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Chief Editor Message

As SUMEDHA Journal of Management Nineteenth issue, We look forward to the momentous growth of our Journal, increasing in their appeal, readership and relevance to the fast-changing world of Business Management. During these five years journey our journal has been critically evaluated by various institutions with similar line of interest and faculty fraternity. We have been consistently seeking advice from experts to continuously improve the quality of the journal. Our journal has got Impact Factor from Index Copernicus value 5.20, ISRA Journal Factor 2.318, Global Impact factor - 0.787. On behalf of the Management, Editorial Board and Editorial Team, I express my profound gratitude to all our authors, reviewers, readers and patrons for offering their overwhelming support and I anticipate a continued and lively partnership for years to come.

All of us recognize the necessity for change, which results in progress. It gives way to new ideas and perspectives reflecting the current and emerging environment, which builds on the solid foundations of the past.

Last but not least valuable would be your response and suggestions on this issue. Kindly send us your views so that we can keep on upgrading our journal.

Thanking you

Dr. A Kotishwar
Chief Editor

An Empirical Study of the Impact of Oil Prices on the Key Economic Indicators

– Ms. Janani Rangan*

Abstract

India's crude oil consumption needs are increasing rapidly with its economic growth. India imports most of its crude oil requirements. There is thus heavy pressure on the Indian economy in case of volatility of global crude oil prices. The repercussions of the recent oil crisis were likely to affect a shift of real income amongst countries of the world. This study analyzes the relationship between crude oil prices and key economic indicators like Real GDP (Gross Domestic Product) growth rate, Inflation rate and Current Account Deficit (CAD). This analysis is made in order to facilitate policymakers with trends to help make appropriate estimates for the future. Crude oil is a non-renewable resource; its consumption thus has to be rightly appropriated. The rising demand for crude oil calls for some necessary action on part of the government to encourage use of other renewable resources. This makes sure the country advances in the path of sustainable development.

Keywords: Crude Oil Prices, Real GDP, Inflation Rate, Current Account Balance, Oil Crisis?

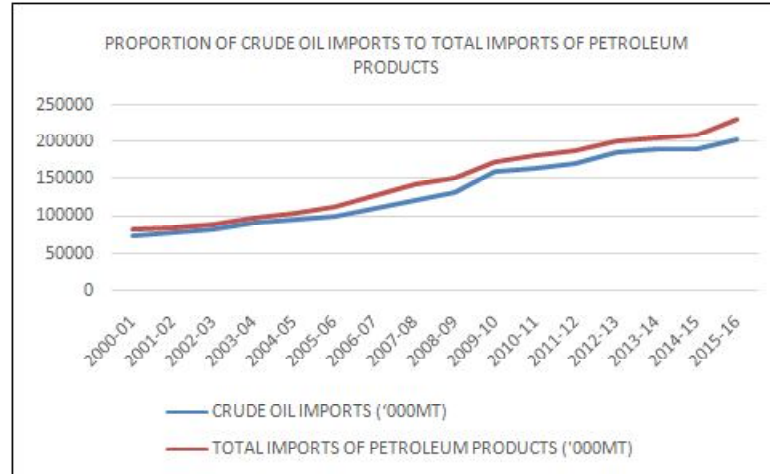
1. Introduction

Crude oil is a highly necessitated product worldwide. It is essential to the growth of a country's economy, especially to an emerging economy like India that is highly dependent on its consumption and industrialization processes to foster high economic growth. India is the fourth largest consumer in the world with 78.6% of its crude oil consumption catered to by imports.

The line graph below illustrates the proportion of crude oil imports to the total imports of petroleum products.

It can be inferred from the graph that crude oil on an average constitutes to about 80% of India's total imports of petroleum products. This graph validates India being the fourth largest consumer of crude oil in the world.

* B.A Economics, Stella Maris College, Chennai - 86. Email id: jananirangan@hotmail.com



The worldwide supply and prices of crude oil are guided by national and international players, one major player being OPEC (Organization of Petroleum Exporting Countries), an alliance of 12 influential crude oil producing countries.

The demand for crude oil, due to its varied uses, has constantly been high and on the rise. But over the last few years, major crude oil consumers have recorded low growth rates. Emerging economies like India have also not registered very high growth rates. On the other hand, the Shale Revolution and competitive pricing by OPEC accelerated the supply of crude oil worldwide. This decline in consumption coupled with increasing supply of crude oil generated a sharp decline in its prices. In 2015, the prices of crude oil fell to \$60 per barrel from \$110 per barrel in 2014. The prices of crude oil dipped further towards late 2015, to almost 50% of the prices in 2014. Owing to its essentiality, crude oil has been shaping trade relations worldwide. While fluctuations in crude oil prices are considered customary, this sudden crash in crude oil prices has given rise to speculations of a major economic crisis worldwide.

While for India, variables like low inflation and increase in the volume of imports at low prices prove beneficial, the other effects of this crisis may eventually weigh down these benefits. A speculated worldwide economic slowdown due to the crude oil crisis will affect India's foreign trade, reduce the substantial amount of transfers from Indians employed in crude oil producing countries of OPEC and also the exchange rate of the currency.

This paper studies the impact of crude oil prices on the key economic variables such as, the Gross Domestic Product, Current account deficit and inflation rates.

This paper is structured as follows: Section 2 encompasses Review of related literature including statement of problem, need of the study, objective of the study and the operational definitions of the key economic variables employed in the study. Section 3 contains the sources of the data, the research design and statistical tools employed. Section 4 captures the robustness of the empirical analysis and discussion. Lastly, section 5 concludes the study.

2.1 Review of Literature

India's demand for crude oil has not fallen despite the fall in the world demand and India produces only about a quarter of its demand for crude oil according to A.S Jain and N.S Patil (2015). India imports 77% of its crude oil domestic demand. The production of crude oil in India is low due to technical problems and increasing costs.

The cumulative oil price decline between June 2014 and January 2015 was the third largest of the past 30 years (when oil began trading in futures exchanges) and was driven by a "perfect storm" of conditions that exerted strong downward pressure on prices [John Baffes et.al, 2015]

The following reasons could be attributed to the fall in the prices of crude oil:

- (1) Weak demand due to a slowdown in global economic activity.
- (2) Increase in the US oil production which led to a decrease in their imports of oil
- (3) And lastly, OPEC's decision to maintain the current level of supply and not reduce it despite a fall in the demand for crude oil

According to Aasim M. Husain et.al, 2015 supply factors have played a somewhat larger role than demand factors in driving the 50 percent drop in the price of oil between mid-2014 and early 2015. Higher oil production resulted partly from non-OPEC developments but also higher-than-expected OPEC output in countries such as Iraq, Libya, and Saudi Arabia. Demand was weaker than expected in Europe and Asia.

A fall in the crude oil prices has reduced the WPI and CPI drastically. This has in turn reduced the pressure of high inflation rates and paved way for an increase in economic growth of India. This will also result in a fall in the prime lending rate and also benefit exchange traded funds.

Current account deficit has for long been a concern for India. The fall in the crude oil prices will reduce the expenditure incurred by India on imports and provide the government with an opportunity to hike excise duty and gain additional revenues [A.S Jain and N.S Patil,2015].

Oil (Crude) has for long been an indicator for economic stability. It is the largest traded good internationally, in terms of volume and value and holds great economic significance. Abrupt changes in prices of oil can have wide ranging implications for oil producing and consuming countries. In this study, an attempt to analyze the impact of changes in crude oil prices on a major crude oil consuming country, India, will thus be undertaken.

Iran and Saudi Arabia are India's major oil suppliers. An economic crisis in any such OPEC countries due to the crashing oil prices will thus force India to look for more expensive alternatives and not favor the already high current account deficit very much.

On the producers' front, Russia loses about \$2bn in revenues for every dollar fall in the oil price. The country witnessed a currency fall with this reason cited as the major one. Saudi Arabia has not taken measures to reduce supply of oil but will eventually have to, once loses force some producers out of the market, according to a BBC News Report published in 2015.

In India, the fall in the crude oil prices in 2015 depreciated the currency by 12% against the USD. India is not a major exporter of oil but its production is substantial enough for the fall in prices to affect private and public upstream companies.

The DBS Group Research, 2015 throws light on the risk that India will face is with regard to its export growth and trade balances. The oil prices are decreasing because of weakened demand. Since India's exports depend on global demand, this could affect the India's external demand. Another would be that arising from global volatility. This could affect the domestic market and the real economy of India. This is accordance with what is aimed to be established through this study. The literature presented above carries different opinions about the crisis being positive or negative to the Indian economy. This study along with its analysis will compile the above literature to arrive at a conclusive result.

2.2 Statement of the Problem

Crude oil prices are largely dependent on World Economic growth and are thus termed a significant indicator to ascertain economic growth. The drastic fall in the crude oil prices was effected by a global economic slowdown. While India is a well performing economy, an economic crisis negatively impacting some of its major trade partners will in more than one way hamper its growth process. It could reduce the volume and value of goods exported and imported as external demand falls. The monetary transfers from Indians employed in countries negatively impacted might fall as a result of unemployment and low economic growth. A resultant fall in the currency value will also be witnessed.

Despite the above risks, India has reaped some benefits from the fall in oil prices i.e. low inflation rates, increase in the crude oil expenditures, etc. But it is essential to understand if the risks of this crisis weigh over the benefits or vice-versa. If not analyzed, a short sighted view to the crisis might thwart the present good economic progress of the country.

2.3 Need for the Study

Crude oil holds immense economic significance. It not only is a major source of energy but also a source of raw material for industries. An emerging economy like India relies majorly on innovation and industrialization for its growth and thereby is a major benefactor of crude oil. The impending global crude oil crisis will thus impact India largely. The study aims to analyze the relationship trend of the changes in oil prices with the major economic indicators like the Gross Domestic Product, Current account deficit and inflation rates. This analysis is essential to policymakers as it facilitates the study of present and future trends to necessitate governmental policies.

2.4 Objective of the Study

To analyze the impact of decline in crude oil prices worldwide on the economy of India.

3.1 Sources of Data

This study is based on secondary data acquired from various appropriate data sources such as the official websites of OECD, Planning commission of India, Petroleum Planning and Analysis Cell and Central Statistical Office, etc.

3.2 Research Design

The study is empirical in nature. The researcher has measured the data encompassing annual crude oil prices expressed as \$/barrel, annual Real GDP growth rate, Current account balance as percentage of GDP and inflation rates expressed as percentage. The sample period is for 15 years which extends from 2000-01 to 2015-16. SPSS-17 Statistical software package has been used for coordinating the data and undertaking the statistical analysis.

3.3 Statistical Tools Employed

Multiple Linear regression analysis is used to predict the variance between the dependent variable and independent variables. The application of Multiple Linear Regression Analysis is to determine the independent variables namely Real GDP growth rates, Inflation rates and Current account expressed as a percentage of GDP influenced by the dependent variable, crude oil price.

4. Empirical Results and Discussion

In this section, the researcher discusses about the empirical results obtained from multiple linear regression analysis.

Influence of crude oil prices on key economic indicators such as Real GDP growth rates, Inflation rates and Current account expressed as a percentage of GDP.

The regression output consists of three tables viz. model summary to express the amount of variation created by the independent variables followed by analysis of variance to verify the regression fit and coefficient table to determine the individual influence of independent variables. The results of these two time-wise regression analysis and their results are discussed below.

[**Dependent Variable:** Crude oil price]

Table 1 : Model Summary

Model	R	R square	Adjusted R square	Standard error of the estimate
I	.870 ^a	.757	.697	.13178729

Source: Computed data

From Table 1, it is found that R2 value is 0.757, adjusted R2 value is 0.697. This shows that the variance ranges from 69.7% to 75.7%. That is, these independent variable Real GDP growth rates, Inflation rates and Current account expressed as a percentage of GDP are able to create variances on the crude oil prices. This leads to the subsequent verification of regression model fit in the following ANOVA table.

Table 2 : ANOVA

Model	Sum of squares	df	Mean square	F	Sig.
Regression	.650	3	.217	12.478	.001 ^a
Residual	.208	12	.017		
Total	.859	15			

Source: Computed data

The results obtained from Table 2 exhibit that the regression fit coefficient $F=12.478$, $p=.001a$ which is statistically significant at 5% level. Therefore, it can be concluded that the independent variables considered for the regression model are more appropriate to demonstrate the regression model. The following correlation table clearly explains the individual influence of significant variables from the domain of independent variables.

Table 3 : Coefficient table

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Standard error	Beta		
Constant	.657	.278		2.363	.036
Real GDP growth rate	.302	.257	.168	1.173	.263
Inflation rate (CPI)	1.060	.274	.810	3.870	.002
Current account as percentage of GDP	.025	.158	.033	.160	.876

Source: Computed data

The empirical estimates in table 3 evidently explicate that the impact of dependent variable namely crude oil prices on the domain of independent variables such as Real GDP growth rates, Inflation rates and Current account expressed as a percentage of GDP. It can be concluded that Inflation rate (CPI) ($t= 3.870$, $p=.002$) is statistically significant at 5% level and thereby highly influences the crude oil prices. The other economic variables taken by the researcher for conducting the study such as real GDP growth rate ($t=1.173$, $p=.263$) and Current account expressed as a percentage of GDP ($t = .160$, $p=.876$) are statistically insignificant at 5% level. Results obtained from this study are

consistent with a previous research undertaken. M.Anandan et.al (2013) emphasizes on the presence of a direct cause and effect relationship between inflation and crude oil prices. The economic indicators- Real GDP growth rates and Current account expressed as a percentage of GDP are not highly pampered by the crude oil prices because they are affected by a multitude of other economic variables. The influence of these two variables is hence not very evident through the analysis.

5. Conclusion

It can thus be concluded from this study that inflation rate (CPI) acts as the chief economic variable to be highly influenced by crude oil prices. It is seen that as the prices of crude oil fell over the last few years, the inflation rates of India have also been on the decline. This is a benefit that India reaps out of the crashing prices, by being a crude oil importing country. It reduces pressure on Central Bank and provides room for policy accommodations. Though influence of Oil prices on Real GDP growth rate and current account balance as percentage of GDP is not very evident through the empirical study, the government should be prudent and make already necessitated schemes, to trim down consumption of crude oil and lay focus upon making energy conservation, much more effective and operational. This will divert some pressure from crude oil being used as the major energy source in India.

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APPENDIX

Table 4 :

YEAR	AVERAGE CRUDE OIL PRICES (INDIAN BASKET) \$/barrel
2000-01	26.92
2001-02	22.54
2002-03	26.65
2003-04	27.97
2004-05	39.21
2005-06	55.72
2006-07	62.46
2007-08	79.25
2008-09	83.57
2009-10	69.76
2010-11	85.09
2011-12	111.89
2012-13	107.97
2013-14	105.52
2014-15	84.16
2015-16	46.17

Source: Petroleum Planning and Analysis Cell

Table 5

YEAR	REAL GDP GROWTH RATE (%)
2000-01	4.15
2001-02	5.39
2002-03	3.88
2003-04	7.97
2004-05	7.05
2005-06	9.48
2006-07	9.57
2007-08	9.32
2008-09	6.72
2009-10	8.59
2010-11	8.91
2011-12	6.69
2012-13	4.47
2013-14	4.74
2014-15	7.3
2015-16	7.5

Source: Planning Commission

Table 6

YEAR	CONSUMER PRICES- ANNUAL INFLATION (%)
2000-01	4.0
2001-02	3.8
2002-03	4.3
2003-04	3.8
2004-05	3.8
2005-06	4.2
2006-07	5.8
2007-08	6.4
2008-09	8.3
2009-10	10.9
2010-11	12.0
2011-12	8.9
2012-13	9.3
2013-14	10.9
2014-15	6.4
2015-16	5.9

Source: oecd.stats.org

Table 7

YEAR	CURRENT ACCOUNT DEFICIT (% of GDP)
2000-01	-0.6
2001-02	0.7
2002-03	1.2
2003-04	2.3
2004-05	-0.3
2005-06	-1.2
2006-07	-1.0
2007-08	-1.3
2008-09	-2.3
2009-10	-2.8
2010-11	-2.8
2011-12	-4.3
2012-13	-4.8
2013-14	-1.7
2014-15	-1.3
2015-16	-1.25

Source: Planning Commission

Anticipation to Organizational Change: A Study

– Dr. Hitesh D. Vyas*

Abstract

Change is historical because it interconnects horizontally through past, present and future time, Butler (2003) argues that change is historical, contextual and procedural. The objective of the study is to examine management students' understanding for organizational change. The present study is based on primary data collected from the 100 respondents of Bhavnagar by a close ended questionnaire on 5 points Likert's (Edwards, 1957) scale. A Convenience sampling method has utilized for sample selection. Secondary Data has collected from different sources. Reliability of Scale has tested by Split half method resulted in Alpha 0.524 indicates that it is found reliable. Overall result was indicates that more than 68% respondents are favouring organizational change. Result of hypothesis indicates that majority of the respondents are showing similar tendency towards organizational change.

Introduction

Change is historical because it interconnects horizontally through past, present and future time, Butler (2003) argues that change is historical, contextual and procedural. Because it interconnects vertically through different levels of society and is processual because it interconnects process and action. Pettigrew (1997:338) defines change process as a sequence of individual and collective events, actions, and activities unfolding over time in context. While in an organization change is an instrument, which is mostly implanted to the new context or to modify the present capacity of organization as a whole. Sometime managers are sense a need for change as a disparity between existing and desired levels of performance of organization (Daft, 1994). Many change are planned, they are intended to be positive and arises from the need to response to new challenge and opportunity (Mullins, 1996). Some organizational change may be a reactive response to external, environmental factors or generated proactively in anticipation of future trends (Hamel, 1998). Moreover sometime they are responses of an organization's to the current or future environmental understandings (Goble, 1997; Hamel, 1998; St Clair, 1996); it is a necessary condition of survival (Handy 1993, p.291). As Goble's (1997) observations in a service economy, consumers have become more demanding and, lastly, the composition of the workforce is changing, with an ageing population, more women, plus more part-timers and job sharing (Mullins, 1996).

* Associate Professor & Head, Department of Business Management, M. J. College of Commerce, M. K. Bhavnagar University, Bhavnagar, Gujarat - 364 002. vyashitesh@rediff.com

An organization may initiate change of costs, job design, staff development and training, working conditions and new services or products (Cornell, 1996). It is not easy to implement in a varying scenario. Handy (1993, p.292), noted doubts on it as "to manage change is wishful thinking, implying as knowledge of where to go and how to get there but can persuade to everyone". Goble (1997) describes it as the 'Learning Organization', it is a participative management style through teamwork and empowerment, Reason behind this is that by involving staff in decisions giving them greater responsibility for their work, and accept change more readily (Underwood, 1990; Cornell, 1996; Hamel, 1998; Mullins, 1996).

Buch, (1997) contends that a startling 80% of organizational change efforts fail. Therefore, understanding how and why organizational change is likely to generate such tensions is clearly of considerable importance. Though, the organizational change provides ample opportunity for either both or to these scenarios to cause conflict. Mostly the communication is a reason for change are not justified and explained, rumor and speculation can fill the emptiness in the organization (Daft, 1994). While, Clampitt (1991) observes it as an informing behaviour of people for an idea, which is not the same as persuading them a good one. Therefore, communication can become both a contributory factor and a product of an organization's structure and culture. There are many, including Fisher (1998), Heery (1993), Greenhalgh and Worpole (1995) and St Clair (1996), who believe that the changes to structures, cultures and skills, Ratcliffe (in Roberts, 1992, p.170) states that the innovators are operating under "...the delusion that librarianship has undergone a fundamental change, instead of recognizing merely that libraries have benefited from new techniques in retrieving information."

Dynamic changes in a company are only possible with complete understanding of management. This term also refers to state of the self-governing of the people (Smith, 1993). Leadership create the eagerness for improvement in productivity, growth and abilities of workers by building perception of organization based on the principles of love, sincerity and care to achieve the objective of loyalty of workers with organizations (Aydin and Ceylan, 2009). Business or political leadership is considered as a formal aspect of leadership while leadership among the friends is its informal aspect. The term leadership normally refers that the person who is entitled to lead has some competencies or 'leadership skills' (Gill et al., 2010). The growing complex and volatile business environment, rapid technological change and increasing competition require that the organization should use their resources efficiently to get the competitive edge. In order to survive in the competitive market, the firms have to focus on the provision of enhanced quality banking services at cheaper prices. In such competitive environment, the retention of well trained and skilled workforce is the major issue of the banking sector in the country. Different human resource practices are being adopted to retain their human resources. The focus of this study is to determine the impact of various human resource management practices like job autonomy, team work environment and leadership behavior on employee job satisfaction.

Cultural transformation in government Traditional Values Instruments of Reform Expected New Cultural Values

Hierarchies of control
Conformity →
Impersonality of work
Authority through position
Command-control paradigm
Citizens' empowerment →
Policy dialogue
Normalization of employment conditions
Delegation of authority
Performance-oriented focus
Trusted leadership
Accountability
Openness
Transparency
Efficiency
Effectiveness
Authority through leadership
Managerial culture

Source: OECD (GOV)

The objective of the study is to examine management students' understanding for organizational change.

The hypothesis of the study is; "There is no significant difference in understanding of management students' for organizational change."

Research Methodology

The present study is based on primary data collected from the 100 respondents of Bhavnagar by a close ended questionnaire on 5 points Likert's (Edwards, 1957) scale. A Convenience sampling method has utilized for sample selection. Secondary Data has collected from different sources. Reliability of Scale has tested by Split half method resulted in Alpha 0.524 indicates that it is found reliable. Data Analysis has done by T test analysis through SPSS to bring out the salient features of the research.

Analysis and interpretation

Table 1 : Respondents profile

Gender: M = 57 F= 43
Age: <30 = 71, <45= 22, < 60 = 07
Profession: Service= 38 , profession= 16, business = 27, Others= 19
Family Income: - <200000 = 45 <500000 = 45 > 500000 = 10

Table 2 : Score based Frequency Distribution for Attitude towards organizational change

Score	Frequency	Score	Frequency	Score	Frequency
24	1	37	6	46	3
28	1	38	8	48	1
30	2	39	5	49	1
31	4	40	9	50	1
32	5	41	6	53	1
33	2	42	5	54	2
34	3	43	6	56	1
35	5	44	8		
36	8	45	6		

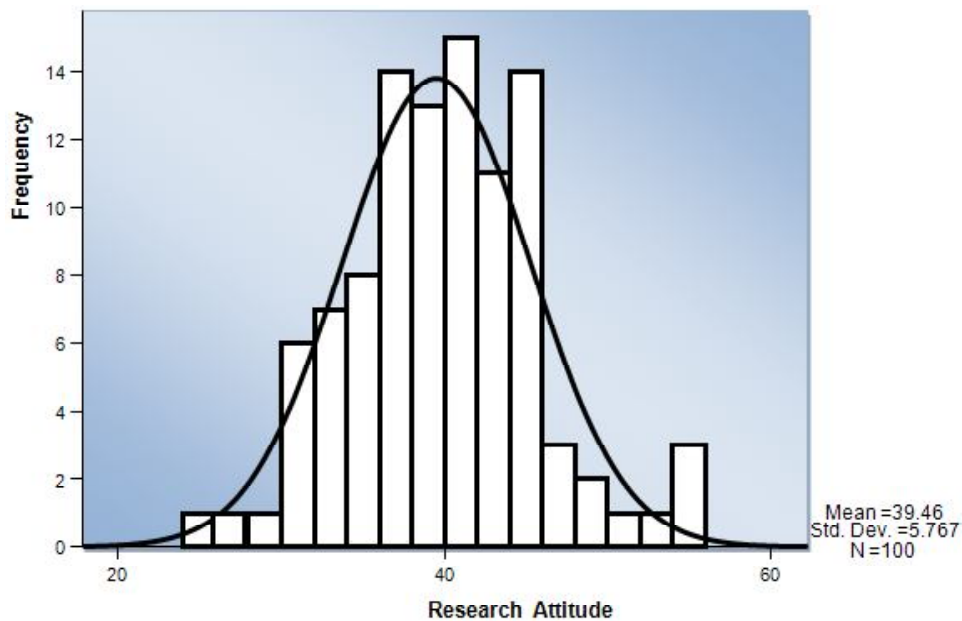
Table 3 : Frequency Statistics

Frequency Statistics	
Number	100
Mean	39.46
Median	39.50
Mode	40
Std. Deviation	5.767
Skewness	.295
Kurtosis	.549
Std. Error of Mean	.577
Std. Error of Skewness	.241
Std. Error of Kurtosis	.478

Table 1, 2 and 3 indicates respondents profile, frequency & score and respondents attitude towards organizational change by mean, median, mode and standard deviation which was 39.46, 39.50, 40 and 5.767 respectively. The values of skewness and kurtosis were .295 and .549 respectively. The standard error of skewness and standard error of kurtosis were .241 and .478 respectively.

Result of table 4.1 reveals that the difference between values of mean and median was found 0.04. Value of skewness indicates that frequency distribution shows positive skewness. The value of kurtosis should be 0.263 for distribution equality, here, kurtosis value was found 0.549. Therefore frequency distribution is curved kurtosis. It can be states from the graphical presentation of it in graph 1.

Graph 1 : Graph of score of frequency for attitude towards



Testing of hypothesis

There were two hypothesis framed for the present study. It was on gender. Testing of hypothesis has been done on 't' ratio through SPSS. Results of hypothesis testing presented here:

The hypothesis is:

There is no significant difference in understanding of management students' fororganizational change. Result of this hypothesis testing is stated in table 4

Table 4 : 't'-ratio calculation in context of gender of respondents

Gender	Number of respondents	Mean	Std. Deviation	Value of 't'
Male	57	38.94	5.992	.181
female	43	40.52	5.209	

Data of table 4.2 indicates that 57 male and 33 female respondents were included in the study.

The mean and standards deviation of male respondents were 38.94 and 5.992 respectively. The mean and standards deviation of female respondents were 40.52 and 5.209 respectively. T ratio 0.181 was found between male and female respondents. Therefore the hypothesis was not rejected. Because there was no significant difference found between male and female respondents attitude towards organizational change.

Findings

Overall result was indicates that more than 68% respondents are favouring organizational change. Result of hypothesis indicates that majority of the respondents are showing similar tendency towards organizational change.

Conclusion

Some lessons for attitude for change organization:

Creating a vision is central to give direction to the reform efforts facilitating the establishment of strategies for achieving the desired results. The establishment of a guiding coalition provides the necessary leadership and dialogue to increase acceptance and face likely resistance to change. Policy coherence is necessary to avoid muddling situations and increase the probability of success. Middle and long-term objectives increase the possibilities for change to occur as they allow time for reform to mature, make improvements and be understood by all affected actors.

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Students' Purchase Intention for Apparels An Empirical Study on Atmospherics of Selected Organized Retail Outlet of Bilaspur City

– Ananya Sen*

– Dr. Ashish Kumar Srivastava**

Abstract

Retail landscape in Indian subcontinent had witnessed a radical transformation in the past decade. Previously the retail scene was dominated by the traditional retailers which owned the mom and pop stores as local shops. With the advent of globalization and liberalization of the economic policies, today Indian market set up is a choice for the foreign contenders to invest in. This, in the pipeline had fuelled up the arrival of organized retail outlets in variety of segment be it apparels, Fast Moving Consumer Goods, and personal care segments.

Retail outlets position themselves by a strong store image. Store image has emerged as a new dimension in organized retailing. It is with the store image; the retailers lure and influence the purchase intentions of the customers visiting these retail outlets. Store image is blend of tangible and intangible attributes. One of the facets of store image is the store atmosphere and this includes the Color and décor of the interiors of the outlet, music played inside the outlet, crowding (social factor), and lighting within the outlet, design, layout, signage, olfactory factor, and tactile factor.

Keywords: Organized retail, student, apparels, store image, store atmosphere, purchase intention.

1.1. Introduction

Store image has become an increasingly important facet in terms of positioning strategy for the retail customers. In an era of stifled and cut throat competition in between the retailers, it becomes imperative for the retailer to be empowered with effective tools to deliver an outstanding image in the customers mindset. A unique formula needs to be designed as a part of retail strategy to lure the minds of customers and increase their patronage behaviors. This can be done appropriately if the marketers have an in depth knowledge of store image dimensions and atmospherics. In common parlance, the term "atmospherics" is used in both everyday life as well as business situations.

* Research Scholar, Pandit Ravishankar Shukla University, Raipur (CG) 492010 Email: aananyasen10@gmail.com

** Professor and Director, Institute of Management Studies, Pandit Ravishankar Shukla University, Raipur (CG) 492010 Email: ashish_1k@rediffmail.com

In retailing context particularly in terms of organized retail, the term "atmospherics" refers to the aesthetics and ambiance of the store. The various combinations of atmospheric cues such as color, music, lighting, smell, crowding, window displays and store front, along with the parking facility and exterior store design reflect the store atmosphere. The combination plays a pivotal role in order to mould the perceptions of customers and influence their retail in store evaluations as well. If the atmospheric facet of the store image is designed perfectly, it can favorably contribute to the overall image of the retail store image and a positive buying behavior of the customer (Chebat and Sirgy, 2003).

The term "atmospherics" was coined by Kotler, that customer undergo an interaction with ,when they go for shopping (Kotler, 1973-4; Areni & Kim, 1994).It is imperative as well as important for the retailers to understand the retail atmospherics in a greater detail . A positive evaluation of store atmospheric cues leads not only a positive store image formation rather it creates customer value, increase in the performance, minimizes time, energy and cost, retains the existing customers and draws new customers. Customers though pay an attention to the marketing campaigns done by the marketers but have a lasting image of the store if the store image lays a strong imprint in their minds. Thus understanding of store image and store atmospherics is of utmost importance for the retailers, which may help them to craft an appropriate retail strategy to lure their potential customers.

