

UTTARANCHAL BUSINESS REVIEW

A Bi-Annual Journal of Management & IT

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- ❑ Institutional Agricultural Credit Scenario in Post-reform Period
Dr. Rabindra Kumar Mishra
- ❑ CRM Processes, Practices And Strategies - A Study With Reference to the New Age Banks in India
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- ❑ An Exploratory Investigation on FDI in India
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From the desk of Managing Editor.....

It is my pleasure and pride to present before you the June, 2013 issue of UTTARANCHAL BUSINESS REVIEW - A journal of Institute of Management, Dehradun. It is a bi-annual research journal of Management and IT. The aim of journal is to disseminate knowledge and information in the areas of Management and IT and to provide a forum for discussion on advancement in these areas. The journal focuses on theoretical, applied and interdisciplinary research in Management and IT.

The present issue deals in ongoing developments in Management and IT. Dr Dhason Antony in his paper raised a pertinent question about the attitudinal and organizational bias in the workforce that prevents women from advancing in the higher positions. Dr Rabindra Kumar Mishra has analyzed the tasks performed by banks in the post-reform period for the development of agriculture. Dr S.C.Bihari in his paper explored the role of CRM in the growth and development of new age banks in India. The research paper of Dr Prashant Madan explores the challenges and solutions for the Indian retail sector. Mr.Abhishek Soni and Miss Sheetal Soni have examined the impact of celebrity endorsements on consumer's brand preference for soft drinks during their research study and presented their findings in their research paper. Mr Anil Ota tried to establish the relationship between organizational communication and organizational effectiveness through descriptive investigation. Mr Rajeev Srivastav has analyzed a case study of HCL Technology, Noida with an objective to understand the status of effective e-waste management in an organization. Dr. B. Aiswarya and G. Ramasundaram focused on the impact of organizational climate as an antecedent on the self esteem of women employees in IT sector. Dr Subrata Devnath has analyzed the effect of managerial skills on entrepreneurial success during his investigation. Mr F. Uddin and Mr. M. Aslam made a study on Wireless Sensors Networks

and their different challenges. Mr Sameer Sharma and Mr. B C. Kandpal conducted an exploratory investigation on Cloud Computing Services and their threats to business. Dr V. K. Srivastav, Mr. A. K. S. Chauhan and Mr. A. Singh tried to explore the pros and cons of FDI in India.

The journal welcomes research papers and reviews focused on current issues in management and IT.

The success of a publication depends on co-operation of contributors, reviewers, editorial and advisory board, and the printing house. I acknowledge their kind support in providing their help whenever it was sought.

I hope the journal becomes an essential reference tool for the corporate executives, academicians, students and research scholars.

I would like to thank all the authors who have contributed towards this journal. I also extend my heartiest gratitude to several experts who helped us by ways of assessing research papers and making critical comments and suggestions. I look forward for your valuable suggestions and contribution.

Wishing you a very happy reading.....

A.K. S. Chauhan

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GLASS CEILING: A CHALLENGE FOR WOMEN EMPLOYEES

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ABSTRACT

Glass ceiling is a ceiling based on attitudinal or organizational bias in the work force that prevents minorities and women from advancing to higher positions. Lack of Commitment, Wage Gap, Exclusion from Networking, Stereotype Attitude of Management, Desired Flexibility and Independence, Lack of Role Models, Inability to Reenter Workforce etc., are the general reasons for Glass Ceiling. Certain challenges/barriers faced by women employees in work place are: Inappropriate comments and physical contact, Discriminatory requirements for promotions; Societal barriers which include lack of educational opportunities and the level of job attainment; Governmental barriers like lack of monitoring and enforcement of laws and policies to prevent these invisible barriers in the workplace. Attitudinal change, Proper preaching, Evolutionary mandates, Better understanding etc., are the suggested remedial approaches to overcome this issue. However in certain organizations, more women are accepted into management positions and more get promoted to senior management and serve as role models for the younger. Younger men have also been more accepting of female superiors. Accordingly the perception of a woman's role is changing with the younger generation.

Keywords: Glass Ceiling, Glass Cliff, Discrimination, Wage Gap, Societal Barriers, Discrimination, Attitudinal Change.

1. Introduction

The rights of women throughout history have been trampled upon in part because of the simple physical differences that have allowed the stronger male to impose his will. The fear of physical violence in the ancient past doubtlessly set the stage for the centuries of increased enforced domination of the male will and the resulting stripping away of female empowerment. As a result women were forced into a state of perpetual dependence on men. Today women are doing jobs long thought to be a man's job. Unfortunately, some of the same old problems still exist. Sexual innuendos, physical contact, different requirements for jobs, loss of

promotional opportunities, and blatant discrimination to unqualified male counterparts still exist every day. In working place for the promotion and other career advancement opportunities are hampered in many ways by the dominating men community. Glass Ceiling is one such barrier and a challenging aspect which is been faced by the women employees.

2. Glass Ceiling

"Glass Ceiling" is an unwritten, un-codified barrier to further promotion or progression for a member of a specific demographic group. Glass ceiling is a ceiling based on attitudinal or organizational bias in the work force that prevents minorities and women from advancing to higher positions. Glass ceiling is a situation facing women who see male colleagues promoted to higher job titles and management responsibilities while similarly qualified women are not. In economics, the term glass ceiling refers to situations where the advancement of a qualified person within the hierarchy of an organization is stopped at a lower level because of some form of discrimination, most commonly sexism or racism, but since the term was coined, "glass ceiling" has also come to describe the limited advancement of the deaf, blind, disabled, and aged.

It is believed to be an unofficial, invisible barrier that prevents women and minorities from advancing in businesses (Sheffrin, 2003). The definition "The Glass Ceiling" refers to an invisible barrier that limits the level to which a woman or another member of a demographic minority can advance within the hierarchy in an organization (Hester, 2007). However, this glass ceiling tends to cripple working women the most. This barrier prevents large numbers of women, ethnic minorities, and sexual minorities from obtaining and securing the most powerful, prestigious, and highest-grossing jobs in the workforce. This barrier makes many women feel as they are not worthy enough to have these high-ranking positions, but also they feel as if their bosses do not take them seriously or actually see them as potential candidates (Hesse-Biber et al., 2005).

3. Glass Cliff

Glass Cliff is a relative term followed by glass ceiling. Glass cliff is a situation wherein someone has been promoted into a risky, difficult job where the chances of failure are higher. Research demonstrates that once women break through the glass ceiling and take on positions of leadership they often have experiences that are different from their male counterparts. More specifically, women are more likely to occupy positions that can be

described as precarious and thus have a higher risk of failure - either because they are in organizational units that are in crisis or because they are not given the resources and support needed for success. Extending the metaphor of the glass ceiling, they evoke the metaphor of the ‘glass cliff’ to capture the subtlety to the phenomenon and feeling of teetering on the edge.

4. Traditional Approach

Women have traditionally been viewed as incapable of competing on an even keel with men for jobs, promotions and salary. This perspective has resulted in men treating even those women with inarguably superior qualifications as inferior for no other reason than that they happen to women. Despite the fact that there are actually more women than men on earth, women are consistently referred to as a minority. Even at birth little baby boys and little baby girls are separated by color code. It is the little girl who gets the decidedly un-masculine pink blanket. Throughout every aspect of her life that is to follow, the inferiority is reinforced. In the workplace women are expected to act like perfect little dolls whereas men pretty much can get away with any kind of macho stupidity. A power game is designed to create a sense of inferiority in women that will allow them to take positions of lesser power, or else equal power but less pay, and consider it to be "good enough" for a woman. It is this power over status and salary that men hold that has kept women subordinate in all things. The glass ceiling is a name given to this problem and that is part of the dilemma. In order for things to change those involved must begin to view this not as a systemic failure, but as a human failure. (Sexton 2007).

Why does this inconsistency continue? It is not because women and minorities are not prepared. The number of women holding bachelor and post-graduate degrees has steadily increased. There are more and more postgraduate degrees are in the field of business management and law. These credentials are now considered prerequisites for senior management positions. Despite identical education degrees, ambition, and commitment to their career, women still fall short and men are being promoted at a much faster rate (Hester, 2007).

5. Review of Literature

A study conducted by Giele (2003) and others found that there is difference in both the wages and earnings between males and females who have equivalent job titles, training experience, education, and professions.

In most circumstances, women are paid less than men when all of these factors are comparable. In a study conducted by Thomas-Hunt and Phillips (2004) they found that when women possessed expertise they were actually viewed as less influential by others. However, expertise was positive for males. Also, female led groups were less productive than male led groups even though the women held expertise in the area just like males. Therefore, possessing expertise is not viewed as positively as it is for males. This also suggests that lack of skills is not the only reason why women are not deemed worthy of leadership roles.

