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April - June 2015

SUMEDHA JOURNAL OF MANAGEMENT

Volume 4

Number 2



ISSN : 2277-6753

**SUMEDHA**  
Journal of Management

Vol. 4

No. 2

April-June 2015

Referred Journal of CMR College of Engineering & Technology

<i>Mrs. T. Shenbaga Vadivu</i>	<i>A Study on Customer Satisfaction Towards Online Shopping</i>
<i>Gangineni Dhanaiah Dr. R. Siva Ram Prasad</i>	<i>Exchanges in India: A Perspective</i>
<i>Dr. Elangovan N Prachi Agarwal</i>	<i>Factors Influencing User Perception on Mobile Social Networking Apps</i>
<i>T. Vijaya Naveena Grape Kumari</i>	<i>FDI in Indian Retail: Food and Grocery Industry</i>
<i>Dr. M.Vidya Sagar</i>	<i>A Study on Executive Perception on Training Effectiveness with Reference to Selected HDFC Standard Life Insurance Branches in Guntur District</i>
<i>Asiya Faisal Khan</i>	<i>A Study of Influence of Packaging on Women Skincare Consumers in Jabalpur City</i>
<i>Dr. Chitrlekha H. Dhadhal</i>	<i>"It All Boils Down to the Price- A Study of the Perception of Women Skincare Cosmetics Buyers Regarding the Relative Importance of the Major Price Components of a Brand"</i>
<i>Dr. B. Saritha</i>	<i>A Brief Study on International Financial System</i>
<i>R. Srikanth Dr. Kankipati Srinivasa Rao</i>	<i>Corporate Social Responsibility Role of Public and Private Sector Banks</i>
<i>Dr. G. Y. Shitole Mrs. Sonali Deogirikar</i>	<i>A Critical Analysis of the Work Life Balance of Employees in Indian Railways</i>

Index Copernicus value 5.20 Impact Factor: 0.305 (From Global Impact Factor),  
INDEXED IN Indianjournals.com , PROQUEST DATABASE

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### RESEARCH PAPERS

- |   |            |
|---|------------|
| <b>1. A Study on Customer Satisfaction Towards Online Shopping</b>  | <b>4</b>   |
| <i>- Mrs. T. Shenbaga Vadivu</i>  |            |
| <b>2. Exchanges in India: A Perspective</b>   | <b>16</b>  |
| <i>- Gangineni Dhanaiah &amp; Dr. R. Siva Ram Prasad</i>  |            |
| <b>3. Factors Influencing User Perception on Mobile Social Networking Apps</b>  | <b>27</b>  |
| <i>- Dr. Elangovan N &amp; Prachi Agarwal</i>   |            |
| <b>4. FDI in Indian Retail: Food and Grocery Industry</b>   | <b>46</b>  |
| <i>- T. Vijaya &amp; Naveena Grape Kumari</i>   |            |
| <b>5. A Study on Executive Perception on Training Effectiveness with Reference to Selected HDFC Standard Life Insurance Branches in Guntur District</b>                             | <b>57</b>  |
| <i>- Dr. M.Vidya Sagar</i>  |            |
| <b>6. A Study of Influence of Packaging on Women Skincare Consumers in Jabalpur City</b>  | <b>68</b>  |
| <i>- Asiya Faisal Khan</i>  |            |
| <b>7. "It All Boils Down to the Price- A Study of the Perception of Women Skincare Cosmetics Buyers Regarding the Relative Importance of the Major Price Components of a Brand"</b> | <b>83</b>  |
| <i>- Dr. Chitralkha H. Dhadhal</i>  |            |
| <b>8. A Brief Study on International Financial System</b>   | <b>92</b>  |
| <i>- Dr. B. Saritha</i>   |            |
| <b>9. Corporate Social Responsibility<br/>Role of Public and Private Sector Banks</b>   | <b>104</b> |
| <i>- R. Srikanth &amp; Dr. Kankipati Srinivasa Rao</i>  |            |
| <b>10. A Critical Analysis of the Work Life Balance of Employees in Indian Railways</b>   | <b>114</b> |
| <i>- Dr. G.Y. Shitole &amp; Mrs. Sonali Deogirikar</i>  |            |



## ***Chief Editor Message***

As SUMEDHA Journal of Management its Fourteenth 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 four and half 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 been got Impact Factor from Index Copernicus value 5.20. 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

**A Kotishwar**  
**Chief Editor**

## A Study on Customer Satisfaction Towards Online Shopping

– Mrs. T. Shenbaga Vadivu\*

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### **Abstract**

*In the era of globalization electronic marketing is a great revolution. Over the last decade maximum business organizations are running with technological change. Online shopping or marketing is the use of technology (i.e., computer) for better marketing performance. And retailers are devising strategies to meet the demand of online shoppers; they are busy in studying consumer behavior in the field of online shopping, to see the consumer attitudes towards online shopping. Therefore we have also decided to study consumer's attitudes towards online shopping and specifically studying the factors influencing consumers to shop online.*

*Keywords: Online Shopping, Consumer Behavior, Attitude*

### **Introduction**

Online shopping is the process whereby consumers directly buy goods, services etc. from a seller interactively in real-time without an intermediary service over the internet. Online shopping is the process of buying goods and services from merchants who sell on the Internet. Since the emergence of the World Wide Web, merchants have sought to sell their products to people who surf the Internet. Shoppers can visit web stores from the comfort of their homes and shop as they sit in front of the computer. Consumers buy a variety of items from online stores.

In fact, people can purchase just about anything from companies that provide their products online. Books, clothing, household appliances, toys, hardware, software, and health insurance are just some of the hundreds of products consumers can buy from an online store.

Many people choose to conduct shopping online because of the convenience. Online shopping allows you to browse through endless possibilities, and even offers merchandise that's unavailable in stores.

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Shopping via the internet eliminates the need to shift through a store's products with potential buys like pants, shirts, belts and shoes all slung over one arm. Online shopping also eliminates the catchy, yet irritating music, as well as the hundreds, if not thousands, of other like-minded individuals who seem to have decided to shop on the same day.

The central concept of the application is to allow the customer to shop virtually using the Internet and allow customers to buy the items and articles of their desire from the store. The information pertaining to the products are stores on the server side (store). The Server process the customers and the items are shipped to the address submitted by them. The application was designed into two modules first is for the customers who wish to buy the articles. Second is for the storekeepers who maintains and updates the information pertaining to the articles and those of the customers.

The end user of this product is departmental store where the application is hosted on the web and the administrator maintains the database. The application which is deployed at the customer database, the details of the items are brought forward from the database for the customer view based on the selection through the menu and the database of all the products are updated at the end of each transaction. Data entry into the application can be done through various screens designed for various levels of users. Once the authorized personnel feed the relevant data into the system, several reports could be generated as per the security.

## **1.2 Objectives of the Study**

- To find out the satisfaction level of the customer for online purchase.
- To know the specific reasons for which customers purchase online shopping.
- To find out the consumers' satisfaction level for services provided by the online shopping.
- Makes company to more about current trend and requirements.

## **1.3 Scope of the Study**

- To know there brand loyalty.
- To know about which purchase type people prefer most.
- To find out the reason for buying products.
- To find out the price range that people prefer most.
- To know which features they admire in their product

## 1.4 Limitations of the Study

- The study is confined to Coimbatore district only
- The study is based upon the consumer behaviors of online shopping
- The data collected for the research is fully on primary data given by the respondents. There is chance for personal bias. So the accuracy is not true
- Due to shortage of time and other constraints, the study has been limited to 50 respondents only .

## 1.5 Research Methodology

- **The Research Design Used for the Study**

The research design used for the study is descriptive. Descriptive research studies are those, which are concerned with describing the characteristics of a particular individual or group. The studies concerned with specific prediction with narration of facts and characteristics concerning individual group or situation are all examples of descriptive research studies.

- **Population Size**

The total population size is indefinite.

- **Sample size**

This refers to the number of items to be selected from the total population to constitute the sample. The sample size used for study is 50.

- **Sample design**

It is a definite plan for obtaining a sample from a given population. It refers to the technique the researcher adopts in selecting items for the sample. The respondents are selected based on convenient sampling.

- **Statistical Tools**

The data collected through questionnaires were analyzed using simple percentage analysis and ranking analysis.

## Review of Literature

Internet usage history and intensity also affect online shopping potential. Consumers with longer histories of Internet usage, educated and equipped with better skills and perceptions of the Web environment have significantly higher intensities of

online shopping experiences and are better candidates to be captured in the well-known concept of flow in the cyber world (Sisk, 2000; Hoffman and Novak, 1996; Liao and Cheung, 2001). Those consumers using the Internet for a longer time from various locations and for a higher variety of services are considered to be more active users (Emmanouilides and Hammond, 2000).

As Bellman et al. (1999) mention, demographics are not so important in determining online purchasing potential. Whether the consumer has a wired lifestyle and the time constraints the person has are much more influential. Risk taking propensity is also a powerful factor. E-shoppers have higher risk taking tendencies. Consumers with high levels of privacy and security concerns have lower purchasing rates in online markets but they balance this characteristic with their quest for making use of the information advantage of the environment (Kwak et al., 2002; Miyazaki and Fernandez, 2001). These educated individuals, as more confident decision makers, are much more demanding and have greater control over the purchasing process from initiation to completion (Rao et al., 1998).

Identifying pre-purchase intentions of consumers is the key to understand why they ultimately do or do not shop from the Web market. One stream of research under online consumer behavior consists of studies that handle the variables influencing these intentions. A compilation of some of the determinants researchers have examined are: transaction security, vendor quality, price considerations, information and service quality, system quality, privacy and security risks, trust, shopping enjoyment, valence of online shopping experience, and perceived product quality. (Liao and Cheung, 2001; Saeed et al., 2003; Miyazaki and Fernandez, 2001; Chen and Dubinsky, 2003).

The lists of factors having a positive or negative impact on consumers' propensity to shop do not seem to be very different from the considerations encountered in offline environments. However, the sensitivities individuals display for each variable might be very different in online marketplaces. Factors like price sensitivity, importance attributed to brands or the choice sets considered in online and offline environments can be significantly different from each other (Andrews and Currim, 2004). Uncertainties about products and shopping processes, trustworthiness of the online seller, or the convenience and economic utility they wish to derive from electronic shopping determine the costs versus the benefits of this environment for consumers (Teo et al., 2004). Further studies aiming to complete the full set of factors influencing consumers' prepurchase intentions are still much awaited.

Simon Rigby , Head of Direct Channels at Comet, says, "Our challenge is to meet the needs of the greatest number of shoppers. By undertaking research on a regular basis, we learn more about our customers' shopping needs and styles. This helps us to

deliver all the necessary assurances, product ranges and services. We conducted this survey during our peak selling period as we are in the process of developing our range of online interactive services, such as Live Chat and CometTV.co.uk. Powerful multi media sales tools will soon become standard in the online shopping arena. In three years, you'll be just as likely to click and watch a product related video of your intended purchase on your computer before you buy - as you are to have an email address today.

Research summarized by Emarketer(2005) showed that the Internet applied a bigger influence than for offline media for electronics compared to that clothing, beauty or home improvement as would be expected. Internet Marketing has changed the way people buy and sell good and service. It has added lot of convenience and easy to the whole process of buying. Internet buying prevalence is highest in the United States, where 93% of Internet users have bought on-line (Business Software Association, 2002), and it is growing rapidly in India as well (www.ebay.com)

### Data Analysis and Interpretation

Table 1.1 : Showing socio-economic background of the respondents

Factors	Category	No. of Respondents	Percentage (%)
Gender	Male	29	58
	Female	21	42
Age	Below 20 years	18	36
	25 – 30 years	25	50
	31 - 35 years	1	2
	Above 35 years	6	12
Location	Village	23	46
	Town	20	40
	City	7	14
Profession	Student	23	46
	Business	10	20
	Service	8	16
	Professional	9	18
Educational	School	9	18
	Graduate	16	32
	Post Graduate	20	40
	Illiterate	5	10

Factors	Category	No. of Respondents	Percentage (%)
Family status	Nuclear family	28	56
	Joint family	22	44
Monthly Income	Below Rs.5, 000	19	38
	Rs.10,001 to Rs. 15,000	11	22
	Rs.15,001 to Rs. 20,000	11	22
	Above Rs.20,000	9	18
Online shopping websites	Flipkart.com	34	68
	Amazon.com	16	32
	eBay.com	08	16
	Myntra.com	05	10
	Snapdeal.com	14	28
	Olx.com	08	16
	Others	12	24
Sources of awareness	Online advertisement	21	42
	Offline advertisement	07	14
	Friends	15	30
	Newspaper	03	06
	Television	04	08
Products purchased	Electronics	13	26
	Mobiles	31	62
	Computer	04	08
	Home appliances	08	16
	Games	02	04
	Garments	05	10
	Footwear	09	18
	Watches	09	18
	Jewels	03	06
	Mens Accessories	12	24
	Womens Accessories	11	22
	Toys	02	04
	Baby care	02	04
	Books	04	08
E-books	02	04	

Factors	Category	No. of Respondents	Percentage (%)
Preference	Time saving	28	56
	Information Availability	05	10
	Less Stress	09	18
	Less Expensive	06	12
	Best Offers	09	18
	Helpful for Old & Disabled	04	08
	Service Quality	02	04
	Easy Ordinary System	02	04
Visiting retail store	Yes	26	52
	No	24	48
Frequency of Purchase	Daily	06	12
	Weekly	09	18
	Monthly	21	42
	Yearly	13	26
Mode of payment	Credit cards	03	06
	Debit cards	05	10
	Online bank transfer	06	12
	Cash on delivery	38	76

Table 1.2 : Level of Satisfaction of the Respondents

Factors	Opinion	No of Respondent	Percentage (%)
Choice of availability of products	Strongly Disagree	03	06
	Disagree	02	04
	Neither Agree Nor Disagree	13	26
	Strongly Agree	27	54
	Agree	06	12
Facts consider before online Shopping	Product Rating	14	28
	Product review	20	40
	Advise for offline store	04	08
	Comparison of price	12	24
	Referred by friends	06	12

<b>Factors</b>	<b>Opinion</b>	<b>No of Respondent</b>	<b>Percentage (%)</b>
Detailed information about the product	Strongly Disagree	01	02
	Disagree	04	08
	Neither Agree Nor Disagree	14	28
	Strongly Agree	14	28
	Agree	27	54
Easy to choose and make comparison with other products	Strongly Disagree	-	-
	Disagree	02	04
	Neither Agree Nor Disagree	16	32
	Strongly Agree	06	12
	Agree	26	52
Quality of information provided in online shopping	Strongly Disagree	01	02
	Disagree	01	02
	Neither Agree Nor Disagree	16	32
	Strongly Agree	08	16
	Agree	25	50
Website layout helps in searching the products easily	Strongly Disagree	02	04
	Disagree	-	-
	Neither Agree Nor Disagree	13	26
	Strongly Agree	10	20
	Agree	25	50
Safe and secure with online shopping	Strongly Disagree	04	08
	Disagree	08	16
	Neither Agree Nor Disagree	13	26
	Strongly Agree	21	42
	Agree	07	14
Shopping experience	Highly satisfied	07	14
	Satisfied	38	76
	Neither satisfied nor dissatisfied	05	10
	Dissatisfied	-	-
	Highly dissatisfied	-	-

Factors	Opinion	No of Respondent	Percentage (%)
Barriers which keep respondents away from online shopping	Safety of payment	11	22
	Low trust level of online store	11	22
	VAT, Customs Duty	08	16
	High shipping cost	04	08
	Delivery too slow	18	36
	Others	-	-

Table 1.3 : Problems faced by the Respondent while Online Shopping

S.No	Problems	No of Respondent	Percentage (%)
1	Product did not arrive at all	04	08
2	Product arrive in damage condition	08	16
3	Wrong product were sent	04	08
4	Not quality goods & services	07	14
5	Others	02	04
6	None of these	26	52
	Total	50	100

Table 1.4 : Ranking of the Services in Online Shopping

S.No	Ranking of the services in online shopping	Total Score	Rank
1	Payment security	176	6
2	Product delivery	188	4
3	Personal information privacy	156	8
4	Warranties, return policies	182	5
5	Convenience	215	1
6	Mode of payment	174	7
7	Time saving	203	2
8	Attractive offers	195	3

## Findings

- Hence it is concluded that majority (58%) of the respondents are male.
- Hence the higher (50%) percentage of the respondents are falling under the category of below 25 - 30 years age group.

- Hence the higher (46%) percentage of the respondents are falling under the category of Village area.
- Hence it is disclosed that majority (46%) of the respondents are engaged on in students
- Majority 40% of the respondents are post graduate level
- Majority 56% of the respondents are belongs to Nuclear family.
- Majority 38% of the respondents are earning the monthly income below Rs.5, 000 only
- Majority 68% of the respondents visited Flipkart.com.
- Majority 42% of the respondents get awareness about websites through online advertisement
- Majority 62% of the respondents purchased Mobiles via online channels.
- Majority 56% of the respondents Prefer online shopping for time saving.
- Majority 52% of the respondents visiting retail store before online shopping.
- Majority 42 % of the respondents make purchase on Online Shopping Monthly.
- Majority 54% of the respondents Strongly Agree with the choice of products available in Online shopping.
- Majority 40 % of the respondents consider product review before Online shopping.
- Majority 54% of the respondents Agree with the detailed information about the products in Online shopping.
- Majority 52% of the respondents Agree with the easy to choose and make comparison with other products in Online shopping.
- Majority 50% of the respondents agree with the Quality of Information provided in Online shopping.
- Majority 50% of the respondents Agree with the Website layout helps in searching the products easily.
- Majority 42% of the respondents Strongly Agree with the Safe and secure with online shopping.
- Majority 52% of the respondents did not face any of the problems in online shopping.
- First rank given by the respondents for the Convenience in online shopping.

- Majority 76 % of the respondents make payment through Cash on delivery in online shopping.
- Majority 36 % of the respondent have barrier of delivery too slow in online shopping.
- Majority 76 % of the respondent satisfied with online shopping

## Conclusion

Online shopping is becoming more popular day by day with the increase in the usage of World Wide Web known as www. Understanding customer's need for online selling has become challenge for marketers. Specially understanding the consumer's attitudes towards online shopping , making improvement in the factors that influence consumers to shop online and working on factors that affect consumers to shop online will help marketers to gain the competitive edge over others.

In conclusion, having access to online shopping has truly revolutionized and influenced our society as a whole. This use of technology has opened new doors and opportunities that enable for a more convenient lifestyle today. Variety, quick service and reduced prices were three significant ways in which online shopping influenced people from all over the world. However, this concept of online shopping led to the possibilities of fraud and privacy conflicts. Unfortunately, it has shown that it is possible for criminals to manipulate the system and access personal information. Luckily, today with the latest features of technology, measures are being taken in order to stop hackers and criminals from inappropriately accessing private databases.

Through privacy and security policies, website designers are doing their best to put an end to this unethical practice. By doing so, society will continue to depend upon online shopping, which will allow it to remain a tremendous success in the future.

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## Exchanges in India: A Perspective

– Gangineni Dhanaiah\*

– Dr. R. Siva Ram Prasad\*\*

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### Abstract

*Exchanges are market places for trading financial instruments like equities, bonds, commodities, currencies and other derivative instruments. Indian Exchange landscape has evolved over the years from 'only equity' into an inclusive blend of asset classes (Commodities, Bonds, Currencies, Power, and Interest Rates etc). Exchanges have become demutualized and fully electronic entities. This paper describes the present state of Indian exchanges. Varied asset classes - commodities, currencies, equities are analyzed in the context of their market places in India. Indian Exchanges have caught the eye of global players. Exchanges like NSE, BSE, MCX have attracted investment from foreign entities. This paper attempts to analyze the evolution cycle of exchanges- electronic, demutualization, listing and consolidation. We explore the exchanges in India and the underlying markets.*

**Keywords :** Exchanges, Demutualization, Asset Classes, NSE, BSE, MCX

### 1. Introduction

Stock Exchanges play a vital role in economic development of a country. Exchanges, primarily demutualised companies and implementers of national economic policy and company law have been compared to "news papers, national airlines, large broadcasters, major automobile companies, oil companies and major commercial and investment banks" in terms of their "sustained institutional prominence in the lives of nations" according to 'Focus', by the world federation of exchanges(WFE). Around the world, exchanges are demutualizing, becoming publicly owned , consolidating and forming power blocks in the international and regional arena. The global market capitalization reached USD 64 trillion(+17%) and Value of share trading reached USD 55 trillion (+12%) in 2013.

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In India, Capital markets are playing an increasingly important role, with the stock exchanges acting as their fulcrum. Stock Exchange as an institution has long history in India dating back 100 years ago. Over the years, price discovery has become more efficient, transactions have become faster, safer and cheaper, number of investors has risen and markets have become globalized. Indian markets have become larger, deeper, diversified and more modernized.

### Global Exchanges

The following table depicts largest domestic equity market capitalization at year-end 2013.

**Table 1 : Largest domestic equity market capitalizations at year-end 2013**

Exchange	USD billion end-2013	USD billion end -2012	%Change in USD
1. NYSE Euronext (US)	17950	14086	27%
2. NASDAQ OMX (US)	6085	4582	33%
3. Japan Exchange Group	4543	3681	23%
4. London Stock Exchange	4429	3397	30%
5. NYSE Euronext (Europe)	3584	2832	27%
6. Hong Kong Exchanges	3101	2832	9%
7. Shanghai SE	2497	2547	-2%
8. TMX Group	2114	2059	3%
9. Deutsche Borse	1936	1486	30%
10. SIX Swiss Exchange	1541	1233	25%

Source: [www.world-exchanges.org](http://www.world-exchanges.org)

**Table 2 : Top Ten Exchanges By No of Transactions (measured in Millions)**

Exchange	2012 Transactions	2012 Rank	2013 Transactions	2013 Rank	Change(%)
1. NSE India	1407	1	1449	1	3.04
2. NYSE Euronext	1375	2	1188	3	-13.59
3. NASDAQ OMX	1268	3	1151	5	-9.17
4. Korea Exchange	1219	4	1032	6	-15.38
5. Shenzhen SE	936	5	1289	2	37.82
6. Shanghai SE	926	6	1153	4	24.61
7. BSE India	356	7	345	8	-3.07
8. Tokyo Exchange	350	8	599	7	71.39
9. London	222	9	211	10	-4.87
10. TMX Group	216	10	235	9	9.15

Source: [www.ajayshahblog.blogspot.com](http://www.ajayshahblog.blogspot.com)

NSE was # 1 in the world in both 2012 and 2013 in number of Transactions.

### Consolidation and Cross-border linkages among Exchanges

**Table 3 : Some Examples of Consolidation, cross-border linkages & partnerships**

New Entity	Previous Entities	Type	Year
EURONEXT	Amsterdam Exchanges N.V Paris Bourse SBF SA Lisbon Exchange Brussels Exchange	Merger	
EURONEXT LIFFE	Euronext Life	Controlling Interest	2001
NYSE	Euronext NV Australian Securities Exchange and Sydney Futures Exchange	Acquisition Merger	2006 2006
CME Group Inc	CME Holdings Inc and CBOT Holdings Inc	Merger	2007
ICE	Winnipeg Commodity Exchange	Acquisition	2007

Exchanges are becoming demutualised and being converted into publicly traded, for-profit companies. In the US, CME, CBOT, NYSE, NYMEX the International securities

Exchange have all become publicly traded, for-profit exchanges in the last decade. The competition among global exchanges has resulted in linkages and partnerships between national and international exchanges.

## 2. Literature Review

There are extensive studies, reports and books available on Indian Exchanges & trading practices. We have reviewed some recently published literature pertaining to Trading & Exchanges in India.

Shah, etal (2008) in the book titled " India's Financial Markets" observes that the public equity market within India, both spot and derivatives, takes place almost entirely at the two exchanges - NSE and BSE. There is an open electronic limit order book (ELOB) with order matching by the trading computer. The author reports that the processes of organized financial trading in India have focused on Exchanges. According to the author, SEBI needs to take a larger view of the business of organized financial trading, which needs to evolve into a three-tier system: a) Exchanges patronized by the public b) professional exchanges c) OTC Trading.

