
- ROA
- ROCE
- NPM

INDEPENDENT VARIABLES

- Brand value
- Employee productivity
- Marketing Exp

- WC Ratio
- Company Size
- Leverage
- Dividend payout ratio

- BV** = Brand value
- EP** = Employee Productivity
- ME** = Marketing Exp
- WC** = WC Ratio
- LNTA** = Company Size

Regression Model:

- LVRG** = Leverage
- DP** = Dividend Payout Ratio
- Å** = The error term

In order to study the impact of various organizational factors, multiple regression analysis has been done. The following models have been developed:

The analysis is based on the linear regression model at 5% level of significance.

$$PBV = \hat{a}_0 + \hat{a}_1BV + \hat{a}_2EP + \hat{a}_3ME + \hat{a}_4WC + \hat{a}_5LNTA + \hat{a}_6LVRG + \hat{a}_7DP + \hat{a} \dots \dots \dots \text{Model- 1}$$

$$ROA = \hat{a}_0 + \hat{a}_1BV + \hat{a}_2EP + \hat{a}_3ME + \hat{a}_4WC + \hat{a}_5LNTA + \hat{a}_6LVRG + \hat{a}_7DP + \hat{a} \dots \dots \dots \text{Model- 2}$$

$$ROCE = \hat{a}_0 + \hat{a}_1BV + \hat{a}_2EP + \hat{a}_3ME + \hat{a}_4WC + \hat{a}_5LNTA + \hat{a}_6LVRG + \hat{a}_7DP + \hat{a} \dots \dots \dots \text{Model- 3}$$

$$NPM = \hat{a}_0 + \hat{a}_1BV + \hat{a}_2EP + \hat{a}_3ME + \hat{a}_4WC + \hat{a}_5LNTA + \hat{a}_6LVRG + \hat{a}_7DP + \hat{a} \dots \dots \dots \text{Model - 4}$$

EMPIRICAL ANALYSIS

a. Examining the impact of selected organizational factors on the share holder value creation

Where:

From the regression statistics as given above it is found that there is a positive relationship between value creation (p/b ratio) and all independent variables (BV, EP, ME, WC, LNTA, LVRG, DP) as evident from adjusted R² i.e. 0.066709. This indicates around 7 % (approx.) of value creation is contributed by independent variables (BV, EP, ME, WC, LNTA, LVRG, DP).

PBV= price to book value

ROA=Return on Asset

ROCE = Return on capital Employed

NPM= Net Profit Margin

Table no 2 shows the level of significance between p/b ratio (value creation) and all independent variable. Here p value is 7.59E-27 (p<0.05) which is less than 0.05. It implies that there is significant relationship between p/b ratio (value creation) and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP)

â₀ = constant or the value of dependent variable when all values of independent variables are zero

â₁, â₂, â₃, â₇ = Slope of the independent variables

collectively. However independent variable under sample contributes to the extent of 7% given in regression statistics table.

Examining the impact of selected organizational factors on ROA:

From the regression statistics as given above it is found that there is a positive relationship between ROA and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP) as evident from adjusted R^2 i.e. 0.154 . This indicates around 15% (approx) of ROA is contributed by independent variables (BV, EP, ME, WC, LNTA, LVRG, DP).

Table no 4 shows the level of significance between Return On Asset (ROA) and all independent variable. Here p value is 4.52103E-67 ($p < 0.05$) which is less than 0.05 . It implies that there is significant relationship between Return On Asset (ROA) and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP) collectively. However, independent variable under sample contributes to the extent of 15% given in regression statistics table.

b. Examining the impact of selected organizational factors on ROCE:.

From the regression statistics as given above it is found that there is a positive relationship between ROCE and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP) as evident from adjusted R^2 i.e. 0.009828 . This indicates only 1% (approx) of ROCE is contributed by independent variables (BV, EP, ME, WC, LNTA, LVRG, DP).