Hesse-Biber (2005) and others found that the segregation of women into less-prestigious and lower-ranked jobs also decreases a woman's chance of being promoted, as well as the chance of having any type of power over others. Moreover, occupational segregation reduces women's access to insurance, benefits, and pensions. Lyness and Heilman (2006) found that in a study conducted with 448 upper-level employees that women were less likely to be promoted than males, and if they were promoted they had stronger performance ratings than males. However, performance ratings were more strongly connected to promotions for women than men.

According to Carrie, (2007), women are more likely to choose jobs based on factors other than pay, for instance: health care and scheduling that can be managed with the duties of primary care of children for which women are still overwhelmingly responsible, and thus they may be less likely to take jobs that require travel or relocation or jobs that are hazardous. On average, women take more time off and work fewer hours, often due to the unequal distribution of childcare labor, domestic labor, medical needs specific to women, and other family issues that tend to fall to a woman's responsibility as per the gender roles assigned by society.

Another perspective on the gender wage gap comes from a research study by Judge and Livingston (2008). They found that traditional gender role orientation was positively related with earnings for males, providing them with strong earnings. Meanwhile, traditional gender role orientation was slightly negatively associated with earnings for females, providing them weaker earnings. This suggests that men who have traditional male-female attitudes about working are rewarded in the workplace for seeking to maintain the social order, while women were neither rewarded nor punished. In general, the study indicated that even though gender role beliefs are beginning to become less traditional for men and women,

traditional gender role orientation continues to intensify the gender wage gap. Hekman (2009) and colleagues found that customers prefer white men employees, which is why such workers may continue to earn 25 percent more than equally-well performing women and minorities.

6. Historical Perspective

The concept of a "glass ceiling" has been around for almost 20 years now, without much improvement in the issue - either in the amount of women in leadership positions, or the discrepancy in pay between men and women (Katz, 2008).

The term "glass ceiling" has been thought to have first been used to refer to invisible barriers that impede the career advancement of women in the American workforce in an article by Carol Hymowitz and Timothy Schellhardt in the March 24, 1986 edition of the Wall Street Journal (Baker & Lightle 2001).

In 1990, Financial Women International surveyed male CEO's and female Vice Presidents on the existence of a Glass Ceiling. 73 percent of the male CEO's did not think there was a ceiling, 71 percent of the women did (Hester, 2007).

In 1991, The Glass Ceiling Commission was established and the U.S. Department of Labor defined "Glass Ceiling is those artificial barriers based on attitudinal or organizational bias that prevent qualified individuals from advancing upward in their organization into management-level positions". The limitation is normally based upon some form of discrimination, most often being sexism. During 1991 to 1996 the department's Glass Ceiling Commission studied how these barriers, not only as they apply to women, but to minorities as well (Hester, 2007). This term was used by the U.S. Department of Labor (in 1991) in response to a study of nine Fortune 500 companies. The study confirmed that women and minorities encountered considerable glass ceiling barriers in their careers; these barriers were experienced earlier in their professions than previously thought (Giele, et al., 2003).

United States Senator Hillary Clinton used the term glass ceiling in her speech to endorse Senator Barack Obama for President: "And although we weren't able to shatter that highest, hardest glass ceiling this time, thanks to you, it's got about 18 million cracks in it." (Kornblut, 2008).

7. The Glass Ceiling Numbers

In 1979, women earned 62.5 cents for every dollar that a man yearned. By 1993, they were earning 77.1 cents for every dollar, although it slipped down to 75 cents and is continuing to decline. That is not a great improvement considering the fact that women are actually getting more education than their male counterparts. The amount of women enrolled in college and universities increased from 45.5% to 55% between 1975 and 1991. They also earn more than half of the masters' degrees being awarded, yet they still only hold 46.5% of the jobs and less than 8% of senior management positions (Katz, 2008).

The Federal Glass Ceiling Commission found that 97% of the senior managers of the Fortune 1000 Industrial and Fortune 500 are white, and 95-97% are male, furthermore, this occurring while 57% of the workforce are Ethnic minorities, woman, or both. Moreover, the study also found that African, Hispanic (Latino), and Asian Americans each holding comparable positions do not earn equal pay, in addition, African Americans earn an astonishing 21% less while performing the same jobs as their counterparts who are White (Hester, 2007).

A study by consulting firm Accenture indicated that about 70 percent of women and 57 percent of men believe an invisible barrier a glass ceiling prevents women from getting ahead in business. According to BreaktheGlassCeiling.com 97 percent of Fortune 100 companies have at least one woman on their boards and 188 companies in the Fortune 500 have two or more women directors; 34 companies have three or more women directors (Hildebrand, 2007).

Women are “woefully” under-represented in parliament, the courts and the boardroom, with new research showing that the glass ceiling is still holding back 6,000 women from the top 33,000 jobs in Britain. (The Guardian, 2007).

8. Reasons for the existence of glass ceiling:

According to Hildebrand, (2007) following are the primary issues that perpetuate the glass ceiling:

1. Lack of Commitment: Employers believe that women will quit to begin a family or care for elderly parents; therefore, organizations are less likely to invest in a woman's career.

2. Wage Gap: Employers sometimes view women as less committed because they are paid less, so they pay them less because they are less

committed. According to Business Week, April 2007, while women earn just 80 percent of what men earn one year out of college, that figure drops to 69 percent at the ten year mark. The Human Resources Department is a great place to start because they can determine where someone falls within the company's established salary range for each position based upon education, years of experience, and number of years with the company.

According to Katz, (2008) following are the primary issues that perpetuate the glass ceiling:

1. Exclusion from Networking: Although it may seem ridiculous that men conduct many networking activities and sales meetings on the golf course, at bars, and even at strip clubs. These informal networking events typically exclude women and keep them from forming relationships with their peers and management. This in turn leaves them further down the list when it comes to promotions and leading further projects.

2. Stereotype Attitude: Unfortunately many men in upper management positions are still hesitant to promote women for fear of their emotions. Moreover, it is a syndrome that people who hire/promote feel more comfortable to hire/promote people who look like them, therefore if men are hiring they are most likely to hire men.

3. Desire for Flexibility and Independence: Although women are not seen often leading Fortune 1000 companies, over one third of all business are owned by women. This shows the determination of women, but also gives us insight into the flexibility and independence that women often strive for. They want to determine their own hours and they want to answer to themselves. This desire often moves women out of the corporate world or it causes conflict with a management structure that relies on set times and little freedom.

4. Lack of Role Models: Unfortunately most of the leadership positions are still held by men, leaving women very few role models to learn from. Women need mentors and role models to learn from. Women should select someone who will show them the ropes, help them navigate them in the right direction to further their career. When they make it, they need to reach back and help the woman behind them. When possible, promote and hire other well-qualified women.

5. Inability to Reenter Workforce: Since women are still the majority of caretakers, both children and elderly parents, they often have to take breaks from their career to fulfill this role. This in run hinders their ability to reenter the workforce, often requiring further education or starting off in

a new career path. That lost time is rarely recovered and can often see women stuck somewhere in middle management while their male peers are much further along.

9. Challenges/barriers faced by women employees

Following are the challenges/barriers being faced by women employees (Starmer, 2010):

1. Inappropriate Comments and Physical Contact: The first avenue for inappropriate comments or contact in the workplace is the department's immediate supervisors or their superiors if the supervisor creates the problem. If unwanted contact continues, proceed to higher superiors, Human Resources, and seek legal council from an employment or civil rights law specialist. Keep in mind they are hired by the company, and have their best interest in mind not the employee. Female employee should feel safe and free of tension in their place of employment.

2. Discriminatory Requirements for Promotions: Harassment and discrimination are alive and well in the workplace. Female employees should keep excellent records of job description within departments, report unwanted physical and verbal innuendos, and seek help when passed over for promotion without good cause. Notification of complaint to Human Resource Department is required in such organizations. Seek legal council through government groups followed by personal advice from a lawyer who is well versed in employment and civil rights law.

The Glass Ceiling Commission identified the following levels of barriers that prevent the advancement of qualified minorities and women (Hester, 2007). They are:

Societal barriers: Societal barriers which include a supply barrier related to educational opportunities and the level of job attainment for women competing for his same jobs as there men counterparts.

2. Governmental barriers: Governmental barriers include the collection and distribution of employment related data, which make it difficult to establish the status of various groups at the managerial level. Also, there continues to be inadequate reporting and propagation of information relevant to Glass Ceiling issue. More importantly, there needs to be vigorous and consistent monitoring and enforcement of laws and policies already in place to help prevent and encourage these invisible barriers in the workplace to dissolve, not only by promoting equality in the upper

management positions obtained but to support and narrow the gap in income between men, women and minorities.