Lee(2002) in the paper titled " The future of securities exchanges" presents a range of predictions about securities exchanges. The author analyzes that historically, exchanges have had seven main types of revenues :1) Membership subscription, fees for 2) Listing, 3) Trading 4) Clearing and 5) Settlement and charges for the provision of 6) Company news and for 7) quote and trade data. In the paper four broad themes related to securities exchanges are discussed concerning information, industry, governance and politics. The following ten predictions are made by the author in his paper : 1) securities exchanges will become media companies 2) there will be many years of legal and regulatory battles over whether exchanges on their quote and trade data 3) only if a market wide consensus is reached , will such battles stop . 4) marginal cost pricing for information dissemination will be neither sustainable or optimal 5) a few exchanges will dominate trading 6) most exchanges linkages will fail unless they lead to a merger or acquisition 7) vertical integration by securities exchanges into clearing will lead to anti competitive behavior 8) demutualization will be neither necessary nor sufficient for the prosperity, or even survival of security exchanges 9) demutualized exchanges will require regulation than mutual exchanges - not because of the difficulties of self regulation, but rather due to likely anti competitive behavior 10) political intervention in securities exchanges activities will grow.

In a paper titled "politics of market micro-structure", John ( 2007) describes the rapid technological change that characterized Indian financial markets in the last three decades of twentieth century by increasing the opportunity costs of maintaining India's

unreformed equity market microstructure. The author argues that India eventually adopted many latest innovations, leapfrogging from archaic market institutions and practices in the early 1990s to international best practices at the beginning of new millennium. The paper further elucidates that by 2001, reforms brought India upto par with the global standards for every aspect of its equity market microstructure. The paper argues that technological change in the form of electronic trading systems and the development of new financial products created substantial opportunity costs to maintaining status quo. According to the author, the NSE developed important institutional innovations for clearing and risk management.

Report on Indian Exchanges (2009) by IDFC research describes that transparency, annuity revenues, high operating leverage and solid entry barriers make exchanges a near-perfect business. The report further argues that Indian Exchanges are almost on par with global peers in terms of corporate structure and sophistication of systems, Indian Exchanges are gathering scale. As elucidated in the report exchanges have been around for centuries, but the business model continues to strengthen with the industry increasingly gaining depth.

Draft Red Herring Prospectus of MCX(2011) submitted to SEBI states there are over 30 commodity futures and options exchanges worldwide that trade commodities ranging from energy, metals, agriculture to livestock in many countries including the United States, China, Japan and Malaysia and the UK. The report opines that the recent trend in global futures and options may be attributable to the following factors: 1) impressive growth of the Asian Exchanges especially in India and China 2) Emergence and acceptance of new products offered by the exchanges 3) increasing awareness of the importance of risk management. The report further describes the technological advances and migration to fully electronic trading markets. The major trends observed are a) decentralization b) Algorithmic trading c) Direct Market Access d) Co-location facility e) Move to commercially oriented business practices at exchanges and consolidations.

Annual Report (2013) of Futures Market Commission reports that out of 19 recognised commodity exchanges, MCX Mumbai, NCDEX Mumbai, NMCE Ahmedabad, ACE Derivatives and Commodity Exchange Mumbai, Indian Commodity Exchange Mumbai contributed 99.71% of the total value of commodities traded during 2012-13.

Sebi Annual Report (2013) reports the activities of stock exchanges during 2012-13. Over the years, NSE and BSE have emerged as the nation-wide stock exchanges of the country contributing more than 99% of the total turnover. The report states that equity derivatives segment is the most vibrant, active and dominant segment in the

Indian Securities Market. India holds a significant place in the arena of world derivatives markets. Currently, India's NSE, MCX group and BSE were found to be among the top 30 derivative exchanges when positioned by the number of contracts traded and/or cleared. The equity derivative markets have experienced shifts in the product shares in the recent years. Till 2006-07, single stock futures were the most traded product in India. During 2012-13, the largest share in the total derivatives turnover has been contributed by index options with 77%. Share of single stock futures have declined substantially over the years and now constitute a mere 10.9% in 2012-13. The report elucidates on currency derivatives market regarding the currency derivatives exchanges NSE, MCX-SX, USE. The product-wise share in currency derivatives volume shows that USD-INR futures dominated with 76.4% followed by USD-INR options (20.2%).

### **3. Objectives of the Study**

- 3.1 To analyze the evolution cycle of Exchanges in India.
- 3.2 To describe the business model of Indian Exchanges

### **4. Exchanges in India**

#### **Key Stages of Evolution Cycle**

Indian Exchanges are able to compress the evolution cycle and fast track into transforming from mutually-owned market places to demutualised, fully-electronic ones. Global Exchanges have evolved from being member-owned entities into publicly listed commercial business houses. Extant literature identifies four key stages of the evolution cycle - electronization, demutualization, listing and consolidation.

Electronic → Demutualization → Listing → Consolidation →  
Commodity Exchanges in India

Commodity Derivatives Market in India has a very long history though chequered and filled with intermittent bans on futures trading. The market began in 1875 with the starting of Bombay Cotton Trade Association Ltd. Presently only commodity futures are traded in India's Commodity Exchanges. Commodity Futures are derivative products that are tools for fulfilling the objectives of price-discovery and risk management. India started moving towards having commodity futures trading in the late 1990s, after a long and turbulent history of commodity derivatives trading. Commodity futures market was liberalized in India in 2003. The main legal framework governing Commodity Derivatives Market in India is the Forward Contracts ( Regulation) Act 1952(FCRA).

The market microstructure of commodity derivatives market has undergone metamorphosis in the last decade. The various changes are outlined below.

**Table 4: Commodity derivatives market in india: Transformation**

	<b>2000</b>	<b>2013</b>
Modern Exchanges	Absent	High ( 6 Multi-Commodity National Exchanges)
Commodity Stakeholders	Low	High
Institutional Brokers	Absent	High
Banks	Absent	Low ( not allowed)
FIs	Absent	Low
FIIIs	Absent	Absent(not allowed)
Companies	Absent	Medium
Independent Clearing	Low	High
Electronic Trading	Absent	High
Settlement Guarantee Fund	Absent	High
Usage of Warehouse receipt	Absent	High
Trading Volumes	Low	High
Products available for Trading	Single Commodity	Multi Commodity
Governance of Exchanges	Low	High
Trading	Localized	National

Commodity Derivatives Market witnessed huge increase in volumes after reforms in trading, clearing and settlement processes and risk management. Price discovery has improved and hedging effectiveness of futures market had also risen considerably. The following table depicts the total traded volumes in India's commodity derivatives market.

**Table 5: Volumes in India's Commodity Derivatives Market**

Total Traded Volumes ( USD billion)			
<b>Market</b>	<b>2003</b>	<b>2008</b>	<b>2013</b>
Commodity Derivatives	29	1019	3330
Of which			
Agriculture	28(96%)	244(24%)	400(12%)
Non-Agriculture	1(4%)	775(76%)	2930(88%)
Equity Derivatives	92	3281	5793
Equity Spot	128	890	498

*Source: Commodity Derivative Market Report, DEA, MoF (April, 2014)*

There continued to be government interventions on commodity futures trading. The following table lists the instances of suspended commodities between 2003 and 2014.

**Table 6 : Suspension in commodity futures trading after 2003**

Commodity	Trading suspended on	Suspension revoked
Tur, Urad	23 <sup>rd</sup> Jan 2007	Suspension continues (86 months)
Rice	27 <sup>th</sup> Feb 2007	Suspension continues (85 months)
Wheat	27 <sup>th</sup> Feb 2007	14 <sup>th</sup> May, 2009 (27 months)
Chana, Soya oil, Rubber, Potato	7 <sup>th</sup> May 2008	30 <sup>th</sup> Nov, 2008 (6 months)
Sugar	26 <sup>th</sup> May 2009	30 <sup>th</sup> Sep, 2010 (16 months)
Guar seed and Guar gum	27 <sup>th</sup> Mar 2012	10 <sup>th</sup> May, 2013 (14 months)

*Source: Committee to suggest steps for fulfilling the objectives of price discovery and risk management of commodity derivatives market, department of economic affairs, ministry of finance, government of India, New Delhi (April, 2014)*

There are 17 commodity exchanges (6 National and 11 Regional Exchanges) regulating futures trading in commodities. The six national commodity exchanges contributed 99.44% to the total value of trade in the commodity futures market. These are MCX Mumbai (78.25%), NCDEX Mumbai (15.7%), NMCE Ahmedabad (2.38%), ICEX Mumbai (1.13%), ACE Mumbai (0.63%) and UCX Navi Mumbai (1.34%).

The following table indicates percentage share of exchanges in major commodity exchanges.

**Table 7: Value of trade during Jan-mar 2014 in the major commodity exchanges**

Name of Exchange	Value in Rs Cr	% Share
MCX	1485111.83	78.25
NCDEX	298013.40	15.70
NMCE	45200.83	2.38
ICEX	21478.71	1.13
ACE	12035.34	0.63
UCX	25504.35	1.34
Total National Exchanges	1887344.46	99.44
Regional Exchanges	10589.03	0.56
Grand Total	1897933.49	100.0

*Source: FMC Bulletin (www.fmc.gov.in)*

## Equity Exchanges in India

Indian Equity Market had outdated practices in trading, clearing and settlement as of 1990. Stock Exchanges in India at that time had a doubtful reputation in their role as transparent price discovery mechanisms. Exchanges were run as self-regulating organizations (SROs), typically as brokers associations. Equity markets were fragmented across multiple regional exchanges, before economic reforms. After the reforms, NSE and BSE are only two stock exchanges for all practical purposes.

**Table 8 : Market Share of Indian Equity Exchanges**

Indian Equity Exchanges	Market Share
NSE	83.96
BSE	16.03
MCX-SX	Negligible

Source: SEBI Memorandum to the board ( Mar 2014- May 2014)

**Table 9 : Basic Indicators in Cash Market**

Particulars	2013-14	2014-15\$	% Chg Over prev Month
Market Cap (Rs Cr)			
BSE	74,15,296	84,07,834	12.2
NSE	72,77,720	82,51,346	12.3
MCX-SX	72,39,670	82,01,754	12.3
Gross Turnover ( Rs Cr)			
BSE	521,664	92,122	85.3
NSE	28,08,489	4,36,022	59.9
MCX-SX	11,185	0.03	-89.9

## Currency Exchanges

Trading in Exchange Traded Currency Derivatives ( ETCD) began in India in 2008.

**Table 10 : Details of Currency Exchanges and their commencement of Operations**

EXCHANGE	Date of Operations
NSE	Aug 29,2008
MCX-SX	Oct 7,2008
BSE	Oct 8,2008
USE	Sept 20,2010

Source : SEBI Annual Report 2013

Table 11: Market Share of Currency Derivatives ( Oct-Dec 2013)

Exchange	Market Share
NSE	61.59%
MCX-SX	29.98%
USE	6.64%
BSE	1.79%

Source : MCX -SX Market Update [www.mcx-sx.com](http://www.mcx-sx.com)

## 5. Findings and Conclusions

- 5.1 The global market capitalization reached USD 64 tn(+17%) and Value of share trading reached USD 55 tn (+12%) in 2013.
- 5.2 Four key stages of the evolution cycle - electronization, demutualization, listing and consolidation.
- 5.3 The six national commodity exchanges contributed 99.44% to the total value of trade in the commodity futures market. These are MCX Mumbai (78.25%), NCDEX Mumbai ( 15.7%),NMCE Ahemdabad (2.38%), ICEX Mumbai (1.13%), ACE Mumbai (0.63%) and UCX Navi Mumbai (1.34%).
- 5.4 Market Share of NSE, BSE and MCX-SX in equity segment is 83.96,16.03, negligible respectively.
- 5.5 Market Share of NSE, BSE, MCX-SX,USE in currency derivatives is 61.59, 29.98, 6.64, 1.79 respectively.

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## Factors Influencing User Perception on Mobile Social Networking Apps

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### Abstract

*Mobile social networking apps have become an integral part of our lives. In the recent past, social networking apps have experienced tremendous growth due to the high level of adoption of Smartphone among users. There are varieties of applications for Smartphone such as WhatsApp, Viber, Twitter, Snapchat, Instagram, Facebook, Hike, Google +, Hangouts etc., each one of them designed in their own unique ways. Most of these applications such as WhatsApp as well as Viber serve almost the same purpose and have almost similar interface. However the frequency of usage and the user perception towards these apps differs to a very significant level. This lead to a question of what are the factors that drive this perception and how significantly are they related to changing or shaping user perception towards these apps? This study proposes to investigate the influence of various factors in changing and shaping user perception and level of usage of various mobile social networking apps on their Smartphone. The study investigates the popularity and ease of use, preferred features etc. An online survey was conducted by posting the link of questionnaire on various social networking platforms such as WhatsApp, Hike and Facebook, 724 meaningful responses were collected. The result showed a significant difference among user perception on safety. Usage frequency was found to be different among age groups. There was also difference in preferred interaction groups and appealing features within different age groups and most preferred means of awareness being Friend's referral. They study found that users prefer WhatsApp the most because of the best In-built features, easy to use. The article discusses on the outcome and provides suggestion on how companies should further focus on specific features such as the instant message, group chat and safety. They study also recommends prospective features of these apps that can be added to further to improve their user base.*

**Keywords:** *User Perception, Mobile apps, Social networking apps, Usage frequency, popular app, WhatsApp, branding impact on app, In-built features, safety perception.*

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## Introduction

Social networking applications have experienced a tremendous growth in the recent past due to the high level of adoption of Smartphone by users. There are varied apps with a wide range of in-built features are available for Smartphones such as WhatsApp, Viber, Twitter, Snapchat, Instagram, Facebook, Hike, Google +, Hangouts etc., each one of them designed in their own unique ways. Research conducted by E-marketer, found that there has been a tremendous growth in the level of adoption of social networking platforms among Indians. India has the second largest user base on Facebook after US and is expected to have the largest population on Facebook by 2016. The growth rate of social networks has no stopping in Indian urban areas as the social media user base showed an increase. As per the survey conducted by the Internet and Mobile Association of India, it was found out that around 78 million citizen across India are active users of Facebook, 33 million users on Twitter and around 20 million users on LinkedIn.

Most of these applications such as WhatsApp as well as Viber serve almost the same purpose and have almost similar interface, however the frequency of usage and the user perception towards these apps differs to a very significant level. Users do not have the same perception towards all the apps. What are the factors that drive user perception and how significantly are they related to changing or shaping user perception towards these apps? User Perception is a marketing concept that explains user's awareness, consciousness and impression about a company and the various products or services it offers. It is usually affected by reviews, advertisements, public relations, personal experiences, social media and various other channels. User perception can be shaped by the way a company builds its brand identity. User's perception towards the quality of the product is one of the most significant determinants of product choice. Perception mainly explains how a person recognizes and interprets a given stimuli. This is the reason why user perception is believed to change the level of satisfaction derived by him from a given product or service and also affects the usage level. Similarly, not all mobile apps are perceived in the same fashion. Not all apps are used in the same fashion.

This study aims to describe the factors such as the level of popularity, in-built features, type of internet connection, demographic factors such as age, level of disturbance in the connection, ease of usage, interface of app, safety perception, most preferred interaction group etc. This paper is structured as follows: The first section introduced the objective of the study. Next section gives details about the concept of Social networking and its impact on user perception or usage. It also looks at the safety perception, global perspective of these apps. Third Section describes the research methodology adopted for this study. In the fourth section, data is analyzed and interpreted and results are presented. Further in the next section, there is a discussion on the findings. The final section imposes various recommendations and then concluded.

## **Review of Literature**

### **Level of adoption and usage of Social networking platforms by users**

In the world of globalization and fast paced technology development, adoption to Smartphones and using social networking apps within it has become a global trend. There are varied reasons why social networking apps have experienced tremendous growth in the recent past and have acquired a significantly large user base. Kohut (2012) assessed a broad array of subjects relating to the popularity of various social networking sites and usage of them among users across the globe. The study found that majorities around the World own a mobile phone. Moreover it was found out among those who owned a Smartphone apart from making a calls, social networking was very popular. They also concluded that young people are comparatively more engaged with their mobile phones than compared to elders. There was double digit age gap in most of the countries for all cell phones activities except for the activity of making call.

Livingstone & Brake (2010) revealed that the social networking sites have been adopted rapidly by children especially, teenagers and young people all over the world. According to them, it provides new opportunities for presentation of the self-learning and construction of a very wide circle of relationships, and also helps in the management of privacy and intimacy with closed ones. There are also many prevailing concerns as social networking increases the likelihood of new risks to the self which could result in loss of privacy, harmful contacts, bullying, and much more. In order to identify implications for various future research and public policy, this article has reviewed recent findings associated with children and teenagers' social networking practices and usage. These focus on the interdependencies between opportunities and risks and also the need for digital or media and the importance of building safety considerations into the design and management of social networking sites by various companies wherein greater attention must be paid in communicating 'at risk' concerns for children in particular.

### **Social Networking and in-built User Interface**

Different applications come with different in-built features. In-built features of social networking app can set or break user's preference towards a particular app. Lenhart, Madden, Macgill & Smith (2007) examined the role of interactive and conversational interface of social networking applications on increase in usage of these sites among teenagers. About half of online teenagers have created a profile on a social networking site like Facebook or MySpace, and have used these sites to upload photos and videos so that others could see them. Authors also spoke about how youngsters who are having a strong social presence are now engaging in blogging activities. It's found that two out of every five teenagers who use social networking sites also blog. As

per the privacy settings that users put in order to be safer on these social networking sites it was found that most of them restrict access to their posts, photos or videos. These restrictions are less often when it comes to adult's privacy settings.

Hampton, Goulet, Rainie and Purcell (2011) related the use of social networking platforms with the overall experience that people get with its in-built features and examined how certain people prefer very specific social networking platforms rather than going for everything available in the market. Their findings suggests that there is a little validity to the prevailing concerns that people who use Social Networking Sites usually experience comparatively smaller social networks, less closeness with their loved ones, or are usually exposed to less diversity. People gravitate to specific SNS platforms, such as LinkedIn or twitter, which are likely to have large overall social networks with more years of education. It was found that Americans frequently use Facebook in order to associate with more close social ties than they did two years ago. In addition, the research also concludes that there is only a small fraction of friends on Facebook account who are the people whom the users have never met personally.

### **User behavior towards social networking platforms**

Sylvia, Moonhee & Sangwon (2013) analyzed the level of user participation of social media, comparing perceived characteristics and user profiles by social media. They examined users' perception of six main groups of social media i.e. blogs, micro blogs, social networking, wikis, forum and content community. The study results show that younger adults tend to use social networking sites more than the blogs but the difference was very less if compared. It was found that openness was perceived to be the trait that mostly characterized social media in general. In the context of participation, it was seen that gender also played an important role where participation was considered most highly for blogs.

Borrero, Yousafzai, Javed & Page (2013) analyzed the beliefs that influence student's usage of social networking sites for their expressive participation in social movements emphasizing on the four main determinants of behavioral intentions and usage of users of technology include performance expectancy, social influence, effort expectancy and various facilitating conditions. They showed how the ease of use and the perceived usefulness are two main key reasons for shaping the usage intention among students for their expressive participation in social movements. This usage intention affects the actual participation among students. It's also found that there wasn't any significant gender effect on these relationships. They employed UTAUT in order to understand student's perception towards the usefulness of SNS with the help of three parameters - use expectations, social acceptance as well as their perception towards resource availability. Many communication scholars suggested that social media plays an important role for

communication of social movement and also provides opportunities that are not previously available through various broadcast media.

Yeboah & Ewur (2014) examined the effect of WhatsApp messenger and the invading technology represented in the use of personal computers and smartphones on the behavior of students and their academic performance. Chatting was the most common reason found (72%) for the usage of WhatsApp. Academic work was of least of concern among the sample respondents. Most students were found to use WhatsApp for long hours many respondents confessed that the effect of WhatsApp was negative. Considering the sections "general information, family, academics" some students were engaged in useful work using WhatsApp messenger. Hence, it can be said that WhatsApp is the necessary evil for the students in tertiary institution in Ghana, but it was highly recommended that intensified guidance and teaching about time management must be incorporated among the students. Also, if necessary, it must be made clear that usage of cell phone inside the class room is banned to minimize the negative impact.

### **Social Networking apps and Demographic Factors of users**

Demographic factors such as age, gender, occupation can play a very significant impact on the usage of Social networking apps among users. Brenner & Smith (2013) examined the rise in the level of adoption of various networking channels by various age groups as compared before. This research reveals that there is constant increase in the usage of social networking apps among adults. The Younger adults are the main avid adopters of these apps, however it was found that in the recent past social networking continues to grow in its popularity for older adults as well. The research shows that every six out of ten internet users ages 50-64 are nowadays on social networking sites.

PEW's Internet & American Life Project examined how teens understand their various privacy measures through several views such as by analyzing their choices to share or not to share their information online, by examining what exactly they prefer to share, by understanding the context in which they decide to share it and also by asking teens for their own evaluation of their vulnerability in usage of these networking sites. It was found that more than half of all the teenagers in the United States of America who have access to the internet connection use social networking sites (Madden et al, 2013).

### **User Perception towards value of Social networking and its impact on usage**

Yen (2013) attempted to analyze the perceived value influencing the usage of Social networking sites among users and examined the mediations of satisfaction of customers between the usage intention and the perceived value. They concluded that the perceived value inclosing the sociable value, hedonic value, information value has a very positive impact on the usage intention. However the mediation effect of satisfaction of users is

only significant for hedonic value and the social value excluding the information value. They suggested that the marketers need sincere concern towards the importance of customer satisfaction in changing the perceived value of social networking sites for its social as well as hedonic value.

### **Social Networking apps and safety perception among users**

Gunatilaka (2011) gave an insight into various security and privacy issues relating to the social networking sites. They include identity theft, social networks malware, and spams and also many physical threats associated with social networking activities of users. He showed how nowadays social networking sites have become a potential target for attackers due to its growing popularity, availability and large databases. Since many users are not careful about what they put up on these sites, privacy issue is one of the major concerns of these networks. Identity theft and Spam issues also makes it risky for users to use these networks though many security options are available. This is because attackers update their mechanism of attacking these sites as and when a new security or privacy feature is introduced in these sites.

### **Methodology**

The study is a descriptive research that tries to explain the influence of various factors such as age, safety perception, in-built features, popularity, Internet connection etc. in shaping and changing user perception and usage frequency of various mobile social networking apps. It also examines the most preferred, most easy to use, best in-built and most popular social networking apps among all the options available in the market. The study also investigates the most widely accepted means of awareness of these apps and most appealing feature. It further examines user perception regarding the future feature that must be incorporated or developed by these companies. First section of Questionnaire included questions related to the age, ownership of smartphone, monthly expenditure on internet connection, most preferred means of connecting to internet, Internet connection provider chosen. Second section asked questions related to safety perception, type of app preferred the most, most preferred features. Third section included questions related to user perception whether in-built features or branding impacts their decisions, which one among them were more impactful in shaping their decision and the final section asked people to rank top three most easy to use, popular and best in-built app out of the options available.

The population of this study is people who use social networking apps on their smartphones. The questionnaire was designed in the Google forms. The link was distributed to the sample respondents identified from references, friends connected via these apps and from various groups in social networking sites such as Facebook.

Additional responses were collected by posting the questionnaire link on various Social networking platforms to a wide range of people. The survey was open for two weeks and around 767 responses were received, however only 724 data were usable because others had missing data. All the data collected in the Google spreadsheet as well as in the hard questionnaire format were exported to statistical package and were coded in suitable manner for further analysis. First, the relevant data was tabulated based on various sub categories in order to simplify it further to analyze. Various descriptive statistical analyses were carried out to understand the frequency of occurrence of various sub categories under each section of the questionnaire. Further, inferential statistics such as ANOVA, Chi Square analysis were carried out to derive meaningful differences in the group means as per the changing factors that influences user perception. The results are presented in the next section. This statistical analysis will explore the influence of these factors and also the most preferred apps and features among users.