It was proposed by Kotler (1974), retail atmosphere functions as the most relevant marketing tool for the retailers, as buyers have a wide range of choices when they go for shopping and atmosphere plays an important role as a part of product itself. Atmosphere holds to be an important and central component of the organized retail and this applies for all those organized retailers which have a common merchandise to offer their prospective buyer. Thus the buyers have many choices to select in between the outlets, at that time when the differences in terms of prices is negligible ,store atmospherics becomes the ultimate tool of differentiation for the retailers to define their presence in the competitive market. This is not only valid for the stores dealing in general with food and drugs , but it is applicable to all those retail stores which claim to serve a particular social class, lifestyle, or A type of market niche. In this particular sense , store atmosphere needs to be designed keeping the customer tastes and preference in retail strategy, to meet the target groups expectations and need otherwise it may dismay the targeted customer group and lure the unimportant ones. Thus atmospheric planning may ensure the success or failure of a business set up (Bitner , 1992).In fact atmospheric planning ensures not only the success of a business set up, rather it has manifold implications which may include the influence on customer's decision to decide the shopping outlet. However there is a dearth of literature on store atmospherics particularly with respect to Indian Organized retail market. This study was done to find out the influence of store atmospherics on student purchase intentions for apparels. Study also endeavored to find out the gender based influence of retail store atmospherics. It also attempted to find out if there is a correlation between the store atmospheric variables and how these results could be applied to improvise the store atmospheric combinations.

1.2 Review of Related Literature

Atmospherics of an organized retail outlet comprises of social ambience, physical designs (Grewal and Baker, 1994), emotional cues, olfactory and tactile characteristics (Spagenburg, Gorthmann and Sprott, 2005). These signals play a crucial role in terms of customer's interaction with the environment of the organized retail outlet. These may affect a customer's cognitive of understanding the retail environment and consequently modify his/her shopping behavior.

Pioneer work on retail atmospherics was done by Kotler (1973-4) who has stated that atmospheric predispositions in and around retail store can project a positive image and can lead to a patronage behavior even.

A model was proposed by Donovan and Rossiter suggesting that store atmospherics is responsible to evoke or block a customer's shopping motive as it is solely responsible for giving a feeling of pleasure, arousal, dominance or submissiveness on the customer's mind. This was well elucidated in their Model acronym as PAD model.

Later on, Gardner and Siomkos (1990) suggested that store atmospheric cues namely lighting, fixtures, displays, fragrance, aesthetics, colors, textures and fixtures, sound affected the way a customer perceived a retail store. Atmospheric components convey a message in terms of quality product and kind of clientele visiting the store. This may serve as a cue for prospective customers to judge about the merchandise available in the store as well as the social class visiting in the store.

Store atmosphere is itself a blend of many components. These components were revealed by Turley and Milliman (2000) who reviewed various literatures available on the same. They classified the store atmospheric variables as exterior variable, general interior variable, store layout variable, human variable, and interior displays. The general exterior variable includes exterior storefront, marquee, entrances, and display windows, surrounding areas and parking facility. It should be always borne in mind by the retailer, that customer believes and feels what he sees, thus the exterior variables are the first atmospheric cues with which customer interacts on a first hand basis. Thus the exterior variables serve as a focal point where many artistic and design ideas converge together to lure the attention of the customers. In the interior variable category, lighting, temperature, scents, cleanliness, sounds, flooring/ carpeting, wall textures and usage are included (Turley and Milliman, 2000).

Lighting and color perception are the important aspect of retail store atmospherics. As per the study done by Bellizzi et-al (1983), colors lead to a physical attraction of customer although they do not initiate an approach behavior. In their study they discovered that colors like yellow and red withdraw more attention of the customers, whereas cool colors like blue and green draw less attention.

Colors do play an important role customer perception as they give a symbolic meaning of cultures as white is often associated with gentle and warm meanings (Chebat and Morrin, 2007). Another important aspect of retail atmospherics is in store lighting. Lighting imposes a twofold effect. Lighting

effects of a store also set the mood ,pace and tone of service encounter .On one hand it is responsible for changing consumer's mood, instills an excitement, at the same time it is responsible for attracting the customer and influences his/her evaluation of product and its ingredients (Areni and Kim, 1994).

Music is another variable which has been studied in a greater depth by different authors across the world as an interior variable. Music plays an important role in influencing the sales, arousal, perceptions and total time spent in the store. Music is composed of three primary parts which includes tempo, pitch, rhythm and volume.

As per a study done by Milliman (1982), there exists a relation between the tempo with which music is played on and total sales per minute. If the music is too loud, it may result in lower sales volume and vice-versa. Grewal et-al (2003) concluded through their studies that classical music evoked a higher purchase behavior among the consumers.

Another important in store variable is the aroma or perfume used in the retail setting. It was revealed by the study done by Spagenburg et-al (1996) that the nature of scent or aroma sprayed in the retail setting did not influence the buying behavior however its presence and absence did significantly.

A study conducted by Matilla and Wirtz (2001) suggested that the combination of music and scent had a different influence on customers in store evaluation. For instance a combination of low arousal music and gentler aroma like lavender scent in combination with slow tempo music led to positive in store evaluations of the store whereas high arousal scent like grapefruit combined with fast tempo music produced positive effect on the approach behaviors. Thus aromas and tempo of the music need to be matched before their application to a retail setting. Next interior variable which plays a role in the planning of store atmospherics is store layout. Layout of the store comprises of signage, fixtures, floor space allocations, product groupings, and traffic flow and department location. Perceived retail crowding also influences the buying behavior of the customers. It comprises of human and spatial crowding. If a customer feels that a store is too much crowded, he/she may feel disgusted and suffocated and may leave the store without purchasing in bulk. When a customer encounters a situation of an excess crowding around himself/herself, his/her shopping goal is blocked due to which there is an excess of stimulation in his/her mind. As a result of an excess stimulation, Stimulus -response process is disturbed and he/she resorts to take adaptive measure which is represented as lack of interest, lack of an interaction, shopping delays and finally decrease in customer value (Grossbart et al., 1990). Salespersons and employees working in a retail outlet influence the customers buying intention. As per the study done by Baker et-al (1992) if the social cues i.e. the number and friendliness of the employees is more in a retail setting, higher is the customers arousal.

1.3 Objective of research

Following are the objectives of the present research study:

1. To find out gender based differences (if any) in apparel purchase intentions of students in terms of store atmospherics variables.

2. To explore if there is a correlation among store atmospheric variables (availability of merchandise of choice, exterior design, parking facility, congestion and traffic, crowding at the time of shopping, flooring and carpeting, cleanliness and systematic, spacious and well designed, music played in the store, aesthetics and fragrance, interior and lighting, employee behavior, layout of the store).

1.4 Hypothesis

H0 : There is no significant gender based difference in apparel purchase intentions of students in terms of store atmospheric variables.

Ha: There is a significant gender based difference in apparel purchase intentions of students in terms of store atmospheric variables.

1.5 Research Methodology

The prime focus of this study was to find out if any gender based differences existed in apparel purchase intentions of students in terms of store atmospherics. Therefore for this study selected organized apparel retail stores were selected at different locations of Bilaspur. Reliance trends, Big bazaar, Pantaloons, Globus and Westside were chosen as apparel retail outlets for this study. Students of different schools and colleges were chosen on a random basis as sample units for the study. Field survey was applied as research method. A total of 60 sample size was applied in the study which included 30 boys and 30 girls. Research instrument used in the study was a structured questionnaire and customer responses were measured on a five point Likert scale. Reliability statistics of questionnaire was assessed and cronbach ? coefficient came to be 0.6 for 14 scale items of store atmospherics. IBM SPSS Statistics version 21 was used in for the application of Statistical tests (one way ANOVA).

1.6 Findings and interpretation of the Study

Cronbach's Alpha	No. of Items
.68	14

Inter-Item Correlation Matrix														
	Availability of merchandise of choice	Exterior Design of the Store	Parking facility available outside the store	Congestion and traffic	Flooring and Carpeting	Crowding at the time of Shopping	Employee Behavior	Interior Lighting and Brightness	Cleanliness and Systematic	Spacious and well designed	Attractive and pleasant store	Music Played within the store	Aesthetics and fragrance	Layout of the store
Availability of merchandise of choice	1.000	.227	.093	.003	.250	.050	.174	-.145	-.047	.187	.005	-.030	.167	-.046
Exterior Design of the Store	.227	1.000	.161	.063	.338	.123	.188	-.053	-.111	.188	.119	.167	.391	-.026
Parking facility available outside the store	.093	.161	1.000	.359	.316	.262	.100	.291	.115	-.060	.031	.029	.095	-.177
Congestion and traffic	.003	.063	.359	1.000	.282	.175	.019	.063	-.176	-.200	-.007	.014	.077	.002
Flooring and Carpeting	.250	.338	.316	.282	1.000	.151	.089	-.044	-.010	.142	.160	-.031	.075	.019
Crowding at the time of Shopping	.050	.123	.262	.175	.151	1.000	.008	-.072	-.078	-.142	.039	.072	.014	-.005
Employee Behavior	.174	.188	.100	.019	.089	.008	1.000	.370	.322	.165	-.030	-.032	-.036	.255
Interior Lighting and Brightness	-.145	-.053	.291	.063	-.044	-.072	.370	1.000	.494	.049	-.072	-.142	.066	.063
Cleanliness and Systematic	-.047	-.111	.115	-.176	-.010	-.078	.322	.494	1.000	.299	-.008	-.078	.006	-.009
Spacious and well designed	.187	.188	-.060	-.200	.142	-.142	.165	.049	.299	1.000	.175	.094	.270	.170
Attractive and pleasant store	.005	.119	.031	-.007	.160	.039	-.030	-.072	-.008	.175	1.000	.356	.033	-.008
Music Played within the store	-.030	.167	.029	.014	-.031	.072	-.032	-.142	-.078	.094	.356	1.000	.200	.009
Aesthetics and fragrance	.167	.391	.095	.077	.075	.014	-.036	.066	.006	.270	.033	.200	1.000	.193
Layout of the store	-.046	-.026	-.177	.002	.019	-.005	.255	.063	-.009	.170	-.008	.009	.193	1.000

Table 1.1 Inter Item correlation matrixes showing the correlation among the Store Atmospheric variables.

Interpretation of table 1.1:

- 1. Availability of merchandise in the retail store :** A positive image is laid on a customer's mind regarding the availability of merchandise if flooring and carpeting in the store is done beautifully (0.250) however if interior décor and lighting is not given an importance, customer may get a wrong message that store is of substandard status and may he/she may not get merchandise of his/her choice (-0.145).
- 2. Exterior design of the store :** A customer is lured by a retailer to purchase merchandise from the retail outlet only if the exterior design is constructed with an equal planning of inner aesthetics and fragrance in the store (0.391). However, whatever might be the exterior design of the store, if the cleanliness and systematic premises are not maintained inside the store it may convey a wrong image henceforth blocking the customer's purchase intention (-.111).
- 3. Parking facility available outside the store :** there should be a planning done by the retailers in the management of in-store congestion and traffic as well as plenty of parking area available outside the store (0.359) as it leads to the development of positive store image in customer's mind and elicits a purchase intention. However if the store is not spacious and well designed (-.200) from inside it won't elicit the purchase intention of a customer whatever might be the parking facility available outside the color.
- 4. Flooring and carpeting inside the store :** If a retailer develops the exterior design of the store

in a well planned manner then it should be done along with a simultaneous planning of flooring and carpeting inside (0.338) .But if a considerable attention is not given to interior décor and lighting inside the store then it will be a sheer waste to chalk out the flooring and carpeting (-0.044) as it will be of no use.

5. **Crowding at the time of shopping :** Plenty of parking space available outside the store as well as an efficient management of crowding at the time of shopping in the store reflects a positive image of the store that store is big and less crowded (0.262) whereas if the crowding at the time of shopping is not managed well, although it is claimed that store is spacious and well designed, a negative image of the store will be projected in customer's mind (-.142).
6. **Employee behavior :** Interior lighting and brightness inside the store should be managed accordingly with the in store employees behavior as both convey a positive store image thereby drawing a customer's attention (0.370). However whatever might be the inner aesthetics and fragrance inside the store , if the employees are not courteous, gentle to the customers , this will project a negative image of the store in the customer's mind (-0.036) and deviate their purchase intentions.
7. **Interior lighting and brightness :** The store atmospherics should be clean and systematic along with a well planned interior lighting and brightness (0.494) as it may evoke a positive image in the customers mind. If there no availability of merchandise of choice for the customer, whatever is interior lighting and brightness , customer may feel disgusted and his/her purchase intention will be blocked (-.145) also if the music played inside the store is too loud or too slow, whatever might be the interior lighting and brightness , (-0.142) ,it may evoke a negative response.
8. **Cleanliness and systematic :** A store may be clean and systematic however if congestion and traffic (-0.176) inside the store is huge it may convey a negative image in the customer's mind and block his/her purchase intention.
9. **Spacious and well designed :** Spaciousness and designing of the store is closely related to cleanliness and systematic (0.299) and should be done accordingly. Again if a store claims to be very spacious and well designed but at the time of shopping a customer faces huge congestion and traffic (-0.200) it may evoke a negative image and customer may feel deviated in his/her purchase intentions.
10. **Attractive and pleasant :** A store manager should plan out a perfect combination between the store attractiveness and music played inside (0.356) as the tempo, rhythm, and pitch of the music seem to be benchmark conveying the quality of the store. However a store may not seem attractive and pleasant to a customer, if at all a compromise is done in interior lighting and brightness (-0.142).
11. **Layout of the store :** A well planned layout along with well behaved , knowledgeable , helpful and courteous employees will project a positive image of the store in customer's mind (0.255)

whereas if the parking facility outside the store is not planned , whatever might be the layout inside the store (-0.177) a customer may refrain to shop from that store.

Table 1.2 Descriptives for Male and Female students

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Availability of merchandise of choice	Male	30	3.73	.868	.159	3.41	4.06	2	5
	Female	30	4.03	.718	.131	3.77	4.30	2	5
	Total	60	3.88	.804	.104	3.68	4.09	2	5
Exterior Design of the Store	Male	30	3.97	.928	.169	3.62	4.31	2	5
	Female	30	4.33	.711	.130	4.07	4.60	3	5
	Total	60	4.15	.840	.108	3.93	4.37	2	5
Parking facility available outside the store	Male	30	4.10	1.029	.188	3.72	4.48	2	5
	Female	30	4.23	.858	.157	3.91	4.55	2	5
	Total	60	4.17	.942	.122	3.92	4.41	2	5
Congestion and traffic	Male	30	3.70	1.149	.210	3.27	4.13	1	5
	Female	30	3.77	1.040	.190	3.38	4.16	1	5
	Total	60	3.73	1.087	.140	3.45	4.01	1	5
Flooring and Carpeting	Male	30	4.23	.858	.157	3.91	4.55	2	5
	Female	30	4.57	.568	.104	4.35	4.78	3	5
	Total	60	4.40	.741	.096	4.21	4.59	2	5
Crowding at the time of Shopping	Male	30	3.80	1.031	.188	3.42	4.18	1	5
	Female	30	4.27	.785	.143	3.97	4.56	2	5
	Total	60	4.03	.938	.121	3.79	4.28	1	5
Employee Behavior	Male	30	4.37	.765	.140	4.08	4.65	2	5
	Female	30	4.27	.980	.179	3.90	4.63	1	5
	Total	60	4.32	.873	.113	4.09	4.54	1	5
Interior Lighting and Brightness	Male	30	4.53	.507	.093	4.34	4.72	4	5
	Female	30	4.33	.884	.161	4.00	4.66	1	5
	Total	60	4.43	.722	.093	4.25	4.62	1	5
Cleanliness and Systematic	Male	30	4.47	.730	.133	4.19	4.74	2	5
	Female	30	4.40	1.037	.189	4.01	4.79	1	5

Spacious and well designed	Male	30	4.13	.776	.142	3.84	4.42	1	5
	Female	30	4.20	.847	.155	3.88	4.52	2	5
	Total	60	4.17	.806	.104	3.96	4.37	1	5
Attractive and pleasant store	Male	30	4.17	.834	.152	3.86	4.48	2	5
	Female	30	4.17	.699	.128	3.91	4.43	3	5
	Total	60	4.17	.763	.098	3.97	4.36	2	5
Music Played within the store	Male	30	3.80	1.095	.200	3.39	4.21	1	5
	Female	30	4.07	.980	.179	3.70	4.43	2	5
	Total	60	3.93	1.039	.134	3.66	4.20	1	5
Aesthetics and fragrance	Male	30	4.20	.805	.147	3.90	4.50	2	5
	Female	30	4.17	.791	.145	3.87	4.46	3	5
	Total	60	4.18	.792	.102	3.98	4.39	2	5
Layout of the store	Male	30	4.23	.935	.171	3.88	4.58	1	5
	Female	30	4.03	.964	.176	3.67	4.39	2	5
	Total	60	4.13	.947	.122	3.89	4.38	1	5

Table 1.3 ANOVA table for store atmospheric variables and their influence on male and female student purchase intentions

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Availability of merchandise of choice	Between Groups	1.350	1	1.350	2.126	.150
	Within Groups	36.833	58	.635		
	Total	38.183	59			
Exterior Design of the Store	Between Groups	2.017	1	2.017	2.951	.091
	Within Groups	39.633	58	.683		
	Total	41.650	59			
Parking facility available outside the store	Between Groups	.267	1	.267	.297	.588
	Within Groups	52.067	58	.898		
	Total	52.333	59			
Congestion and traffic	Between Groups	.067	1	.067	.056	.815
	Within Groups	69.667	58	1.201		
	Total	69.733	59			
Flooring and Carpeting	Between Groups	1.667	1	1.667	3.145	.081
	Within Groups	30.733	58	.530		
	Total	32.400	59			
Crowding at the time of Shopping	Between Groups	3.267	1	3.267	3.893	.053
	Within Groups	48.667	58	.839		
	Total	51.933	59			
Employee Behavior	Between Groups	.150	1	.150	.194	.661
	Within Groups	44.833	58	.773		
	Total	44.983	59			

Interior Lighting and Brightness	Between Groups	.600	1	.600	1.155	.287
	Within Groups	30.133	58	.520		
	Total	30.733	59			
Cleanliness and Systematic	Between Groups	.067	1	.067	.083	.774
	Within Groups	46.667	58	.805		
	Total	46.733	59			
Spacious and well designed	Between Groups	.067	1	.067	.101	.752
	Within Groups	38.267	58	.660		
	Total	38.333	59			
Attractive and pleasant store	Between Groups	0.000	1	0.000	0.000	1.000
	Within Groups	34.333	58	.592		
	Total	34.333	59			
Music Played within the store	Between Groups	1.067	1	1.067	.987	.325
	Within Groups	62.667	58	1.080		
	Total	63.733	59			
Aesthetics and fragrance	Between Groups	.017	1	.017	.026	.872
	Within Groups	36.967	58	.637		
	Total	36.983	59			
Layout of the store	Between Groups	.600	1	.600	.665	.418
	Within Groups	52.333	58	.902		
	Total	52.933	59			

Interpretation of table 1.3

- 1. Availability of Merchandise:** The F statistic for availability of merchandise at 5% level of significance is 0.150 which is greater than 0.05 therefore the null hypothesis is rejected. Thus, there is a difference in between male and female purchase intentions in terms availability of merchandise of choice within the store (Mean values for availability of merchandise is 3.73 and 4.03 for male and female respectively).
- 2. Exterior design of the store:** The F statistic for exterior design of the store at 5% level of significance is 0.091 which is greater than 0.05 therefore null hypothesis is rejected. Thus, there is a difference in between male and female purchase intentions in terms of exterior design of the store (Mean values for exterior design of the store is 3.97 and 4.33 for male and female respectively).
- 3. Parking facility available outside the store:** The F statistic at 5% significance level for parking facility available outside the store is 0.588 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a difference between male and female purchase intentions in terms of parking facility available outside the store (Mean values for parking facility available outside the store is 4.10 and 4.23 for male and female respectively).

4. **Congestion and traffic:** The F statistic at 5% significance level for congestion and traffic is 0.600 which is greater than 0.815 therefore null hypothesis is rejected. Thus there is a difference between male and female purchase intentions in terms of congestion and traffic outside the store (Mean values for congestion and traffic outside the store is 3.70 and 3.77 for male and female respectively).
5. **Flooring and carpeting:** The F statistic at 5% significance level for flooring and carpeting inside the store is 0.081 which is greater than 0.05 thus the null hypothesis is rejected. Hence there is a significant difference between male and female purchase intentions in terms of flooring and carpeting inside the store (Mean values for flooring and carpeting is 4.23 and 4.57 for male and female respectively).
6. **Crowding at the time of shopping:** The F statistic at 5% significance level for crowding at the time of shopping is 0.053 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding crowding at the time of shopping (Mean values for crowding at the time of shopping for male and female is 3.80 and 4.27 respectively).
7. **Employee behavior:** The F statistic at 5% significance level for employee behavior is 0.661 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their interpretation of employee behavior at the time of shopping (Mean values for employee behavior for male and female is 4.37 and 4.27 respectively).
8. **Interior lighting and brightness:** The F statistic at 5% significance level for crowding at the time of shopping is 0.287 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding interior lighting and brightness (Mean values for interior lighting and brightness of shopping for male and female is 4.53 and 4.33 respectively).
9. *Cleanliness and Systematic:* The F statistic at 5% significance level for cleanliness and systematic of the retail store is 0.774 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding cleanliness and systematic of the retail store (Mean values for crowding at the time of shopping for male and female is 4.47 and 4.40 respectively).
10. **Spacious and well designed:** The F statistic at 5% significance level for spacious and well designed of shopping is 0.752 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding spacious and well designed (Mean values for spacious and well designing of retail outlet for male and female is 4.13 and 4.20 respectively).

11. **Attractive and Pleasant:** The F statistic at 5% significance level for attractive and pleasant is 1.000 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding attractiveness and pleasant ambience of the store.
12. **Music played in the store:** The F statistic at 5% significance level for music played in the store at the time of shopping is 0.325 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding music played in the retail store at the time of shopping (Mean values for music played at the time of shopping for male and female is 3.80 and 4.07 respectively).
13. **Aesthetics and Fragrance inside the store:** The F statistic at 5% significance level for aesthetic and fragrance is 0.872 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding crowding at the time of shopping (Mean values for aesthetics and fragrance at the time of shopping for male and female is 4.20 and 4.17 respectively).
14. **Layout of the store:** The F statistic at 5% significance level for layout of the store is 0.418 which is greater than 0.05 therefore null hypothesis is rejected. Thus there is a significant difference between male and female purchase intentions in terms of their perception regarding layout of the store (Mean values for layout of the store for male and female is 4.23 and 4.03 respectively).

1.7 Discussion

The prime outcome of the study reflected that there is difference in the ways how male and female shoppers perceive the various aspects of store atmospherics variables which in turn causes variability in their opinions and different projections of store image. While females are more opinionated for the variables like availability of merchandise within store, exterior design of the building, parking facility available outside the store, flooring and carpeting, crowding at the time of shopping, spacious and well designed, music played within the store, however males are more opinionated to some other variables namely congestion and traffic, employee behavior, interior lighting and brightness, cleanliness and systematic premises in the store, attractive and pleasant condition in the store, layout of the store, and aesthetic and fragrance inside the store. Thus there is a gender based difference in the perceptions and this ultimately influences their buying intentions of apparels from the organized retail outlet. Also there exists a positive correlation among the store atmosphere variables and accordingly there should be a planning done by the store manager to effectively lure the customer for purchasing.

1.8 Managerial Implications of the Study:

As pointed out through the discussion, there is a gender based difference among the students. Therefore the store image needs to be formulated considering the following factors in mind:

1. All the gender based variables for as particular shopping outlet should be identified by the retailers
2. How a variable is being assessed by the male and female customers should be identified and accordingly retail strategy should be formulated to lure the male and female customers.

1.9 Directions of Future Research

Present study was done with the apparels as the product category. In future endeavors should be done using different product category apart from apparels, namely personal care product like accessories, stationary goods, fast moving consumer goods (FMCG), and kitchen goods. Moreover the study was done in Bilaspur as the sample location; the same study can be done with two or more cities in order to enlarge the scope and validity of the study. Gender was the demographic variable considered in the study. Future research work can be accomplished using other demographic variable like age and occupation socio economic variables like income and social class of the customers.

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Health Care Insurance in India: The New Paradigm

– Koradala Venkateshwarlu*

Abstract

This paper is an exploratory study. It covers, first importance of health insurance, secondly impediments of health insurance in India, thirdly potential implications of economic crisis on health and health insurance in India, and lastly triangular model for universal health insurance in India. As Kenneth Arrow, Noble Winning Economist, stated that the health insurance directly improves the entrepreneurship and indirectly develops the economy as a whole, it is found that health insurance will have similar positive impact in India. It is also found that health insurance works as a put option derivative in the hands of individual during the time of recession. Put option is a contract in which the seller of put option i.e. health insurance policy, has got an obligation to pay for medical expenses of buyer of put option i.e. insured.

Introduction

Health insurance (Black and Skipper, 2003) encompasses a broad range of benefit arrangements that can cover virtually any expenses connected with hospital and medical care and related services for the insured and covered family members. In India, the private expenditure on health is 81 per cent of total expenditure on health and government expenditure on health is only 19 per cent of total health expenditure. Within the private expenditure, 94 per cent is out of pocket expenditure of households. The remaining 6 per cent of private expenditure, is the share of insurers.

In this study, an attempt is made to examine the importance and constraints of health insurance in India, and potential implications of economic crisis for health and health insurance. The present study also critically examines the triangular model to reach universal health insurance in India.

Importance of Health Insurance

In India, on one hand, there is substantial increase in cost of medical care due to increase in number of deadly diseases like HIV, H1N1 Bird Flu etc. and on the other hand there is considerable increase in cost of medical treatment due to medical progress. This burden has to be borne by households because all this medical progress is happening in the private sector and moreover government expenditure on health is limited. It is difficult to meet the medical expenses out of pocket. Health insurance helps in transferring the households' out of pocket expenditure to insurer. In joint family it is relatively easy to

* Junior Accounts Officer, TSSPDCL, Sourthen Power Distribution Company of Telangana Ltd. Hyderabad, Telangana State, Email : metspk@gmail.com

pay the health care expenditure out of pocket, but it is difficult in case of growing nuclear families in India. Nuclear families have to heavily depend on insurer to meet their medical expenditure (Atkinson et al., 1980). With respect to new type of disease, the middle class and below middle class households cannot bear the prices of medical services due to high research and development cost in medical prices.

As Kenneth Arrow, Noble Winning Economist, stated that the health insurance directly improves the entrepreneurship and indirectly develops the economy as a whole, it can be said that health insurance will have similar positive impact in India. As per the Figure 1 and 2, it is found that the improvement in health (in terms of life expectancy at birth) will help in reducing poverty and will help in maximizing the per capita income. Thus, health insurance is very important from micro level as well as macro level.

Impediments of Health Insurance Development in India

The main reasons for under development of health insurance are lack of awareness of health insurance among the public, limited choice of customers, inability to buy health insurance product, unwillingness to pay for health insurance product by able population, unrecognition of health insurance by government in India. Each of these constraints are discussed in detail in below section:

In urban area, only 21 per cent of the well educated population are aware and have the knowledge of health insurance offered by only life insurers and none of them are aware of health insurance products offered by non-life insurers (Vellakkal, 2009). This would help us to understand the severity of awareness problem about health insurance product in rural India. It is found that the number of people voluntarily taking health insurance is 4-5 per cent only (DNA, India). The penetration of life insurance heavily dependent on knowledge and hence insurers and Insurance Regulatory and Development of Authority of India (IRDA) should focus on awareness programmes especially in rural area.

The second problem is the limited choice of customers in health insurance products. The life insurers and general insurers have given their customers a wide range of products in the area of life insurance and property insurance. The customer choice is limited with respect to health insurance policies. And also the health insurance products which are available in India does not suit the needs of poor and middle class population of rural India (Sodani and Sharma, 2009).

The third problem is lack of ability to pay health insurance premium. In India, the Below Poverty Line Population is 26.1 per cent of the total population (Selected Socio-Economics Statistics in India 2002). This category of population is depending on government for food, shelter, cloth and of course medical care. It means, about 300 million people are not able to buy the health insurance products and it is impossible to sell the health insurance policy to this category of population.

The fourth problem is lack of willingness of population to pay for health insurance premium. The lower income level, higher premium charges, unsuitable health insurance products to majority of

population, difficulty in understanding health insurance policies.etc are the main reasons for unwillingness of the public. It is found from many studies that the people from rural area willing to pay Rs 100 per annum to cover their several regular as well irregular diseases. But this amount is not sufficient to buy a health insurance policy in current market.

The fifth and last major constraint for under development of health insurance is the less priority of government. In India, the buildings, vehicles, and other properties are more valuable than human beings. It is because when one buys a car, he must take car insurance, but his own life and health insurance is not compulsory. This optional health insurance policy of government towards public is one of the several reasons for under penetration of health insurance and higher health insurance premium charges.

Implications of the Economic crisis for health and Health Insurance in India:

The economic crisis in India and in developed countries indirectly also affects the demand for health insurance. In this section, the economic crisis effect on public health, financial access to health services, government share of expenditure on health, government revenue for expenditure on health and role of health insurance has been discussed.

During the time of economic crisis the prices of food as well as non-food products are bound to increase because of double digit inflation rate. This would result into increase in the number of children suffering from malnutrition and would deteriorates the health of public due to lack of nutrition food. The past economic history in India (Figure 1) indicates that there is a positive correlation between poverty and economic crisis. Therefore, on one hand increase in prices of essential products and on the other hand increase in poverty level will severely deteriorate the health of the public.

