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ISSN : 2277-6753

SUMEDHA

Journal of Management

Vol. 2

No. 4

October - December 2013

Referred Journal of CMR College of Engineering & Technology

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SUMEDHA JOURNAL OF MANAGEMENT

Volume 2

Number 4

Global Impact Factor (2012): 0.305
Indexed in ProQuest DataBase, Indianjournals.com

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SUMEDHA
Journal of Management

Chief Editor Message

Welcome you to the Eight issue of the SUMEDHA Journal of Management, on this occasion, I sincerely extend my thanks to all the members of the Editorial Board and the Editorial Advisory Board, contributors and welcome the readers of the Journal. Our journal got Impact Factor 0.305 from Global Impact Factor.

The issue deals with a variety of topics including Government Leadership and Stock Returns in Nepal, Quality of Work Life Among the Employees, Organizational Justice and Job Satisfaction among the Employees, Occupational Stress among Public, Private and Co-operative Bank Employees, Creativity and Innovation in Entrepreneurship, A Study on Accidents in Visakhapatnam Steel Plant, with Special Reference to Nature, Causations and Reporting Procedure, Switching Costs, Customer Satisfaction and Brand Loyalty, The Dilemmas of Small Business Growth The Case of Rural Agri- Business Based Micro Firms, Corporate Governance Disclosures in Indian Industry, Online Reviews: Do Consumers Trust Them

I would like to take this opportunity to thank all the esteemed contributors and reviewers who have played an significant role in the successful release of this issue. I look forward to your valuable suggestions, comments and contributions.

Thanking you

**A Kotishwar
Chief Editor**

Government Leadership and Stock Returns in Nepal

- Jeetendra Dangol*

Abstract

The paper examines the interrelationship between the government leadership and stock returns in Nepal between mid-July 1997 and mid-July 2012. The liberal democrats Nepali Congress-led governments have generated positive, higher returns, whereas the UCPN (Maoist)-led governments have earned highest negative returns. Similarly, the study finds that the stock returns are lower during the governments led by communist (leftist), and by Rastriya Prajatantra Party (RPP), the rightist force. The study also finds statistically significant returns between the governments led by Nepali Congress, communist parties and other political parties. It indicates that the political force leading the government influences the Nepalese stock market returns. Hence, there exists a strong relationship between the government-leadership and stock returns in the Nepalese stock market.

I. Introduction

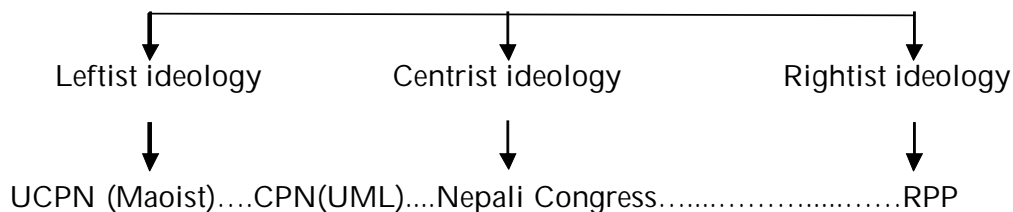
The aim of the paper is to investigate the relationship between stock returns and the political philosophies of the leading party in the governments in Nepal. The Government formation results may influence corporate performance by general changes in government spending and tax changes. In addition, specific companies or sectors might benefit or suffer from sector-specific governmental decisions. In other words, the government decisions are based on their political philosophy, which influences the economic activities of the country. Stock market participants will incorporate their expectations about political change into stock prices on the basis of the political party that leads the government. In the Nepalese context, there is no empirical study on the association between stock price effects and government leadership of leftist, centralist and rightist political forces.

Nepal has gone through a period of transition, which started with the re-establishment of multi-party democracy in 1990, Maoist armed conflict from 1995 to 2006, and Royal Massacre (assassination of ex-king Birendra and his family) in 2001. Likewise, a new phase of transition began with the establishment of democratic republic

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after the Spring Revolution of 2006 ousted king Gyanendra who had seized the executive power from the people in 2005. Then, a constitutional assembly was formed in 2008 through national election but it was dissolved without promulgating the constitution of Nepal on May 27, 2012. During the whole series of significant events in the national politics, the country has seen many governments.

The study has sought to assess the influence of political ideology (adopted by different Nepalese political parties leading the government) on the stock returns in Nepal. It has been done in backdrop that there is an array of varied political ideologies of the parties that have led the government after the restoration of democracy in Nepal in 1990. Whereas RPP represents the erstwhile autocratic Panchayat polity of feudalistic royalist political force that ruled Nepal 1960-1990, Nepali Congress and different communist parties of Nepal- through their working alliance- fought for democracy and overthrew the autocratic Panchayat system. However, Nepali Congress has held a socialist democracy as its key ideology and adopted open market system while communist parties including CPN-UML and UCPN-Maoist have represented leftist ideologies, although they have publicly promised political liberalisation and market-oriented mixed economic system. All of these three political forces have led the governments (both one-party and coalition governments) and this has created an opportunity to study the influence of government leadership's ideology on stock returns in Nepal.



The changes in the government always threaten investors towards the economic policies and future uncertainties. It influences investors' confidence both positively and negatively towards their investment risk on the basis of the political party that has led the government. This transition period was characterised by political uncertainty, violence on the one extreme and bouts of optimism on the other extreme.

Beaulieu, Cosset and Essaddam (2006) dealt with the political risk and its impact on share price. Political risk is a global phenomenon that affects most national stock markets in the twentieth century. The study found that the uncertainty surrounding the referendum outcome had short run impact on stock returns of Quebec firm positively. Beaulieu et al. (2006) showed that the stock market was directly influenced by the political risk and uncertainty. It implies in the current study that the different political parties leading the government may create abnormal returns to shareholders in Nepal.

There are various factors that affect stock market price behaviour; they bring out over- or under-reaction in the market. The study of political events and stock price behaviour occupies an important place in financial management. The paper focuses on the effect of 'political party leadership in the government' on stock prices. This study mainly deals with political events, which create political risks and uncertainties in economic activities in the country. The next section discusses the review of literature. The methodology of the study adopted is discussed in the third section. The fourth section presents the empirical results and the last section contains the conclusions from the study.

II. Literature Review

A government is responsible for steering its economy into a right track. The future economic policies can be derived from political events such as election results, formation of new government, changes in the composition of government, and therefore, in the composition of the government will most likely result in policy changes. This should affect economic variables such as unemployment, economic growth, and inflation. The macro-economic results are not entirely the consequence of the economy itself but are also dependent on the long and short-term policy choices of the government. Therefore, political party differences in economic policy have the potential to move the economy along different time paths, which should manifest in different returns to stockholders (Li and Born, 2006). This suggests a link between common stock returns and political outcomes.

One of the political events for determining the future economic policy of the country is election announcements. Elections by definition always open a period of political uncertainty, as the winner remains to be determined and tested. In this regard, the impact of political events on the stock market stresses uncertainty over the policies that the next government will pursue. Since stock prices anticipate and capitalise policy changes, the analysis of the effects of the political events on stock market could indicate the economic importance of expected changes in economic policy.

Vuchelen (2003) investigated whether Belgian elections and the ideological composition of the government may affect the performance of the Brussels stock market. The study results indicated that the ideological composition of the government was an important variable of stock market. The study suggested that the election and ideological composition of the government partners affect the common stock returns.

Martinez and Santiso (2003) provided the additional evidence on the political event, such as, the interactions between politics and financial markets in emerging economies. More precisely, it examined how Wall Street reacts to major Latin American

political events. The case study focused on the 2002 Brazilian presidential election. The specific case study of Brazil, analysed through the perceptions of Wall Street analysts and a historical and quantitative economic perspective, has shown that these ties were strong for emerging markets. In fact, the essential character of emerging markets lies precisely in this intricate link between political uncertainty and financial volatility - what could be called the 'economic fog' of democratic uncertainty.

Li and Born (2006) has made an attempt to analyse the relationship between the presidential election uncertainty and common stock returns in the United States, showing the stock returns on the pre- and post-election. They reported that the mean daily common stock return rose in the roughly three-month period before a US presidential election when the outcome of the election was uncertain. Similarly, the study provided weak evidence that the presidential election cycle was associated with higher return variability when outcome was uncertain. However, volatility is virtually identical to non-election periods when the outcome is not in doubt. This evidence is consistent with the hypothesis that investors see a causal link between political uncertainty and common stock returns generation. It indicates that political uncertainty is observed by and priced in the equity market. Torkzade and Moghadam (2012) documented uncertainty of the investors from a political event such as election would cause the reduction of the average of the returns for the stock market indices. The link between politics and stock market is found in an unbiased framework consistent with the market efficiency hypothesis.

Bittlingmayer (1998) reported political uncertainties simultaneously affected stock prices and output. In other words, it concluded that there was influence of political outcomes on the business cycle and stock market. To sum up, when uncertainty was taken into account, stock prices discounted investors' expectations concerning possible future corporate developments. In efficient markets, investors predict market in a rational way by making use of all available information, and prices react instantaneously to news (Fama, 1970, Fama, 1991).

LeBlang and Mukherjee (2007) examined stock prices volatility and average returns were affected from the partisan composition of the government and traders' expectations of electoral victory by right-wing or left-wing parties. They found that the average stock return decreases (increases) under left-wing (right-wing) administrations and in election years when market agents expect the left (right) party to win the election. They also showed that higher political uncertainty increases market volatility. On the contrary, Bris (2012) reported stock returns were much higher under the Left than under the Right over the long-run. However, Bialkowski, Gottschalk and Wisniewski (2006) revealed that there were no statistically significant differences in returns between the left-wing and the right-wing executives of different governments.

In case of the US market, Santa-Clara and Valkanov (2003) found that the excess return in the stock market was higher under Democratic than Republican presidencies but there was no difference in the riskiness of the stock market across presidencies that could justify a risk premium. Similarly, Grant and Trahan (2006) reported that the common stocks performed better under Democrats, while the US government bonds and Treasury bills performed better under Republicans. Republicans provide better risk-reward tradeoffs than Democrats for portfolios of value stocks, bonds, and bills.

Benton (2008) investigated how Mexican investors might consider candidates' policy platforms and apply them to Mexico's 2006 presidential race. The Mexican stock market showed that rising electoral uncertainty lowered market performance, while growing support for either the left-leaning or the market friendly party reduced market volatility. These findings revealed that investors discounted left-leaning rhetoric.

Abidin, Old and Martin (2010) examined stock returns under both National and Labour governments in the New Zealand, offering further insight into the existence of the political cycle effect. The study indicated that the existence of a political cycle effect in stock returns. New Zealand's right-of-centre National party were found to be associated with significantly higher stock returns during their terms in office than their left-of-centre counterparts, the Labour party.

Thus, relationship between stock market and political behaviour is complicated issues for academicians and investors. Politics and that economy are inextricably linked; that is, they have significant influence on each other, and cannot be separated (Bratsiotis, 2000; Harms, 2002). Similarly, Dangol (2008), in case of Nepal, reported a strong linkage between political uncertainty and stock returns.

In the context of Nepal, there is the need to study whether the government's political leadership and its ideological philosophy generate immediate market reactions or not. This is so, as the Nepalese stock market also seems volatile with announcement of any important public information. Moreover, the Nepalese stock market still lacks empirical evidences on this issue. Therefore, the current study examines the Nepalese stock market reaction to governments of different political parties with various economic philosophies.

III. Data and Methodology

The Nepal Stock Exchange (NEPSE) Ltd is the sole stock exchange of Nepal, a developing country in South-Asia. NEPSE has grown since 1994 with semi-automation of floor in lately 2007, against the background of political instability and slow growing economy.

First, the current study collected the duration of political parties that have led governments in Nepal: (i) Nepali congress party (1998/05/14-2002/10/10, 2004/06/02-2005/01/31 and 2006/04/25-2008/08/17), (ii) Communist Party of Nepal-United Marxist Leninist (UML) (2009/05/23-2011/08/27), (iii) United Communist Party of Nepal (UCPN)-Maoist (2008/08/18-2009/05/22 and 2011/08/28-to date, for data analysis cut off point is 2012/07/15), (iv) Rastriya Prajatantra Party (RPP) (1997/03/12-1998/05/14, and 2002/10/11-2004/06/01) and (v) King Gyanendra (2005/02/01-2006/04/24). However, the study has excluded the government of former King Gyanendra from analysis, since it was not a political party-led government since the restoration of democracy in 1990.

The main objective of the paper is to examine the political leadership influence on the daily and weekly stock returns in the Nepalese stock market. This study has dealt with the secondary data obtained from an official database of prices for the NEPSE. The study has used two longer time scale price series: daily and weekly. Lo and MacKinlay (1988) argue that weekly data reduces the potential biases associated with non-trading, the bid-ask spread, and asynchronous prices. Similarly, Rawashdeh and Squalli (2006) also claim that only daily or weekly data are appropriate in analysis, as stock prices are expected to immediately reflect new information.

For the study purpose, overall NEPSE indices for 15 years from mid-July 1997 to mid-July 2012 were collected. For analysing the data, the natural log of the relative price has been computed for the daily/weekly intervals to produce a time series of continuously

compounded returns, such that: $R_t = \text{Ln} \left(\frac{P_t}{P_{t-1}} \right) \times 100$, where P_t and P_{t-1} represent the stock index price at time t and $t-1$ and Ln refers to natural log.

The study used mean daily and weekly returns for the sample periods. Results are statistically tested employing parametric ANOVA F-test, t-test and non-parametric Mann-Whitney test, and Kruskal-Wallis test. The study examined if the Nepalese stock market generates high or low daily/weekly market returns on the basis of different political parties leading the governments. It offers benefits to investors to enhance their stock-investment returns. The investors are able to invest during high returns and avoid their investment when stock generates substantial negative returns. More specifically, an investor will be able to make decisions about buying and selling stocks by using the identified political influences on the stock returns pattern.

IV. Empirical Results

Fifteen governments were formed in Nepal in fifteen years from 1997 to 2012, as shown in Table 1. Almost all of these governments were a coalition of at least two political

parties except the one led by Krishna Prasad Bhattarai of Nepali Congress in 1999-2000. Frequency of formation of coalition governments implies the existence of continuous political uncertainties in the study period. The study considered 14 governments for analysis and excluded the one led by then king Gyanendra. Daily and weekly mean returns and standard deviations during the study period are shown in the Table 1.

The Nepali Congress government led by Krishna Prasad Bhattarai produced highest positive daily (0.244) and weekly (1.079) average returns during the study periods. Whereas, the highest average negative average returns for daily (-0.271) and weekly (-0.869) were generated during the coalition government led by Pushpa Kamal Dahal of the UCPN-Maoist. The differences between highest and lowest for both daily and weekly average returns are found statistically significant at 1 per cent level.

The reason for generating the highest positive return during the KP Bhattarai-led Nepali Congress government is that it was the majority government and his political party advocated the ideology of liberal economic policy.

On the other hand, the highest negative average returns reported during the PK Dahal-led communist government may be attributed to the fact that Nepalese stock-market could not be assured of the market-friendly policy of the communist part, and UCPN's victory in the constituent assembly election also was little expected. Moreover, Dahal formed a coalition government instead of a consensus government as agreed earlier in the major parties' meeting. It indicates that the relationship between the stock returns and political uncertainties are inter-linked. The results are consistent with the previous studies of Bratsiotis (2000), Harms (2002) and Dangol (2008).

The RPP led governments four times during which daily and weekly returns series produced negative returns with high standard deviation in the series. It indicates that the investment in equity during the governments led by rightist RPP had high degree of risks. It may be not only because of the party's rightist and reactionary image, but also due to the fact that RPP- though leading coalition government- had very fewer number of parliament members of its own. Thus, in these periods, the market participants saw high degree of political uncertainty.

Similarly, the market during the two leftist UML-led governments generated negative average returns in daily and weekly series.

The Maoists got opportunity to lead coalition governments two times, one each by Pushpa Kamal Dahal and current Prime Minister Dr. Babu Ram Bhattarai. During the governments of Maoists, the mixed results were observed. The negative average daily and weekly returns were reported during the period of Pushpa Kamal Dahal-led government and positive average returns during current Prime Minister Dr. Bhattarai's period.

Table 1: Nepal governments, prime ministers and average stock return form 1997 to 2012

Prime minister	Political party	Periods	Daily returns		Weekly returns	
			Mean return	Standard deviation	Mean return	Standard deviation
Lokendra Bahadur Chand	RPP	**1997/03/12 – 1997/10/06	-0.065	0.337	-0.243	0.552
Surya Bahadur Thapa	RPP	1997/10/07 – 1998/05/14	-0.053	2.415	-0.241	3.191
Girija Prasad Koirala	Nepali Congress	1998/05/15 – 1999/05/30	0.110	0.723	0.504	1.680
Krishna Prasad Bhattarai	Nepali Congress	1999/05/31 – 2000/04/20	0.244	1.049	1.079	2.666
Girija Prasad Koirala	Nepali Congress	2000/04/21 – 2001/07/25	-0.026	1.665	0.005	3.753
Sher Bahadur Deuba	Nepali Congress	2001/07/26 – 2002/10/10	-0.130	1.193	-0.692	3.432
Lokendra Bahadur Chand	RPP	2002/10/11 – 2003/06/03	-0.030	4.468	-0.117	1.912
Surya Bahadur Thapa	RPP	2003/06/04 – 2004/06/01	-0.008	0.516	-0.052	1.250
Sher Bahadur Deuba	Nepali Congress	2004/06/02 – 2005/01/31	0.120	0.543	0.546	1.577
King Gyanendra Shaha	-	2005/02/01 – 2006/04/24	-	-	-	-
Girija Prasad Koirala	Nepali Congress	2006/04/25 – 2008/08/17	0.221	1.369	0.961	3.531
Pushpa Kamal Dahal	Maoists	2008/08/18 – 2009/05/22	-0.271	1.484	-0.869	3.435
Madhav Kumar Koirala	UML	2009/05/23 – 2011/02/02	-0.129	1.157	-0.575	2.701
Jhalanath Khanal	UML	2011/02/03 – 2011/08/27	-0.123	1.503	-0.560	4.568
Dr. Babu Ram Bhattarai	Maoists	2011/08/27 – to date***	0.057	1.815	0.248	3.815
Total			0.016	1.618	0.070	3.087
Highest average return	Nepali Congress		0.244		1.079	
Lowest average return	Maoists		-0.271		-0.869	
Difference average return			*0.515		*1.948	
t-test statistic			3.991		2.992	
p-value			.000		.004	

* Significant at 1 per cent level

** For the data analysis, the starting dates as on July 14, 1997 were taken as per availability of data.

*** For the study purpose, the data has been considered up to July 16, 2012.

Source: Governments and their period of executive power are based on publication on different news papers.

Nepali Congress led six governments on different occasions with the executive power held with the party itself. The market reported positive (negative) daily average returns during four (two) governments. In case of the weekly returns, there were positive (negative) average returns during five (one) governments. It indicates that the Nepalese stock market is satisfactorily flourished during the NC-governments. In total, positive daily (0.016) and weekly (0.070) returns are reported during the study periods of fifteen years; it is encouraging evidence to the market participants. It indicates that the Nepalese stock market had low risk in the long-run period particularly during the NC-led governments.

Table 2 reports mean daily and weekly returns of overall stock index from mid-July 1997 to mid-July 2012 for the four party-coalition governments, including Nepali Congress, UML, Maoists and RPP. The highest mean returns (0.098 of daily and 0.451 of weekly) were generated during the NC-led governments. The government of UML generated lowest mean returns (-0.125 of daily and -0.559 of weekly returns). In case of variations in the return, RPP generated highest (2.571) in the daily return and Maoist-led government produced highest standard deviation (3.543) in the weekly return. It indicates that the Nepalese investors would have earned high returns during the NC-led government with low level of risk. It is the lesson for Nepalese investors to give special attention when there is the government led by the parties other than Nepali Congress during which since there were negative returns with high risk.

Table 2: Mean returns and significance test of four groups: Nepali Congress, UML, Maoists and RPP parties, (mid-July 1997 to mid-July 2012)

Governments	Daily			Weekly		
	Observations	Mean return	Standard deviation	Observations	Mean return	Standard deviation
Nepali Congress	1737	0.098	1.242	377	0.451	3.158
UML	510	-0.125	1.261	114	-0.559	3.300
Maoists	391	-0.099	1.656	90	-0.429	3.543
RPP	583	-0.030	2.571	126	-0.147	2.007
Total	3221	0.016	1.618	707	0.070	3.087
ANOVA test statistics						
F-Value		**3.591			*4.557	
p-value		.013			.004	
Kruskal-Wallis test statistics						
Chi-Square		*72.802			*34.623	
p-value		.000			.000	

Note: * significant at 1 per cent level, ** significant at 5 per cent level

For statistical significance, to test the differences the group of governments, i.e., Nepali Congress, UML, Maoists and RPP, the following null and alternative hypotheses have been constructed:

H0: Group 1 (NC) = Group 2 (UML) = Group 3 (Maoists) = Group 4 (RPP).

H1: At least one group mean return is different from another group mean return.

Table 2 also depicts parametric ANOVA and non-parametric Kruskal-Wallis test statistics. It has rejected the null hypothesis to both daily and weekly returns, concluding that the means for the four groups are not equal. Specifically, at least one group mean return is statistically significantly different from another group mean return.

Table 3 displays mean returns for three different groups, i.e., Nepali Congress, Communist (UML and UCPN-Maoist) parties and RPP. Nepali Congress-led governments had the highest mean returns, while Communist parties-led governments generated the lowest mean returns in both daily and weekly returns.

Table 3: Mean returns and significance test of three groups: Nepali Congress, Communist and RPP parties, (mid-July 1997 to mid-July 2012)

Governments	Daily			Weekly		
	Observations	Mean return	Standard deviation	Observations	Mean return	Standard deviation
Nepali Congress party	1737	0.098	1.242	377	0.451	3.158
Communist parties	901	-0.114	1.445	204	-0.502	3.401
RPP party	583	-0.030	2.571	126	-0.147	2.007
Total	3221	0.016	1.618	707	0.070	3.087
ANOVA Test Statistics						
F- Value		*5.359			*6.799	
p-value		.005			.001	
Kruskal-Wallis Test Statistics						
Chi-Square		*71.668			*34.469	
p-value		.000			.000	

Note: * significant at 1 per cent level

For statistical significance, to test the differences the group of governments, i.e., Nepali Congress, Communists (UML and Maoists) and RPP, the following null and alternative hypotheses have been constructed:

H0: Group 1 (NC) = Group 2 (UML and Maoists) = Group 3 (RPP).

H1: At least one group mean return is different from another group mean return.

Parametric ANOVA and non-parametric Kruskal-Wallis test statistics are shown in Table 3. It has rejected the null hypothesis to both daily and weekly returns, concluding that the means for the three groups are not equal. Specifically, at least one group mean return is statistically, significantly different from another group mean return.

Table 4 depicts the mean daily and weekly return in two separate periods during governments led by Nepali Congress and other political parties, (UML, Maoists and RPP). Average daily and weekly return is positive 0.098 and 0.451 respectively, which is substantially greater than the average returns of other political party-led governments, i.e., -0.081 for daily and -0.366. These results about the mean differences are statistically confirmed using parametric t-test and non-parametric Mann-Whitney Test. The mean daily and weekly return for the Nepali Congress-led government is statistically, significantly greater than the mean returns for the other political parties. It indicates that the mean returns for the two separate political ideologies of the government leadership (i.e., Nepali Congress and others parties) are independent.

Table 4: Mean returns and significance test of two groups: Nepali Congress and other parties, (mid-July 1997 to mid-July 2012)

Governments	Daily			Weekly		
	Observations	Mean return	Standard deviation	Observations	Mean return	Standard deviation
Nepali Congress	1737	0.098	1.242	377	0.451	3.158
Others parties	1484	-0.081	1.965	330	-0.366	2.949
Total	3221	0.016	1.618	707	0.070	3.087
t-Test Statistics						
t- Value		*3.124			*3.543	
p-value		.002			.000	
Mann-Whitney Test Statistics						
Chi-Square		*-7.900			*-5.552	
p-value		.000			.000	

Note: * significant at 1 per cent level

Table 5 shows the mean return for two separate periods during governments led by Communist parties (UML and Maoists) and other political parties (Nepali Congress and RPP). The daily and weekly returns is -0.114 and -0.502 respectively during the Communist party-led the governments in Nepal. Whereas, average daily and weekly return is positive 0.066 and 0.301 respectively during the other political parties lead governments, which is substantially greater than the average returns of Communist party-led governments. These results about the mean return differences were verified by using parametric t-test and non-parametric Mann-Whitney Test. The mean daily and weekly return for the Communist party-led government is statistically significantly lower than the mean returns for the other political parties. It indicates that the mean returns for the two separate political ideologies in the government-leadership, i.e., Communist and other parties, are independent.

Table 5: Mean returns and significance test of two groups: Communist and other parties (mid-July 1997 to mid-July 2012)

Governments	Daily			Weekly		
	Observations	Mean return	Standard deviation	Observations	Mean return	Standard deviation
Communist parties	901	-0.114	1.445	204	-0.502	3.401
Others parties	2320	0.066	1.678	503	0.301	2.922
Total	3221	0.016	1.618	707	0.070	3.087
t-Test Statistics						
t- Value		*2.828			*3.154	
p-value		.005			.002	
Mann-Whitney Test Statistics						
Chi-Square		*-7.573			*-5.178	
p-value		.000			.000	

Note: * significant at 1 per cent level

The study finds that the independent stock returns on the basis of leading governments of political parties. Supporting the previous studies (Bratsiotis, 2000; Harms, 2002; Dangol 2008), there is interrelationship between the political uncertainties and stock returns. The leftist political parties (communists) generate lower returns than other parties' governments: the finding is consistent with the previous study of LeBlang and Mukherjee (2007), and contradicts with Wisniewski (2006) and Bris (2012). The

governments led by Nepali Congress, the centrist ideology, generated higher average return than those led by other political parties showing the specific return patterns.