### **Data Analysis, Results and Interpretation**

This section presents the results of data analysis and its interpretation. First the descriptive statistics is presented. Many of the research objectives are answered by this. Further, ANOVA and Chi Square tests are done for comparisons. Table 1 reveals that different age groups gives importance to different features of social networking applications. Among the users below 20 years old, Instant messaging is the most important and appealing feature as 52.2% of the users below 20 years have considered Instant messages as the most appealing feature. Whereas the users above 40 years old give more importance to both group chat and instant messages features as about 33.3% of them gave importance to group chat option and 45.8% of them gave importance to instant messaging feature. The most preferred operating system is Android as 76.4% of respondents use it, whereas 15.2% users prefer IOS and only 6.5% prefers Windows. Symbian do not have a market as it is hardly preferred by 4 users (0.6%). This research shows that android is currently having a very competitive position in the market than compared to other operating systems as it has comparatively a larger user base.

43.2% of the customers mainly use a combination of both Wi-Fi and Data Net Pack to fulfill their connectivity requirements. Whereas 33.6% uses only Wi-Fi and 22.9% uses only Data Pack. Options like Hotspot are explored only during emergencies as only 2 users opted for it. Thus, the most preferred mode of connecting to internet is a combination of Wi-Fi and Net Data Pack. The business of network providers is a highly competitive market wherein Airtel is leading with 42.5% of users followed by Vodafone with 23.2% and BSNL standing third highest at 11.5% users. Docomo is very close to BSNL with 8.6% and thus majority of market being captured by these players. Network providers like Idea, Reliance and Aircel still need to go a long way to attract and

retain the users. 43.6% of users spend an average of Rs.250 or below and 35.9% users spend between RS.250-500. The expenses are higher for 13% of users who spend Rs.500 and above and small groups of 7% of users incur an expense above RS.1000 per month. Thus, majority of users spend an average of Rs.200-Rs.400 on internet connection. This is the reason why many companies such as Vodafone, Airtel, Docomo etc. focus on introducing value data pack offers which are less costly and more affordable for all.

**Table 1 : Descriptive Statistics**

Dimension	Options	Frequency	Percent	Total
Age Group	Below 20 years	389	53.7	724 (100%)
	Between 20 - 30 years	246	34.0	
	Between 30 - 40 years	65	9.0	
	Above 40 years	24	3.3	
Operating System used	iOS	110	15.19	724 (100%)
	Android	553	76.38	
	Windows	47	6.49	
	Symbian	4	0.55	
	Others	10	1.38	
Means of connecting to internet	Net Data Pack	166	22.9	724 (100%)
	Wi-Fi	243	33.6	
	Hotspot	2	.3	
	Both Wi-Fi and Data Pack	313	43.2	
Net connection provider preferred	Airtel	308	42.5	724 (100%)
	Vodafone	168	23.2	
	Idea	33	4.6	
	Docomo	62	8.6	
	BSNL	83	11.5	
	Reliance	11	1.5	
	Aircel	27	3.7	
	Others	32	4.4	
Monthly expenditure on internet	Below 250 rupees	316	43.6	724 (100%)
	Between 250 - 500 rupees	260	35.9	
	Between 500- 1000 rupees	94	13.0	
	Above 1000 rupees	54	7.5	

Table 2 presents the various user preferences on Social networking Apps among the respondents. The social networking apps are mainly used to connect with friends as

91% of users keep in touch with friends through apps. On the other hand 4.4% of users prefer to connect with their colleagues and 4% of users prefer to connect with cousins/ family using these apps. Hence, the Friends group plays an important role in driving the usage of apps.

There is wide-spread of choice of applications available for social networking apps in the market, however, WhatsApp beats them all with 82% of user preference. Next most preferred app is Facebook with 8% of users there is a very close competition among Skype, Instagram, LinkedIn and Hike as all of them are standing close to 2%. However apps like Viber, Snapchat and Twitter has a very small user base of around 0.5% each and they have huge potential to improve their base in coming years.

Out of 724 respondents, 378 respondents (52.2%) of them regarded Instant messages feature as the most appealing one. Followed by this, the next most appealing feature is Photo and Video Sharing feature as 21.5% of respondents considered it as most appealing. Group chat option was voted by 10.5% of respondents, Stickers and smileys by 7.5% and location sharing option by 7%. Very less importance was given to Voice chat and video conference feature as only 3.7 and 3.9% of respondents voted for them respectively. Thus the most appealing feature of a social networking application is its instant messages option.

71.4% of users use them for more than 5 times a day, 22.9% of them use it between 1-5 times a day and 3.2% of users claim to use only once in two days. Hence it can be concluded that the users spend a significant time of their day in surfing these social networking site. In terms of most effective means of awareness of social networking applications, friend's referral plays a very important role as majority of the respondents (77.8%) have voted for it. Followed by this the website is voted by 8.6%, Family member referrals by 6.8%, television advertisements by 3.9%. We can observe that Magazines and Newspaper aren't very effective as they have been voted only by 0.3% and 3.9% respectively. Thus word of mouth recommendation plays a very critical role in determining the success of awareness of various social networking applications.

**Table 2 : User preferences on Social networking apps**

Dimension	Options	Frequency	Percent	Total
Most preferred interaction group	Friends	659	91.0	724 (100%)
	Cousins	29	4.0	
	Work related people	32	4.4	
	Teachers and Parents	1	.1	
	Others	3	.4	

Dimension	Options	Frequency	Percent	Total
Most preferred social networking app	Whatsapp	594	82.0	724 (100%)
	Viber	2	.3	
	Hike	14	1.9	
	Facebook	58	8.0	
	Snapchat	6	.8	
	Skype	11	1.5	
	Twitter	2	.3	
	LinkedIn	13	1.8	
	Instagram	15	2.1	
	Google +	4	.6	
Others	5	.7		
Most preferred feature of social networking apps	Instant messages	378	52.2	724 (100%)
	Voice chat feature	27	3.7	
	Photo and Video sharing	156	21.5	
	Group chat options	76	10.5	
	Stickers and smiley	54	7.5	
	Video Conference	28	3.9	
	Location sharing	5	.7	
Usage frequency	More than 5 times a day, everyday	517	71.4	724 (100%)
	Between 1 to 5 times in a day, everyday	166	22.9	
	Once in two days	23	3.2	
	Once in a week	2	.3	
	Occasionally	11	1.5	
	Rarely	5	.7	
Means of awareness	Friend's referral	549	75.8	724 (100%)
	Family member	49	6.8	
	Television	28	3.9	
	Newspaper	14	1.9	
	Websites	62	8.6	
	Magazines	2	.3	
	Other sources	20	2.8	

Table 3 reveals that only 14.6% of users perceive that their data is completely safe on the apps whereas 68.9% users are unsure about the safety of their data and 16.4% users strongly believe that their information is not kept safe and confidential on the apps. Hence safety issue can be one reason why user's perception towards various applications can be formed and their frequency of usage can be affected as one cannot rely upon these applications for safety of their personal information in spite of the various Privacy options provided by the apps. 70.3% of users agree that they are induced by the popularity of the app whereas remaining 29.7% says that they are indifferent to the popularity of app and it plays no role over their preference of the app. Thus, branding efforts taken by many social networking companies are very critical to shape user preferences and perception towards their applications. Majority of users (79% of total respondents) think that their preferences and usage towards a particular application is affected by the in-built features it provides. Only 152 (21%) respondents' think that these in-built features are not important for them to consider while determining which application to use. Thus, this table shows that it is very important for companies to have well defined and user friendly in-built features in order to induce the users to prefer their particular application. 63.5% of respondents voted for in-built features as most important consideration while 36.5% voted popularity of the application as an important consideration. Clearly majority considers In-built features of an application as a factor influencing their choice towards a particular application. However the role of popularity/branding cannot be ignored as almost 36.5% of the users are induced to use a particular application only because of its popularity.

**Table 3 : User perception towards Social networking apps**

Dimension	Options	Frequency	Percent	Total
Safety perception	Completely Safe	106	14.6	724 (100%)
	May be Safe	499	68.9	
	Not Safe at all	119	16.4	
Perception towards popularity	Yes	509	70.3	724 (100%)
	No	215	29.7	
Perception towards In-built features	Yes	572	79.0	724 (100%)
	No	152	21.0	
Which impacts user perception more – popularity or in-built features	In-built features of the application	460	63.5	724 (100%)
	Popularity/Branding of the application	264	36.5	

In terms of most preferred feature to be added in future to social networking application, 42.3% of the respondents have voted for a feature which enables them to send documents and presentations through these apps, 33.6% wished that they could enter into video conference with many people at a time using these applications. 11.6% voted for a feature that enables them to send a particular portion of the music file and 8.6% of them wished for a feature to record live video conference (Table 4). Hence we can conclude that majority of them would love to incorporate these applications to send documents and presentations for their personal and professional use in future.

**Table 4 : User preferred future features of Social networking apps**

Dimension	Options	Frequency	Percent	Total
Feature preferred to be added in future	To be able to share documents and presentations	306	42.3	724 (100%)
	To be able to send a particular portion of music file	84	11.6	
	To be able to record live video conference	62	8.6	
	To be able to enter into video conference with many people at a time	243	33.6	
	Other feature	29	4.0	

To find the most popular Social Network Application, a weighted rank method was used. Table 4 shows that the most popular social networking application is WhatsApp as it has got 52.45% of the total weighted value. This is followed by Facebook. Snapchat and Instagram are very close in terms of ranking. Hangouts and Google Plus are considered to be least popular application. Hence in order to survive in this competent market, Google Plus and Hangouts need to focus on improving its level of awareness and popularity among users.

To find the most easy to use Social Network Application, a weighted rank method was used. Table 5 shows that the most easy to use social networking application is WhatsApp as it has got 52.99% of the total weighted value. Followed by this is Facebook that stands at number two position for most easy to use category. Hike and Instagram are very close in terms of ranking. Hangouts and Google Plus are considered to be least easy to use application. Hence in order to survive in this competent market, Google Plus and Hangouts need to focus on improving its user interface and simplify it further to suit the easy-to-use needs.

Table 5 : Ranking for Most Popular Social Networking Application

Sl. No.	Social Networking Application	First rank (a)	Weighted Value $A = a*10$	Second rank (b)	Weighted Value $B = b*5$	Third rank (c)	Weighted Value $C = c*2$	Total Weighted Value (A+B+C)	% of Total weight
1	WhatsApp	606	6060	68	340	28	56	6456	52.45
2	Viber	4	40	40	200	26	52	292	2.37
3	Hike	5	50	36	180	47	94	324	2.63
4	Wechat	0	0	11	55	8	16	71	0.58
5	Facebook	69	690	419	2095	104	208	2993	24.32
6	Snapchat	9	90	54	270	129	258	618	5.02
7	Skype	8	80	29	145	110	220	445	3.62
8	Twitter	6	60	14	70	53	106	236	1.92
9	LinkedIn	6	60	16	80	20	40	180	1.46
10	Instagram	9	90	36	180	177	354	624	5.07
11	Hangouts	2	20	0	0	7	14	34	0.28
12	Google +	0	0	1	5	15	30	35	0.28
	Total	724	7240	724	3620	724	1448	12308	

Table 6 : Ranking for Most Easy To Use Social Networking Application

Sl No.	Social Networking Application	First rank (a)	Weighted Value $A = a*10$	Second rank (b)	Weighted Value $B = b*5$	Third rank (c)	Weighted Value $C = c*2$	Total Weighted Value	% of Total weight
1	WhatsApp	617	6170	63	315	19	38	6523	53.00
2	Viber	8	80	79	395	25	50	525	4.27
3	Hike	18	180	74	370	59	118	668	5.43
4	Wechat	0	0	15	75	9	18	93	0.76
5	Facebook	48	480	344	1720	155	310	2510	20.39
6	Snapchat	11	110	55	275	106	212	597	4.85
7	Skype	8	80	25	125	93	186	391	3.18
8	Twitter	5	50	4	20	41	82	152	1.23
9	LinkedIn	4	40	12	60	18	36	136	1.10
10	Instagram	3	30	46	230	172	344	604	4.91
11	Hangouts	0	0	5	25	12	24	49	0.40
12	Google +	2	20	2	10	15	30	60	0.49
	Total	724	7240	724	3620	724	1448	12308	

To find the Social Network Application that has the best in-built features, a weighted rank method was used. Table 6 shows that the best in -built featured social

networking application is WhatsApp as it has got 43.96% of the total weighted value. Followed by this is Facebook that stands at number two position for best in-built features category. Skype and Instagram are very close in terms of ranking. Hangouts, Google Plus and Wechat are considered to be least best in-built featured application. Hence in order to survive in this competent market, Wechat, Google Plus and Hangouts need to focus on improving its in-built features and adding more use-friendly services within its applications.

**Table 7 : Ranking for Best in-Built Featured Social Networking Apps**

SI No.	Social Networking Application	First rank (a)	Weighted Value (A) A = a*10	Second rank (b)	Weighted Value (B) B = b*5	Third rank (c)	Weighted Value (C) C = c*2	Total Weighted Value (A+B+C)	% of Total weight
1	WhatsApp	486	4860	83	415	68	136	5411	43.96
2	Viber	12	120	79	395	19	38	553	4.49
3	Hike	26	260	68	340	43	86	686	5.57
4	Wechat	6	60	15	75	9	18	153	1.24
5	Facebook	103	1030	280	1400	130	260	2690	21.86
6	Snapchat	9	90	73	365	105	210	665	5.40
7	Skype	36	360	39	195	119	238	793	6.44
8	Twitter	6	60	17	85	29	58	203	1.65
9	LinkedIn	8	80	18	90	24	48	218	1.77
10	Instagram	23	230	44	220	147	294	744	6.04
11	Hangouts	0	0	4	20	18	36	56	0.45
12	Google +	9	90	4	20	13	26	136	1.10
	Total	724	7240	724	3620	724	1448	12308	43.96

To find the dependence of usage frequency on safety perception a Chi Square Analysis is done. Table 7 presents the results. The following hypothesis is framed for the test.

H<sub>0</sub>: There is no dependence of usage frequency on different safety perception of these apps by users

H<sub>a</sub> - There is dependence of usage frequency on different safety perception of these apps by users.

**Table 8 : Chi Square for usage frequency and safety perception**

		Safety perception towards social networking applications			Total
		Completely Safe	May be Safe	Not Safe at all	
How often social networking applications are used	More than 5 times a day	77	357	83	517
	Between 1 to 5 times in a day	25	120	21	166
	Once in two days	2	10	11	23
	Once in a week	1	1	0	2
	Occasionally	0	9	2	11
	Rarely	1	2	2	5
Total		106	499	119	724
		Value	Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square		24.744 <sup>a</sup>	10	.006	

Table 8 reveals that the significance level  $p = .006$ , which is below 0.05. Therefore, it can be concluded that there is dependence of usage frequency on different safety perception of these apps by users. Thus the safety perception of these applications impacts the usage frequency among the users.

To find the dependence of user perception towards most appealing feature of Social Networking applications on the different age groups a Chi Square Analysis is done. Table 9 presents the results. The following hypothesis is framed for the test.

H<sub>0</sub>: There is no dependence of user perception towards most appealing feature of Social Networking applications on the different age groups

H<sub>a</sub> - There is dependence user perception towards most appealing feature of Social Networking applications on the different age groups.

**Table 9 : Chi Square for user perception towards most appealing feature of Apps and different age group**

		Age Group				Total
		Below 20 years	Between 20 - 30 years	Between 30 - 40 years	Above 40 years	
The most appealing feature of social networking application	Instant messages	203	137	27	11	378
	Voice chat feature	15	5	6	1	27
	Photo and Video sharing option	81	52	21	2	156
	Group chat options	37	24	7	8	76
	Stickers and smileys	32	19	3	0	54
	Video Conference option	16	9	1	2	28
	Location sharing option	5	0	0	0	5
Total		389	246	65	24	724
		Value		Df	Asymp. Sig. (2-sided)	
Pearson Chi-Square		36.716 <sup>a</sup>		18	.006	

Table 9 reveals that the significance level  $p = .006$ , which is below 0.05. Therefore, it can be concluded that there is dependence user perception towards most appealing feature of Social Networking applications on the different age groups. Thus the different age groups look for different features in the App.

## Discussion

Companies must highlight upon the instant message feature and group chat feature more in their brand communication in order to induce more users to prefer their application more as we can observe that majority of the users below 20 years have considered Instant messages as the most appealing feature and users above 40 years old give more importance to both group chat and instant messages features. Thus these two features must be highlighted more in brand communication than compared to highlighting stickers or photo sharing options. Separate advertising messages highlighting the main features must be designed for targeting separate age groups because this research concludes that there is a statistically significant difference among user perception towards most appealing feature of Social Networking applications within different age group. Thus while communicating brand message, the instant message feature must be highlighted for youngsters and the group chat option must be highlighted for adults.

Two new features must be added - one that allows transmits of presentations and documents through these applications and secondly a feature that enables a user to enter into a video conference with many people at a time. This is because many respondents have voted for a feature which enables them to send documents and presentations through these apps, and wished that they could enter into video conference with many people at a time using these applications. Another feature that can be added includes the one that enables them to send a particular portion of the music file. A thorough market research about the demographic factors of the target audience must be carried out before entering a market or designing an advertisement message. This is because different age groups prefer different types of social networking applications and these companies should try to please all age groups. They should become specific in terms of the age group they are targeting and why their target market is that age group. Otherwise in this competent market, it would become difficult for a company to survive if they do not focus on a particular age group.

Social Networking Application providers must without fail communicate about the prevailing safety concerns associated with the social networking and how their features are a solution for these safety issues because only a small number of people perceive that their data is completely safe on the apps. Also it is statistically proved difference in usage frequencies is based on safety perceptions. Majority of people, who do not consider these applications as safe, use them rarely. Therefore in order to induce users to actually prefer a particular application and also induce them for repeated use, safety concerns and solutions must be addressed by the company. Majority of respondents think that their preferences and usage towards a particular application is affected by the in-built features it provides, therefore companies should focus on these in-built features and should make them more comprehensive yet simple to understand in order to attract more users. Many users agree that they are induced by the popularity of the app whereas remaining says that they are indifferent to the popularity of app. Thus company must focus on branding their applications in order to induce user preference towards their application.

## **Conclusion**

Social Networking applications have become an integral part of our social life. There are various factors that influence user perception and usage frequency of these social networking applications. There is a significant difference among user preference and usage frequency towards a particular application within different age groups. Thus, demographic factor such as age plays a critical role in determining the user preference towards a particular social networking application as not all the age groups prefers the same social networking application. These applications are not considered safe by many

users and it impacts their frequency of usage, hence steps must be taken to change this safety perception towards these applications.

Whatsapp is the most popular social networking application, followed by it is Facebook and then Instagram. In terms of ease of use, Whatsapp is considered as First, Facebook as second and Hike as third. In terms of Best in-built features, Whatsapp is considered as first, Facebook as second and third is Skype. In-built features of an application are an important determinant of user preference towards a particular application than compared to popularity of an application. However both are significant factors that can change the user's perception towards these applications. Therefore factors such as In-built features, popularity, age, safety perception, disturbance in internet connection, etc. are the main factors that impacts users' perception and usage frequency towards these applications. Thus before designing or deciding any brand communication of this social networking application, a thorough analysis of these factors must be carried out and their impact level must be considered in order to make an effective impact on user's preferences, perceptions and usage level of these social networking applications.

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## FDI in Indian Retail: Food and Grocery Industry

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### Abstract

*Indian retail industry is one of the sunrise sectors with mammoth growth potential. The recent wave of reforms by the Government to incentivize Foreign Direct Investment (FDI) in various sectors is bringing a new zest to the investment climate in India. One of the most debated reforms is the policy for allowing 51 per cent FDI in multi-brand retail. Organized retail sector considers 8% of total retail sector, which is expected to grow 20% by 2020 by various estimates. The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion by 2015. Food and Grocery is the largest category within the retail sector with 60 per cent share followed by others. The demand-push impact of a young consuming class with growing disposable incomes, India offers significant investment opportunities in the food and agri-business sector.*

*This paper explains the impact of FDI in Multi- Brand Retail Trade (MBRT) in relation to food and grocery sector, by balancing the interests of different stake holders like farmers - corporate - government- consumers. The change in some of the policy conditions indicates government intention to "move food from farm to plate". With its backward and forward linkages, MBRT can act as wealth and health creator for the nation. Some of the thrust areas of the MBRT are to develop Infrastructure, to enhance productivity and quality, development of SME sector, taming inflation and others.*

*The first part of the paper contains the introduction about the FDI in retail segment of food and grocery, continued by evaluation of various opportunities and challenges with the entry of FDI which can be buoyed by a favorable policy environment by government to protect the basic standard of the industry.*

**Keywords: FDI, MBRT, FOOD AND GROCERY**

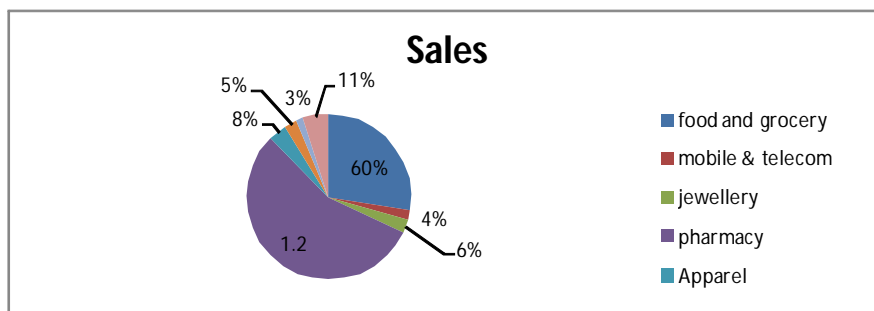
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## Introduction

The government allowing FDI of up to 51% in multi-brand retail, as part of moves aimed at encouraging investment in the country. Categories such as mass grocery and apparel will emerge as the two most favored destinations following the government allowing foreign direct investment (FDI) in multi-brand retail. In both these segments there are large domestic retailers who could be potential joint venture partners for foreign retailers. Retail sector in India is the second largest employer after agriculture. Almost 33 million people involved here. India is the second largest producer of fruits and vegetables. Foreign retailers could enter India by forming a new joint venture company, which shall have multi-brand retail stores in India. Alternatively, the foreign investor may also consider acquiring 51% stake in the existing business set-up of the potential Indian joint venture partner. The Indian retail industry has seen growth of 10.6% between 2010 and 2012 and is expected to reach \$750-850 billion by 2015, according to the report. Food and grocery is the largest category within the retail sector with a 60% share, followed by the apparel and mobile phones. Existing mass grocery retailers in India already source many products directly from producers and "small" food processing units, which is why they are likely to be a draw for overseas investment. Organized retail, which constitutes 8% of the total retail market now, will grow much faster than traditional retail, according to the report. Its share of the growing retail market in India is also expected to expand. Various estimates put the share of organized retail at 20% by 2020. There was large pandemonium about this issue regarding the opportunities and challenges but at the same time we should be in equal footage with the changing times of the dynamic world. The recent allowance of FDI in multi brand retailing will allow global retail powerhouses like Wal-Mart, Carrefour and Tesco to tap the above market in India.



Source: India in retail report 2013, images group

## Objectives

- To analyze the prospects and constraints faced by the retail sector in relation to food and grocery sector, by the entry of FDI.

- To study the various policies framed by the government, to protect the basic Indian sectors.

### Methodology

The methodology is designed with an intention to make a critical appraisal of the challenges and opportunities, faced by the Indian populace and foreign MNC'S while creating a conducive business environment. The study is based on secondary source of data.