Interestingly it is found that in India as compared to other countries (Table 1) 81 per cent of total health is private expenditure and remaining 22 per cent is borne by government as compared to 45 per cent in USA (Table 2). Within in the total private expenditure 92 per cent of the expenditure is out of pocket expenditure. In addition to this, economic crisis results into uptrend of unemployment and down trend of real income. Therefore, during the time of economic crisis it would be major a major challenge of public to have financial resources to access health services.

During the time of economic crisis, the households have got limited financial access. This makes the government to increase public expenditure as a percentage of total expenditure on health and as a percentage of total government expenditure which are currently 22 per cent and 3.7 per cent respectively (Table 1). This increased spending of government may lead to further higher fiscal deficit of government and higher inflation rate.

During the time of economic crisis, the external funding for health such as donations and contribution by individuals, corporations and international bodies will substantially fall. This leads decrease in the revenue of the government for government expenditure on health.

Triangular Model for Universal Health Insurance in India: Opportunities for the Government, Public and Insurer:

"Universal Health Insurance" means that ensuring that everyone has health insurance, either public or private insurance, through a group or as an individual. In developing countries like India if development of health insurance is left to privately operating insurers and public, it is difficult to maximize the economic utility of insurance. The government should play the key role to maximize number of insured and maximize the economies of scale. It is because the whole insurance concept is a number game. The increase in number of insured will reduce the risk and which in turn will result into either reduction in premium for a constant amount of sum assurance and/or increase in sum assurance for a constant premium rate. This positive impact of bigger number on premium and sum assurance will make health insurance more attractive and affordable to aspirers and middle class households. Later on, the health insurance premium and sum assurance could be affordable by even below poverty line people. Thus, everyone can buy the health insurance. In this, an attempt is made to develop a triangular model to achieve universal health insurance in India. This model is based on division of total population into three categories such as deprived households, aspirer households and affordable households. The deprived households are those households which cannot afford health insurance products because of low income. Aspirer households are those households which currently cannot afford health insurance products because of either higher insurance premium or lower assurance. Rich households are those whose income is high and can afford health insurance products.

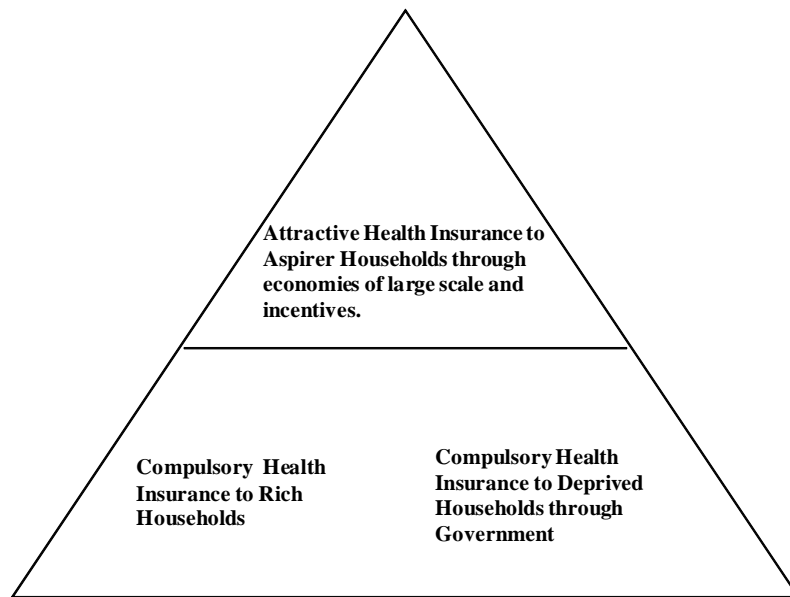
In this model, the government should make health insurance as compulsory to rich households. This was initiated by Germany in 1995 (Helga Riedel, 2003). When car insurance is compulsory in India, why cannot health insurance be compulsory. Human health is wealth. Therefore, the government should make rich households to compulsorily buy health insurance policies. This will enable the rich households to transfer their out pocket expenditure on health to insurer.

Currently, the government expenditure on health is 3.7 per cent as a percentage of total government expenditure. Some part of government expenditure on health can be used for payment of health insurance premium on behalf of deprived people. In turn, the health insurer will directly pay for health expenditure of deprived people. Thus the government can minimize their role and expenditure on health for poor people.

The compulsory health insurance to rich households and subsidized health insurance to deprived households will create the economies of scale to health insurer. The health insurance market can be competitive because life insurers, general insurers and health insurers are allowed to offer health insurance policies. There are 50 plus insurers offering health insurance policies in India. Under such environment, the economies of large scale of health insurance will result into decrease in health insurance premium rates at a given amount of sum assurance and/or will result into increase in assurance at given amount of premium rate. The health insurance will become more attractive to aspirer households. In addition to this, the government may give some tax reduction incentive to aspirer households to motivate them to buy health insurance.

Thus this model will help the country to reach universal health insurance and improve the health of population and as well as health of country. It gives a great opportunity to rich people and aspirer households to transfer their uncertain expenditure on health to insurer. It also gives an opportunity to government to transfer the government expenditure on health to insurer. Even the insurers can diversify the health insurance claims risk across 120 crore population in India.

Triangular Model for Universal Health Insurance



Source: Authors own analysis

Other Suggestions for development of health insurance

The awareness on life insurance and health insurance should in rural area of India. As Joint director of IRD Suresh Mathur said while speaking at a seminar "Responsibilities and Rights of Consumers in Medical Insurance" organised by Consumer Association of India (CAI) in association with IRDA rightly said educating customers on health insurance "has to go a long way" and awareness on insurance should be introduced at schools and college levels.

The premium of health insurance are higher as compared to developed countries. It is because higher the ratio of medical expenditure claims to health insurance premium. The government as well as insurers should take several preventive measures to reduce medical expenditure claims. The government should provide some basic facilities such hygiene toilets and drinking water at bus station, railway, and at other public places to avoid possibility of falling sick and avoiding medical expenses. The government should encourage the public buying water purifiers and other tools to improve the health condition by giving subsidy.

Conclusion

Based on the above, it can be said that the health insurance has become important due to increase in private out of pocket expenditure as a result of medical progress and increase in life expectancy. The major constraints of health insurance in India are awareness on health insurance, income level, unsuitability of policies, less priority of government. All these constraints are avoidable except income levels. Hence, the insurers and government should do their part in triangular model to accomplish universal health insurance in India. The health insurance is not different from normal insurance, pension and derivatives. It is also found that health insurance works as a put option derivative in the hands of individual during the time of recession. Put option is a contract in which the seller of put option i.e. health insurance policy, has got an obligation to pay for medical expenses of buyer of put option i.e. insured.

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Table 1: Expenditure on health in India

Indicator	Value (year)
External resources for health as percentage of total expenditure on health	0.9 (2011)
General government expenditure on health as percentage of total expenditure on health	22.0 (2011)
General government expenditure on health as percentage of total government expenditure	3.7 (2011)
Out-of-pocket expenditure as percentage of private expenditure on health	92.00 (2011)
Per capita government expenditure on health at average exchange rate (US\$)	7.3 (2011)
Per capita government expenditure on health(PPP int. \$)	20.0 (2011)
Per capita total expenditure on health (PPP int. \$)	101.0 (2011)
Per capita total expenditure on health at average exchange rate (US\$)	37.0 (2011)
Private expenditure on health as percentage of total expenditure on health	80.0 (2011)
Private prepaid plans as percentage of private expenditure on health	0.7 (2011)
Social security expenditure on health as percentage of general government expenditure on health	4.8 (2011)
Total expenditure on health as percentage of gross domestic product	5.0 (2011)

*Source: WHO***Table 2: India in Comparison with other countries**

Indicator	India	China	USA	Sri Lanka	Thailand
IMR/1000 live-	68	<30	2	8	15
Under-5 mortality /1000 live-births	87	37	8	15	26
Fully Immunized (%)	67	84	93	99	94
Births by skilled attendants	43	97	99	97	99
Health expenditure as % of GDP	4.8	5.8	14.6	3.7	4.4
Government share of Total Expenditure %)	21.3	33.7	44.9	48.7	69.7
Government health spending to total govt. spending (%)	4.4	10	23.1	6	17.1
Percapita spending in international dollars	96	261	5274	131	321

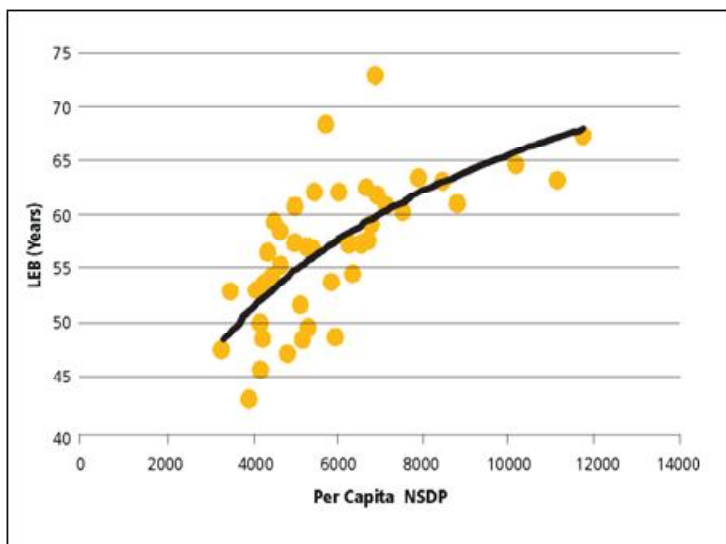
Source: WHR, 2011

Table 3: Disease Burden Estimations

Disease/Health Condition	Current Estimate 2005 (Lakhs of cases)	Projected 2015 (Lakhs cases)
I. Communicable Diseases, Maternal & Perinatal Conditions		
Tuberculosis	85 (2000)	NA
HIV/AIDS	51 (2004)	190
Diarrheal Diseases episodes/yr	760	880
Malaria and Other Vector Borne Conditions	20.37 (2004)	NA
Leprosy	3.67 (2004)	Expect to be Eliminated
IMR/1000 live births	63(2002)	53.14
Otitis Media	3.57	4.18
Maternal Mortality /100000 births	440	NA
II. Non-Communicable Conditions		
Cancers	8.07 (2004)	9.99
Diabetes	310	460
Mental Health	650	800
Blindness	141.07 (2000)	129.96
Cardiovascular Diseases	290 (2000)	640
COPD and Asthma	405.20 (2001)	596.36
III. Other Non-Communicable		
Injuries- deaths	9.8	10.96
No. Hospitalizations	170	220

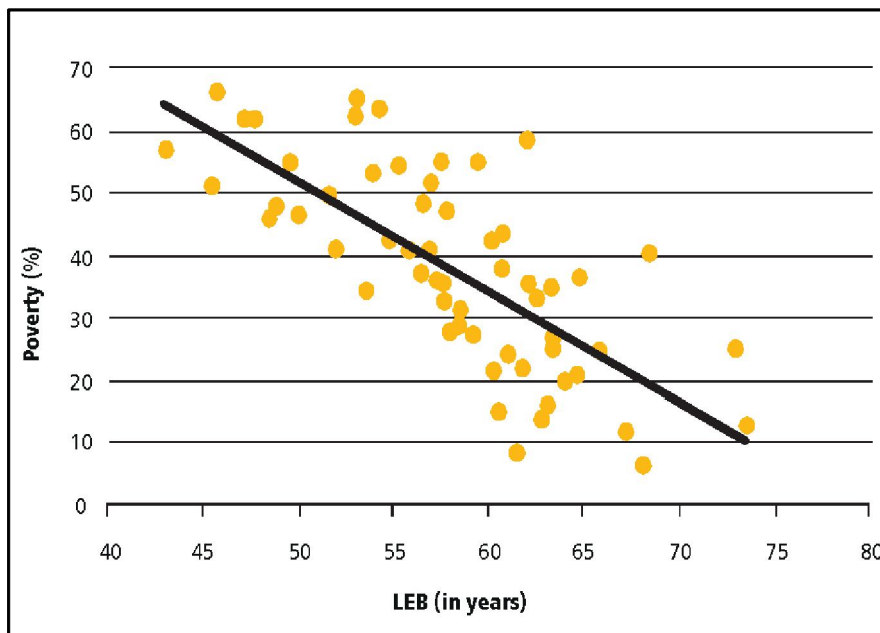
Source: Report of the National Commission On Macroeconomics and Health, Ministry of Family Welfare and Health, Government of India.

Figure 1: Life Expectancy at Birth (LEB) and Per Capita NSDP (Net State Domestic Product), 1970-2010



Source: Report of the National Commission on Macroeconomics and Health, Ministry of Family Welfare and Health, Government of India, August 2005 and projected by author.

Figure 2: Trends in Poverty and Life Expectancy at Birth (LEB), India, 1972-73 to 1999-2010



Source: Report of the National Commission On Macroeconomics and Health, Ministry of Family Welfare and Health, Government of India, August 2005 and projected by author..

Role of Comprehensive Programmes in Development of Sircilla Powerloom Industry in Telangana State

– Nikhat Sultana*

– Prof. Mohd Akbar Ali Khan**

Abstract

The Indian textile industry is traditional and next to agriculture sector and is considered as the life breath of Indian economy with varied demand. Even after occupying a prominent position the industry is not left out from the crisis but has to face the testing time of the market. One such case is of Sircilla powerloom industry crisis which has multiple dimensions with industry related problems on one hand to weavers' problems on other. Since decades weavers continue to commit suicides as an affect of Powerloom industry crisis. The objective of the study is to know the effect of comprehensive long term programmes in the development of Sircilla Powerloom industry. For this a descriptive study with a random sample of 392 weavers is selected and it was found that Marketing facilities and Governmental assistance have positively affected on the development of Sircilla Powerloom industry.

Keywords : Powerlooms, Textile industry, Marketing facilities and Governmental assistance.

Introduction

The Indian Textile Industry is diverse catering to the different demands at national and international level. Apart from providing the basic necessity the industry has significantly contributed to the employment and economic growth of the country. Handloom industry, the traditional one with intricate craft is being spread in various parts of the country. With the advent of technology in weaving the mill sector flourished and in between these came the Powerloom sector which has a recent origin but of important one and can be included between Mill sector and the handloom sector, since it resembles the former in its method of production and the latter in so far as the organization of business is concerned. Due to crisis the Mills sector discarded the Powerlooms and this has been taken as an opportunity by the labours of textile mills to start Powerlooms unitson a Small Scale basis. Today Powerloom as a decentralised sector contributes 62 percent of cloth production in the country and is characterised as a small fragmented unorganized sector. Even after becoming a major contributor the powerloom industry has to face problems of poor infrastructure, Obsolete Technology, labour issues, Lack of marketing

* Associate Professor, Anwarul Uloom College of Business Management, Hyderabad. E-mail : nikk_baig@yahoo.com

** Former Vice-Chancellor, Telangana University, Dean, Faculty of Commerce, Osmania University (Retd), Hyderabad, India. Anwarul Uloom College of Business Management, G-1, Shah Apartments, Vijaynagar Colony, Hyderabad-57. E-mail : maakhan1155@gmail.com

support and Finance. In order to overcome the issues, the Ministry of Textiles have launched Comprehensive Powerloom Cluster Development Scheme (CPCDS). The schemes aim at providing the world-class infrastructure, common facilities, technology up-gradation, yarn availability, skill development & marketing facilities.

With such schemes India has witness a significant development in Powerloom sector of different states and southern regions is not left out with domination of Tamil Nadu, Karnataka and Andhra Pradesh in the development of Powerloom units. In United Andhra Pradesh the major concentration of powerlooms are in the areas of Sircilla (Karimnagar), Nagari (Chittoor),Nalgonda and Ananthapur district. Powerloom sector contributes to highest cloth production among various other sectors of Khadi, Wool, Hosiery, Mills and Handlooms etc. However, this decentralized sector has faced crisis situation in various parts of the country even AP was not let out and Sircilla stands testimony of the crisis. The crisis reveals a weak structure, poor organization, financial debts and low wages, chronic illness and addiction to liquor; which has ultimately resulted in poor Socio Economic development of weaver .

The plight of Telangana weavers became worse with lack of policies from the Government, poor Technology with no creativity and change. The weavers with no other option available have been increasingly driven to desperation and death. The real culprits are the successive governments at the Centre and state and their textile policies. The textile policies of 1985 meant to liberalise, modernise and privatise the industry have systematically marginalised the weavers.

Telangana State Industrial Policy

Telangana the 29th State of India is in the South of the country. It was formed on 2 June 2014 by enforcing Andhra Pradesh Reorganisation Act, 2014, with Hyderabad city as its capital. Telangana acquired its identity as the Telugu-speaking region of the princely state of Hyderabad, ruled by the Nizam of Hyderabad before joining the Union of India in 1948. After getting a separate statehood on 2 June 2014 many developmental plans and policies were undertaken and one such initiative has laid the foundation for new Industrial policy 2015 as a part of development in the state and to make it capable of progressing in all fronts on par with other states. The vision of the policy is •Research to Innovation; Innovation to Industry; Industry to Prosperity•. It is to •Innovate, Incubate, Incorporate in Telangana•.

The core values of the policy are as follows:

- The Government to promote industrial growth
- Industrialization shall be inclusive and facilitate social equity
- Developing the Entrepreneurs in a peace and progressive business regulatory environment.
- Socially disadvantage sections to benefit from industrialization.
- Creation of jobs through Industrial development.

To make Telangana as the destination for investors in India, the State Government has trusted certain areas like IT hardware, Engineering, Food processing, FMCG, Automobiles, Textiles and Apparel, Plastics and Petro chemicals, Gems and Jewellery and Transportation and Logistics have been accorded higher priority to make them as an investment hub.

The new industrial policy has to offer various incentives or benefits to Scheduled Caste and Scheduled Tribe entrepreneurs. The policy has highlighted the importance of Expansion and diversification on eligible lines. The SMEs and Micro-industries are expected to play a significant role in terms of value addition and also in creating employment opportunities. The provision provided for the SME and Micro sectors as follows:

- Development of Industrial parks with adequate plots.
- Allotting fund for addressing Incipient Sickness, registrations and for anti-pirating assistance
- Transfer of Technology and modernization of enterprises.
- Reimbursement of land conversion charges for units in own land.
- Marketing assistance to participate in national and international trade shows.
- Setting of consultancies.
- Separate State Level Bankers Committee (SLBC) for industries.
- Decentralized procedure for issue of licenses and permissions.

The Government of Telangana has provided to make the core sector as eco friendly. Mega projects to have compulsory Supplier or Vendors park. Telangana State Government will also work closely with the RBI constituted State Level Inter-Institutional Committee (SLIIC) to coordinate revival plans of sick and incipient SMEs. The industrial policy has plans to promote women entrepreneurs by getting their project approved, provide financial assistance and to monitor the progress.

As to the textile area the Government of Telangana proposed certain comprehensive programmes for the development of industry.

- Promotion of eco system for the entire Value chain.
- Setting up of Textile park with all facilities.
- Providing common facility centers, Identification and documentation of arts and crafts
- Making and developing the textile centers in the form of cluster approach.
- Technology upgrading and design support centers
- Skill up gradation and quality improvement
- Niche product development
- Marketing assistance

In the light of development and with continuous media attention on Sircilla Powerloom industry the response came in the form of comprehensive programmes undertaken for the development of Sircilla powerloom industry. Comprehensive programmes are classified as:

- Government policies
- Up gradation of Technology
- Development of marketing facilities
- Development of Ancillary activities

Government Policies: To mitigate the problems of weavers the Government took various measures by providing financial assistance to distress weaver's families under Netha Cheyutha Trust and Rajiv Yuva Shakthi plan. Rajiv Udyog Sree Camps were organized for the weaver to learn other livelihoods. Micro finance institutions were warned for pressurising the weaver and for imposing the exorbitant interest rates. For technical training and promotion of the product Power Loom Service Centres and Netha Bazar cum shopping complexes were set up with an objective to educate weavers and give suggestion for promotion and development of Power Loom industry. To overcome production related stress and occupational health hazards Rajv Arogyasree mega camps and De-Addiction centre were organised in Sircilla Government Hospital for treating the weavers and alcohol or toddy addicted members. Group insurance schemes were provided to Powerloom workers as social security measure. Rehabilitation measures were taken by organising Brain storming session and counselling centres. Above all the cooperative society (CESS) took a measure by providing 50 percent subsidy on power tariff.

Technology: Unlike neighbouring states which have upgraded to jet looms or auto looms Telangana powerloom weavers does not have means to invest in modern technology. To improve the status Government has taken the task of upgrading the Sircilla Powerloom industry which is being run on obsolete and outdated technology. Conversion of plain looms into semi automatic looms will increase the productivity and quality. With intricate designs and combination the product stands the competition from domestic and international markets and helps in fetching good income. Textile Park with modern facilities and machineries was setup under Technology Up gradation Fund (TUF) Scheme on which suiting and shirting are produced. Approximately 6 Cr worth of the cloth is produced every month in Textile Park. Apart from installing modern looms efforts were taken by the Powerloom centres for providing training to the weavers so as to produce good quality of fabrics.

Marketing: To adapt to changing demands and to become a market savvy, master weaver as an entrepreneur needs to make a sizeable investment in marketing. Thus the growth of this sector depends on change with creativity which leads to diversification from traditional working. Competitive marketing enables the sector to face the challenges of globalization. There is no proper marketing mechanism in the Powerloom Industry of Sircilla. It was observed that, the prices of the yarn and fabric always fluctuates and in such a scenario it becomes difficult for the weaver to make investment in marketing of the product and as such middle men enjoy the benefits of profits and exploit the market. With poor

management skills and lack of awareness in marketing area it is better to take the advantage of Integrated Scheme and Marketing Development Programmes to assist the weavers and other stake holders in organising exhibitions and buyer seller meet for the benefit of powerloom industry and specifically for the general public at regional and cluster level which helps in promoting awareness among the consumers about the latest designs, products and product diversification. It also helps in providing infrastructural facilities for direct marketing by eliminating the middle men and having permanent outlets and marketing complexes to showcase the product. Training of marketing personnel and intensive publicity by way of media helps in creating a brand identity with organised market.

Ancillary activities: There is no post-weaving processing in Sircilla, except for cheap dyeing in case of cotton cloth. The grey polyester cloth is sold to mills in Hyderabad as there is absence of post weaving process. With no allied activities value addition and product diversification is not possible. The absence of a complete value chain in power loom production has made the sector remain as a low quality intermediate sector in Sircilla. To create a brand and to become a self sufficient efforts are required to improve the ancillary activities. Though Government has taken efforts to revive the spinning mills but a lot needs to be done and a huge investment is required in sizing, dyeing, printing and garment making units.

Review of Literature

1. **Powerloom Enquiry Committee Report (1964)** : The Government of India had appointed a committee to enquire into the problems of the powerloom industry in January, 1963. The report has highlighted the growth and structure of powerlooms in India. The report concludes to enable the Textile Industry to integrate the Mills, the powerlooms and the Handlooms into a closely-knit and expanding structure of production.
2. **Tirthankar Roy (1998)** : The author in this article 'Development or Distortion? Powerlooms' in India, 1950-1997' has focused on the rise of a cotton mill industry in India, most of the 20th century has seen a dismantling of weaving in the mills, and its shift to small weaving factories, called powerlooms. The article disputes this view and interprets the growth as a pattern of industrialization founded on 1) unlimited supply of low-quality labour 2) developing systems of inter-firm co-ordination, 3) agglomeration based on such systems, and 4) continuous accumulation of capital.
3. **Asha KrishnaKumar (2001)** : The author in the article "Weavers in Distress" has focused the light on Sircilla and Dubakka weavers' plight. The investigation concludes that the loss of market and lack of demand followed by 1991 liberalisation policies and Government intervention to vigorously promote export drive led to systematic deterioration of weavers living conditions. Desperate to support the family faced with Lack of nutrition, health problems the survival became difficult. As such the weavers resorted to suicides under depression.
4. **Naandi Foundation Report (2009)** : Naandi Foundation was appointed by the government to

survey the families of Sircilla weavers. The objective of the survey is to study the Socio-economic status of the weaver community. To identify various vulnerable groups within the community, to examine the outreach of the government schemes and interventions, the role of self-help groups and micro finance institutions in the area. The study concludes that there are three factors which played the pivotal role in resorting the weavers for suicides i.e Social, Demographic and Economic factors.

5. **S Galab, E Revathi (2009)** : The authors in the article •Understanding Powerloom weavers' suicides in Sircilla• have thrown light on the oligopolistic market of Sircilla. The article has highlighted the conditions of workers and the state and central government intervention in a more organized manner to end the distress. Apart from production related stress the article has describe the condition of hired workers suffering from occupational health hazards and lack of social security.
6. **Naveen Kumar Tallam (2011)** : The author in the article •Powerloom weavers in dire straits•, describes the crises of Powerloom weavers of Garshakurthi village of Karimnagar District, which is famous for weaving polyester cloth, cotton sarees and towels. The article concludes the Socio-economic backwardness of weavers and the failure of Government to provide financial assistance for upliftment of weavers.
7. **Sumita Dawra (2012)** : Sumita Dawra an IAS officer has written field notes of her service in Andhra Pradesh State in the book titled “Poor but Spirited in Karimnagar”. Through the book the author recounts her experience as collector in the district of Karimnagar in Andhra Pradesh. Through this notes the officer tried to raise the questions of wide gap between intentions and results. Farmers and weavers suicides were taken in a brief manner in the context of administration and governance.
8. **Summaiya R Shaik and Satish R Dulange (2013)** : The researchers in the article “A Study of Factors Affecting Productivity of Power Loom Industries” has analysed the critical success factors affecting productivity of power loom industry. The area of the study is confined to Textile centre Sholapur in Maharastra. Through this study the researcher seeks to examine the functioningof Power loom in the state of Maharashtra and concludes that if human and technology are managed properly then the production is assured to grow.
9. **Manduva Hanmanth Prasad Rao (2013)** : The researcher through thesis title •Problems and Prospects of Textile Industry - A Study of Select Units• has endeavored to identify and quantify problems of the powerloom sector at Sircilla and the Textile Park at Baddenapally of Karimnagar district. The study makes an attempt to identify the future prospects of the sector and suggest various means of achieving the prospects through the resolution of the problems.
10. **Chaudhary, Sainib and Solankic (2015)** : The researchers through the article titled •Problems Faced by Handloom & Powerloom Industries in Uttar Pradesh•, has made an attempt to understand

the various problems of Handloom & Powerloom industries in Uttar Pradesh. The study concludes that Upgradation & Modernisation is the need of the hour supported by Industrial Estate & Textile Park. The study also analysed that marketing and processing facilities should be given importance as it creates a strong base for the industry to stand.

Objective of the Study

The comprehensive Long term program has played a significant role in the development of Sircilla Powerloom industry and accordingly the objective is framed as:

To Study the significant effect of comprehensive long term program in the Development of Sircilla Powerloom industry.

Methodology

The descriptive study is analysed by using both primary and secondary source.

The primary data was collected from Powerloom workers (Hire worker/Employees) of Sircilla mandal in Karimnagar District of Telangana through a structured questionnaire with good reliability. The primary data is supported by Secondary Data. These secondary sources of data pertaining to the study was gathered from the records published by the Ministry of textile industry Government of India, Department of Handloom and Textile Karimnagar, Powerloom service centre Sircilla and Hyderabad, Trade Unions office Sircilla, CESS Sircilla, and RDO office Sircilla. Further the information was gathered from well equipped libraries of NIRD Hyderabad, CESS Hyderabad, articles from News papers and Leading journals, Text Books on concerned topics and from Internet web resources.

Sampling Method

This Descriptive study adopts Purposive sampling method in selection of Powerloom workers (employees) of Sircilla textile town. The selection of sample was made in accordance with the Powerloom workers population, as crisis are more confined to workers due to lack of work and high indebtedness.

Sample Size

The selection of sample was made in accordance with the Powerloom workers population. The Sample size is decided by using Solvins Formula:

$$N / 1+N (e^2)$$

$$\text{Sample Size} = 392$$

Out of 20000 workers a sample of 392 is selected for the study. A well structure questionnaire was developed by keeping in view the objective of the study. It was administered to a very small sample segment as a pre-test. The results of the pre-test were helpful in modification of the questionnaire so that consistency and reliability is developed.

Pilot Study

The pilot study was carried out on a sample of 40 workers. The data collected in pilot study was processed with Cronbach's Alpha test to know the reliability of a questionnaire. The result of the testing and validation revealed the following values:

Reliability Values

Reliability Statistics		
Variable	Cronbach's Alpha	N of Items
Government Assistance	.723	7
Technology Status	.903	5
Marketing Facilities	.706	5

Statistical Tools: The data collected is analysed by using Average, Percentages, Correlation and Regression. The Independent variables being Government Assistance, Technology Status, Marketing facilities and Ancillary activities where as the dependent variable is Socio-economic development of Sircilla Powerloom Industry. The constant variables are Infrastructure, production and availability of yarn.

Data Analysis

The Data collected is being analysed, showing the age of the weavers in Sircilla Powerloom industry.

Table No: 2 : Classification of Weavers Age

S.No	Age	No of respondents	%	Avg
1	Less than 30	52	13.26	27.25
2	30 to 45	215	55	36.20
3	Above 45	125	32	56.25
	TOTAL	392	100	

As per the above table in a sample of 392 worker weavers 13 percent of the workers are in the range of 22 to 29 years with an average age of 27 years. 55 percent of the workers are in the range of 30 to 45 years with an average age of 36 years and 32 percent of the workers are above 45 years with an average age of 56 years. It was found that maximum percentage of worker weavers are in the age group of 30 to 45 years.