10. Remedial Approach

The following are certain remedial approaches to break the Glass Ceiling (Sexton, 2007).

1. Attitudinal change: In order to effect change and remove the glass ceiling barrier to female empowerment in the workplace, the first thing that must take place is a wholesale change in the way that men think about women.

2. Proper preaching: It will only be when men are taught that they should not fear women that the glass ceiling will truly be cracked and broken.

3. Evolutionary mandates: The problem is one of overplayed masculinity. Evolutionary mandates that the fittest survive simply cannot be translated into civilization. The workplace of today is not a jungle or forest in which the most manly and strong are the only survivors; technological advances and intellectual capacity have long replaced the worn out hunter and gatherer debate. It is not a brave new world that affords women the opportunity to do anything a man can do; it is an old world that has been denied them for too long. The success or failure of a man or woman in today's world no longer depends on the size of one's biceps or how fast one can run.

4. Better understanding: Equally important is the “understanding” that women are not dolls any more than men are guns. Both sexes must learn to question the validity of the media onslaught that attempts to construct them according to an ideology that is not in the best of interest of either. Men are conditioned by this ideology to reject certain emotions as weak and certain jobs as emasculating, while women are conditioned to believe they are not as capable simply because their biceps are not, as a general rule, as bulky. It is long past time for both men and women to reject this conditioning, not simply because it is discriminatory and prejudicial, but also because it unfairly imposes expectations on what it means to be a man and to be a woman.

11. Blessings & Blossoms to Women Employees

According to a study conducted by Hester (2007), the following blessings and blossoms are exposed.

The Glass Ceiling research reveals that 70% of all women, regardless of their racial and ethnic groups are most likely to work in the service industries and in finance, real estate wholesale and retail trade. Industries where change is taking place, for example deregulation and restructuring such as telecommunications or fast growing industries such as business services in addition to female intensive work forces such as finance, real estate and human resources, offer women and minorities the greatest opportunity for advancement. Moreover, it is known that traditionally in teaching, nursing and other such service industries, female employees are already making records.

Surveys show that between 1982 and 1992, the number of women holding the title of executive vice president rose from 4 to 9 percent as well as those holding the title of senior vice president rose from 13 to 23 percent. It is an indication that the cracks are beginning to appear in the infamous "Glass Ceiling" and women are moving up the corporate ladder.

In a recent study done by "Catalyst" shows a growth of women on the board of directors of the Fortune 500 companies. There are now 404 or eighty one percent that have one or more female directors, although, there are still only two women CEO's there are steady increases, as 1 in 10 women hold board seats.

There are now 30 companies in the Fortune 500 breaking the Glass Ceiling and offering many board seats as well as executive and vice president positions.

12. These companies are as follows:

Aetna Inc., Allstate Insurance Company, American Express Company, Bon Secours Richmond Health Service, Bristol-Myers Squibb Company, Colgate-Palmolive Company, DuPont, Federated Department Stores, Inc., Ganett Co., Inc., Gap Inc., General Mills, Hewlett-Packard Company, IBM Corporation, Inova Health System, Knight Ridder, Liz Claiborne, Inc., Marriott International, Inc., Merck & Co., Inc., MetLife, Inc., New York Life Insurance Company, Principal Financial Group, Sallie Mae, Scholastic, Texas Instruments Incorporated, The New York Times Company, The Phoenix Companies, Inc., The Procter & Gamble Company, WellPoint, Inc., Xerox Corporation, and Yale-New Haven Hospital.

The US Census data reported the ratio of female to male earnings in management jobs ranged from a low of 50 percent in the banking industry to a high of 85 percent for human services managers.

The more women that are accepted into management positions, the more will get promoted to senior management and serve as role models for the younger. Younger men have also been more accepting of female superiors. The perception of a woman's role is changing with the younger generation (Daily et al., 1999).

13. Conclusion

Having equal education does not guarantee fair compensation, regardless of credentials and preparedness, income and compensation continues to be unequal. Most women employees continue to have considerable lower incomes compared to their male counterparts with the same education at the same occupational level. It is the wage discrimination or the unequal pay is a practical indicator that the Glass Ceilings are still in existence. The bottom line is that it is discrimination, no matter how one interprets it; the Glass Ceiling is only one manifestation of the continual struggle for equal employment status and equal opportunity in the organization. This artificial barrier known as the "Glass Ceiling" must be cracked and broken away if we are to have a true equality and opportunity in organizations. "Ladies First" is not to be said but to be "Practiced".

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WIRELESS SENSORS NETWORKS: THEIR DIFFERENT CHALLENGES

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ABSTRACT

Wireless sensor networks (WSNs) are currently receiving significant attention due to their unlimited potential. Wireless sensor networks are without a doubt one of the central issues in current research topics due to the harsh environmental condition in which such networks can be deployed and their unique sensor network characteristics, specially limited power supply, sensing, processing and communication capabilities. The expectation for sensor networks is growing. However, it is still very early in the lifetime of such systems and many research challenges exist. In this brief article, I have focused on some key research challenges for wireless sensor networks. Also I conclude with a brief mention of a number of other research challenges that must be met before WSNs become pervasive.

Key words: sensing, power, processing, environmental condition....

1. Challenges With Real-World Protocols

Most sensor network applications are real-time phenomena, where time and space are extremely important .Many current WSNSs solutions are developed with simplifying assumptions about wireless communication and the environment, even though the realities of wireless communication and environmental sensing are well known. Many of these solutions work very well in simulation. It is either unknown how the solutions work in the real world or they can be shown to work poorly in practice. We note that, in general, there is an excellent understanding of both the theoretical and practical issues related to wireless communication. For example, it is well known how the signal strength drops over distance. Effects of signal reflection, scattering and fading are understood.

However, when building an actual WSNS, many specific system, application, and cost issues also affect the communication properties of the system. Radio communication in the form of AM or FM broadcast from towers performs quite differently than short range, low power wireless found in self-organizing WSNs. Of course, while the same basic principles apply, the system performance characteristics vary considerably. In other words, the size, power, cost constraints and their tradeoffs are fundamental constraints. In the current state of the art, the tradeoff among these constraints has produced a number of devices currently being used in WSNs. For example, one such device is the Mica mote that uses 2 AA batteries, a 7 MHz microcontroller, an RF Chip on radio, and costs about \$100. As better batteries, radios, and microcontrollers become available and as costs reduce, new platforms will be developed. These new platforms will continue to have tradeoffs between these parameters.

There is the requirement of network protocols that account for the key features in wireless communication. More research is needed to:

- study how the theoretical properties of wireless communication are exhibited in present and future sensing and communication devices,
- design better models of communication realities to feed back into improved simulation tools,
- design new network protocols that account for the communication realities of real world environments,
- check the individual solutions on real platforms in real world settings, and
- build novel solutions into a complete system-wide protocol stack for a real application.

2. Challenges In Real-Time

WSNs deal with real world environments. In many cases, sensor data must be delivered within constraints so that appropriate observations can be made or actions taken. Very few results exist to date regarding meeting real-time requirements in WSNs. Most protocols either ignore real-time or simply attempt to process as fast as possible and hope that this speed is sufficient to meet deadlines. Some initial results exist for real-time

routing. For example, the RAP protocol proposes a new policy called velocity monotonic scheduling. Here a packet has a deadline and a distance to travel. Using these parameters a packet's average velocity requirement is computed and at each hop packets are scheduled for transmission based on the highest velocity requirement of any packets at this node. While this protocol addresses real time, no guarantees are given. Another routing protocol that addresses real-time are called SPEED. This protocol uses feedback control to guarantee that each node maintains an average delay for packets transiting a node. Given this delay and the distance to travel (in hops), it can be determined if a packet meets its deadline (in steady state). However, transient behavior, message losses, congestion, noise and other problems cause these guarantees to be limited. To date, the limited results that have appeared for WSNs regarding real-time issues has been in routing. Many other functions must also meet real-time constraints including: data fusion, data transmission, target and event detection and classification, query processing, and security. New results are needed to guarantee soft real time requirements and that deal with the realities of WSNs such as lost messages, noise and congestion. Using feedback control to address both steady state and transient behavior seems to hold promise. Dealing with real-time usually identifies the need for differentiated services, e.g., routing solutions need to support different classes of traffic; guarantees for the important traffic and less support for unimportant traffic.