Prospects and constraints faced by the retail sector in relation to food and grocery sector, by the entry of FDI:

There are many spillover effects with the entry of FDI into the Indian economy, as such there may be demanding situations for the Indian government and populace, which should be attacked in a proper manner.

- **Reduction in wastage to goods:** According to industry estimates, 35-40% of fruits and vegetables and nearly 10% of food grains in India are wasted; at the end of the day total 60% of the goods reach the consumer. Though FDI is permitted in cold-chain to the extent of 100%, through the automatic route, in the absence of FDI in front-end retail, investment flows into this sector have been insignificant.

Percentage of Harvest & Post Harvest Losses of Fruits for the Year 2005-2007



Source:APMC

Percentage of losses estimated for major produces for the year 2010

CROP	PERCENTAGE OF LOSSES ESTIMATED FOR MAJOR PRODUCES (CUMULATIVE WASTAGE - %)
Cereals	3.9 - 6.0
Pulses	4.3 - 6.1
Oil seeds	6.0
Fruits & vegetables	5.8 - 18.0
Milk	0.8
Fisheries	2.9 - 6.9
Meat	2.3
Poultry	3.7

Source: A study of CIPHET, 2010

- **Reinforcing the efficiencies of supply chain**

FDI act as a catalyst between many lacunae for Indian farmers to make farming again a profitable business activity with better supportive infrastructure. Metamorphosis of food supply chain with the entry of FDI helps in enhancement of cold storages, warehousing facilities is pivotal to the incomes of hundreds of millions of those employed in rural and urban areas as farmers, wholesalers, truckers, processors, and retailers participating in these supply chain.

Inefficiencies of Supply Chain

Supply Chain Stakeholder	Price Break Up/Kg	% Share	Gross margin %
Farmer	27	28-30	
Transporter	5	5-8	12-15
Commission agent	7	8-10	18-20
Aggregate cum wholesaler	11	12-13	20-25
Transporter	5	5-8	8-10
Distributor	16	18-20	20-25
Retailer	20	20-25	20-25
	90	100	

Source: Technopak analysis

A typical example of Himachal apple illustrated above, that the farmer only fetches 30% in place of 70- 75% (excluding transport cost) because of absence of direct buyers and presence of mediators. Currently about two thirds of the total value share is hooked by the middlemen and traders in the commodity trade business.

**Analysis:** In the above example, if middle people in the supply chain are removed, it will be a win-win situation for both the farmer and the consumer. Farmer will be benefited up to  $(30+8+10+20= 70\%)$  and at the same time consumer will get a benefit of 5-10%.

The low return to the primary producer restricts the quality received by the end consumer and the presence of unnecessary mediatory increases the end produce price. At the brim it is the producer and the consumer who carries the agony, FDI in retailing can be the path breaker indulging benefits for primary produce and the end consumer.

- **Advantage for farmers**

In the interim process of production and marketing of commodities, Indian farmer deals with a pile of challenges, like, low productivity, shrinking land holdings, less availability of farm inputs, depleting share of income, and the list is endless, remaining pawns in the hands of big landlords. Current state of supply chain of perishables adds up to the end price of commodities. Lack of proper transport and storage facilities increases the wastage level and lowers the availability of produce. Augmentation of international retailers operations will encourage farmers to utilize better storage and transportation facilities. With a huge geographical area, there are many admirable exotic commodities which are restricted with local markets. The upgraded supply chain interventions will improve the reach of these commodities a producers will fetch better returns. Not only this when Indian farmers enter the Supermarket Channel of food supplies (either directly or through agents) their source of income will increase substantially. So we can that end-to-solutions are provided by these retail chains and will benefit one and all.

- **Check on inflation:** In the past few years the food inflation has shot up by a double digit growth and whenever the control measures have been suggested, they pertain to the supply side of the food chain. FDI in retail will give impetus to the backward linkages which is essential for controlling food inflation. Players in the organized retail sector will create adequate infrastructure facilities, thereby reducing wastages and increasing the supply of commodities, bringing down their prices considerably.
- **Development in MSME sector:** Upliftment of MSME sector with the entry of FDI, in the areas of food processing sector and other related areas.
- **Impact on end consumers:** The strongest impact of organized retailing would be seen on the consumers. Along with the increase in disposable income and increased discretionary expenditure, the consumers will get better choice of dimensions.

Indian Customer has a win-win situation with this FDI policy in multi branding retailing. With opening of supermarkets in India Indian customer will experience a world class standards of retailing.

- Employment generation:** Huge investments in the retail sector will see gainful employment opportunities in agro-processing, sorting, marketing, logistic management and the front-end retail business. Industry estimates suggest employment of one person per 350-400 sq. ft of retail space, which means nearly 1.5 million jobs, will be created in the front-end alone in the next 5 years. Assuming that 10% extra people are required for the back end, the direct employment generated by the organized retail sector in India over the coming 5 years will be close to 1.7 million jobs. Indirect employment generated on the supply chain to feed this retail business will add millions of jobs. From an Indian perspective, the advent of international retailers would mean an FDI infusion of \$5 billion over the next five years. Retail joint ventures are actually going to hire a lot of people. So, in the short run, there will be a spurt in jobs. Eventually, there's likely to be a redistribution of jobs with some drying up (like that of middlemen) and some new ones sprouting up entire new supply chain system where jobs are being created not in selling physically to people but in upgrading the supply. Unless you take that into account this comparison is meaningless. Not only would consumers be further spoilt for choice, Indian retailers, by partnering with international players such as Wal-Mart and Carrefour would be able to adopt global best practices and become more efficient.

#### Expected Employment Status

Year	2001	2012	2021
GDP(USD bn)	450(US bn)	1958(USbn)	3310(USbn)
Estimated merchandise consumption	120	490	810
Share of independent retail (mn)	115	455	648
No of direct employees in independent retail (mn)	18	22	31
Shares of corporatized(usd bn)	5	34	162
No of direct employees	0.1	0.7	3.3

Source: Technopak analysis

- Impact on corporate taxes**

There is a direct relationship between the increase in tax receipts and the increasing share of corporatized retail. Most retail transactions take place in India are in cash. This

provides a significant headway for a parallel economy to mushroom. There are tax (VAT) leakages via under-invoicing or non-reportage of sales. The framework of independent retail also provides enabling conditions for the trade of phony and counterfeit goods. With an expanding share of corporatized retail, the probability of such leakage shrinks and the certainty of tax receipts surges.

**Estimates Showing Increase in Corporate Taxes after FDI Entry**

year	2001	2012	2021
Total merchandise retail( USDbn)	120	490	810
Share of organized retail	4%	7%	20%
Size of organized retail(USDbn)	5	34	162
Tax revenue @weighted avg tax rate 10% ( USDbn)	0.5	3.4	16.2

Source : Technopak Analysis

## Manifold Challenges

- **Unemployment**

A major debate in this whole section of FDI entry is the creation of unemployment which has to be compensated in other related areas with its forward and backward linkages.

- **Different structure of sales tax in different states**

Lack of uniform tax system for organized retailing is also one of the obstacles. Inadequate infrastructure is likely to be an obstacle in the growth of organized retails, with multi-point octroi collection.

- **Problems of supply chain intermediaries and logistics**

It is feared that foreign retailers will directly impact existing supply chain intermediaries that are being fed by SME's. Since sourcing from domestic SME's is not mandatory, foreign retailers may source the products from countries like China which is known as manufacturing hub of the world and it may put Indian SME sector in great danger. There may be a possibility of large scale unemployment if not checked. The current provision of 30% sourcing from Indian SME's should be made mandatory and should be strictly monitored. Due to predatory pricing strategies, vast class of India's merchants. For perishables, the system is too complex. Government regulations, lack of adequate infrastructure and inadequate investment are the possible bottlenecks for retail companies. The supply chain for staples is less complicated than the net groceries. But staples have a unique problem of no standardization

- **Competition between the local kiranas**

The local kiranas, small shopkeepers, hawkers, peddlers still form major section of Indian economy. Retail sector acts as a shock absorbing sector, providing opportunities for self employment in case of economic slowdown. The local shopkeepers in the vicinity of big retailers might find it difficult to compete. The prices will be determined by modern retailers and small shopkeepers may have to loose their profit margin due to predatory pricing strategy. The entry of large global retailers such as Wal-mart would kill local shops and millions of jobs, since the unorganized retail sector employs an enormous percentage of Indian population after the agriculture sector; secondly that the global retailers would conspire and exercise monopolistic power to raise prices and monopolistic (big buying) power to reduce the prices received by the suppliers; thirdly, it would lead to asymmetrical growth in cities, causing discontent and social tension elsewhere

- **Not - catering to all the economic classes**

Will mainly cater to high-end consumers placed in metros and will not deliver mass consumption goods for customers in villages and small town.

- **High cost of real estate**

The most important ingredient for a modern trade retailer is real estate in the right catchment area. A retail store would require anywhere between 50,000 and 100,000 sq ft of retail space. The biggest challenge in the India retail story is availability of quality real estate. Instead of setting up large stores within the city, retailers in most mature markets set up a 100,000 sq ft plus store, on the outskirts, saving on expensive real estate. But the average Indian prefers picking up groceries from a nearby kirana store rather than navigate through heavy traffic on bad roads. This leaves the retailer with little option but to look for real estate within the city. But one rarely finds big box retail stores on High Street. Linking Road, Mumbai and South Ex in Delhi don't have a single big-box retail store. There is no space in these areas to accommodate a 50,000 sq ft store and the costs are exorbitant-Rs 300-400 per sq ft. It will be difficult to sustain at those prices.

Cost of big-box retail stores in India are located in malls, which are mostly in the suburbs. For example, almost 80% of the malls in Mumbai are located in suburbs such as Malad, Vashi and Mulund. At Rs 100-120 a sq ft, the rentals here are not cheap either. And there's a shortage of quality malls-there are around 150 malls in the country, of which only 30-40 are making money.

- **Repartition of profits:** FDI inflows should be balanced with the outflows accordingly, in the form of profits remittances on the investments made, that are repatriated to the home country. This could have implications in economic downturns where net FDI could decrease sharply without a corresponding decrease in profit remittances and thus worsen the balance of payment contribution of the FDI course. This has special relevance now given the scale and the extent of the ongoing financial crisis in the globe.
- **The negative effect on the domestic private sector:** Government should frame the policies to protect the new born industries and plan some incentives for these, to umbrella these from the FDI.

### **Policies of government**

FDI monitoring and reviewing agencies

1. The **Ministry of Commerce and Industry**, GOI is the nodal agency monitoring and reviewing FDI policy on continuous basis.

2. **RBI (Reserve Bank of India)**

RBI administers FEMA along with Directorate of Enforcement under the Ministry of Finance. Its main objective is to facilitate external trade and payment and promote orderly development and maintenance of foreign exchange market in India.

3. **FIPB (Foreign Investment Promotion Board)**

FIPB is a board, set up under Dept. of Economic Affairs, Ministry of Finance, and GOI. It is a government body that offers single window clearance for proposals on FDI in India that is not allowed an access through automatic routes. FIPB has powers to consider recommendations up to Rs. 1200 crores. Proposals more than Rs. 1200 crores require the approval of cabinet committee on economic affairs (CCEA). It is mandated to play important role in the administration and implementation of governments FDI policy.

4. **DIPP (Dept of Industrial Policy and Promotion)**

Established in 1995, reconstituted in 2000, this board mainly looks after the formulation and implementation of industrial policies and strategies for industrial development of the country.

Now the Committee of Secretaries had given their nod to 51% FDI in multi brand retail, but with stringent conditions like mandatory investment of at least 50% in the back-end infrastructure.

1. **50% investment in back - end infrastructure**, but also generate the employment to the country.
2. **Minimum sales of 30%** to come from small traders, it will create a very good opportunity for small traders and they will be competitive enough.
3. **30% mandatory sourcing** from small and medium enterprises will give an opportunity to small and medium enterprises to be competitive and improve their quality because whoever will come in India they will be very quality conscious. FDI multi -brand retail clears the deck for multi - national chains such as Carrefour, Tesco and Wal-Mart to set up shop in India, but with riders.
4. **Zonisation of the FDI limits**, in the urban and rural areas. A strong legal framework in the form of the Competition Commission is available to deal with any anti-competitive practices, including predatory pricing to meet the policy guidelines on sourcing and to have better margins, foreign retailers would need to cultivate relationships with local manufacturers to drive strong private label brand. However, some conditions could delay the entry of multi-brand retailers, the report said. Land cost and rentals for warehousing are not included in the definition of backend infrastructure, the report said. The stipulation of a minimum investment of Rs250-220 crore in the first three years in back-end infrastructure may be a concern for the mass grocery segment, it said in conformity with developmental needs and national objectives. It also plays key role in the formulation of FDI policy, approval and facilitation of FDI. It also plays a role in resolving problems faced by foreign investors in implementation of their projects through Foreign Investment Implementation Authority (FIIA), which interacts directly with ministries/state Governments concerned. framework on FDI. Industrial Assistance in DIPP, under Ministry of Commerce and Industry, is another facilitation body as regards to FDI in India.

## Conclusion

Even though this is a controversial issue, after balancing both the prospects and constraints, prospects outweigh the constraints, which can be overcome with time. Entry of FDI helps in improvements in supply chain management, product quality, decreasing wastage, taming the inflation by improving the supply side of products, last but not the least, the key argument in this whole issue is unemployment created by the FDI can be outweighed by the jobs in food processing and allied sectors. Paucity of quality retail space, soaring rentals, different consumer mindsets, unfriendly policies and the volatile political climate are bound to scare away any international retailer with India aspirations. But with low growth rates on their home terrain, international retailers are desperately

looking at emerging markets to fuel further growth. Exclusive regulatory framework is necessary in order to keep the basic standards of the industry. So, that there will be a win-win trading situation for everybody.

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## **A Study on Executive Perception on Training Effectiveness with Reference to Selected HDFC Standard Life Insurance Branches in Guntur District**

– Dr. M.Vidya Sagar\*

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### **Abstract**

*The study was conducted to know the effectiveness of training in HDFC Standard Life Insurance. To measure the training effectiveness of the employees various factors are considered. The opinions of the employees are qualitative in nature. Descriptive research was used for the study. Primary data and secondary data were used for the study. Primary data was collected through questionnaire. Secondary data was collected to know the number and other details of employees working in the organization. For the study 50 employees are selected from various HDFC Standard Life Insurance branches located in Guntur district.*

### **Introduction**

In today's economy, corporations are under great pressure to reduce expenses, and training budgets often come under scrutiny. The closure of in-house training programs, combined with the reduction of training budgets, could be seen as evidence of training professionals' inability to show their worth in terms of organizational benefit. To solidify their value to an organization, training departments must assess the effectiveness of their programs and provide evidence that they are supporting the organization's goals.

Current Studies indicate that training professionals often lack the guidelines or tools for improving their understanding of financial analysis. Evaluation of training at the organizational impact level involves, at a minimum, knowledge of training and development, evaluation, statistics, finance/accounting, and project management, as well as the organization's culture and business environment.

The insurance companies has spent enormous amount of money on employees in both public and private sectors more expenses will be incurred by the companies in

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training its employees in order to achieve a knowledge-based workforce and knowledge-economy in tangent with the companies' vision. Hence, this study is important to examine the effectiveness of training and development programs of HDFC Standard Life Insurance employees. Therefore, it is important to examine the effectiveness of training and development in the insurance sector since enormous amount of money has been invested on its employees. Hence, the objective of this study is to examine the effectiveness of training and development in the various branches of HDFC Standard Life Insurance C in Guntur district.

### Objectives of the Study

- To study the various factors influencing a training effectiveness in various HDFC Standard Life Insurance branches.
- To elicit the employee opinion on training programs conducted in various branches of HDFC Standard Life Insurance
- To offer suitable recommendations for improvement of training programs in HDFC Standard Life Insurance branches.

### Research Methodology

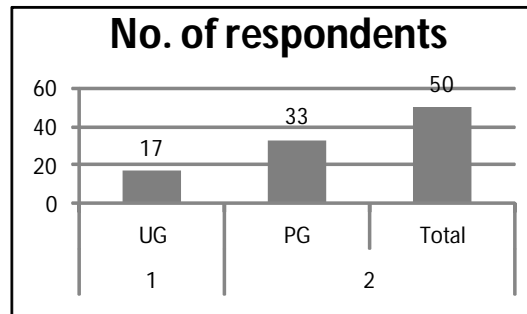
This study used survey methodology, which involves gathering original data by using questionnaires from HDFC employees in Guntur district branches. For the study, purposeful sampling technique is adopted for selecting the respondents. The respondents comprise the various levels of executives of selected HDFC branches located in Guntur district of Andhra Pradesh. The collected data is analyzed by using statistical techniques like percentages and weighted averages.

**Analysis :** Training Effectiveness in various branches of HDFC Standard Life Insurance in Guntur district.

#### 1. Educational qualifications of Employees

S. no	Members	No. of respondents	Percentage
1	UG	17	34
2	PG	33	66
	Total	50	100

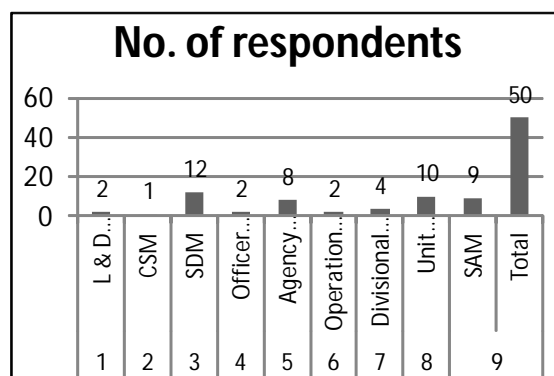
**Interpretation:** From the above table we can observe that maximum number of employees i.e., 66% is having their educational qualifications as Post Graduation. By the overall observation we can understand that post graduate employees are executing key roles in the organization.



**2. Employee designations in HDFC branches**

S. No	Members	No. of respondents	Percentage
1	L & D Associate	2	4%
2	CSM	1	2%
3	SDM	12	24%
4	Officer shard services	2	4%
5	Agency support officer	8	16%
6	Operation officer	2	4%
7	Divisional manager	4	8%
8	Unit manager	10	20%
9	SAM	9	18%

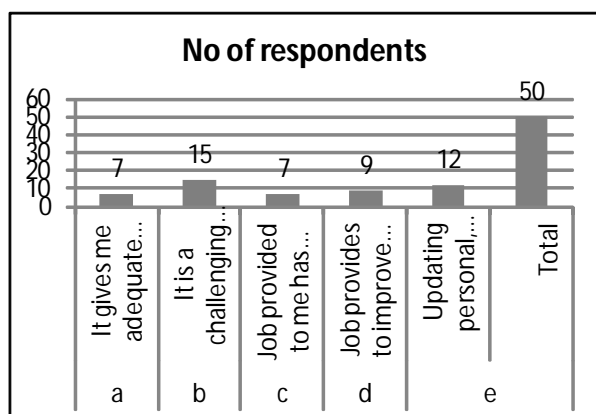
**Interpretation:** The above table gives information regarding various designations of respondents in various HDFC branches in Guntur district , about 24% of the respondents are sales development officers and 20% are unit managers and 16% are agency support officers from this we can understand that majority of the respondents belong to executive level.



### 3. How do you feel about work environment in which you are working

No	Opinion	No of respondents	Percentage
a	It gives me adequate authority and responsibility	7	14%
b	It is a challenging nature & varies from time to time	15	30%
c	Job provided to me has elevated my status in the society	7	14%
D	Job provides to improve the customer satisfaction	9	18%
E	Updating personal, conceptual, technical skills	12	24%
	Total	50	100

**Interpretation:** The above table indicates employee opinion regarding work environment in various HDFC branches. The data reveals that 30% of respondents felt that work is challenging from time to time and 24% of the respondents feel that work provides opportunity for updating personal, conceptual and technical skills. From this we can understand that employees are having different opinion on work environment.



#### 4. Employee perception regarding induction training

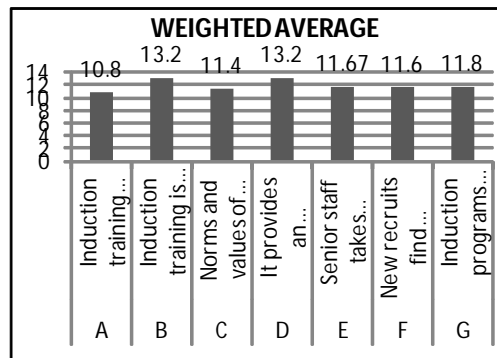
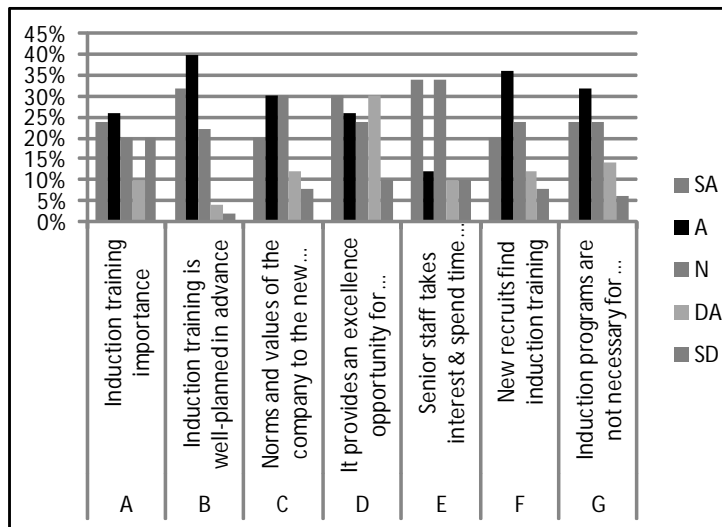
S. No	Statement	Sa	A	N	Da	Sd	Weighted Average
A	Induction training importance	12(24%)	13(26%)	10(20%)	5(10%)	10(20%)	10.8
B	Induction training is well-planned in advance	16(32%)	20(40%)	11(22%)	2(4%)	1(2%)	13.2
C	Norms and values of the company to the new employees	10(20%)	15(30%)	15(30%)	6(12%)	4(8%)	11.4
D	It provides an excellence opportunity for newcomers	15(30%)	13(26%)	12(24%)	15(30%)	5(10%)	13.2
E	Senior staff takes interest & spend time with new recruits	17(34%)	6(12%)	17(34%)	5(10%)	5(10%)	11.67
F	New recruits find induction training	10(20%)	18(36%)	12(24%)	6(12%)	4(8%)	11.6
G	Induction programs are not necessary for me/dept.	12(24%)	16(32%)	12(24%)	7(14%)	3(6%)	11.8

**Interpretation:** The above table elicits employee opinion regarding induction program offered by the organization. From the data, majority of employees feel that superiors spent more time with new employees for sharing work information. Some of the respondents feel that induction programs are not necessary for departments. From this we can understand that employees feel difficulty in participating in induction program offered by the company.

#### 5. Training and Development Methods

**Interpretation :** The above table reveals various training and development methods

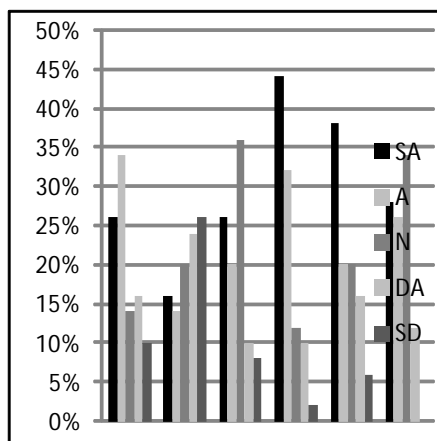
followed by HDFC Standard Life insurance. From the data, majority of the respondents accepted that company is providing E-Training programs for employees and some of the employees accepted that company is offering external training to employees. From this we can understand that company is following innovative training methods for enhancing skills of the employees.