Showing the education level of weavers in Sircilla Powerloom Industry

Table No: 3 : Education of Weavers' (Employees)

S.No	Age	No of responses	%
1	No Education	82	21
2	Primary Level	96	24.4
3	SSC	194	49.4
4	Intermediate	13	3.3
5	Graduation	7	1.78
	TOTAL	392	100

21 percent of the workers are uneducated, 24 percent have completed the primary level of education. The minimum class which they studied in primary level is 2nd class and the maximum is 9th class. 49 percent have completed Secondary School and only 3 percent have completed intermediate level of education and 2 percent are graduates.

Showing the marital status of weavers' in Sircilla Powerloom Industry

Table No.4 Marital Status

S.No	Status	No of responses	%
1	Married	365	93.1
2	Unmarried	27	6.9
	Total	392	100

In a sample of 392, the married weavers' accounts to 93 percent and the rest 7 percent are unmarried.

Showing the experience of weavers' in Sircilla Powerloom Industry

Table No: 5 : Working Years

S.No	Years	No of responses	%	Avg
1	Less than 15	134	34	8.4
2	15 to 30	160	41	19.87
3	Above 30	98	25	36.82
	TOTAL	392	100	

34 percent have an experience of less than 15 years with an average of 8 years and 41 percent have been working in powerloom industry in range of 15 to 30 years with an average of 20 years and overall 25 percent have been working in the industry for more than 30 years with an average of 37 years.

Showing the Income level of weavers' in Sircilla Powerloom Industry

Table No: 6 : Income level of weavers

S.No	Income	No of respondents	%	Avg
1	Less than 5000	123	31	3861
2	5000 to 10000	265	68	6237
3	Above 10000	4	1	12900
	TOTAL	392	100	

The above table shows that 31 percent of the workers are earning less than Rs 5000 with an average income of Rs 3861 and 68 percent are earning somewhere between Rs 5000 and Rs 10000 with an average income of Rs 6237 and only 1 percent of workers are earning above Rs 10000 with an average income of Rs 12900.

Affect of comprehensive long term programmes on Socio-economic development of weavers'.

To find the effect of comprehensive long term programmes in development of Sircilla Powerloom industry, the following hypothesis was framed and tested by statistical tools of Correlation and Regression analysis.

H1: Comprehensive long term programmes has played a significant role in Socio-economic development of Sircilla Powerloom Industry.

Regression Analysis:

In the following analysis, the relationship between implementation of comprehensive long term programme in the Socio-economic development of Sircilla Powerloom industry is studied. The model summary of the analysis is shown in Table.No: 7

Table.No:7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.503 ^a	.253	.245	4.410
a. Predictors: (Constant), Government Assistance, Ancillary activities, Marketing facilities, Technology status				

a. Predictors: (Constant), Government Assistance, Ancillary activities, Marketing facilities, Technology status

The above table shows the result of Predictive variable in multiple regressions. The model summary shows the adjusted R square as 0.245 or 24.5 percent of the variance is explained in the predictors of the variables. The predictive variables are Government Assistance, Technology, Marketing facilities and Ancillary activities. 24.5 percent of variation is there in the development of Sircilla Powerloom industry (dependent variable) by predictive variables.

Table.No: 8ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2544.955	4	636.239	32.710	.000 ^b
	Residual	7527.453	387	19.451		
	Total	10072.408	391			
a. Dependent Variable: Socio Economic Development						
b. Predictors: (Constant), Government Assistance, Ancillary activities, Marketing facilities, Technology status						

The above table gives the Sig. (P) Value as 0.000, which is less than 0.05, thus the study concludes that comprehensive long term programmes has played a significant role in the development of Sircilla Powerloom industry, but to what extent will be explained by correlation analysis.

Analysis is being done between the predictive variables and the dependent variable by assigning coefficients to the predictive variable.

Table.No: 9Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.371	2.181		7.965	.000
	Marketing facilities	.699	.069	.455	10.153	.000
	Ancillary activities	-.600	.268	-.100	-2.240	.026
	Technology status	-.177	.059	-.136	-3.003	.003
	Government Support	.185	.058	.143	3.170	.002
a. Dependent Variable: Socio Economic Development						

The analysis of Table No.9 shows the beta weights and statistical significance. Variables taken under comprehensive long term programme has significantly affected the development of Sircilla Powerloom industry as Sig. (p) value is less than 0.05 and the calculated't' values are more than the table value at 0.05 level irrespective of signs. A careful examination shows that Marketing facilities and Government assistance are the significant predictors and that Marketing facilities has high impact than Government support in development of Sircilla Powerloom industry (beta = .455 and beta = .143).

Correlation Analysis:

Correlation Analysis is done to determine the extent of relationship between the variable. The degree of relationship between the variables of comprehensive long term programme and the development of Sircilla powerloom industry is analysed. The analysis of which is shown in Table. No:5

Table. No:10 Correlation Analysis

Variables		Socio-Economic Development
Socio Economic Development	Pearson Correlation	1
	Sig. (2-tailed)	
	N	392
Ancillary activities	Pearson Correlation	-.087
	Sig. (2-tailed)	.086
	N	392
Technology status	Pearson Correlation	-.066
	Sig. (2-tailed)	.195
	N	392
Marketing facilities	Pearson Correlation	.455**
	Sig. (2-tailed)	.000
	N	392
Government Assistance	Pearson Correlation	.193**
	Sig. (2-tailed)	.000
	N	392

The above information shows a negative correlation between the Ancillary activities and Technology Status with the development of Sircilla Powerloom industry, where as Marketing facilities and Government assistance has positive correlation with the development of Sircilla Powerloom industry and it is statistically significant. Hence it can be concluded that comprehensive long term programme have played a significant role in the development of Sircilla Powerloom industry but to the extent of providing Marketing facilities and Government support.

Findings of the Study

- 55 percent of the weavers are middle aged and have been doing this job since ages and could not take a risk of shifting to other profession as they have family responsibility and lacks skills and education to take up other profession.
- 49 percent of the respondents have completed the basic level of education i.e SSC and give less importance to higher education.
- 93 percent of workers are married and committed with family responsibility. Marriage makes a lot of difference to the working abilities of the worker. They cannot simply switch their occupation as it is risky on their part with a family to take care off.
- 41 percent of the workers are having an experience in the range of 15 to 29 years, these are the ones who are into this field since decades and have very good experience. With creativity and productive they can turn quality product.
- The above table shows that 31 percent of the workers are earning less than Rs.5000 and 68 percent are earning somewhere between Rs.5000 and Rs.10000. In this period of inflation only 1 percent of workers are earning above Rs.10000 in a sample of 392. It was noted that the weavers earning above Rs.10000 per month are economically stable when compare with other workers who are earning less.
- It was found that marketing facilities and Governmental assistance are the variables which have contributed in the development of Sircilla powerloom industry as the beta values shows the positive variability in Development of Sircilla Powerloom industry.
- Among all the comprehensive variables only marketing facilities and Government assistance shows positive correlation. Whereas the other variables like Technology and presence of Ancillary activities shows a negative correlation.

Suggestions and Conclusion

The Powerloom sector have faced crisis in different States of India and even Telangana has to face such type of situation. It is being observed that since decade weavers continue to commit suicide because of the problems ranging from individual basis to industry related. Although many comprehensive long term programmes were implemented in the development of Powerloom industry but the impact is not drastic and is not able to address the root cause of the problems. There is absence of awareness and knowledge about the schemes available for the development of weavers. Lack of investment with no brand identity, creativity, and diversification has created obstacles in the development of Sircilla Powerloom Market.

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A Study of Business Responsibility Reports of Indian Companies for the Financial Year 2014-15, with Special Reference to Global Reporting Standards

– Dr. Madhavi Kulkarni*

Abstract

The development that aims at satisfying the needs of present, without hampering the interest of the future generations, is called as Sustainable Development. The concepts of sustainability accounting and reporting have evolved for measuring the sustainable development. They depict how financial frameworks can be extended to social and environmental levels. At present, different ways and mechanisms of reporting are used for presenting this non-financial performance. However, there is no one established framework of reporting. This gives more flexibility to companies. More and more companies are, now, publishing environmental, social and economic performance reports. In India, the Securities and Exchange Board of India (SEBI) has mandated the inclusion of Business Responsibility Reports (BRR) in the Annual Reports of the top 100 companies, by market capitalization. BRR disclosure framework of SEBI is based on the National Voluntary Guidelines. Today, it is found that some of these companies are following the Global Reporting Standards for reporting and others are reporting as per the National Voluntary Guidelines. The present study aims at reviewing the frameworks and guidelines followed by Indian companies for preparing the BRRs, with a view to ascertaining, whether these reports adhere to the global reporting standards, along with the aim of satisfying the informational needs of the stakeholders. This paper is based on the case studies of the BRRs of Indian Companies, for the financial year 2014-2015. The case study reveals that majority of the Indian Companies are preparing sustainability reports as per global standards; however, these reports fall short when it comes to materiality and comparability of the data presented.

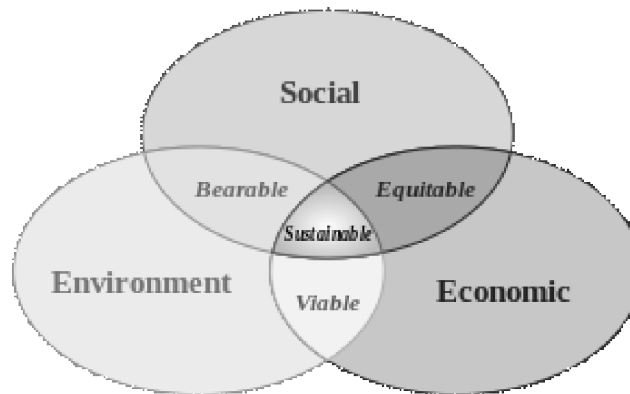
Keywords : Business Responsibility Reports (BRRs), Global Reporting Initiatives (GRIs), Global Reporting Standards, National Voluntary Guidelines (NVGs), Sustainability Reporting A Study of Business Responsibility Reports of Indian Companies for the Financial Year 2014-15, with Special Reference to Global Reporting Standards

Introduction

Sustainable Development, Sustainability Accounting, and Sustainability Reporting:
Sustainable development, in the Brundtland Report, is defined as development that meets the needs of

* Vice Principal and Associate Professor of Commerce, SNTD Arts and Commerce College for Women, Maharshi Karve Vidya Vihar, Karve Road, Pune 411038. Email : madhaviskulkarni@gmail.com, mkulkarni@collegepune.sndt.ac.in

the present without compromising the ability of future generations to meet their own needs. (Brundtland 1987)¹. The development that aims at satisfying the needs of present without hampering the interest of the future generations is called as Sustainable Development. It is that vision of development which helps people in making informed decisions of utilization of material, human, and natural resources for the benefit of present and future generations. As per common definitions, there are three key dimensions of sustainability. The following graphical presentation depicts sustainable development as the confluence of its three key dimensions²:



The sustainable development focuses on the integration of economic, social and environmental factors. It aims at attaining economic and social progress without exhausting the finite natural resources. It puts emphasis on the ways of meeting today's needs that do not disregard the future.

The concepts of sustainability accounting and reporting have been evolved with a view to measuring the sustainable development. The sustainability report tries to extend the role of financial information to social and environmental levels. During the last two decades, the popularity of sustainability accounting has increased. Nowadays, the companies apply several ways and mechanisms of sustainability reporting by focusing on their core activities and their impact on the environment. There different frameworks, guidelines, and reporting standards to report on social as well as environmental information. However, there is no one established framework of reporting. This trend offers more flexibility of reporting than the financial reporting.

Sustainability Reporting Guidelines and Frameworks

At international level, main three organisations that have tried to develop a policy framework for incorporating three-dimensional sustainable development in financial reporting are Global Reporting Initiative (GRI), Organization for Economic Co-operation and Development (OECD) and United Nations Commission on Sustainable Development (UNCSD).

GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues

such as climate change, human rights, corruption and many others. Its approach is based on multi-stakeholder engagement, representing the best combination of technical expertise and diversity of experience to address the needs of all report makers and users. It has produced universally-applicable reporting guidance that considers the widest possible range of stakeholder interests. Of the world's largest 250 corporations, 92% report on their sustainability performance and 74% of them use GRI's Standards. 35 countries, in the world, use GRI in their sustainability policies. Its reporting standards are world's most widely used sustainability reporting standards³.

The OECD focuses on the analytical and accounting frameworks. The approach requires measures of both how well we are preserving our assets (resource indicators) and how well we are satisfying current needs (outcome indicators). An important element of this approach is its extension of the traditional economic balance sheet to consider a broader range of economic, environmental and social assets⁴. The focus of UNCSO in sustainability reporting is basically on the environmental dimension of the sustainability accounting.

The table on the following page gives the information about other organisations and initiatives that assist the companies in sustainability accounting and reporting⁵.

Organisation	Description	Website Address
The Prince's Accounting for Sustainability Project (A4S)	Accounting for Sustainability was set up by HRH The Prince of Wales in 2004.	http://www.accountingforsustainability.org
World Business Council for Sustainable development	A global association with 200 companies that provides a platform to companies for exploring sustainable development.	http://www.wbcsd.org
Corporate Register	It is the largest online directory of companies that has issued a CRS, sustainability or environmental reports.	http://www.corporateregister.com
Account Ability	Account Ability is an international professional institute that focuses on the sustainable development, accountability and public disclosure.	http://www.accountability.org/
Carbon Disclosure Project	The Carbon Disclosure Project is an international initiative to disclose corporate information relating climate change.	http://www.cdproject.net

Sustainability Reporting Initiatives in India:

In India, since 2009, from time to time, Ministry of Corporate Affairs (MCA) of the Government of India has issued guidelines for sustainability reporting.

The following table gives the chronological list of sustainability reporting initiatives undertaken by the Government in India.

Sr. No.	Year	Reporting Initiatives
1	2009	Release of Voluntary Guidelines on Corporate Social Responsibility by the Ministry of Corporate Affairs (MCA) of the Government of India
2	2011	Launch of India's National Voluntary Guidelines (NVGs) based on a revision of the Voluntary Guidelines
3	2012	The Securities Exchange Board of India (SEBI) releases a circular which mandates inclusion of Business Responsibility Reports (BRR) as part of the Annual Reports of top 100 listed companies based on market capitalization of the NSE and BSE

At present, the Governments of the most of the countries in the world do not require companies to prepare and publish sustainability reports. However, In India, in the year 2012, the Securities and Exchange Board of India (SEBI) has mandated the inclusion of Business Responsibility Reports (BRR) in the Annual Reports of the top 100 companies, by market capitalization, listed on the Bombay and National Stock Exchanges. BRR disclosure framework of SEBI is based on the National Voluntary Guidelines.

Objectives of the Study

The paper aims at:

1. Reviewing different sustainability reporting initiatives, frameworks, and guidelines;
2. Studying the Business Responsibility Reports of selected Indian Companies for the financial year 2014-15, on the basis of five criteria of effective reporting, with a view to ascertaining their parity with the global reporting standards.

Methodology and Scope

This paper is based on the qualitative analysis of the data collected from the BRRs published on the websites of Indian Companies, for the financial year 2014-15. The BRRs of the selected twenty companies are reviewed and analysed, focusing on the important reporting guidelines. The analysis

tries to ascertain the disclosure quality of the BRRs, on the basis of five criteria of effective reporting. It is limited to the quality of disclosure alone and does not consider the performance of the selected companies.

Comparative Review of Sustainability Reporting Guidelines

A comparative review of the Global Reporting Initiatives(GRIs) and the National Voluntary Guidelines (NVGs) is presented in the following section.

Overall Framework of GRI and NVG

- **GRI**

The contents of these guidelines are organised in three categories, namely, Economic, Environmental and Social. The social category is further divided in Labour, Human Rights, Society, and Product Responsibility sub-Categories.

GRI also provides sector guidance. By 2012, GRI has published 10 Sector Supplements of its Guidelines that address the sustainability issues of specific sectors.

The guidelines of GRI focus on different principles of reporting, namely, materiality, stakeholder-inclusiveness, sustainability, context, completeness, balance, comparability, accuracy, timeliness, clarity, and reliability.

GRI strives for its Framework to harmonize with other reporting tools worldwide. The Guidelines include broad references to other global initiatives and are aligned with frameworks of the UN Global Compact Principles and Communication on Progress, the OECD Guidelines for Multinational Enterprises, ISO 26000 (the International Organization for Standardization), and the Carbon Disclosure Project Questionnaire⁶.

- **NVGs**

The NVGs focus on nine principles and their core elements, namely, ethics-transparency-accountability, product life-cycle sustainability, wellbeing of employees, stakeholder engagement, human rights, environment protection, policy advocacy, inclusive growth, and customer value.

The NVG framework has five sections with specific disclosure items. Section A - disclose general organizational information; Section B seeks information on company's financial details; other details are covered in Section C; in Section D information is requested on whether companies publish a BRR or sustainability report, and on the frequency of their reporting. A hyperlink to any report is also requested. In the same section, companies are asked to disclose if they have Business Responsibility policies for the nine Principles of the NVGs, and to 'explain' why if they do not have such policies; in Section E companies need to demonstrate their principle-wise performance against each of the NVG Principles through reporting.

The pictorial presentation on the following page depicts the integration of NVGs with the global reporting framework.

Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Ministry of Corporate Affairs (MCA)



The NVGs focus on Indian approach, the 'spirit' of an enterprise, responsible business actions, and "triple bottom-line" approach. In this way, financial performance of the companies can be harmonized with the expectations of society, the environment and many of its stakeholders, in a sustainable manner⁷.

- **BRR**

The Business Responsibility Reporting requirements are a part of "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business". SEBI, in the year 2012, amended Listing agreement to insert Clause 55 by which it is mandatory for all the top 100 listed companies to submit, as part of their Annual Reports, Business Responsibility Reports (BRR), describing the initiatives taken by them from an environmental, social and governance perspective. The amended clause has also laid down the format in which such report is to be filed. This clause states that, "the listed entities shall submit, as part of their Annual Reports, Business Responsibility Reports, describing the initiatives taken by them from an environmental, social and governance perspective, in the format prescribed format"⁸.

Applicability of GRI and BRR

GRI framework is applicable to all organizations, wherever they are based or operate, regardless of their size, sector and ownership structure. It is to be viewed as a living process and should fit into the setting of organizational strategy, implementing action plans, and assessing outcomes.

Even though the BRRs are Mandatory for top 100 entities based on market capitalization listed on BSE and NSE, the companies which are already submitting sustainability reports to overseas regulatory agencies and stakeholders, based on internationally accepted reporting frameworks, are exempted from preparing a separate report to address the SEBI's requirement.

Criteria for Analysis of the BRRs of Selected Indian Companies:

With a view to defining the scope of the present study, the following are considered to be essential prerequisites of any effective non-financial sustainability report, on the basis of the G4 guidelines of the global reporting initiatives (GRIs)⁹. The presence of these prerequisites makes the report reliable and credible. They increase the effectiveness of the report; hence, are used as the parameters for the comparative analysis of the business responsibility reports (BRRs) of Indian Companies.

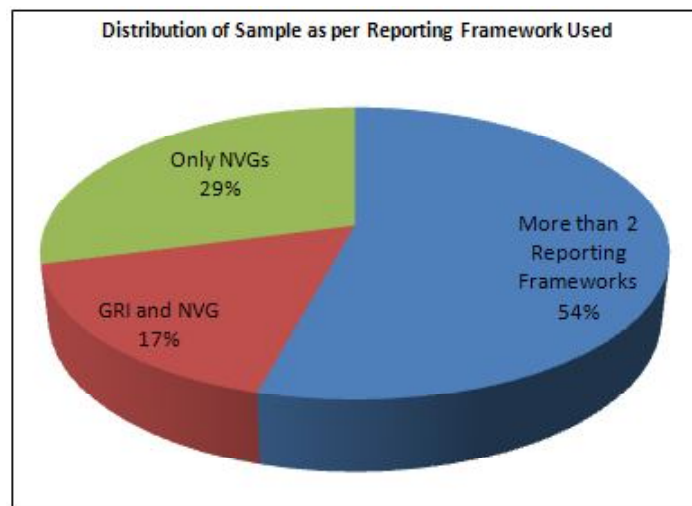
1. **Materiality** : In accounting, the term Materiality is defined as the threshold, above which missing or incorrect information in financial statements, is considered to have an impact on the decision making of users.
2. **Stakeholder-engagement** : It is required for satisfying the information needs of the stakeholders. The reporting should be based on systematic or generally accepted approaches, methodologies, or principles. The report should inform both, ongoing organizational or business processes and the report preparation process.
3. **Completeness** : The concept of completeness is used to refer to practices in information collection. Such as, the compiled data includes results from all entities within the organization, and whether the presentation of information is reasonable and appropriate.
4. **Clarity** : Graphics and consolidated data tables make the information in the report accessible and understandable. The level of aggregation of information, whether it is significantly more or less detailed than stakeholders expect, affects the clarity of a report.
5. **Comparability** : Comparability is very essential for evaluating the performance of the company. Its Stakeholders, using the report should be able to compare information reported on economic, environmental and social performance against its own past performance, its objectives, and also, against the performance of other organisations. These comparisons require sensitivity to factors such as differences in organizational size, geographic influences, and other considerations that may affect the relative performance of an organization. In order to facilitate comparability over time, it is important to maintain consistency with the methods used to calculate data; with the layout of the report; and with explaining the methods and assumptions used to prepare information.

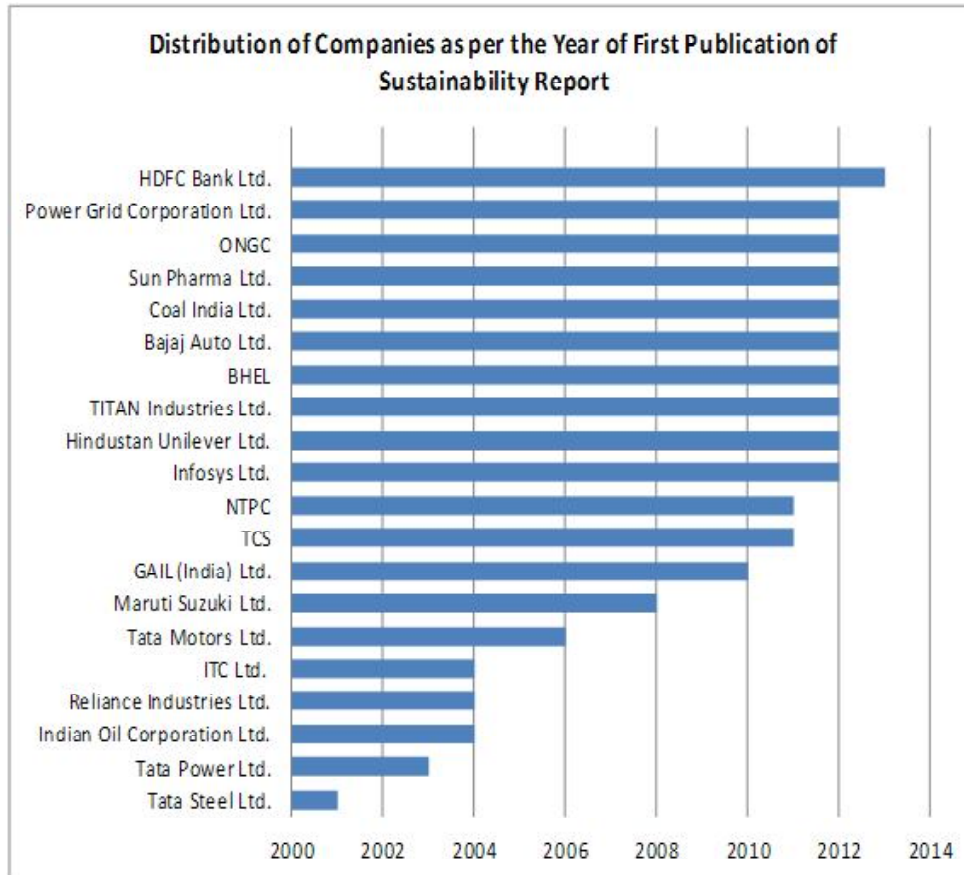
Review of Business Responsibility and Sustainability Reports of Selected Companies:

- As it is shown in the above table, 35% of the companies selected belong to public sector and the remaining are from the private sector. They represent different sectors such as IT, manufacturing, banking, FMCG, and automobile.

Sr. No.	Name of Company	Sector	Reporting Framework
1	Infosys Ltd.	Private	GRI and NVGs
2	Hindustan Unilever Ltd.	Private	NVGs
3	Indian Oil Corporation Ltd.	Public	GRI, UNGC, and NVGs
4	Reliance Industries Ltd.	Private	GRI aligned to NVGs
5	ITC Ltd.	Private	GRI aligned to NVGs
6	TITAN Industries Ltd.	Private	NVGs and UNGlobal Compact
7	TCS	Private	GRI and NVGs
8	BHEL	Public	NVGs
9	Bajaj Auto Ltd.	Private	NVGs
10	HDFC Bank Ltd.	Private	GRI and NVGs
11	Tata Power Ltd.	Private	GRI and IIRC, UK.
12	Tata Steel Ltd.	Private	GRI and NVGs
13	Coal India Ltd.	Public	NVGs
14	Sun Pharma Ltd.	Private	NVGs
15	ONGC	Public	NVGs
16	Tata Motors Ltd.	Private	GRI and NVGs
17	NTPC	Public	GRI, UNGC, ISO, and NVGs
18	Maruti Suzuki Ltd.	Private	GRI and NVGs
19	Power Grid Corporation Ltd.	Public	NVGs
20	GAIL (India) Ltd.	Public	GRI, UNGC, and NVGs

- Thirteen out of selected twenty companies are preparing sustainability reports adhering to both the GRIs and NVGs. Four of them are found preparing sustainability reports based on more than two reporting frameworks; and remaining seven are preparing reports as per NVGs.





- Fifty percent of the selected companies have started publishing BRRs only after it was mandated by the SEBI. The average Number of Pages of BRRs published in the Annual Reports of the companies is sixteen with minimum of 5 and maximum 36. Four companies are found to have exempted themselves from preparing separate BRRs; however, they have clearly shown the mapping of NVG principles in their sustainability report.
- The number companies that are found preparing sustainability reports is ten. It means fifty percent of the companies selected are publishing the sustainability reports separately on their websites; and from amongst them, the first company to prepare sustainability report, long before it was mandated, is Tata Steel Ltd. It started publishing the sustainability report in the year 2001-02. All the other companies have also started preparing sustainability reports in and around 2005-06.
- Barring two companies in the sample selected, all others have prepared reports strictly as per the guidelines.

Comparative Analysis of the Business Responsibility Reports of Selected Companies:

For the comparative analysis of Business Responsibility Reports, ten companies from the following two categories are selected:

1. Five companies that have started publishing the BRRs as per the SEBI guidelines after 2012-13, from the sample are selected. They are preparing the BRRs as per the NVGs.
2. Five companies that are publishing the sustainability reports as per GRIs, since before the SEBI mandate.

The reports of the companies from the first group were compared with the companies in the second group in pairs. The companies were paired on the basis of their sector.

For each of the five criteria, one parameter each was identified for the comparison.

The following table presents the results of the comparative analysis:

Criteria	Group I	Group II	Group I	Group II	Group I	Group II	Group I	Group II	Group I	Group II	Parameter
	IITC	HUL	GAIL	BHEL	TCS	Infosys	IOCL	ONGC	Motors	Maruti	
Materiality	?	×	?	×	×	?	?	×	?	?	Materiality Matrix
Stakeholder-Engagement	?	×	×	?	?	×	?	×	?	×	Responsiveness and Report Preparation Process
Completeness	?	?	?	?	?	?	?	?	?	?	Vagueness in Information and Missing Information
Clarity	?	?	?	?	?	?	?	?	?	?	Use of Tables, Graphs, and Charts
Comparability	?	×	?	×	?	?	?	×	?	?	Layout of the Report

Conclusions

All most all the companies, in this study, are reporting as per the guidelines and frameworks. However, it is found that they are not able to make best possible use of the flexibility offered. That is why, even though the reports apparently look very similar, they lack comparability.

Every company has taken discretion of narrating the report. Therefore, some reports are lengthy; and, some are too short, at the cost of comparability again.

Although, the pictorial-graphical presentations and photographs are common in the sustainability reports, they are not found in BRRs, except a few photographs. Therefore, they fail in engaging the stakeholders.

The information in these BRRs is not properly and systematically aligned to the overall objectives of the companies. It is found that these BRRs provide all the necessary information without linking it to show their intention of improving internal processes.

If the BRRs of Indian companies are to engage their stakeholders; and, help them in taking informed decisions; there is need of more transparency and accountability, to be evidenced in these reports. Then only, the companies will gain more credibility by presenting the BRRs.