Table no 6 shows the level of significance between return on capital employed (ROCE) and all independent variable. Here p value is 0.000524 ($p < 0.05$) which is less than 0.05. It implies that there is significant relationship between Return on Capital Employed (ROCE) and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP) collectively. However, independent variable under sample contributes to the extent of 1% given in regression statistics table.

c. Examining the impact of selected organizational factors on Net Profit Margin(NPM):

From the regression statistics as given above it is found that there is a positive relationship between NPM and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP) as evident from adjusted R^2 i.e. 0.488924. This indicates around 49% of Net profit Margin (NPM) is contributed by independent variables (BV, EP, ME, WC, LNTA, LVRG, DP).

Table no 8 shows the level of significance between net profit margin (NPM) and all independent variable. Here p value is 9E-275 ($p < 0.05$) which is less than 0.05. It implies that there is significant relationship between net profit margin (NPM) and all independent variable (BV, EP, ME, WC, LNTA, LVRG, DP) collectively. However independent variable under sample contributes to the extent of 49% as given in regression statistics table.

Table no 1: Regression Statistics of Value creation

Statistics	Values
Multiple R	0.26479
R Square	0.070114
Adjusted R Square	0.066709
Standard Error	4.286954
Observations	1920

Source: self-compiled

Table no- 2: Statement Showing Level of Significance of Relationship

ANOVA					
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F (p value)</i>
Regression	7	2649.474	378.4963	20.5951	7.59E-27
Residual	1912	35138.69	18.37797		
Total	1919	37788.16			

Source: self-compiled

Table no 3 :Regression Statistics of ROA

Statistics	Value
Multiple R	0.397174747
R Square	0.157747779
Adjusted R Square	0.15466422
Standard Error	0.059671654
Observations	1920

Source: self-compiled

Table no 4: Statement Showing Level of Significance of Relationship

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F (P value)</i>
Regression	7	1.275102614	0.182158	51.15769	4.52103E-67
Residual	1912	6.808070529	0.003561		
Total	1919	8.083173142			

Table No 5:Regression Statistics of ROCE

Statistics	Values
Multiple R	0.115929
R Square	0.013439
Adjusted R Square	0.009828
Standard Error	0.384707
Observations	1920

Table no 6: Statement Showing Level of Significance of Relationship

ANOVA					
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F (p value)</i>
Regression	7	3.854846	0.550692	3.72091	0.000524
Residual	1912	282.9748	0.147999		
Total	1919	286.8296			

Source: self-compiled

Table no 7 : Regression Statistics of NPM

Statistics	Values
Multiple R	0.700563
R Square	0.490789
Adjusted R Square	0.488924
Standard Error	152.6379
Observations	1920

Source: self-compiled

Table no 8: Statement Showing Level of Significance of Relationship

ANOVA					
	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F (p value)</i>
Regression	7	42934762	6133537	263.2607	9E-275
Residual	1912	44546426	23298.34		
Total	1919	87481188			

Source: self-compiled

FINDINGS:

After the empirical analysis the following findings are derived.

- Brand value has a significant positive relation with p/b ratio (value creation)
- Brand value has positive relationship with all parameters of profitability (CFM, ROA, ROCE). But it is significantly related with CFM & ROA and insignificantly related with ROCE with a p value of 0.053, very close to

0.05. So, if the size of sample will be more it may significantly affect ROCE.

- Size of the firm positively affects sales growth.
- Use of more leverage and spending more money on marketing increases variation in CFM and ROA.

SUGGESTIONS:

- It is suggested that the company should focus more on building brand value,

spending money on marketing activities and payment of dividend in order to maximize the share holder value.

- In order to maintain profitability the firm has to maintain balance between working capital and profitability.
- Company should try to use less debt in order to maintain profitability.

CONCLUSION:

This study examines the organizational factors of Indian firms

with a sample of 192 companies for a period of 10 years. As per the objectives it examines the relationship between dependent and independent variables and found that brand value, marketing expenses and dividend payout ratio are positively related with value creation, profitability and its components and sales growth while leverage is negatively. So, the company should make strategic plan in order to manage the negative influence of profit ability and exploit positive influence in order to maximize performance.

SCOPE FOR FURTHER RESEARCH:

Financial performance and organizational factors have always been emerging issues. Though this study adds certain vales to the growing body of knowledge on the firms performance but it ignores industry wise analysis which is open for further research.