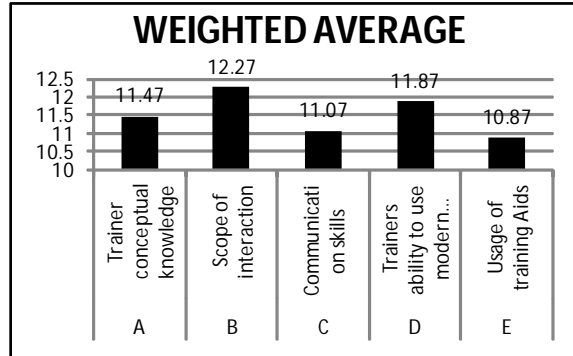


**5. Training and Development Methods**

S. No	Statement	SA	A	N	DA	SD	Weighted Average
A	Lecture method is used in executive training	13(26%)	17(34%)	7(14%)	8(16%)	5(10%)	11.67
B	The employees are helped to acquire technical knowledge & skills through training	8(16%)	7(14%)	10(20%)	12(24%)	13(26%)	12.27
C	Programs are conducted periodically for in-house trainers	13(26%)	10(20%)	18(36%)	5(10%)	4(8%)	11.53
D	E- training programs	22(44%)	16(32%)	6(12%)	5(10%)	1(2%)	13.53
E	Lecture method is used in executive training	19(38%)	10(20%)	10(20%)	8(16%)	3(6%)	12.27
F	External training is given to employees to enhance their knowledge & skills	14(28%)	13(26%)	17(34%)	6(12%)	0	12.33

**Interpretation:** The above table reveals various training and development methods followed by HDFC Standard Life insurance. From the data, majority of the respondents accepted that company is providing E-Training programs for employees and some of the employees accepted that company is offering external training to employees. From this we can understand that company is following innovative training methods for enhancing skills of the employees.

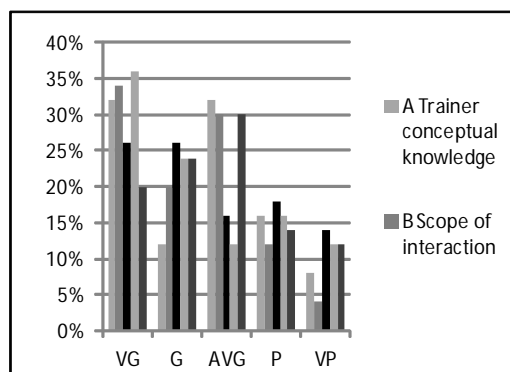


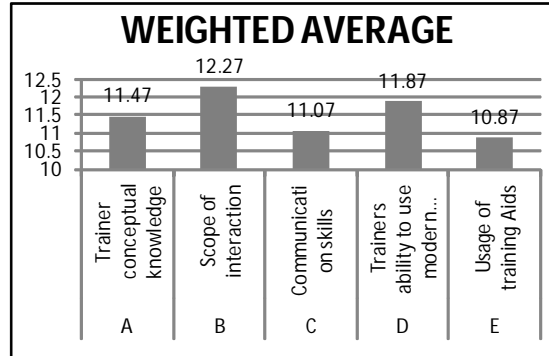


6. Evaluation of the Trainer

S. No	Aspects	Vg	G	Avg	P	Vp	Weighted Average
A	Trainer conceptual knowledge	16(32%)	6(12%)	16(32%)	8(16%)	4(8%)	11.47
B	Scope of interaction	17(34%)	10(20%)	15(30%)	6(12%)	2(4%)	12.27
C	Communication skills	13(26%)	13(26%)	8(16%)	9(18%)	7(14%)	11.07
D	Trainers ability to use modern methods of training	18(36%)	12(24%)	6(12%)	8(16%)	6(12%)	11.87
E	Usage of training Aids	10(20%)	12(24%)	15(30%)	7(14%)	6(12%)	10.87

**Interpretation:** The above table gives the information regarding employee satisfaction on company's trainer. From the data, 36% of the respondents are satisfied with modern methods applied in implementation of training program and 12% of the employees dissatisfied with usage of training aids. From this we can understand that employees are satisfied with trainers of the company.

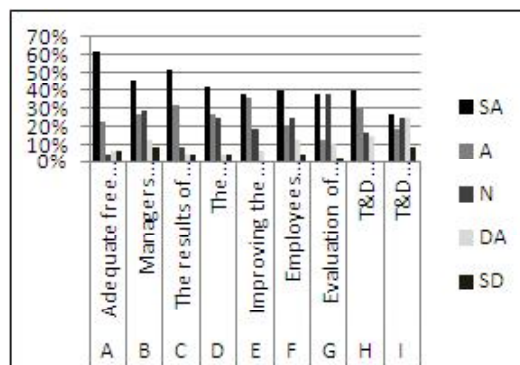


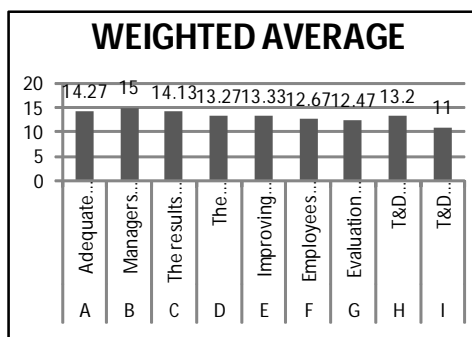


### 7. Training and Development Evaluation

S. No	Aspects	VG	G	AVG	P	VP	Weighted Average
A	Trainer conceptual knowledge	16(32%)	6(12%)	16(32%)	8(16%)	4(8%)	11.47
B	Scope of interaction	17(34%)	10(20%)	15(30%)	6(12%)	2(4%)	12.27
C	Communication skills	13(26%)	13(26%)	8(16%)	9(18%)	7(14%)	11.07
D	Trainers ability to use modern methods of training	18(36%)	12(24%)	6(12%)	8(16%)	6(12%)	11.87
E	Usage of training Aids	10(20%)	12(24%)	15(30%)	7(14%)	6(12%)	10.87

**Interpretation:** The above table gives the information regarding evaluation of training and development program. From the data, 62% of the respondents agreed that adequate time is available for developing training improvement plan and 52% of the employees agreed that training programs are monitored periodically. From this we can understand that majority of the employees feel good regarding evaluation process of training and development program.





## Findings

1. From the study we can understand that majority of the respondents are having post graduates degree.
2. From the study we can understand that majority of the respondents belongs to executive level.
3. The study elicit that majority of the respondents are having different opinion regarding work environment.
4. The study identifies that majority of the respondents feel difficulty in participating in induction program offered by the company.
5. The study elicits that majority of the respondents accepted that company is following innovative methods for implementation of training program.
6. The study identifies that majority of the respondents are satisfied with trainers of the company.
7. The study elicit that most of the respondents are satisfied with evaluation of training and development program.

## Suggestions

1. It is suggested to the training department have to understand the reasons for arousing the differences in Staff Training Centers, in terms of training and components like infrastructure facilities, course duration, Library facilities, training methodology and training materials etc.
2. The Management of Training authorities should concentrate on identifying the basic methods of training to impart the skills, knowledge, awareness about the basic insurance systems and procedures.
3. The study also reports that most of the training programs being repetitive in nature

are increasing the burden on the limited facilities available at one training center. Hence, it is suggested that necessary care has to be taken for avoiding duplication. For this purpose, the company instead of arranging too many programmers by mostly containing similar aspects can go for limited course by bringing all the repeatedly discussed aspects at one place.

4. It is suggested that the HDFC management evolve necessary steps for bringing attitudinal changes to make them efficient and realize that coaching and guidance for subordinates is an integral part of their managerial activity.
5. In the light of these observations, there is a need on the part of training institutes to bring improvements in certain training institutes to bring improvements in certain training variables such as library and recreational facilities, so that training can become useful exercise.

## Conclusion

The objectives in this study have been achieved whereby the results had shown that training environment, work environment and training method are influencing on training programs offered by the company. It has been widely accepted that human resources play an crucial role in the process of development of any organization in the country. The effective implementation of policies relating to human resources will yield the expected results in satisfying the expectations of different groups which are dependent on the organization. This can be effectively achieve only where the executives and other cadres of employees in the branch level properly trained and development towards attainment of desired expectations from the different groups.

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## **A Study of Influence of Packaging on Women Skincare Consumers in Jabalpur City**

– Asiya Faisal Khan\*

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### **Abstract**

*In the modern marketing environment, Internet and Digitization in India have transformed every industry. The market and store shelves today, are flooded with n of products and countless brands, giving number of choices for the consumers to buy. Increase in literacy levels, high increase of women joining the workforce have made people more aware and conscious towards hygiene and beauty. The growing concern for a perfect skin and a perfect body has become the goldmine for the skincare industry all over the world.*

*This paper focuses on an effort to determine consumer buying behavior through the impact of Packaging on the purchase of skincare products by Women living in Jabalpur city. Questionnaires were distributed and self administered to 125 respondents. Chi-square and percentage was used in the study. The sample size of 125 respondents includes only women skin care users both working & non working.*

*The findings of the study skin care indicated women buyers perceive that good and attractive packaging adds value and quality to the product, attractive packaging styles influences purchase and also influences product identification, spot purchase ,clear instructions of the product . Since, the research is on consumer behavior, certain degree of subjectivity can be found among sample respondents was the limitation of the study. Its practical implication suggests the marketers need to design new attractive packaging designs and bring innovation by offering skin care products in different options like tubes etc which are portable and easy to use.*

*Keywords: Packaging, Consumer Behavior, Skincare products, Women skincare products.*

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## **Skin Care Products**

Skin care products refer to all products used for cleansing, massaging, moisturizing etc. of the skin especially the face or hands. The aim of such products is to maintain the body in good condition and protect it from the harmful effects of the environment. Skin care products also fall into the general category of cosmetics. Skin care products include cleanness facial masks, toners, moisturizers, sunscreen, tanning sets and lotions, skin lighteners, serums and exfoliants.

## **The Global Skin care Industry**

The skin care market consists of the retail sale of facial care, body care, sun care, hand care, depilatories and makeup remover products. The global markets consist of Africa and Middle East, Americas, Europe and Asia - Pacific. The global skin care market generated total revenues of \$78.1 billion in 2011, representing a compound annual growth (CAGR) of 4.5% for the period spanning 2007-2011. Facial care sales proved to be the most lucrative for the global skin care market in 2011, generating total revenues \$50.1 billion equivalent to 64.1% of the market's overall value. The body care segment accounts for a further 16.8% of the market sun care at 9.2%, Hand care at 5.9%, Depilatories at 2.0% and makeup remover at 1.9%. Market segmentation of the Global market Asia - Pacific accounts for 44% Europe at 33.7% of the global market, Americas at 20.4% and Africa and Middle East at 1.8%. The market share of the leading companies of the world shows that L'Oreal S.A. is the leading player in the global skin care market generating a 12% of the market's value. Beiersdorf AG accounts for a further of 9.2% of the market share. Unilever at 7.3% and other companies at 71.5%.

## **Indian Skincare Industry**

The Indian skincare market is led by facial care (representing 70.9% of the total market value) followed by body care (representing 11.6%), depilatories (representing 7.4%), hand care (representing 5.1%), makeup remover (representing 2.6%) and sun care which makes up remaining 2.5% in 2011. The leading companies in the Indian market are Unilever, L'Oreal S.A., Emami limited, cavinkare Pvt. Ltd, Reckitt Benckiser Group Ltd., Oriflame Dabur India Limited, Procter and Gamble etc.

## **Literature Review**

Elif Akagun, Handan Ozdemir and Neruettin Parilti, (2005) in an article published in the Journal of Business and Economic Research-May 2005 titled Brand Loyalty in the Cosmetic Industry. A field study on Turkish women's Brand loyalty among Cosmetic products studied the level and pattern of Brand loyalty among Turkish women - they

have farther tried to analyze the relationship between demographic factors like age, education level, city of residence and occupation and brand loyalty; the relationship between factors that cause loyalty for and switching of brands and the Turkish woman's Brand loyalty behavior. They concluded that firstly Turkish women do not have brand loyalty among the skin care products they use; secondly there is no significant relationship between a woman's brand loyalty for skin care products and her age and education level but the city of residence of a woman and brand loyalty for skincare products are related to each other. Thirdly when analyzing the relationship between a woman's brand loyalty and the reasons that a particular brand is selected, they found that factors like product advertisements, recommendations of family and friends, wide availability of products and the brand name's reputation had significant relationship with a woman's brand loyalty for skincare products but factors like price of the product, packaging, sales promotion, product-skin type matching did not. And finally they found out that there is significant relationship between a woman's brand loyalty and her behavior that result from being unable to find the desired product while shopping at a store and when the product is finished in stock.

Ms. Caroline Suelin Tan (2008) in her study focuses on the application of sensory branding in Japanese men cosmetics (including skincare and color cosmetics). Following the growing metro sexual market segment. The main thrust of the study was to determine the prevalence of sensory elements in the marketing cosmetics to men in Japan, as to whether it is the main factor in brand loyalty and choice. A Qualitative Methology was adopted with a sample size of 42 respondents. The findings of the study were sensory branding did not play a key role in determining brand and product choices. The four themes that were identified are societal expectations, cultural influence, brand choice which are influenced by family, friends, convenience in purchase economic & brand name and product experience indicating the pleasant smell, Texture, and different packaging styles.

Ritu Kuvykaite, Aiste Dovaliene, Laura Navickie (2009) have laid emphasis on packaging as an important tool in marketing communications especially at the point of purchase and as a stimulator of impulsive buying behavior. The aim of the paper is to analyze the different packing elements and their impact on the purchase decision. The Methology adopted was systematic and comparative analysis of scientific literature, empirical, research employing quantitative personal & survey method. The outcome of the study was packaging is treated as one of most important tool of marketing communications. The two types of packing elements analyzed were visual elements and Verbal elements. Visual Elements consists of graphics, color, size form and material white, verbal elements are of brand, country of origin & product information. It was

found that even under time pressure verbal elements have a more impact on consumer's purchase decision rather by visual elements further in this study, it was also analyzed that low involvements products have a high impact of visual elements rather in high involvement products

F.L. Lifu (2012) has examined the effect of good packaging of products on consumer's buying choice as well as on impulse buying. It is observed that in order to be sustainable and stay in business in the present day, competitive and computerized market, the study advised organizations to balance both packaging and the quality of their products to meet the level cost they want as well as to build consumer confidence and loyalty as consumers take product quality foremost and would not compromise quality for anything else.

Mitul M. Deliya & Mr. Bhavesh J. Parmar (2012) aims to point on the role of packaging on consumer buying behavior. The purpose of the study is to find the factors behind the success of packaging. In this study, the authors are trying to find out a relationship between independent & dependent variables. The dependent variable was consumer Buying behavior & the Independent variables were packaging color, background Image, packaging material. Font style, Design of wrapper, printed information and innovation. The Methology was Disruptive statistics and scattered plots. The funding of the study were packaging could be treated as one of the most valuable tools in marketing Communications. Packaging color has been given significance in drawing Consumer attention impact of visual and verbal elements of packaging have different influence depending upon the involvement of the product.

Mitul Deliya (2012) describes the significance of packaging in determining consumer behavior in FMCG sector. In this study, packaging is defined as vehicle of communication which affects the points of purchase made by the buyers. The objectives taken by the author is the importance of attributes such as convenience, brand name, aesthetic, information. The author has tried to find out a relationship between these attributes and consumer behavior. Secondly, to find the consumer attitude towards the new packing of preserved products & thirdly to find whether packaging influence consumer to switch from one to another brand. The research was adopted was with the help of questionnaire with a rating scale. The research was conducted through exploratory research & Descriptive research. The findings of the research were maximum consumers are influenced by packaging. Brand name is highly rated while convenience was rated lowest. In preserved products long lasting packaging was having the prime importance. As far as Aesthetic Components are concerned, material most preferred, color, shape & size are less preferred and text & graphics are less preferred. Fewer consumers have preferred to switch from one brand to another on the basis of packaging.

## Theoretical Framework

- **Packaging**

Packaging as all the activities of designing and producing the container for a product. Well designed packages can create convenience and promotional value.

### **Packaging has three most important impacts**

1. **Consumer affluence:** Rising Consumer affluence means consumers are willing to pay a little more for the convenience, appearance, dependability and prestige of better packages.
2. **Company & brand image:** Packages contributes to instant recognition of the Company or Brand.
3. **Innovation opportunity:** Innovation packaging can bring large benefits to consumers and profits to producers.

Developing an effective package requires a number of decisions. From the perspective of both the company and consumers, packaging must achieve a number of objectives.

1. Identify the brand
2. Convey descriptive and persuasive information.
3. Facilitate product transportation and protection.
4. Assist at home storage.
5. Aid Products Consumption.

To achieve the marketing objectives, for the brand and satisfy the desires of consumers, the aesthetic and functional components must be chosen correctly Aesthetic considerations relate to a packages size and shape, material, color text, and graphics. Functionally, structural design is crucial. Packaging in skin care products should the easy to hold, easy to open or squeezable). The various packaging elements must be harmonized. The packaging elements must also he harmonized with decision on pricing advertising and other parts of the packaging program packaging changes can have immediate impact on sales.

### **Labeling**

The label may be a simple tag attached to the product or an elaborately designed graphic that is part of the package. The label might carry only the brand, name or a great deal of information.

Label performs several information. First the label identifies the product or brand -for instance the name Sunkist stamped on oranges. The label might also grade the product. Finally, the label might promote the product through attractive graphics. Thus Labeling plays a key role in the packaging of a product.

### **Research Objectives**

The main objective of the study is to analyze the influence of packaging on the women skincare buyers in the city of Jabalpur.

### **Specific objectives of the study**

- 1) To study the influence of product packaging on women skincare buyers in Jabalpur city.
- 2) To study the perception of women skin care buyers for product packaging residing in Jabalpur.

The research undertaken was exploratory in nature. The data was collected through consumer survey method. Consumer survey method was adopted to develop an approach towards the problem so as to understand the impact of packaging on the women buyers of this population towards skin care products. Closed ended questions and to determine the level of agreement five point likert scale were used in the questionnaire so as to address the problem exactly.

### **Sampling Design**

- Sample size : 125
- Sample frame: Jabalpur city
- Sampling Method : convenient sampling
- Sampling error: response 102, Non-Response 23.
- Survey : questionnaire

### **The Hypothesis is:**

Ho 1.0; Women consumers in the Jabalpur city are not influence with product packaging.

Sub-H1.1; Women consumers in the Jabalpur city are not influence with packaging styles.

Sub-H1.2; Women consumers in the Jabalpur city are not influence with attractive packaging.

Sub-H1.3; Women consumers in the Jabalpur city are not influence with attractive packaging to product identification.

Sub-H1.4; Women consumers in the Jabalpur city are not influence with attractive packaging to spot purchasing.

Sub-H1.5; Women consumers in the Jabalpur city are not influence with clear instruction on the product.

## Findings

- The hypothesis of this research is determining whether women skincare Consumers in Jabalpur are influenced with product packaging. The hypothesis of this research is determining that Women Skincare Consumers in Jabalpur city are not influence packaging styles. Table-.1 above presents the result of the analysis of the hypothesis. It was observed that, four degree of freedom (df-4) and .05 level of significance, the calculated value of chi-square 28.39 is more than its table value 9.48. ( $28.39 > 9.48$ ).
- Therefore, the Sub-Hypothesis 1.1 that Women Skincare Consumers in Jabalpur city are not influenced with packaging styles is, rejected and the alternate hypothesis that the Women Skincare Consumers in Jabalpur city are influenced with packaging styles is accepted.
- This analysis thus leads the researcher to conclude that Women Skincare Consumers in Jabalpur city are influenced by packaging styles.
- The hypothesis of this research is determining that women skincare Consumers in Jabalpur are not influenced with attractive packaging adds value and quality to the product. Table-1 above presents the result of the analysis of the hypothesis. It was observed that, four degree of freedom (df-4) and .05 level of significance, the calculated value of chi-square 28.39 is more than its table value 9.48. ( $28.39 > 9.48$ ).
- Therefore, the Sub-Hypothesis 1.2 that Women Skincare Consumers in Jabalpur city are not influenced with attractive packaging adds value and quality to the product is, rejected and the alternate hypothesis that Women Skincare Consumers in Jabalpur city are influenced with attractive packaging adds value and quality to the product is accepted.
- This analysis thus leads the researcher to conclude that Women Skincare Consumers in Jabalpur city are influenced with attractive packaging adds value and quality to the product.

- The hypothesis of this research is determining that women skincare Consumers in Jabalpur are not influenced with attractive packaging to product identification. Table-1 above presents the result of the analysis of the hypothesis. It was observed that, four degree of freedom (df-4) and .05 level of significance, the calculated value of chi-square 61.33 is more than its table value 9.48. ( $61.33 > 9.48$ ).
- Therefore, the Sub-Hypothesis 1.3 that Women Skincare Consumers in Jabalpur city are not influenced with attractive packaging to product identification is, rejected and the alternate hypothesis that Women Skincare Consumers in Jabalpur city are influenced with attractive packaging to product identification is accepted.
- This analysis thus leads the researcher to conclude that Women Skincare Consumers in the Jabalpur city are influenced with attractive packaging to product identification.
- The hypothesis of this research is determining that women skincare Consumers in Jabalpur are not influenced that attractive packaging to spot purchase. Table-1 above presents the result of the analysis of the hypothesis. It was observed that, four degree of freedom (df-4) and .05 level of significance, the calculated value of chi-square 55.15 is more than its table value 9.48. ( $55.15 > 9.48$ ).
- Therefore, the Sub-Hypothesis 1.4 that Women Skincare Consumers in Jabalpur city are not influenced attractive packaging to spot purchase is, rejected and the alternate hypothesis that Women Skincare Consumers in Jabalpur city are influence with attractive packaging to spot purchase is accepted.
- This analysis thus leads the researcher to conclude that Women Skincare Consumers in Jabalpur city are attractive packaging influence to spot purchase.
- The hypothesis of this research is determining that women skincare Consumers in Jabalpur are not influenced with clear instruction on the product. Table-1 above presents the result of the analysis of the hypothesis. It was observed that, four degree of freedom (df-4) and .05 level of significance, the calculated value of chi-square 87.31 is more than its table value 9.48. ( $87.31 > 9.48$ ).
- Therefore, the Sub-Hypothesis 1.5 that Women Skincare Consumers in the Jabalpur city are not influenced with clear instruction on the product is, rejected and the alternate hypothesis that Women Skincare Consumers in the Jabalpur city influenced with clear instruction on the product is accepted.
- This analysis thus leads the researcher to conclude that Women Skincare Consumers in Jabalpur city influenced with clear instruction on the product.

- Analysis of the data (table- 2) revealed the following points regarding the packaging related Sub factors that influence the purchase of skin care products. A Ranking method is used. A women consumers (39.40%) recorded that they are influenced the purchase of skin care products by Labeling/instruction and as second important factor of women consumer recorded (27.20%),third (17.40%), fourth (9.50%), fifth (6.50%) that they are influenced the purchase of skin care products by Labeling/instruction. It can be concluded from the analysis that majority of 39.40 % women consumers are accepted that Labeling/instruction is first important factor that influenced to purchasing of skin care products.
- Analysis of the data (table- 3) revealed the following points regarding the packaging related factor that influence the purchase of skin care products.  
A women consumers (29.60%) recorded that they are influenced the purchase of skin care products by information regarding ingredient and as second important factor of women consumer recorded (39.10%),third (17.40%), fourth (9.10%),fifth (4.80%) that they are influenced the purchase of skin care products by information regarding ingredient. It can be concluded from the analysis that the 29.60 % women consumers are accepted that information regarding ingredient instruction is first important factor that influenced to purchasing of skin care products.
- Analysis of the data (table- 4) revealed the following points regarding the packaging related factor that influence the purchase of skin care products.  
A women consumers (6.90%) recorded that they are influenced the purchase of skin care products by options of various type of packaging offered and as second important factor of women consumer recorded (13.40%),third (25.80%), fourth (38.90%),fifth (15%) that they are influenced the purchase of skin care products by options of various type of packaging offered. It can be concluded from the analysis that only 6.90 % women consumers are accepted that options of various type of packaging offered is first important factor that influenced to purchasing of skin care products.
- Analysis of the data (table- 5) revealed the following points regarding the packaging related factor that influence the purchase of skin care products.  
A women consumers (15.30%) recorded that they are influenced the purchase of skin care products by keep products clean and untouched and as second important factor of women consumer recorded (15.80%),third (32.90%), fourth (23.90%),fifth (12.10%) that they are influenced the purchase of skin care products

by keep products clean and untouched. It can be concluded from the analysis that 15.30 % women consumers are accepted that keep products clean and untouched is first important factor that influenced to purchasing of skin care products.