V. Conclusion

The study has shown greater relationship between the stock returns and the government leadership in the country. The study finds that the stock returns are lower during the political governance of communists (leftist) and RPP (rightist). Whereas, there is highest average return during the government of Nepali Congress, the centrist force known as social democrats. It indicates that the governments and stock return are inter-related in Nepalese stock market, as the centrist party governments generate better stock performance than other political forces. It is realistic to expect greater economic success from a government, which is considered to be more business-friendly. The study findings add to a growing body of literature, where investors can expect stock returns to vary depending upon the government's political ideology and can make better investment decisions accordingly.

There is need to conduct additional studies in future using econometric models, different time frame and including additional variables, such as GDP, interest rate, inflation to validate the current study results.

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Study on Quality of Work Life Among the Employees at Baby Engineering Private Ltd, Thuvakkudi, Tiruchirapalli

- S. Jerome*

Abstract

Human resource development techniques include performance analysis and development, training and development, career planning and development, organization change and development and quality circles. Quality of work life deals with various aspects of work environment, which facilitates the human resource development efficiently. Thus, quality of work life helps for development of human resources. In fact, QWL includes and motivates the employees to born further for present and future roles.

Employees at the grass root level experience a sense of frustration because of low level of wages, poor working condition, unfavourable terms of employment, inhuman treatment by their superiors and the like, whereas managerial personnel feel frustrated because of alienation over the conditions of employment, interpersonal conflicts, role conflicts, job pressures, lack of freedom in work absence of challenging work etc.

From the study, it is clear that quality of work life of employees in baby engineering private limited is good. This research highlights some of the small gaps in employee's satisfaction towards the company. It also helps us to know how the workers are treated by the management. it also helps the workers to address their grievances.

As a whole a study on quality of work life helps for development of human resources. Since employees are the backbone of the company. So the company should satisfy them in order to improve the business in the higher competitive market of the liberalized economy.

Keywords: Fair compensation, work culture, job satisfaction, Quality of work life, social integration

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Introduction

Human Resource Development techniques include performance analysis and development, training and development, career planning and development, organization change and development and quality circles. Quality of Work Life deals with various aspects of work environment, which facilitates the human resource development efficiently. Thus, Quality of Work Life helps for development of human resources. In fact, QWL includes and motivates the employees to work further for present and future roles.

Employees at the grass root level experience a sense of frustration because of low level of wages, poor working condition, unfavourable terms of employment, inhuman treatment by their superiors and the like, whereas managerial personnel feel frustrated because of alienation over the conditions of employment, interpersonal conflicts, role conflicts, job pressures, lack of freedom in work absence of challenging work etc.

Statement of the Problem

In any organization man power management is of great importance as it implies identification of training needs of the man power from time to time and taking action towards all round development of the human resources to achieve its predetermined goals on the basis of efficient working of its trained and motivated manpower.

For achieving the objectives of the organization proper man power management and suitable quality of work like programs are essential. Quality of work life covers all aspects of worker's life with special reference to his interaction with his work and his working environment. Its focus is on the problem of creating a human work environment where employees work cooperatively and contribute to organizational objectives.

Objectives of the Study

The researcher has coined the following objectives for this research.

1. To study the various factors associated with quality of work life among the employees in Baby Engineering private limited;
2. To find out the opinion of the employees and opinion of the management on the quality of work life prevailing in the organization
3. To offer some suggestions towards improving the quality of work life in Baby Engineering Private Limited, Tiruchirappalli.

Universe and Sample

	Male	Female	Total	Samples male	Samples female	Total samples
Unit I	52	5	57	10	5	15
Unit II	65	8	73	15	5	20
Unit III	78	12	90	24	6	30
Unit IV	95	19	114	27	8	35
Total	290	44	334	76	24	100

Total Population = 334,

Percentage of Samples = 30% ($334 \times 30\% = 100$)

Total Sample Size = 100

Size of the Sample

It refers to the number of items to be selected from the universe to constitute as a sample. In these study 100 employees of Baby Engineering Private Limited in Thuvakkudi was selected as size of sample.

Research Hypothesis

1. There is a significant relationship between the performance of my work of the respondents and their overall quality of work life.
2. There is a significant relationship between the age group of the respondents and their overall quality of work life.
3. There is a significant relationship between the educational qualification of the respondents and their overall quality of work life.
4. There is a significant relationship between the Gender of the respondents and their overall quality of work life.

Review of Literature

Mu.Subrahmanian, Anjani.N (2010) studied the meaning of QWL, analyses constructs of QWL based on models and past research from the perspective of Textile and Engineering employees in Coimbatore District of Tamil Nadu. The Constructs of QWL discussed are Job satisfaction, Compensation, Human Relation, Working Condition, Grievance, competency development, Stress and wellbeing. It was found that from the research pointed out some areas with respect to the factors of Quality of Work Life in both the industries that need special attention. These involve both hygienic and motivational factors such as training and development, human relations, work

environment, work schedule and counseling. It concludes that QWL from the perspective of Textile and Engineering employees is challenging both to the individuals and organizations¹.

Alireza Bolhari, Ali Rezaeean, Jafar Bolhari, Fatemeh Zare (2012) studied that one of the factors affecting the productivity of employees in an organization is occupational stress. Another influential factor is quality of work life which is important in the improvement of work environment conditions and organizational efficiency. Data were gathered using a questionnaire validated by a group of experts. It was found that information technology staffs have average level of both occupational stress and quality of work life. Furthermore, it was found that occupational stress has a negative impact on quality of work life. In addition, the same results were observed for role ambiguity, role conflict, role under-load, work-pace, work repetitiveness and tension toward quality of work life².

Aminu Sanda, PhD, Majoreen Aryeetey,(2012) studied employees' perceptions of the availability and functionality of work life indicators in organizations in Ghana and to identify "quality of work life" indicators that enhance employees' performances and organizational productivity. The survey method used and data was collected using self-administering questionnaires from 150 employees sampled from both public and private organizations in the finance, education, health, and communication industries. It was found that employees have insights of available and non-available, as well as functional and non-functional work life indicators that could be incorporated in the organizational design to support the creation of positive organizational values to enhance employee-management relationship in Ghanaian organizations³.

Norailis Ab. Wahab & Rozaini Rosli (2012) Studied quality of work life on employees of insurance industry in Malaysia. It was to determine how the quality of work life (QWL) affects into current working life policies and practices, as well as work-life balance issues of employees. QWL provides for the balanced relationship among work, non-work and family aspects of life. In other words, family life and social life should not be strain by working hours including overtime work, work during inconvenient hours, business travel, transfers and vacations. Several notable factors that influence qualities of work life are adequate and fair compensation; safe and healthy working conditions; opportunity to use and develop human capabilities and opportunity for career growth. A simple random sampling method used and about 155 sample responses were returned and usable. It was found that respondents are particularly dissatisfied with most of the job related aspects. However, they indicated moderate satisfaction towards health care benefits, working environment, flexible work hours, relationship with co-workers and superiors as well as opportunity to work independently⁴.

Chandranshu Sinha, (2012) studied the factors of quality of working-life experiences in organizations. The sample of the study consists of 100 employees holding middle managerial positions in various organizations. The factor analysis of the component "Communication, Career Development & Growth, Organizational Commitment, Emotional Supervisory Support, Flexible Work Arrangement, Family-Responsive Culture, Employee Motivation, Organizational Climate, Organizational Support, Job Satisfaction, Rewards & Benefits, Compensation". It was found that these factors have substantial roles to play in satiating the needs of the employees and how at middle managerial level different aspects are valued and employed for developing a unique and inimitable quality of working life within their socio-technical systems for eliciting favorable job-related responses⁵.

Analysis Interpretation and Findings

Table - 4.1 : The income derived from work is satisfactory

S.No	Income derived from my work	Respondents	Percentage %
1	Strongly agree	20	20
2	Agree	58	58
3	No opinion	6	6
4	Disagree	13	13
5	Strongly disagree	3	3
	Total	100	100

Findings

The above table (4.1) indicates that majority 58 percent of the respondents have agree, 20 percent of the respondents were in strongly agree, 13 percent of the respondents strongly disagree, 6 percent of the respondents no opinion and remaining 3 percent of the respondents strongly disagrees.

Inference

The findings show that more than half of the respondents have agreed and others being put in different categories speak well those earnings expenditure depends on family status.

Table - 4.2 : Fringe benefits are good and adopts to the changes to the standards of living

S.No	Fringe Benefits	Respondents	Percentage %
1	Strongly agree	21	21
2	Agree	47	47
3	No opinion	15	15
4	Disagree	10	10
5	Strongly disagree	7	7
	Total	100	100

Findings

The above table (4.2) shows that vast majority 47 percent of the respondents agree, 21 percent has strongly agree with fringe benefits are good and adopts to the changes to the standards of living, 15 percent of the respondents has no opinion, 10 percent of the respondents has disagree and remaining 7 percent of the respondents strongly disagree.

Inference

The Findings shows that there is slight difference in the response between agree and strongly agree statement. Taking the statement of strongly agree and agree, respondents favour that the company provides good fringe benefits.

Table - 4.3 : Personal protective equipments are provided for safety

S. No	Personal protective equipments	Respondents	Percentage %
1	Strongly agree	12	12
2	Agree	61	61
3	No opinion	16	16
4	Disagree	7	7
5	Strongly disagree	4	4
	Total	100	100

Findings

The above table - 4.3 indicates the 61 percentage of the respondents agrees to the statement above, 16 percent of the respondents have no opinion, 12 percentage of the respondents have strongly agree, 7 percentage of the respondents have disagree and 4 percent of the respondents have strongly disagrees.

Inference

The findings clear that personal protective equipments are given to every worker in the company for their safety.

Table - 4.4 : Opportunities given to apply skills possessed

S.No	Opportunity to Develop My Own Skills	Respondents	Percentage %
1	Strongly agree	0	0
2	Agree	12	12
3	No opinion	21	21
4	Disagree	48	48
5	Strongly disagree	19	19
	Total	100	100

Findings

The above table - 4.4 shows 48 percent of the respondents have disagree to the above statement, 21 percent of the respondents have no opinion, 19 percent of the respondents have strongly disagrees and 12 percent of the respondents have agrees.

Inference

The findings show that there is equal response to the statement above from the respondents saying that the first half disagree to fact that there is opportunities and are given to apply their skills while the second half had no opinion regarding this.

Table - 4.5 : Good coordination among workers

S.No	Co-ordination among co-workers	Respondents	Percentage %
1	Strongly agree	9	9
2	Agree	72	72
3	No opinion	14	14
4	Disagree	5	5
5	Strongly disagree	0	0
	Total	100	100

Findings

The above table shows 4.5 that a majority of 72 percent agrees, 14 percent have no opinion, 9 percent strongly agrees and 5 percent no opinion.

Inference:

The finding gives clear understanding that company exercises good rapport between the higher level managers and the lower level workers.

Table- 4. 6 : Interpersonal relationship between supervisor and workers

S. No	Interpersonal relationship	Respondents	Percentage%
1	Strongly agree	20	20
2	Agree	54	54
3	No opinion	14	14
4	Disagree	10	10
5	Strongly disagree	2	2
	Total	100	100

Findings

The above table 4.6 shows that 54 percent agrees to the statement, 20 percent have strongly agree, 14 percent no opinion, 10 percent disagree and 2 percent have strongly disagree.

Inference

The finding shows that the existence of good interaction among the fellow workers also the management is supportive of such working climate.

Table - 4.7 : Promotion policies satisfying

S. No	Promotional policy	Respondents	Percentage %
1	Strongly agree	8	8
2	Agree	61	61
3	No opinion	20	20
4	Disagree	11	11
5	Strongly disagree	0	0
	Total	100	100

Findings

The above table - 4.7 shows 61 percent of the respondents have agree to the above statement, 20 percent of the respondents have no opinion, 11 percent of the respondents have disagree, and 8 percent of the respondent have strongly agree.

Inference

The finding shows that most of the respondents are satisfied while others have no opinion and disagree, the employees are have awareness about promotional policies follows in our organization.

Table - 4.8 : Quality of work life is overall good

S.No	Quality of work life is overall good	Respondents	Percentage %
1	Strongly agree	10	10
2	Agree	66	66
3	No opinion	14	14
4	Disagree	7	7
5	Strongly disagree	3	3
	Total	100	100

Findings

The above table - 4.8 shows 66 percent of the respondents have agree to the above statement, 14 percent of the respondents have no opinion, 10 percent of the respondents have strongly agree, 7 percent of the respondents have disagree and 3 percent of the respondents have strongly disagree.

Inference

The Finding shows that majority of the respondents had agree to the statement, from this it can be understood the awareness on the part of workers about the quality of work life.

Table - 4.9 : Karl Pearson coefficient correlation relationship between gender of the Respondents and their overall quality of life

S. No	Gender	No. of respondents (n=100)	Percentage (100%)
1	Compensation	0.223	P > 0.05 Not Significant
2	Health and Safety working condition	0.355	P > 0.05 Not Significant
3	Opportunities for use and development of skills and ability	0.229	P > 0.05 Not Significant
4	Work culture	- 0.002	P > 0.05 Not Significant
5	Working environment	0.172	P > 0.05 Not Significant
6	Welfare measures	- 0.473	P > 0.05 Not Significant
7	Job satisfaction	0.094	P > 0.05 Not Significant
8	Overall quality of life	- 0.013	P > 0.05 Not Significant

The above table (4.9) indicates that there is no significant relationship between the Gender of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value.

Research hypothesis

There is a significant relationship between the Gender of the respondents and their overall quality of work life.

Null hypothesis

There is no significant relationship between the Gender of the respondents and their overall quality of work life.

Statistical test

Karl Pearson coefficient correlation test was used to test the above hypothesis.

Findings

The above table (4.9) indicates that there is no significant relationship between the Gender of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value. So the research hypothesis is rejected and the null hypothesis is accepted.

Table - 4.10 : Karl Pearson coefficient correlation relationship between educational qualification of the respondents and their overall quality of life

S. No	Educational qualification	No. of respondents (n=100)	Percentage (100%)
1	Compensation	- 0.142	P > 0.05 Not Significant
2	Health and Safety working condition	0.293	P > 0.05 Not Significant
3	Opportunities for use and development of skills and ability	- 0.180	P > 0.05 Not Significant
4	Work culture	0.387	P > 0.05 Not Significant
5	Working environment	0.315	P > 0.05 Not Significant
6	Welfare measures	0.007	P > 0.05 Not Significant
7	Job satisfaction	- 0.147	P > 0.05 Not Significant
8	Overall quality of life	0.092	P > 0.05 Not Significant

The above table (4.10) shows that there is no significant relationship between the educational qualification of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value.

Research hypothesis

There is a significant relationship between the educational qualification of the respondents and their overall quality of work life.

Null hypothesis

There is no significant relationship between the educational qualification of the respondents and their overall quality of work life.

Statistical test

Karl Pearson coefficient correlation test was used to test the above hypothesis.

Findings

The above table (4.10) shows that there is no significant relationship between the educational qualification of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value. So the research hypothesis is rejected and the null hypothesis is accepted.

Table - 4.11 : Karl Pearson coefficient correlation relationship between age group of the Respondents and their overall quality of life

Sl. no	Age Group	No. of respondents (n=100)	Percentage (100%)
1	Compensation	- 0.151	P > 0.05 Not Significant
2	Health and Safety working condition	0.162	P > 0.05 Not Significant
3	Opportunities for use and development of skills and ability	- 0.155	P > 0.05 Not Significant
4	Work culture	0.160	P > 0.05 Not Significant
5	Working environment	0.095	P > 0.05 Not Significant
6	Welfare measures	0.146	P > 0.05 Not Significant
7	Job satisfaction	0.020	P > 0.05 Not Significant
8	Overall quality of life	0.026	P > 0.05 Not Significant

The above table (4.11) indicates that there is no significant relationship between the age group of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value.

Research hypothesis

There is a significant relationship between the age group of the respondents and their overall quality of work life.

Null hypothesis

There is no significant relationship between the age of the respondents and their overall quality of work life.

Statistical test

Karl Pearson coefficient correlation test was used to test the above hypothesis.

Findings

The above table (4.11) indicates that there is no significant relationship between the age group of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value. So the research hypothesis is rejected and the null hypothesis is accepted.

Table 4.12 : Karl Pearson coefficient correlation relationship between performance of my work of the respondents and their overall quality of life

Sl. No	Performance of my work	No. of respondents (n=100)	Percentage (100%)
1	Compensation	0.227	P > 0.05 Not Significant
2	Health and Safety working condition	0.284	P > 0.05 Not Significant
3	Opportunities for use and development of skills and ability	- 0.174	P > 0.05 Not Significant
4	Work culture	- 0.493	P > 0.05 Not Significant
5	Working environment	0.279	P > 0.05 Not Significant
6	Welfare measures	- 0.257	P > 0.05 Not Significant
7	Job satisfaction	- 0.235	P > 0.05 Not Significant
8	Overall quality of life	0.073	P > 0.05 Not Significant

The above table (4.12) shows that there is no significant relationship between the performance of my work of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value.

Research hypothesis

There is a significant relationship between the performance of my work of the respondents and their overall quality of work life.

Null hypothesis

There is no significant relationship between the performance of my work of the respondents and their overall quality of work life.

Statistical test

Karl Pearson coefficient correlation test was used to prove the above hypothesis.

Findings

The above table (4.12) shows that there is no significant relationship between the performance of my work of the respondents and their overall quality of work life. Hence, the calculated value is greater than the table value. So the research hypothesis is rejected and the null hypothesis is accepted.

Suggestions and Recommendations

After analyzing the data we have come to the conclusion that employers need to handle employees in such a manner that employees don't get frustrated with the stress and over burdened of the work.

Facilities like food and transportation to be provided free, company has to provide more growth opportunities to the workers. Health and yoga camps to provide on regular basis to make their workers get rid of stress of work load. Employees should be given free memberships in the clubs so that they can refresh themselves.

The Company should focus on workers welfare by providing the basic necessities such as quality food, pollution free environment, canteen facilities, recreational facilities and hygienic sanitary equipments which will give to the workers psychologically, emotionally and physically fit enough to work.

Conclusion

From the study, it is clear that Quality of Work Life of employees in Baby Engineering Private Limited is good. This research highlights some of the small gaps in employee's satisfaction towards the company.

It also helps us to know how the workers are treated by the management. It also helps the workers to address their grievances.

As a whole a study on Quality of Work Life helps for development of Human Resources. Since employees are the backbone of the company. So the company should satisfy them in order to improve the business in the higher competitive market of the liberalized economy.

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Organisational Justice and Job Satisfaction among the Employees of an Auto Component Manufacturing Company

- Dr. P. Paramanandam *

Abstract

Organisational justice is the employees' perception of the fairness with which they have been treated by an organization. The present study was an attempt to study the perception of organizational justice and job satisfaction among the employees of an auto component manufacturing company. A convenience sample consisting of forty five employees working in an auto component manufacturing company participated in the study. Questionnaire method was used for data collection. The collected data was analysed with mean, standard deviation, ANOVA, correlation and regression tests. Results indicated that there was a significant correlation between procedural justice and distributive justice; interactional justice and distributive justice; interactional justice and procedural justice; and between job satisfaction and distributive justice. Approximately thirty three per cent of the variance of job satisfaction was explained by the predictor variables, that is, distributive justice, procedural justice, and interactional justice.

Keywords: Distributive justice, Interactional justice, Job satisfaction, Organizational justice, and Procedural justice.

Introduction

Organisational justice is the employees' perception of the fairness with which they have been treated by an organisation (Campbell & Finch, 2004; Greenberg & Colquitt, 2006; Moorman, 1991). It is the degree to which fair procedures and processes exist and are adhered to in an organization, and the extent to which individuals perceive their leaders as being fair and sincere and having logic or rational for what they do (Choi, 2008). Organisational justice encompasses social norms and the emergent rules in decision making and distributing to employees outcomes such as tasks, goods, services, rewards, penalties, pay, organisational positions, opportunities, or roles (Folger and Cropanzano, 1998). Employees will be willing to accept organisational policies and decisions if they are based on fair procedures. It is not just being treated with dignity and respect but

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also being given adequate information regarding these procedures (Cropanzano & Greenberg, 1997). The way organisational action is taken and how it is carried out matters no less than the actual outcomes (Tyler and Bies, 1990). The construct has often been divided into three aspects: distributive justice, procedural justice and interactional justice.

Distributive justice is the individuals' perception on whether the gains they earned are distributed fairly. Employees make judgments on justice distribution by comparing their outcome to their previous outcomes or to the outcomes of others (Chan, 2000; Tyler, 1994). Procedural justice concerns the fairness of the processes by which a decision is reached. Folger and Cropanzano (1998) define procedural justice as "fairness issues concerning the methods, mechanisms, and processes employed to determine outcomes". Employees are closely interested in not only the fairness of their own outcomes but also the fairness of decision making and enactment processes in outcome distribution. Procedural justice has been interpreted to be most appropriate for reflecting the way employees make judgments concerning the fairness of practices at organisational level. Interactional justice is related to the quality of relationships between individuals within organisations (Folger & Cropanzano, 1998). In interactional justice, decision makers' treatment of those affected by decisions is crucial because persons identify attitudes as indicators of justice within the organisation. It refers to perceptions concerning the way authorities treat their subordinates, and how these subordinates respond to these perceptions (Masterson et al., 2000; Cohen-Charash and Spector, 2001).

Job satisfaction has been defined as how content an individual is with his or her job. It can be said that the happier the person is in the work setting, the more satisfied he/she will be with the job. A commonly accepted definition for job satisfaction is offered by Locke - "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience". Job satisfaction is generally recognized as a multifaceted construct that includes employee feelings about a variety of both intrinsic and extrinsic job elements. It encompasses specific aspects of satisfaction related to pay, benefits, promotion, work conditions, supervision, organizational practices and relationships with coworkers (Misener et al., 1996). Furthermore, more satisfied employees have more innovative activities in continuous quality improvement and more participation in decision-making in organizations (Kivimaki and Kalimo, 1994). Job satisfaction was also found to be positively related to customer's satisfaction (Rad and Yarmohammadian, 2006).

Review of Literature

Lawler (1977) conducted a study and found that the distribution of organizational rewards such as pay, promotion, status, performance evaluations, and job tenure can have powerful effects on job satisfaction, quality of work life, and organizational effectiveness.

Martin (1981) reported that fairness judgments are made when people compare what they have received with those of a referent other. This comparison process underlies relative deprivation, or the feeling of discontent arising from a belief that one is getting less than one deserves relative to a comparison other (Crosby, 1984; Martin, 1981). Felt deprivation produces a range of psychological and behavioral effects in organizations, including dissatisfaction, stress, and absenteeism (Martin, 1981).

Schaubroeck, May, and Brown (1994) found that salaried employees reacted less negatively to a pay freeze when that freeze was implemented in a procedurally fair fashion than when it was implemented in an unfair fashion. Greenberg (1990) also found that people were less likely to steal in response to pay cuts when these appeared to be the result of fair procedures than when they resulted from unfair procedures.

Tepper (2000) found that employee's perception of procedural justice explained effects on job satisfaction when abusive supervision acted as mediator. Previous research showed that Organizational trust acted as mediating variable between organizational justice and several outcomes such as job satisfaction (Aryee et al., 2002). Distributive justice is among various determinants of job satisfaction (Feinstein & Vondrasek, 2001).

Fernandes and Awamleh (2006) conducted a research to find the impact that three dimensions of organizational justice (procedural, distributive and interactional justice) have on job satisfaction and self assessment performance among two groups; the expatriate employees in UAE and UAE nationals. The results of the study revealed that among group of UAE nationals, distributive and interactional justice significantly influenced both job satisfaction and performance although all three dimensions of organizational justice were significantly influenced job satisfaction of expatriates but no dimension of justice influenced self assessment performance of expatriate employees.

Arti Bakhshi, Kuldeep Kumar and Ekta Rani (2009) explored the relationship between perceived organizational justice, job satisfaction and organization commitment using a field sample. Sample for the present study consisted of 128 employees working in medical college. Regression analysis of the data obtained indicated that distributive justice was significantly related to job satisfaction whereas procedural justice was not found to be related significantly with job satisfaction. Also both distributive justice and procedural justice were found to be significantly related to organization commitment.

Objectives of the Study

The present study was an attempt to study perception of organizational justice and job satisfaction among the employees of an auto component manufacturing company.

Methodology

A convenience sample consisting of 45 employees working in an auto component manufacturing company participated in the study. Questionnaire method was used for data collection. The collected data was analysed with mean, standard deviation, ANOVA, correlation and regression tests.

Measures

The perceptions of distributive justice were measured with a 5-item scale developed by Neihoff and Moorman (1993). Respondents indicated the extent of their agreement or disagreement with each item on a scale from 1 (strongly disagree) to 5 (strongly agree). The perceptions of procedural justice were measured with a 6-item scale developed by Neihoff and Moorman (1993). The perceptions of interactional justice were measured with 11-items measuring the degree to which employees felt their needs were considered, and adequate explanations were made for job decisions (Neihoff and Moorman, 1993). Minnesota Satisfaction Questionnaire (MSQ) Short Form was used to assess the level of job satisfaction among the employees. Responses were scored as follows: Very Dissatisfied = 1; Dissatisfied = 2; Neither Dissatisfied Nor Satisfied = 3; Satisfied = 4; Very Satisfied = 5.