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NON-PERFORMING ASSETS OF SCHEDULED COMMERCIAL BANKS IN INDIA: ITS REGULATORY FRAME WORK

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DOI# 10.23862/kiit-parikalpana/2017/v13/i2/164529

ABSTRACT

Bank plays a vital role in the economic development and growth of a country. In a developing country like India, there is a need of efficient and healthy banking system. But from past few decades NPA has become a big threat for the growth of banking sector. In the present scenario, the core financial problem for banks is NPA. Proper recovery of loans can boost the performance of banks. Therefore, an attempt is made in this paper towards examining the effectiveness of NPA recovery measures. Selected recovery measures like Lok Adalat, Debt Recovery Tribunal and SARFAESI Act are taken to study the effectiveness of NPA recovery. From the study it is inferred that recovery of NPAs is still a measure concern for commercial banks in India. One of the reason for the poor recovery from NPAs is that, the mechanism created for this purpose are not effective that's why banks are not able to derive full benefits from these.

Key words: *Economic development, Non-Performing Assets, Recovery Measures, Lok Adalat, Debt Recovery Tribunal, SARFAESI Act.*

INTRODUCTION

Economic development of a country depends upon an efficient financial system.

In a developing country like India the commercial banks plays a major role for the economic development in the financial

system. The primary function of a commercial bank is to channelize the surplus savings of the people to the deficit sector in the form of credit for their growth and development. The efficiency of a bank is determined by its profitability and the quality of asset it possesses. Before 1991 asset quality was not a major worry for the Indian commercial banks rather the importance was on widening the banking network, priority sector lending and employment generation. After the recommendation of Narasimham Committee in 1991, it was found that Indian banks are burdened with huge amount of Non-Performing Assets due to which banks had gone financially weak. When RBI issued prudential norms in the year 1992-1993, the concept of Non-Performing Assets evolved as a present day issue. Before implementation of this norm an asset is considered as non-performing if the interest or installment or both is unpaid for a term 180 days or more, but after prudential norms the period of 180 days is lessened to 90 days beginning from 31st March 2004.

The Reserve Bank of India to accelerate the NPAs recovery has designed several debt recovery channels such as Debt Recovery Tribunals (DRTs), Lok Adalats and SARFAESI-Act, 2002. Every now and then the government of India is also taking various necessary steps for minimizing the non-performing assets.

REVIEW OF LITERATURE

Sahni & Seth (2017) made a study on

NPAs in Indian commercial banks and they opined that for improving financial performance in the banking sector, the NPAs have to be organized. Government has taken different measures to reduce the NPAs. It is in the part of banks to be careful while giving loans. They must be very much careful and also ensure the credit worthiness of various customers.

Banana & Chepuri (2017) in their study stated that the growth rate in advances is decreasing and growth rate in NPAs is increasing, which is not desirable to the bank. Sufficient and strict stapes are needed to be taken before sanctioning of the loans and effectiveness must be there in the supervision of disbursed loans.

Singh (2016) stressed on recovery aspect of NPAs in the Indian banking sector. Though different measures have been taken by government to reduce the NPA level, but still there is a needed of strong measures. No bank can make its NPA level at zero. The internal authority must take necessary steps to speed up the recovery process.

Garg (2016) in his research paper concluded that the problem of NPA impacts profitability, liquidity and results in credit loss. Proper remedial measures are needed to be taken to reduce the quantity of huge NPA.

Dubey & Kumari (2016) in their study opined that if MCAP of banks is taken as a reflection of stock market performance of banks then advances and indicator in the post crisis period of the Indian

economy remaining equity MCAP of market may be taken as a good enough and may be used for picking bank stocks.

RESEARCH GAP

Looking at the literatures it is found that a lot of study has been done to find out the reasons of NPAs in Indian banking sector, impact of NPAs on banks performance, measures to control NPAs, NPA management and overall efficiency. But very less number of studies has been made on the recovery mechanism of NPAs in Indian banking sector. Therefore, this gap has been identified and explored in our study.

PROBLEM STATEMENT

The banking sector plays a key role in the financial system of a country, as it directly contributes to the GDP and by bringing forward the savings and spreading the investments. But after managing all kind of challenges, NPAs has been a biggest challenge for them, and its recovery is one of the hardest tasks for the commercial banks. As the increasing amount of NPA adversely affect not only the banking sector but also to the Indian economy. Proper recovery of loans can boost the performance of banks. Therefore, an attempt is made in this paper towards examining the effectiveness of NPA recovery measures.