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8. http://www.sebi.gov.in/cms/sebi_data/attachdocs/1344915990072.pdf
9. <http://www.accountingtools.com/definition-materiality>
10. <https://g4.globalreporting.org>

Annexure I:

Sr. No	Name of Company	Website (Sustainability Report)
1	Infosys Ltd.	http://www.infosys.com/investors/reports-filings
2	Hindustan Unilever Ltd.	https://www.hul.co.in/investor-relations/annual-reports
3	Indian Oil Corporation Ltd.	http://www.iocl.com/Aboutus/sustainability.aspx
4	Reliance Industries Ltd.	http://www.ril.com/ar2014-15
5	ITC Ltd.	www.itcportal.com
6	TITAN Industries Ltd.	http://www.titan.co.in/TitanEcom
7	TCS	http://www.tcs.com
8	BHEL	http://dhi.nic.in/writereaddata/UploadFile/BHEL
9	Bajaj Auto Ltd.	www.bajajauto.com
10	HDFC Bank Ltd.	http://www.hdfcbank.com/assets/pdf/SustainabilityReport.pdf
11	Tata Power Ltd.	http://www.tatapower.com
12	Tata Steel Ltd.	http://www.tatasteelindia.com
13	Coal India Ltd.	http://coal.nic.in/content/annual-report-2014-15
14	Sun Pharma Ltd.	http://www.sunpharma.com/pdf/ist
15	ONGC	http://www.ongcindia.com/wps/wcm/connect/ongcindia/Home/Performance/Annual_Reports/
16	Tata Motors Ltd.	http://www.tatamotors.com/sustainability
17	NTPC	http://www.ntpc.co.in/annual-reports
18	Maruti Suzuki Ltd.	http://www.marutisuzuki.com/sustainability-report.aspx
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Employee Exit and its Effect on Private Sector Banks of Aurangabad Region

– Dr. Sonali Ramesh Kshirsagar*

Abstract

"When you play professionally, you get accustomed to turnover. Players come and go - they get injured, they get transferred, they get cut from the team. Coaches are hired, and coaches are fired. It's just part of the world you live in": Tim Howard. Yestoday there has been tremendous increase in the business competition which demands for the highly skilled human resource working in the banking sector and even in the other sectors. There is remarkable increase in the exit rate of the employees. The banks are facing the problem of Employee exit from the organizations. There is difference in the working of private and nationalized banks. The other ways round Majority of the employees are facing work stress and an imbalance between family life and work life. This research project is an attempt to identify the causes of employee exit && its effect on Private Banking sector in Aurangabad region. One noticeable effect of this has been a consistent rise in the pay packages of most organizations so as to pull towards you and retain the most desirable employees. Such an inclination over the last few years has resulted in an unstable labor market, especially for industries such as marketing, advertising & finance where the skills are by and large transferable, from one work surroundings to another.

Keywords : Employee Exit/ Turnover, Quality of work life

1. Introduction

"When you play professionally, you get accustomed to turnover. Players come and go - they get injured, they get transferred, they get cut from the team. Coaches are hired, and coaches are fired. It's just part of the world you live in": Tim Howard. Yestoday there has been tremendous increase in the business competition which demands for the highly skilled human resource working in the banking sector and even in the other sectors. There is remarkable increase in the exit rate of the employees. The banks are facing the problem of Employee exit from the organizations. There is difference in the working of private and nationalized banks. The other ways round Majority of the employees are facing work stress and an imbalance between family life and work life.

Productivity is an imperative concern for an organization. There are several factors on which productivity of an organization mostly rest on. Employee exit is one of them which is considered to be

* Asst. Prof., Dept. of Management Science, Dr. Babasaheb Ambedkar Marathwada University, Aurangabad.431001. kshirsagar_sonali123@yahoo.com

one of the challenging concerns in business nowadays. The impact of employee exit has received considerable attention in every walks of corporate & Govt. sector by senior management, human resources professionals and industrial psychologists. It has proven to be one of the most costly and seemingly intractable human resource challenges confronting by several organizations all around the universe.

This research project is an attempt to identify the causes of employee exit && its effect on Private Banking sector in Aurangabad region. One noticeable effect of this has been a consistent rise in the pay packages of most organizations so as to pull towards you and retain the most desirable employees. Such an inclination over the last few years has resulted in an unstable labor market, especially for industries such as marketing, advertising & finance where the skills are by and large transferable, from one work surroundings to another.

2. Objectives

1. To help the Private Sector Banks by identifying their problems, & issues resulting in Employee Exit.
2. To identify the actual reasons of employee exit with reference to Private Sectors Banks in Aurangabad region.
3. To analyze whether & how Employee exit affects productivity of the business organizations.
4. To find out the possible solutions of reducing Employee exit rate in the area chosen.

3. Significance / Scope of the Study

Employee Exit is the most important issue and has an enormous effect on Private Banking sector resulting in an all-inclusive growth. This research would be considerate in understanding the present-day position of Employee Exit & its effect on the Private Banking sector of Aurangabad Region, which in turn will be suitable to all the spans wherever the human resource or the employees are needed. The presented study has had following importance to all the expanses.

The areas identified that will be benefitted most out of this research are all the areas where Human Resource (employee) is the key element. The study will be helpful to ensure a congenial environment in the business & a guideline to assess the efficiency of the employees, whether working at higher position or at lower level in the organization.

4. Hypothesis

H1: The training Programs helps to improve the efficiency of the Banks Employees

H0: The training program does not help to improve the efficiency of the Bank Employees

H2: Pay is one of the major reasons of employee exit.

H0: Pay is not the major reasons of employee exit.

H3: Employee Exit affected adversely on the productivity of the banks.

H0: Employee Exit does not make any difference on the productivity of the banks.

5. Research Methodology

All the findings and conclusions obtained are based on the survey done within working area in the time limit. The representative sample is chosen of the whole group. The Research design adopted to complete this research study was Descriptive research design. The primary data was generated with the help of the chosen samples from Private Banks in Aurangabad region & its 100 Employees which were considered representative of the whole universe. The Sampling procedure adopted was Convenience Random Sampling. The method of data collection was survey method for which structured Questionnaire was prepared. The questionnaire was administered to the supervisory and the managerial level personnel who have witnessed the employee turnover. Secondary data was collected from relevant national journals, report, magazines & books from libraries, published & unpublished thesis and websites. The collected data was analyzed with the help of simple percentage analysis method as per the requirement of the study.

Sample Design: The data was generated by the help of selected samples from the study area which was considered representative of the whole universe.

- Sample unit's: (Aurangabad region) Selected employees of selected Private bank branches.
- Sample size: 100 Employees of selected Private bank branches from Aurangabad region.
- Sampling procedure: Convenience random sampling

6. Literature Review

6.1 Banking Profile of Aurangabad District

Modern banking in the district may be said to have begun when the Central Bank of India was established in Hyderabad State on 19 February 1932, at Jalna, and in next year i.e., on 20 December 1933, at Aurangabad.

Later on in 1945 the Bank of Hyderabad was established under the Hyderabad State Bank Act of 1350 Fasli. The State Bank of Hyderabad mainly transacted Government business such as accepting and holding of money belonging to the Government and making payments on its behalf and other routine business such as exchange, remittance, etc. The bank also worked as an agent of the Government in its function of issuing paper.

In the first decade of the twenty-first century, Aurangabad has seen a spurt in financial activities, with almost all public sector and private banks have opened up branches including the State Bank of

India, State Bank of Hyderabad, Bank of Maharashtra, Citibank India, Deutsche Bank, ICICI Bank, Bank of India, HDFC Bank, etc.

Also Regional Rural Bank viz. Aurangabad Jalna Gramin Bank, was established in 1982. During 2008 Aurangabad Jalna Gramin Bank and Thane Gramin Bank was amalgamated, and new RRB came into existence namely Maharashtra Godavari Gramin Bank. The head office of which is in Aurangabad city. The area of operation is of nine districts viz. Aurangabad, Jalna, Jalgaon, Dhule, Nandurbar, Nasik, Ahmednagar, Thane and Raigad.

6.2 Employee Exit/Turnover

In human resources context, turnover is the act of replacing an employee with a new employee. Partings between organizations and employees may consist of termination, retirement, death, interagency transfers, and resignations. An organization's turnover is measured as a percentage rate, which is referred to as its turnover rate. Turnover rate is the percentage of employees in a workforce that leave during a certain period of time. Organizations and industries as a whole measure their turnover rate during a fiscal or calendar year.

6.2.1.Reasons of Employees' Exit

Despite of the opportunities and prospectsthere are certain issues faced by the bank employees which are revealed in the study. Besides normal wages, salaries, fringe benefits the specific issues are being identified by the bank human resource managers on regular basis. One of the most crucial reasons of employee exit is improper Quality of work life given to the employees on the work spot. Quality of work lifedeals with various aspects of work environment which facilitates the human resource development efficiently. Following are the general issues relevant and determine the Quality of Work Life in any organization;

- **Pay and stability of employment:** Good pay dominates most of the factors in employee satisfaction. Alternative means of providing wages should be developed to increase the cost of living index, profession tax.
- **Occupational stress:** It's a condition of strain on employee emotions. Stress is caused due to irritability, hyper excitation or depression, unstable behavior, fatigue, stirring heavy smoking and drug abuse has to be identified.
- **Organizational health Programs:** Its helps to aim at educating about health Programs, means of maintaining and improving of health.
- **Alternative work schedules:** Includes flexi times, work at home, staggered hours, reduce work hours, part time employment.
- **Participative management and control of work:** The trade unions and workers believe that workers participation in management and decision - making improves QWL.

- **Recognition:** Rewarding system, congratulating the employees for their achievement, job enrichment, offering membership in clubs or association, vehicles, etc recognizes the employees.
- **Congenial worker-supervisor relations:** This gives the worker a sense of social association, belongingness, achievement of work results etc.
- **Grievance procedure:** Employees will have a fair treatment when the company gives them the opportunity to ventilate their grievances and present their case sincerely rather than settling the problem arbitrarily.
- **Adequacy of resources:** Resources should match with states objectives; otherwise employees will not be able to attain the objectives.
- **Seniority and meriting promotions:** Seniority is considered as basis for promotion. Merit is considered as the basis for advancement for managerial people.
- **Employment on permanent basis:** It gives security and leads to higher order QWL.
- **Relationship among the Bank employees:** More than 8-10 hours a bank employee spends in his work spot. In such condition he/she expects a harmonious & congenial relationship with his/her own colleagues. The employee feels that there must be cooperation by his peer, superiors and subordinates.
- **Balance between stated objectives and resources provided by the organization:** Every organization including banking sector has an objective of profit maximization at the same time development of its human resources working. To achieve this objective the organization has to make all the required resources available to its employees.

7. Data Collection and Analysis

Table No: 1 : How is the frequency of the employee exit in your bank

Target Question	Frequency	Response
	Frequency of the employee exit	Less
very less		25
High		40
very high		20
Total		100

Source: Field Survey (2014-15)

Table no. 1 shows the frequency of the employee exit in the Private sector Banks of Aurangabad district. Out of 100 employees 15 employees said that the frequency of employee exit is less, 25 said that the frequency is very less, 40 employees said that it is high and 20 employees said that the frequency of the employee exit very high in their banks.

Table No: 2 : What were the causes/reasons witnessed of staff exit from your bank?

Target Question	cause	Response
	What were the causes/reasons witnessed of staff exit from your bank?	Inadequate Compensation
Lack of growth & career planning		10
		15
Bad Quality of Work Life		
Personal Problems		5
Better opportunity		10
All of the above		15
	Total	100

Source: Field Survey (2014-15)

Table 2 shows the causes/reasons witnessed by the employee of staff exit from the bank. Out of total employees 40 left giving the reason of inadequate compensation, 10 employees exited due to lack of growth and career planning, 15 exited due to bad quality of work life, 5 due to personal problems, 10 due to better opportunity in other industry and 15 due all of the above mentioned reasons.

Table No: 3 : What was the single, most compelling factor in their decision?

Target Question	Single factor	Response
	What was the single, most compelling factor in their decision?	Inadequate Compensation
Lack of growth & career planning		5
		20
Bad Quality of Work Life		
Personal Problems		05
Better opportunity		10
		Total

Source: Field Survey (2014-15)

Table 3 shows the views regarding single, most compelling factor for employee exit decision. Out of 100 employees which left the organization, 60 majorly left due to inadequate compensation, 5 employees exit due to lack of growth & career planning, 20 due to bad quality of work life, 05 were having personal problems and 10 were getting a better opportunity in other industries than the current.

Table No: 4: Were the turn over's a major thing to hamper on profitability?

Target/ Particulars	Hamper	Response
	Were the turn over's a major thing to hamper on profitability?	
	No	80
	Total	100

Source: Field Survey (2014-15)

Table No: 4 highlights on the employee views regarding whether turnovers are a major thing to hamper on profitability or not. Out of 100 employees, only 20 said that the turnovers hamper on the profitability of the banks and 80 said that the turnovers does not hamper on the profitability of the banks.

Table 5 : What strategy can be used to reduce high level of staff turnover?

Target/ Particulars	Reduce staff turnover	Private sector Banks
	What strategy can be used to reduce high level of staff turnover in the bank?	
	Recognize, Evaluate, measure and reward and reinforce the right behavior	4
	Involve and engage employees	5
	Develop skills and potential	2
	Direct Morale surveys	2
	Work life Programs	70
	All of the above	12
	Total	100

Source: Field Survey (2014-15)

Table 5 explains the strategy which can be used to reduce high level of staff turnover. 5 employees said that the bank should Provide an optimistic working environment, 4 said that there should be Recognition, reward, proper performance Evaluation and measurement system, and reinforcement to the right behavior, 5 said that there shall be Involvement and engage employees, 2 said that employee skills and potential should be developed, 2 said morale surveys shall be directed, a major 70 employees said that work life programs should be adopted and 12 employees said all strategies should be adopted.

- **Hypotheses Tested**

H1: The training Programs helps to improve the efficiency of the Banks Employees. There is a significant association between the training programs given to the employees and improving the efficiency of the bank employees.

Table No. 6 : The training programs help in improving efficiency of Employee

Target Question	Training helps	Response
The training programs help in improving efficiency of Employee	Yes	(92%) 92
	No	(8.00%) 8
	Total	100

Source: Field Survey (2014-15)

Null Hypothesis:

The training program does not help to improve the efficiency of the Bank Employees. There is no significant association between the training programs and improving the efficiency of the bank employees.

Table no.6 shows the percentage of employees' views on training programs improving employee efficiency in Private sector Banks employees.92% employees said that the training programs helps in improving the efficiency of the employees in the banks and 8% employees said that employees said that the training programs do not helps in improving the efficiency of the employees in the banks.

Hence, the stated, null hypothesis is rejected and the researcher's hypothesis is accepted. So it is concluded that there is significant association between the training programs and improving the efficiency of the bank employees. It means that the training Programs help to improve the efficiency of the Bank Employees.

H2: Pay is one of the major reasons of employee exit. There is a significant association between the pay given to the employees and employee exit.

Table No 7 : Pay is one of the major reasons of employee exit

Target Question	Training helps	Response
Pay is one of the major reasons of employee exit	Yes	(86%) 86
	No	(14%) 14
	Total	100

Source: Field Survey (2014-15)

Null Hypothesis:

Pay is not one of the major reasons of employee exit. There is no significant association between the pay given to the employees and employee exit.

Table no.7. shows the percentage of employees' views on whether pay is one of the major reasons for employee exit in Private sector Banks employees.86% employees said that the pay is one

of the major reasons for employee exit in the banks and 14% employees said that employees said that the pay is one of the major reasons for employee exit in the banks.

Hence, the stated, null hypothesis is rejected and the researcher's hypothesis is accepted. So it is concluded that there is significant association between pay and employee exit in the banks. It means that pay is one of the major reasons for employee exit of the Bank Employees.

H3: Employee Exit affected adversely on the productivity of the banks. There is a significant association between employee exit and productivity of the banks.

Table No: 8 : Employee Exit affected adversely on the productivity of the banks?

Target/ Particulars	Response	
	Adversely	
Employee Exit affected adversely on the productivity of the banks	Yes	10
	No	90
	Total	100

Source: Field Survey (2014-15)

Null Hypothesis:

Employee Exit does not make any difference on the productivity of the banks. There is a no significant association between the Employee Exit and productivity of the banks.

Table no.8. shows the percentage of employees' views on Employee Exit affected adversely on the productivity in Private sector Banks employees.

Only 10% employees said that the Employee Exit affected adversely on the productivity of the banks and 90% employees said that Employee Exit does not make any difference on the productivity of the banks

Hence, the stated, null hypothesis is accepted and the researcher's hypothesis is rejected. So it is concluded that there is no significant association between employee exit and productivity of bank employees. It means that Employee Exit does not make any difference on the productivity of the banks.

8. Findings and Conclusion

To check the reliability and the validity of the data collected the work experience of the respondent was chalked out. It has been observed that, out of 100 employees, 10 of the employees were found working since less than one year, 16 employees have been found working since one-two years, 50 employees have been working since two-five years and 24 employees have been working since five or more than five years in the same bank. The causes of staff exit in the banks are Inadequate Compensation,

Lack of growth & career planning, Bad Quality of Work Life, Personal Problems and Better opportunity to work. The most compelling factor in their exit decision is less pay and compensation and up to some extent a bad Quality of work life.

There is sufficient employee Orientation given to employees to perform their job duties. During survey it was came out that impact of turnover on departmental level is that the other employee is job overloaded and due to overload that employee is demoralized to work. Only 30% of employees said that they have an exit interview system to retain the employee who are about to leave the bank. The strategies that can be used to reduce high level of staff turnover are Provide an optimistic working environment, Recognize, reward and reinforce the right behavior of the employees, Involve and engage them in their responsibilities, Develop their skills and potential at the same time Evaluate and measure them, Direct Morale surveys and conduct Work life Programs policy.

Training is most crucial part for an employee to develop his or her career. The employees feel that the training given to them is very useful to them for their career advancement and development of the banks as well.

Only 10% employees said that the Employee Exit affected adversely on the productivity of the banks and 90% employees said that Employee Exit does not make any difference on the productivity of the banks

Hence, the stated, null hypothesis is accepted and the researcher's hypothesis is rejected. So it is concluded that there is no significant association between employee exit and productivity of bank employees. It means that Employee Exit does not make any difference on the productivity of the banks.

9. Important Implications/Suggestions

- Workers may be encouraged to offer suggestions for making improvements in the organization. This makes them feel their importance in the company.
- The Bank Management should be open to the employees in small or all decisions and activities of the bank. The employees should be given freedom and empowerment to express their views regarding the working condition.
- Cost-benefit analysis is a reliable tool to evaluate the effectiveness of benefits programme. Therefore the banks are required to devise newer benefit plans to attract and retain competent personnel , keeping a watch on the benefits costs.
- Appropriate pay strategies could be evolved to give fair and adequate compensation to the employees. Performance based increments would improve the performance of the workers.
- A perfect Appraisal system should be framed .Employees should be given feedback for their performance so as to boost up them or to help them improve the quality of work.

- To ensure Employees satisfaction and Quality of Work Life in the Private sector banks, Employers need to design a certain level of employment security, job safety, free from job anxiety, reasonable wage, family day, leisure life, social life enjoyment opportunity, and participation in decision making.

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Customer Satisfaction towards Akbar Travel Services

– Dr. I. Anand Pawar*

Abstract

Today, competition among businesses has become increasingly intense and organizations realize that they cannot compete with each other solely on price, but need to focus on their valued customers. The purpose of this paper was to measure the current level of the customer satisfaction towards Akbar Travel Company(ATC) as well as to better understand customers' needs from the company's point of view in order to improve customer satisfaction. In conclusion, the research revealed that the current service level of Akbar travel can be judged as positive and customers are satisfied with the service they have received. However, several areas were found that need to be improved. In order to improve the level of customer satisfaction, it is suggested that the company should improve its' service environment, implement staff training, and adjust the price of the service, as well as conducting regular advertising campaigns to attract new customers and to inform exiting customers about special offers and upcoming events.

Introduction

In today's modern competitive, fast paced and global economy, a company has to consider its customers more than ever. The increasing power of the customer and fierceness of the competition mean that many organizations are seeking their marketplaces and profit margins eroded. The challenge for business today is to move from product orientation to customer focus. This is becoming more difficult because now customers are increasingly sophisticated, educated and well informed. They have high expectations of the service they want to receive. They want greater choice and will not be 'sold to' or manipulated. Therefore, now- a - days, customers are willing to be treated as individual. They want to be valued and to feel their custom important. Service organizations constantly strive for the higher level of customer services' (Sarah Cook 2002). Total care of the customer can only be achieved when the need of the internal as well as external customers is considered. A good customer service meet customers' expectation which is influenced by such factors as competitive pricing, employees courtesy and behavior, desired customer value, service quality. However, a trained employee tries with heart and mind to ensure the best possible service for the customer. Further, this study was to investigate the factors affecting the level of customer satisfaction and thereby improving the quality of services and products. According to Hunt (1977) customer satisfaction as a process of evaluation rendered service that the experience was at least as good as it was supposed to be.

* Dept. of Commerce, Dr.B.R.Ambedkar Open University, Hyderabad-50033 (TS)

Importance of Customer Satisfaction

In modern business philosophy business should be customer oriented and the implementation of the main principles of continuous improvement, justifies the importance of evaluating and analyzing customer satisfaction. In short, customer satisfaction is considered as baseline of standardize and excellence of performance for many business. It also helps to identify the potential market opportunities (Evangelos and Yannis 2010). Zairi (2000) said in one magazine 'Customers are the purpose of what we do and rather than them depending on us, we very much depend on them. They found that it has direct relationship with company profitability, ROI (return on investment), or share of market. Satisfied customer think twice or several times before switching to alternatives because they become attached emotionally and also afraid to believe on alternatives quality Oliver (1997).Zairi (2000) focussed more on the importance as- 'numerous studies that have looked at the impact of customer satisfaction repeat purchase, loyalty and retention. They all bring the similar message.

About Akbar Travels Hyderabad

Akbar Travels Hyderabad provides travel related services to the people of Hyderabad. Hyderabad is the capital city of the southern Indian state of Andhra Pradesh. It is the largest city in Andhra Pradesh with a population of 7.75 million. It is a tourist destination and has many places of interest, including Chowmahalla Palace, Charminar and Golkonda fort. The city has an average altitude of about 500 Mtr above the sea level. All your travel needs can be addressed by Akbar Travels Hyderabad. All you have to do is to contact Akbar Travels office in Hyderabad. Being one of the 57 IATA approved branches of Akbar Travels in the country it has been successful enough to meet all the travel needs of the people. People who are having a difficult time in selecting the best and cheap flights can always contact the Hyderabad office for assistance. The branch will ensure you the best journey at the cheapest fare. The range of services are offered by the Akbar Travels Hyderabad which includes Domestic and International flight ticket, Hotel reservation, Train reservation, Bus service, Holiday packages, Car rental service, Visa assistance, Hajj & Umrah service, Travel insurance and Foreign exchange.

Need for the Study

To provide excellent service, an organization needs to exceed customer expectations. An important factor in providing good service is to keep promises always and not to guarantee things that cannot be delivered. The main reason behind the research is to measure whether the current situation of customer service was satisfactory of company Akbar travel. Furthermore, to consider the possible way that can be improved. The company Akbar Travel is small size Travel Company that sells airline ticket and a few additional services to the customers. In this modern internet era, a non internet based travel agency as like Akbar Travel need to very strategic to make a good impression in front of the customer. The current customer satisfaction level, factors affecting those satisfactions and customer loyalty factors will be discussed in this study.

Research Objective

The purpose of this research is to measure the satisfaction level of the customer with current services provided by the case company Akbar Travel, which is selling air line tickets and a few additional services in Hyderabad city.

Methodology

Both primary and secondary sources of data have been used. For collecting primary data, a structured questionnaire is designed and circulated among the target sample respondents. To obtain an accurate result in this study, the researcher used probability sampling in random manner and pick respondents for answering the questionnaires that were designed. The final version of the filled in questionnaires were obtained in March, 2016. The author sent hundred questionnaires to customers, but 68 responses were able to acquire that means the number of respondents who able to answer the question was 68%. Required data was collected through questionnaire and analyzed with the help of statistical software SPSS. The result of the collected data has been analyzed with help of Microsoft excel 2010 and SPSS.

Results and Discussion

Demographic Profiles of Respondents: The general information includes the basic profile of respondents about gender, age, occupation and nationality. It is very important for the case company to know about what kind of customer are their value customer. The first question was about gender of the respondents and all 67 respondents answer to that question. The table 1 clearly indicating that over 58% was male respondents and about 42% was female. Further table 1 is clearly indicating the majority of the customer belongs to age 20-29 which counts for 32.8% of total respondents. The second largest age-group is 30-39 that counts for 28.4%. The oldest group is the smallest group of customer that represents 7.5%. The study shows 9% customer belongs to the group of under 20 and the age group 40-49 represent 22.4% of the customer which almost quarter of the total respondents. At the moment, from this survey it is clear that the majority (60.6%) customer is from age group 20-39. It is also shows that the occupation of the respondent and there full time employed are the majority group that indicates 47.8% which is almost half of the customer. The second largest group belonged to students, which is 26.9%. 17.9% was partly employed and 7.5% was unemployed. Therefore, it seems that the case company's majority customer is fully employed or students that in combined represent over 70% of the total customer.

Table-1 Demographic Profiles of Respondents (N=76)

DEMOGRAPHIC FACTORS	PERCENT
Gender:	
Male	58.21%
Female	41.79%
Age:	
Under 20	09.00%
20-29	32.80%
30-39	28.40%
40-49	22.40%
50 Above	07.50%
Occupation:	
Full time employed	47.80%
Part-time employed	17.90%
Unemployed	07.50%
Students	26.90%

Source: Field data

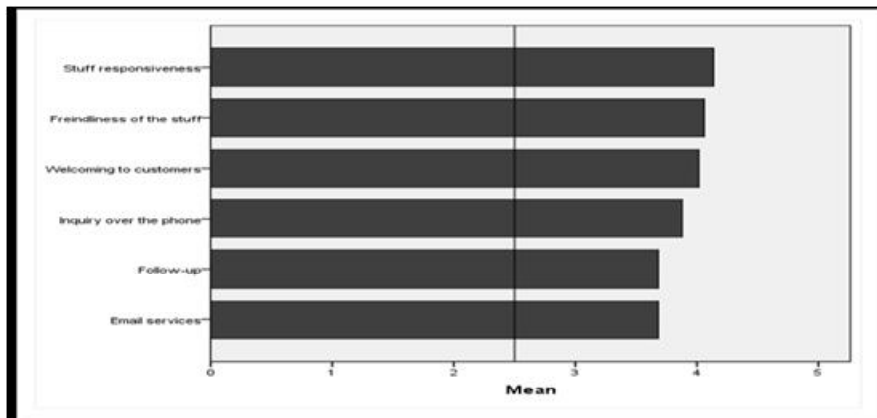
Akbar Travel's service and customer satisfaction: This study shows the current satisfaction level of the potential customer by the offered services of the case company; as well as the overall satisfaction with case company. Moreover, the main motive was to find out whether any modification needed to improve better customer services. The researcher at this point critically examined question 9 to 12 where respondents were asked question to choice from 1 to 5 and claim whether poor, very poor, neither poor nor good, good and very good. At the end, how price factor change the view of satisfaction also discussed.

Customer attitude towards the services provided by Akbar Travel: Customer's attitude seems very positive, and they are pleased with the service provided by the Akbar travel reflects as table-2. Where the mean value was 2.5, all the service mentioned in question 9 got near and above 4. That means customers are highly pleased by the services and they rated staff responsiveness at top; email service and follow-up at the bottom. However, different customer had a different opinion, and one of the aims of this study was to find out at what level the customers were satisfied with current services. Thus, to find more accurate result author used crosstabs and Mann-Whitney test with gender and age groups in table 3(a) and 4 (a).

Table -2Customer attitude towards company's services

Factors	Mean Value
Staff responsiveness	4.20
Friendliness of the staff	4.10
Welcoming to the customers	4.00
Inquiry over the phone	3.78
Follow-up	3.67
Email service	3.67

Figure -1Customer attitude towards company's services



Customer's Opinion about Staff Friendliness: Table 3 shows out of 67customers, 42 percent respondents very strongly agree that staffs are friendly, and about 20 percent says they are good which together represent over 72% of the total respondents. 12 percent of respondents believed friendliness, and welcoming are poor and 16 percent of respondents remain neutral with neither satisfied nor dissatisfied. Since the majority of the customers are satisfied with this service, but table 3 shows that 2.5 percent of male respondents answered friendliness of staff or welcoming to customers is poor where no female felt like that. Again 78% female respondents out of 28 believed this service is good and very good. On the other hand, there are 62 percent male out of 39 seems very satisfied. According to study, it seems that female are treated more sensitively than male and thus they are more satisfied. In addition, though the study seems female are more satisfied, but it might be unjustifiable too as the size of sample was only 68 and due to small sample, the chi square test does not give any valid result which contain error assumption more than 5%.

Table -3 Staff welcoming and friendliness to customer

Responses	FREQUENCY	PERCENT
Very good	28	41.79
Good	20	29.85
Neither good nor bad	11	16.41
Poor	07	10.44
Very poor	01	01.49
Total	67	100.00

Source: Field data

Table -3(a) Cross tabulation (Gender and Staff Friendliness)

		Gender		Total
		Male	Female	
The Stuff Welcoming to customers and their friendliness	Poor or very poor	8 (2.5%)	0 (0%)	8 (11.9%)
	Neither good nor bad	5 (12.8%)	6 (21.4%)	11 (16.4%)
	Good and Very good	26 (66.7%)	22 (78.6%)	48 (71.6%)
	Total	39 (100%)	28 (100%)	67 (100%)

Source: Field data

Customer reaction about email service: Table 3 indicates the majority of the customers are satisfied with email service, which counts 41.8% of the respondent and 22.4% of them felt as the service is very good. However, some are not satisfied with this service that counts 16.4% and 16.4% did not care about email service. However, to know about the effectiveness of the result, researcher used cross tabulation with age group, which had been categorized as a group below 30 and group 30 or more. The study shows, 12 out of 28 of less than 30 considered the service is bad or very bad where only 1 out of 39 of the second group said this service is poor, and as we have seen earlier age group 20-29 was the majority that counts 32.8%. On the other hand, the older group is more satisfied with this service that made up 31 frequencies. To ensure validity, researcher used Mann Whitney U test in table 3 (a) which indicates that the study assumption is 99.1% correct.