- Analysis of the data (table- 6) revealed the following points regarding the packaging related factor that influence the purchase of skin care products.

A women consumers (8.60%) recorded that they are influenced the purchase of skin care products by design/ shape of the container and as second important factor of women consumer recorded (4.80%),third (7.90%), fourth (16.90%),fifth (61.80%) that they are influenced the purchase of skin care products by design/ shape of the container. It can be concluded from the analysis that only 8.60 % women consumers are accepted that design/ shape of the container is first important factor that influenced to purchasing of skin care products.

S.no	Packaging related sub factor
1.	Labeling information/instruction on package regarding product application
2.	Provide information regarding ingredients
3.	Options of various types of packaging offered by the skin care product
4.	Keep product clean and untouched
5.	Design/shape of the container

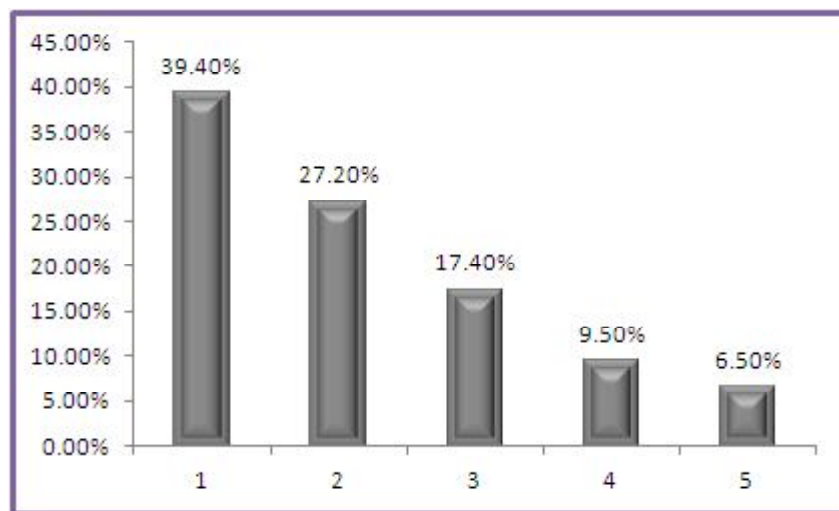


Figure 1: Packaging related Factor (Clear Instructions on the product)

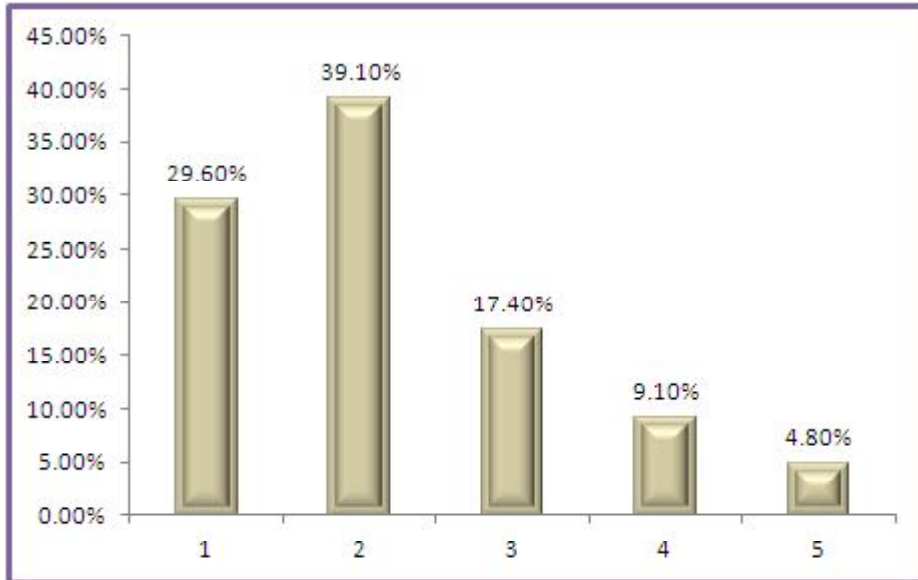


Figure 2 : Packaging related Sub Factor (information regarding ingredient)

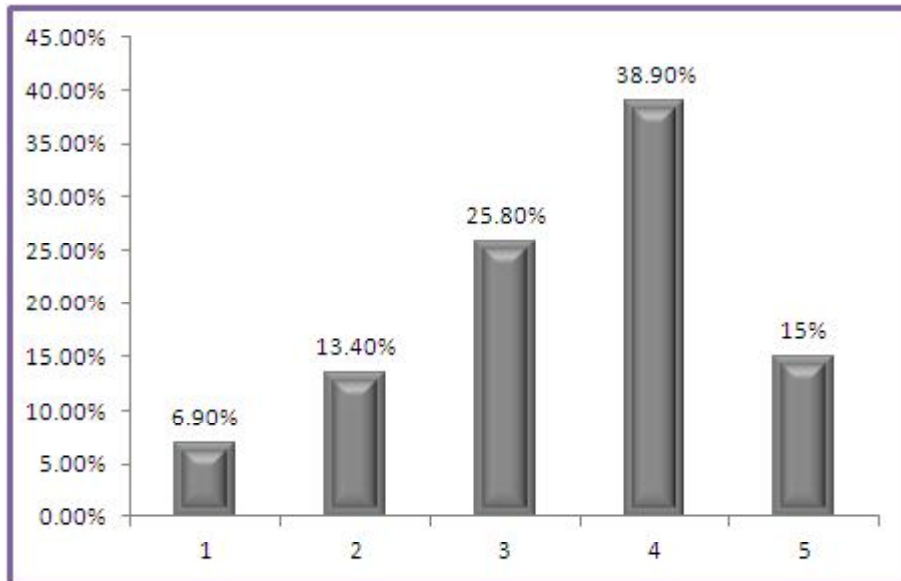


Figure 3 : Packaging related Sub Factor (options of various type of packaging offered)

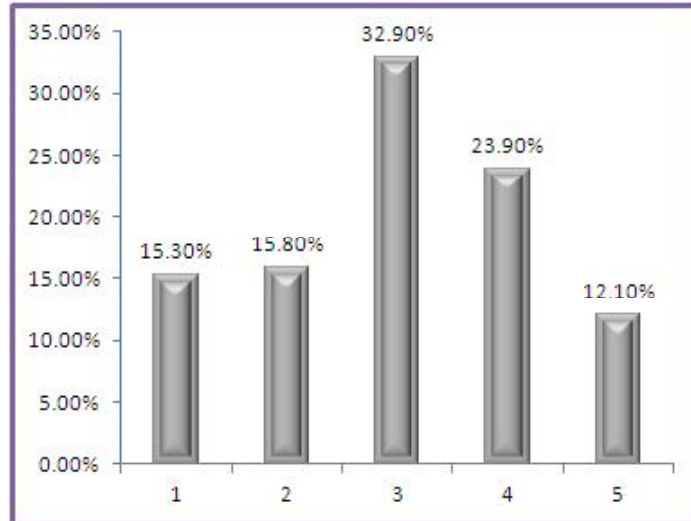


Figure 4 Packaging related Sub Factor (keep products clean and untouched)

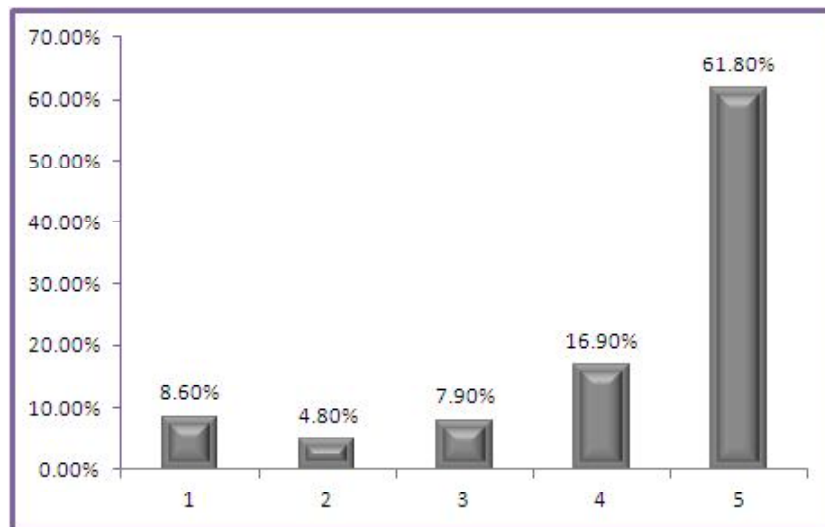


Figure 5 Packaging related Sub Factor (design/ shape of the container)

## Conclusion

Consumer awareness has led to increase emphasis on the labeling information provided by the Manufactures. Manufactures should inform the consumers about the description function of the level. It includes who made the product, where it is made, when it was made, where it is made, when it was made, what it contains, how it is used and how to use it.

**Tables**

**Table 1.0 Impact of product packaging on Women skin care Buyers**

Packing influencing the purchase	no. of case	strongly agree	Agree	Undecide	Disagree	strongly disagree	Table value (x <sup>2</sup> )	Calculated value (x <sup>2</sup> )	Significance (.05 level)
Packaging styles	102	12	25	9	39	17	9.48	28.39	Significant
Good and attractive adds value and quality to the products	102	16	35	13	31	7	9.48	28.39	Significant
product identification easier	102	16	51	15	15	5	9.48	61.33	Significant
attractive Packaging influence to spot purchase	102	6	47	21	22	4	9.48	55.15	Significant
Clear instruction on the Package	102	38	48	7	8	1	9.48	87.31	Significant

**Table 2. Factor that influence the purchase of skin care of products Ranks (Response in Percentage)**

PACKAGING RELATED (Labeling/instruction)				
1	2	3	4	5
39.40%	27.20%	17.40%	9.50%	6.50%

**Table 3. Factor that influence the purchase of skin care of products Ranks (Response in Percentage)**

PACKAGING RELATED (information regarding ingredient)				
1	2	3	4	5
29.60%	39.10%	17.40%	9.10%	4.80%

**Table 4. Factor that influence the purchase of skin care of products  
Ranks (Response in Percentage)**

PACKAGING RELATED (options of various type of packaging offered )				
1	2	3	4	5
6.90%	13.40%	25.80%	38.90%	15.00%

**Table 5. Factor that influence the purchase of skin care of products  
Ranks (Response in Percentage)**

PACKAGING RELATED (keep products clean and untouched)				
1	2	3	4	5
15.30%	15.80%	32.90%	23.90%	12.10%

**Table 6. Factor that influence the purchase of skin care of products  
Ranks (Response in Percentage)**

PACKAGING RELATED (design/ shape of the container )				
1	2	3	4	5
8.60%	4.80%	7.90%	16.90%	61.80%

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## **"It All Boils Down to the Price- A Study of the Perception of Women Skincare Cosmetics Buyers Regarding the Relative Importance of the Major Price Components of a Brand"**

– Dr. Chitralekha H. Dhadhal \*

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### **Abstract**

*The success of most businesses depends on their ability to create and maintain customer loyalty. Companies have realized that selling to brand loyal customers is less costly than converting new customers. Brand Loyalty provides companies with strong, competitive weapons. The present paper aims to find out the perception of women skincare cosmetics users regarding the relative importance of the sub-components of Price -Related Factors Influencing the Purchase of Skincare Cosmetics Products namely, Reasonable Price of the Brand and Availability of Special Discounts on the Brand. It was found that Reasonable Price of the Branded Products was the most important factor affecting the purchase of skincare cosmetics followed by Availability of Discounts at second place. Based on the findings, the paper also suggests various marketing strategies to marketers of skincare cosmetics to ensure a strong loyalty base.*

**Keywords:** Brand Loyalty, Price, Reasonable Price, Special Discounts.

### **Introduction**

In the modern marketing environment consumers are becoming more and more demanding since the market is glutted with endless products and countless brands and offering them rich choices. In pursuit of achieving the best possible value for their money, modern day consumers are gradually becoming quite choosy about products/services on the basis of their intrinsic value. Gone are the days of the marketers with the placid assumption that a market once won is theirs'. In view of the same, marketers of today frantically search strategies to maintain a set of consumers who are loyal to the products/services that they are offering for sale. This phenomenon is particularly significant for the low priced, daily use, non durable products which are purchased

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repeatedly by the consumers at frequent intervals popularly termed as fast moving consumer goods (FMCGs). The purchase behaviour of the consumers for such products is of special interest to the marketer since these items are purchased repeatedly and it is this purchase that results in generating volumes and profits.

A number of research studies are, indicative to the fact consumers in general are found to be quite loyal to the brands of frequently purchased items. Brand loyal consumers as a matter of fact, provide the basis for a stable and growing market share of a company. Therefore, interest of marketers hover around the ways and means to develop and sustain brand allegiance for their products and services. However, retaining customers in a highly competitive and volatile market place is indeed a difficult proposition.

The consumer generally becomes loyal to a brand, which is closest to his/ her thoughts and beliefs. They are bound to change over time (especially from generation to generation) and the brand which is flexible enough to adapt these changes with an add on to its personality lives the longest.

Basically, brand loyalty symbolises the positive attitude created in the minds of the consumers towards a particular brand of product/service leading to the repeated purchase and recommending the same brand to others. Brand loyalty is undoubtedly one of the most important and interesting aspects of consumer behaviour. This also is a crucial area of exploration for the marketers for their survival and growth in a competitive environment. Almost all marketing strategy decisions are inextricably related directly or indirectly with the level of brand loyalty. Marketers are therefore, increasingly interested to probe deep into the inner world of consumers by examining the most plausible factors leading to brand loyalty so as to develop successful marketing strategies in highly competitive environment.

## **2. The Blackdrop**

### **2.1. Brand Loyalty**

The most cited definition of brand loyalty is probably the one given by Jacoby and Olson (1970): "The biased, behavioral response, expressed over time, by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes". Selling to brand loyal customers is less costly than converting new customers. Loyalty reduces the sensitivity of consumers to marketplace offerings, which gives the company time to respond to competitive moves (Aaker,1991). In addition, brand loyal customers are less price sensitive. Due to all of these factors, managers must realize the importance of brand loyalty and give it sufficient consideration in their decisions.

Brand Loyalty is in fact recognized as an asset and consumers are willing to pay more for a brand. Well established brand names continue to contribute investment and time in upholding Brand Identity, preserving Brand Loyalty and developing new product lines so as to occupy more market share. Marketing managers realize the rising trends of Brand Switching and recognize Customer Retention as an easier and more reliable source of superior performance. Therefore it is important for marketers to acquire more knowledge in Brand Loyalty.

## **2.2. Cosmetics**

Any of the several preparations (excluding soap) applied to the human body for beautifying, preserving or altering one's appearance or for cleansing, colouring, conditioning or protecting the skin, hair, nails, lips, eyes or teeth are included in Cosmetics and are commonly termed as 'Cosmetics and Toiletries.'

## **2.3. Rationale of the Study**

Favorable Demographics for growth of Cosmetics sector vis- a vis increasing competition due to Globalization - the underlying reasons for companies to consider Brand Loyalty as a valuable asset in retaining existing consumers and attracting Brand Switchers.

On the one hand, the favourable demographics of India as a whole including her various states pose a unique opportunity for global cosmetics giants as well as domestic companies to generate additional revenues through sales in India , on the other hand, the increasing competition in the Indian Cosmetics Industry due to the entry of foreign multinationals post 2005, has posed a tremendous threat to the players in the Cosmetics & Toiletries industry by making the Indian market an extremely challenging and a dynamic one.

It is in this backdrop that the researcher has tried to underline the significance of the concept of 'Brand Loyalty' as a valuable asset at to disposal of various companies in the field and to analyse its role of helping to retain existing customers, as selling to brand loyal consumers is far less costly than attracting new consumers. Thus, Brand Loyalty is a reflection of Brand Equity, which, for many businesses is the largest single asset.

In this paper, the Researcher has tried to find out the perception of women skincare cosmetics consumers regarding the relative importance of the sub-components of Product/Brand Price as the third most important factor affecting the purchase of skincare cosmetics by women in Gujarat, namely: Reasonable Price of the Brand and Availability of Special Discounts on the Brand.

### **3. Research Methodology**

#### **3.1 Objectives of the Study**

The objective of the study is to find out the perception of women skincare cosmetics users regarding the importance of the sub-components of Product Price -Related Factors Influencing the Purchase of Skincare Cosmetics Products namely, Reasonable Price of the Brand and Availability of Special Discounts on the Brand

#### **3.2. Nature of Study and Type of Data**

Exploratory Primary as well as Secondary data are collected.

#### **3.3. Data Collection Method**

Self Administered Structured Questionnaire containing Ranking type, Multiple Choice and Dichotomous Questions and Interview.

#### **3.4. Sample Design**

The Population of the study was Women Skincare Cosmetics Users above the age of 18 yrs. in the Four Major Cities of the State of Gujarat, namely, Ahmedabad, Surat, Vadodara and Rajkot . The Sample size was 800 respondents, 200 each from the four major cities stated earlier. Non Probability based Convenience Sampling Method was used.

#### **3.5. Statistical Tools Used**

Simple Percentage and Average ranking methods were Calculated with the help of SPSS

#### **3.6. Survey Period**

Dec 2010 to June 2011

### **4. Analysis and Interpretation of Data**

#### **4.1. Important factors that influence the purchase skincare products by women**

The Researcher tried to find out the perception of women skincare cosmetics consumers regarding the Factors that Influence the Purchase of Skincare Cosmetics Products in earlier researches, wherein, first, the Brand Loyals and Switchers were identified from amongst the total respondents and thereafter, Six Factors that are likely to influence the Purchase of Skincare Cosmetics Products by the respondents based on literature review, namely, Brand Name, Product Quality, Price of the Products offered

by the Brand, Brand Promotion, Brand Distribution and Packaging and Labeling of the Brand were put forth before the respondents with a request to rank them from 1 to 6 in order of their importance in Questionnaire. The findings indicate that Among the Important Factors that Influence the purchase of Skin care Cosmetics, Product Quality was considered by all the Women Respondents (Both Brand Loyals and Switchers) as the Most Important Factor, followed by Brand Name and Price of the Branded Products as the Second and Third Most Important Factors affecting the purchase of skincare cosmetics respectively.

#### 4.2. Analysis of The Relative Importance of Brand-Related Factors Affecting The Purchase of Skin Care Cosmetics

Following Point 4.1, in this paper, the Researcher has tried to find out the perception of women skincare cosmetics consumers regarding the relative importance of the sub-components of Product-Price. For the said purpose, The Third Most important factor Product Price was sub-divided into two components namely: Reasonable Price of the Brand and Availability of Special Discounts on the Brand. For the purpose of analyzing the relative significance of Price Related Factors, Two Factors, namely, Reasonable Price of the Brand and Availability of Special Discounts on the Brand were put forth before the respondents with a request to rank them 1 and 2 order in of Importance. The responses received from the subjects in this connection are shown in the table I. below:

**Table I. Rankings of Price Related Factors Affecting the Purchase of Skincare Products by Women Respondents**

Sr. No of Factors influencing the purchase of Skincare Products	No. of Respondents giving ranks 1 and 2					
	Loyals		Switchers		Total	
	1	2	1	2	1	2
Q.5.2 .c. 1	450	242	183	92	633	334
2	120	902	45	368	165	1270

*Source: Primary Data from Survey*

On the basis of the responses received another table II. was prepared for analysis and inferences. For this purpose, average rank values were calculated for each of Two Factors included in category of Price Related Factors in the questionnaire by dividing the total rank values of the Factor by the number of Women respondents giving the ranks to arrive at the Final ranks. These final ranks were calculated for All the women respondents as also for Brand Loyals and Brand Switchers separately, for every Factor affecting the purchase of Skincare Cosmetics.

**Table II. Total Values and Average Values of the Ranks and the Final Ranks of The Price Related Factors Affecting the Purchase of Skincare Products of Women and the differences therein**

Sr. No. of Factors	Brand Loyals			Brand Switchers			All Respondents		
	Total	Average Value	Final Rank	Total	Average Value	Final Rank	Total	Average Value	Final Rank
Q.5.2.c.1	692	1.21	1	275	1.20	1	967	1.21	1
2	1022	1.79	2	413	1.80	2	1435	1.79	2

*Source: Primary Data from Survey*

The analysis showed that there was no difference between the Perceptions of all the three categories of respondents namely The Brand Loyals, The Brand Switchers and The Total Respondents. All the three Perceived Reasonable Prices as the of the Branded Products as the most important factor affecting the purchase of skincare cosmetics followed by Availability of Discounts at second place.

## 5. Findings

### Relative Significance of Product/Brand Related Factors

It was found that there was no difference between the Perceptions of all the three categories of respondents namely The Brand Loyals, The Brand Switchers and The Total Respondents. All the three Perceived Reasonable Prices of the of the Branded Products as a more important factor affecting the purchase of skincare cosmetics as compared to Availability of Special Discounts.

## 6. Strategy Suggestions

The present study elucidates the following suggestions for the marketers: Companies should pursue the following product oriented strategies to ensure a loyal customer base since there is significant relationship of all these with a woman's brand loyalty for her favorite brand, according to other research studies

Concerning Price related factors- Manufacturers of products enjoying a strong loyalty base have a very big responsibility of living up to the consumers' expectations regarding superior quality of their products and services, since their buyers are ready to pay a higher price for it than competing brands. Thus though Price discount offers by consumers' favorite brands may not be necessary for Brand Loyals they may be necessary to with hold the price sensitive, probable Brand Switchers who might switch brands otherwise.

Again, manufacturing efficiency and cost - cutting should remain an integral part of the firm's marketing efforts. Companies like P&G spend large sums of money in developing and improving its production operations to keep its costs amongst the lowest in the industry, allowing it to reduce the premium prices at which some of its goods sell, which in turn can help in drawing the price sensitive non-users of the brand.

## **7. Limitations of The Study**

The researcher is very much aware of the following limitations of the study:

- i. The specific Limitation of this study has been the non-inclusion of Rural Respondents and respondents of cities other than the four most populous ones, due to time constraints.
- ii. Again this study is limited to the State of Gujarat so the generalization of conclusions of the study may therefore not have universal applicability.
- iii. Admittedly, consumer behavior is product and very often situation specific. It may vary from one product to another or even differ for the same product from one user to another. Therefore, general applicability of the inferences and conclusions of a consumer behavior study like the present one cannot be claimed.

## **8. Research Aspects**

This is an exploratory study of Buying Behaviour in the Skincare Cosmetics sector in the state of Gujarat. The researcher feels that since this particular study was restricted only to the Urban population of Gujarat, further work is need to be undertaken in the Rural areas of the state to find out the differences if any, in the results. Even other states can be explored for Buying Behavioral studies.

## **9. Conclusion**

Among the Important Factors that Influence the purchase of Skin care Cosmetics, Product Price was considered by the Women Respondents as the Third Most Important Factor, Preceded by Product Quality and Brand Name as the First and Second Most Important Factors affecting the purchase of skincare cosmetics respectively. And amongst the Two Price components analysed for assessing their relative significance, Reasonable Prices of the Branded Products was considered as the most important factor affecting the purchase of skincare cosmetics followed by Availability of Discounts at second place.