Results and Discussion

This section presents the analysis of the data collected from the respondents.

Table 1 : Demographic characteristics of the Sample

Demographic factors	Classification	Number of Respondents	Percent
Age (in years)	Below 30	11	24.4
	30-40	19	42.2
	40-50	15	33.3
Gender	Male	24	53.3
	Female	21	46.7
Education	Diploma	14	31.1
	Graduate	20	44.4
	Post graduate	11	24.4
Experience (in years)	1 - 5	16	35.6
	5 - 10	11	24.4
	Above 10	18	40.0
Income (in rupees)	Below 15000	7	15.6
	15000-20000	17	37.8
	Above 20000	21	46.7

Among the 45 respondents, 19 (42.2%) belong to 30 - 40 years age group and 15 (33.3%) belong to 40 - 50 age group; 24 (53.3%) are male; 20 (44.4%) are graduates and 14 (31.1%) are diploma holders; 16 (35.6%) belong to 1-5 years experience group; and 21 (46.7%) belong to above 20000 income group.

Table 2 : Showing the Mean and Standard Deviation of research variables in different age groups

Age		Distributive justice	Procedural justice	Interactional justice	Organisational justice	Satisfaction
Below 30	Mean	8.36	12.09	21.45	41.91	80.45
	N	11	11	11	11	11
	Std. Deviation	3.295	2.427	4.634	8.803	4.612
30-40	Mean	6.68	10.58	19.11	36.37	81.21
	N	19	19	19	19	19
	Std. Deviation	1.734	2.931	5.353	9.973	2.275
40-50	Mean	7.67	12.67	22.60	42.93	81.53
	N	15	15	15	15	15
	Std. Deviation	1.589	2.610	4.703	8.819	3.067
Total	Mean	7.42	11.64	20.84	39.91	81.13
	N	45	45	45	45	45
	Std. Deviation	2.231	2.814	5.108	9.622	3.181

A high level of distributive justice (Mean=8.36) was seen among the below 30 age group. A high level of procedural justice (Mean=12.67), interactional justice (Mean=22.60), organizational justice (Mean=42.93), and job satisfaction (Mean=81.53) was seen among the 40-50 age group.

Table 3 : Showing the Mean and Standard Deviation of research variables in different gender groups

Gender		Distributive justice	Procedural justice	Interactional justice	Organisational justice	Satisfaction
Male	Mean	7.37	11.79	21.17	40.33	81.17
	N	24	24	24	24	24
	Std. Deviation	1.498	2.813	4.993	9.244	2.665
Female	Mean	7.48	11.48	20.48	39.43	81.10
	N	21	21	21	21	21
	Std. Deviation	2.892	2.874	5.335	10.245	3.754
Total	Mean	7.42	11.64	20.84	39.91	81.13
	N	45	45	45	45	45
	Std. Deviation	2.231	2.814	5.108	9.622	3.181

A high level of procedural justice (Mean=11.79), interactional justice (Mean=21.17), organizational justice (Mean=40.33), and job satisfaction (Mean=81.17) was seen among the female respondents.

Table 4 : Showing the Mean and Standard Deviation of research variables in different education groups

Education		Distributive justice	Procedural justice	Interactional justice	Organisational justice	Satisfaction
Diploma	Mean	5.86	10.21	18.21	34.29	81.79
	N	14	14	14	14	14
	Std. Deviation	1.512	2.806	5.071	9.368	2.326
Graduate	Mean	7.85	11.75	21.00	40.60	80.75
	N	20	20	20	20	20
	Std. Deviation	2.540	2.693	4.834	9.005	3.552
Post Graduate	Mean	8.64	13.27	23.91	45.82	81.00
	N	11	11	11	11	11
	Std. Deviation	1.120	2.240	4.110	7.454	3.550
Total	Mean	7.42	11.64	20.84	39.91	81.13
	N	45	45	45	45	45
	Std. Deviation	2.231	2.814	5.108	9.622	3.181

A high level of distributive justice (Mean=8.64), procedural justice (Mean=13.27), interactional justice (Mean=23.91), and organizational justice (Mean=45.82) was observed among the post graduate respondents. A low level of distributive justice (Mean=5.86), procedural justice (Mean=10.21), interactional justice (Mean=18.21), and organizational justice (Mean=34.29) was observed among the diploma holders.

Table 5 : Showing the Mean and Standard Deviation of research variables in different experience groups

Experience		Distributive justice	Procedural justice	Interactional justice	Organisational justice	Satisfaction
1-5	Mean	6.00	9.12	16.12	31.25	82.56
	N	16	16	16	16	16
	Std. Deviation	1.506	2.277	3.757	7.514	2.279
5-10	Mean	8.09	11.82	20.82	40.73	79.27
	N	11	11	11	11	11
	Std. Deviation	3.330	1.940	3.516	7.336	4.197
Above 10	Mean	8.28	13.78	25.06	47.11	81.00
	N	18	18	18	18	18
	Std. Deviation	1.179	1.700	2.838	5.676	2.657
Total	Mean	7.42	11.64	20.84	39.91	81.13
	N	45	45	45	45	45
	Std. Deviation	2.231	2.814	5.108	9.622	3.181

A high level of distributive justice (Mean=8.28), procedural justice (Mean=13.78), interactional justice (Mean=25.06), and organizational justice (Mean=47.11) was observed among the above 10 years experience group. A high level of job satisfaction (Mean=82.56) was seen among the 1-5 years experience group.

Table 6 : Showing the Mean and Standard Deviation of research variables in different income groups

Income		Distributive justice	Procedural justice	Interactional justice	Organisational justice	Satisfaction
Below 15000	Mean	6.86	8.14	14.71	29.71	80.29
	N	7	7	7	7	7
	Std. Deviation	4.634	2.478	4.071	10.404	4.923
15000-20000	Mean	6.65	11.06	20.00	37.71	81.00
	N	17	17	17	17	17
	Std. Deviation	1.579	2.512	4.796	8.844	2.761
Above 20000	Mean	8.24	13.29	23.57	45.10	81.52
	N	21	21	21	21	21
	Std. Deviation	1.091	1.765	3.529	6.316	2.909
Total	Mean	7.42	11.64	20.84	39.91	81.13
	N	45	45	45	45	45
	Std. Deviation	2.231	2.814	5.108	9.622	3.181

A high level of distributive justice (Mean=8.24), procedural justice (Mean=13.29), interactional justice (Mean=23.57), organizational justice (Mean=45.10), and job satisfaction (Mean=81.52) was observed among above 20000 income group. A low level of job satisfaction was seen among the below 15000 income group.

Table 7 : Showing the results of ANOVA test of Research variables and Education

		Sum of Squares	df	Mean Square	F	Sig.
Distributive justice	Between Groups	54.168	2	27.084	6.902	.003
	Within Groups	164.810	42	3.924		
	Total	218.978	44			
Procedural justice	Between Groups	58.022	2	29.011	4.197	.022
	Within Groups	290.289	42	6.912		
	Total	348.311	44			
Interactional justice	Between Groups	200.645	2	100.322	4.448	.018
	Within Groups	947.266	42	22.554		
	Total	1147.911	44			
Organisational justice	Between Groups	836.351	2	418.175	5.425	.008
	Within Groups	3237.294	42	77.078		
	Total	4073.644	44			
Satisfaction	Between Groups	9.093	2	4.546	.438	.648
	Within Groups	436.107	42	10.384		
	Total	445.200	44			

Significant differences were observed in distributive justice ($F=6.902$; $p<.01$), procedural justice ($F=4.197$; $p<.05$), interactional justice ($F=4.448$; $p<.05$), and organizational justice ($F=5.425$; $p<.01$) among the respondents of different levels of education.

Table 8 : Showing the results of ANOVA test of Research variables and Experience

		Sum of Squares	df	Mean Square	F	Sig.
Distributive justice	Between Groups	50.458	2	25.229	6.288	.004
	Within Groups	168.520	42	4.012		
	Total	218.978	44			
Procedural justice	Between Groups	183.814	2	91.907	23.466	.000
	Within Groups	164.497	42	3.917		
	Total	348.311	44			
Interactional justice	Between Groups	675.580	2	337.790	30.037	.000
	Within Groups	472.331	42	11.246		
	Total	1147.911	44			
Organisational justice	Between Groups	2140.685	2	1070.342	23.257	.000
	Within Groups	1932.960	42	46.023		
	Total	4073.644	44			
Satisfaction	Between Groups	71.081	2	35.540	3.990	.026
	Within Groups	374.119	42	8.908		
	Total	445.200	44			

Significant differences were observed in distributive justice ($F=6.288$; $p<.01$), procedural justice ($F=23.466$; $p<.01$), interactional justice ($F=30.037$; $p<.01$), organizational justice ($F=23.257$; $p<.01$) and job satisfaction ($F=3.990$; $p<.05$) among the respondents of different experience groups.

Table 9 : Showing the results of ANOVA test of Research variables and income

		Sum of Squares	df	Mean Square	F	Sig.
Distributive justice	Between Groups	26.429	2	13.214	2.882	.067
	Within Groups	192.549	42	4.585		
	Total	218.978	44			
Procedural justice	Between Groups	148.227	2	74.114	15.557	.000
	Within Groups	200.084	42	4.764		
	Total	348.311	44			
Interactional justice	Between Groups	431.340	2	215.670	12.641	.000
	Within Groups	716.571	42	17.061		
	Total	1147.911	44			

		Sum of Squares	df	Mean Square	F	Sig.
Organisational justice	Between Groups	1374.877	2	687.438	10.698	.000
	Within Groups	2698.768	42	64.256		
	Total	4073.644	44			
Satisfaction	Between Groups	8.533	2	4.267	.410	.666
	Within Groups	436.667	42	10.397		
	Total	445.200	44			

Significant differences were observed in procedural justice ($F=15.557$; $p<.01$), interactional justice ($F=12.641$; $p<.01$), and organizational justice ($F=6.288$; $p<.01$) among the respondents of different income groups.

Table 10 : Showing the correlation among the research variables

		Distributive justice	Procedural justice	Interactional justice	Satisfaction
Distributive justice	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	45			
Procedural justice	Pearson Correlation	.741**	1		
	Sig. (2-tailed)	.000			
	N	45	45		
Interactional justice	Pearson Correlation	.692**	.992**	1	
	Sig. (2-tailed)	.000	.000		
	N	45	45	45	
Satisfaction	Pearson Correlation	.485**	.177	.158	1
	Sig. (2-tailed)	.001	.244	.299	
	N	45	45	45	45

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

There was a significant correlation between procedural justice and distributive justice ($r=.741$ & $p<.01$); interactional justice and distributive justice ($r=.692$ & $p<.01$); interactional justice and procedural justice ($r=.992$ & $p<.01$); and between job satisfaction and distributive justice ($r=.485$ & $p<.01$).

Table 11 : Showing regression analysis with satisfaction as the dependent variable

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578 ^a	.334	.286	2.689

a. Predictors: (Constant), Interactional justice, Distributive justice, Procedural justice

Anova^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.795	3	49.598	6.861	.001 ^a
	Residual	296.405	41	7.229		
	Total	445.200	44			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	84.110	1.732		48.566	.000
	Distributive justice	1.329	.319	.932	4.164	.000
	Procedural justice	2.273	1.484	2.010	1.532	.133
	Interactional justice	.939	.760	1.508	1.236	.224

a. Dependent Variable: Satisfaction

Regression analysis was done to investigate the relationship between distributive justice, procedural justice, interactional justice, and job satisfaction. F-Test was statistically significant ($F=6.861$ & $p<.01$), which means that the model was statistically significant. The R-Square was .334 which means that approximately 33% of the variance of job satisfaction was explained by the predictor variables, that is, distributive justice, procedural justice, and interactional justice. This finding replicates the findings of the earlier studies conducted by Lawler (1977), Tepper (2000), Schaubroeck, May, and Brown (1994), Fernandes and Awamleh (2006) etc.

Conclusion

Organisational justice is the employees' perception of the fairness with which they have been treated by an organization. The present study was an attempt to study perception of organizational justice and job satisfaction among the employees of an auto component manufacturing company. A convenience sample consisting of 45 employees working in an auto component manufacturing company participated in the study. Questionnaire method was used for data collection. The collected data was analysed with mean, standard deviation, ANOVA, correlation and regression tests. A high level of distributive justice was seen among the below 30 age group. A high level of procedural justice, interactional justice, organizational justice, and job satisfaction was seen among the 40-50 age group. A high level of procedural justice, interactional justice, organizational justice, and job satisfaction was seen among the female respondents. A high level of distributive justice, procedural justice, interactional justice, and organizational justice was seen among the post graduate respondents. A low level of distributive justice, procedural justice, interactional justice, and organizational justice was seen among the diploma holders. A high level of distributive justice, procedural justice, interactional justice, and organizational justice was seen among the above 10 years experience group. A high level of job satisfaction was seen among the 1-5 years experience group. A high level of distributive justice, procedural justice, interactional justice, organizational justice and job satisfaction was observed among above 20000 income group. A low level of job satisfaction was seen among the below 15000 income group. Significant differences were observed in distributive justice, procedural justice, interactional justice, and organizational justice among the respondents of different levels of education. Significant differences were observed in distributive justice, procedural justice, interactional justice, organizational justice and job satisfaction among the respondents of different experience groups. Significant differences were observed in procedural justice, interactional justice, and organizational justice among the respondents of different income groups. There was a significant correlation between procedural justice and distributive justice; interactional justice and distributive justice; interactional justice and procedural justice; and between job satisfaction and distributive justice. Approximately 33% of the variance of job satisfaction was explained by the predictor variables, that is, distributive justice, procedural justice, and interactional justice.

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A Study on Occupational Stress among Public, Private and Co-operative Bank Employees: A Comparative Study

- Leny Michael *

Abstract

Stress is a universal element and persons from nearly every walk of life have to face stress. Stress can have negative impacts on both the employee and the organization. Actually, in this research paper it was checked that what the impact occupational stress produced upon employees. The study describes the occupational stress in public, private and Co-operative sector banks. A randomly selected sample of 60 employees from Public, private and Co-operative Sector banks shows that occupational stress is found higher among private bank employees compared to public and Co-operative bank employees. Among different occupational stress variables having too much work load, dealing with ambiguous or delicate situation, lack of consultation and communication, keeping up with new techniques, ideas and technology, Inadequate guidance and back up from supervisors contribute more to the occupational stress. Bank employees cannot afford the time to relax and "wind down" when they are faced with work variety, discrimination, favoritism, delegation and conflicting tasks.

Keywords: Occupational stress, public bank employees, private bank employees, co-operative bank employees, Source of pressure, too much work load.

Introduction

Stress has become a very common phenomenon of routine life, and an unavoidable consequence of the ways in which society has changed. This change has occurred in terms of science and technology, industrial growth, urbanization, modernization, and automation on one hand; and an expanding population, unemployment, and stress on the other.

The perception of the effects of stress on an individual has changed. Stress is not always dysfunctional in nature, and, if positive, can prove one of the most important factors in improving productivity within an organization. If not positive, stress can create a number of physical and psychological disorders among employees, and can be

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responsible for frustration, haste, and job dissatisfaction. As a result, the lack of work may cause complacency within the organization. Stress is, therefore, multidimensional, and its results depend on whether employees perceive it as a problem or a solution. When affected by work stress people may:

- 1) Become increasingly distressed and irritable.
- 2) Become unable to relax or concentrate.
- 3) Have difficulty thinking logically and making decision.
- 4) Enjoy their work less and feel less committed.
- 5) Feel tired, depressed, and anxious.
- 6) Have difficulty sleeping.
- 7) Experience serious physical problem such as heart disease, increases in blood pressure, headaches.

Work stress thought to affect organization by

- 1) Increasing absenteeism.
- 2) Decreasing commitment to work.
- 3) Increasing staff turn-over.
- 4) Increasing complaints from clients and customers.
- 5) Increasing unsafe working practice.
- 6) Adversely affect staff recruitment.
- 7) Damaging the organization image both among its workers and externally

Statement of the Problem

Stress is an essential facet of human life. The causes of stress are many and its effects on individual and organization are enormous. Management of stress has been gaining more and more popularity among academic circles. Because unless it is controlled it can cause harm. The present study is intended to identify various causes of stress. The problem is stated as "A study on Occupational Stress among Public, Private and Co-operative Bank employees: A comparative Study"

Objectives of the Study

The study is conducted with the following specific objectives;

1. To analyse the level of occupational stress among public, private and co-operative sector employees
2. To identify various sources of stress experienced by bank employees.
3. To compare and measure the magnitude of stress confronted by the employees.

Data and Methodology

The primary data are collected from 60 sample employees from various banks in the three sectors, that is public, private and co-operative in Idukki district. The bank identified are SBT and SBI from public sector, Federal bank and SIB from private sector and two banks from co-operative sector. In this way 22 employees from public sector, 20 from private sector and 18 from co-operative sector are identified for detailed study and analysis. The details of sampling are furnished in the following table.

Table 1 : Sampling design

S.No	Sector	Banks	No. of branches	No. of sample	Total
1	Public	SBT	1	10	22
		SBI	1	12	
2	Private	SIB	1	8	20
		FB	1	12	
3	Co-operative	Co-opt Bank Thankamany	1	10	18
		Co-opt bank Kattappana	1	8	
	Total		6		60

The samples are selected randomly out of a list supplied by the bank.

Tools of Data Collection

A job stress analysis of multi dimensional and coping patterns of employees is the primary focus of this study. A Questionnaire including 24 statements was administered to assess the job stress levels among employees from various banks in the three sectors, that is public, private and co-operative in Idukki district

Tools of Data Analysis

The data collected are analysed with the help of appropriate tools. The data are tabulated and analysed on the basis of marital status, occupation, age, educational

qualification, service, ailments and employer-employee relationship. Score analysis has been made to measure the magnitude of stress. Percentages and arithmetic mean are used for comparison. Chi-square test is applied to test the variation in the level of quantum of stress across marital status, age and education.

Hypothesis

Test-1 H0: There is no significant difference in source of pressure among employees of public, private and co-operative sectors on the basis of their marital status.

Test-2 H0: There is no significant difference in source of pressure among employees of public, private and co-operative sectors on the basis of their age.

Test -3 H0: There is no significant difference in source of pressure among employees of public, private and co-operative sectors on the basis of their education.

Analysis and Result

Sources of pressure in job

Here, sources of pressure in job among employees are measure and analyzed on the basis of 24 standard statements. Total scores are analyzed on the basis of marital status, occupation, age, educational qualification, service, ailments and employer-employee relationship. Individual scores are analyzed on the basis of age.

A) Total score analysis

Total scores of 24 variables are classified and analyzed for public, private and co-operative sectors. Total score is compared with standard score for drawing meaningful conclusions.

Table 2 -Analysis of Total Score of variable with Actual Score and mean value

	Variable	Description	Actual Score				Mean			
			Public	Private	Co-opert	Total	Public	Private	Co-operat	Total
1	Marital status	Married	1562	1520	1534	4616	87	84	96	89
		Unmarried	324	196	222	742	81	98	111	93
2	Occupation	Sub Staff	0	534	500	854	0	89	83	85
		Clerk	1388	724	810	2922	87	91	101	91
		Assistant Manager	180	490	446	1116	90	82	112	93
		Manager	184	0	0	184	92	0	0	92
		Senior Manager	134	148	0	282	67	74	0	70

	Variable	Description	Actual Score				Mean			
			Public	Private	Co-opert	Total	Public	Private	Co-operat	Total
3	Age	Upto 35	508	384	222	1114	85	96	111	93
		36-45	560	500	930	1990	93	83	93	90
		46-55	818	832	604	2254	82	83	101	87
4	Education	Non Graduate	368	352	282	1008	92	88	71	84
		Graduate	1184	1020	1260	3464	85	85	105	91
		Post Graduate	328	344	214	886	82	86	107	89
5	Service	1-5 Years	324	196	222	742	81	98	111	93
		6-10 Years	184	0	0	184	92	0	0	92
		11-15 Years	736	857	624	2214	92	86	104	92
		16-20 Years	498	518	306	1322	83	86	77	83
		Above 20 Years	144	148	604	896	72	74	101	90
6	Ailments	Tension Headache	508	534	872	1914	85	89	87	87
		Stomach Problem	516	502	430	1452	86	84	108	91
		Shortage Of Breath/dizziness	134	0	0	134	67	0	0	67
		Muscle Trembling	0	320	218	538	0	80	109	90
		Excessive Irritability	176	0	0	176	88	0	0	88
		Anxiety/Palpitation	552	360	232	1144	92	90	116	95
7	Employer-Employee Relationship	Average	362	334	158	854	91	84	79	85
		Satisfactory	326	502	218	1046	82	84	109	87
		Good	880	732	1380	2992	88	92	99	94
		Excellent	318	148	0	466	80	74	0	78

B) Analysis of individual score

Individual scores of 24 variables are analyzed to find out whether these variables are the factors which affect the stress of the respondent or not. Actual score is compared with standard score for drawing meaningful conclusion.

**Table 3 -Analysis of individual Score of variable with Actual Score and mean value
Standard Total Score = 240 Individual Score = 4**

	Variables	Actual Score				Mean value		
		Public	Private	Co-op	Total	Public	Private	Co-op
1	Having far too much work to do	104	82	80	266	4.72	4.4	4.1
2	Lack of power and influence	82	78	74	234	3.73	4.1	3.9
3	Over promotion	68	56	68	192	3	3.78	2.8
4	Not having enough work to do	46	32	72	150	2	4	1.6
5	Managing or supervising the work of other people	68	66	78	212	3	4.3	3.3
6	Coping with office politics	72	62	70	204	3.27	3.9	3.1
7	Rate of pay	78	78	80	236	3.5	4.4	3.5
8	Personal benefits conflicting with those of the organization	76	64	70	210	3.5	3.9	3.2
9	Under promotion	76	72	74	122	3.5	4	3.6
10	Inadequate guidance and back up from supervisors	88	82	76	246	4	4.3	4
11	Lack of consultation and communication	90	84	80	254	4	4.4	4.2
12	Keeping up with new techniques, ideas, technology	86	86	82	254	3.9	4.6	4.3
13	Inadequate or poor quality of training / management development	96	76	68	240	4.4	3.8	3.8
14	Lack of social support by people at work	90	72	58	220	4	3.2	3.6
15	Staff shortages and unsettling turnover rates	82	74	72	228	3.7	4	3.7
16	Demand my work makes on my relationship with spouse / children	72	54	78	204	3.3	4.3	2.7
17	Unclear promotion prospects	72	66	72	210	3.3	4	3.3
18	Factors not under your direct control	72	72	60	204	3.3	3.3	3.6
19	Home life with a partner who is also pursuing a career	76	66	84	226	3.5	4.7	3.3
20	Dealing with ambiguous or delicate situation	94	100	66	260	4.3	3.7	5
21	Too much or too little variety in work	84	88	62	234	3.8	3.4	4.4
22	Working with opposite sex	60	58	72	190	2.7	4	2.9
23	Inadequate feed back about my own performance	82	70	80	232	3.7	4.4	3.5
24	Misuse of time by other people	70	90	68	228	3.2	3.8	4.5
						85.32	96.68	85.9

Table 4:Analysis of Hypothesis

Hypothesis	variables	Chi-square Value	Table Value	Remarks
H1	Marital status	1.21 at 0.5	Degrees of freedom 2 = 5.991	Accepted
H2	Age	2.01 at 0.5	Degrees of freedom 4 = 9.488	Accepted
H3	Educational Qualification	8.485 at 0.5	Degrees of freedom 4 = 9.488	Accepted

Major Findings

- 1) There is significant difference in the level of occupational stress between public and private bank employees.
- 2) Occupational stress is found higher among private bank employees compared to public bank employees and Co-operative bank employees
- 3) Among different occupational stress variables like having too much work load, dealing with ambiguous or delicate situation , lack of consultation and communication, keeping up with new techniques, ideas and technology , Inadequate guidance and back up from supervisors contribute more occupational stress to the respondents.

Recommendations

1. It is evident from the study that over work is a major factor affecting stress. By reducing the work load of bank employees, stress can be reduced and it enhances their "Quality of Work Life".
2. Another variable is inadequate backup from supervisors . For reducing stress, the supervisors can give opportunity to employees in participating those decisions that directly affect them and their performance and give them support for their work.
3. From the study it is clear that lack of consultation and communication is one variable affecting stress .Effective communication and consultation with employees reduces uncertainty by lessening role ambiguity and role conflict.
4. The study pinpoints that, keeping up with new technology or new challenges is a factor affecting stress. The stress can be reduced by giving adequate training to the employees.
5. It clear that dealing with ambiguous situation is a factor affecting stress. In order to avoid this situation, provide adequate responsibility, authority and training to the employees.

For reducing the stress of the employees the following strategies can be adopted;

1. First the employees should become knowledgeable about stress. He must anticipate stressful periods and plan accordingly in advance.
2. The employees should become assertive. Being assertive is an important factor in reducing stress.