Table-4 Email service by Akbar Travel

RESPONSES	FREQUENCY	PERCENT
Very good	15	22.40
Good	28	41.80
Neither good nor bad	11	16.40
Poor	11	16.40
Very poor	02	03.00
Total	67	100.00

Source: Field data

Table -4(a) Cross Tabulation (Email service and gender)

		Age group (Yrs)		Total
		<30	>30	
Email service	Poor or very poor	12	1	13
	Neither good nor bad	4	7	11
	Good and Very good	12	31	43
	Total	28 (41.8%)	39 (58.2%)	67 (100%)

Source: Field data

	Age Group 2c	N	Mean Rank	Sum of Ranks
Email service	<30	28	27.2	756.50
	>30	39	39.01	1521.50
	Total	67		

Test Statistics Mann-Whitney U test

	Follow-up
Mann-Whitney U	350.500
Wilcoxon W	756.500
Z	-2.609
Asymp. Sig. (2-tailed)	.009

Customer's opinion about the price of the service: In table 5, 44.80% customer thought that the price of the air line ticket is reasonable at Akbar Travel. On the other hand, 29.90% customer's opinion indicates service is expensive, and 25.40% felt the price is same as other place.

Table- 5Price comparison of the service

RESPONSES	FREQUENCY	PERCENT
Cheaper	30	44.80
Same	17	25.40
Expensive	20	29.90
Total	67	100.00

Source: Field data

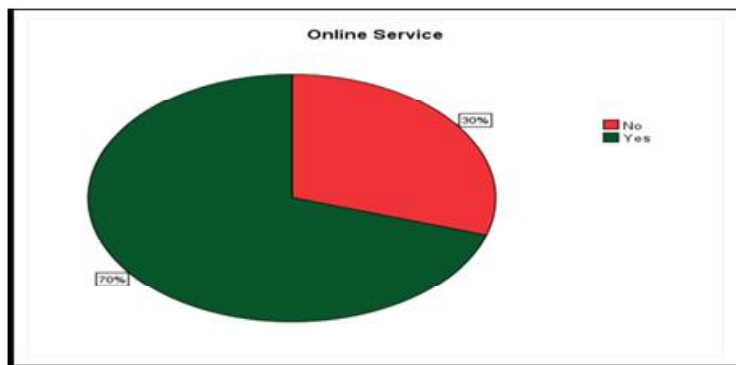
Customers' perception about advertising: The table 5 shows there are 46% of respondent customer which near about half of the customers respond advertising of the Akbar TravelCompany neither good nor bad. 30% of the respondents said it was good, and only 13% of them said it was outstanding. Other remains with bad. Some of the customer also mentioned in written online advertising is very poor and usually they did not get any information from webpage. It requires service concern from the company to look into this issue.

Figure -5Customers' perception about advertising by ATC

RESPONSES	FREQUENCY	PERCENT
Very good	09	13.43
Good	20	29.85
Neither good nor bad	31	46.26
Poor	06	08.95
Very poor	01	00.67
Total	67	100.00

Source: Field data

Figure -2Customers' attitude about online service improvement



Source: Field data

Customers Buying Behaviour: The table 6 shows the general buying behaviour of the customer. There are 48.44% of the respondents which is almost half of the respondents buy airline tickets in

every 2 years. 25% of them said that they buy tickets every year. Over 23.43% customer travel every 6 months that is almost quarter and at last 3.1% travel every month.

Table-6 Customers Buying Behaviour

RESPONSES	FREQUENCY	PERCENT
Once in 2 years	33	48.44
Once in 1 year	17	25.00
Once in 6 months	15	23.43
Once in a month	02	03.13
Total	67	100.00

Source: Field data

Customer's Loyalty and future buying possibilities: The idea behind the question was to find out the loyalty of the customer. It assumed that loyal customers do repeat purchase. It also reflects the satisfaction that the customer received during last service. Here table 7 indicates, 30% of the customers probably buy service again from case company, and 22% strongly believe they will do. However, 28% of the customers are not sure about their decisions. Only 4% strongly said they do not buy, but the majority of the customer seems satisfied with Akbar Travel and willing to buy in the future.

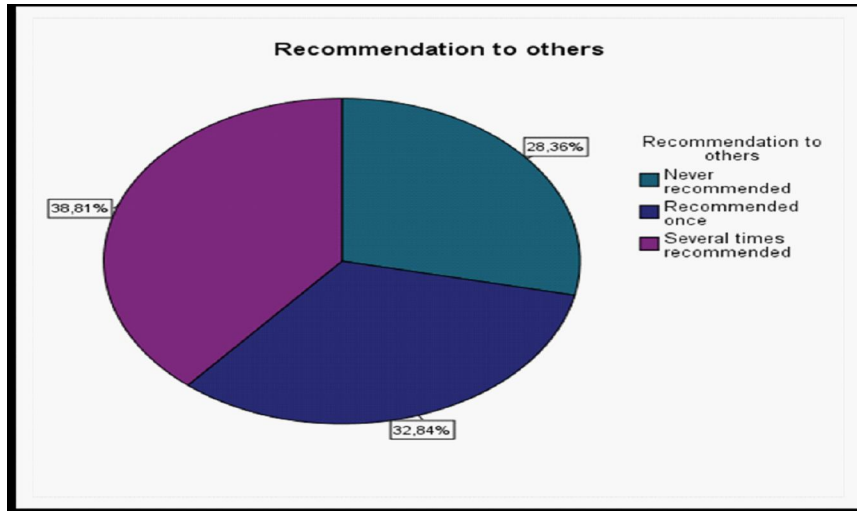
Table -7 Customers' loyalty to repeat purchase

RESPONSES	FREQUENCY	PERCENT
Definitely	12	17.91
Probably	20	29.85
Not sure	17	25.37
Probably not	12	17.91
Definitely not	06	08.95
Total	67	100.00

Source: Field data

Recommendation: The very purpose of a business is to create a customer who creates more customers. Only satisfied customer would share and spread his/her happiness towards company and its offerings. It works as word of mouth marketing- the powerful medium of promotion. The objective behind this question was to measure the willingness of the customer to recommend Akbar Travel to others. The more recommendation means more the customers satisfied. It also has seen that one of prime media of marketing of Akbar Travel is the word of mouth. Moreover, it will reflect the overall satisfaction of services provided by the company. The question was asked with three options where 'A' stands for never recommended, B for recommended once and C mean several times recommended.

Figure -3 Customer recommendations to others



Source: Field data

The figure 3 shows, there are 38.8% customers said that they recommend Akbar Travel to their friends several times. Another 32.8% of the customer advises at least once to others, and 28% never support Akbar travel to others. Hence, it is concluded that the majority of the customers are happy with the services of Akbar Travel Company.

Conclusion and Suggestions

The purpose of this study was to measure the current satisfaction level of the customer as well as better understand customers' needs from company's point of view for improving the service level further. At the same time, research also analyzed the reason and factors that raise problems of effecting satisfaction level. The research had been completed by the use of quantitative research method approach by means of the questionnaire, and one short interview was possible to arrange with the company owner. According to the research, customer background information, male customers are the majority availing services of AkbarTravel Company; in the age group of 20 to 29; full time employed and more than 50% of customers are non European. This basic information will help the company to focus on specific target group and improve their tailored service. It has observed that word of mouth is the major marketing communication tool for the company with customer. It can be said that, the company must have a positive effect in customers mind thus they recommend or in other word advertise about the company.

Next, when the author took the company owner's interview, the owner told that if a customer wants any changes or cancellation regarding the ticket, they do not charge any extra money for that. In this case, price refund also possible if it has done in time, which is generally not possible if customer

buy a ticket in online. This competitive advantage can help to attract new customer to the company. However, as mentioned earlier now the company concentrate more on Asian and African people, thus they should pay more attention to its brand building and service. According to the survey result, the current service level of the Akbar Travel is very good and customer satisfaction level comes out positive with the overall service. However, though the current service level seems very satisfactory to meet customer needs and demand, these areas still need some modification and improvement to keep the service in high standard. For example, some training and motivation to the employee can add huge advantage and benefits for success in improving service level.

Furthermore, updating information and inform to the customer about new offers and products still need some improvement. According to the respondent opinion, though billboard of the company is one of positive ways of marketing communication, but customer feel the company should do some paper advertisement or online marketing to keep informing customers. Finally, unnecessary high prices need some adjustment to feel about fairness to the customer. Thus, based on the study it can be said that though the majority of customers currently are satisfied with the service provided by Akbar Travel, but the company still need to understand its weakness and work hard to improve the service that can meet customers perceived service level.

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Factors Influencing the Banking Customers to Adoption of Mobile Banking: A Study with Special Reference to Chennai City

– Dr. V.N. Parthiban*

Abstract

In India technology plays an imperative role in banking sector. Banking is one of the prime financial institutions constantly explores the opportunity of technology enabled services to provide better customer experience and convenience. Mobile phone is a common technology device that became part of every individual in the information era. Mobile Banking is an emerging interchange channel for providing banking services. India is the second largest telecom market in the world, which is having high potential for expanding banking services using mobile phones. This paper has examined the factors are influencing the banking customers to adoption the mobile banking in Chennai city. The study surveys the opinion of 300 customers of banks located in Chennai city. Factor Analysis has been used for having insights in the mobile banking services provided by the different banks. The study found that five predominant factors namely Convenience, Safety, Reliability, Efficiency and Responsiveness are significantly influencing banking customers for adoption of mobile banking in Chennai city.

Introduction

The spread of mobile technology across the globe is one of the most remarkable achievements in the last decades. Mobile phones have increasingly become tools that consumers use for banking, payments, budgeting, and shopping. Advances in mobile technology have revolutionized almost every facet of society, from information to education, granting enhanced access to an ever-growing number of people in the country. India has a mere 125 million Smartphone users currently, the world's third-largest base after China and the United States. This is projected to have a dramatic impact on the country's social evolution. Mobile banking continues to be a focus area for all banks in India. The present study indicates that they are not only looking at this channel as a way to increase their customer engagement in urban areas, but also to reach out to new ones in rural regions, and thereby significantly further their financial inclusion agenda. Mobile banking services in India are still in their infancy, leaving a great deal of room for development. The banks in India use this latest technology to reduce their operational costs and increase customer base (Peterson, 2009). After the launch of mobile banking in India, mobile banking transactions have seen some growth. But mobile banking still has a long way to go as majority of customers prefer banking in the traditional ways (Ashta, 2010; Wang, Wang, Lin & Tang, 2003). An important question here is why customers are not adopting mobile banking. Answer

* Associate Professor and Head, Department of Commerce, Rama Krishna Mission, Vivekananda College, Mylapore, Chennai- 600 004. Email: vnparthiban@yahoo.co.in

to this question could help banks to come up with a right solution to improve their mobile banking services and Mobile banking usage rate. The factor analysis of the data has given four clear factors. These factors are labeled as "Security/Privacy, Reliability, Efficiency, and Responsiveness". This is on the basis of understanding of customer's perception regarding the mobile banking. It supports the earlier findings of Sharma and Singh (2009). The study found that that Indian mobile banking user is specially concern with security issues like financial frauds, account misuse and user friendliness issue.

Review of Literature

Clark (2008) suggested that as a channel the mobile phone can augment the number of channels available to consumers, thereby giving consumers more low-cost self-service options by which to access funds, banking information and make payments. Mobile as a channel delivers convenience, immediacy and choice to consumers. But there are a large number of different mobile phone devices and it is a big challenge for banks to offer Mobile banking solution on any type of device. Vyas (2009) established his study was stated that Indian banks will target non online banking users who may lack regular access to desktop internet but are very likely to own a mobile device, thus reporting great potential of Mobile banking in India. Riquelme and Rios (2010) found their study the usefulness, social norms, and social risks are factors that influence the intention to adopt mobile banking services the most. They also indicated that ease of use and social norms have a stronger influence on female respondents than male, whereas relative advantage has a stronger effect on perception of usefulness on male respondents. Zhou (2011) identified from his study was the validated determinants of intention to use mobile banking thorough trust based TAM model. The study indicated that structural assurance and information quality are the main factors affecting initial trust which, in turn, affects perceived usefulness, and both factors predict the usage intention of mobile banking. Yasodha (2012) revealed that education, gender and income play an important role in shaping customer's perceptions about mobile banking services offered by Indian Overseas Bank. Another major issue is the revenue sharing agreements between mobile service providers, banks, content providers, aggregators and other service providers like utilities, travel agencies, hotel industry, retailers etc. Bamoriya and Singh (2013) found that the mobile banking face challenges like mobile handset compatibility, standardizing, software downloading, privacy & security. Neha Sharma (2015) found her study was the mobile phones have immense potential of conducting financial transactions thus leading the financial growth with lot of convenience and much reduced cost. For inclusive growth, the benefits of mobile banking should reach to the common man at the remotest locations in the country. For this all stakeholders like Regulators, Government, telecom service providers and mobile device manufactures need to make efforts so that penetration of mobile banking reaches from high-end to low-end users and from metros to the middle towns and rural areas. Inclusion of non-banking population in financial main stream will benefit all.

Research Methodology

The core objective of the present study is to find out the factors influencing the customers to

adopt the mobile banking in Chennai city. The target audience of the study comprised those who are using mobile banking services in Chennai city. The sampling unit was the customers of different banks who had an account in any branch located in Chennai city and have been using mobile banking facility. The convenience sampling method was adopted to select the customers. The sample size was 300. This is fairly large to represent the population. The well-structured questionnaire was used to collect the primary data. Likert's five-point scale was employed to determine scores, where respondents were asked to rate each attribute on 5-point scale ranging from strongly agree to strongly disagree. The data was collected during the period from April 2016 to July 2016. The data so collected were subjected to Descriptive Statistics, Item and Reliability Analysis, Exploratory Factor Analysis using Principal Component method with Varimax rotation. This study has used SPSS version 21 software package to analyze the data.

Table 1 : Profile of Respondents

	Frequency	Percent
Gender		
Male	206	68.7
Female	94	31.3
Total	300	100.0
Age		
Up to 30 years	52	17.3
31-35 years	99	33.0
36-40 years	77	25.7
Above 40 years	72	24.0
Total	300	100.0
Educational qualification		
UG	104	34.7
PG	105	35.0
Professional Degree	91	30.3
Total	300	100.0
Monthly Income		
Up to Rs.25,000	54	18.0
Rs.25,001 - Rs.35,000	118	39.3
Rs.35,001 - Rs.45,000	100	33.3
Above Rs.45,000	28	9.3
Total	300	100.0
Employment		
Private	145	48.3
Govt.	52	17.3
Professionals	83	27.7
Students	20	6.7
Total	300	100.0
Marital status		
Single	91	30.3
Married	209	69.7
Total	300	100.0

Source: Computed from primary survey

Table 1 shows that demographic profile of respondents. It is noted from the study majority 68.7% of respondents are male and 31.3% of respondents are female. Regarding age wise distribution of respondents, majority 33% of the respondents are in the age group of between 31-35 years, followed by 25.7% of the respondents are in the age group of between 36-40 years, 24% of the respondents are in the age group of above 40 years and 17.3% of the respondents are up to 30 years. Education wise, majority 35% of the respondents are post-graduate, followed by 34.7% of respondents are under graduates and 30.3% of the respondents are professionally qualified. In connection with monthly income, majority 39.3% of the respondents monthly income was between Rs.25,001 - 35,000, followed by 33.3% of the respondents monthly income was between Rs 35,001- 45,000 and 9.3% of respondents monthly income was above Rs.45,000. Regarding occupation of the respondents, majority 48.3% of the respondents are private employees, followed by 27.7% of the respondents are professional, 17.3% of the respondents are government employees and 6.7% of the respondents are students.

Exploratory Factor Analysis

Exploratory factor analysis applied to determine the predominant factors which influence the customers to adopt the mobile banking in Chennai city. Table 2 highlights that the KMO measure is 0.833. Thus, this is confirming the appropriateness of Factor Analysis. Bartlett's test of sphericity indicates whether a given correlation matrix is an identity matrix, which would indicate that the variables are unrelated. The significance level gives the result of the test. The values less than 0.05 indicate that there are probably significant relationships among the given variables. The p value is 0.000, which is less than 0.05, thus, suggesting that the variables are highly correlated.

Table 2 : KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.833
Bartlett's Test of Sphericity	Approx. Chi-Square	5122.682
	df	153
	Sig.	0.000

It is noted from the study the communalities variance which ranges from 0.459 to 0.939. This indicates the 18 variables exhibited the variance from 45.9% to 93.9%. This variance limitation is statistically significant at 5% level to conclude the factor reduction out of 18 variables is meaningful to represent the commitment variables.

The following table shows the number of factors derived out of 18 variables of factors Influencing customers to adopt the mobile banking in Chennai city.

Table 3 : Total Variance Explained- Factors influencing the customers to adopt the mobile banking in Chennai city

Total Variance Explained						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.157	39.761	39.761	4.410	24.497	24.497
2	2.433	13.516	53.277	3.206	17.810	42.308
3	1.428	7.932	61.209	3.011	16.729	59.037
4	1.171	6.506	67.715	1.491	8.281	67.318
5	1.051	5.838	73.553	1.122	6.235	73.553
6	.989	5.495	79.048			
7	.874	4.857	83.905			
8	.667	3.704	87.609			
9	.628	3.487	91.097			
10	.408	2.269	93.366			
11	.359	1.994	95.360			
12	.282	1.568	96.928			
13	.209	1.161	98.089			
14	.137	.761	98.851			
15	.096	.535	99.386			
16	.066	.364	99.750			
17	.037	.206	99.956			
18	.008	.044	100.000			

Extraction Method: Principal Component Analysis.

Table 3 reveals that Total Variance Explained- Factors influencing the customers to adopt the mobile banking in Chennai city. It is noted from the above table, 18 variables are converted into five predominant factors with Eigen value 4.410, 3.206, 3.011, 1.491 and 1.122 and individual variance 24.497%, 17.810%, 16.729%, 8.281% and 6.235%. The total variance of 18 variables is 73.553% which is statistically significant at 5% level. It also shows that the derivations of 5 factors are meaningful in explaining the factors which influencing the customers to adopt the mobile banking in Chennai city.

Table 4 : Rotated Component Matrix (a) -Factors influencing the customers to adopt the Mobile Banking in Chennai city

	Component				
	Convenience	Safety	Reliability	Efficiency	Responsiveness
Easy to use	.883				
Easy to Transfer Money	.883				
Easy to Pay Utility Bills	.878				
Easy to check account balance	.859				
Instantly operate account	.640				
Easily download the app		.921			
Transactions never saved the mobile and SIM		.869			
Easily updated the app		.830			
Mobile banking services are safe to use			.859		
Balance Enquiry is Reliable			.846		
Easily connect the other account details			.761		
Quick services of other accounts			.738		
Mobile banking functions are functional				.730	
efficient and competitive				.624	
Decongesting the banking halls and reduces the amount of paperwork				.565	
Customers are being deputized in real time to watch their accounts					.790
Mobile banking is available round the clock 24/7/365					.508

Table 4 highlights that the prime five components which played a great role of adopting mobile banking among the customers in Chennai city. The rotated component helps in making a broad interpretation of five parameters; i.e Convenience, Safety, Reliability, Efficiency and Responsiveness.

Table 5 : Factors Mean and Standard deviation

Factors	Mean	S.D
Convenience	3.97	0.799
Safety	3.86	0.946
Reliability	3.51	1.209
Efficiency	3.48	1.25
Responsiveness	3.36	1.284

Source: Computed from primary data

Table shows that factors mean and standard deviation. Among the five factors, most significant

factor to adopt the mobile banking is "Convenience (3.97)" followed by "Safety" (3.86), "Reliability" (3.51), "Efficiency" (3.48) and "Responsiveness" (3.36).

Null Hypothesis 1

The determinants are not influencing the customers to adopt the mobile banking in Chennai city

Table 6 : One-Sample t test for whether the determinants are not influencing the customers to adopt the mobile banking in Chennai city

Determinants	N	Mean	Std. Deviation	t value	p value
Convenience	300	3.97	.799	21.036	0.000**
Safety	300	3.86	.946	15.812	0.000**
Reliability	300	3.51	1.209	7.259	0.000**
Efficiency	300	3.48	1.250	6.607	0.000**
Responsiveness	300	3.36	1.284	4.855	0.000**

Source: Computed from primary survey

Note: **represents significant at 1%.

Table 6 highlights that one sample t test for whether the determinants are not influencing the customers to adopt the mobile banking in Chennai city. All the determinants p value is less than 0.01; therefore, the null hypothesis is rejected at 1% level of significant. Hence it is concluded that the determinants of Convenience, Safety, Reliability, Efficiency and Responsiveness are influencing the customers to adopt the mobile banking in Chennai city.

Conclusion

It is observed from the study, there are five predominantly factors namely Convenience, Safety, Reliability, Efficiency and Responsiveness are influencing the banking customers to adoption of mobile banking in Chennai city. Banking practitioners and managers can use these dimensions to measure the effectiveness of service provided by them. The finding can be used to manage organization resources and provide higher quality of services to their customers. This will result in retaining of customer and thereby lowering the cost of acquiring new customer.

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The Impact of Mergers and Acquisitions (M&As) on Operating Performance : An Empirical Study of Select Companies in India

– Shree Prakash*

Abstract

The present study analyses the impact of M&As on long-term operating performance pre- and post-merger of the combined entity on completion of M&A deals during 2000-2010 using the cash flow returns on operating assets at book as well as market value. The changes in operating performance attributable to merger and acquisition are measured by comparing the post and pre-merger operating cash flows scaled by the operating assets three years before and after the year of M&A. This study uses a sample of 51 pairs of acquiring and target firms involved in M&As during the period April 1, 2000 to March 31, 2010. M&As as strategy of growth is found not helping in improving corporate performance for the combined firm in the long term based on evaluation of long term operating performance. The difference between AIACFi, POST and AIACFi, PRE is found insignificant based on both the book as well as the market value.

Keywords: mergers, acquisitions, acquirers, targets, combined entity, operating performance, cash flow returns

Introduction

Companies can grow either internally or externally. Internal growth, which is also called organic growth, is achieved over long time period through excellence in operations, efficiency improvement, acquiring assets, opening up of branches, introduction of new product or product lines and the like. The business strategy of external growth or inorganic growth through mergers and acquisitions (M&As) is considered as quickest means of achieving corporate growth to enhance their size and face the increasing face of domestic and global competition. M&As have become an important strategy for geographical expansion of businesses across the world. The increase in the M&A deals is on account of economic liberalization and integration of economies world over. There has been rapid growth in M&As activity in India too since the initiation of economic reforms in 1991 (Beena, 2004 p.11).

Theoretically, M&As create value by creating operating and financial synergies. M&As create operating synergies by achieving economies of scale and scope and financial synergies by reducing cost of capital, coinsurance effect, lowering floatation and transaction cost, solving mismanagement

* Assistant Professor and HOD of Department of Commerce, P. R. L. S. Government Post Graduate College, Alapur, Ambedkar Nagar, Uttar Pradesh. E-mail id: rai_shreeprakash@rediffmail.com or, rai.shreeprakash239@gmail.com

(agency problems), increased market power and tax benefits. M&As are outcome of various driving factors such as strategic realignment, technological change, booming stock market, falling interest rates, diversification, competitive and regulatory changes. M&As are expected to have favorable long term impact on a company's operating performance if they have to be worthwhile strategies aimed at creating shareholder value. With the globalization of competition and capital markets, shareholder value is rapidly capturing the attention of the corporate entities worldwide and the concept is slowly becoming the global standard for measuring business performance. Lots of research and investigation has been conducted in the field of economics and strategic management on the kinds of benefits which are derived out of such M&As to the acquiring and target company, the customers and the society at large. Many merger theories have emerged to explain why firms continue to initiate M&A in spite of the overwhelming evidence indicating that their shareholders will effectively 'lose out'.

Several foreign studies have examined changes in operating performance of acquiring firms after M&As. The results in the findings of several foreign studies are mixed. While some studies found improvement in operating performance (e.g., Healy, Palepu & Ruback, 1992; Cornett & Tahrarian, 1992; Manson et al., 1993, Chatterjee & Meeks, 1996; Switzer, 1996; Manson et al., 2000; Ghosh, 2001; Ramaswamy & Waagelein, 2003; Rahman & Limmack, 2004; Feroz et al., 2005; and Lau et al., 2008), many other studies found no improvement or negative effect on operating performance based on accounting data (e.g., Singh, 1971; Utton, 1974; Meeks, 1977; Mueller, 1980; Ravenscraft & Scherer, 1989; Agarwal, Jaffe, & Mandelker, 1992; Clark & Ofek, 1994; Barber & Lyon, 1996; Yook, 2004; Majumdar et al., 2007; and Ismail et al., 2010).

Studies on M&As in India are very few and that too are limited to comparing pre- and post-merger performance using a case by case approach (Kaveri, 1986) or a general description of mergers and takeovers and their accounting framework (Kumar & Parachure, 1990). Some studies have analyzed post-merger operating performance of the acquirers including the comparative pre- and post- operating performance. The results of these studies are found mixed and no clarity appears regarding the impact of M&As on operating performance post-merger.

Review of Literature

Ravenscraft & Scherer (1989) in their study of merging firms profitability during 1975-77 using cash flow returns on sales did not find any support for improved post-merger operating performance. They rather found a significant negative impact of 13.34 per cent on the post-merger profitability.

Healy, Palepu & Ruback (1992) took a sample of 50 largest mergers in U.S. between 1979 and mid-1984 to investigate into post-acquisition performance using operating cash flow returns on actual market value of assets. They found insignificant improvement in assets productivity relative to their industries, leading to higher operating cash flow returns. They used industry performance as a benchmark to evaluate post-merger performance. They concluded that the merged firms were successful in increasing their post-merger operating cash flow returns in comparison to others in the sector.

Cornett & Tehranian (1992) investigated the post-acquisition performance of 30 large acquirer banks in the U.S. between 1982 and 1987. The pre- and post-merger performance was computed for three years before and three years after the merger respectively. They found the evidence of significant improvement in post-merger performance as compared to pre-merger period.

Switzer (1996) analyzed the post-merger changes in operating performance of 324 acquisitions during 1967 and 1987 in the U.S. She used the cash flow based measure for assessing operating performance. She found evidence of improved synergistic gains and better performance in the long-run.

Manson et al. (2000) investigated a sample of 44 takeovers in the U.K. between January 1, 1985 and December 31, 1987. They used Cash flow measure and found that takeovers had led operating gains ranging from 2 per cent to 14 per cent per year in the post-merger period.

Ghosh (2001) investigated to show whether operating performance had actually improved post-acquisition. The study used a large sample of acquisitions from 1981 to 1995. He made a comparison between pre- and post-merger operating cash flow performance relative to the merged firms and found no evidence of improved performance in operating cash flow following acquisition. The study revealed that cash flows of merging firms increased significantly by 2.4% every year. The median increase in post-merger cash flow by 0.26% per year was statistically insignificant.

Ramaswamy & Waegelein (2003) tested post-merger financial performance of a sample of 162 companies involved in mergers during 1975 and 1990 in Hong Kong. The study used operating cash flow returns on market value of assets as a measure of performance. The study covered a period of five years pre- and post-merger and found that there was a positive significant improvement in post-merger performance and a significant association between post-merger performance and differences in relative size of the combined firms.

Rahman & Limmack (2004) carried out analysis on pre- and post-merger financial performance based on operating Cash flow measure. They used ratio of operating cash flow to book value of operating assets of the merged companies pertaining to two years before and five years after the merger and found improvements in operating cash flow returns of 3.75 per cent per year after the merger.

Ramakrishna (2008) examined a sample of 87 pairs of merging firms in India between January, 1996 and March, 2002 for assessing the impact on long-term post-merger performance of firms. He used pre-tax operating cash flows deflated by book value of operating assets to measure firm performance. He adjusted raw firm operating performance measure for industry and economic effects. The study used aggregate industry-adjusted cash flow return three years before and after the year of merger to measure changes in post-merger performance and found the evidence of improved long-term performance attributable to higher efficiency in utilization of assets.

Leepsa & Mishra (2012) investigated a sample of 115 mergers during the period 2003 and 2007 in non-financial sector in India. The analysis was based on financial data available 3 years before and

3 years after the year of merger excluding the year of merger. The study found no significant improvement in financial performance after merger.

The results in Indian studies are found mixed and no clarity appears in these studies. Some of the studies have shown that the operating performance of acquirers improved significantly after acquisitions (e.g., Joshi, 1991; Bhanu, 2005; Reddy & Padma, 2005; Selvam, Vanitha, & Babu, 2005; Gangadhar & Reddy, 2007; Vanitha & Selvam, 2007; Kumar & Rajib, 2007 a; Mann & Kohli, 2008; Ramakrishna, 2008), while some other studies have reported either no improvement or significant negative effect on operating performance (e.g., Beena, 2000; Pawaskar, 2001; Kaur, 2002; Kumar, 2004; Beena, 2004; Dash, 2005; Bagchi & Banerjee, 2005; Agarwal & Bhattacharjea, 2006; Gourlay, Ravishankar, & Weyman-Jones, 2006; Mallikarjunappa, 2007, Tambi, 2007; Kumar & Rajib, 2007 b; Mantavadi & Reddy, 2008; Kumar, 2009; Leepsa and Mishra, 2012).

Objectives of the Study

The objective of this study to investigate into the long term impact on operating performance of the merging (acquiring and target combined) companies involved in M&As by comparing their aggregated post-merger performance with the aggregated pre-merger performance.

Data Source and Sample Selection

The study is intended to identify select M&As during the period from April 1, 2000 to March 31, 2010 and assess their impact on long term operating performance of merging firms. Data for the study are mainly secondary in nature. The required data were obtained from CMIE-PROWESS database.

Sample Selection Procedure

The criteria for the selection of a company to be included in the sample are:-

- The companies are cross-listed in both BSE and NSE.
- Both the acquirer and target companies should be listed on the stock exchanges at the date of announcement.
- The transaction has to be announced between April 1, 2000 and March 31, 2010.
- All the deals should be completed.
- Acquirers' and targets' nation is India.
- Duplicate deals were not considered.
- The merger companies must be publicly held companies, with financial results consistently reported for a period of three years before and after the year of completion of merger and acquisition deal.