3. Challenges with Power (Battery)

Economical in terms of power deployment is one acclaimed advantage of sensor networks. Limited processor bandwidth and small memory are two arguable constraints in sensor networks. These limitations will disappear with the concept of fabrication techniques. However, the energy constraint is unlikely to be solved soon due to slow progress in developing battery capacity. Moreover, the untended nature of sensor nodes and hazardous sensing environments preclude battery replacement as a feasible solution. On the other hand, the surveillance nature of many sensor network applications requires a long lifetime; therefore, it is a very important research issue to provide a form of energy-efficient surveillance service for a geographic area. Much of the current research focuses on how to provide full or partial sensing coverage in the context of energy conservation. In such an approach, nodes are put into a dormant state as

long as their neighbors can provide sensing coverage for them. These solutions regard the sensing coverage to a certain geographic area as binary, either it provides coverage or not. However, we argue that, in most scenarios such as battlefields, there are certain geographic sections such as the general command center that are much more security-sensitive than others. Based on the fact that individual sensor nodes are not reliable and subject to failure and single sensing readings can be easily distorted by background noise and cause false alarms, it is simply not sufficient to rely on a single sensor to safeguard a critical area. In this case, it is desired to provide higher degree of coverage in which multiple sensors monitor the same location at the same time in order to obtain high confidence in detection. On the other hand, it is overkill and energy consuming to support the same high degree of coverage for some non-critical area.

4. Challenges In Program Downsizing

A key to the growth of WSNs is raising the level of abstraction for programmers. Currently, programmers deal with too many low levels details regarding sensing and node to node- communication. For example, they typically deal with sensing data, fusing data and moving data. They deal with particular node to node communication and details. If we raise the level of abstraction to consider aggregate behavior, application functionality and direct support for scaling issues then productivity increases. Current research in programming abstractions for WSNs can be categorized into different areas: environmental, middleware APIs, database centric, event based, virtual machines, and scripts and component-based. As an example, consider an environmental based abstraction called Enviro Track. Here the programmer deals with entities found in an application. If the application tracks people and vehicles, then the programmer can define people and vehicle entities and utilize library routines that support low level sensing functions that can detect and classify objects of these types. They can also easily specify the application level processing associated with each type of entity. This allows programmers to deal with application level functionality rather than low level details. Since WSNs deal primarily with collecting, analyzing and acting on data, a database view of such systems is popular. In this view, a programmer deals with queries written in an SQL-like format. However, real-world data issues such as probabilistic data, various levels of confidence in data and missing or late data sometimes make the SQL

paradigm insufficient. It is likely that no one programming abstraction for WSNs will exist. Rather, a number of solutions will emerge, each better for certain domains. Results in this area are critical in order to expand the development and deployment of WSNs by the general programmer as opposed to the WSNs specialist.

5. Challenges In Security

WSNs are being widely used in areas that involve crucial information for example, traffic control and habitat monitoring. The large deployment of WSNs in harsh environments increases their exposure to malicious intrusions and physical attacks such as DoS(denial of service). If the transmission is strong enough, the entire system could be jammed. More sophisticated attacks are also possible: the adversary can inhibit communication by violating the MAC protocol, for instance by transmitting while a neighbor is also transmitting or by continuously requesting channel access with a RTS (request-to-send). In addition, the wireless medium increases eavesdropping and adversarial packet injection to compromise the network's functioning. All these factors make security extremely important. Furthermore, sensor nodes have limited power and processing resources, so standard security mechanisms, which are heavy in weight and resource consumption, are unsuitable. These challenges increase the need to develop comprehensive and secure solutions that achieve wider protection, while maintaining desirable network performance. Middleware efforts should concentrate on developing and integrating security in the initial phases of software design, hence achieving different security requirements such as confidentiality, authentication, integrity, freshness, and availability. In contrast to traditional networks, sensor nodes are often deployed in accessible areas, presenting a risk of physical attacks. Sensor networks interact closely with their physical environment and with people, posing additional security problems. Because of these reasons current security mechanisms are inadequate for WSNs. These new constraints pose new research challenges on key establishment, secrecy and authentication, privacy, robustness to denial-of-service attacks, secure routing, and node capture. To achieve a secure system, security must be integrated into every component, since components designed without security can become a point of attack. Consequently, security and privacy pervade every aspect of system design.. If the transmission is strong enough, the entire system

could be jammed. New techniques for dealing with this simple yet potentially devastating attack are needed. Many other security related problems need further research. One challenge is how to secure wireless communication links against eavesdropping and tampering. Overall, security is a difficult challenge for any system. The severe constraints and demanding environments of WSNS make computer security for these systems even more challenging.

6. Challenges In Analysis

Few analytical results exist for WSNs. Since WSNs are in the early stage of development it is not surprising that few analytical results exist. Researchers are busy inventing new protocols and new applications for WSNS. The solutions are built, tested and evaluated either by simulation or test beds; sometimes an actual system has been deployed. Empirical evidence is beginning to accumulate. However, a more scientific approach is required where a system can be designed and analyzed before it is deployed. The analysis needs to provide confidence that the system will meet its requirements and to indicate the efficiency and performance of the system. Consider the following interesting analysis questions. What density of nodes is required to meet the lifetime requirements of the system? What sensing and communication ranges are needed to detect, classify and report a target to a base station by a deadline? What sensing range and what nodes need to be awake in order to guarantee a certain degree of sensing coverage for a system? Given n streams of periodic sensing traffic characterized by a start time, period, message size, deadline, source location and destination location for a given WSNs will all the traffic meet their deadlines? To answer this last question, the interference patterns of wireless communication must be taken into account. Once analysis techniques and solutions are developed for these types of questions, they must also be validated with real systems.

7. Conclusion

In this paper some research areas have been studied. However, many other research areas are also very important including: topology selection, topology control, target tracking, localization, dependability, self-calibration, self-healing, data aggregation, cluster management, clock synchronization, query processing, sensor processing and fusion under

limited capacities, and testing and debugging. WSNs are an attractive area with great scope. The impact of this area on the world can rival the impact that the Internet has had. After establishment of its reality more exciting and difficult research challenges will emerge.

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CLOUD COMPUTING SERVICES AND THEIR THREATS TO BUSINESS : A SELF CRITICAL INQUIRY.

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ABSTRACT

Cloud computing is promising access to computing facilities from any location, in an economical, adaptable and upgradable way, that is why it is not surprising that ever more organizations processing personal data are interested in its use. In cloud computing the service providers are outside our direct control. The essence of lawfulness and at the same time practical acceptability of the service is therefore trust. The client, or the data controller, is the one who has to make a risk assessment, alone or with the assistance of adequately qualified third parties. Based on the results the client has to make a decision whether or not to trust a certain cloud provider. In modern era we all want to store a large amount of data, but due to limited storage capacity we always look for some other alternatives. Here we are discussing one of the most popular concepts of data storing, that is cloud computing, which focuses on those techniques that provide data security in cloud environment. It also provides computing power, software services, online storage services and even a distributed data centre infrastructure on demand. In this article, we are focusing on some of the major security issues faced by the customers or users we have highlighted the major problems pertaining to cloud computing like confidentiality, integrity and availability and the like.

Keywords – Cloud, Cloud computing; security in cloud computing; distributed computing.

1. Introduction

Cloud computing is promising access to computing facilities from any location, in an economical, adaptable and upgradable way, that is why it is not surprising that ever more organizations processing personal data are interested in its use. In this context doubts regarding compliance with data

protection legislation are unavoidable. Especially with public models of cloud computing, where data protection issues are inherent to the nature of such model, there are specific risks regarding contractual data processing agreements, i. e. the outsourcing of service provision, information security and transfer of data to third countries which do not provide for adequate level of data protection. Cloud computing brings vast potential; however this should not lower the level of the right to data protection, a fundamental human right. This is also one of the main recommendations of the International Working Group for Data Protection in Telecommunications (IWGDPT) in the “Sopot Memorandum” on data protection in cloud computing[1]

In cloud computing the service providers are outside our direct control. The essence of lawfulness and at the same time practical acceptability of the service is therefore trust. The client, or the data controller, is the one who has to make a risk assessment, alone or with the assistance of adequately qualified third parties. Based on the results the client has to make a decision whether or not to trust a certain cloud provider. If a cloud provider is not able to provide the client with satisfactory information and assurances regarding security of the data, the client who correctly assesses the risks, should retain a certain level of cautiousness and restraint.