3. Expanding the social support system can be a means of tension reduction.
4. Time management is an important strategy which can be adopted to reduce the stress.
5. Stress can be reduced through relaxation techniques, such as Yoga, Meditation, Hypnosis and Bio-feed Back. Yoga is probably the most effective remedy for stress.
6. Personal wellness programs in the work place improves the employee's total physical and mental condition

Conclusion

The study has led us to conclude that Occupational stress is found higher among private bank employees compared to public bank employees and Co-operative bank employees. Stress exist in the employees of the bank understudy, specifically higher on the dimensions of having too much work load, dealing with ambiguous or delicate situation , lack of consultation and communication, keeping up with new techniques, Ideas and technology, Inadequate guidance and back up from supervisors.

It is further concluded that the problem of stress is inevitable and unavoidable in the banking sector. A majority of the employees face severe stress- related ailments and a lot of psychological problems. Hence, the management must take several initiatives in helping their employees to overcome its disastrous effect.

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Creativity and Innovation in Entrepreneurship - A Brief Assessment

- Dr. R. Rangarajan *
- R. Lakshmi**

Abstract

Creativity is marked by the ability to create, bring into existence, to invent into a new form, to produce through imaginative skill, to make and to bring into existence something new which is the main task of entrepreneurs. Creativity and innovation are considered to be inseparable from entrepreneurship, which is in turn manifested in the act of starting up and running an enterprise. People become more creative when they feel motivated primarily by the interest, satisfaction, and challenge of the situation and not by external pressures; the passion and interest - a person's internal desire to do something unique to show-case himself or herself; the person's sense of challenge, or a drive to crack a problem that no one else has been able to solve. Creative entrepreneurs possess high levels of energy and great degrees of perseverance and inauguration, which combined with a willingness to take moderate, calculated risk, enable them to transform what began as a very simple ill- defined idea or hobby into something concrete. This study explores ways in which start-up entrepreneurs are creative and innovative. Data was collected by means of a combination of in-depth interviews and telephone questionnaires with entrepreneurs who started up an enterprise in Chennai between January to December 2012. Result of this research revealed that there is a high level of creativity and innovation are reflected in their production, service and innovative way of delivering the product. Innovation is the successful development of competitive edge and as such, is the key to push entrepreneurship.

Keywords: *Entrepreneurship, Creativity, Innovation, SME, Start-ups*

Introduction

Creativity is the ability to make or otherwise bring into existences something new, whether a new solution to a problem, a new method or device, or a new artistic object or form. Innovation is defined as adding something new to an existing product or process.

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All innovation begins with creative ideas. Creativity is the starting point for innovation. Innovation is the implantation of creative inspiration

Entrepreneurs have been described as people who have the ability to see and evaluate business opportunities, gather the necessary resources to take advantage of them and initiate appropriate action to ensure success. When the entrepreneurs are creative in their ideas and making innovation, they are doing their business successfully. In the global scenario, innovation and creativity acts as a platform for the organisation to compete and sustain in the market.

Entrepreneurship is therefore a key priority area with the potential to stimulate job and wealth creation in an innovative and independent way. With the aforesaid we delve into find out the relationship between creativity and success of entrepreneurship. The following objectives are fixed for this research.

Objectives

- To find the relationship between creativity and success of the entrepreneurs
- To analyse the level of Innovation and stability in business

Research Methodology

This study explores ways in which start-up entrepreneurs in Chennai are creative and innovative. The data was collected through TNSME. Totally 1340 entrepreneurs who are registered between Jan 2012 to December 2012 were taken for the study. Out of which only 150 samples are taken for the analysis. With the help of SPSS 17 software the analysis were done. To find out the relationship between success and creativity Chi-Square and Correlation analysis was used.

Table - 1 : Cross table of Age with Creativity

		Age				Total
		Less than 30years	31-35	36-40	More than 40 years	
Low	Count	39	17	7	10	73
	% within Age	50.0%	45.9%	31.8%	76.9%	48.7%
High	Count	39	20	15	3	77
	% within Age	50.0%	54.1%	68.2%	23.1%	51.3%
	Count	78	37	22	13	150
	% within Age	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.820 ^a	3	.078

Source: Primary data

Inference

From the above table the p value shows 0.78 which is more than 0.05 so we accept null hypothesis that there is no relationship between age and creativity. Further from the cross table that the entrepreneurs who are more than 40 years had a low mean of creativity but the age group of entrepreneurs who falls under the category of age (31-35 years) had high mean of creativity. It is evidenced from the analysis that the middle age entrepreneurs are more creative in their business compared to others.

Table-2 Cross table for Gender and Creativity

		Female	Male	Total
Mean frequencies	Count	40	33	73
LOW	% within Gender	44.9%	54.1%	48.7%
	Count	49	28	77
HIGH	% within Gender	55.1%	45.9%	51.3%
	Count	89	61	150
TOTAL	% within Gender	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.214 ^a	1	.271

Source: Primary data

Inference

It is understood from the above chi square analysis that the value shows 0.271 which is more than the p value of 0.05 so we accept null hypothesis that there is no relationship between gender and creativity. In the globalised era, both men and women had competing with each other in every aspect of the business in order to reach the goal.

Table-3 : Cross table for Education and Creativity

Mean frequencies		School level	Graduates	Post graduates	Diploma	others	TOTAL
LOW	Count	24	25	15	1	7	73
	% within Education	63.2%	35.7%	51.7%	50.0%	70.0%	48.7%
HIGH	Count	14	45	14	1	3	77
	% within Education	36.8%	64.3%	48.3%	50.0%	30.0%	51.3%
TOTAL	Count	38	70	29	2	10	150
	% within Education	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.881 ^a	5	.054

Source: Primary Data

Inference

From the above analysis, it is proved that education doesn't have any relationship with creativity. As the chi-square value is more than 0.05, there is no relationship between them. It is also observed while interviewing with the entrepreneurs some of them who are at the school level and some who did not get the opportunity to go to school were also successfully leading their business venture using their creativity.

Table 4 : Correlations Between Creativity and Success

		cmean	Smean
Cmean	Pearson Correlation	1	.557**
	Sig. (2-tailed)		.000
	N	150	150
Smean	Pearson Correlation	.557**	1
	Sig. (2-tailed)	.000	
	N	150	150

Source: Primary data

The above table clarifies that there is a moderate relationship between creativity and success. Having creative ideas alone cannot lead to success in the business. But also creativity plays an important role for the success of the business. Because by knowing the needs of the customer the entrepreneurs who implement some of the creativeness in their product can succeed their business.

Findings

Objective 1 : To find the relationship between creativity and success of the entrepreneurs

- It has been found from the above analysis that there is a positive relationship between creativity and success.
- More number of young entrepreneurs who are running their business successfully through innovative ideas.

Objective 2 : To analyse the level of Innovation and stability in business.

- There is a high degree correlation found between innovation and stability in business which has been proved through analysis.
- By innovating new ideas, products according to the expectations of the customers, the entrepreneurs have long-lasting business stability in the market.

Conclusion

Entrepreneurial creativity impacts throughout the lifetime of the entrepreneur, and not just during the span of the business. Although there are undoubtedly a number of extrinsic motivational factors which affect attitudes towards creativity, entrepreneurial creativity is largely driven by intrinsic dimensions concerning the tasks being performed in the enterprise.

Creativity has been viewed as the construction of ideas or products which are new and potentially useful. Though it is more powerful instrument to succeed in the business every entrepreneur should take initiatives to innovate new ideas like Mr. Arul Raj who has been interviewed while collecting the data. He is the success entrepreneur in Chennai running Organic Shop. He mentioned during the interview that due to the innovative ideas in the products and good relationship with the customers make him success in the business. Therefore, Entrepreneurial activity depends on the process of innovation following creativity, not on creativity alone.

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A Study on Accidents in Visakhapatnam Steel Plant, with Special Reference to Nature, Causations and Reporting Procedure

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- N. Jyothi **

Abstract

Accident is an unfortunate incident that happens unexpectedly and unintentionally and affects the individual and the organization productivity. Accidents may occur due to unsafe condition or by unsafe act of the person or it may be the combination of both. In the present paper, an attempt has been made to discuss accidents stressed on factors such as the nature, causation and reporting procedure. The results revealed that the majority of 61.7 per cent of the respondent's opined unsafe condition and unsafe act are the reasons for an accident. It is a healthy sign that only 6 executives and 20 non-executives respondents out of 360 total samples met with the accident, in which minor accidents are more than the major accidents. A whooping majority of 316 respondents out of 360 total samples are aware of the reporting procedure of the accidents. Machinery for investigation of accidents is zonal safety officer, section officer concerned and constituted committee. The study observed that Visakhapatnam Steel Plant conducts inquiries into the accidents at the plant level, which indicates the commitment of the organization towards the safety aspects besides adhering to the procedure laid down by Occupational Health and Safety Management System (OHSMS).

Keywords: Accident, Cause, Symptoms, Reporting Procedure, IOD leaves, Investigation and OHSMS.

Prelude

Accident, as defined by The Concise Oxford English Dictionary is an unfortunate incident that happens unexpectedly and unintentionally¹.

Accident² an unintended occurrence arising out of and in the course of employment

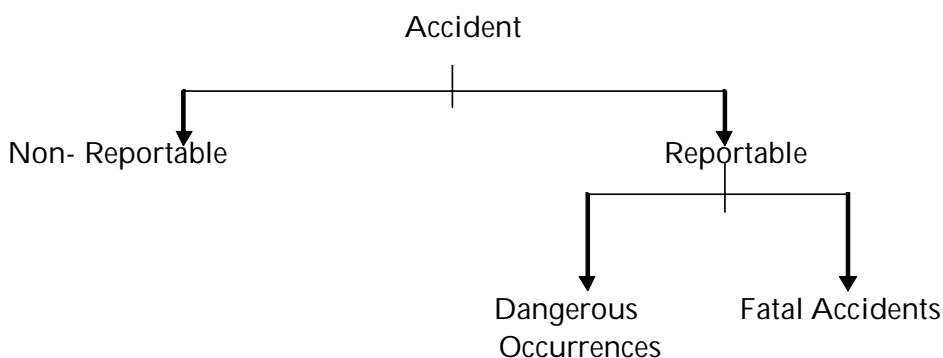
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of a person. Heinrich³ defines Accident as "an unplanned and uncontrolled event in which the action or reaction of an object, substance, and person results in personal injury or property damage". Accidents, however, need not result in injuries. If a person slips and falls, an injury may or may not result. He further asserts that if the accident caused did not culminate in an injury this time, it may result in to a serious injury next time and hence action to prevent such accidents shall not be neglected.

All the accidents are to be recorded in the accident record register as per A.P Factories Rule 104, in the Form No: 26 as "Accident Book and Register of Accident and Dangerous Occurrences".

Accidents are categorized as follows:



1. Accidents statistics in Visakhapatnam Steel Plant

Table 1 : Accident statistics in VSP

	Total				FR	IR	SR (Including Fatal)
	NR	RE	F	Total			
2006-07	16	60	4	80	1.24	2.98	488.9
2007-08	2	56	2	60	1.12	2.7	280.34
2008-09	3	44	5	52	0.95	2.27	610.05
2009-10	2	42	3	47	0.87	2.09	386.83
2010-2011	4	34	3	41	0.67	1.61	366.53
2011-12	1	27	1	29	0.5	1.2	139.04
2012-13 Up to Nov.	-	22	24	46	0.85	1.36	-

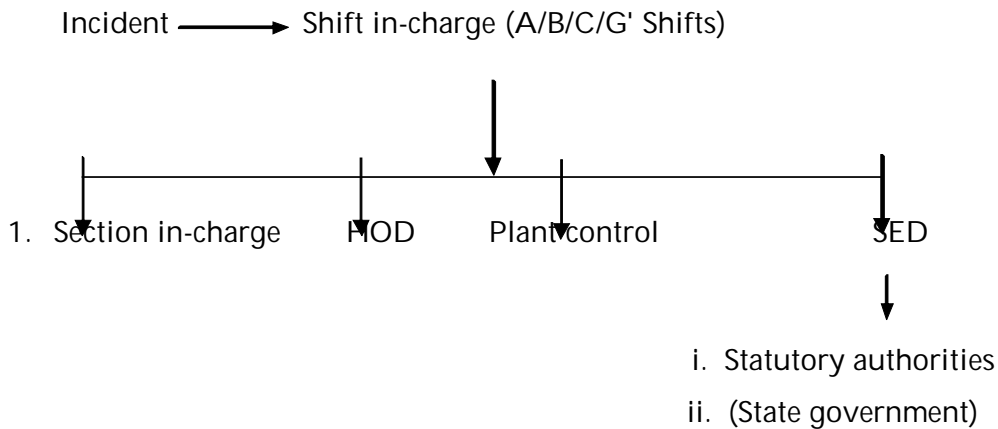
Table illustrates the accidents statistics in Visakhapatnam Steel Plant. It is a healthy sign that the total number of accidents are decreasing year by year. The total number of accidents in the year 2006-2007 is 80, in which 60 accidents are reportable, 16 are non-reportable and only 4 accidents are fatal. Regarding the year 2007-2008 the total number of accidents are 60, in which 56 accidents are reportable and 2 each are non-reportable and fatal accidents. The accidents have decreased to 29 in the year 2011-2012, in which 27 accidents are reportable and one each is non-reportable and fatal accidents.

It is concluded that from the year 2006-2007 to 2011-2012 the total number of accidents are considerably decreased. But in the year 2012-2013 April- November it has been increased to 46 accidents. It can be suggested that the organization should look into this aspect and should take maximum safety measures to reduce the occurrence of the accidents.

Accidents Evaluation and Reporting in Visakhapatnam Steel Plant

In Visakhapatnam steel plant there is one Safety Engineering Department (SED), which operates centrally. Immediately after receiving the accident information the concern department informs the details of the accident to SED. All the accidents / incidents in the plant are recorded centrally as per Factories Act in SED. The concern department HOD takes steps to investigate all incidents and non-conformances with the help of SED and take necessary corrective and preventive actions.

Reporting procedure of accidents in Visakhapatnam Steel Plant



All incidents are reported by the person responsible (shift in-charge/ section in-charge etc.) to the HOD, plant control and SED immediately. Reporting of incidents to the statutory authorities is done by SED in accordance with the procedure.

Objective of the Study

To probe into the nature of the accidents, causation and reporting procedure in Visakhapatnam Steel Plant.

Hypothesis

The following hypothesis is formulated for testing the relationship between the variables.

1. There is no significant impact on accidents with cadre.

Methodology and Sampling

The present study is based on both primary and secondary data. Considerable time has been invested to identify the respondents and to establish personal contact with them. The field work for the study was staggered for 6 months. The inquiry process involved the following three broad phases.

i. Collection of primary data

The primary data for the study are collected by using one questionnaire for executive and non-executive employees regarding the aspect accidents.

ii. Collection of secondary data

The secondary data are drawn from annual reports, safety engineering website of Visakhapatnam Steel Plant, and Indian steel industries safety data from Joint Committee on Safety Health & Environment in the Steel Industry (JCSSI) report, research reports, published books, journal, bulletins and internet. The libraries of Andhra University, Dr.V.S.Krishna Library and school of economics are immensely used for the collection of secondary data.

iii. Selection of sample

The study has taken into consideration Executives and Non-Executives employees working in Visakhapatnam Steel Plant. The accident prone department's i.e. core production departments like Coke Ovens and Coal Chemicals, Raw Material Handling Plant, Sinter Plant, Thermal Power Plant, Blast Furnace, Steel Melting Shop, and Calcining and Refractory Manufacturing Plant are selected for the study. Out of total 1250 Executive employees a sample of 120 employees which constitute 9.6 percent of the total Executive employee from the above departments in Visakhapatnam Steel Plant. Out of total 4801 Non-Executive employees a sample of 240 which constitutes 5.0 percent of the Non-executives. All the population of Visakhapatnam Steel Plant divided into different stratus based on the activities of production and from each stratum the respondents have been chosen on purposive and stratified sampling basis.

In the second stage the researcher has selected the respondents by using simple random technique. Employees who have put in a minimum of 5 years of experience in their respective jobs only have been considered for selection. However, few employees are eliminated from the sample, since they have not satisfied the criteria. Thus a total sample of 360 respondents is surveyed.

iv. Statistical tools used

The primary data has been interpreted with the help of statistical tools such as simple percentages and chi-square test of significance is administered to know the association between accidents with cadre.

The present paper analyses the perception of the respondents under executive and non-executive categories with regard to accidents observed at Visakhapatnam Steel Plant.

2. Accident demoralizes not only himself but also other colleagues

Table 2: Accident demoralizes not only injured but also the other colleagues Vs cadre

	Cadre		Total
	Executives	Non Executives	
Yes	98 81.7%	197 82.1%	295 81.9%
No	22 18.3%	43 17.9%	65 18.1%
Total	120 100.0%	240 100.0%	360 100.0%

Chi-square	0.009
Df	1
P-value	1.000

Table 2 reveals about the opinion of the respondents on the statement, Accident is an unwanted incident that demoralizes not only the injured but also the other colleagues. It is observed from table that 295 out of a total sample of 360 respondents have responded to the above statement affirmatively. In which, a majority of 82.1 per cent of the respondents belong to Non-Executive cadre, while 81.7 per cent belong to Executive cadre.

It could be concluded that, accident is an unwanted, unexpected, undesired incident which demoralizes not only the injured but also the other colleagues who are working along with injured. The same has been proved with the cadre opinion as nearly 82 per cent of both from Executives and Non-Executives agreed to it.

The calculated P-value (1.000) is found to be not significant at 0.05 level of significance and it advises no significant association in the opinion of the respondents belonging to the two cadres. And it is supporting the hypothesis. In other words, there is no significant difference in the opinion of the respondents belonging to Executive and Non-Executive cadres on this aspect.

3. Causewise accidents in Visakhapatnam Steel Plant

In 1931 Heinrich⁴, said that "a painfully obvious and simple truth is that people cause accidents, not the things".

Certain conditions are involved in accident causation. The accident may occur due to unsafe condition or by unsafe act of the person or it may be the combination of both.

Table 3 : Causewise analysis of accidents in VSP

S. No	TYPES OF ACCIDENT	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013 (Apr-Nov)
1	Slip and Fail	8	11	20	13	6	10	12
2	Material Handling	15	9	8	7	6	-	-
3	Hit By Moving Object	11	5	5	3	7	4	3
4	Hit By Falling Object	8	5	5	3	7	4	3
5	Electrical	6	4	3	-	2	-	2
6	Hot Mental Burns	5	2	3	5	1	1	2
7	Burns due to Other Hot Objects	12	8	2	4	4	1	19
8	Pressed Between Objects	12	6	3	8	6	8	5
9	Struck Against Objects	1	1	Nil	Nil	Nil	1	-
10	Miscellaneous	5	9	3	4	2	-	-
	Total	80	60	52	47	41	29	46

Table 3. depicts the cause wise analysis of accidents in Visakhapatnam Steel Plant for the period 2006-2007 to 2012-2013 April -November. Despite many precautions some accidents happen owing to various unsafe working conditions and unsafe working habits of the employees. What ever may be the reason for the accident, it is the employees that pay the price. Besides this the organization also incurs certain loss of its equipment and machinery. It is observed from the above data that the accidents at Visakhapatnam Steel Plant presents study downward trend over the period under this study. But in the year 2012-2013 April-November it has increase to 46 accidents. The major causes for the accidents are slip and fall, burns due to other hot objects, press between objects and material handling.

It can be concluded that Visakhapatnam Steel Plant has been taking necessary precautions to reduce the number of accidents in the organization. This results in a safer and secure working ambience to its employees.

4. Causes of accidents

Table 4 : Respondents opinion on the causes of accident Vs cadre

	Cadre		Total
	Executives	Non Executives	
Unsafe act	22 18.3%	56 23.3%	78 21.7%
Unsafe condition	17 14.2%	43 17.9%	60 16.7%
Both	81 67.5%	141 58.8%	222 61.7%
Total	120 100.0%	240 100.0%	360 100.0%

Chi-square	2.591
Df	2
P-value	0.274

Table 4 describes about the respondents opinion on the causes of accident. About 222 respondents out of a total sample of 360 respondents have responded as both i.e unsafe acts and unsafe conditions are the causes of accidents, in which a majority of 67.5 per cent of Executive respondents and 58.8 per cent of Non-Executive respondents responded to both. Out of 78 respondents who told that unsafe acts by the employees

are responsible for accidents, about 23.3 per cent are in Non-Executive cadre while 18.3 per cent are in Executive cadre. However, a per cent of 17.9 Non-Executive respondents and 14.2 per cent of Executive respondents out of 60 of the sample attributed accidents are due to unsafe conditions at the workplace.

By the above opinions of the respondents it can be concluded that the basic reasons of an accident is either an unsafe act or an unsafe condition. On the other way we can say that the accident cannot happen just like that it may happen due to unsafe act or by unsafe condition.

The unsafe condition can be detected by various measures/methods and it can also be prevented. But the unsafe act/unsafe practices can be eliminated only by proper training and by cultivating safe work practices. It all depends up on the behavior of individual and the people involved.

The generated P-value (0.274) is found to be not significant at 0.05 level. The hypothesis is accepted and there is no significant impact on causes of accident with regard to cadre. Hence, the variables are independent to each other.

5. Accidents without injury are called

As per the great authors who have studied about safety and developed lot of theories about the accident prevention like, Heinrich Domino theory, Bird's theory, Peterson's theory all these theories of accident prevention says that the near miss accidents are to be taken care all the time.

Table 5 : Respondents opinion on accidents without injury called as Vs cadre

	Cadre		Total
	Executives	Non Executives	
Near, miss accidents	53 44.2%	112 46.7%	165 45.8%
Dangerous occurrence	15 12.5%	36 15.0%	51 14.2%
Both	52 43.3%	92 38.3%	144 40.0%
Total	120 100.0%	240 100.0%	360 100.0%

Chi-square	0.962
Df	2
P-value	0.618

Table 5 presents about respondent's opinion on accidents without injury are called as near miss accidents or dangerous occurrences. It is observed that in the total sample of 360 about 165 respondents opined that accidents without injury are near-miss accidents, in which 46.7 per cent respondents are from Non-Executive cadre and 44.2 per cent are from Executive cadre. Similarly, out of the 51 respondents in the total sample, who felt that accidents without injury are 'dangerous occurrences', in which 15.0 per cent and 12.5 per cent respondents are from Non-Executive and Executive cadres, respectively. However, 144 respondents i.e 40.0 per cent of the total sample opined that accidents without injury are both 'near-miss accidents' and 'dangerous occurrences'. In which 43.3 per cent respondents are from Executive cadre and 38.3 per cent respondents are from Non-Executive cadre expressed this opinion.

The near miss accidents and dangerous occurrences are to be investigated thoroughly to find out the probable reasons without hiding the facts. These are very important in safety point of view. If these are neglected, then these near miss accidents may become big mishaps. So, in every organisation all the near miss accidents are to be identified and investigated systematically to mitigate the probabilities of major accidents to happen. It may be concluded that steel plant is also taking precautionary preventive measures to avoid near miss accidents and dangerous occurrences.

The calculated P-value suggests no significant association between the cadre of the respondents and their opinion. Hence these variables are independent to each other. All the respondents' opinion on accidents without injury with regard to cadre is more or less same.

6. Symptoms before the occurrence of an accident

Any system in the nature will give symptoms/warns before any incident. One should observe it and take positive result out of it. Repeated symptoms may not come. To know the warnings one should have the following: Keen observation, Knowledge of the system.

For example any gas leakage before it becomes explosion; it will give symptoms like smell, temperature rise, dropage of pressure in the net work, etc. Even the near miss accidents are the symptoms of a major accident. That is why the experts opined that the authorities should take care of the near miss accidents to avoid major accidents.

Table 6 : Respondents opinion on symptoms before the occurrence of an accident Vs cadre

	Cadre		Total
	Executives	Non Executives	
Yes	32 26.7%	63 26.3%	95 26.4%
No	40 33.3%	95 39.6%	135 37.5%
Sometimes	48 40.0%	82 34.2%	130 36.1%
Total	120 100.0%	240 100.0%	360 100.0%

Chi-square	1.592
Df	2
P-value	0.451

Table 6 depicts about the respondents opinion on symptoms before the occurrence of an accident. It is observed from the above table that some of the respondents do get some symptoms before the occurrence of an accident. Out of 360 respondents the respondents reacted affirmatively are 95 respondents, in which 26.7 per cent respondents are from Executive cadre, while 26.3 per cent respondents belong to Non-Executive cadre. A segment of 130 respondents said that they sometimes observe the symptoms before accident. But 135 respondents opined that they do not get any symptoms before the occurrence of an accident.

In the age modernization, a lot of engineering methods have come to take care of safety in all the fields. A lot of process logic controls (PLC) got developed to take care of the process atomization. One should have knowledge of analyzing process parameters and should take suitable measures before they become abnormal. In spite of technology development also some of the respondents are not aware of symptoms before accident in both the categories. It is suggested that the management should train the employees regarding the usage of advanced technology which warns them before the incident of accident.

The P-value indicates no significant association between the cadre of the respondents and their opinion. The hypothesis is accepted and there is no relation between the variables and they are independent. It suggests that there is unanimity in the perception of the respondents.

7. Frequency of accidents

Table 7: Respondents opinion on frequency of accidents Vs cadre

	Cadre		Total
	Executives	Non Executives	
Occasionally	78 65.0%	151 62.9%	229 63.6%
Never	42 35.0%	89 37.1%	131 36.4%
Total	120 100.0%	240 100.0%	360 100.0%

Chi-square	0.150
Df	1
P-value	0.728

When the researchers attempted to elicit the opinion of the respondents on the frequency of accidents in their respective departments, a majority of 65.0 per cent Executive respondents and 62.9 per cent from the Non-Executive cadre stated that accidents were occasional in their respective departments. However, it is interesting to observe that 131 respondents of the total sample stated that accidents never occurred in their respective departments as 37.1 per cent of the Non-Executive respondents and 35.0 per cent of the Executive respondents conformed to this opinion (Table no.7)

It can be concluded that accidents are inevitable occurrences and Visakhapatnam steel plant is not an exception. However, these accidents are not frequent, thanks to the efforts of the organisation in taking up maximum precautions to prevent accidents. On the other hand, there are certain sections where there is no trace of accident so far and this testifies to the committed endeavor of the organisation towards safety.