- Financial services firms are excluded as the motive for an acquisition of a financial service firm might be very different and also financial service firms are highly regulated.
- Only majority acquisitions have been considered. The majority acquisitions are defined as the percentage of shares owned before the acquisition is less than 50 % and after the acquisitions are more than 50 %.

The final sample comprises of 51 pairs of acquiring and target companies from across various industries involved in M&A during the aforementioned period shown in table 1. There are 42 pairs of acquiring and target firms involved in mergers while remaining 9 pairs are substantial acquisition deals.

Research Methodology

This study uses cash flow measure of accounting performance technique for evaluating the real impact of M&As on long term shareholders' value creation. The study has been conducted on 51 pairs of selected merging acquiring and target firms occurring during the period from April 1, 2000 to March 31, 2010. This period helps ensure that three years of financial data for companies both before and after the mergers and acquisitions are available for the purpose of the analysis.

Traditional accounting measures suffer from their own limitations. Therefore this study uses cash flow measures since it is considered to be an accurate indicator of productivity/efficiency effects which result from a combination (Switzer, 1996).

The pre- and post-merger operating performance of merging firms relative to industry is compared based on two models. In the first model, cash flow was deflated by book value of assets. In the second model, cash flow was deflated by market value of assets.

Table 1: Companies Selected for Accounting Performance (Cash Flow Return) Study

Serial No.	Name of Acquirer Company	Name of Target Company	Nature of Deal
1.	Aditya Birla Nuvo Ltd	Aditya Birla Minacs I T Services Ltd	Substantial
2.	Amtek Auto Ltd	Ahmednagar Forgings Ltd	Acquisition
3.	Seshasayee Paper and Boards Ltd	High Energy Batteries (India) Ltd	Substantial
4.	Supreme Industries Ltd	Supreme Petrochem Ltd	Acquisition
5.	Bajaj Hindustan Ltd	Bajaj Hindustan Sugar & Industries Ltd	Substantial
6.	Golden Tobacco Ltd	G H C L Ltd	Acquisition
7.	IVRCL Infrastructure & Projects Ltd	Hindustan Dorr-Oliver Ltd	Substantial
8.	Spentex Industries Ltd	Amit Spinning Industries Ltd	Acquisition
9.	English Indian Clays Ltd	Greaves Cotton Ltd	Substantial
10.	Bright Brothers Ltd	Brite Automative & Plastics Ltd	Acquisition
11.	Crompton Greaves Ltd	Punjab Power Generation Machines Ltd	Substantial
12.	Usha Ispat Ltd	Usha Udyog Ltd	Acquisition
13.	Balrampur Chini Mills Ltd	Tulsiapur Sugar Co. Ltd	Substantial
14.	Dharamsi Morarji Chemicals Co. Ltd	Udaipur Phosphates & Fertilizers Ltd	Acquisition
15.	Tata Coffee Ltd	Asian Coffee Ltd	Substantial
16.	Manali Petrochemicals Ltd	Spic Organics Ltd	Acquisition
17.	Dr. Reddy's Laboratories Ltd	American Remedies Ltd	Substantial

Serial No.	Name of Acquirer Company	Name of Target Company	Nature of Deal
18.	EID Parry (India) Ltd	Pettavaitalai Sugars & Chemicals Ltd	Acquisition
19.	Eveready Industries (India) Ltd	Bishnauth Tea Co. Ltd	Merger
20.	Aurobindo Pharma Ltd	Sri Chakra Remedies Ltd	Merger
21.	Tata Power Co. Ltd	Tata Hydro Electric Power Supply Co.Ltd	Merger
22.	Atlas Copco (India) Ltd	Chicago Pneumatic India Ltd	Merger
23.	Sun Pharmaceuticals Inds. Ltd	Pradeep Drugs Co. Ltd	Merger
24.	Polar Industries Ltd	Polar Fan Industries Ltd	Merger
25.	Kochi Refineries Ltd	Cochin Refineries Balmer Lawrie Ltd	Merger
26.	Hindustan Lever Ltd	International Bestfoods Ltd	Merger
27.	Pix Transmissions Ltd	Pix Autos Ltd	Merger
28.	Supreme Industries Ltd	Supreme Oriented Films Ltd	Merger
29.	Andhra Pradesh Paper Mills Ltd	Coastal Papers Ltd	Merger
30.	Glaxosmithkline Pharmaceuticals Ltd	Smithkline Beecham Pharmaceuticals	Merger
31.	Aban Loyd Chiles Offshore Ltd	(India) Ltd	Merger
32.	ITC Ltd	Hitech Drilling Services India Ltd	Merger
33.	Reliance Industries Ltd	ITC Bhadrachalam Paperboards Ltd	Merger
34.	Nicholas Piramal India Ltd	Reliance Petroleum Ltd (1993)	Merger
35.	Trident Ltd	Rhone-Poulenc (India) Ltd	Merger
36.	J K Tyre & Inds. Ltd	Varinder Agro Chemicals Ltd	Merger
37.	Mylan Laboratories Ltd	Vikrant Tyres Ltd	Merger
38.	Cosmo Films Ltd	Medicorp Technologies India Ltd	Merger
39.	Vijay Shanthi Builders Ltd	Gujarat Propack Ltd	Merger
40.	Deepak Nitrite Ltd	Akash Housing Ltd	Merger
41.	Nesco Ltd	Aryan Pesticides Ltd	Merger
42.	RSWM Ltd	Indabrator Ltd	Merger
43.	United Spirits Ltd.	Jaipur Polyspin Ltd	Merger
44.	HIL Ltd	Herbertsons Ltd	Merger
45.	Gujarat Narmada Valley Fertilizers & Chemicals Ltd	Malabar Buildings Products Ltd	Merger
46.	Reliance Industries Ltd	Narmada Chematur Petrochemicals Ltd	Merger
47.	Indian Oil Corporation Ltd	Indian Petrochemicals Corp n. Ltd	Merger
48.	Coromandel International Ltd	IBP Co. Ltd	Merger
49.	Gulshan Polyols Ltd	Godavari Fertilizers & Chemicals Ltd	Merger
50.	Grauer & Weil (India) Ltd	Gulshan Sugars & Chemicals Ltd	Merger
51.	Keerthi Industries Ltd	Bombay Paints Ltd	Merger
		Hyderabad Flextech Ltd	Merger

The financial data for the year in which merger occurred is omitted in order to control for accounting differences and any one time merger cost incurred during the merger which would otherwise make it difficult to compare them with the results for other years.

The changes in operating performance attributable to merger and acquisition are measured by comparing the post and pre-merger operating cash flows scaled by the operating assets. The pre-merger calculation is done for both the acquired and the acquiring firms separately for the period (-3 to -1) years. Then the aggregate pre-merger performance is calculated as the weighted sum of their operating cash flows for each year scaled by their operating assets at the beginning of the relevant

year. The weights are the relative size of their operating assets at the beginning of the year. This gives an idea about the performance of the acquiring and acquired firms if they had not merged and has continued as separate entities.

The raw operating performance obtained using the procedure outlined above are adjusted for industry and economic effects by the median industry operating performance. The pre-merger industry-adjusted cash flow return (IACFi,t,PRE) of the acquiring-target firm pair in any year t is the difference between total raw cash flow returns and the total industry returns from the equation as under:

$$IACF_{i,t,PRE} = C_{Fi,t,PRE} - CFInd_{i,t,PRE}$$

After determination of pre-merger performance, we find out the post-merger performance. The post-merger performance is calculated based on financial data of the combined firm (i.e., in case of merger, on the basis of data of newly formed merged entity and in case of acquisition, based on aggregated data of acquiring and acquired firm). The post-merger industry-adjusted cash flow return (IACFi,t,post) for each year t for each of the merged entities is the difference between their raw cash flow return and the industry returns for the combined (merged) firm for that year.

The study uses both parametric and non-parametric tests to check statistical significance of results obtained. The parametric tests used include one-sample t-test and paired t-test. The non-parametric Wilcoxon Sum of Rank test has also been conducted to verify the results obtained using parametric paired sample t-test despite the fact that sample size is large (> 30). This has been done due to the fact the data on the difference between AIACFPRE and AIACFPOST is not found to be normal.

Hypothesis

The impact of M&As on shareholders' value in long term is analyzed by assessing improvement in the operating performance in terms of comparing industry-adjusted cash-flow return in 3 years before and after the year of M&A.

Ho: The mean aggregate industry-adjusted operating cash flow (AIACFi, PRE) returns in pre-M&A period is equal to mean aggregate industry-adjusted operating cash flow (AIACFi, POST) in post-M&A period.

Against alternative hypothesis:

H1: The mean aggregate industry-adjusted operating cash flow (AIACFi, POST) returns in post-M&A period is higher than the mean aggregate industry-adjusted operating cash flow (AIACFi, PRE) returns in pre-M&A period.

Results and Discussion

Table 2 shows the results of paired sample t-test and Wilcoxon Z-test based on book value. The difference between AIACFi, POST and AIACFi, PRE is 3.71 per cent based on book value of assets.

This difference is found insignificant at the 5 per cent level in both paired sample t-test as well as Wilcoxon Z-test using one-tailed test. The null hypothesis is thus accepted which states that there are no significant differences between mean aggregate industry-adjusted operating cash flow return before and after M&A.

Table 2: Change in Post-Merger Performance based on Book Value

Test Used	Test Statistic
Paired t-test for equality of the means of the aggregate industry-adjusted Operating cash flow returns post- (10.84%) and pre-merger (7.13%)	t = -1.01
Wilcoxon test for paired samples	Asymp. Sig. (One-tailed) = 0.48

Note: Tabulated value of t, 5 per cent significance level, using one-tailed test = 1.645

Similarly, difference between AIACFi, POST and AIACFi, PRE based on market value of assets is analyzed separately. Table 3 presents the results of paired sample t-test and Wilcoxon Z-test. It is found to be insignificant at -1.87 per cent using one-tailed test under both paired sample t-test as well as Wilcoxon Z-test at 5 per cent significance level. The null hypothesis is thus accepted which states that there is no significant difference between mean aggregate industry-adjusted operating cash flow return before and after the year of M&A.

Table 3: Change in Post-Merger Performance based on Market Value

Test Used	Test Statistic
Paired t-test for equality of the means of the aggregate industry-adjusted Operating cash flow returns post (2.42%) and pre-merger (4.29%)	t = 1.024
Wilcoxon test for paired samples	Asymp. Sig. (One-tailed) = 0.12

Note: Tabulated value of t at 5 per cent significance level, using one-tailed test = 1.645

In addition to assessing post-M&A performance above, this study has also attempted to verify whether the yearly mean aggregate industry-adjusted operating cash flow return in each year before and each year after the year of M&A is not significantly different from zero.

The results of one-sample t-test and Wilcoxon Z-test on yearly returns based on book value are presented in table 4. It shows that yearly mean return AIACF is significantly positive for each of 3 years before M&A at 8.757 per cent in M-3, 5.081 per cent in M-2 and 7.549 per cent in M-1 year respectively.

It is further found that yearly mean AIACF is positive and significant in M+1 and M+2 year at 56.389 per cent and 31.009 per cent after M&A using Wilcoxon Z-test. However, it is found negative but insignificant in the 3rd year after the year of M&A.

Table 4: Mean Industry-Adjusted Cash Flow (IACF) Return based on Book Value Three Years Before and After Merger and Acquisition

Year relative to M&A	Mean Abnormal Return	t-Test	Wilcoxon Test (Asymp. Sig.-two tailed)
Before merger and acquisition			
M-3	8.757	t = 3.465	0
M-2	5.081	t = 2.489	0.008
M-1	7.549	t = 2.761	0.008
After merger and acquisition			
M+1	56.389	t = 1.205	0.035
M+2	31.009	t = 1.368	0.009
M+3	-54.878	t = -0.937	0.105

Note: Tabulated value of t, 5 per cent significance level, using two-tailed test = 1.960

The results of one-sample t-test and Wilcoxon Z-test on yearly AIACF return based on market value is separately calculated and are presented in table 5. It is found that yearly AIACF is significantly positive in each of three years before the year of M&A at 6.246 per cent in M-3, 2.523 per cent in M-2 and 4.111 per cent in M-1 year respectively using Wilcoxon Z-test.

It is further found that yearly AIACF is positive but insignificant in M+1 year but significant in M+2 year. However, it is found to be positive but insignificant in M+3 year.

Table 5: Mean Industry-Adjusted Cash Flow (IACF) Return based on Market Value Three Years Before and After Merger and Acquisition

Year relative to M&A	Mean Abnormal Return	t-Test	Wilcoxon Test (Asymp. Sig.-two tailed)
Before merger and acquisition			
M-3	6.246	t = 3.387	0
M-2	2.523	t = 1.074	0.029
M-1	4.111	t = 3.031	0.015
After merger and acquisition			
M+1	3.465	t = 1.958	0.12
M+2	2.552	t = 1.243	0.036
M+3	1.244	t = 0.632	0.227

Note: Tabulated value of t, 5 per cent significance level, using two-tailed test = 1.960

This study also involves time-point comparisons of AIACF in each year before M&A year with

each year after the M&A year. The paired samples mean difference have been tested for significance using both t-test as well as Wilcoxon Z-test on data based on book value and the results are shown in table 6. It is found that mean differences are positive but insignificant for 6 out of 9 time-point comparisons viz., in M-3 vs. M+1; M-3 vs. M+2; M-2 vs. M+1; M-2 vs. M+2; M-1 vs. M+1; and M-1 vs. M+2. But the mean differences are found negative but insignificant in 3 out of 9 time-point comparisons viz., in M-3 vs. M+3; M-2 vs. M+3; and M+1 vs. M+3. It is found that none of the differences are significant in any of these 9 comparisons. Therefore, it re-establishes the findings made while comparing the pre-M&A AIACF with post-M&A AIACF overall.

The paired samples mean difference have been tested for significance using both t-test as well as Wilcoxon Z-test on data based on market value separately and the results are shown table 7. It is found that mean differences are negative and significant in 1 out of 9 time-point comparisons viz., in M-3 vs. M+3 while insignificant in other 6 comparisons viz., in M-3 vs. M+1; M-3 vs. M+2; M-2 vs. M+3; M-1 vs. M+1; M-1 vs. M+2 and M-1 vs. M+3. But the mean differences are found positive but insignificant in 2 out of 9 time-point comparisons viz., in M-2 vs. M+1 and M-2 vs. M+2.

Table 6: Comparison of Operating Performance on Year-on-Year basis based on Book Value Before and After Merger and Acquisition

Paired Sample (before vs. after)	Mean IACF after M&A	Mean IACF before M&A	Mean difference	t-test (t-statistic)	Wilcoxon Test Asymp. Sig. (one-tailed)
M-3 vs. M+1	56.389	8.757	47.632	-1.047	0.382
M-3 vs. M+2	31.009	8.757	22.252	-1.038	0.497
M-3 vs. M+3	-54.878	8.757	-63.635	1.062	0.103
M-2 vs. M+1	56.389	5.081	51.308	-1.102	0.23
M-2 vs. M+2	31.009	5.081	25.928	-1.152	0.278
M-2 vs. M+3	-54.878	5.081	-59.959	1.02	0.344
M-1 vs. M+1	56.389	7.549	48.84	-1.081	0.253
M-1 vs. M+2	31.009	7.549	23.46	-1.081	0.253
M-1 vs. M+3	-54.878	7.549	-62.427	1.037	0.284

Note: Tabulated value of t, 5 per cent significance level, using two-tailed test = 1.960

Table 7: Comparison of Operating Performance on Year-on-Year basis based on Market Value Before and After Merger and Acquisition

Paired Sample (before vs. after)	Mean IACF after M&A	Mean IACF before M&A	Mean difference	t-test (t-statistic)	Wilcoxon Test Asymp. Sig. (one-tailed)
M-3 vs. M+1	3.465	6.246	-2.781	1.459	0.07
M-3 vs. M+2	2.552	6.246	-3.694	1.497	0.11
M-3 vs. M+3	1.244	6.246	-5.002	1.985	0.03
M-2 vs. M+1	3.465	2.523	0.942	-0.383	0.48
M-2 vs. M+2	2.552	2.523	0.029	-0.01	0.4
M-2 vs. M+3	1.244	2.523	-1.279	0.438	0.22
M-1 vs. M+1	3.465	4.111	-0.646	0.321	0.3
M-1 vs. M+2	2.552	4.111	-1.559	0.77	0.32
M-1 vs. M+3	1.244	4.111	-2.867	1.268	0.19

In conclusion, it may be stated that the overall position of the selected companies included in the sample have not significantly improved in the post-M&A period. Thus, the study establishes the fact that M&A as strategy of growth for companies is not able to create shareholder value in the long-term.

Summary and Conclusions

M&As as strategy of growth is found not helping in improving corporate performance for the combined firm in the long term based on evaluation of long term operating performance. It is found that there is no improvement in the post-M&A performance. The difference between AIACFi, POST and AIACFi, PRE is found insignificant based on both the book as well as the market value.

It is found that firms involved in M&As have realized significant abnormal returns in each of three years before the year of completion of M&A deal. However, they realize significant abnormal return in M+1 and M+2 year after the year of M&A using book value and in M+2 year only using market value. It is further found that the rate of abnormal return after the year of M&A is significantly higher in +1 and +2 year based on book value compared to the each of three years before indicating that operating performance improved up to 2 years after the year of M&A but it is neutralized by substantive losses in the 3rd year.

But, the situation is different when analysis is done based of market value. It is found that rate of abnormal return in post-M&A years is lower and insignificant compared to pre-M&A period except in M+2 year.

The results obtained in time-point comparison based on book value reveal that there is no significant difference between means in any of these 9 time-point comparison using book value.

However, when analysis is done based on market value, it is found that differences are negative and significant in 1 time point comparisons viz., in M-3 and M+3. This indicates that operating

performance of firms involved in M&As has significantly deteriorated in the third year after the year of M&A when compared to 3 year before.

Implications for Policy Makers

Despite the fact that M&As are not found helping in improving corporate performance for combined firm, what motivates CEOs of companies to engage in merger and acquisitions (M&As). They need to re-orient their motivations before engaging in M&As in line with corporate objective of creating shareholders' value for long term well-being of the company as well as themselves.

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A Study of Exchange Rate between Indian Rupee & Us Dollar

– Dr. B. Saritha*

Abstract

Impact of broad money supply and foreign exchange reserves is also analyzed. India stands considerably integrated with the rest of the world today in terms of increasing openness of the economy. A monthly time series from June 2007 to may 2012 is used for the purpose. It is observed that the short-term and long-term relationship of NYSE ACRA, forex reserve, imports and exports of India with exchange rates of India. Domestic interest differentials and interest yield differentials, and the rate of change of foreign exchange reserves have a significant impact on the monthly average of the exchange rate between Indian Rupee and the US Dollar and quite in line with economic theory.

Keywords: Foreign Exchange Reserves, Exchange Rates, Imports & Exports of India, Foreign Exchange Markets.

I. Introduction

The exchange rate is a key financial variable that affects decisions made by foreign exchange investors, exporters, importers, bankers, businesses, financial institutions, policymakers and tourists in the developed as well as developing world. Exchange rate fluctuations affect the value of international investment portfolios, competitiveness of exports and imports, value of international reserves, currency value of debt payments, and the cost to tourists in terms of the value of their currency. Movements in exchange rates thus have important implications for the economy's business cycle, trade and capital flows and are therefore crucial for understanding financial developments and changes in economic policy. Timely forecasts of exchange rates can therefore provide valuable information to decision makers and participants in the spheres of international finance, trade and policy making. Nevertheless, the empirical literature is skeptical about the possibility of accurately predicting exchange rates.

This study attempts to develop a model for the rupee-dollar exchange rates taking into account the different monetary models along with the micro structure models incorporating order flow as well as other variables including intervention by the central bank. The focus is on the exchange rate of the Indian rupee vis-à-vis the US dollar, i.e., the Re/\$ rate. Against this background, this research seeks to quantitatively measure the impact of exchange rate volatility on different factors taking into consideration

* Associate Professor, Mahatma Gandhi University, Nalgonda

the correlation between the NYSE ACRA, forex reserves, international trade, and exchange rate from 2007 to 2012. India stands considerably integrated with the rest of the world today in terms of increasing openness of the economy. As a result of calibrated and gradual capital account openness, the financial markets, particularly forex market, in India have also become increasingly integrated with the global network since 2003-04. This is reflected in the extent and magnitude of capital that has flown to India in recent years.

II. Significance of the Study

The main research purpose is to determine the relationship that exists between the NYSE ACRA indices, forex reserves, Indian trade data and the exchange rates between the periods of 2009 to 2015.

The study is based on the secondary data collected from the official website of RBI, NYSE ACRA and Exchange Rate data from exchangerate.com.

III. Literature Review

Numerous empirical studies have been conducted to investigate whether trade is influenced by exchange rate volatility. (Surveys of the literature can be found in Cote (1994), McKenzie (1999), IMF (1984) and Clark, Tamirisa, and Wei (2004)).

To examine the dynamic linkages between the foreign exchange rates and different factors for India, Nath and Samanta (2003) employed the Granger causality test on monthly data during the period March 1993 to December 2002. The empirical findings of the study suggest that these NYSE markets and forex reserves shows long run relationship, imports and exports show short run relationship. When the study extended its analysis to verify if liberalization in all factors, it found a significant causal relationship between the exchange rate and NYSE ACRA, forex reserves, international trades. forex market is detected and a very mild causal influence in the reverse direction is found in some years such as 1997 and 2006.

IV. Research Objectives

The present study is being contemplated with the following specific objectives:

- To know the factors influencing the exchange rate system in India.
- To study the impact of changes in these variable on exchange rate. The hypothesis will show if there is a positive correlation between NYSE ACRA indices, forex reserves, International trade and exchange rates with the use of large number of macroeconomic variables. We calculate regression to know the impact of exchange rates whether it is long run and short run of all variables.

V. Scope of the Study

One major stock markets of America NYSE ACRA, forex reserves, international trades of India are covered. The study includes only one currency pair i.e. INR/USD for the representation of the forex market of the preview of the research.

VI. Data and Methodology

The data set comprises of daily closing price of NYSE ACRA indices, forex reserves amount, international trade data and INR/USD exchange rates obtained from the respective Stock Exchange and Reserve Bank of India websites. The series span the period from 1st June 2008 to 31st May 2013. The stationary status of series should be tested when investigating the relationship between exchange rate and NYSE, forex reserves, international trade. The study employ regression test. If the findings of regression test suggest that the series are long run and short run relationship.

Further Correlation method would be used on fragmented data, each of size five years, from 2008 to 2013 to determine any lead or lag relation. The analysis has been performed using MS-Excel and SPSS software.

Foreign Exchange Market

The foreign exchange market exists wherever one currency is traded for another. It is by far the largest market in the world, in terms of cash value traded, and includes trading between large banks, central banks, currency speculators, multinational corporations, governments, and other financial markets and institutions.

Currency Exchange Rate

The Exchange rate or FX rate is the rate between two currencies specifies how much one currency is worth in terms of the other. For example an exchange rate of 55.5 Indian Rupees (IND, Rs.) to the United States Dollar (USD, \$) means that IND 55.5 is worth the same as USD 1. The foreign exchange market is one of the largest markets in the world. By some estimates, about 3.4 trillion USD worth of currency changes hands every day.

The Spot exchange rate refers to the current exchange rate. The forward exchange rate refers to an exchange rate that is quoted and traded today but for delivery and payment on a specific future date.

Quotations

An exchange rate quotation is given by stating the number of units of a price currency that can be bought in terms of 1 unit currency (also called base currency). In a quotation that says the JPN/USD exchange rate is 78.864 (USD per JPN), the price currency is USD and the unit currency is JPN.

Quotes

Direct quote is a quote using a country's home currency as the price currency (e.g., Rs.55.5 = \$ 1 in India) and is used by most countries.

Indirect quote is a quote using a country's home currency as the unit currency (e.g., \$ 0.018 = Rs. 1 in India) and is used in British newspapers and are also common in Australia, New Zealand and Canada.

Appreciation/depreciation of currency

While using direct quotation, if the home currency is strengthening (i.e., appreciating, or becoming more valuable) then the exchange rate number decreases. Conversely if the foreign currency is strengthening, the exchange rate number increases and the home currency is depreciating.

Exchange rate regime

The exchange rate regime is the way a country manages its currency in respect to foreign currencies and the foreign exchange market. It is closely related to monetary policy and the two are generally dependent.

A floating exchange rate or a flexible exchange rate is a type of exchange rate regime wherein a currency's value is allowed to fluctuate according to the foreign exchange market. A currency that uses a floating exchange rate is known as a floating currency. A pegged float is pegged to some band or value, either fixed or periodically adjusted. Pegged floats are Crawling bands, Crawling pegs and Pegged with horizontal bands.

A fixed rate is that rate that has direct convertibility towards another currency. Here, the currency is backed one to one by foreign reserves.

Global foreign exchange market turnover

Net average daily turnover during April 2015 in the UK foreign exchange market was \$1,854 billion per day, 25% higher than the \$1,483 billion per day recorded in April 2012. A similar rise is seen in constant 2010 exchange rates. This increase in nominal values is less than the 72% rise seen between the April 2010 and April 2014 surveys.

Instruments

Foreign exchange spot turnover increased from \$335 billion per day in April 2007 to \$697 billion per day in April 2010, a 108% increase at current exchange rates. The increase in spot transactions accounts for 97% of the overall increase in foreign exchange market activity. Spot transactions accounted for 38% of total turnover, up from 23% in April 2007.

Trading activity in other related foreign exchange instruments increased marginally by 1% in the three years to April 2010. Forward transactions increased by 84% from \$124 billion per day in April 2007 to \$228 billion per day in April 2010, whilst Swap business fell from \$899 billion per day to \$775 billion per day over the same period. Foreign exchange swaps comprised 42% of total foreign exchange turnover, down from 61% in April 2010. Options increased by 27% to \$135 billion per day whilst currency swaps remained stable at \$18 billion per day. All these developed countries already have fully convertible capital accounts

Counterparties

A category that includes non-reporting banks, hedge funds, pension funds, mutual funds, insurance companies and central banks. Turnover by this category rose to \$866 billion per day, an increase of 39% compared with April 2007. For the first time activity with other financial institutions was larger than between reporting dealers,

Which increased by 22% to \$809 billion per day in 2015. Business with 'non-financial institutions' dropped 10%, to an average of \$178 billion per day. Customer business accounted for over half of total turnover (56%), a similar level to that recorded in April 2007.

Currency composition

US dollar/euro remained the most traded currency pair, with 32% of total foreign exchange market turnover, similar in percentage terms to April 2007. The level of trading in US dollar/sterling fell to 13% of the total, down from 17% in April 2007 and 22% in April 2004.

The US dollar continued to be the most traded currency in the UK market, with 85% of all trades having one side denominated in dollars². The euro showed a slight rise from previous surveys to 44%, while the proportion of turnover involving sterling fell from 22% to 18%.

Market concentration

The UK foreign exchange market was more concentrated than in 2007, continuing the trend seen in previous surveys. The combined market share of the ten institutions with the highest turnover increased from 70% to 77%, and the share of the top twenty from 90% to 93%. The number of firms accounting for more than 1% of total turnover fell from 21 in 2010 to 19 in 2015.

Interest Rate OTC Derivatives

Total turnover:

In the UK, average daily turnover in OTC interest rate derivatives increased by 29% between April 2007 and 2010, rising from \$957 billion to \$1,235 billion.

Instruments

Interest rate derivatives turnover rose 29%, driven by a 147% increase in turnover in forward rate agreements which now account for 31% of the interest rate derivatives market, up from 16% in 2007. Interest rate swaps still account for over half (60%) of the OTC interest rate derivatives market in 2010, down from 74% in 2007. Turnover in interest rate options increased 23% to \$114 billion per day in April 2012.

Counterparties

Customer business has decreased slightly in percentage terms, and now accounts for 46% in 2010 from 50% in 2007. The proportion of turnover with reporting dealers increased 4% to 54% of the total, and business with 'other financial institutions' decreased to 36% compared with 44% in April 2007.

Cross-border business accounted for 65% of total turnover, down from 75% in 2007. Growth in local business has increased by 76% since April 2007 and stood at \$427 billion per day in April 2010.

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Exchange rate	48	11.61	42.76	54.37	47.0396	2.70940	7.341	.549	.343	-.137	.674
NYSE	60	5419.61	4739.72	10159.33	7653.8946	1323.79289	1752427.614	-.091	.309	-.458	.608
Valid N (listwise)	48										

Source: BIS Triennial Survey 2010

The euro remained the dominant currency in the OTC interest rate derivatives market, accounting for 54% of total turnover (up from 51% in 2007). The proportion of OTC interest rate derivatives turnover attributable to the US dollar remained stable at 15%, while sterling increased from 18% in April 2007 to 19%.

Market concentration

The OTC interest rate derivatives market was more concentrated than in April 2007. The ten institutions with the highest derivatives trading volumes accounted for 92% of total turnover (81% in 2007), and the top twenty institutions comprised 99% of total turnover (95% in 2007). Of the 47 participants in the April 2010 survey, 42 were undertaking business in the interest rate OTC derivatives markets.

Foreign Exchange Transactions:

Spot Transaction

Single outright transaction involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) within two business days. The spot legs of

swaps, and swaps that were for settlement within two days (i.e. overnight swaps spot next swaps, and "tomorrow/next day" swap transactions).

Outright Forward

Transaction involving the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) at some time in the future (more than two business days later). Also included in this category were forward foreign exchange agreement transactions (FXA), non-deliverable forwards, and other forward contracts for differences.