OBJECTIVES OF THE STUDY

❖ To study the concept of Non-Performing Assets in the banking sector.

❖ To study the effectiveness of regulatory framework for recovering debts of Scheduled Commercial Banks.

RESEARCH METHODOLOGY

Sources of data: - Data for this study has been collected from secondary sources. These include data from RBI report trends and progress of banking in India, various published articles, books, journals and research papers.

Study period: - Present study covers 9 years, from 2008 to 2016 to compare and analyze the trends of NPA recovery in Scheduled Commercial Banks in India.

Tools and techniques used: - Data are analyzed and presented by the help different statistical tools like percentages, tables, graphs, etc.

ANALYSIS AND INTERPRETATION

Concept of Non-Performing Assets

An asset becomes non-performing when the borrower is not able to pay either interest or principal or both for a period of 90 days. Reserve Bank of India from year ended 31st march, 2004, to follow global practices and high degree of transparency in a view to move towards international practices and greater degree of transparency, made it applicable for 90 days overdue norm for identifying NPA.

Asset classification

According to the asset classification norms of Reserve Bank of India, following are the different types of assets of a bank.

- 1) Standard Assets
- 2) Substandard Assets
- 3) Doubtful Assets
- 4) Loss Assets

Standard assets: An asset in which there is no chance of default and which carry only normal risk attached to the banks is known as standard asset. These assets should not be considered as nonperforming asset. Provision for standard asset is made at 0.25% of all type of standard advances.

Substandard assets: If an asset remains non-performing for a term up to 12 months then it would be considered as substandard assets. Provision is made at 10% of all type of standard advances.

Doubtful assets: If an asset remains non-performing for a period more than 12 months. Provision in these assets are made differently, for a term up to 1 year provision is made 100% of no secured advances and 20% of secured advances, for a term more than 1 year but less than 3 years provision is made 100% of unsecured advances and 30% of secured advances and for term 3 years or more provision is made 100% of both unsecured and secured advances.

Loss assets: A loss asset is a type of asset in which an asset remains non-performing for a term more than 3 years. In this type of asset provision is made 100% of unsecured and 100% of secured advances.

As stated by the Reserve Bank of India, in comparison to other Asian countries and U.S., the level of Gross non-performing assets are more than the Net non-performing assets in India. Historically, Indian banks are poor on credit recovery, because of very little legal provision governing foreclosure and bankruptcy, lengthy legal battles, sticky loans made to public sector undertakings, loan waiver and priority sector lending.

NPAs RECOVERED THROUGH VARIOUS CHANNELS OF SCBs

NPAs recovered through Lok Adalats of SCBs

Table-1 shows non-performing assets recovery by Indian scheduled commercial banks by the help of lok adalat during our study period. It is found that, the case referred has been increased to a great extent in the year 2015-2016 in comparison to 2007-2008. The trend of NPA recovery by lok adalat is showing an inconsistent trend from 2007-2008 to 2015-2016. Though the amount of NPAs recovery is in an upward trend, but if we see the percentage of recovery then the trend is quit fluctuating. After 2012 the percentage of amount recovered by Lok Adalats shows an inconsistent declining trend. It is recovering 3200 Crore out of 72000 Crore of amount involved in 2016, i.e. only 4.4%. It is much less than other recovery channels. Due to its inefficiency in recovering, the Schedule Commercial Banks searching for other recovery channel.

NPAs recovered through DRTs of SCBs

Table-2 disclosing recovery of Non-Performing Assets by Schedule Commercial Banks through Debt Recovery Tribunal during our study period of 2007-08 to 2015-16. It is very clear from Table 2 that the referred cases for NPAs recovery to DRTs during the period of study, has been increasingly improved. It recovers highest percentage of involved amount in NPAs i.e. 81.1% in 2008-09 and then it shows the decline trend in recovery percentage in the subsequent years. We can see that the Lok Adalats recovers very less percentage of NPAs in comparison to the DRTs. So the Schedule Commercial Banks has been considered DRTs is best channel of recovery than Lok Adalat.