It is proved in the study that Visakhapatnam Steel Plant is maintaining adequate safety measures as a result of which the frequency of accidents is very less. Further, the secondary data pertaining to the frequency of accidents at various steel industries in the country also testify this opinion as can be observed from the following table: 6.05.1 & 6.05.2.

The generated p-value in the above table depicts that there is no significant impact between the cadre of the respondents and their opinion on the statement related to the frequency of accidents in their department. Hence these variables have no association between them and they are independent to each other.

8. Respondents accident statistics

Researcher asked the respondents regarding accidents they met in their service.

Table 8 : Details of the respondents that met with any accident Vs cadre

Response	Executives	Non Executives	Total
Yes	6 (5.0)	20 (8.3)	26 (7.2)
No	114 (95.0)	220 (91.7)	334 (92.8)
Total	120(100.0)	240(100.0)	360(100.0)

Chi-square	1.327
Df	1
P-value	0.249

Table 8 gives a picture about respondents meeting with any accident. It is understood that a very meager percentage of the respondents of the sample met with some sort of accident. Only 5 per cent of the respondents from Executive category and 8.3 per cent from Non-Executive cadre reported that they have met with some accident. Overall only 26 respondents out of 360 respondent's i.e. 7.2 per cent have met with accidents.

The above table concludes that only few respondents met with accidents at Visakhapatnam steel plant. This shows that employees are aware of safety measures and more over the Visakhapatnam steel plant is also cautious enough in implementing safety measures at work place. Further, it can be observed that the organisation is also implementing the safety measures in letter and spirit.

P-value is 0.249 means not significant. Thus it is supporting the hypothesis. We therefore conclude that there is no significant association between the accidents with respect to cadre as per the chi-square value.

9. Nature of accident

Table 9 : Respondents opinion on the nature of the

Response	Executives	Non Executives	Total
Minor	4 (66.7)	15 (75.0)	19 (73.1)
Major	2 (33.3)	5 (25.0)	7 (26.9)
Total	6 (100.0)	20 (100.0)	26 (100.0)

Chi-square	0.163
Df	1
P-value	0.686

Table 9 provides the distribution of accidents among the Executive and the Non-Executive respondents of the sample study. Out of 6 accidents that the respondents of the Executive cadre employees met with, only 4 i.e. 66.7 per cent were minor and the remaining 2 i.e. 33.3 per cent were major in nature. On the other hand, from a total of 20 respondents in the Non-Executive category who happened to have met with accidents, about 75.0 per cent respondents stated that their accidents were minor, while 25.0 per cent respondents stated that they met with major accidents in nature and impact.

It can be concluded that Non-Executive employees of the organisation are at the receiving end in most of the accidents that occurred in the organisation. This is the direct working group who is working in the shop floor and the organisation should also see that the employees of this cadre adhere to the safety provisions prescribed to them. Further, it should also pay keen attention in implementing these safety measures without failure and initiate stringent disciplinary action against the defaulters. It is advisable to interact with the Non-Executive segment of employees and if required a refresher training to all these employees on regular basis may be arranged. Negligence and over confidence on job, particularly in industrial jobs is very danger and it may lead to accident.

The generated chi-square value indicates no significant association between the variables. Hence it is concluded that the cadre of the respondents and their opinion on minor & major accidents are independent to each other.

10. Opinion on disablement due to major accidents

Table 10 : Respondents opinion on disablement due to major accident Vs cadre

	Cadre		Total
	Executives	Non Executives	
Partial temporary disablement	2 100.0%	0 .0%	2 28.6%
Partial permanent disablement	0 .0%	4 80.0%	4 57.1%
Total permanent disablement	0 .0%	1 20.0%	1 14.3%
Total	2 100.0%	5 100.0%	7 100.0%

Chi-square	7.000
Df	2
P-value	0.030

Table 10 presents the details of impact of the major accidents that occurred to the respondents. As a result of the major accidents, two respondents in the Executive category sustained partial temporary disablement. With regard to the Non-Executive respondents that met with major accidents, four respondents sustained partial permanent disablement followed by one respondent unfortunately suffering from total permanent disablement.

The calculated P=value (0.030) is less than the standard value 0.05 level of significance. It shows that there is a significance relation between the opinions on disablement Vs cadre. And the variables are dependent to each other.

11. Payment of compensation

As per workmen Compensation Act the compensation is paid only to partial permanent and total permanent disablements.

Table 11 : Non-Executive respondent's opinion on payment of compensation

Opinion	Non-Executives
Yes	5 (25.0%)
No	15 (75.0%)
Total	20(100.0%)

Non-Executive respondent's opinion on payment of compensation is given in table no.11 It is understood from the table that 5 respondents who met with major accidents are paid with compensation, the rest 15 respondents with minor accidents are not paid with any compensation. But they are provided with Injury on Duty leave (IOD).

Therefore, it can be concluded that Visakhapatnam steel plant is prompt in seeing that the accident victims of the organisation are compensated according to the statutory provisions.

12. Causes of accidents of the affected respondents

Table 12 : Affected respondents opinion on the causes of the accidents Vs cadre

	Executives	Non Executives	Total
Unsafe Act	-	-	
Unsafe condition	6 (100.0)	20 (100.0)	26 100.0)
Not wearing PPE	-	-	
Negligence	-	-	
Over confidence	-	-	
Total	6 (100.0)	20 (100.0)	26 (100.0)

Table 12 describes the reasons of the accidents as reported by the affected respondents. All the affected respondents from Executive and Non-Executive cadres stated that unsafe conditions were the major cause of their mishap.

It is a general phenomenon that man is quick-enough to attribute his faults to his environment or to other people as no one prefers to blame himself / herself for the mistakes. As the result all the respondents attribute to unsafe condition. The above study concludes that Visakhapatnam Steel Plant has to improve some of its safety measures to avoid the few major and minor accidents, on the other hand, the employees are supposed to be extra-cautious while on duty. Moreover organisation must ensure safe working conditions to the employees.

13. Availing of IOD leave facility

Table 13 : Respondents opinion on IOD leave Vs cadre

	Executives	Non Executives	Total
Yes	2 (33.3)	5 (25.0)	7(26.9)
No	4(66.7)	15(75.0)	19(73.1)
	6(100)	20 (100.0)	26 (100.0)

Table 13 provides the data about the respondents who have availed IOD leave in their service on account of accidents. IOD leave implies Injury on Duty leave and it is

granted to the employees who have met with an accident during the course of their duty or before and after the duty hours (within one hour) on the way home/office. Out of total 26 respondents who were unfortunately affected with accidents, only 7 respondents were given IOD leave. In which, 33.3 per cent respondents are Executive and 25.0 per cent are Non-Executive respondents.

It doesn't mean that others are not sanctioned IOD leave, it only depends upon the category of accidents. There is no need of IOD leave incase of the accident falls under non-reportable. It is observed from the above data that Visakhapatnam Steel Plant is implementing the leave facility to its employees who are injured on duty.

14. Reporting procedure of accidents

Table 14 : Respondents awareness on reporting procedure of the accidents Vs cadre

	Executives	Non-Executives	Total
Yes	112(93.3)	204(85.0)	316(87.8)
No	8(6.7)	36(15.0)	44(12.2)
Total	120(100.0)	240(100.0)	360(100.0)

Chi-square	5.178
Df	1
P-value	0.023

The awareness of the respondents with regard to the reporting procedure of the accidents at Visakhapatnam Steel Plant is furnished in table no.14. It is understood that a vast majority of 93.3 per cent of the respondents from Executive category and a majority of 85 per cent of the Non-Executive respondents of the sample are aware of the reporting procedure in case of accidents. The table concludes that the majority of the respondents 316 out of 360 are aware of the reporting procedure of the accidents. About 36 Non-Executive and 8 Executive respondents are not aware of the reporting procedure of the accidents.

It is suggested that all the employees of Visakhapatnam Steel Plant should acquaint themselves with this aspect and organisation should circulate the accident reporting procedure to all the employees through Employees Information System (EIS).

The P-value (0.023) is found to be significant at 0.05 level thereby indicating a significant association between the opinion of the Executive and the Non-Executive respondents of the sample on awareness on reporting procedure of accidents. Hence the hypothesis is rejected.

15. Reportable accidents reported to the competent authority

Table 15 : Reportable accidents are reported to competent authority Vs cadre

	Cadre		Total
	Executives	Non Executives	
Dy.Chief Inspector of Factories	102 91.1%	187 91.7%	289 91.5%
Dist collector	4 3.6%	8 3.9%	12 3.8%
Both	6 5.4%	9 4.4%	15 4.7%
Total	112 100.0%	204 100.0%	316 100.0%

Chi-square	0.162
Df	2
P-value	0.992

The details of the respondent's knowledge about the government body, to which the reportable accidents are reported, are shown in the table no. 15. The data revealed that out of the total 316 respondents that are aware of the reporting procedure of accidents, a majority of 91.7 per cent respondents belong to Non-Executive cadre, while 91.1 per cent respondents are from Executive cadre opined that the reportable accidents are to be reported to the Deputy Chief Inspector of Factories. About 3.9 per cent respondents from Non-Executive cadre and 3.6 per cent from Executive cadre thought that it was the District Collector to whom they should report about the reportable accidents. However, 5.4 per cent respondents of Executives and 4.4 per cent from Non-Executive respondents felt that both the authorities (District Collector and the Deputy Chief Inspector of Factories) are to be informed about the reportable accidents that occur in the organisation.

It could be concluded that from the study that 92 per cent of the total sample respondents got clear idea that it is mandatory to report the reportable accidents to Dy.Chief or Joint Chief Inspector of Factories, A.P, Visakhapatnam.

The P-value (0.992) is more than the standard value. Hence, it indicates that there is no significant association between the cadre of the respondents and their opinion. Hypothesis is accepted and the variables are independent to each other. All the respondents opined similar opinion on the above variable.

16. Machinery of investigation of accidents.

Table 16 : Cadre-wise perception of the respondents on their awareness of the investigation authority on accidents

	Executives	Non-Executives	Total
Zonal Safety Officer	10(8.3)	22(9.2)	32(8.9)
Section Officer Concerned	5(4.1)	15(6.3)	20(5.5)
By both	99(82.6)	181(75.4)	280(77.8)
Constituted Committee	6(5.0)	22(9.1)	28(7.8)
Total	120(100)	240(100)	360(100)

Chi-square	2.989
Df	3
P-value	0.393

At Visakhapatnam Steel Plant, a competent authority investigates the accidents to ascertain the reasons thereof. Table no.16 presents the awareness of the respondents with regard to this aspect. A whopping 82.6 per cent of the respondents from Executive category stated that the investigation of the accidents at Visakhapatnam Steel Plant is carried out by both the zonal safety officer and the section officer concerned, and 75.4 per cent of the Non-Executive respondents concurred with this. Further, 9.1 per cent and 5.0 per cent of the respondents from Non-Executive and Executive cadres respectively, opined that a constituted committee would take up the investigation of the accidents at Visakhapatnam Steel Plant.

It is also observed that 9.2 per cent of the Non-Executive respondents and 8.3 per cent of the Executive respondents felt that the zonal safety officer probes the accidents

at Visakhapatnam Steel Plant, while 6.3 per cent and 4.1 per cent of Non-Executive and Executive respondents, respectively, opined that it is the section officer concerned that takes up such investigation.

In Visakhapatnam Steel Plant Zonal safety officer and section officer both jointly investigates the accidents. From the opinion of the 77.8 per cent of total sample of the respondents, it may be concluded that all the accidents at Visakhapatnam steel plant are being investigated according to the procedure to find out the causes for taking suitable remedies.

It is to be noted that the P-value (0.393) which is not significant at 0.05 level indicates no significant association between the variable. In other words, it is understood that there is no significant difference in the opinion of the respondents with respect to this aspect.

17. Investigation of accidents

Table 17 : Cadre-wise opinion of the respondents about the investigation of accidents according to their category

	Cadre		Total
	Executives	Non Executives	
Non-repoeratable accidents	8 6.7%	13 5.4%	21 5.8%
Reportable accidents	56 46.7%	119 49.6%	175 48.6%
Fatal	37 30.8%	79 32.9%	116 32.2%
Incase of a & b only	18 15.0%	26 10.8%	44 12.2%
All the above	1 .8%	3 1.3%	4 1.1%
Total	120 100.0%	240 100.0%	360 100.0%

Chi-square	1.723
Df	4
P-value	0.786

Table 17 explains the cadre-wise perception of the respondents belonging to the two cadres on the category of accidents for which investigation is done. It is observed

from the data that a majority of 49.6 per cent respondents from Non-Executive cadre and 46.7 per cent respondents from Executive cadre opined that the reportable accidents are investigated. Similarly, 32.9 per cent and 30.8 per cent respondents from Non-Executive and Executive cadres, respectively, stated that fatal accidents at Visakhapatnam steel plant are investigated. Further, 6.7 per cent respondents from Executive cadre and 5.4 per cent respondents from Non-Executive cadre felt that Non-reportable accidents are investigated.

However, 15.0 per cent Executive respondents and 10.8 per cent Non-Executives of the sample are in the view that both reportable and non-reportable accidents are investigated, whereas 1.3per cent respondents and 0.8 per cent respondents from Non-Executive and Executive cadres, respectively, reckoned that all the three categories of accidents i.e. reportable, non-reportable and fatal, are looked into.

It is observed from the opinion of the respondents that Visakhapatnam Steel Plant conducts enquiries into the accidents at the plant and it indicates the commitment of the organisation towards the safety aspects besides adhering to the procedure laid down by OHSMS. Usually non-reportable accidents are recorded but not investigated by the authorities. Hence, it is suggested that all the non-reportable accidents should be investigated for finding the root causes of the accidents. Elimination of these root causes may help in avoiding the reoccurrences of the accidents in future.

The calculated P-value is more than 0.05 the standard value that means there is no significant association between the variables and these variables are said to be independent to each other. The hypothesis is accepted and the opinions of all the respondents are more or less similar to the above aspect.

18. Evaluation of medical check-up

Table 18 : Respondents perception on evaluation of medical check-up Vs cadre

	Cadre		Total
	Executives	Non Executives	
Yes	59 49.2%	109 .45.4%	168 46.7%
No	22 18.3%	55 22.9%	77 21.4%
Not known	39 32.5%	76 31.7%	115 31.9%
Total	120 100.0%	240 67%	360 100.0%

Chi-square	1.044
Df	2
P-value	0.593

Cadre-wise opinion of the respondents with regard to the evaluation and correlation of the medical check-ups conducted by OHSRC is presented in table no.18. It is observed from the data that 168 respondents of the total sample are affirmative in this regard. 49.2 per cent respondents of Executive cadre followed by 45.4 per cent respondents from Non-Executive cadre shared this opinion. On the other hand, 77 respondents out of which 22.9 per cent Non-Executive and 18.3 per cent respondents in the Executive cadre stated that no such evaluation and correlation of medical check-ups is done in the organisation. It is further observed that 115 respondents of the total sample are not aware of this provision. In which 32.5 per cent Executive respondents and 31.7 per cent Non-Executive respondents expressed this opinion.

An organisation that is committed to the safety and well-being of its employees, the health of the employees is given priority. The mixed opinion observed from the data reveals that Visakhapatnam Steel Plant is on average to ascertain the health of its employees. But compulsory annual health checkups are conducted by OHSRC department in Visakhapatnam Steel Plant. And health data of all the employees is recorded by OHSRC and this data is evaluated by occupational specialists. The medical reports are informed to the concern employee through Employee Information System (EIS). If further diagnosis is required then the employee is referred to specialist at Visakha Steel General Hospital (VSGH) for treatment and for proper advise. According to the study opinion results about 192 respondents of the total sample, in which 131 from Non-Executives and 61 respondents from Executives do not know about the above procedure.

So it is suggested that OHSRC should circulate the statistics of evaluation of medical checkup reports of the employees to all the departments so that most of the employees will be aware of the medical checkup reports.

The P-value (0.593) is greater than the value 0.05 so the variables are said to be independent. Hence the hypothesis is accepted, there is no relation between the variables. The opinion of all the respondents towards medical checkup is analogous.

Conclusion

Accident is an unplanned, uncontrolled, unwanted, unexpected, undesired incident which demoralizes not only the injured but also the other colleagues. A whooping

majority of 82 per cent of the both executives and non-executives agreed to it. Any system in the nature will give symptoms/warns before any incident, one should observe it and take positive results out of it. Repeated symptoms may not come. Majority of 62.5 per cent of the respondents revealed that they observed the symptoms before an accident. Accidents are inevitable occurrences and Visakhapatnam Steel Plant is not an exception. However these accidents are not frequent, thanks to the efforts of the organization in taking up maximum precautions to prevent accidents. On the other hand, there are certain sections where there is no trace of accidents so far and this testifies to the committed endeavor of the organization towards safety.

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Switching Costs, Customer Satisfaction and Brand Loyalty: An Empirical Study on Airtel Cellular Services in Chittor District

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Abstract

The Mobile market in India is very robust and is the second largest mobile telecom market in the world, adding nearly 20million subscribers every month. This rapid growth in the mobile segment has been driven by an enabling policy framework and intense competition. With up to 12 competing operators in a circle, the tariffs in India are the lowest as compared to global benchmarks. Even though the literature on customer satisfaction is normally related to customer loyalty, a formal model explaining the steps between customer satisfaction and customer loyalty is missing. It has been mentioned that customer satisfaction is necessary, but not a sufficient condition for improving customer loyalty. There are evidences that despite favorable customer satisfaction, companies are losing important buyers of their products and services every day. If there is no straight forward relationship between customer satisfaction and customer loyalty, then what is there in the middle? How can we explain that customer satisfaction does not always lead to customer loyalty? The present study will address these primary problems by establishing relationship between customer satisfaction, switching costs and brand loyalty.

Keywords: Brand Loyalty, Customer Satisfaction, Service Providers, Switching Costs, Telecom Industry.

Introduction

The service sector is growing at a faster rate than any other sector of the economies in both developed and developing countries. The most marked change in the twentieth century, particularly in the later half, has been the economic transformation from the manufacturing sector to the service sector in almost all the countries in the world. India is not exception to this change. Liberalization of Indian economy, during the 1990s, has

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given momentum to the service sector. While, during the previous decades, the three main sectors of economic activity- agriculture, industry and service- have roughly equal contribution to the gross domestic product (GDP) of India. According to the statistics of Central Statistical organization (CSO) data for 1999-2000, the service sector accounts for more than 53 percent of Indian GDP. From 2001 onwards it has been increased gradually. Contribution of service sector to the Indian GDP reached 86.5 percent by the end of the financial year 20012-13.

Among the various service sub-segments, the main growth driver of the sector is telecommunication services, apart from Information Technology (IT), Information Technology-Enabled Services (ITES), and tourism. Since 1990s, the telecommunications sector has been a key area for the economic advancement of developed as well as developing countries. This is the result of enormous technological development in the telecom field in general and cellular mobile telephone services (CMTS) in particular. In addition to this, the changing economic conditions, changing needs of customers and competition among the telecom companies have made the field, a dynamic service sub-sector for economic development. So marketing orientation has become main strategy of telecommunication services firms in India.

Because of heavy competition in Indian cellular services market, Airtel cellular services, the market leader is facing the threat of losing subscriber base. Though Airtel has nation-wide network, the performance of the company with regard to service provision is not on par with other service providers in few areas.

The general purpose of this study is to reconceptualise a traditional model of consumer loyalty in the mobile services context. The importance of consumer loyalty in the services industry cannot be overstated. As consumer's controlling power over the market increases, the marketing effort is shifting from satisfying customers to retaining customers.



Figure 1: David A.Aaker's Loyalty pyramid

- a) The first level represents non loyal buyers, who are completely indifferent to brands, each brand being perceived to be adequate if the price is accepted.
- b) The second level includes not dissatisfied buyers with no dimension of dissatisfaction sufficient enough to stimulate a change, but vulnerable to competitors that can create a perceived benefit in the case of switching.
- c) The third level consists of satisfied customers with switching costs (loss of time, money, or acquired loyalty advantages, performance risks associated with switching, etc). Switching incentives from competitors must compensate with switch costs.
- d) The fourth level contains customers who truly like the brand and have an emotional attachment to the brand, based upon associations such as a symbol, a set of use experiences, or a high perceived quality. The emotional attachment's reason is sometimes just the fact that there has already been a long-term relationship.
- e) The fifth level represents committed customers, proud to have discovered and used the brand, and to whom the brand is very important both functionally as an expression of their personality.

Dick and Basu argue that loyalty is determined by the strength of the relationship between relative attitude and repeat patronage. On the basis of attitude-behaviour relationship, they propose four types of brand loyalty (Fig.2.2). The "spurious loyalty" and "no loyalty" categories occur under low relative attitude that might be indicative of a recent introduction and /or an inability to communicate distinct advantages, or when most competing brands are seen as similar.

Company Profile: An Overview

Bharti Airtel Limited formerly known as Bharti Tele-Ventures LTD (BTVL) is an Indian company offering telecommunication services in 18 countries. It is the largest cellular service provider in India, with more than 197 million subscriptions as of April 2013. Bharti Airtel is the world's third largest, single-country mobile operator and fifth largest telecom operator in the world in terms of subscriber base. It also offers fixed line services and broadband services. It offers its telecom services under the Airtel brand and is headed by Sunil Bharti Mittal. The company also provides telephone services and broadband Internet access (DSL) in over 89 cities in India. It also acts as a carrier for national and international long distance communication services.

The company has a submarine cable landing station at Chennai, which connects the submarine cable connecting Chennai and Singapore. Bharti Airtel since its inception has been at the forefront of technology and has pioneered several innovations in the telecom sector.

Brand Airtel was born free, a force unleashed into the market with a relentless and unwavering determination to succeed. A spirit charged with energy, creativity and a team driven to seize the day, with an ambition to become the most globally admired telecom service. The Enterprise business provides end-to-end telecom solutions to corporate customers and national and international long distance services to telcos through its nationwide fiber optic backbone, last mile connectivity in fixed-line and mobile circles, VSATs, ISP and international bandwidth access through the gateways and landing stations.

Review of Literature

According to Churchill and Surprenant (1982), "customer satisfaction is an output, resulting from the customer's pre-purchase comparison of expected performance with perceived actual performance and incurred cost. There have been many studies on customer satisfaction over the years. However, Parasuraman et al., (1994) have put forward the simple and clear definition for satisfaction. They suggest that satisfaction is influenced by service quality, product quality and price. They have conducted research on satisfaction on a transaction level, implying that overall satisfaction is a function of transaction.

Wang and Lo (2002) paid attention to the measurement model of service quality in China's mobile phone market. It was based on the well-known SERVQUAL model, but with modification on the basis of focus group discussions and expert opinions to reflect the specific industry attributes and the special culture of China. Emphasis was then paid to the study of the dynamic relationships among service quality, customer value, customer satisfaction and their influences on future behaviours. They have also studied about key drivers of customer value and customer satisfaction.

Abod Ali Khatibi (2008) analyzed the factors that contribute to customer satisfaction and loyalty in telecom industry. SERVQUAL instrument was used to measure the current level of service quality and satisfaction. The results indicate that a high degree of customer satisfaction does not always translate into loyalty. Among the sixteen factors, channel of ordering, operating hours, fault reporting center, response time and restoration time indicate high correlation with customer loyalty as compared to other variables. In addition, improvement of overall service quality will have some positive impact on customer loyalty. In this study switching costs were not taken into consideration.

Chada and Kapoor (2009) examined the effect of switching cost, service quality and customer satisfaction on customer loyalty in the mobile telecommunication services. 220 users of GSM service were surveyed and data was analysed by regression analysis.

The study showed that the switching cost, service quality and customer satisfaction have positive association with customer loyalty. However, they found that the customer satisfaction was the best predictor of customer loyalty.

Amzad Iqbal and Sazid Bashir (2010) studied about antecedents and outcomes of customer satisfaction in using prepaid cellular service in Pakistan. Their study focused on estimating and comparing the perceived expectation and the actual satisfaction level of prepaid cellular service users in Pakistan. In their study 235 prepaid cellular service users were investigated randomly. Perceived quality, perceived value and perceived expectations are leading variables for customer satisfaction: while purchase likelihood, customer complaints and price tolerance are dependent on actual satisfaction. Findings suggest that customers have high expectations that are fulfilled by the cellular service providers to some extent.

Statement of the Problem

Mobile market in India is very robust and is the second largest mobile telecom market in the world, adding nearly 20million subscribers every month. This rapid growth in the mobile segment has been driven by an enabling policy framework and intense competition. With up to 12 competing operators in a circle, the tariffs in India are the lowest as compared to global benchmarks.