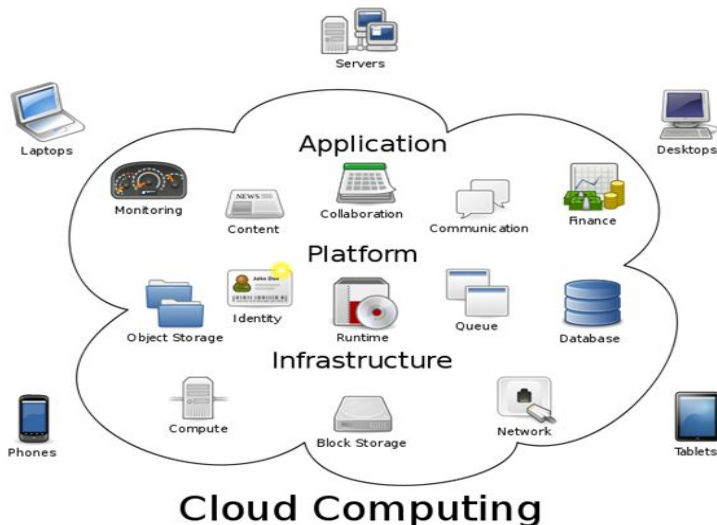


Fig 1- An Overview of Cloud Computing Environment [4]

2. Cloud Computing Categories

Deployment Models:

In the cloud deployment model, networking, platform, storage, and software infrastructure are provided as services that scale up or down depending on the demand. Some of the part of the deployment models listed below are taken as it is from the NIST definition

Private cloud: Private cloud is a new term that some vendors have recently used to describe offerings that emulate cloud computing on private networks. It is set up within an organization's internal enterprise data enter. The cloud infrastructure is provisioned for exclusive use by a single organization comprising multiple consumers (e.g., business units). It may be owned, managed, and operated by the organization, a third party, or some combination of them, and it may exist on or off premises.

Community cloud: The cloud infrastructure is provisioned for exclusive use by a specific community of consumers from organizations that have shared concerns (e.g., mission, security requirements, policy, and compliance considerations). It may be owned, managed, and operated by one or more of the organizations in the community, a third party, or some combination of them, and it may exist on or off premises.

Public cloud: Public cloud describes cloud computing in the traditional mainstream sense, whereby resources are dynamically provisioned on a fine-grained, self-service basis over the Internet, via web applications/web services, from an off-site third-party provider who shares resources and bills on a fine-grained utility computing basis. The cloud infrastructure is provisioned for open use by the general public. It may be owned, managed, and operated by a business, academic, or government organization, or some combination of them. It exists on the premises of the cloud provider.

Hybrid cloud. Hybrid cloud is a private cloud linked to one or more external cloud services, centrally managed, provisioned as a single unit, and circumscribed by a secure network. The cloud infrastructure is a composition of two or more distinct cloud infrastructures (private, community, or public) that remain unique entities, but are bound together by standardized or proprietary technology that enables data and application portability (e.g., cloud bursting for load balancing between clouds)."

B- Service Models

The Three service models listed below are not exclusively from NIST, being mentioned in several papers, including [5][6].

Cloud Software as a Service (SaaS). Platform-as-a-Service (PaaS) is a set of software and development tools hosted on the provider's servers. middleware, etc It is one layer above IaaS on the stack and abstracts away everything up to OS, The capability provided to the consumer is to use the provider's applications running on a cloud infrastructure. The applications are accessible from various client devices through a thin client interface such as a Web browser (e.g., Web-based email), or a program interface. The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, storage, or even individual application capabilities, with the possible exception of limited user-specific application configuration settings.

Cloud Platform as a Service (PaaS). The capability provided to the consumer is to deploy onto the cloud infrastructure consumer-created or -acquired applications created using programming languages and tools supported by the provider.[6] The consumer does not manage or control the underlying cloud infrastructure including network, servers, operating systems, or storage, but has control over the deployed applications and possibly application hosting environment configurations.

Cloud Infrastructure as a Service (IaaS). Infrastructure as a Service is a single tenant cloud layer where the Cloud computing vendor's dedicated resources are only shared with contracted clients at a pay-per-use fee. The capability provided to the consumer is to provision processing, storage, networks, and other fundamental computing resources where the consumer is able to deploy and run arbitrary software, which can include operating systems and applications. The consumer does not manage or control the underlying cloud infrastructure but has control over operating systems, storage, deployed applications; and possibly limited control of select networking components (e.g., host firewalls).

3. Cloud Computing in Government Sector in India

The Government of India has launched a national cloud initiative — GI Cloud—to help the government leverage cloud computing for effective delivery of e-services.

The project by the Department of Electronics and IT (DeitY) has been initiated to support the implementation of the National e-Governance Plan of India (NeGP) and aims to create a private cloud environment for the use of government departments and agencies at the centre and state levels.

According to DeitY, the adoption of cloud computing will accelerate the delivery of e-services to citizens, and support other objectives such as increasing standardisation, interoperability and integration, pooling of scarce and underused resources, and the spread of best practices.

Cloud computing provides tremendous scope of speeding up the development and roll out of e-governance applications while increasing government ICT efficiency.

A roadmap to GI Cloud was released by DeitY last week, assessing the ICT infrastructure currently in place in India and defining an implementation plan for GI Cloud.

The roadmap declares that cloud computing environments will be established at the national and state levels, starting with one National Cloud, using new and existing data centres.

The National Cloud will provide services such as computing, storage and network infrastructure, backup and recovery, and application development, supported by the State Clouds.[8]

4. Cloud Computing Security Overview

Many cloud computing security problems are still unclear. Being cloud computing such a recent computing paradigm, it is natural that many aspects remain uncovered whereas the paradigm itself is being more developed and understood.

According to [5], there are three main customers' concerns:

Vulnerability to attack: critical business information and IT resources are outside the customers firewall.

Standard security practices: customers want to be confident that such practices are being followed. Most of those practices require disclosure and inspection, which leads to another concern as a customer: will my data be in the same virtual hardware and network resources with other customers, being susceptible to disclosure in someone else's inspection?

Being subject to state or national data-storage laws related to privacy or record keeping: European Union (EU), for example, has privacy regulations that do not permit some personal data to be transmitted outside

the EU. In the cloud, data can be stored anywhere in the world; it is important to attend such regulations.

Data Integrity and user When a data is on a cloud anyone from any location can access those data's from the cloud. Cloud does not differentiate between a sensitive data from a common data thus enabling anyone to access those sensitive data's. Thus there is a lack of data integrity in cloud computing

Backup and Recovery of Data: Backup is probably the more traditional way of keeping data for recovery purposes. However, being crucial to ensure that a point-in-time data is available to restore business operations and given the special nature of a cloud environment, some questions need to be clearly answered by the provider and understood by the customer:

- Who performs the backup task?
- How frequent the backup is performed in cloud?
- Who is responsible for storing the backup of data?

The Data Theft Most of the cloud Vendors instead of acquiring a server tries to lease a server from other service providers because they are cost affective and flexible for operation. The customer doesn't know about those things, there is a high possibility that the data can be stolen from the external server by a malicious user.

Data Privacy Issues The Vendor must make sure that the Customer Personal information is well secured from other operators or unauthorized users.. As most of the servers are external, the vendor should make sure who is accessing the data and who is maintaining the server thus enabling the vendor to protect the customer's personal information.

Infected Application Vendor should have the complete access to the server for monitoring and maintenance, thus preventing any malicious user from uploading any infected application onto the Cloud which will severely affect the customer. A 24*7 monitoring required to make sure that there will not be any affected application on vendors servers

Data Loss Issues Data loss is a very serious problem in the Cloud computing environment. If the vendor closes due to any financial or legal problems or some other problems there will be a loss of data for the customers. The customers would not be able to access or retrieve those data's because data is no more available for the customer as the vendor shut down.

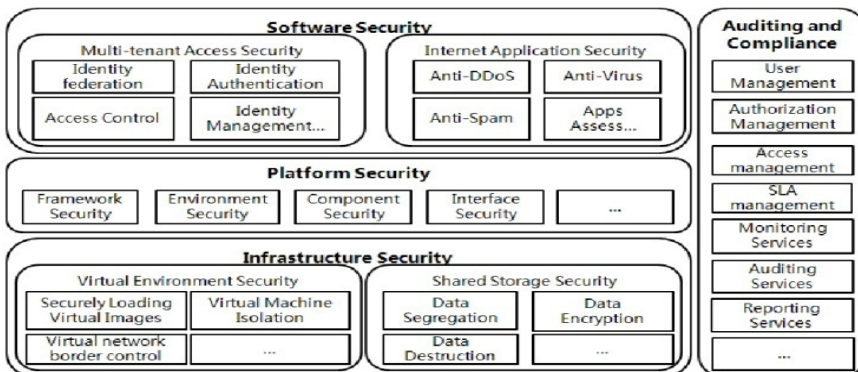
Data Storing Location When it comes to location of the data nothing is transparent even the customer don't know where his own data's are located. Data is stored on an unknown location . The Vendor does not reveal where all the data's are stored. The Data's won't even be in the same country of the Customer, it might be located anywhere in the world.