NPAs recovered through SARFAESI Act 2002 of SCBs

Table-3 showing the data related to the study period of 2007-08 to 2015-16. This table 3 shows the NPAs recovery by SARFAESI Act 2002 of SCBs. Number of cases referred under Act was 83,942 Crore in the year 2008 and increased up to 1,73,582 Crore in the year 2016. Trend in the number of cases referred increased year after year from 2008 to 2016. The above table exhibited that amount involved was Rs.7,263 Crore in the year 2008 and increased up to Rs.80100 in the year 2016. Data related to amount recovered highlighted that Rs.4,429 Crore recovered in the year 2008 and increasing up to Rs.

13,200 Crore in the year 2016. It is also shows increasing trends which is good for the all the banks.

NPAs of SCBs recovered through various channels

Figure 1 depicted that the NPAs recovery percentage by Lok Adalat (8.2%) is very negligible in comparison to the percentage of NPA recovery by DRTs (51.9%) and SARFAESI Act 2002 (61%) in the year 2008. In 2016 the percentage of NPA recovered has been decreasing to 4.4% in Lok Adalat, 9.2% in DRTs and 16.5% in SARFAESI Act. We can clearly conclude that SARFAESI Act recovers highest amount of NPA during the period of study (i.e. 2008-2016). So it is the most favorable NPAs recovery channel.

Findings

- From our study period of 2008 to 2016 Schedule Commercial Banks has been recovered Rs.2,535 Crores of NPAs by Lok Adalat.
- From the year 2008 to 2016 Schedule Commercial Banks has been recovered Rs.37,831 Crores of NPAs by Debt Recovery Tribunals.
- From the year 2008 to 2016 Schedule Commercial Banks has been recovered Rs.1,16,044 Crores of NPAs SARFAESI Act 2002.
- The basic factors responsible for increasing NPAs are ineffective recovery, willful defaults and defective lending process.

Table 1- NPAs recovered through Lok Adalats of SCBs

Year	Cases Referred (in No.)	Involved Amount (in crore)	Recovered Amount (in crore)	Recovered Amount (%)
2007-08	1,86,535	2,142	176	8.20
2008-09	5,48,308	4,023	96	2.40
2009-10	7,78,833	7,235	112	1.55
2010-11	6,16,018	5,254	151	2.87
2011-12	4,76,073	1,700	200	11.8
2012-13	8,40,691	6,600	400	6.10
2013-14	16,36,957	23,200	1,400	6.20
2014-15	29,58,313	31,000	1,000	3.20
2015-16	44,56,634	72,000	3,200	4.40

Source: Reserve Bank of India

Table 2- NPAs recovered through DRTs of SCBs (Amount in Crore)

Year	Cases Referred (in No.)	Involved Amount (in crore)	Recovered Amount (in crore)	Recovered Amount (%)
2007-08	3,728	5,819	3,020	51.90
2008-09	2,004	4,130	3,348	81.10
2009-10	6,019	9,797	3,133	32.00
2010-11	12,872	14,092	3,930	27.89
2011-12	13,365	24,100	4,100	17.00
2012-13	13,408	31,000	4,400	14.10
2013-14	28,258	55,300	5,300	9.50
2014-15	22,004	60,400	4,200	7.00
2015-16	24,537	69,300	6,400	9.20

Source: (RBI) Report in Trends and Progress of Banking in India, RBI.

Recommendations

- Former credit assessment and observing system should be reconsidered by RBI.
- Strong loan recapture methods should be employed by all Indian banks.
- RBI may take initiative against defaulter through newspaper, media by publishing their name, which will ultimately supports the financial institutions.
- The recovery mechanisms must be strengthened so that the recovery amount can be increased.