Despite this new emphasis on customer retention and the acceptance that managers need to understand and know how customer retention can be achieved, marketing researchers did not have advanced studies on the antecedents of customer retention in telecommunication services. Some authors of marketing textbooks have linked customer retention to customer satisfaction (Kotler (1997), Kurtz and Clow (1998), Rust, Zahorik and Keiningham (1996), Zeithmal and Bitner (1996) under the assumption that a satisfied customer may be prone to repeat purchases, whereas an unsatisfied customer may tend to defect. Similarly, some marketing researchers have underscored the direct relationship between customer loyalty and customer satisfaction (Hallowel (1996), Heskett (1994)). Even though the literature on customer satisfaction is normally related to customer loyalty, a formal model explaining the steps between customer satisfaction and customer loyalty is missing. It has been mentioned that customer satisfaction is necessary, but not a sufficient condition for improving customer loyalty. There are evidences that despite favorable customer satisfaction, companies are losing important buyers of their products and services every day.

If there is no straight forward relationship between customer satisfaction and customer loyalty, then what is there in the middle? How can we explain that customer satisfaction does not always lead to customer loyalty? The present paper will address these primary problems

Objectives of the Study

In order to get answers to the above questions, the present research is designed to achieve the following objectives:

- To find out the relationship between the Switching Costs (SC), Customer Satisfaction (CS) and Brand Loyalty (BL) of the customers of Airtel cellular services.
- To know the impact of Switching Costs and Customer Satisfaction on Brand Loyalty.

Hypotheses of the Study

On the basis of the theoretical framework and review of literature, the following hypotheses were developed.

H1: There is no significant correlation between Customer Satisfaction and Brand Loyalty.

H2: There is no significant correlation between Switching Costs and Brand Loyalty.

H3: There is no significant correlation between Switching Costs and Customer Satisfaction.

Research Methodology

The research methodology is the science of dealing with the principles of procedure in research study. It deals with the definition of the research problem, research design, and method of data collection, selection of sampling, statistical tools employed and interpretation of collected data.

(i) Research Design

The research design is descriptive as it provides the inventory of feelings regarding switching Costs, Customer Satisfaction and Customer Loyalty intentions of customers towards Airtel cellular service providers.

The subscriber respondents were chosen from the Airtel subscribers in Chittoor district, Andhra Pradesh.

(ii) Scope of the Study

This study focuses on the relationship between three important variables like Switching Costs, Customer Satisfaction and Brand Loyalty of customers of Airtel Cellular Services.

(iii) Period of Study

The study of this type requires at least a decade period to observe the trend and draw valid conclusions from the analysis. Now, the present study covers a period of 10 years starting from 2002-2003 to 2011-2012.

(iv) Sources of Data

The data sources required for the study include both primary and secondary. The primary data sources were the subscribers of Airtel cellular mobile telephone services in Chittoor district, Andhra Pradesh.

The secondary data sources were: relevant websites, national and international refereed journals, business magazines and news papers, working papers and monographs relevant to the area of research.

(v) Sampling Methodology

Sampling frame comprised of the subscribers of cellular mobile services of Airtel, in Chittoor district of Andhra Pradesh. Non-Probability Quota sampling technique was used.

The total number of Airtel customers in Chittoor District is 8, 68,823 as on August 2010. Since customers are spread geographically, may be because of their mobility, it is found to be very difficult to meet them for data collection if probability sampling technique is adopted.

A total of 500 customers were contacted over a 3 months period (Aug-Oct 2010) via a structured questionnaire.

(vi) Data Analysis Methods

The data collected from the field survey was analyzed using SPSS (Statistical package for social sciences) software package.

In order to test the proposed hypotheses through data analysis, several univariate and multi variate statistical techniques were employed. These techniques included simple percentages, standard deviation, analysis of variance (ANOVA), correlation, regression.

(vii) Limitations of the Study

The study has the following limitations:

Drawing Sample from a Single company was a major limitation of the study. Although service industries have much in common, each industry has its own special characteristics in terms of product/ service complexity, distribution channels, automation

levels etc. Drawing sample from a single company limits the generalisability of the study.

Analysis

Descriptive Statistics for CS

The overall rating for CS is 3.84. The mean values for the two dimensions of customer satisfaction are as follows : I am completely satisfied with the services delivered by Airtel (3.98). I feel absolutely delighted (3.71).

Table 1: Mean, Std.Dev and Variance for the dimensions of CS (N = 500)

S.No	Items	Mean	Std.Dev	Variance
	Overall	3.84	.51	.26
1	I am completely satisfied with the services delivered by Airtel.	3.98	.59	.35
2	I feel absolutely delighted.	3.71	.64	.42

5 point scale: Strongly disagree (=1) to Strongly Agree (=5).

Descriptive Statistics for SC

The mean, standard deviation and variance for switching costs is given in the table 4.10. The mean value for overall switching costs is 2.99. Generally speaking, the costs in time, money and effort to switch from Airtel would be high (3.02). Overall, I would spend a lot and lose a lot if I switch from Airtel to another (2.95).

Table 2: Mean, Std.Dev and Variance for the dimensions of SC

S.No	Items	Mean	Std.Dev	Variance
	Overall	2.99	.743	.55
1	Generally speaking, the costs in time, money and effort to switch from Airtel would be high.	3.02	1.02	1.05
2	Overall, I would spend a lot and lose a lot if I switch from Airtel to another	2.95	.87	.76

5 point scale: Strongly disagree (=1) to Strongly Agree (=5)

Brand Loyalty

Brand Loyalty of a customer is studied under four dimensions in the present study (word of mouth, purchase intentions, price sensitivity and complaining behavior). The descriptive statistics for the four dimensions are presented in the Tables 4.24 to 4.28.

There is no significant correlation between CS and Brand Loyalty.

From the tables 3 and 4, it has been observed that there is significant positive correlation between customer satisfaction and customer loyalty. The corresponding correlation coefficient is significant at 5% level. The R² value reveals that both the variables contribute to 31% of the explained variance. We can conclude that customer satisfaction and Brand Loyalty are strongly related. Hence there is significant relationship between CS and BL.

Table 3: Correlation table

		CS
BL	Pearson Correlation	.140*
	p-value	0.002

Table 4 : Regression Analysis

(a)

Model	R	R Square	Adjusted R Square
1	.6	.36	.31

(b) ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.577	1	.577	9.924	.002
	Residual	28.932	498	.058		
	Total	29.509	499			

(c) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.101	.081		38.087	.000
	CS	.066	.021	.140	3.150	.002

H2: There is no significant correlation between Switching Costs and Brand Loyalty.

The results of correlation and Regression analysis (Tables 5 and 6) reveal that there is strong significant relationship between Switching Costs and Brand Loyalty. The correlation coefficient is 0.505, which indicates high association between the variables. From the table 6 (a), the adjusted R2 value offer noteworthy insight on the overall ability of Switching costs to explain the variation in score on Brand Loyalty. Hence the relationship between SC and BL is highly significant.

Table 5: Correlation Matrix

		SC
BL	Pearson Correlation	.505**
	p-value	0.0000

Table 6: Regression Analysis

(a)

Model	R	R Square	Adjusted R Square
1	.25	.625	.620

(b) ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.515	1	7.515	170.167	.000 ^a
	Residual	21.994	498	.044		
	Total	29.509	499			

(c) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.861	.039		73.394	.000
	Switching_Cost	.165	.013	.505	13.045	.000

H3: There is no significant correlation between switching costs and customer satisfaction.

The Table 7 concludes that there is insignificant correlation between Switching Costs and Customer Satisfaction. Also the results of the regression analysis (Table 8) reveal that there is no significant relationship between Switching Costs and Customer Satisfaction. P-value is greater than 0.05, hence the relationship between SC and CS is not significant.

Table 7: Correlation Matrix

		SC
CS	Pearson Correlation	0.074 NS
	p-value	0.099

Table 8: Regression Analysis

(a)

Model	R	R Square	Adjusted R Square
1	.75	0.56	.50

(b) ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.718	1	.718	2.728	.099
	Residual	131.114	498	.263		
	Total	131.832	499			

(c) Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.691	.095		38.780	.000
Switching_Cost	.051	.031	.074	1.652	.099

Findings

The hypotheses of the model were tested and the findings corroborate with the view that mobile service quality, customer satisfaction and customer loyalty are related.

- The overall Satisfaction of Customers towards Airtel cellular Services is above average.
- The overall switching costs to switch from Airtel to another are high.
- There is significant relationship between CS and Brand Loyalty.
- There is significant relationship between SC and Brand Loyalty.
- There is no significant relationship between SC and CS.

Recommendations

- Airtel can have tie-ups with cell phone manufacturers and can provide the handsets at subsidized rates. Once it is purchased, the phone will be locked. Customer cannot use another sim in the same handset. This creates switching costs for the customers and hence they remain loyal to the brand.
- Loyalty programs play an important role in retaining the existing customers. We can develop loyalty programs, an offer where an operator gets free minutes, when their customers reach a certain level of usage. Airtel can also use internal scoring system to identify their high value customers and offer them on a discretionary basis, rebates, specific membership clubs and gift certificates, or free goods when they renew their subscriptions.

Conclusion

Globally, Bharti Airtel is the 3rd largest in-country mobile operator by subscriber base, behind China Mobile and China Unicom. In India, the company has a 30.7% share of the wireless services market. Also, it has very close competitors like Idea and Vodafone. So, Airtel has to focus on improving loyal customers. This study concludes

that there is a positive relationship between and customer satisfaction and brand loyalty and is concluded that, customer satisfaction and customer loyalty are related. And also there is significant relationship between SC and Brand Loyalty. But there is no significant relationship between SC and CS.

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7. Cellular network local and intra-circle (within a circle) long distance services.

The Dilemmas of Small Business Growth - The Case of Rural Agri-Business Based Micro Firms

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Abstract

The Study focuses on the development and growth of Rural Agri- business based micro firms, are these firms growth oriented and if so under which conditions. The study shows that there are firms which are growth oriented in the rural areas. The owners of these Agri-business based micro firms, wants to achieve growth by using their own resources and capacities in order to avoid the risk. The research shows that there is an urge in the owners of these micro firms to grow and seek for better market opportunities, but bottle necks in technology usage and knowhow is holding them back from developments. The study also shows that the owners of the micro firms are interested in using machinery which is automated and suitable for their production requirements, but size and their short term plans are holding them back. Production planning for these rural agri- based micro firms is a great challenge; these firms needs to be flexible in their production plan and at the same time they need to take into consideration the investment opportunities and their cost strategies. Therefore, production should become more automated and still stay flexible in this growing competition.

Introduction

Agri- business is considered as the sunrise sector in the Indian economy in view of its potential growth and influence on the socio- economic impact on employment opportunities and income generation. In India, Agriculture industries account for 25 per cent of India's GDP. Significantly, over around 60% of the Indian population is engaged in this activity. However, this very statistics reveals why rural India remains backward, that 60% of the population only produces 25% of the country's GDP means their purchasing power is very low. Added to this plight the number of farms and the people working in the agri- related business is fast declining, as compared to many other countries. Small business, in many countries receives much attention from policy

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makers and researchers, because agri- based business is considered the engine for economic growth and employment generation.(Winbourg and Landstrom,2001; Hamilton and Lawrence, 2001). Rural Agri- based micro firms are referred as an important sector for local economy. (Lowe and Talbot, 2000), and encouraging the expansion of small business in the rural areas is considered as an immediate solution to the rural unemployment problem. Larsson et al,(2003).

Several studies have stated that most small business firms do not want to grow nor do they have the ability to grow, Gray, (1992;2002); Westhead,(1997); Kotey, (2005). Consequently, even the family managed businesses, are not growth oriented. This preconception is tested through this study, the study further tried to explore the problems that are influencing the growth of these small firms in the rural areas. The study contributes to the current research the factors which have an influence on the growth orientation of the rural agri- businesses in their rural areas.

The Analysis derived form out of this current research from a wider study conducted with the agri- Business based micro firms in the rural area of the four coastal rural districts of AP in India. The unit of analysis in this study is the rural agri- based micro firms, where the objectives, experience and the ability of the owner strongly influence's the firm's performance. The firms under is this study is Rice Mills, Oil mills, Timber mills, Eco-Paper, Cultivation and Value added Products from Corn.

The paper is structured into following six sections:1) An Introduction 2) Conceptual Frame Work, examining the contexts which have an influence on the growth, 3) development of the research questions, 4) data descriptions and the research methodology; 5) Main findings of the study; and 6) conclusions of the study.

Literature Review

There are several issues that needs' to be considered when studying the micro firms in the rural areas. In spite of the income imbalance between rural and urban areas of India, there is a huge market potential in the rural areas as 70% of the population still lives in the India Rural areas. India is rich with around 6,30,000 villages, most of these are hard to reach due to poor connectivity and low business potential. Furthermore, majority of Micro firms are typically owner managed or family business, which influences on the firms' goals and orientation towards growth. The industry context cannot be ignored either, since this rural context poses several challenges such as low income, lack of basic marketing infrastructure, irregular income, poor demand patterns, dependence on agriculture, lack of social mobility, high rate of social stratification and traditional value and beliefs which needs to be addressed.

Entrepreneurship in the Rural Areas

Some factors like unorganized and dispersed markets, poor marketing infrastructure facilities, low per capita income, and low level of literacy are the root cause that hinders the development of businesses operating in rural areas. Firstly, (Rajib Lahiri, 2010) remarks, the problems that small micro firms is facing in India is due to the ruthless competition, especially after the removal of protective policies for the micro and small firms in India since 2001 reforms. Secondly, Bhavani T.A. (2010) remarks, qualitative employment generation were comprised with quantitative employment generation due to poor technological upgradation, because of self financing strategy followed by the owners of the micro firms.

Entrepreneurship in rural areas is typically seasonal, and entrepreneurs' income is often derived from small branches. These firms are mostly farm based and the households in the rural areas have increasingly started to diversify their income by mixing all manner of their activities together with farming as a result their was a decline in agriculture employment opportunities in the rural areas in India, Thiripurandari, K and V. Gurumurthy (2009). Recent research has identified farm pluriactivity(combing agricultural production with other income activities) as one form of farm portfolio entrepreneurship, Sonia and Kansai Rajeev (2009).it has been suggested(Carter, 2001) engagement in additional farm activities can be seen as a continuum, from monoactive farming through relatively simple forms of structural diversification to portfolio of business ownership interest.

One good strategy for rural firms seems to be to focus on the niche market activities. This strategy helps in diversify the rural economy which is highly dependent on agricultural activities, and also the micro firms to diversify products without imposing large volume of production or economies of scale, Sandesara, J.C. (1993). Niche goods and services differ from traditional to non- traditional local economic activities, this would demand entrepreneurs to develop strategies which could enhance their skills and urge for new learning's. Entrepreneurs need to improve upon their learning abilities to be more innovative in both the choice of product and its marketing, and they must be able to partnership with other entrepreneurs, which could give them the advantage to develop niche market for their products and services, Sonia and Kansai Rajeev (2009).

Rural micro firms are typically more labour intensive when compare to the urban micro firms, and have difficulty in attracting skilled work force; generally the micro firms in the rural areas recruit people who lack the required skills and the qualitative out come from them is diffidently below the expectation level of the firm, Subrahmanya, Bala (2011). There is one more problem in development of the small firms in the rural areas, that is the owners tend to keep the firms as it is fearing from the changes and lack

of necessary skills of the workers, due to which they fall short of new idea generation, Keeble (1993) and Lowe and Talbot(2000) have reported employee related problems in rural firms. Ravindranath V. Badi and Naranyansa V. Badi(2004) reported that rural firm owners consider these problems beyond their control. Besides work force related problems, rural firms owners face problems related to marketing, lack of management expertise, poor literacy, lack of creativity and ambition.

Industry Context: The Status of Rural Based Micro Agri-based Firms

In India, several self employment measures have been initiated to inject better opportunities in providing employment through agriculture, had failed miserably Bhalla et al. (1986) and Chadha (1994). On the account of poor harvest management the rural market in India had lost around Rs.35,000- 75,000 crores per annum. It may be mentioned that the estimated losses includes losses during storage, milling and processing. It does not include losses at the consumer's end, R. P. Kachru (2009). Liberalization has brought about a revolution in the Indian Agri- based business, large firms have been dominating the market for the Agri- based products as a result of their greater efficiency and competitiveness, these facts makes it hard for micro firms in the rural areas to have better access to the markets. Small firms have to strengthen their position mainly by differentiating their products and focusing on the niche markets, Uusitalo, (1998); Forsman,(1999). This is possible if they have the skilled work force, better usage of technology and effective harvest management. In this situation, the micro firms in the rural areas needs to acquire competitive advantage, flexibility of production and services, acquire better technology, understand the markets and develop confidence of the customers, Hyvonen, et al, (1995)

However, despite the high degree of differentiation in small production, the cost element cannot be ignored. Borch and Forsman(2001) remarks that there is a risk of market penetration as the already existing firms pays greater deal of attention to specialization through advanced technological application and processing machinery. Therefore, there is an urgent need for research efforts on the technological side, towards developing adequate small- scale technology for the micro firms which best fits their size and capacity, Borch and forsman, (2001)

Owner/ Family - Based Management's Impact on Micro Firms's Objective Setting

Paul Greenbank (2001) says about small business is a way of life, and for many small business owners the state of the business determines their personal than to their business criteria. Small business is based on owner- management and about their personal

risk. The fact is that the money invested in majority of the micro firms is often personal money which is generally spend on the bare essentials, for early returns, Bridge, et al,(1998). The non- existence and ambiguity of objectives within the owner-manager probably arise because they often subconsciously set objectives, which might not as well reflect in their business plans. The objectives were derived from the influence of the owner- managers, individual, socio- economic context, Paul Greenbank (2001). Lafuente and Salas (1989) cited majority of the owner- managers specified the reason for a satisfied living is linked to their family needs and nothing more beyond that. In family based business the overlap between family and business concerns has been emphasized, longenecker, et al, (1998). Further more, family business have been attached with several emotional aspects that is associated with their business, such which are hereditary and associated to kinship ties, Fletcher,(2002). The desire of family based firms for stability, inter depended ownership, stability and the urge to retain managerial ownership control by the members of the family may be as important as the desire for growth and expansion, Westhead (1997). Littunen and Hyrsky (2000) had stated that family based firms are less focused on profit and growth than when compared non-family based firms.

Perren (1999), analyzed that there are four interim growth drivers that influence a micro firm's development: the owner- manger's growth motivation, expertise in managing the growth, access to resources and creating more demand. The owner's growth motivation is very vital for the small firms since this could influence on goal setting and there by developing strategy to achieve such a growth is so great. Without sufficient skills to manage the growth, the firm might become uncontrollable and this could lead to the loss of direction. Access to financial, physical and human resources as well as creating demand for their goods and services are naturally the road to success for higher growth. Coming to the micro firms in the rural areas, the lack of expertise, skills in managing the growth, difficulty in accessing the financial resources and technology know-how can be the barriers that hold's back the firm growth.

Robert E. Carpenter and Bruce C. Petersen (2006) states that, small firms are often constrained by the quantity of internal finance. Under plausible assumptions, when financing constraints are binding the scope for growth is curtailed. Small firms are said to lack expert knowhow in articulating their financial needs or are able to forecast their future financial needs and this drives them to a wrong dealing with potential financiers. This is one of the reasons why these firms are exposed to problems such as financial gaps, loans gap, insufficiency in their saving strategies and poor working capital management are the common problems faced by these micro firms, Poutziouris, et al (1999).small firms are also experiencing problems in securing long- term external

finance, which is regarded as one of the bottle necks for the development for small firms, Winborg and Landstrom (2001). Problems from the marketing side arise mainly from the fact that small firms' natural attention is their day to day survival and focusing their long - term strategic considerations are being neglected. Limited access to market information system, distance, low literacy levels are the add on to their problems, Poutziouris, et al(1999).

The ability of the small businesses to grow largely depends on the fit between the business and the environment in which it operates. However, in their pursuit to grow micro firms seems to face some situations of discontinuities and thresholds that are not experienced by the medium and larger firms. In a micro firm an additional person with two already existing employees, would add to an increase of 50% work force, and this increase in the turnover would be difficult to achieve. This holds the same in case their go into acquiring a added machinery, Wiklund(1998).

The Research Questions

In the small firms operating in the rural areas, the growth orientation is one of the growth drivers. Based on this fact it is important to examine the objective setting in these firms. In this context the first and second research questions raised are: "Are rural firms growth- oriented?", and "Under which conditions are these firms growth oriented?".

Micro firms in the rural areas are said to experience various problems in seeking growth; problems related to the employees such as, skills of employees, Hyvonen, et al, (1995), Keeble(1993);Hoy and Vaught(1988); Lowe and Talbot(2000);, problems related to market and marketing, Poutziouris, et al(1999); Hoy and Vaught(1988); Lowe and Talbot(2000);Hyvonen, et al(2006); DR. S.K. BARAL(20012); Ravindranath V. Badi and Naranyansa V. Badi (2002); Levitt. Theodore (1980),Problems faced from finance, Poutziouris, et al (1999); Robert E. Carpenter and Bruce C. Petersen (2006)and those related to lack of experience, skills and ambition, Winborg and Landstrom(2001);Perren(1999); Westhead (1997). Littunen and Hyrsky (2000), Westhead (1997). Littunen and Hyrsky (2000). The firms under this study are agri- based micro firms, and their size, position in the industry presents them with certain challenges while focusing on the growth. This situation lead to the framing of the third question: "what are those problems that hinder the growth of rural Agri- based micro firm?".

Research Methodology

The empirical data was derived from a study carried out on the micro firms in the agri- based units in the rural areas of Andhra Pradesh in India. The rural areas in this regions represents a diversified picture: there are areas which are closely connected to

the urban areas, on the other hand the are areas which are far away and are still dependent on traditional farming, and there are areas which are very remote and lack proper infrastructure facilities like road, poor electricity connections, poor transport facilities, poor market information systems, where keeping up the vitality of this areas is the real challenge.

The Primary data was collected to explore the characteristic features of the agri-based micro firms in the area, their attitudes towards development and growth, and the possible outcomes of these firms to take the advantages of the services provided by the government to support the development of the firms in the agri- based small firms. A questionnaire was designed and was personally executed in person to all the agri- based firms in this areas, around 140 entrepreneurs were approached, of whom 35 questionnaire were returned incomplete. From the valid 105 questionnaire, giving a response rate of 72.4 per cent.

The firms covered in this study are very small in size: the average number of workers is 2.9 full time and 2.2 part time workers. Majority of the firms were managed by the spouse and in some cases it was managed by the either the male or female owner with maximum two workers on a part time. In the remote areas it was noticed that the second level generation is managing the business and majority case the eldest son of the family runs the business with the support of their son or a part time worker. On the other hand it was observed that there are firms which were innovative and attained growth since its inception though small in size with 3-12 employees, out which 3-6 of them are their family members. It was also observed that majority (58 percent) of them carry out their business in addition to farming, the maximum land owned by theses firms was 10 arces and the minimum was 1.6 arces. The firms are basically family based business; 48 percent of the firms are established together with another family member, 32 percent established alone, and 20 percent were inherited.

Along with the questionnaire the owners the small firms were interviewed. The interview was more conversational in kind. There fore this research is both quantitative and qualitative in method in order to achieve a broader understanding of dilemmas of growth in the rural micro firms, more over the local language was only used to communicate and interview the respondents as none of them were able to read and answer the questions raised.

Analysis of the Study

The following questions were raised to the entrepreneurs through the questionnaire about their attitudes towards the growth of their firm: which of the following better describes your firm's goal?

- 1) The goal of our firm's is to grow and attain development by seeking for new business opportunities. Our firm is focused towards the orientation to growth.
- 2) Our firm's business goal's is to make reasonable living for our family. Our firm primary growth is survival and not growth.

About 56.1 percent (59) of micro firm owners chose the second alternative, stating that a reasonable living for them and their family is more essential a goal to them and in this world of growing competition survival is a multi billionaire question and growth in such situation could be a dream that never comes true. Where as 43.8 percent (46) micro firms had expressed, that their primary goal is to seek growth for better business opportunities. The average age of the entrepreneurs was 41 years. Age seemed to have impact on the firm firm's growth (contingency coefficient, $p=0.006$). a significantly higher percentage(about 61percent) of the entrepreneurs younger than 46 years said that their firm's primary goal was growth. The interviews results reveals that firms who's owners are holder than 48 years and the barriers which is holding them back from growth was of the uncertainty of their survival in the growing competition .

Table 1 below presents a logistics regression model which clearly states the factors that affect the growth orientation of these micro agri- based firm's. the variables are presented in detail in the appendix at the end.

Table 1 : A logistic Regression Model of Growth Orientation (Dependent Variable: Growth orientation Vs not growth oriented)

	B	S.E	Significance
Net working with other firms	1.537	1.145	.181
Size of the firm			.312
Size of the firm (1)	1.533	1.091	.149
Size of the firm(2)	1.599	1.421	.209
Entrepreneur's age	-1.884	.976	.046*
Vocational Education			.256
Vocational education(1)	-1.232	1.344	.442
Vocational(2)	1.321	1.236	.201
Work experience			.049
Work experience(1)	1.298	1.343	.414
Work experience(2)	2.930	1.234	.017*
constant	-3.181	1.723	.059

χ^2 Test quantity= .002, df=10, n=105

Total classification rate= 86 percent

The estimated model explained the location of the observations in the two groups of firms: of the total observations, 86% were classified correctly by the model. The statistically significant variables in the model were the "age of the entrepreneurs", "marketing channels (1) and the experience (2)". As it was mentioned earlier, the owner's age did seem to impact the firm's growth: younger entrepreneurs were more enterprising and growth orientation for their primary focus has compared to the elder owners. In majority of the case the main marketing channel was a significant variable since their marketing channel was direct sales as compared to firm whose marketing channel was wholesale trade. The firms using direct sales were less growth oriented when compared to firms whose market channel is wholesale. More over under interesting feature note was that all those owners who had prior working experience in the similar lines of their present business were more challenging and focused towards growth orientation. Firms whose owners started their business venture without any experience was not growth oriented. Size of the firm, co-operation with other firms or educational levels did not seem to be significant variable to this model.