Security on Vendor's level Vendor should make sure that the server is well secured from all the external threats it may come across. A Cloud is good only when there is a good security provided by the vendor to the customers. If service provider cant provide enough security mechanism then everything will go wrong

Security on User's level Even though the vendor has provided a good security layer for the customer, the customer should make sure that because of its own action, there shouldn't be any loss of data or tampering of data for other users who are using the same Cloud. Enough smartness is also required form customer side.

5. Protecting the Cloud

A Secure cloud is always a reliable source of information thus protecting the cloud is a very important task for security professionals who are in charge of the cloud. Some of the ways by which a cloud can be protected are Protection of data, making sure data is available for the customers, delivering high performance for the Customers, using Intrusion Detection System on Cloud to monitor any malicious activities, to make sure the application used by the customer is safe to use, Vendors must provide a support system for the customer, customer should be able to recover any loss of data in the cloud.



CLOUD COMPUTING SECURITY [ARCHITECTURE][3]

Most importantly that, there should be a good degree of encryption techniques provided by the vendor to the customer that only the customer should be able to access the data and not the malicious User.

6. Final Considerations

Maybe the cloud will evolve and become the largest information system we have ever seen, having all sort of data and dealing with all kind of information's, all kind of sensitive information. So, much research work is in progress to provide security for cloud computing, especially regarding confidentiality, integrity and availability of data. The general believe, including ours, is that the larger adoption of cloud computing relies on how secure it is and that security should be addressed since the very beginning. Cloud computing is still in evolving stage.

Both the Vendor and the customer should make sure that the cloud is safe from all the external threats, thus there will be a mutual understanding between the customer and the cloud computing service provide when it comes to the security on Cloud.

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AN EXPLORATORY INVESTIGATION ON FDI IN INDIA

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ABSTRACT

Foreign direct investment is a direct investment into business in a country by a company in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. In the last few couple of year world has experienced an extensive inflow of FDI or foreign direct investment into developing countries. Today, many developing countries are competing with each other to attract this investment. FDI is playing a major role in India's economic development. The present study is an attempt to discuss a brief overview of FDI in India.

Keywords: Foreign direct investment (FDI), Direct Investment, Portfolio Investment,

1. Introduction

FDI is an important tool in the economic development of the nation. Contribution of FDI through financial resources, technology and innovative techniques raises overall productivity of diverse sectors of economy. If properly navigated, it also acts as a catalyst for development of sectors such as agriculture, manufacturing, service, SME and many more. Indian retail sector is one of the most sought after sectors that carry great potential for attracting FDI. The sector is rightly projected as sunrise sector of India. The growth of retail, especially in 21st century is mind boggling and attracting the attention of retailer's world over. With steady entry of top global retailers such as Wall Mart, Tesco, Carrefour and many more in last couple of years despite conservative approach of the government, the sector has become more fascinating for research study.

The FDI refers to the net inflows of investment to get an enduring organization interest in a venture working in an economy other than that of the investor. There is clearly an intense global competition for FDI. India, for its part, has set up the “India Brand Equity Foundation” to try and attract that elusive FDI dollar. According to UNCTAD (2007), India has emerged as the second most attractive destination for FDI after China and ahead of the US, Russia and Brazil. While India has experienced a marked rise in FDI inflows in the last few years (doubling from an average of US\$5-6 billion the previous three years to around US\$ 19 billion in 2006-07), it still receives far less FDI flows than China or much smaller economies in Asia like Hong Kong and Singapore was ahead of India.¹ For instance, India’s FDI as a share of GDP in 2007 represented only about 1.7 percent compared to 2.8 percent in China and even below Pakistan, and its share of gross fixed investment is 5.2 percent compared to 7.0 in China and 16.7 percent in Pakistan. It is certainly a difficult task to separate and quantify the complex package of resources that FDI confer to the host country. There have been a number of macro studies attempting to determine the nexus between FDI and growth. By and large, studies have found a positive links between FDI and growth, though FDI appears less positive in least developed economies, suggesting the existence of “threshold level of development” (Blomström and Kokko, 2003 and Blomström et al., 1994). In addition, the FDI and growth studies are open to a number of criticisms. For instance, an important critique has to do with causality: does FDI lead to greater productivity and overall economic growth, or are these prerequisites for attracting FDI? Athreye and Kapur (2001) have recently emphasized that since the contribution of FDI to domestic capital formation is quite small, growth-led FDI is more likely than FDI-led growth. This is so, as increased economic activity expands the market size, offering 5greater opportunities for foreign investors to reap economies of scale in a large market economy like India. The UNCTAD (1999) notes that transnational corporations (TNCs) can complement local development efforts by: (a) Increasing financial resources for development;(b) boosting export competitiveness; (c) generating employment and strengthening the skills base; (d) protecting the environment and social responsibility; and (e) enhancing technological capabilities (transfer, diffusion and generation of technology). Technology transfer operates via four related channels: (I) vertical (backward and forward) linkages with suppliers or purchasers in the host countries; (ii)

horizontal linkages with competing or complementary companies in the same industry; (iii) migration skilled labor; and (iv) the internationalization of R&D (OECD, 2002,)

2. OBJECTIVES OF THE STUDY

Foreign investments in an enterprise by a Non-Resident irrespective of whether this involves new equity capital or re-investment of earnings. Foreign investment is of two kinds – (I) Foreign Direct Investment (FDI) and (ii) Foreign Portfolio Investment. FDI is defined under Dictionary of Economics as —Investment in a foreign country through the acquisition of a local company or the establishment thereof an operation on a new site. It refers to capital inflow from abroad. It is a form of long term international capital movement, made for the purpose of productive activity and accompanied by the intention of managerial control or participation in the management of foreign firm. International Monetary Fund (IMF) and Organization for Economic Cooperation and Development(OECD) define FDI similarly as a category of cross border investment made by a resident in one economy (the direct investor) with the objective of establishing a lasting interest‘ in an enterprise (the direct investment enterprise) that is resident in an economy other than that of the direct invests. In the light of above statement, the present study is mainly proposed to examine the following objectives.

- To know the concept, structure and determinants of FDI
- To know the extent of inflow and outflow of FDI into India.
- To study present regulatory framework for FDI in general and in retail sector.
- To study various entry options available to global retailers in India.
- To study and analyze likely impact of FDI in single as well as multi brand retail on different components of Indian economy.
- Impact of FDI on GDP of Indian economy.

3. Determinants of FDI

In the post liberalization period inflow of FDI into India has increased significantly. According to UNCTAD in a report on world investment prospects titled World Investment Prospects Survey 2009-2012, India has ranked at the second place in global foreign direct investment in 2010 and will continue to remain among the top five attractive destinations for

international investors during 2010 to 2012 periods. The boost for FDI inflows into India are due to availability of cheap work force, favorable country conditions, market size, infrastructure and good rate of returns, etc. New economic policies of 1991 have created an encouraging investment environment and the investment frame-work has made FDI inflows regular with economic potential. Again the FDI inflow into India increased due to sustained growth and other macro-economic factors The determinants of FDI can be classified into two categories such as, (i) economic conditions and (ii) host country policies. The former includes market size, growth prospect, rate of return, labor cost, human capital, physical infrastructure and macroeconomic fundamentals like inflation, tax regime, external debt etc. and the latter includes the promotion of private ownership, efficient financial market, trade policies, FDI policies, legal frame work etc.

The subsequent account of FDI determinants focuses on location-specific factors. Firm-specific factors are ignored, as they cannot be influenced by host country governments. As noted before, our knowledge is fairly limited regarding the relative importance of different location-specific FDI determinants. The relative importance of some determinants is likely to vary between different types of FDI, i.e. resource-seeking, market-seeking and efficiency-seeking FDI.

Furthermore, the relative importance of FDI determinants may change overtime, e.g. due to ongoing globalization.

4. RESEARCH METHODOLOGY

This research is a descriptive study in nature. The secondary data was collected from various journals, magazines, and websites particularly from the Department of Industrial Policy & Promotion, Ministry of Commerce and Industry etc. The study is based on the time period from 2000-2012. Graphs and tables have also been used where ever required to depict statistical data of FDI during the study period.

Researcher used the Secondary data:

- Websites of Government
- Journals like journal relates with FDI
- Books and magazines related to FDI inflows relate with different sectors

- Books and magazines related to FDI inflows relate with different sectors..
- Reports and publications of various associations connected with business and industry, Agencies, government etc.
- Historical documents and other sources of published information.

5. REVIEW OF LITERATURE

The wide variety of literatures both of academic and non academic nature are available on the different aspects of the topic discussed in the paper. However, only few major literatures have been covered here to provide a comprehensive idea about the research trends on the different dimensions of current research.