Table 3- NPAs recovered through SARFAESI Act 2002 of SCBs (Amount in Crore)

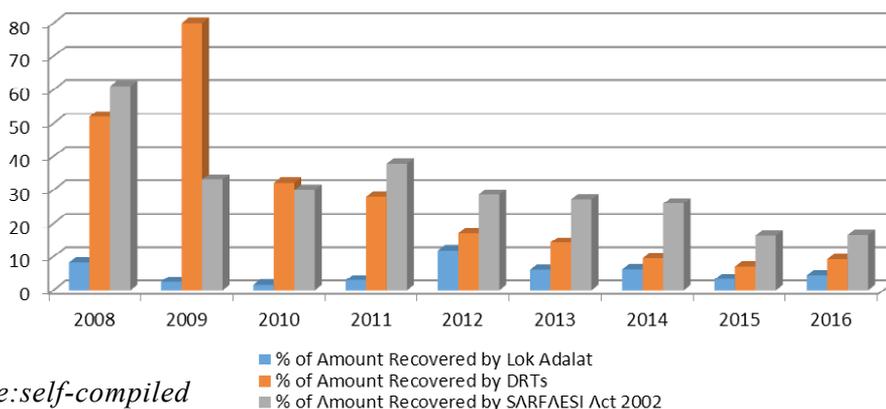
Year	Cases Referred (in No.)	Involved Amount (in crore)	Recovered Amount (in crore)	Recovered Amount (%)
2008	83,942	7,263	4,429	61.00
2009	61,760	12,067	3,982	33.00
2010	78,366	14,249	4,269	30.00
2011	1,18,642	30,604	11,561	37.78
2012	1,40,991	35,300	10,101	28.60
2013	1,90,537	68,100	18,500	27.10
2014	1,94,707	94,602	24,402	25.80
2015	1,75,355	1,56,800	25,600	16.30
2016	1,73,582	80,100	13,200	16.50

Source: (RBI) Report in Trends and Progress of Banking in India, RBI.

Table 4- Percentage of NPAs Recovery through various channels of Schedule Commercial Banks (Amount in Percentage)

Channel\Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
% of Amount Recovered by Lok Adalat	8.2	2.4	1.55	2.87	11.8	6.1	6.2	3.2	4.4
% of Amount Recovered by DRTs	51.9	81.1	32	27.89	17	14.1	9.5	7	9.2
% of Amount Recovered by SARFAESI Act 2002	61.0	33.0	30.0	37.78	28.6	27.1	25.8	16.3	16.5

Source: self-compiled

Figure 1- Showing Recovery percentage of NPAs of Schedule Commercial Banks through various channels (Amount in Percentage)

Source: self-compiled

CONCLUSION

The major problem in Indian banking industry is the increasing level of NPAs. As the interest on funds lent is the major source for Indian banking sector. So money blocked as NPAs has a significant influence on effectiveness of banks. The study reflects that the Indian Schedule Commercial Banks suffering from high level of NPAs. The government has been taken diverse steps to minimize the NPAs level but still a lot of efforts are to be executed to curb this problem. From our study it is inferred that among different mechanisms made by the government, SARFAESI Act-2002 is the most effective reform measure in the Indian banking industry for NPA recovery. But if we compare the amount involved and the amount recovered then the amount recovered is very negligible in comparison to amount involved. One of the reasons for the poor recovery is that, the mechanisms created for this purpose are not effective, that's why banks are not able to derive full benefits from these.

LIMITATIONS OF THE STUDY

In this study we have certain limitations, that are- this study is limited to only lok adalats, debt recovery tribunals and SARFAESI Act. The data for the study is confined to all scheduled commercial banks during 2008 to 2016. If more years of data were added then more accurate results could have been obtained. The analysis can further be done on the basis of categorization of the banking sector on the basis of ownership structure.

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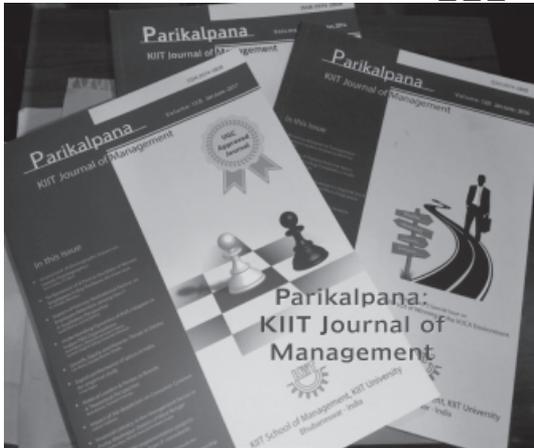
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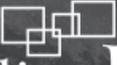
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