When the owners of the growth oriented small firms were asked to respond to the question: what were the difficulties that influenced them in the growth of their firm? Majority of them (64 percent) responded that technology limited the growth, followed with the marketing difficulties being the next common limitation (28 percent). The difficulties such as the state of technology used, capacity of the technology, highly disrupted power supply, poor monsoon seasons, unskilled work force, poor common infrastructure facilities etc, contributes to the production difficulties. Majority of the respondents expressed that it is very difficult to find machinery of their choice, size and affordability.

Another typical problem experienced by the firms where market related. They lack proper guidance on the market potential for their produce, price offered, branding and promotion strategies of their products. Added to the marketing problems the poor financial management and business skills as been observed through the study. As it was mentioned that majority of the owners use their shared capital which is restricting their growth prospective.

The research also explored the various traits which the entrepreneurs considered for their business survival or growth (Table2). The following traits were considered by the entrepreneurs as the important factor for either their survival or growth. Moderate development in technology usage by avoiding risk and attempts to create unique product is the forefront trait. Hard work put by the entrepreneurs is considered to be an important virtue in the owners of the micro firms in the rural areas. Attention to meet the attention of the customers, balancing the results and the efforts put forward and risk taking were

some special qualities found in those entrepreneurs who were less focused towards growth.

Table 2 : Means to survive or growth

	Percent of all N=105	Percent of growth oriented n= 44	Percent of not growth oriented=56
Moderate development in order to avoid risk	69.4	51.0	72.1
Create a unique product	46.2	36.0	49.1
Good price and balance the quality	32.3	36.5	36.0
Entrepreneur's workload	33.0	21.0	39.0
Customers value	27.4	33.0	31.0
Balance between results and work	19.6	21.0	18.1
Investing in growth by taking risk	7.2	6.0	7.5

The table two results shows certain contradiction between results presented and the opinions gathered from the entrepreneurs about their views on the growth of their firms. The analysis shows around 44 percent of the entrepreneurs expressed that their firms primary goals was to grow by seeking better business opportunities, but only 6 percent had expressed that they have invested in the growth by taking risk, and when compared few of them had said that their firm is growth oriented.

It was observed through the interviews entrepreneurs did not develop personal contact. Majority of them looked at each other as enemies rather than treating their association as an opportunity to expand their business. Very few owners that to it was observed those who had earlier experience did maintain their contacts, the owners in their interview did express how the contacts helped them in entering into new business alliance.

Employing workers from outside their family association was a big challenge because of their poor skills and lack in initiative to do things effectively. They preferred to employ their spouse or other members in the family, who would help them in undergoing the change which alters the character and operations of their business. The family members are more trusted upon by the owners. Other reason sited in the interview is that the size of the business is so small and employing one or more would influence on their earnings and on their goals of fulfilling their family requirement. Very few firms have hired employees outside their family association but the major role is played by the owners or their family members.

The research clearly illustrates that the development of the firm's is synonymous to growth. In the present state of competitive conditions growth is the essence for the firm's survival. In the era of globalization, the customer's expectations and competitive challenges experienced by the firms irrespective of the size and location cannot help them in sustaining their position in the market. Many studies did prove that small firm's; do not run their business in tune to the changing external environment. They restraint themselves in developing their awareness of the industry in which they operate and lack initiatives in developing innovative strategies in their field of business as compared to that of the medium and large firms. In general, these firms do not pay much attention upon the management related issues. However, in the present context, firm's development requires a wider outlook on the changing trends in the industry, which is why it is very important to help micro firms enhance their knowledge on the developments that is fast taking place around them and help them in better achieving their objectives.

The fact that the firm's in this study were basically small, and majority of them are family operated firm's, it was anticipated that they were not oriented towards growth. But surprisingly the study reveals that around 40 percent of the firm's did express that the goal of their firm's was growth oriented and is seeking to new business opportunities, the study also states younger entrepreneur's were more inclined towards growth, these entrepreneurs gives importance to value for hard work, but not as much when compared to the older aged entrepreneurs. Other significant fact that the study reveals is that all those firm's using direct sales to market their products are less growth oriented. More over all those entrepreneurs with prior experience in the similar lines of business are more focused to growth and development.

The study also explores the fact as nearly 40 percent of the entrepreneurs had expressed that their firm's goal was to grow and seek better business opportunities, only 6 percent said that they had invested in growth by taking risks. Based on this it can be interpreted that the rural firm owners want to attain growth of their business by means of their own or family's efforts, and avoiding risks.

The study states that the owners of the rural micro agri- based firm's have expressed the most common difficulties that objects their growth of their firm's are difficulties in production. The study shows that when a small firm wants to grow and seek new business opportunities, there are many bottlenecks in both production as well as marketing that is holding them back from development. In majority of the cases it was observed the traditional way of manual production is still in use. One reason for this is that there are no suitable production facilities that the owners of the small firm's could find in the market. The findings from this study suggest that the owner's need to find

machinery that is less manual and more efficient in the productivity, they need to approach firm's to come out with a size that is more suitable for their production and which would also benefit them in their future plans in expanding their business. Again this strategy may be affected by the entrepreneur's reluctance to take risks. Another dimension observed through this study on the production difficulties experienced by the micro firm's may be related to the position of these micro firms in the Agri- Business sector. The owners of these firm's needs to be more flexible in their production activities and at the same time they must pay attention to their financial elements. Therefore there is a urgent need both by the owner's of these firm's and the policy makers to make necessary arrangements to conduct exclusive awareness programs in exposing these entrepreneurs about the need for automation in the production process of their units. On the basis of this study one would definitely agree with Borch and Forsman(2001) that there should be more research encouraged towards developing adequate small scale technology for the benefit of small firms.

The next common problems experienced by the small firms, is the marketing related activities which is obstructing their growth prospects. The typical problem identified through this study is, the owners of these small firm's cannot find adequate time to seek new market opportunities and ways to increase the awareness of their products to the customers. Through the interview it was noted that majority of the respondents felt that, maintaining good reputation within the customers by providing goods promptly and as and when they demand for the products is the best strategy of marketing their products. Financial management is almost nil in the case of these firm's.

Through the study it is understood the process of development and growth of the small agri- business, one has to take into consideration all those factors that would influence them. First, these firm's are operating in the rural areas, and is therefore operating in a very small local markets with limited number of customers. These local markets makes it necessary for the firms in the rural area to find their way to the other non- local markets, this would demand an extra cost for the distance that needs to be covered, provided if the it works out positively. Innovations along with the local resources, as well as producing products that are competitive in the local- markets, are possible key to the success to growth and development of these firm's. Secondly, the position of the firm in the Industry needs to be considered. There is a demand for flexibility in production process and their ability to differentiate their products, constitute an important force for their competitive advantage in the agri- business. Simultaneously they need to be focused on the cost factor in order to survive and grow in this competitive environment. Thirdly, majority of the firm's under study are family based business, and the social rationalities typical of family firms needs to be taken into consideration. Finally,

the problems of these small firm's are different from those of large firm's. This needs to be recognized by supporting small firm's from the point of production knowhow, market opportunities and financial aspects of their business.

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Appendix

Variable	Value of Variables
Networking with other firms	1= no Co-operation with other firms/2= co-operation with other firms
Age of the entrepreneurs	1= 44 years or under/ 2= over 44 years
Size of the firm(Turnover/year)	
Size of the firm(1)	1= turnover under Rs. 50,000/2= turnover over Rs. 50,000
Size of the firm (2)	1= turnover under 2,00,000/ 2= turnover over 2,00,000
Marketing channel	
Marketing channel (1)	1= direct sales/2= wholesale trade
Marketing channel (2)	1= wholesale/2= direct sale
education	
Education (1)	1= no formal education/ 2= formal education(secondary – degree)
Education (2)	1= formal education(secondary – degree) /2= no formal education
Work Experience	
Work Experience (1)	1= no work experience/2= work experience in the same field of business
Work Experience (2)	1= work experience in the same field of business/2= no work experience

Corporate Governance Disclosures in Indian Industry: A Critical Evaluation

- Dr. D. Maheswara Reddy *

Abstract

Corporate governance has received an increasing amount of attention in recent years. Corporate scandals have brought corporate governance weaknesses to the attention of the general public, especially in the United States. Weaknesses in the corporate structure of some Indian companies have been partly blamed for some recessions that have occurred there. This paper begins with an overview of some basic corporate governance principles as identified by the OECD, World Bank and IMF, and then proceeds to examine how these principles are being applied in selected companies (which cover public, private and government sectors). Judging corporate governance practices score is another interesting point which attracts the attention of shareholders in particular and stakeholders in general.

Keywords: OECD, CFTRA, CGP, CGR

Introduction

Corporate governance has become an important topic in transition economies in recent years. Directors, owners and corporate managers have started to realize that there are benefits that can accrue from having a good corporate governance structure. Good corporate governance helps to increase share price and makes it easier to obtain capital. The good corporate governance practices are considered as pre-requisite for attracting funds from foreign financial institutions and even from domestic investors also. Corporations can be succeeded in mobilizing the required capital as long as its corporate governance structure ensures corporate fairness, transparency and accountability (CFTRA) to its shareholders and stakeholders. In this context an attempt is made to assess efficiency and effectiveness of Indian industry Corporate Governance Practices (CGPs) keeping in view of Organization for Economic Cooperation and Development (OECD) principles and also judging how much extent they succeeded in winning the confidence of shareholders and stakeholders. For the assessment of CGPs, eight sample companies (which cover public, private and government sectors) chosen based on their importance in the Indian economy namely Tata Motors Ltd, SBI Ltd,

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Reliance Communications Ltd . Infosys Ltd, NTPC Ltd, Coal India Ltd. GAIL Ltd and CIPLA Ltd.

Overview of Corporate Governance

The integrity and honest of corporations, financial institutions and markets is pivotal point to the health of our economy and its stability. This integrity and honest, fairness transparency and accountability reflect in good corporate governance. The main goal of the corporate governance is to enhance the long-term shareholder value through improving corporate performance and accountability while taking into the interest of other shareholders.

The corporate governance structure specifies the relations and distribution of rights and responsibilities among three constituents of corporate governance i.e Board of directors, managers and shareholders. The Indian CG structure is combination of Anglo and German models.

Review of the Literature

Hundreds of articles and dozens of books have been written about corporate governance in the last few years alone. One book that should be mentioned is Corporate Governance by Monks and Minow (2004). Davis Global Advisors publishes an annual Leading Corporate Governance Indicators (2007), which measures corporate governance compliance using a variety of indicators.

Various committees' findings on Corporate governance are published in different years; Cadbury Report 1992, Greenbury Report 1995, Hampel Committee Report 1998. The OECD's Principles of Corporate Governance (1999) has been used as a benchmark for a number of corporate governance codes in transition economies. OECD has published a Survey of Corporate Governance Developments in OECD countries and also several studies on corporate governance, of which the most notable one is its White Paper on Corporate Governance in Asia.

The Securities and Exchange Board of India (2002) issued the Kumar Report on corporate governance in India. This report attempted to evolve a code of corporate governance for Indian corporations. Mani (2004) did a country study of India for Standard & Poor's that looked at a number of factors, including market infrastructure, the legal environment, the regulatory environment and the informational infrastructure.

Y.V.Reddy & R.W.Rebell 2007 the study titled, "Corporate Governance under Clause 49" the researcher attempts to identify and appreciate the relationship between corporate earnings, interest rate and market price. This study carried out on selected stocks which are actively traded on National Stock Exchange.

Dr Nidhi Sharma and Urvashi Ghai (2011) had developed a paper "Awareness of Investors towards corporate governance" and concluded that corporate governance consists of two elements i.e. long-term relationship and transactional relationship.

Bhushan Bhattacharya and Swati Pradha (2011) have concluded that Indian banking environment is strong in terms of corporate governance because of its successful implementation of its banking reforms.

Research Methodology

Basically it is an analytical research using certain important OECD principles as parameters to gauge the efficacy of corporate governance practices of eight sample companies (three public, four private and one government) were chosen. The period of study is two financial years i.e. 2011-12. The statistical tools applied are averages, percentages and charts.

Hypothesis : 70 per cent of corporate governance practices (CGPs) are followed in Indian industry.

Data Analysis and Discussion

Despite the number of studies conducted by organizations and research scholars on corporate governance practices across the globe, this paper critically evaluates and assess the Indian corporate governance practices in eight sample companies till date. It classified the extent of practice of various corporate governance practices into four categories. The categories are as follows.

- P = Practiced
- LP = largely practiced
- PP = partially practiced
- NP = Not practiced

The critical evaluation of CGPs is done, through a systematic reading of corporate governance reports of all selective sample companies, under five parameters (Basic share holders' rights, equitable treatment of share holders, Role of stake holders, board of directors and disclosure & transparency) with twenty two sub parameters. The summary of assessment of CGPs of sample companies is discussed below.

1. Rights of shareholders and key ownership functions

The corporate governance framework should protect and facilitate the exercise of shareholders' rights. These include; basic shareholder rights, right to participate in meeting, capital structure / shareholders pattern disclosure and implementation of whistle blowing policy.

Basic shareholder rights: These include the right to: (1) secure methods of ownership registration; (2) convey or transfer shares; (3) obtain relevant information on the corporation on a timely and regular basis; and (4) share in profits of the corporation.

Table 1.1 shows the scores for the category of Basic Shareholder Rights. Infosys, CIPLA Ltd, SAIL Ltd, Reliance communications Ltd, GAIL Ltd, and SBI Ltd have been earned highest score in protecting the basic rights of shareholders. TATA Motors Ltd and NTPC Ltd are next to the above six selective companies.

Table 1.1 :Basic shareholder rights protected

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd		X		
IFOSYS Ltd	X			
NTPC Ltd		X		
CIPLA Ltd	X			
SAIL Ltd	X			
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Right to participate in meeting: The shareholders have the right to participate and to be sufficiently informed on, decisions on fundamental corporate changes, such as : (1) amendments to the governing documents of the company; (2) the authorization of additional shares; and (3) extraordinary transactions that result in the sale of the company.

Table 1.2 :Right to participate in meetings

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd	X			
SAIL Ltd	X			
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Table 1.2 shows how the companies' scores in the sub-principle of OECD's principles were. In this parameter all the eight selective sample companies have earned the highest score. This means all of them ensured 100% implementation of better corporate governance with respect to the participation of rights.

Capital structure/shareholders pattern disclosure: If this practice is made in the annual corporate governance report; it enables the shareholders to obtain a degree of control disproportionate to their equity ownership.

Table 1.3 shows the scores of each company with respect the above parameter. And it is observed that GAIL Ltd and SBI Ltd have scored at top. The remaining six companies partially practiced. In other words, public and government sectors are proved good with respect to the disclosure of shareholding pattern, where as the private sector has to work more at this front.

Table 1.3: Capital structure / shareholders pattern disclosure

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd			X	
IFOSYS Ltd			X	
NTPC Ltd			X	
CIPLA Ltd			X	
SAIL Ltd			X	
Reliance Communications Ltd			X	
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Implementation of whistle blowing policy: As per the best corporate governance practices, there should be a policy which empower and allow the employees to alert the senior management whenever things are happening in unethical nature. That protects the interest of all stakeholders/stockholders.

Table 1.4 shows that Infosys Ltd, NTPC Ltd, Reliance Communications Ltd, GAIL Ltd and SBI Ltd have earned the highest score at this front where as Tata Motors Ltd, CIPLA Ltd and SAIL Ltd have obtained moderate score with respect to the above parameter.

Table 1.4 :Implementation of whistle blowing policy

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd		X		
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd		X		
SAIL Ltd		X		
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

2. Equitable treatment of Share holders

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights. This include; interest of minority shareholder is protected and Prohibition of insider trading,

Interest of minority shareholder is protected: Which reveals that the companies should have equitable treatment of all shareholders including minority and foreign shareholders. And all shareholders should have equal opportunities to get effective redress for violation of their rights. Within any class, all shareholders should have the same voting rights. Any changes in voting rights should be subject to vote/ special resolution in the annual general body meetings.

Table 2.1:Interest of minority shareholder is protected

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd			X	
CIPLA Ltd			X	
SAIL Ltd			X	
Reliance Communications Ltd		X		
GAIL Ltd			X	
SBI Ltd			X	

Source: Author's critical evaluation based on published annual corporate governance reports

Table 2.1 shows that only two companies i.e., TATA Motors Ltd and Infosys Ltd have earned top score. Reliance communications Ltd falls in the second best category. The remaining five companies have practiced partially.

Prohibition of insider trading: None of the board member should disclose valuable and confidential information to anybody. Otherwise the stockholders got victimized and it becomes detriment to the growth and development of the company. In other words, insider trading and abusive self-dealing should be prohibited.

Table 2.2 shows that TATA motors Ltd, Infosys Ltd, and GAIL Ltd earned top score with respect to prohibition of insider trading. The remaining five companies' i.e NTPC Ltd, CIPLA Ltd, SAILLtd, Reliance communications Ltd and SBI Ltd have stood in the best second category. In other words, the Indian corporate boards are moderately good at this front.

Table 2.2 :Prohibition of insider trading

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd		X		
CIPLA Ltd		X		
SAIL Ltd		X		
Reliance Communications Ltd		X		
GAIL Ltd	X			
SBI Ltd		X		

Source: Author's critical evaluation based on published annual corporate governance reports

3. Role of stakeholders in CG

The corporate governance framework should recognize the rights of stakeholders established by law or through agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises. This include; effective redressal mechanism, employee's participation in management and accessibility of information for Stakeholders.

Effective redressal mechanism: As part of best corporate governance practices, every corporation has to protect the rights of shareholders and ensure that there should be effective redressal mechanism for the violation of stakeholders rights.

Table 3.1 shows that only Reliance communications Ltd and GAIL Ltd safeguarded the rights of stakeholders by earning top score. And the remaining six companies fell in the second best category.

Table 3.1 : Effective redressal mechanism

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd		X		
IFOSYS Ltd		X		
NTPC Ltd		X		
CIPLA Ltd		X		
SAIL Ltd		X		
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd		X		

Source: Author's critical evaluation based on published annual corporate governance reports

Employee's participation in management (Performance mechanism): The corporate governance should encourage the employees' participation in management and make them held responsible for stakeholders/stockholders.

Table 3.2 shows that Infosys Ltd and NTPC Ltd have obtained top scores. SAIL fallen in the second best category. TATA Motors stood in third category where as CIPLA Ltd, Reliance Communications Ltd, GAIL Ltd and SBI Ltd stayed in the last category.

Table 3.2 : Employees participation in management(Performance mechanism)

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd			X	
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd				X
SAIL Ltd		X		
Reliance Communications Ltd				X
GAIL Ltd				X
SBI Ltd				X

Source: Author's critical evaluation based on published annual corporate governance reports

Accessibility of information for Stakeholders: The corporate governance framework should ensure timely and accurate disclosure on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.

Table 3.3 shows that TATA Motors Ltd, Infosys Ltd, NTPC Ltd and SBI Ltd have been earned top scores under the above parameter. Reliance communications Ltd stood in the second best category, where as CIPLA Ltd, SAIL Ltd and GAIL Ltd were settled in third category.

Table 3.3 : Accessibility of information for stakeholders

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd			X	
SAIL Ltd			X	
Reliance Communications Ltd		X		
GAIL Ltd			X	
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

4. Board of directors

The corporate governance framework should ensure the effective monitoring of management by the board and the board's accountability to the company and shareholders. These include; composition norm, stock exchange listing clause 49 and committees on the board.

Composition norm : As per the norm there should be 1/3 of the directors from non-executive in order to avoid the dominance of executive directors on certain important issues in the best interest of the company. If any deviation from said norm that reflects poor corporate governance.

Table 4.1 shows that Infosys Ltd, Reliance communications Ltd, GAIL Ltd and SBI Ltd have earned top score with respect to the above parameter. TATA Motors Ltd, NTPC Ltd and SAIL Ltd settled in the second best category where as CIPLA Ltd has slipped in the last category.

Table 4.1 :Percentage of independent directors in the Board

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd		X		
IFOSYS Ltd	X			
NTPC Ltd		X		
CIPLA Ltd				X
SAIL Ltd		X		
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Stock exchange listing clause 49: As per the stock exchange rules every corporation should appoint independent directors in the audit committee in order to list its shares in the national and international stock exchanges. This builds credibility of the corporation in the minds of the investors.

Table 4.2 shows that all the selected sample companies fulfilled the criteria in appointing independent directors of the audit committee. In other words, the Indian industry proved as best practitioner at this front.

Table 4.2:Independent criteria as per listing rule (49)

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd	X			
SAIL Ltd	X			
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Committees on the board: In evaluating the performance of the board, there should be minimum three committees. These Committees should appraise the activities

of the board on regular basis and informing them by oral/written reports. The responsibility of these committees is ensure the best corporate governances practices in terms of developing the processes for measuring the performance of the board.

Table 4.3 shows that the six sample companies (i.e TATA Motors Ltd. Infosys Ltd, NTPC Ltd, Reliance communications Ltd, GAIL Ltd and SBI Ltd) have earned top score where as CIPLA Ltd and SAIL Ltd have the lowest moderate score.

Table 4.3 :Committees on the board to facilitate best CG practices

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd			X	
SAIL Ltd			X	
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

5. Disclosure & Transparency

The corporate governance frame work should ensure that timely and accurate disclosure is made on all matters regarding the corporation, including the financial situation, performance, ownership and governance of the company. This include disclosing operating results to BOD, remuneration policy for Board, disclosure of risk factors, issues of employees/stakeholders, disclosure of code of conduct, disclosure of Accounting Standards, disclosure of annual independent audit, disclosure of external auditors, fairly and timely dissemination of information and disclosure of ratings of CRISIL/ICRA/Others.

Disclosing operating results to BOD : As per OECD draft the senior management people have to disclose the operating results to the BOD in the best interest of the company.

Table 5.1 shows that Tata Motors Ltd, IFOSYS Ltd and NTPC Ltd have earned the top score which means they are good at disclosing operating results to BOD. CIPLA

Ltd, SAIL Ltd, Reliance Communications Ltd, GAIL Ltd and SBI Ltd have been earned moderate score with respect to the above parameter.

Table 5.1 :Disclosing operating results to BOD

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd		X		
SAIL Ltd		X		
Reliance Communications Ltd		X		
GAIL Ltd		X		
SBI Ltd		X		

Source: Author's critical evaluation based on published annual corporate governance reports

Remuneration policy for Board: In absence of remuneration policy, the working relations and commitment towards achieving the determined objectives might be turned out. Hence, every corporation should have turnaround remuneration policy.

Table 5.2 shows that Tata Motors Ltd, IFOSYS Ltd, NTPC Ltd, Reliance Communications Ltd, GAIL Ltd and SBI Ltd have earned top score at this front, where as CIPLA Ltd and SAIL Ltd have earned a moderate score.

Table 5.2 :Remuneration policy for Board

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd		X		
SAIL Ltd		X		
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Disclosure of risk factors: Users of financial information and market participants need information on reasonably foreseeable material risks that may include: risks that are specific to the industry or the geographical areas in which the company operates; financial market risk including interest rate or currency risk; risk related to derivatives and off-balance sheet transactions; risk related to environmental liabilities. Disclosure about the system for monitoring and managing risk is increasingly treated as good practice of corporate governance.

Table 5.3 shows that Reliance Communications Ltd. discloses the risk factors in its corporate governance report; whereas the remaining seven sample companies earned least score with respect to disclosure of risk factors.

Table 5.3 : Disclosure of risk factors

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd				X
IFOSYS Ltd				X
NTPC Ltd				X
CIPLA Ltd				X
SAIL Ltd				X
Reliance Communications Ltd	X			
GAIL Ltd				X
SBI Ltd				X

Source: Author's critical evaluation based on published annual corporate governance reports

Issues of employees/stakeholders: As part of best corporate governance practices, every corporation has to mention, invariably, its employees/stakeholders issues in the annual corporate governance report.

Table 5.4 shows that IFOSYS Ltd and SBI Ltd have furnished the issues of its employees/stakeholders in their annual corporate governance reports. Reliance Communications Ltd has earned lowest moderate score; whereas the remaining companies have earned least score.

Table 5.4 : Issues of employees/stakeholders have been covered in CG Report

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd				X
IFOSYS Ltd	X			
NTPC Ltd				X
CIPLA Ltd				X
SAIL Ltd				X
Reliance Communications Ltd			X	
GAIL Ltd				X
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Disclosure of code of conduct: The corporate governance frame work should ensure the disclosure of code of conduct.

Table 5.5 shows that all the sample companies have earned top scores with respect to the above parameter.

Table 5.5 :Disclosure of code of conduct

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd	X			
SAIL Ltd	X			
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Disclosure of Accounting Standards: Information should be prepared, audited and disclosed in accordance with high quality standards of accounting, financial and non-financial disclosure and audit.

Table 5.6 shows that Tata Motors Ltd, Infosys Ltd, Reliance communications Ltd, GAIL Ltd and SBI Ltd have earned top score with respect to the above parameter; where as CIPLA Ltd and SAIL Ltd have earned lowest moderate score.

Table 5.6 :Disclosure of Accounting Standards (AS)

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd			X	
SAIL Ltd			X	
Reliance Communications Ltd	X			
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Disclosure of annual independent audit: An annual audit should be conducted by an independent auditor in order to provide an external and objective assurance on the way in which financial statements have been prepared and presented.