Since Product Price is an important factor that influences the purchase of Skincare cosmetics, Companies should design products of above-average quality at affordable Prices. Again those players who are fighting for their share in the market place or new

entrants will be able to successfully woo the Brand Loyals away from their favorite brand if they are able to offer price discounts as or the like.

The Cosmetics sector is a very dynamic sector in India. Indian women are introduced to all of the new and existing products of well-known brands in the market just like other consumers elsewhere in the world. However, the Indian market has a special significance. The availability of such a big target market and the increasing demand for cosmetics products make India an interesting potential market for global and multinational as well as domestic companies. Companies invest a lot of money in the Indian market to find out as much as they can about the characteristics of their consumers. A major goal of the marketing function is to be able to satisfy the needs and wants of their target markets more effectively and efficiently than competitors. Hence the researcher hopes that the information provided in this study will assist companies already existing in or planning to enter the Indian market, in shaping their marketing strategies and serving their customers better.

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## A Brief Study on International Financial System

– Dr. B. Saritha\*

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### **Abstract**

*The issue of the appropriate exchange rate regime for individual countries has been perennially lively, and the role played by international capital flows and domestic financial systems in determining the performance of these regimes has gained prominence in the policy debate. Using recent advances in the classification of exchange rate regimes, the key message in this paper is that, as economies and their institutions mature, the value of exchange rate flexibility increases. This study assesses the historical durability and performance of alternative exchange rate regimes, with special focus on developing and emerging market countries. It describes trends in the distribution of regimes and examines the transitions between regimes. It also reviews the performance of exchange rate regimes in terms of inflation and business cycles.*

### **Introduction**

The international monetary system consists of (i) exchange rate arrangements; (ii) capital flows; and (iii) a collection of institutions, rules, and conventions that govern its operation. Domestic monetary policy frameworks dovetail, and are essential to, the global system. A well-functioning system promotes economic growth and prosperity through the efficient allocation of resources, increased specialization in production based on comparative advantage, and the diversification of risk. It also encourages macroeconomic and financial stability by adjusting real exchange rates to shifts in trade and capital flows.

To be effective, the international monetary system must deliver both sufficient nominal stability in exchange rates and domestic prices, and timely adjustment to shocks and structural changes. Attaining this balance can be very difficult. Changes in the geographic distribution of economic and political power, the global integration of goods and asset markets, wars, and inconsistent monetary and fiscal policies all have the potential to undermine a monetary system. Past systems could not incent systemic countries to adjust policies in a timely manner. The question is whether the current shock of integrating one-third of humanity into the global economy - positive as it is - will overwhelm the adjustment mechanisms of the current system.

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There are reasons for concern. China's integration into the global economy alone represents a much bigger shock to the system than the emergence of the United States at the turn of the last century. China's share of global GDP has increased faster and its economy is much more open. As well, unlike the situation when the United States was on the gold standard with all the other major countries, China's managed exchange rate regime today is distinct from the market-based floating rates of other major economies. History shows that systems dominated by fixed or pegged exchange rates seldom cope well with major structural shocks.

This failure is the result of two pervasive problems: an asymmetric adjustment process and the downward rigidity of nominal prices and wages. In the short run, it is generally much less costly, economically as well as politically, for countries with a balance of payments surplus to run persistent surpluses and accumulate reserves than it is for deficit countries to sustain deficits. This is because the only limit on reserve accumulation is its ultimate impact on domestic prices. Depending on the openness of the financial system and the degree of sterilization, this can be delayed for a very long time. In contrast, deficit countries must either deflate or run down reserves. Flexible exchange rates prevent many of these problems by providing less costly and more symmetric adjustment. Relative wages and prices can adjust quickly to shocks through nominal exchange rate movements in order to restore external balance. When the exchange rate floats and there is a liquid foreign exchange market, reserve holdings are seldom required. Most fundamentally, floating exchange rates overcome the seemingly innate tendency of countries to delay adjustment.

A brief review of how the different international monetary regimes failed to manage this trade-off between nominal stability and timely adjustment provides important insights for current challenges.

## **The Evolution of the International Monetary System**

### **The Gold Standard**

Under the classical gold standard, from 1870 to 1914, the international monetary system was largely decentralized and market-based. There was minimal institutional support, apart from the joint commitment of the major economies to maintain the gold price of their currencies. Although the adjustment to external imbalances should, in theory, have been relatively smooth, in practice it was not problem-free. Surplus countries did not always abide by the conventions of the system and tried to frustrate the adjustment process by sterilizing gold inflows. Deficit countries found the adjustment even more difficult because of downward wage and price stickiness. Once the shocks

were large and persistent enough, the consequences of forfeiting monetary independence and asymmetric adjustment ultimately undermined the system.

The gold standard did not survive World War I intact. Widespread inflation caused by money-financed war expenditures and major shifts in the composition of global economic power undermined the pre-war gold parities. Crucially, there was no mechanism to coordinate an orderly return to inflation-adjusted exchange rates. When countries, such as the United Kingdom in 1925, tried to return to the gold standard at overvalued parities, they were forced to endure painful deflation of wages and prices in order to restore competitiveness. Though this was always going to be difficult, it proved impossible when surplus countries thwarted reflation.

During the Great Depression, with an open capital account and a commitment to the gold-exchange standard, the United States could not use monetary policy to offset the economic contraction. Fidelity to gold meant that the deflationary pressures from the United States spread quickly, further weakening the global economy. Unable to adjust to these pressures, countries were forced to abandon the system. Though deficit countries experienced the first crisis, all countries suffered from the eventual collapse - a lesson that was repeated in subsequent systems.

### **Bretton Woods**

The Bretton Woods system of pegged, but adjustable, exchange rates was a direct response to the instability of the interwar period. Bretton Woods was very different from the gold standard: it was more administered than market-based; adjustment was coordinated through the International Monetary Fund (IMF); there were rules rather than conventions; and capital controls were widespread.

Despite these institutional changes, surplus countries still resisted adjustment. Foreshadowing present problems, countries often sterilized the impact of surpluses on domestic money supply and prices. Like today, these interventions were justified by arguing that imbalances were temporary and that, in any event, surpluses were evidence more of virtue than "disequilibria." In contrast, the zero bound on reserves remained a binding constraint for deficit countries, which eventually ran out of time.

The Bretton Woods system finally collapsed in the early 1970s after U.S. policy became very expansionary, its trade deficit unsustainable, and the loosening of capital controls began to put pressure on fixed exchange rates. Once again, all countries suffered from the aftershocks.

## The Current Hybrid System

After the breakdown of the Bretton Woods system, the international monetary system reverted to a more decentralized, market-based model. Major countries floated their exchange rates, made their currencies convertible, and gradually liberalized capital flows. In recent years, several major emerging markets adopted similar policies after experiencing the difficulties of managing pegged exchange rate regimes with increasingly open capital accounts. The move to more market-determined exchange rates has increased control of domestic monetary policy and inflation, accelerated the development of financial sectors, and, ultimately, boosted economic growth.

Unfortunately, this trend has been far from universal. In many respects, the recent crisis represents a classic example of asymmetric adjustment. Some major economies have frustrated real exchange rate adjustments by accumulating enormous foreign reserves and sterilizing the inflows. While their initial objective was to self-insure against future crises, reserve accumulation soon outstripped these requirements. In some cases, persistent exchange rate intervention has served primarily to maintain undervalued exchange rates and promote export-led growth. Indeed, given the scale of its economic miracle, it is remarkable that China's real effective exchange rate has not appreciated since 1990.

This flip side of these imbalances was a large current account deficit in the United States, which was reinforced by expansionary U.S. monetary and fiscal policies in the wake of the 2001 recession. In combination with high savings rates in East Asia, these policies generated large global imbalances and massive capital flows, creating the "conundrum" of very low long-term interest rates, which, in turn, fed the search for yield and excessive leverage. While concerns over global imbalances were frequently expressed in the run-up to the crisis, the international monetary system once again failed to promote the actions needed to address the problem. Vulnerabilities simply grew until the breaking point.

Some pressures remain. The financial crisis could have long-lasting effects on the composition and rate of global economic growth. Since divergent growth and inflation prospects require different policy mixes, it is unlikely that monetary policy suitable for United States will be appropriate for most other countries. However, those countries with relatively fixed exchange rates and relatively open capital accounts are acting as if it is. If this divergence in optimal monetary policy stance increases, the strains on the system will grow.

Postponed adjustment will only serve to increase vulnerabilities. In the past, the frustration of adjustment by surplus countries generated deflationary pressures on the rest of the world. Similarly, today, the adjustment burden is being shifted to others. Advanced countries - including Canada, Japan, and the Euro area - have recently seen sizable appreciations of their currencies.

The net result could be a suboptimal global recovery, in which the adjustment burden in those countries with large imbalances falls largely on domestic prices and wages rather than on nominal exchange rates. History suggests that this process could take years, repressing global output and welfare in the interim.

## **The Way Forward**

### **To avoid these outcomes, there are several options**

The first is to reduce overall demand for reserves. Alternatives include regional reserve pooling mechanisms and enhanced lending and insurance facilities at the IMF. While there is merit in exploring IMF reforms, their effect on those systemic countries that already appear substantially over insured would likely be marginal. As I will touch on in a moment, the G-20 process may have a greater impact.

On the supply side, several alternative reserve assets have been suggested. The motivation of these proposals is primarily to redistribute the so-called "exorbitant privilege" that accrues to the United States as the principal supplier of reserve currency. As such, the United States receives an advantage in the form of lower financing costs in its own currency. This advantage would be shared (and possibly reduced in aggregate) if there were competing reserve currencies. In turn, this could marginally reduce the collective imbalances of reserve currency countries. Over the longer term, it is possible to envision a system with other reserve currencies in addition to the U.S. dollar. However, with few alternatives ready to assume a reserve role, the U.S. dollar can be expected to remain the principal reserve currency for the foreseeable future. Despite the exuberant pessimism reflected in the gold price, total gold stocks represent only \$1 trillion or about 10 per cent of global reserves and a much smaller proportion of global money supply. The renminbi's prospects are moot absent convertibility and open capital markets, which would themselves likely do much to reduce any pressure for a change.

### **Increased Use of Special Drawing Rights**

At first glance, Special Drawing Rights (SDRs) would be an intriguing alternative reserve asset. Using SDRs appeals to a sense of fairness in that no one country would enjoy the exorbitant privilege of reserve currency status. Like a multiple reserve currency system, it may reduce the aggregate incentives of countries that supply the constituent

currencies of the SDR to run deficits. In addition, there appears to be no technical reason why the use of SDRs could not be expanded. However, the question must be asked: to what end? Merely enhancing the role of the SDR would do little either to increase the flexibility of the system or change the incentives of surplus countries. By providing a ready swap of existing reserve currencies into a broader basket, SDR reserves could also further displace adjustment onto other freely trading currencies, thus exacerbating the imbalances in the current system. Indeed, by providing instant diversification, SDR reserves could entrench some of the existing strategies of surplus countries.

This would change if the proposal were taken to its logical extreme: the SDR as the single global currency. Setting aside the fact that the world is not an optimum currency area (not least due to the absence of free mobility of labour, goods, and capital), this appears utopian. While the level of international co-operation has certainly increased since the crisis, it would be a stretch to assert that there is any appetite for the creation of the independent global central bank that would be required. As a result, any future SDR issuance is likely to be ad hoc. A Substitution Account

In general, alternatives to the dollar as the reserve currency would not materially improve the functioning of the system. While reserve alternatives would increase pressures on the United States to adjust, since "artificial" demand for their assets would be shared with others, incentives for the surplus countries that have thwarted adjustment would not change. The common lesson of the gold standard, the Bretton Woods system and the current hybrid system is that it is the adjustment mechanism, not the choice of reserve asset, that ultimately matters.

With the adjustments that would arise automatically from floating exchange rates or unsterilized intervention muted, the burden is squarely on policy dialogue and co-operation.

### **Post-Bretton Woods Systems and Subsequent Exchange Rate Efforts**

When Bretton Woods was established, one of the original architects, Keynes, initially proposed creating an international currency called Bancor as the main currency for clearing. However, the Americans had an alternative proposal for the creation of a central currency called unitas. Neither gained momentum; the US dollar was the reserve currency. Reserve currency is a main currency that many countries and institutions hold as part of their foreign exchange reserves. Reserve currencies are often international pricing currencies for world products and services. Examples of current reserve currencies are the US dollar, the euro, the British pound, the Swiss franc, and the Japanese yen. Many feared that the collapse of the Bretton Woods system would bring the period of rapid growth to an end. In fact, the transition to floating exchange rates was relatively

smooth, and it was certainly timely: flexible exchange rates made it easier for economies to adjust to more expensive oil, when the price suddenly started going up in October 1973. Floating rates have facilitated adjustments to external shocks ever since.

The IMF responded to the challenges created by the oil price shocks of the 1970s by adapting its lending instruments. To help oil importers deal with anticipated current account deficits and inflation in the face of higher oil prices, it set up the first of two oil facilities. "The End of the Bretton Woods System (1972-81)," After the collapse of Bretton Woods and the Smithsonian Agreement, several new efforts tried to replace the global system. The most noteworthy regional effort resulted in the European Monetary System (EMS) and the creation of a single currency, the euro. While there have been no completely effective efforts to replace Bretton Woods on a global level, there have been efforts that have provided ongoing exchange rate mechanisms.

### **Jamaica Agreement**

In 1976, countries met to formalize a floating exchange rate system as the new international monetary system. The Jamaica Agreement established a managed float system of exchange rates, in which currencies float against one another with governments intervening only to stabilize their currencies at set target exchange rates. This is in contrast to a completely free floating exchange rate system, which has no government intervention; currencies float freely against one another. The Jamaica Agreement also removed gold as the primary reserve asset of the IMF. Additionally, the purpose of the IMF was expanded to include lending money as a last resort to countries with balance-of-payment challenges.

### **The Gs Begin**

In the early 1980s, the value of the US dollar increased, pushing up the prices of US exports and thereby increasing the trade deficit. To address the imbalances, five of the world's largest economies met in September 1985 to determine a solution. The five countries were Britain, France, Germany, Japan, and the United States; this group became known as the Group of Five, shortened to G5. The 1985 agreement, called the Plaza Accord because it was held at the Plaza Hotel in New York City, focused on forcing down the value of the US dollar through collective efforts. By February 1987, the markets had pushed the dollar value down, and some worried it was now valued too low. The G5 met again, but now as the Group of Seven, adding Italy and Canada-it became known as the G7. The Louvre Accord, so named for being agreed on in Paris, stabilized the dollar. The countries agreed to support the dollar at the current valuation. The G7 continued to meet regularly to address ongoing economic issues. The G7 was expanded in 1999 to include twenty countries as a response to the financial crises of the late 1990s

and the growing recognition that key emerging-market countries were not adequately included in the core of global economic discussions and governance. It was not until a decade later, though, that the G20 effectively replaced the G8, which was made up of the original G7 and Russia. The European Union was represented in G20 but could not host or chair the group.

Keeping all of these different groups straight can be very confusing. The news may report on different groupings as countries are added or removed from time to time. The key point to remember is that anything related to a G is likely to be a forum consisting of finance ministers and governors of central banks who are meeting to discuss matters related to cooperating on an international monetary system and key issues in the global economy. The G20 is likely to be the stronger forum for the foreseeable future, given the number of countries it includes and the amount of world trade it represents. "Together, member countries represent around 90 per cent of global gross national product, 80 per cent of world trade (including EU intra-trade) as well as two-thirds of the world's population." At present, a number of groups are jostling to be the pre-eminent forum for discussions between world leaders. The G20 ended 2009 by in effect replacing the old G8. But that is not the end of the matter.

<b>G20 Countries</b>	
Argentina	Japan
Australia	Mexico
Brazil	Russia
Canada	Saudia Arabia
China	South Africa
France	South Korea
Germany	Turkey
India	United Kingdom
Indonesia	United States
Italy	European Union

### Today's Exchange Rate System

While there is not an official replacement to the Bretton Woods system, there are provisions in place through the ongoing forum discussions of the G20. Today's system remains-in large part-a managed float system, with the US dollar and the euro jostling

to be the premier global currency. For businesses that once quoted primarily in US dollars, pricing is now just as often noted in the euro as well.

### **A Practical Solution: The G-20 and Shared Responsibility**

The G-20 framework moves in the right direction. It stresses countries' shared responsibility to ensure that their policies support "strong, sustainable and balanced growth." Under the framework, members have agreed to a mutual assessment of their monetary, exchange rate, fiscal, and financial policies, with the assistance of the IMF and other international financial institutions. The implications of these policies for the level and pattern of global growth and the risks to financial stability will be reviewed by finance ministers and governors in preparation for agreement on any common actions by G-20 leaders in Canada and South Korea next year.

There are several reasons why this mutual assessment process has the potential to develop shared understanding and encourage action across a range of countries. There is a clear timetable. A comprehensive set of policies will be considered. Policy-makers at the highest levels are directly involved, with international financial institutions in a supportive, rather than leading, role. Finally, discussions will take place at the G-20, where all major economies are present and where China has assumed a very constructive, leadership role.

Framework discussions would be complemented by successful implementation of the G-20 financial reform agenda. These reforms, when combined with the peer review process of the Financial Stability Board (FSB) and external reviews by the IMF, could increase actual and perceived systemic stability and thereby reduce reserve accumulation.

### **Canada's Macroeconomic Strategy and the G-20 Framework**

Canada will bring to these discussions one of the soundest financial systems in the world and a macroeconomic strategy that contributes to sustainable and balanced global growth. Our economy is one of the most open and our policy response to the crisis has been one of the most aggressive. Starting from the strongest fiscal position in the G-7, Canada's fiscal stimulus this year and next will total 4 per cent of GDP. Monetary stimulus has been both unprecedented and timely. As a result of these policy actions, the IMF projects that Canadian domestic demand will be the strongest in the G-7 next year. With a current account that has shifted from a surplus of 2 per cent of GDP in the first quarter of 2006 to a deficit of 3 per cent today, Canada is doing its part to rebalance global growth.

Consistent with the objectives of the G-20 framework, Canadian policy is guided by transparent and coherent frameworks. The Government of Canada has announced a fiscal plan to return its budget to broad balance by 2015. The cornerstone of the Bank's monetary policy framework is its inflation target, which aims to keep the annual rate of CPI inflation close to 2 per cent. It is in this context that we view the exchange rate. A floating exchange rate is a central element of our monetary policy framework. It allows Canada to pursue an independent monetary policy appropriate to our own economic circumstances. Although there is no target for the Canadian dollar, the Bank does care why the exchange rate moves and what the potential impact will be on output and inflation. The challenge for the Bank is to understand the reasons behind currency movements, incorporate those into our assessments of other data, and set a course for monetary policy that works to keep total demand and supply in balance and inflation on target.

In the current environment, such determinations are more important than usual. Recent indicators point to the start of a recovery in Canadian economic activity following three consecutive quarters of sharp contraction. This resumption of growth is supported by monetary and fiscal stimulus, increased household wealth, improving financial conditions, higher commodity prices, and stronger business and consumer confidence.

However, heightened volatility and persistent strength in the Canadian dollar are working to slow growth and subdue inflation pressures. The current strength in our dollar is expected, over time, to more than fully offset the favourable developments since July.

On 20 October, the Bank reaffirmed its conditional commitment to maintain its target for the overnight rate at the effective lower bound of 1/4 per cent until the end of June 2010 in order to achieve the inflation target. To put it simply, the Bank looks at everything, including the exchange rate, through the prism of achieving our inflation target. For example, we do see a risk that a stronger-than-assumed Canadian dollar, driven by global portfolio movements out of U.S.-dollar assets, could act as a significant further drag on growth and put additional downward pressure on inflation. As I mentioned previously, movements in currencies could reflect current challenges in the operation of the international monetary system, which may result in the displacement of adjustment pressures onto a handful of currencies.

Whatever happens, the Bank retains considerable flexibility in the conduct of monetary policy at low interest rates, consistent with the framework that we outlined in our April Monetary Policy Report. If downside risks materialize, the Bank will use that flexibility to the extent required in order to achieve our price stability mandate. If upside

risks materialize, the Bank will also act to achieve our price stability mandate. While the underlying risks to our October economic projection are roughly balanced, the Bank judges that, as a consequence of operating at the effective lower bound, the overall risks to our inflation projection are tilted slightly to the downside.

## Conclusion

To conclude, this crisis was caused in part by failures to meet the same challenges that bedevilled previous international monetary systems. The common lesson of the gold standard, the Bretton Woods system, and the current hybrid system is that it is the adjustment mechanism, not the choice of reserve asset, that ultimately matters. In this regard, any greater use of SDRs might be best suited to encouraging a transition from the current hybrid system to an international monetary system characterized by more flexible exchange rates for all systemic countries. While surplus countries can delay adjustment, in the end, all nations suffer when the system breaks down. In the current environment, growing strains could spur protectionism, both in trade and finance, or alternatively, raise sanctions. The negative consequences for the global economy would be considerable. All countries should accept their responsibilities for promoting an open, flexible, and resilient international monetary system. Responsibility means recognizing spillover effects between economies and financial systems and working to mitigate those that could amplify adverse dynamics. It means submitting their financial policies to peer review within the FSB and external review by the IMF. Fundamentally, it means adopting coherent macro policies and allowing real exchange rates to adjust to achieve external balance over time. Indeed, in a world of global capital, all systemically important countries and common economic areas should move towards market-based exchange rates.

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## Corporate Social Responsibility Role of Public and Private Sector Banks

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### Abstract

*Success is the main mantra of every corporate business house. In the recent years the concept of Corporate Social Responsibility is spreading very rapidly in all the sectors in India. Corporate Social Responsibility is to contribute towards the society while working with in ethics. In developing country like India, banking sector plays a very important role in upgrading the economy of the country by imposing new practices called corporate social responsibility (CSR). RBI has played an important role in supporting the concept of CSR by passing a circular in the year December, 2007 directed banks to undertake CSR initiatives for sustainable development. The Banking sector is in a leading position in discharging CSR in the country. The objective of the present paper is to examine the Concept of CSR, CSR initiatives in Indian Banking Sector, Present Status of CSR in Banking.*

*Key words: CSR, CSR initiatives, CSR-Banking sector*

### Introduction

The concept of Corporate Social Responsibility is not a new one but its focal point changes with the changing requirements of business and varying social needs. CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is represented by the contributions undertaken by companies and commercial banks to society through its business activities and its social investment. CSR has been making an increasingly prominent impact in the Indian social system by supplementing development projects. CSR in Banking is concerned, today Banking Sector growing larger and powerful than before. Various Non-government organizations put pressure on Banks to act responsibly towards their stakeholders. Thus pressure has given rise to the concept named Corporate Social Responsibility. It includes the economic,

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legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time. Keeping in view as per the instructions of the RBI, majority of its member commercial banks started new programmes on social and economic welfare of the masses, keeping parity with the guidelines. To highlight the role of banks in corporate social responsibility, the RBI circulated a notice on December 20, 2007 for all the scheduled commercial banks, with title "Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting - Role of Banks".

### **Review of Literature**

Sarita Moharana (2013) studied "Corporate Social Responsibility: A Study of Selected Public Sector Banks in India" & found that the selected banks are directly engaged in CSR activities mostly in the area of Rural Development, Education, Community Welfare, Women and Children. The analysis shows that, these banks are making efforts for the implementation of CSR, but are restricted within certain fields. There is a need for better CSR activities by the banks, which is possible by adding more and more social development issues link with corporate sector.

Sanjay Kanti Das(2012) in his study presented that development of Corporate Social Responsibility (CSR) is very slowly in India though it was started a long time ago. In his view CSR has been assuming greater importance in the corporate world, including the banking sector. There is a visible trend in the financial sector of promoting environment friendly and socially responsible lending and investment practices. The Govt. of India is pursuing the matter relating to CSR and also drafted guidelines for CSR practices time to time.

The Reserve Bank of India (RBI 2011) On stressing the need for CSR, suggested the banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainable development .RBI also pointed out to start non-financial reporting (NFR) by the banks which will cover the work done by the banks towards the social, economic and environmental betterment of society.