Bhattacharyya Jita, Bhattacharyya Museum (2012), the study revealed that there was a long term relationship between FDI, merchandise, service trade and economic growth of India. Bi-directional causality is observed between merchandise trade and economic growth, services trade and economic growth. Unidirectional causality is observed from FDI to economic growth and FDI to merchandise trade. A unidirectional causality is also observed from merchandise trade to services trade.

Abdul A., Morris R. (2011), The study found that two factors, “registering property” and “trading across borders”, were found to be related to FDI over all six years of the study (2000-2005) for the combined sample. Also, several factors were found to be related to FDI received by SSA and Asian countries during various years.

Singh S., Singh M. (2011), This study investigates the trend of FDI inflow to India, during 1970–2007 using time series data. This paper aims to study the reasons behind the fluctuations of the FDI inflow in India and to search the cause that is responsible for the fluctuations of the trends of FDI.

Singh Y, Bhatnagar A. (2011), The study found that both enjoys healthy rates of economic growth but FDI inflow in china is higher the Saini A., Law S. H., Ahmad A. H. (2010), , it was proved that the positive impact of FDI on growth “kicks in” only after financial market development exceeds a threshold level. Until then, the benefit of FDI is non-existent.

Gubbi S. R., Aulak P. S., Ray S., Sarkar M. B., Chittoor R. (2010), found that the international acquisitions facilitate internalization of tangible and intangible resources that are both difficult to trade through market transactions and take time to develop internally, thus constituting an important strategic lever of value creation for emerging-economy firms. An event study of 425 cross-border acquisitions by Indian firms during 2000–2007 supports our predictions.

Singh J. (2010), in the context of increasing competition among nations and sub national entities to attract Foreign Direct Investment (FDI), the present paper tries to analyze the emerging trends and patterns of FDI inflows into India in response to various policy measures announced by the Government of India since mid-1980 and later. The empirical analysis tends to suggest that the FDI inflows, in general, show an increasing trend during the post-reform period. Furthermore, country-wise comparison of FDI inflow also indicates that FDI inflow into India has increased considerably in comparison to other developing economies in the recent years. Thus, the study indicates that the FDI inflows into India responded positively to the liberalization measures introduced in the early 1990s.

6. GROWTH OF FDI

Foreign direct investment plays an important role in the economic development of the country. It helps in transferring of financial resources, technology and innovative and improved management techniques along with raising productivity. An Indian company may receive Foreign Direct Investment either through automatic route or government route. The paper tries to study the need of FDI in India, to exhibit the sector-wise & year-wise analysis of FDI's in India, to rank the sectors based upon highest FDI inflows. The results show that Mauritius is the country that has invested highly in India followed by Singapore, Japan, and USA and so on. It also shows that there has been a tremendous increase in FDI inflow in India during the year 2000 to 2011.

Liberalization of the policy in Single- Brand Retail Trading.

- Present Position: Foreign Direct Investment (FDI), in retail trade, is prohibited except in single brand product retail trading, in which FDI, up to 51% is permitted.

- Revised Position: The Government of India has reviewed the extant policy on FDI and decided that FDI, up to 100%, under the government approval route, would be permitted in Single-Brand Product Retail Trading.

FDI in Hotel & Tourism sector in India:

100% FDI is permissible in the sector on the automatic route. The term hotels include restaurants, beach resorts, and other tourist complexes providing accommodation and/or catering and food facilities to tourists. Tourism related industry include travel agencies, tour operating agencies and tourist transport operating agencies, units providing facilities for cultural, adventure and wild life experience to tourists, surface, air and water transport facilities to tourists, leisure, entertainment, amusement, sports, and health units for tourists and Convention/Seminar units and organizations.

Non-Banking Financial Companies (NBFC):

- 49% FDI is allowed from all sources on the automatic route subject to guidelines issued from RBI from time to time.

FDI in Insurance sector in India:

- FDI up to 26% in the Insurance sector is allowed on the automatic route subject to obtaining licence from Insurance Regulatory & Development Authority (IRDA)

FDI in Telecommunication sector:

In basic, cellular, value added services and global mobile personal communications by satellite, FDI is limited to 49% subject to licensing and security requirements and adherence by the companies (who are investing and the companies in which investment is being made) to the license conditions for foreign equity cap and lock- in period for transfer and addition of equity and other license provisions.

- a) ISPs with gateways, radio-paging and end-to-end bandwidth, FDI is permitted up to 74% with FDI, beyond 49% requiring Government approval. These services would be subject to licensing and security requirements.
- b) No equity cap is applicable to manufacturing activities.
- c) FDI up to 100% is allowed for the following activities in the telecom sector.

FDI in Trading Companies in India

Trading is permitted under automatic route with FDI up to 51% provided it is primarily export activities, and the undertaking is an export house/trading house/super trading house/star trading house. However, under the FIPB route:-

- 100% FDI is permitted in case of trading companies for the following activities:
- Exports;
- Bulk imports with ex-port/ex-bonded warehouse sales;
- Cash and carry wholesale trading;
- other import of goods or services provided at least 75% is for procurement and sale of goods and services among the companies of the same group and not for third party use or onward transfer/distribution/sales.

FDI in Power Sector in India:

Up to 100% FDI allowed in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and quantum of foreign direct investment.

Drugs & Pharmaceuticals:

FDI up to 100% is permitted on the automatic route for manufacture of drugs and pharmaceutical, provided the activity does not attract compulsory licensing or involve use of recombinant DNA technology, and specific cell / tissue targeted formulations.

Roads, Highways, Ports:

FDI up to 100% under automatic route is permitted in projects for construction and maintenance of roads, highways, vehicular bridges, toll roads, vehicular tunnels, ports.

Pollution Control and Management: FDI up to 100% in both manufacture of pollution control equipment and consultancy for integration of pollution control systems is permitted on the automatic route.

Call Centres

FDI up to 100% is allowed subject to certain conditions.

Business Process Outsourcing

FDI up to 100% is allowed subject to certain conditions.

in Small Scale Industries (SSI's

Recently, India has allowed Foreign Direct Investment up to 100% in many manufacturing industries which were designated as Small Scale Industries.

FDI Inflows into India

In the beginning, the FDI of India appeared to be insignificant. Since 2000, it has recorded bang of India's investments abroad. The Japan Bank for International cooperation conducted survey among Japanese investors 2010 and released its report in December, 2010 remarked as India continued to be the second most promising country for overseas business operations. In 2010 India ranked at the 4th most attractive FDI destinations, according to the survey of Ernst and Young's 2010 European attractiveness. However, it ranked the second most attractive destination followed by China in the next three years. From April 2000 to March 2011 the cumulative amount of FDI in flows into India stood at US \$ 1,94,814 million and the amount of FDI equity inflows accounts to US \$ 19,427 million in the financial year 2010-11. The year wise FDI inflows and year wise FDI equity inflow from financial years 2000-2011.

1) FDI EQUITY INFLOWS IN INDIA (MONTH-WISE) DURING THE FINANCIAL YEAR 2011-12:

| Financial Year 2011-12 (April-March) | | Amount of FDI inflows | |
|---|----------------|-----------------------|--------------|
| | | (In Rs. Crore) | (In US\$ mn) |
| 1. | April 2011 | 13,847 | 3,121 |
| 2. | May 2011 | 20,946 | 4,664 |
| 3. | June 2011 | 25,371 | 5,656 |
| 4. | July 2011 | 4,886 | 1,099 |
| 5. | August 2011 | 12,814 | 2,830 |
| 6. | September 2011 | 8,407 | 1,766 |
| 7. | October 2011 | 5,715 | 1,161 |
| 8. | November 2011 | 12,909 | 2,538 |
| 9. | December 2011 | 7,124 | 1,353 |
| 10 | January 2012 | 10,288 | 2,004 |
| 11. | February 2012 | 10,874 | 2,211 |
| 2011-12 (up to February 2012) # | | 133,181 | 28,403 |
| 2010-11 (up to February 2011) | | 83,687 | 18,354 |
| %age growth over last year | | (+) 59 % | (+) 55 % |

Source: As per DIPP's FDI data base

Table 1 shows the amount of FDI inflows from April 2011 to February, 2012. It shows the amount in Rs crore and in US \$ mn. The highest FDI inflows in the country is in the month June 2011 i.e. 25371 in Rs crores and 5656 in US \$ mn. Other months shows the fluctuating trend.