Table 5.7 shows that half of the sample companies (Tata Motors Ltd, Infosys Ltd, NTPC Ltd and Reliance communications Ltd) have earned top score at this front; whereas CIPLA Ltd, SAIL Ltd, GAIL Ltd and SBI Ltd have earned lowest moderate score with respect to the above parameter.

Table 5.7 : Disclosure of annual independent audit

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd			X	
SAIL Ltd			X	
Reliance Communications Ltd	X			
GAIL Ltd			X	
SBI Ltd			X	

Source: Author's critical evaluation based on published annual corporate governance reports

Disclosure of external auditors: The corporate governance frame work should ensure the disclosure of external auditors.

Table 5.8 shows that half of the sample companies (Tata Motors Ltd, Infosys Ltd, NTPC Ltd and SBI Ltd) have earned top scores; whereas the remaining sample companies settled with least score with respect to the above parameter.

Table 5.8 : Disclosure of external auditors

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd	X			
NTPC Ltd	X			
CIPLA Ltd				X
SAIL Ltd				X
Reliance Communications Ltd				X
GAIL Ltd				X
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports.

Fairly and timely dissemination of information: Channels for dissemination should provide for fair, timely and cost effective access to relevant information by users.

Table 5.9 shows that four sample companies (Tata Motors Ltd, CIPLA Ltd, GAIL Ltd and SBI Ltd) have earned top scores; whereas Reliance communications Ltd has earned a moderate score. And Infosys Ltd, NTPC Ltd and SAIL Ltd have earned lowest moderate score with respect to the above parameter.

Table 5.9 :Fairly and timely dissemination of information

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd	X			
IFOSYS Ltd			X	
NTPC Ltd			X	
CIPLA Ltd	X			
SAIL Ltd			X	
Reliance Communications Ltd		X		
GAIL Ltd	X			
SBI Ltd	X			

Source: Author's critical evaluation based on published annual corporate governance reports

Disclosure of ratings of CRISIL/ICRA/Others: The corporate governance framework should ensure the disclosure of rating agencies' ratings.

Table 5.10 shows that Infosys Ltd has earned top score; whereas the remaining seven sample companies have earned least score with respect to the ratings.

Table 5.10 : Disclosure of ratings of CRISIL/ICRA/Others

Name of the company	Categories of CG practices			
	P	LP	PP	NP
Tata Motors Ltd				X
IFOSYS Ltd	X			
NTPC Ltd				X
CIPLA Ltd				X
SAIL Ltd				X
Reliance Communications Ltd				X
GAIL Ltd				X
SBI Ltd				X

Source: Author's critical evaluation based on published annual corporate governance reports.

6. Sample companies comparisons

The above tables rated the eight major Indian companies in 22 parameters. The next step is to assign point values for four categories, as follows:

P = Practiced [4 points]

L P = Largely practiced [3 points]

P P = Partially practiced [2 points]

N P = Not practiced [1 point]

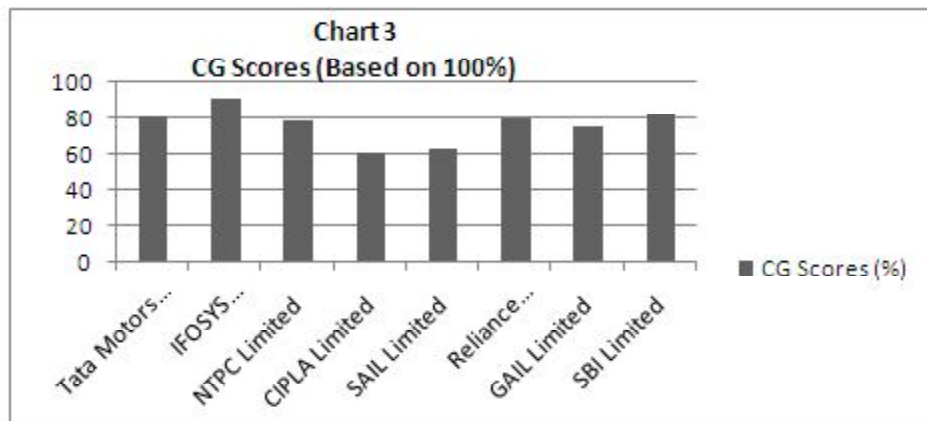
If a company earned the highest score for each of the 22 parameters, its corporate governance practices score would be 88 [22 x 4]. The lowest possible score would be 22 [22 x 1]. Table 6 shows the overall scores, the averages and the percentages for each sample company. Infosys had the highest overall score, at 80, which was 90.1 percent of the possible score [80/88 = 90.1%]. It also had the highest average score, 3.64 [80/22]. CIPLA Ltd had the lowest overall score.

Table. 6 : Totals by selective sample companies

Name of the company	Totals	Averages	%	Rank
IFOSYS Ltd	80	3.64	90.9	1
SBI Ltd	72	3.27	81.82	2
Tata Motors Ltd	71	3.22	80.68	3
Reliance Communications Ltd	70	3.18	79.55	4
NTPC Ltd	69	3.14	78.41	5
GAIL Ltd	66	3	75	6
SAIL Ltd	55	2.5	62.5	7
CIPLA Ltd	53	2.41	60.22	8

Source: Author's critical evaluation based on published annual corporate governance reports

Chart 3 shows the scores for each of the eight sample companies



- None of the companies had a perfect score of 88 (i.e. 100%). Infosys Ltd came closest with a percentage score of 90.9 followed by SBI Ltd (81.82%), Tata Motors Ltd (80.68%) , Reliance communications Ltd (79.55%), NTPC Ltd (78.41%) and GAIL Ltd (75%). SAIL Ltd and CIPLA Ltd have obtained lowest moderate score.
- Out of four public sector companies, three of them met minimum score i.e. 70% while out of three private sector companies, two of them met minimum score i.e 70% and the government company also met the criteria. CIPLA Ltd and SAIL Ltd only lagging behind in fulfilling the minimum criteria.

Concluding Comments

None of the sample companies earned a perfect score of 88, which means they have still to do some work to meet 100% corporate governance practices. But some

sample companies have more work to do than others. CIPLA Ltd and SAIL Ltd have lagging behind even in maintaining 70% of corporate governance practices. Minimum corporate governance practices are paramount factor for successful business with stakeholders in the long-run.

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Online Reviews: Do Consumers Trust Them

- R. Sathish Kumar *

Abstract

The use of the WWW as a venue for voicing opinions, complaints and recommendations on products and firms has been widely reported in the popular media. However less is known how consumers use these reviews and if they subsequently have any influence on evaluations and purchase intentions of products and retailers. This study examines the effect of negative reviews on retailer evaluation and patronage intention given that the consumer has already made a product/brand decision. Our results indicate that the extent of WOM (Word of Mouth) search depends on the consumer's reasons for choosing an online retailer. Further the influence of negative WOM information on perceived reliability of retailer and purchase intentions is determined largely by familiarity with the retailer and differences based on whether the retailer is a pure-Internet or Ad clicks firm. Managerial implications for positioning strategies to minimize the effect of negative word-of-mouth have been discussed.

Keywords: *Word of Mouth, Purchase decision, Internet retailers, virtual, online communication*

Introduction

Research on word of mouth (WOM) effects provides plenty of evidence that a satisfied customer may tell some people about his experience with a company, but a dissatisfied one will tell everybody he meets. Virtual communities with active members who provide evaluations and opinions on products and firms now provide a venue to tell the world and represent one of the fastest growing phenomena on the Web (John Armstrong 2006). It is not surprising therefore, that providing consumers a venue to voice their opinions, recommendations and complaints and monitoring this word-of-mouth activity has become a business and some firms pay (in cash, points, recognition) consumers for their contributions (Tedeski 2009) since they can be used as instrument to compete for consumer attention and visits (e.g., eBay, Oxygen Media). While some reports in the popular media provide anecdotal evidence that companies are listening, little is known if complaints and reviews posted at Web sites are instrumental in changing

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purchase decisions of consumers who read them. In this research we investigate if negative WOM information or reviews of online retailers affect evaluations and patronage intentions.

Online Consumer Reviews as Word-of-Mouth Information

Online word of mouth activity differs from those in the real world in many aspects. In the marketing literature WOM communication is "oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as noncommercial, regarding a brand, a product, a service or a provider" (Arndt 2007, p. 5). Adapting this definition to be relevant to the online medium requires reference to online communication modes (e-mail and hypertext), the existence of remote many-to-many communication (most WOM information are from strangers who have never met or will in the future, e.g. epinions.com). The non-commercial focus may not be certain. Most of these online forums point out that while they do not edit consumer comments, some get paid for referrals or purchases and/or get advertising income from target firms. Further, word-of-mouth information available online is far more voluminous in quantity compared to information obtained from traditional contacts in the offline world and includes several units of positive and negative information presented together from multiple sources at the same time as opposed to a single piece of information that is either positive or negative in valence.

The underlying benefit consumers derive from availability of other consumers' evaluations in online virtual communities is the scale advantages they experience in going through their purchase decision making. Word of mouth information on the Internet exists in various forms that differ in accessibility, scope and source. Despite popular wisdom that all content on the Web is accessible, the immense volume and variety of information available online and time constraints faced by the consumer provide opportunities for manufacturers and retailers to make some word-of mouth information more easily accessible compared to others by placing them close to purchase information. Reviews (actual user comments) or ratings (on a scale) of product or retailers conveniently provided along with purchase information at online stores and comparison shopping agents represent the most accessible and prevalent form. In contrast, USENET groups exist independently from purchase information, are relatively less under marketer control but require prior knowledge of their existence and conscious effort by the consumer.

Consumer evaluations may differ in scope by pertaining to either products or retailers. While most online retailers feature evaluations of products, reviews of online and offline retailers are generally provided by comparison shopping services

(e.g., www.mymoney.com) and e-business rating services (e.g., www.bizrate.com). While some offline sources of product comparison information (e.g., Consumer Reports) are popular, similar information and reviews of retailers are practically unavailable (Sinha 2000). Hence, online sources of retailer information are widely used for both offline and online purchases and the topic of investigation in this research.

Product Review and its effects on Purchase Decision

Research in marketing literature points out that WOM information plays an important role in hybrid decision processes or recommendation-based heuristics in which the decision maker obtains recommendations for the purpose of reducing the uncertainty and amount of information that must be processed to make a decision (Olovsky and Grandich 2007). The consequences of WOM communication occur in the behavior of those who receive it B their awareness, beliefs, attitudes and actual decisions. Research on the potency of WOM information indicates that the inferences people draw are contingent upon their receptivity to the WOM information (Wilson and Peterson 2007). A substantial literature documents the mediating influence of the receiver's predisposition towards the target of WOM communication on receptivity to and interpretation of new information. The stronger an individual's feelings or confidence in choice prior to exposure to WOM information, the more the feelings will dominate the interpretation and use of WOM information. Hence criteria used by consumers in product decision or choice drivers play an important part in determining if and how much of WOM information is obtained and the influence of the WOM information on product evaluation and purchase decision.

WOM sources usually studied in the marketing literature are predominantly, though not exclusively; personal sources of information (Stewart et al. 2005) and may be strong and weak tie depending on the closeness of relationship between the decision maker and the recommendation source (Brown and Rutherford 2007). In the online medium however, the "tie strength" is always very weak because recommendations are from total strangers. Unlike the case of WOM from interpersonal sources, the online recipient cannot use source similarity, expertise and accessibility to determine the credibility of information in Internet forums. Thus the theoretical framework of attribution theory (David Kelly 2003) can be used to investigate the inferences consumers draw from WOM activity of weak tie sources. The direct and indirect (through influence on person perception) effects of causal inference on product perception and purchase intention are a function of the generalizability (or consensus) of the cause across people, and the stability (or recurrence) of the cause. Figure 1 shows the processes involved when consumers access WOM information or reviews online.

Propositions

The first research objective is to predict the extent of WOM information search during an online purchase occasion based on choice drivers behind the retailer choice decision. Next we examine the impact of negative WOM information on purchase intentions by examining the joint influence of an individual's reasons for patronizing a firm and inferences consumers draw from the negative WOM information on retailer evaluation and purchase intention.

Choice Drivers and Extent of WOM Information Search

The online shopping medium facilitates comparison shopping by consumers, and most shopping engines permit easy searching on the basis of price. A common problem consumers face while shopping online is choosing between a familiar retail firm that appears to be an expensive but safe choice (either a well-known on-line/ offline retailer or a firm they have prior experience with) and a cheaper alternative whose reliability is unknown to the consumer. Adapting the research on uncertainty in decision-making in brand choice to the online medium would suggest that consumers choosing an unfamiliar retailer are more likely to search for information on the retailer to reduce their uncertainty compared to consumers choosing a familiar option (Rajan Biswas 2002). This is especially relevant for the online retail channel because of security and risk concerns and the fact that transactions are conducted remotely.

P1: Consumers whose decision to patronize a firm is driven by their familiarity with the firm are less likely to search for WOM information voluntarily than those who decide to buy from a retailer based on price.

The volume of WOM information available online is far greater (some products and firms have more than 40-50 postings by consumer reviewers) than those available through traditional contacts in the offline world. Exposure to online WOM information is totally under consumer control and is only limited by the time and cognitive constraints of the information-seeker. The regret literature suggests that actions that deviate from the norm (choosing unfamiliar retailer) involves greater attribution of responsibility for the negative consequences that follow. This implies that consumers who choose an unfamiliar retailer are more likely to attribute responsibility for negative future consequences to themselves compared to consumers who patronize a familiar retailer (Williamson 2004). This anticipation of regret is expected to make consumers choosing an unfamiliar retailer search and access more WOM information compared to consumers choosing a familiar retailer. Hence,

P2 : Consumers whose decision to patronize a firm is based on familiarity with

the firm will search for less negative WOM information compared to those who decide to buy based on price.

Generalizability and Stability of Negative WOM Information

Research in the marketing literature has been fairly consistent in assigning high credibility to WOM information in general and negative WOM in particular, because WOM sources have nothing to gain. In a study of unfavorable product ratings, Mizeski (2002) shows that when information about an object or firm comes through the opinions or recommendations of another person, negative information may be more credible and generalizable than positive information. However, consumer perception of credibility and hence generalizability of both positive and negative WOM information available online is suspect because of the lack of personal knowledge about the motivations of unseen strangers offering recommendations and the possibility that the commercial interests of the Web site or online forum are involved. Even in the case of independent online forums like USENET groups, reports in the popular media of firms systematically infiltrating online forums and paying students and consumers to "spread bad word" and to deflate popularity ratings of firms and products lead to cynicism about the veracity of the WOM information. Wilson and Peterson (2009) show that evaluative predispositions toward products and firms effectively acted as filters through which word-of-mouth information flowed. Consumers who decide to patronize a retailer based on familiarity have stronger positive feelings and are less likely to trust negative WOM information regarding the firm compared to consumers who choose retailers based on price.

P3 : Consumers who choose to patronize a retailer based on familiarity will be less likely to perceive negative WOM information as credible compared to consumers who choose a retailer on the basis of price.

Past studies provide evidence to the notion those consumers' reactions to WOM communications varied by their familiarity with the Target Company, product or brand (Mowen 2000). Hence, consumers who decide to patronize a retailer based on familiarity are more likely to attribute the cause of negative retailer reviews or WOM information to situational or temporary factors (i.e., holiday rush of orders affecting service, or local server/technical failure). These factors are perceived less likely to recur and hence less severe compared to stable causes.

P4 : Consumers who choose to patronize a retailer based on familiarity will be more likely to perceive the cause of negative WOM information as unstable compared to consumers who choose on the basis of price.

Effect on Purchase Intention

There is a sizable body of evidence which suggests that the influence of negative WOM information is more potent compared to positive WOM information in influencing purchase intentions of potential buyers (Brown and Reingen 2007; Weinberger, Allen and Dillon 2000). However, since the salience of negative WOM information on purchase intention will depend on consumer's perception of the generalizability and likelihood of recurrence of service failure and hence on the reasons for patronizing a firm we expect differential effects of WOM information on purchase information.

P5 : Consumers who choose a retailer based on familiarity will be less likely to change their purchase intention in response to negative information compared to those who decide to buy from a retailer based on price.

Method

In this research, we consider online WOM information in the form of retailer reviews provided by comparison shopping engines along with purchase information. To control for the confounding effect of brand features and other marketing mix factors that are difficult to capture in an experimental study and maintain participants' involvement we confine ourselves to exploring the effect of negative reviews on decision to patronize the retailer given that a particular product (the recommended course textbook) will be bought.

Sample : Data for this study was collected from undergraduate marketing (314) and physics (105) students in two northeastern universities, with about equal number of males and females. After the first day of class in a computer lab students were asked to shop for their course textbook online using links to comparison-shopping search engines provided from the course Web page. Participation was requested for 45 minutes on a voluntary basis. 38 students did not complete the entire study so their responses were discarded.

Questionnaire Stimuli : The comparison-shopping pages had pre-programmed information on price of the textbook and shipping charges. Delivery time and buy back policy were maintained same across retailers. To test for possible differences in familiarity/price effects across pure-play Internet and click-and-mortar retailers, students were divided into 2 groups. For each group of students two retailers were offered for consideration, actual prices were listed Rs.25 and Rs.45 (after shipping and handling charges) lower than the Oxford bookstore (priced at Rs.89.99). For the pure-Internet group the "familiar" retailer (A) had the highest price, while the unknown online retailer (B) had the lower price. This was done to ensure that respondents who typically shop

on the basis of price will be in the unfamiliar condition (but we cannot infer price-effects). Similarly, for the clicks-and-mortar group, the "familiar" retailer (C) had the highest price, while unknown retailer (D) had the lower price. We did not consider the high familiarity - low price and low familiarity - high price situations because experiments in an earlier separate study revealed that all subjects chose the former option. A radio button next to the link B "Get retailer reviews" was provided for each retailer (the page linked to it indicated no reviews were available at the present time B so WOM information would not affect initial choice) and student clicks were recorded. On the next page students selected their chosen retailer, and the reasons behind their choice. Initial purchase intention was recorded in terms of how likely they were to buy from the retailer on a 5-point scale (1-most likely not buy, 5-most likely buy). Responses to the open-ended question on retailer choice drivers was followed by asking students to select the most important reason for their choice.

On the next page all subjects (including those who had not clicked on get retailer reviews) were informed that an independent online forum had agreed to make consumer reviews for their chosen retailer available. They were given the option to browse through as many or few reviews and could use as much or little time as needed and take a final decision at the end of the session. Subjects who did not want to browse through the reviews were asked to fill out their "final decision" and leave.

Selection of WOM information : Selection of multiple units of WOM information was made while controlling for effects that are not the focus of study. The retailer review pages were identical for all retailers except for the change in name (based on the respondent's choice) and pre-programmed using actual consumer negative reviews from online forums at www.mouthshut.com, www.Consumerdaddy.com.com and www.yebhi.com. Since prior research indicates that weak-tie sources are more important for evaluation of instrumental (rather than affective) cues (Brown and Reingen 2007), and to control for differences in salience of WOM information on different attributes, we confined ourselves to comments on the retailer's order processing issues (e.g., order form on Web site gave errors, e-mail confirmation not sent etc.) available as a link. This section had an index page with one-line links to 30 reviews. The one-line description had the contributor's screen name or e-mail address, and the first 3 letters of the message as in actual review sites. Respondents had to click on the link to access the actual message. At the end of each message respondents had to judge if the message was believable (1-not believable at all, 5-totally believable) and stable (1-not likely to happen to me, 5-most likely to happen to me) on a 5-point scale.

On each page students had the option to end their WOM search and "take the final decision" by clicking on a link. On the "final decision" page subjects responded to

three items. First item measured if they would use online consumer reviews in their purchase decision making in the future on a 5-point scale (1-most likely not use, 5-most likely use). The second question measured change in purchase intention compared to initial decision on a 5-point scale (1- certainly less likely to buy now, 3- as likely to buy as before, 5-certainly more likely to buy now). The third item recorded how reliable their retailer is on a reverse-coded 5-point scale (1-very reliable, 5-not reliable at all). Subjects were debriefed at the end of the session and thanked for their participation.

Manipulation Checks : In the later part of the questionnaire, Students were asked to indicate their level of familiarity with retailers A, B, C and D using a 9-point scale where 1=not familiar and 9=very familiar. An analysis of variance test indicated significant differences for both pure-Internet and clicks-and-mortar groups ($F=123.4, p=.0001$; $F=106.9, p=.0001$) between unfamiliar ($x=1.74, x=2.23$) and familiar ($x=7.81, x=8.64$) treatments, suggesting that brand familiarity was effectively manipulated.

Table 1 : Choice drivers and propensity to voluntarily access wom information

Most Important reason for choosing retailer	Number of Respondents	Respondents Voluntarily Accessed Retailer Previews{PI}*	Respondents Agreeing to Search Reviews
Familiarity	144(38%)	23(36%)	86(59%)
Price	237(62%)	59(25%)	119(50%)
Total number of respondents	381	72	205

Table 2 : Choice Drivers And Propensity to Access WOM Information

Choice Drivers	{Standard Deviations in Parentheses} Non-Voluntary Access of Retailer Reviews		
Most Important reason for choosing retailer	Mean No. of Reviews accessed{P2}	Credibility of -ve Reviews{P3}	Perceived Stability of -ve Reviews{P4}
Familiarity	6.27{1.5}	3.16{1.06}	1.6{1.27}
Price	8.04{1.94}	2.06{1.92}	2.4{2.13}
All respondents	7.24{1.79}	2.99{1.65}	2.04{1.79}

Table 3: Effect of WOM Information on Purchase Intention

Most Important reason for choosing retailer	(Standard deviations in Parentheses) Use Online Reviews in future	Change in Purchase Intention(P5**)	Reliability of Retailer
Familiarity	3.16{0.84}	3.93{0.59}	3.85{0.46}
Price	3.7{2.57}	3.4{1.04}	4.1{0.8}
All Respondents	3.46{1.99}	3.74{0.97}	3.96{0.63}

Results

To evaluate the impact of choice drivers, responses for the most important reason for choosing a retailer were categorized into those based on familiarity (e.g., prior buying experience online or offline, well-known) and price-related factors. To test our propositions we combine the familiarity treatments for both groups. As can be seen in Table 1, more subjects selected a retailer based on price than familiarity. This may be particularly true of online purchases of textbooks that are standardized products, and consumers do not have an option of choosing among brands of products. Further significantly more subjects (25%, $z=2.43$, $p>0.01$) who selected their retailer on the basis of price tried to access retailer reviews on their own during their decision-making process compared to 16% of subjects who selected a retailer they were familiar with, thus supporting P1.

When subjects were informed about the availability of retailer reviews 205 (54% of total participants) subjects chose to access the recommendation section before taking their final decision. An equal proportion of participants from both familiar (59%) and price (50%) groups wanted to access the reviews. We found consumers who selected their retailer on the basis of price browsed through significantly ($t=6.02$, $p<0.001$) more negative reviews overall compared to those who selected their retailer on the basis of familiarity thus supporting P2. Contrary to our expectations, Table 2 indicates that the perception of credibility of negative WOM information did not differ across consumers who chose their retailer on the basis of price or familiarity ($t=1.37$, $p>0.10$) hence P3 is not supported. However consumers who chose their retailer on the basis of familiarity are more likely to attribute temporary causes to the service failures reported in reviews that will not affect their experience with the retailer compared to those who chose a retailer based on price. Hence our proposition regarding the perceived stability or likelihood of recurrence (P4) is supported ($t=3.24$, $p<0.001$).

As expected, consumers who selected their retailer on the basis of familiarity are less likely to change their purchase intention ($t=2.26$, $p<0.01$) on exposure to negative WOM information compared to subjects who selected the retailer offering the best price, providing support for P5. Though we do not specify any hypothesis for reliability of retailer after exposure to negative WOM we find that consumers choosing a familiar retailer are less likely to be negatively affected compared to those who choose a retailer based on price ($t=2.87$, $p<0.001$). In contrast, however there is no significant difference among consumers in their desire to use online reviews in the future.

Analyzing data for pure Internet and click-and-mortar retailers separately we find some differences in results. Similar to overall findings, consumers choosing a clicks-and-mortar retailer based on familiarity display significant differences from those choosing on the basis of price in seeking less negative WOM non voluntarily (P2 supported), and perceive problems to be less stable (P4 supported). However, contrary to overall findings, these consumers are less likely to seek negative WOM voluntarily (P1 not supported), and do not differ significantly in changing their purchase intention. In contrast, consumers choosing among pure-Internet retailers are more susceptible to negative WOM (P1, P2, P3 and P5 supported) if they choose an unfamiliar retailer.

Discussion and Conclusion

The present findings suggest that for Internet retailers in general and click-and-mortar and pure Internet retailers, the deleterious impact of negative consumer reviews on perceived reliability of retailer and purchase intention is mitigated by consumer's familiarity with the retailer. Further, consumers patronizing a familiar retailer are less receptive to negative WOM information and seek less information. Consumers choosing an unfamiliar retailer because of a lower price seek more negative WOM information, and are more likely to believe that the problems may recur compared to consumers patronizing a firm they are familiar with.

These results have implications for consumer service and positioning strategies of online retailers. Firms positioning themselves as offering "the absolutely lowest price" are more susceptible to negative WOM activity because consumers find negative WOM to be more credible and likely to recur in their case.

This is particularly true for pure-Internet retailers than for click-and-mortar firms. Click-and-mortar firms are less susceptible to negative WOM even if they are unknown. For pure-Internet retailers providing superior service experience and establishing an image of reliability through advertising provides better protection against negative WOM information.

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