### **Objectives of the Paper**

The main objectives of this paper include:

1. To Study the concept of CSR
2. To know the Role and Challenges of Public and Private Sector Banks in India
3. To Study the Major areas of CSR initiatives in Indian Banking Sector.
4. To Focus on the Present Status of CSR in Banking.

## Methodology adopted

The present study is based on the case study method and Six Public Sector Banks and Three Private Sector Banks are selected. Data are collected from the secondary sources most particularly from concerned Banks Annual Reports, Journals, web sites, newsletters and other secondary sources. The study covers the period 2013 - 2014 (covered FY 2012-13 based on availability of data).

## CSR Status & Initiatives by Public Sector Banks

The new Companies Bill seeks to make it mandatory for organisations of a certain financial strength to spend at least 2% of their average net profit over three years on corporate social responsibility.

Major areas of CSR in public sector banks along with their expenditure in CSR activities

### State Bank of India

Corporate Social Responsibility has always been a part of the State Bank of India covering various social, environmental and welfare activities. Their pledge towards CSR is reflected in their CSR vision statement.

### SBI - Corporate Social Responsibility (CSR)

Our CSR activity touches the lives of millions of poor and needy across the length and breadth of the country. The Bank has a comprehensive Corporate Social Responsibility (CSR) Policy, approved by the Executive Committee of the Central Board in August 2011 and earmarks 1% of the previous year's net profit as CSR spend budget for the year. In the following areas Banks are mainly concentrating their CSR activities.

Chart - 1



Source: Main focus areas of CSR activities

## Supporting Education

To support school education and provide relief from heat to millions of school children specially the under privileged children, Bank has provided 1,40,000 electric fans to 14,000 schools across the country during 2013-14. Infrastructural support by way of furniture, computers and other educational accessories and donation of large number of school buses/vans to the physically/ visually challenged children and children belonging to economically weaker section of society.

## Supporting Healthcare

Bank donated 210 medical vans/ambulances with an expenditure of Rs. 18.38 crores during the year. Medical equipment has been provided at 90 centres worth Rs. 8.87 crores. Bank installed more than 30,000 water purifiers in schools ensuring clean & safe drinking water for millions of school going children.

## Assistance during Natural Calamities

During the current fiscal the Bank has donated Rs. 6.00 crores to the Chief Minister's Relief Fund of three states.

## Research & Development Fund

State Bank of India Annual Report 2013-14 45 SBI Children's Welfare Fund The Bank constituted SBI Children's Welfare Fund as a Trust in 1983 which extends grants to institutions engaged in the welfare of underprivileged children like orphans, destitute, mentally/physically challenged, etc. The Corpus of the Fund is made up of contributions by staff members and matching contribution provided by the Bank. During the FY 2013-14, 12 projects were assisted with Rs. 34.70 lakhs. The following table shows that the funds that were allocated under CSR the scheme.

**Table: 1 Funds Allocated for CSR**

CSR Fund Allocated	Financial Year (In Crores)	
	2013-14	2012-13
Budgeted Fund	141	117.07
Actual Fund	148.93	123.27

*Source: SBI Annual Report F.Y. 2013-14*

## Allahabad Bank & CSR

During the financial year 2013-14 Bank provided financial support aggregating to Rs.29.68 lakhs under Corporate Social Responsibility (CSR) to various organisations/ activities as detail below.

**Table: 2 Funds used for Various CSR Activities**

<b>Sl.No.</b>	<b>Organisation / Activities</b>	<b>Amount Spent (Rs. in Lakhs)</b>
1.	Saroj Gupta Cancer Centre & Research Institute	2.89
2.	Udyan Shalini Fellowship Program	0.24
3.	Water Purifier & Sewing Machine (Distributed by ZO Guwahati)	0.55
4.	Bhawna Aj O Kal	1.00
5.	Repairing / Renovation of Girls Hostel of Sabarmati Harijan Ashram Trust, Ahmedabad	10.00
6.	Centurian University of Technology and Management, Bhuvaneshwar	15.00

Bank's endeavour is to serve the society through various means. Taking its initiative further towards Corporate Social Responsibility, the Bank made donations to various Charitable Institutions / fund as detailed below

**Table: 3 CSR - Donations**

<b>Sl. No.</b>	<b>Organisation / Activities</b>	<b>Amount Spent (Rs. in Crores)</b>
1.	Uttrakhand C.M. Relief Fund	5.00
2.	Bhagwan Mahaveer Viklang Sahataya Samiti, Jaipur	0.05

*Source: Allahabad Bank Annual Report F.Y. 2013-14*

### **Union Bank of India - CSR**

The following table shows about UBI and its CSR.

**Table 4 : UBI - CSR Activities Participated**

Sl. No.	Organisations / Activities	Major CSR Activity	Amount Spent (Rs. in Crores)
1.	Health Care Project for Villages	Girl Child Education, Women Empowerment, Rural Development, Vocational Training etc.,	Amount not Disclosed
2.	Livelihood Activities		
3.	Mid - Day Meal Programme		
4.	Visually Impaired Persons		
5.	Girl Child Education and Women Empowerment		
6.	Environment Protection		
7.	Shelter Homes		

Source: Union Bank of India Annual Report F.Y.2013-14

The above table reveals 'Health care facilities' for flood/landslide affected villagers of Rudraprayag dist. through Smile India Foundation, Delhi by operating Health Clinic at Guptkashi. District headquarters and Mobile clinic for 23 villages of UKhimath block. Project is under progress since April 2014.

Residential livelihood training & audio book recording centre for visually challenged persons throughout the country. Support towards cost of audio books production in CD form. Duration: Support for 01 year. Project is under progress since January 2014.

Support for purchase of customised vehicles for distribution of mid-day meals to Govt. school children at Bengaluru, Mangalore, Hubli and Hyderabad.

A mega programme of girl child adoption has been implemented on independence day (15.08.2014) where 6150 girl children were adopted for encouraging their education through providing scholarships for purchase of books, uniforms, fees etc.

Creating environmental awareness by planting of trees, solar home lights to BPL households, solar power at schools, clean solar cooking stoves.

Assistance for setting up, Night Shelters by partnering with Ramakrishna Mission at Rohini, Delhi.

The following table also reveals the CSR in the Banks other than UBI.

Table: 5 Other Public Sector Banks - CSR

Name of The Bank	Organisations / Activities	Major Csr Activity	Amount Spent (Rs. in Crores)
Andhra Bank	Social security pensions , Helping Flood victims , Donating various Social Organizations , Community Welfare , Education , Rural Development , Vocational Training.	Vocational Training Rural Development Community Welfare	Amount not Disclosed
Bank of Baroda	Community Welfare, Poverty Eradication , Physically Challenged, Rural Development , Vocational Training , Women Empowerment	Rural Development Women's Empowerment Vocational Training	Amount not Disclosed
Canara Bank	Community welfare Education Rural Development Vocational, Computer training for Women	Rural Development Vocational Training Community welfare	Amount not Disclosed

Source: Concerned Bank official Websites, Money Control.com

## Private Sector Banks

### CSR - HDFC BANK

HDFC Bank has expressed their strong commitment to Sustainability by making it one of the core values of business philosophy. It envisions that Sustainability will become an integral part of the business. With the new Section 135 enacted by the Companies Act 2013, HDFC Bank has formulated their CSR Policy and identified areas of intervention and committed towards making a difference in the lives of the people and contributing to the welfare of the society. This includes empowerment of individuals through their sustainable livelihood initiatives, other financial inclusion initiatives as well as our community development initiatives in the areas of education and skilling through donations and grants.

Chart : CSR Framework

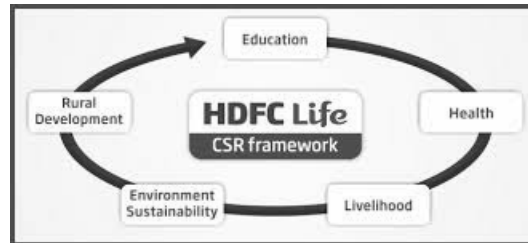


Table: CSR - Funds allocation

Financial Year	CSR Funds (As Percentage of Pat)	Average Percentage of CSR (based on avg. profit after tax of the last 3 financial years)
2013-14	0.83%	1.34%
2012-13	0.58%	0.74%

Source: HDFC Bank Annual Reports

### CSR - ICICI

**Area of Focus:** ICICI BANK has been undertaken the following activities through ICICI Foundation, primarily on elementary education, skill development & sustainable livelihoods, primary healthcare and financial inclusion. The Bank has approximately spent 2.0% of its average profit after tax for the three financial years ending March 31, 2012, March 31, 2013 and March 31, 2014.

Table: CSR - Funds allocation

Financial Year	CSR Funds (As Percentage of Pat)	Approx. Average Percentage of CSR (based on avg. profit after tax of the last 3 financial years)
2013-14	1.7%	2.0%
2012-13	1.4%	1.8%

Source: ICICI Bank Annual Reports

### CSR - AXIS BANK

Axis Bank Foundation (ABF) was set up as a Public Trust in 2006 to carry out the Corporate Social Responsibility initiatives of the Bank. ABF's philosophy is to strive to

improve the standard of living of underprivileged people in India, by providing them education, healthcare and sustainable livelihoods. The Bank contributes one percent of its net profit annually to the Foundation under its CSR initiatives.

**Table: CSR - Funds allocation**

Various major CSR activities	Financial Year	
	2013 -14	2012-13
	Cumulative disbursal of CSR funds (Rupees in Crores)	Disbursal of CSR Funds (Rupees in Crores)
Education	43.40	6.23
Health Care	15.19	5.1
Sustainable livelihoods	86.98	31.09

*Source: AXIS Bank Annual Reports*

## Findings & Conclusion

The Banking Sector performing their banking services more effectively in comparison with the past and also started working towards social banking that is Corporate Social Responsibility. Banking Sector still requires more regulations and new policies to implement the concept of CSR in Indian Banking Sector. RBI has to involve in social banking and some required percentage must be set for spending on CSR activities by all the established Banks and a proper monitoring is required by a committee on the working of Banks so that the Banks work for their profit along with contributing towards the society because Corporate social responsibility is just not the charity but a practical implementation of ethical ideas towards the society. The Banks under study have recognized their responsibility towards the society and are making their contribution in the field of employment generation, education, health care, farmer training, women welfare and women empowerment. We suggest that banks should disclose the amount spent on CSR activities in their annual reports. Along with financial reporting, non financial reporting should become a mandatory for the banks for social, economic and environmental betterment of the society.

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## A Critical Analysis of the Work Life Balance of Employees in Indian Railways

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### *Abstract*

**Keywords:** *Human resource policies, work culture, work life balance*

### **Introduction**

The Indian Railways is not just a transport system. It is a culture in force and an integral expression of national solidarity. When it moves, the nation moves. When it stops, the nation comes to the halt. In fact, the wheels of the railways never stop and this symbolizes an ever advancing, growing, developing nation. It keeps the nation awake and keeps vigil along the remote parts of the country. It serves the defence forces and works as a sentinel guarding our national honour and liberty.

The idea of a disciplined, people oriented and proactive institution is not new. Since the history of civilization, attempts are made by every organization to cultivate certain core values, which will make the organization strong and successful. The basic problem with respect to government institution is how such institution can be made pro-people. Their original set up, the tradition bound value system, and the bureaucratic ways of functioning are the aspects, which makes such organization ineffective and indifferent to the problems of the society.

There are challenges of rapid urbanization. World Bank estimates that by 2017, 500 million Indians, nearly 38 percent of India's population will be living in the cities. There is an estimation that 61 percent of Maharashtra will be living in cities by 2026. Being the largest public transport system, railways have to adapt to these migratory trends and equip itself according to the demands of the society.

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### **Rationale of the study**

Railway is a system which comes into contact with public in general. The existing work culture, job profile of employees, leadership styles, incentives and working conditions influence the efficiency and effectiveness of railways. Railway employees, administrative or operating staff have to face the commuters daily in various roles. As the railway network is huge and so the number of commuters, many a times, situation goes out of control. The number of railway staff is less in proportion to the continuously alarming number of commuters. This creates tension and stress among the railway staff. The mechanical and operating work on the field becomes heavy in different weather conditions. Accordingly, the response of the railway employees also changes. Their capacities as human being are limited and also have constraints to behave rationally in different situations. Thus, the study intends to highlight the behavioral attitudes of various railway employees working on different fronts. On this background, the researcher is interested in a study of work culture, its impact on employees, their job satisfaction levels, commitment to the job and the work life balance aspects.

### **Objectives of the study**

The study deals with a variety of aspects related to the work culture and working conditions in the internal administration of Indian railways. The policies of Railway Ministry and decisions by Railway Boards are extremely important in deciding the work environment of railway departments. The general managers of divisional levels are the superiors, who decide the work environment of departmental level. They have to follow good human resource practices while effectively implementing the government regulations. Railways being the principal transport system responsible for the easy commutation of people and goods have to work for the progress of the society which requires a planned order of work related system and values. This organization, primarily a service entity is directly linked to providing smooth transportation facilities to the society at large. This automatically increases the work pressure on its employees. The human resource policies and their impact on job satisfaction of employees along with maintaining the work life balance is the key research problem in this study. Considering the long tradition of Indian railways and huge number of employees, the researcher has following objectives in mind for the study -

1. To study the human resource policies and working system in Indian railways.
2. To analyze the impact of organizational culture on the performance of employees through their job satisfaction and work life balance.

## Concepts for the Study

### 1. Job Satisfaction

It is a pleasurable state resulting from the appraisal of one's job or job experiences. Employees with high job satisfaction experience positive feelings when they think about their duties and vice versa. Employees are satisfied when their job provides the things that they value. This concept has various angles like pay, promotion, supervision, coworkers and the work. Satisfaction with the work itself reflects employee's feelings about their actual work tasks, including whether those tasks are challenging, interesting, dull or repetitive. Employees' job satisfaction is based on the value percept theory. It suggests that employees will be satisfied when they perceive that their job offers the pay, promotion, supervision, coworkers and the work task that they value.

### 2. Work life Balance

The increasing load of work leads to insufficient time for its completion. It also consumes the individual's personal and family time. This concept of work life balance is a recent concept. It aroused out of increasing burden of work in the organization and hence insufficient time with one's life. An employee works mainly for his family and the ultimate intension is to spend some quality time with his family members and take care of them. Balancing the work and other aspects of life is the ultimate intension of an employee. Spending majority of the time at work place leaves an employee emotionally exhausted. He needs his family around to feel safe and sure while working. Hence, this concept should be very much taken care by the management of any organization.

## Review of literature related to the study

1. Devi Prasad M. analyzed the relationship between the importance of attributes for the service quality and tolerance zone between the desired and the minimum level of passengers' expectations in Indian Railways. He insisted upon delivering superior quality services to passengers who gives railway a competitive advantage, market share and profitability. Service quality is recognized as a critical factor in an organisation's endeavor to differentiate itself from the competitors. In the context of Indian Railways, action choices emanating from the changes in such factors as ownership and structure have the risk of antagonizing the three important stake holders, the Government, the railway personnel and even the customers who would like to see the Indian Railways more as a nonprofit organisation. Cultural factors, price, urgency or renovation can influence the limits of tolerance zone. As managerial implications it may be cited that Indian Railways should concentrate on punctuality of trains, safety of passengers,

cleanliness and food quality which showed a greater importance.

2. Thakur Raghav rightly described the state of Indian railways. Indian railway survives merely because of its institutional strength. India's railway has to manage 7083 stations, 131,205 bridges, 9000 locomotives, 51,030 passenger coaches, 219,931 freight wagons and 63,974 route-km, while it operates 19,000 trains and carries 2.65 million tonnes of freight and 23 million passengers each day. Despite its problems and its vastness, the system is functioning and trains are running on time. The whole credit goes to the inbuilt values and systems.

3. According to Ranjan Rajesh the job of a Railway Driver demands hard work and great presence of mind along with courage to handle diverse conditions. For this one should have discipline, patience, responsibility, punctuality, commitment, courage and above all self-confidence. The job requires lots of hard work, stamina, alertness of mind, adaptability to follow difficult time schedules too. But the main and remarkable, highly appreciable role of railway drivers is the only who works with full honesty, in day and night, in heavy cold, hot and rainy weather. The railway driver is exposed to a demanding psychosocial work environment, which includes solitary work, limited opportunities for social contact and a heavy responsibility for operating the train. The railway driver's job i.e. to operate the train is largely governed by timetables and technical conditions which restricts the driver's ability to decide for him how the job is to be done. Railway drivers struggle to fulfill work and family responsibilities. This struggle is due to long hours, irregular and inflexible work schedules, and heavy workloads. Thus, work-family conflict can be a common work stressor for railway drivers.

### **Methodology of the Study**

A sample design is a definite plan for obtaining a sample from a given population. The study of work culture was undertaken with special reference to Mumbai division. It covers Mumbai city, Mumbai suburbs, Thane, Navi Mumbai and Raigad part. The researcher has determined the geographical coverage of the study, the relevant population, methods of sampling frame, the techniques of data collection and hypotheses testing.

### **Geographical coverage of the study**

The study is undertaken in the geographical region of Maharashtra State with an emphasis on Mumbai division which covers the following areas:

#### **Mumbai Division**

- Mumbai CST - Dadar - Kurla - Thane
- Thane - Airoli - Sanpada (Trans Harbour Line)

- Kalyan Jn-Kasara-Igatpuri (Inclusive)
- Kalyan Jn-Neral Jn-Karjat Jn-Lonavala (Inclusive)

### Population of the study

The universe of the study is all employees of Mumbai division. All administrative levels are covered under the study. There are total twelve departments in Mumbai division and each division has strength of different number of employees.

### Sampling frame

The study has covered a set of respondents from railway employees working at different levels in Mumbai division. This has been specified in the table below. There are twelve departments in Mumbai division. The following table shows the universe size and the number of respondents selected for the study.

**Table 1: Sample size of the railway staff in Mumbai division**

Name of the Department	Universe size	Number of Respondents	Percentage (Approx)
Personnel	857	34	4
Accounts	165	07	4.24
Administration	15	02	13.33
Commercial	4104	164	4
Electrical	6107	244	4
Engineering	6382	250	4
Mechanical	3411	135	4
Medical	1377	55	4
Operating	6906	275	4
Signal and Telecom	1939	75	3.86
Safety	154	05	3.24
Stores	15	02	13.33
<b>Total</b>	31432	1248	4

*Source: Compiled from the field study*

### Data analysis

The researcher has collected qualitative and quantitative data from different respondent segments. The data being varied in nature required statistical treatment by using different techniques. The researcher has applied Chi Square and ANOVA tests for testing the hypotheses. SPSS package is used for analysis and testing of hypotheses.

## Results and Discussion

The researcher has taken into consideration the work culture in lower level employees as well as higher level officers. The lower level staff includes clerical and operating staff whereas the higher level staff includes the officers and supervisors.

**H1: There is no significant difference on any of the 14 parameters describing human resource policies of employees belonging to different age, income, gender and length of service group.**

The researcher has analyzed the human resource policies and their perception by the employees at various departments in Mumbai division on the basis of age, income, gender and length of service. For testing this hypothesis, ANOVA test is used. The researcher has taken various fourteen important variables that include adequate salary, fringe benefits, promotion, transfer, performance appraisal etc. Their job satisfaction level was analyzed against their demographics.

**Table 2: Summary of Chi Square test for H<sub>1</sub>**

Sr.	Variables	ANOVA Value	I	ANOVA Value	I	ANOVA Value	I	ANOVA Value	I
		Age		Income		Gender		Length of Service	
1	Salary and Perks	0.000	R	0.000	R	0.800	A	0.006	R
2	Increments	0.390	A	0.000	R	0.995	A	0.000	R
3	Working Hours	0.463	A	0.000	R	0.398	A	0.000	R
4	Shift Duties	0.589	A	0.001	R	0.005	R	0.000	R
5	Training	0.000	R	0.965	A	0.011	R	0.000	R
6	Leave Conditions	0.021	R	0.000	R	0.466	A	0.000	R
7	Promotion Policy	0.009	R	0.000	R	0.463	A	0.000	R
8	Transfer Policy	0.011	R	0.000	R	0.301	A	0.010	R
9	Performance Appraisal	0.000	R	0.000	R	0.879	A	0.097	A
10	Decision Freedom	0.024	R	0.000	R	0.313	A	0.000	R
11	Health Welfare	0.000	R	0.023	R	0.597	A	0.000	R
12	Discipline	0.000	R	0.000	R	0.050	A	0.000	R
13	Rewards	0.000	R	0.013	R	0.039	R	0.000	R
14	Facilities To Woman	0.865	A	0.000	R	0.000	R	0.067	A

*Source - Compiled from field survey*

(I - Interpretation; A - Accepted; R - Rejected)

Hypotheses for variables 2, 3, 4, 14 across age are accepted whereas all others are rejected. It indicates that there is no significant difference in the perception of different age group employees with respect to increments, working hours and facilities to women employees but for all other variables, their opinion differs according to different age groups.

Hypotheses for variable 5 across income are accepted and the rest are rejected. It proves that except training, all other variables and the income groups of employees are dependent.

Hypotheses for variable 4, 5, 13 and 14 across gender are accepted and the rest are rejected. This interprets that shift duties, rewards, training and facilities to women employees are independent of the gender of employees whereas all other variables differ according to the gender.

Hypotheses for variables 9 and 14 across length of service are accepted and the rest are rejected. Performance appraisal and facilities to women employees are independent of the length of service whereas other variables change with respect to length of service.

**H2: Work life balance of employees is independent of his/her designation and experience.**

Due to shortage of staff and multi tasking, the stress level was found to largely affect the existing work culture. It was observed during the review of literature that operating staff is more stressed due to nature of duty. The stress is created due to number of factors. Some important variables are taken into consideration by the researcher to identify which is leading to maximum stress among the employees. It was assumed by the researcher that there is indirect pressure, interference with family life, lack of support from the superiors, lack of opportunities, tension due to nature of job, lack of sleep due to working hours etc. For testing this hypothesis, Chi Square test was used to understand the work life balance of employees with respect to designation and length of service.

**Table 3: Summary of Chi Square test for H2**

Sr.	Variables	Chi Square Value	I	Chi Square Value	I
		Designation		Length of Service	
1	Work Life Balance	0.000	R	0.138	A

Source - Compiled from field survey

(I - Interpretation; A - Accepted; R - Rejected)

The above table shows that work life balance of employees is highly dependent upon their designation whereas length of service and work life balance is independent. Therefore, hypothesis H2 for designation of employees is rejected and for length of service is accepted.

### **Conclusions**

1. The training facilities available for different category of employees are good but employees have to travel to faraway places to attend these training. They have to stay away from their families for a long period of time for the same. It disturbs their family life.
2. The promotion and transfer policies are dissatisfactory for railway employees. The employee has to wait for a long duration to get his job transferred to his place of convenience. Also, some of the employees have experienced favoritism when it comes to promotion of a staff.
3. The performance appraisal pattern of railways is highly criticized as it treats both, the efficient and the inefficient employee at the same level. The additional efforts put by an employee are not considered and are not given any importance. It is very discouraging according to them.
4. Majority of the higher level officials motivate their subordinates through written words and a pat on back. Some of them assign the special task to the efficient employees which create a sense of confidence in their mind. They also recommend eligible employees for promotion.
5. Officers and supervisors interact with people according to their expertise related to the official work. Some of them are socially connected with their staff. This creates a sense of trust and belief amongst employees.
6. Majority of the employees experience stress occasionally. Operating staff like motormen and guards have high stress levels as they have field responsibilities and are connected directly to the life of public. Also the condition of gang men and khalashis is vulnerable as they have to work on railway tracks at any given time of the day and in all seasons.
7. The working schedule of operating staff increases their stress level and disturbs their work life balance. Although they are given lot of facilities to compensate for this taxing schedule, they are not happy with it. The clerical staff has no issues in maintaining their work life balance as they have fixed timings for the job.

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