Foreign Exchange Swap

Transaction which involves the actual exchange of two currencies (principal amount only) on a specific date at a rate agreed at the time of the conclusion of the contract (the short leg), and a reverse exchange of the same two currencies at a date further in the future at a rate (generally different from the rate applied to the short leg) agreed at the time of the conclusion of the contract (the long leg). Short-term swaps carried out as "tomorrow/next day" transactions are included in this category.

Currency Swap

Transaction which involves the actual exchange of two currencies on a specific date at a rate agreed at the time of the conclusion of the contract and an agreement to exchange streams of interest payments in the currencies for an agreed period of time, followed by a reverse exchange at a pre-agreed exchange rate at maturity.

Currency Option

Option contract that gives the right to buy or sell a currency with another currency at a specified exchange rate during a specified period. This category also includes currency swap ions, currency warrants, plain vanilla contracts and exotic foreign exchange options such as average rate options and barrier options.

Results and Analysis

NYSE ACRA impact on exchange rates in India:

Descriptive statistics	
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<i>Regression Statistics</i>	
Multiple R	0.729
R Square	0.532
Adjusted R Square	0.524
Standard Error	913.438
Observations	60.000

Analysis of results

Above regression analysis shows long run relationship between exchange rates and New York stock exchange (NYSE). India's IT sector is dependent on foreign clients, especially the United States, for more than 70 percent of its revenue. When an IT company gets a project from a client, it pre-decides on the length of the contract and the cost of the project. The contracts with U.S. clients are usually quoted in U.S. dollar terms. So, the fluctuation in the exchange rate can bring about a considerable difference in the performance of a company.

Correlation of exchange rates and NYSE ACRA:

Correlation = -0.72935

Correlation is -0.72 is significant NYSE ACRA shows effect on exchange rates.

Correlation is calculated as using Excel formula.

Formula:

=CORREL (C2:C61, F2:F61) Here C2 is exchange rates on Jun 2007 C61 is may 2012 exchange rates.

Here F2 is NYSE on Jun 2007 F61 is May 2012

NYSE indices

Forex reserve impact on exchange rates in India

Descriptive statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Skew ness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Exchange rate	48	11.61	42.76	54.37	47.0396	2.70940	7.341	.549	.343	-.137	.674
Forex reserves	60	7442.73	8694.49	16137.22	13053.8788	1555.03355	2418129.342	-.606	.309	1.138	.608
Valid N (list wise)	48										

Regression Statistics

Multiple R	0.684
R Square	0.467
Adjusted R Square	0.458
Standard Error	1144.496
Observations	60.000

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1.000	66697127.307	66697127.307	50.919	0.000
Residual	58.000	75972503.852	1309870.756		
Total	59.000	142669631.159			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-111.135	1850.846	-0.060	0.952
X Variable 1	288.272	40.398	7.136	0.000

Analysis of Results

Above regression analysis shows long run relationship between forex reserves and exchange rates. Currency Fluctuations potentially having a serious impact on the economy, industries, companies, and foreign investors. Rupee appreciation is generally helpful for industries which rely closely on imported inputs while depreciation of the rupee is welcome news for industries which are exporting a majority of their products.

Correlation of forex reserves and exchange rates:

Correlation = 0.683735

Correlation is 0.68 is significant forex reserves doesn't shows effect on exchange rates.

Correlation is calculated as using Excel formula.

Formula:

=CORREL (C2:C61, H2:H61) Here C2 is exchange rates on Jun 2007 C61 is may 2012 exchange rates.

Here H2 is forex reserves on Jun 2007 H61 are may 2012 forex reserves.

Imports impact on exchange rates in India:

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
imports	48	1543.03	741.98	2285.01	1445.7754	394.09723	155312.625	.462	.343	-.682	.674
Exchange rate	48	11.61	42.76	54.37	47.0396	2.70940	7.341	.549	.343	-.137	.674
Valid N (list wise)	48										

Regression Statistics

Multiple R	0.862421
R Square	0.743769
Adjusted R Square	0.718146
Standard Error	126.1137
Observations	12

ANOVA

	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	461670.3	461670.3	29.02736	0.000307
Residual	10	159046.6	15904.66		
Total	11	620716.9			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	4073.879	552.6908	7.370992	0.000
X Variable 1	-63.4563	11.77798	-5.3877	0.000

Regression Statistics

Multiple R	0.879
R Square	0.772
Adjusted R Square	0.750
Standard Error	63.642
Observations	12.000

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1.000	137455.946	137455.946	33.937	0.000
Residual	10.000	40503.430	4050.343		
Total	11.000	177959.376			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	5170.872	680.893	7.594	0.000
X Variable 1	-84.867	14.568	-5.826	0.000

Regression Statistics

Multiple R	0.649499
R Square	0.421848
Adjusted R Square	0.364033
Standard Error	1.121009
Observations	12

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	9.169231	9.169231	7.296504	0.022267
Residual	10	12.56661	1.256661		
Total	11	21.73584			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	54.24031	2.196515	24.6938	0.000
X Variable 1	-0.00568	0.002103	-2.7012	0.022

Regression Statistics

Multiple R	0.848768
R Square	0.720408
Adjusted R Square	0.692449
Standard Error	85.78039
Observations	12

ANOVA

	<i>Df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	189596.1	189596.1	25.76637	0.000481
Residual	10	73582.75	7358.275		
Total	11	263178.8			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	-39.0608	402.0906	-0.09714	0.925
X Variable 1	41.37559	8.151125	5.076059	0.000

Results of Analysis

Above regression analysis shows short run relationship between imports and exchange rates.

Correlation of imports and exchange rates:

Correlation = 0.50008432

Correlation is 0.50 is significant imports doesn't shows effect on exchange rates.

Correlation is calculated as using Excel formula.

Formula:

=CORREL (B26:B61, C26:C61) Here B26 is exchange rates on Jun 2009 B61 is may 2012

exchange rates.

Here C26 is imports values on Jun 2009 C61 are may 2012 imports.

Exports impact on exchange rates in India:

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Exchange rate	48	11.61	42.76	54.37	47.0396	2.70940	7.341	.549	.343	-.137	.674
exports	48	874.74	546.99	1421.73	916.1413	254.67499	64859.353	.457	.343	-1.118	.674
Valid N (list wise)	48										

Regression Statistics

Multiple R	0.859721
R Square	0.739121
Adjusted R Square	0.713033
Standard Error	47.43724
Observations	12

ANOVA

	df	SS	MS	F	Significance F
Regression	1	63755.07	63755.07	28.33192	0.000336
Residual	10	22502.91	2250.291		
Total	11	86257.98			

	Coefficients	Standard Error	t Stat	P-value
Intercept	1779.485	207.8928	8.55963	0.000
X Variable 1	-23.5812	4.430247	-5.32277	0.000

Regression Statistics

Multiple R	0.749
R Square	0.561
Adjusted R Square	0.517
Standard Error	52.956
Observations	12.000

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1.000	35821.716	35821.716	12.773	0.005
Residual	10.000	28043.904	2804.390		
Total	11.000	63865.620			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	2760.168	566.568	4.872	0.001
X Variable 1	-43.324	12.122	-3.574	0.005

Regression Statistics

Multiple R	0.726275
R Square	0.527475
Adjusted R Square	0.480223
Standard Error	1.013446
Observations	12

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	11.46512	11.46512	11.16292	0.007477
Residual	10	10.27072	1.027072		
Total	11	21.73584			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	61.58551	3.965705	15.52952	0.000
X Variable 1	-0.0199	0.005957	-3.3411	0.007

Regression Statistics

Multiple R	0.670351
R Square	0.44937
Adjusted R Square	0.394307
Standard Error	74.9607
Observations	12

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	45857.68	45857.68	8.161028	0.017052
Residual	10	56191.06	5619.106		
Total	11	102048.7			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	246.1323	351.374	0.700485	0.500
X Variable 1	20.34865	7.123003	2.856751	0.017

Analysis of Results

Above regression analysis shows short run relationship between exports and exchange rates.

Correlation of imports and exchange rates:

Correlation = 0.374472

Correlation is 0.37 is significant exports doesn't shows effect on exchange rates.

Correlation is calculated as using Excel formula.

Formula:

=CORREL (B26:B61, C26:C61) Here B26 is exchange rates on Jun 2009 B61 is may 2012 exchange rates.

Here C26 is exports values on Jun 2009 C61 are may 2012 exports.

Findings

- NYSE shows only long run impact on exchange rates in India. If we take short period that doesn't shows any impact. Only minimum of 5 years period from 2007 - 2012 shows impact on exchange rates.
- Imports are as important as exports as it helps in development of the country. But more of

imports imply more of outflow of foreign currency which is not beneficial to the country. Hence the measures must be taken to see that the balance of trade is positive.

- Forex reserves also only shows long run impact on exchange rates in India. If we take short period that doesn't shows any impact. Only minimum of 5 years period from 2007 - 2012 shows impact on exchange rates.
- International trades imports and exports shows short run impact on exchange rates. If we take long period of 3 r 5 years then that will not shows impact on exchange rates. Only period of 1 year only shows impact on exchange rates.
- Foreign institutional investors from the Indian markets during the current financial year 2011. FII's leads to a high inflow of dollars into the Indian market.
- We shall try and do so by looking at the Trends in Net FII's. In the light of uncertainty and fall in global stock market, foreign institutional investors are supposed to be pulling out their money from various EME's (Emerging Market Economies) and taking them back to their home countries in order to sustain themselves.
- NYSE shows the negative correlation on exchange rates. And remaining all factors like forex reserves and international trades shows the positive correlation on exchange rates.
- Basically fluctuations are caused by demand and supply of the currency.
- The demand and supply generally affected by countries trade & its macro- economic policies.
- In sample words when the demand for one currency increases its value increase and when its supply increases currency depreciated.
- Theory says that exchange rates should have a direct impact on the companies with heavy import or export activities and thus affecting the profitability and hence the stock prices. An exchange rate has two effects on stock prices, a direct effect through Multi National Firms and an indirect effect through domestic firms.
- A declining exchange rate obviously decreases the purchasing power of income and capital gains derived from any returns. Moreover, the exchange rate influences other income factors such as interest rates, inflation and even capital gains from domestic securities.
- While exchange rates are determined by numerous complex factors that often leave even the most experienced economists flummoxed, investors should still have some understanding of how currency values and exchange rates play an important role in the rate of return on their investments.

Conclusions

By using monthly data, we have examined the long-run and short-run dynamics between

international trades and exchange rates in India. Our main concerns were to examine whether these links were affected by the existence of foreign exchange flows, floating rates and raising foreign indices in India. The following conclusions have been derived from our analysis:

- There is a significant cause and effect relationship between the two variables. As the relationship occurred between the variables during different periods is because of chance factor and not because of cause factor.
- Thus the results provide the evidence for the presence goods market or portfolio approach.

Hence, we can accept the hypothesis that there is significant relationship between the exchange rate and NYSE indices, forex reserves, international trades and the two are affected by various factors.

In conclusion, in the era of increasing integration in financial markets one should take sufficient care while implementing exchange rate policies. Furthermore, indications are that the existence of foreign exchange restrictions does not isolate the domestic capital markets. The general increase in international trade and the resultant increase in economic integration have also increased financial integration and reduced the benefit of international diversification.

Suggestions

- Currency Future need to change some restriction it imposed such as cut off limit of 5 million USD, Ban on NRI's and FII's and Mutual Funds from Participating.
- Now in exchange traded currency future segment only one pair USD-INR is available to trade so there is also one more demand by the exporters and importers to introduce another pair in currency trading. Like POUNDINR, CAD-INR etc.
- In OTC there is no limit for trader to buy or short Currency futures so there demand arises that in Exchange traded currency future should have increase limit for Trading Members and also at client level, in result OTC users will divert to Exchange traded currency Futures
- In India the regulatory of Financial and Securities market (SEBI) has Ban on other Currency Derivatives except Currency Futures, so this restriction seem unreasonable to exporters and importers. And according to Indian financial growth now it's become necessary to introducing other currency derivatives in Exchange traded currency derivative segment

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A Study on Factors Influencing on Employee Retention in CMR College of Engineering & Technology

– Mrs. T. Sharanya*

Abstract

The aim of this paper is to find out how organizational factors and values will have impact on faculty retention. The organizational factors such as Employee Development, Skill Identification, Satisfaction, Leadership (Management), Administration, and Facilities were covered in this paper and data was collected from 100 employees of CMR CET educational institute of Hyderabad city. The findings of the research are that Job security and Training, Mentoring from the superiors, Job enrichment And Transportation are factors that are to be developed by the organizations in order to retain their efficient employees in their organization to achieve organization goals.

Keywords : Job enrichment, Mentoring, Job enlargement, Job security

Introduction

Employee retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as the employee. Employees today are different. They are not the ones who don't have good opportunities in hand. As soon as they feel dissatisfied with the current employer or the job, they switch over to the next job. It is the responsibility of the employer to retain their best employees. If they don't, they would be left with no good employees. A good employer should know how to attract and retain its employees.

Retention involves five major things: Compensation, Support, Relationship, Environment, Growth and Career etc.

Compensation

Compensation constitutes the largest part of the employee retention process. The employees always have high expectations regarding their compensation packages. Compensation packages vary from industry to industry. So an attractive compensation package plays a critical role in retaining the employees.

* Assistant Professor, CMR College of Engineering & Technology.

Compensation includes salary and wages, bonuses, benefits, prerequisites, stock options, bonuses, vacations, etc. While setting up the packages, the following components should be kept in mind:

- Basic wage
- House rent allowance
- Dearness allowances
- City compensatory allowance

Growth and Career: Growth and development are the integral part of every individual's career. If an employee can not foresee his path of career development in his current organization, there are chances that he'll leave the organization as soon as he gets an opportunity.

The important factors in employee growth that an employee looks for himself are:

Work profile: The work profile on which the employee is working should be in sync with his capabilities. The profile should not be too low or too high.

Personal growth and dreams

Training and development:

- Communications skills
- Technical skills
- In-house processes and procedures improvement related skills
- Customer satisfaction related skills
- Special project related skills

Support

- By providing feedback
- By giving recognition and rewards
- By counseling them
- By providing emotional support

Relationship:

Relationship with the immediate manager

A manager plays the role of a mentor and a coach. He designs and plans work for each employee. It is his duty to involve the employee in the processes of the organization. So an organization should hire managers who can make and maintain good relations with their subordinates.

Relationship with colleagues: Promote team work, not only among teams but in different departments as well. This will induce competition as well as improve the relationships among colleagues.

Recruit whole heartedly: An employee should be recruited if there is a proper place and duties for him to perform. Otherwise he'll feel useless and will be dissatisfied. Employees should know what the organization expects from them and what their expectation from the organization is Deliver what is promised.

Promote an employee based culture: The employee should know that the organization is there to support him at the time of need. Show them that the organization cares and he'll show the same for the organization. An employee based culture may include decision making authority, availability of resources, open door policy etc.

Individual development: Taking proper care of employees includes acknowledgment to the employee's dreams and personal goals. Create opportunities for their career growth by providing mentorship programs, certifications, educational courses, etc.

Induce loyalty: Organizations should be loyal as well as they should promote loyalty in the employees too. Try to make the current employees stay instead of recruiting new ones.

Environment: It is not about managing retention. It is about managing people. If an organization manages people well, employee retention will take care of itself. Organizations should focus on managing the work environment to make better use of the available human assets.

People want to work for an organization which provides

- Appreciation for the work done
- Ample opportunities to grow
- A friendly and cooperative environment
- A feeling that the organization is second home to the employee

Organization environment includes

- Culture
- Values
- Company reputation
- Quality of people in the organization
- Employee development and career growth
- Risk taking
- Leading technologies
- Trust

Review of Literature

Thite M.(2010), Increasing off shoring of customer contact services to destinations such as India is underpinned by the availability of low cost and high quality workforce. But this competitive advantage is under threat with talent shortages, wage increases, and, most importantly, high employee attrition. It recognizes the need for multi-pronged retention strategies in a highly competitive, changing, and fast-growing part of the global services sector.

Silbert(2012), The amount of pay, benefits, or equivalents employee received in return for service which employee render to organization. A reward can be intrinsic or extrinsic, it can be in form of cash i.e. bounces etc or reward can be in form of recognition / certificate such as commendation certificate or worker of the month etc. In business environment rewards are offered in several forms e.g. recognition, cash bonuses, awards, free trips and free merchandise etc. However reward is the thing which offers by the organization in any form in response of employee's contribution, to become employees motivated for doing well with positive behaviour in future. Rewards are very important because its have enduring impression on employees and support the perception of employee's that they are valued.

Andrews C.M., Witt L.A, Kacmar K.M.(2012), This study examined the moderating effect of exchange ideology on the relation between perceptions of organizational politics and manager-rated retention. Data collected from 178 employees of a distribution services organization indicated that employees perceptions of organizational politics related negatively related to manager assessments of retention. However, the variables were only related among employees with a moderate to strong exchange ideology. These individuals were more sensitive to a political environment than individuals with a weak exchange ideology.

According to Silbert (2013), well skilled and talented workers may easily find good job, position and workplace elsewhere however the effective way for retention these talented employees is to enhance friendly and close working environment and to promote leader support. Freyermuth (2007), recommended that organization must groom leader to support the employees and to well build the work environment where workers want to stay. Providing opportunities test their abilities and providing level of performance can enhance employees' capabilities and want to stay in the organization.

Cordery J.(2015) has arisen as a consequence of growing concern within the meat processing industry regarding employee retention and turnover. This report stated that the increasing difficulties in retaining skilled, effective workers amounted to a looming crisis within the industry, and called for the development of effective workforce retention strategies within the industry.

Objectives

- a. To examine the various factors that influence the employee's towards retention.
- b. To analyze satisfaction of the employees in an organization about the career development techniques.

Factors:

- Employee Development
- Skill Identification
- Satisfaction
- Leadership (Management)
- Administration
- Facilities

Hypothesis:

H0: There is significant influence of leadership towards Employee retention.

H1: There is no significant influence of leadership towards Employee retention.

Data analysis And Interpretation:**Table 1: Demographic Distribution of Respondents**

Category		Frequency	Percentage
Gender	Male	60	60
	Female	40	40
Age	Up to 25 years	10	10
	26-35	75	75
	36-45	10	10
	Above 45 years	05	05
Qualification	Professor	05	05
	Associate Professor	05	05
	Assistant Professor	90	90

From the above table Demographic study shows that out of 100 respondents, Majority 60% of respondents are male and 40% of respondents are female. In connection with the age wise distribution, majority 75% of respondents were in the age group of 26-35years, followed by 10% respondents were in the age group of 36-45, followed by 10% respondents were in the age group of up to 25 years and only 05% respondents were in the age group of 45 years and above.

Factor Analysis

Factor analysis to identify the variables influencing the employee's towards retention.

Table 2 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.508
Bartlett's Test of Sphericity	Approx. Chi-Square	292.828
	df	190
	Sig.	.000

Above table shows that KMO measure is 0.508. Thus, this is conforming the appropriateness of factor analysis. Bartlett's rest of sphericity value is 0 factors are suitable for the study.

Table 3 : Communalities Table - Factor influencing employee retention in an organization**COMMUNALITIES**

	Initial	Extraction
Organization provides Opportunities to learn and develop skills	1.000	.599
Organization provides training to Improve knowledge	1.000	.633
Satisfaction levels about Fringe benefits (Group Insurance, maternity leaves, paternity leaves, transportation facility etc.)	1.000	.644
Organization provides Encouragement for higher education	1.000	.710
Organization identifies Potential talents	1.000	.668
Organization Selects potential and cultural fit candidates	1.000	.691
Looking for talents and encourage them	1.000	.729
Job enrichment (giving Authority)	1.000	.649
Job enlargement (Assigning more tasks)	1.000	.738
Organization provides Encouragement for attending FDP, Seminars, Workshops etc.	1.000	.792
Fair and equitable treatment in organization	1.000	.732
Job security in organization	1.000	.703
Safe work environment in organization	1.000	.568
Appreciation of good work	1.000	.737
Organizational values are implemented practically	1.000	.710
Superior quality leadership	1.000	.549
Superiors stand up for critical situation	1.000	.647
Training, Mentoring from the superiors	1.000	.708
Open and transparent Administration	1.000	.611
Adequate stationary & materials for Academic Year	1.000	.728

Extraction Method: Principal Component Analysis

From the above table it is noticed that communalities which range from 0.549 to 0.792. This indicates the 20 variables shows the variance from 54.9% to 7.92%. This variance limitation is statistically significant, and variables is meaningful to represent the commitment variables.

The following table shows that the no of factors derived out of 20 variables of factors influencing employees for retention.

Table 4: Total Variance Explained- Factors influencing the employee retention in an organization.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.319	11.594	11.594	2.319	11.594	11.594
2	2.113	10.566	22.160	2.113	10.566	22.160
3	1.669	8.346	30.506	1.669	8.346	30.506
4	1.489	7.446	37.952	1.489	7.446	37.952
5	1.414	7.068	45.020	1.414	7.068	45.020
6	1.284	6.418	51.439	1.284	6.418	51.439
7	1.166	5.830	57.268	1.166	5.830	57.268
8	1.076	5.382	62.651	1.076	5.382	62.651
9	1.017	5.087	67.738	1.017	5.087	67.738
10	.917	4.586	72.324			
11	.879	4.396	76.720			
12	.790	3.948	80.668			
13	.715	3.576	84.244			
14	.598	2.988	87.232			
15	.538	2.690	89.921			
16	.498	2.492	92.414			
17	.433	2.167	94.581			
18	.409	2.044	96.624			
19	.385	1.926	98.550			
20	.290	1.450	100.000			
Extraction Method: Principal Component Analysis.						

Extraction Method: Principal Component Analysis.

The above table it is indicated that the 20 variables are converted into 9 predominant factors with Eigen value 2.319, 2.113, 1.669, 1.489, 1.414, 1.284, 1.166, 1.076, and 1.017 and individual variance 11.594%, 10.566%, 8.346%, 7.446%, 7.068%, 6.418%, 5.830%, 5.382%, and 5.087%. Which is statistically significant and it also shows that the derivation of 9 factors are meaningful in explaining the factors influencing the employee retention in an organization.

Component Matrix ^a									
	Component								
	1	2	3	4	5	6	7	8	9
VAR00001	.506		.135	.518	.113	-.143	-.080	-.106	
VAR00002	.220	-.208	.275	.275		.346	.057	.082	-.455
VAR00003	-.204	.312	.148	-.155	-.218	-.279	-.467	.236	.181
VAR00004	-.565	.192		-.270	-.065	.072	.382	.276	-.238
VAR00005	.084	-.268	-.115	-.197	.456	-.516	-.158	.156	-.119
VAR00006	.188	.424	.087	.285		-.246	.543	-.112	-.104
VAR00007		.539	.221	.153	.124	.064	-.288	.530	-.106
VAR00008	.323	-.056	.089		.514	.498	-.095		.094
VAR00009	-.192	.573	.102	-.179	-.151	.390	-.174	-.331	-.202
VAR00010	-.397	.080	.236	.216	.447	-.054	.407	.223	.150
VAR00011			-.547	.151	.498	.372		.119	.151
VAR00012	.429		.267	-.486	.197	-.210	.215	-.143	.242
VAR00013	-.320	-.156	-.139	.512	-.070		-.141		.279
VAR00014	-.498	.082	.347	-.429	.328	.108	-.068	-.198	.130
VAR00015		.614	-.507	.131	-.080	-.158	.096	-.108	
VAR00016	.545	.225	.416	-.100				-.101	
VAR00017	-.293		.299	.322	-.176	.067		-.350	.413
VAR00018		.725	-.068	.102	.330	-.067	-.058	-.140	.135
VAR00019	.549	.260		-.098	-.168	.102		.346	.197
VAR00020	.225		-.174	-.224	-.369	.294	.314	.298	.453
Extraction Method: Principal Component Analysis.									
a. 9 components extracted.									

Rotated Component Matrix ^a									
	Component								
	1	2	3	4	5	6	7	8	9
VAR00001		.688	.067	.260	-.097	.075		-.179	
VAR00002		.114	.080	-.061	.082			-.739	
VAR00003				-.193	.065	.532	-.350	.408	
VAR00004	-.065	-.810	.113	.159	.054	.077	-.095		
VAR00005	.159		-.126	-.108	-.683	.054	.052	.164	-.340
VAR00006	.159	.077	.121	.782			-.122	-.093	
VAR00007			.117	.124	.054	.843	.089	-.080	
VAR00008	.274	.197	.080	-.176	.070		.685	-.150	
VAR00009	.141	-.195	-.145	.060	.777	.204			-.185
VAR00010	-.108	-.285	.634	.317	-.203		.240	.057	-.093
VAR00011	-.315		-.179		-.098		.770	.082	.051
VAR00012	.741	.110	.084		-.172	-.159		.243	.135
VAR00013	-.647	.177	.214					.121	
VAR00014	.255	-.391	.376	-.255	.230		.151	.350	-.342
VAR00015	-.196	-.068	-.415	.601	.181	.146		.277	
VAR00016	.580	.350	.051	.091	.134	.158	-.071	-.135	.082
VAR00017	-.253	.233	.481		.380	-.220	-.138	.211	
VAR00018	.101	.101		.495	.244	.349	.272	.384	-.164
VAR00019	.290	.220	-.126	.057		.347			.551
VAR00020	.053	-.118		-.051	.051	-.095		.073	.840
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									
a. Rotation converged in 17 iterations.									

a. Rotation converged in 17 iterations.

The above table shows that there are nine major factors that are influencing employee retention. From these nine factors five factors are majorly influencing the study they are Quality leadership which motivates employees to retain in an organization for a longer period of time; Job security is another factor which enables to retain interest of an employee in an organization, Constant motivation for Learning also helps in retention, Skill recognition and appreciation is another important factor for this research, Transparent administration, provision of sufficient resources for the employees to enable them to work in better conditions.

H0: There is significant influence of leadership towards Employee retention

The above table shows that there is a positive impact of leadership in retaining the employees. Hence the null hypothesis is true.

Component Transformation Matrix

Component	1	2	3	4	5	6	7	8	9
1	.510	.628	-.333	.104	-.170	.033	.105	-.258	.342
2	.163	-.083	-.102	.588	.463	.560	.031	.286	.014
3	.443	.130	.738	-.167	.173	.187	-.285	-.219	-.139
4	-.640	.512	.270	.379	.015	.059	.046	-.312	-.085
5	.203	-.002	.206	.109	-.358	.069	.742	.121	-.453
6	-.061	-.141	.028	-.276	.583	-.029	.571	-.390	.284
7	.172	-.374	.259	.600	-.129	-.488	.009	-.200	.331
8	-.154	-.293	.114	-.098	-.492	.623	.032	-.204	.441
9	-.094	.272	.370	-.120	.016	-.121	.165	.677	.516
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									

Component Transformation Matrix

Component	1	2	3	4	5	6	7	8	9
1	-.688	.482	.120	-.102	.036	.080	.333	-.263	-.286
3	.439	.760	-.382	.143	.030	-.205	-.073	-.002	-.121
4	.052	.235	.132	-.314	.091	.733	-.522	.078	-.026
5	-.213	.152	.132	.170	.123	-.231	-.427	-.467	.646
6	.134	-.101	-.232	.563	-.073	.575	.299	-.410	.087
7	.371	.197	.678	-.083	-.524	-.004	.223	-.156	.091
8	.359	-.119	.082	-.416	.609	-.043	.230	-.492	-.095
9	-.019	.187	-.137	-.259	.129	.168	.485	.378	.675
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									

Component Transformation Matrix

Component Transformation Matrix									
Component	1	2	3	4	5	6	7	8	9
1	-.688	.482	.120	-.102	.036	.080	.333	-.263	-.286
3	.439	.760	-.382	.143	.030	-.205	-.073	-.002	-.121
4	.052	.235	.132	-.314	.091	.733	-.522	.078	-.026
5	-.213	.152	.132	.170	.123	-.231	-.427	-.467	.646
6	.134	-.101	-.232	.563	-.073	.575	.299	-.410	.087
7	.371	.197	.678	-.083	-.524	-.004	.223	-.156	.091
8	.359	-.119	.082	-.416	.609	-.043	.230	-.492	-.095
9	-.019	.187	-.137	-.259	.129	.168	.485	.378	.675
Extraction Method: Principal Component Analysis.									
Rotation Method: Varimax with Kaiser Normalization.									

Findings and Conclusions

Employee retention is critical to the long-term success of an organization. Retaining the best employees ensures great customer satisfaction, satisfied coworkers, effective succession planning, and deeply embedded organizational knowledge sharing. The study attempts to find out the possible factors for retaining employees in educational institutions. Research was conducted in CMR College of engineering and technology with a sample of 100 employees of various designations. The above survey Majority 60% of respondents is male and 40% of respondents are female. In connection with the age wise distribution, majority 75% of respondents were in the age group of 26-35years, followed by 10% respondents were in the age group of 36-45, followed by 10% respondents were in the age group of up to 25 years and only 05% respondents were in the age group of 45 years and above. It is noticed that communalities which range from 0.549 to 0.792. This indicates the 20 variables shows the variance from 54.9% to 7.92%. This variance limitation is statistically significant, and variables are meaningful to represent the commitment variables. The study also finds that there is a positive impact of leadership in retaining the employees. Hence the null hypothesis is true. It means that CMR college of engineering and technology have good leadership qualities and maintain all the employees are most satisfied with the leadership. And there are nine major factors that are influencing employee retention. From these nine factors five factors are majorly influencing the study they are Quality leadership which motivates employees to retain in an organization for a longer period of time; Job security is another factor which enables to retain interest of an employee in an organization, Constant motivation for Learning also helps in retention, Skill recognition and appreciation is another important factor for

this research, Transparent administration, provision of sufficient resources for the employees to enable them to work in better conditions.

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CMR College of Engineering & Technology

Medhchal Road, Kandlakoya (V), Hyderabad Andhra Pradesh – 501 401,

Mobile : 9248727208