Amount of FDI inflows

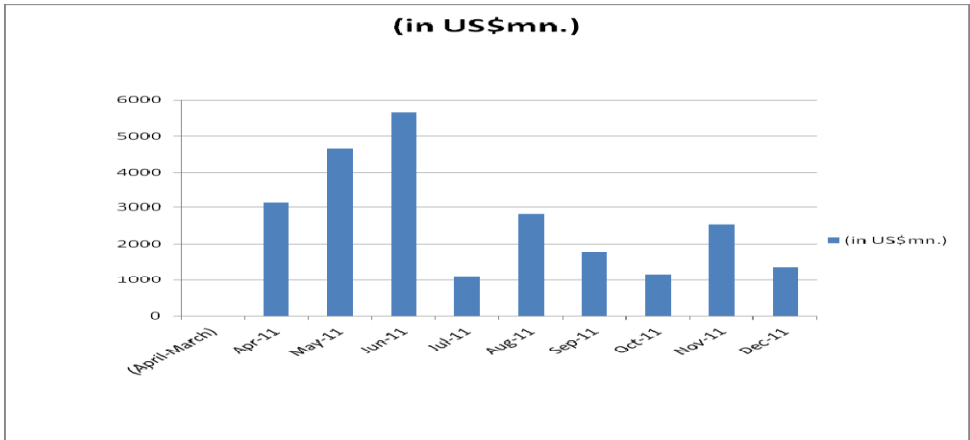


Chart1: Shows the total FDI inflows during the time period April 2011 to February, 2012. The FDI inflow shows a fluctuating trend in different months.

7. Sectors Attracting Highest FDI Equity Inflows in India

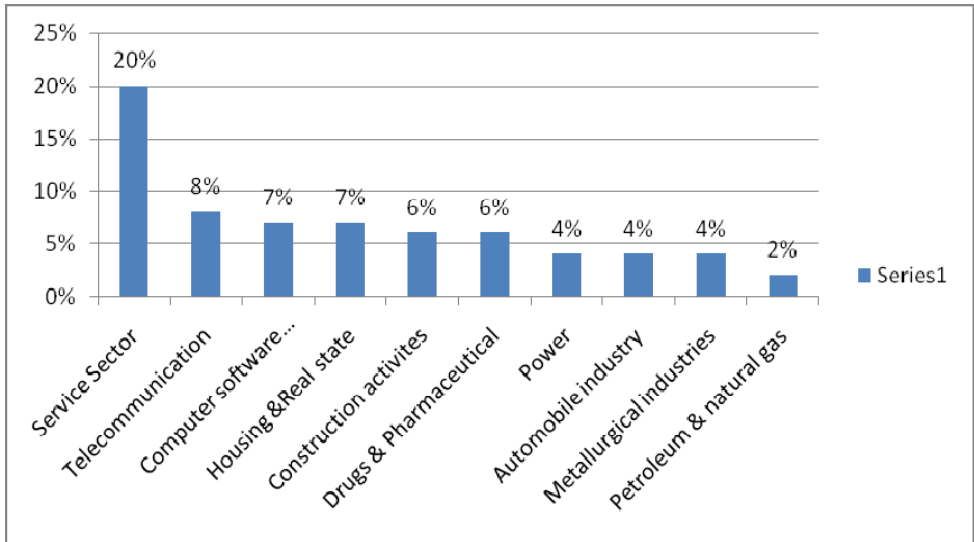
Table 2. Amount in Rs. Crores (US\$ in millions)

| Ranks | Sector | 2009-10 (April- March) | 2010-11 (April- March) | 2011-12 (April- Feb.) | Cumulative Inflows (April '00 - Feb. '12) | % age to total Inflows (In terms of US\$) |
|-------|---|------------------------------|------------------------------|-----------------------------|--|---|
| 1. | SERVICES SECTOR (financial & non-financial) | 19,945 (4,176) | 15,053 (3,296) | 23,865 (5,059) | 144,973 (32,193) | 20 % |
| 2. | TELECOMMUNICATIONS (radio paging, cellular mobile, basic telephone services) | 12,270 (2,539) | 7,542 (1,665) | 9,002 (1,995) | 57,069 (12,550) | 8 % |
| 3. | CONSTRUCTION ACTIVITIES (including roads & highways) | 13,469 (2,852) | 4,979 (1,103) | 12,286 (2,520) | 50,867 (11,157) | 7 % |
| 4. | COMPUTER SOFTWARE & HARDWARE | 4,127 (872) | 3,551 (780) | 3,524 (741) | 49,838 (11,150) | 7 % |
| 5. | HOUSING & REAL ESTATE | 14,027 (2,935) | 5,600 (1,227) | 3,326 (708) | 49,600 (11,090) | 7 % |
| 6. | DRUGS & PHARMACEUTICALS | 1,006 (213) | 961 (209) | 14,498 (3,211) | 42,761 (9,174) | 6 % |
| 7. | POWER | 6,138 (1,272) | 5,796 (1,272) | 7,194 (1,616) | 33,030 (7,262) | 4 % |
| 8. | AUTOMOBILE INDUSTRY | 5,893 (1,236) | 5,864 (1,299) | 3,691 (793) | 30,129 (6,627) | 4 % |
| 9. | METALLURGICAL INDUSTRIES | 1,999 (420) | 5,023 (1,098) | 8,242 (1,765) | 26,830 (6,020) | 4 % |
| 10. | PETROLEUM & NATURAL GAS | 1,297 (266) | 2,543 (556) | 951 (202) | 14,612 (3,339) | 2 % |

Table 2 shows the favourite and leading sectors for FDI in India. According to FDI report Service sector is the favourite sector with highest

FDI inflow 20%. After service sector Telecommunication and Computer hardware & software is the next favourite sector with 8% and 7%. There is a good future prospect for investors in other sectors also like Housing sector and power sector.

FDI EQUITY INFLOWS IN INDIA



Regulatory Framework for FDI

Indian companies can receive FDI under two routes-

1. Automatic Route

It does not require prior approval either of Reserve Bank of India (RBI) or government. It is allowed in all activities / sectors except where the provisions of consolidated FDI policy paragraph as Entry route for investment issued by government of India from time to time are attracted.

2. Government Route

Government route means that investment in the capital of resident entities by non-resident entities can be made only with the prior approval from FIPB, Ministry of Finance or SIA, DIPP as the case may be. FDI in sectors, not covered under automatic route requires prior approval of the government which is considered by Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance. Following sectors require prior approval of Government of India.

- a. Sectors prohibited for FDI - retail trading, lottery business, atomic energy, gambling and betting, business of chit fund, agriculture and plantation, nidhi companies, housing and real estate business.
- b. Activities that require industrial license
- c. Proposals in which the foreign collaborator has existing financial / technical collaboration in India in the same field. press note / press releases which are notified by RBI as amendments to notifications. The regulatory framework consists of FEMA, regulations, press notes, press releases, circulars, clarification etc.

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 Exchange 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.

8. Conclusion & Suggestions

FDI in retail is very much debatable issue which needs to be resolved by taking into consideration the interest of the stakeholders. The decision to allow entry to foreign players in MBR is clearly a game changer for Indian retail sector. A fresh wave of consolidation may come, ending the era of multiple players in modern retail. Big retail bosses across the world shall come to India either independently or by partnering with Indian counterparts for a successful head start. The policy of allowing 100% FDI in single-brand retail was adopted to allow Indian consumers access to foreign brands. By allowing FDI in retail trade, India will significantly benefit in terms of quality standards since the inflow of FDI in retail sector is bound to pull up the quality standards and cost competitiveness of Indian producers and marketers in all the segments. It will also help in integrating the modern Indian retail market with that of the global retail market. More chances of respectful status and better pay packets for retail staff, which the unorganized sector has failed to provide to the masses employed. Economic globalization went along with booming FDI in

developing countries, which attracted a rising share of world-wide FDI flows in the 1990s. In various developing countries, FDI plays a more significant role than in developed countries. The good news is that FDI is anything but a zero-sum game, in which one particular country could attract FDI only at the expense of another country. Additional FDI is likely to take place when new investment opportunities emerge in countries opening up to FDI. Essentially, all developing countries have the chance to become attractive to foreign investors, not only large and fairly advanced countries.

However, the present study is not free from *limitations* as based on secondary data collected from the various website and process data base for the sample companies. Thus, the study possesses all the inherent limitations of the secondary data. The study was limited only to some sectors. Time factor is the critical limiting factor, due to this constraint the study was limited only to the government FDI policies each from public and private sector.

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INSTITUTIONAL AGRICULTURAL CREDIT SCENARIO IN POST-REFORM PERIOD

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ABSTRACT

This paper envisages the task performed by banks in the post-reform period for the development of agriculture by providing credit; simultaneously it also covenants with the unrealisation of target for the faulty strategy of the government. In post-reform period, there is a significant variation in agricultural production due to the use of the purchased inputs like high yielding variety seeds, fertilisers, pesticides, hired labour etc. Prices of these inputs are increasing gradually .So, it is quite hard on the part of the farmers to meet the cost of production. Accordingly, farmers have access to reasonable, ample and timely credit to boost agricultural production and productivity. Banks have been trying to meet the target set for agricultural credit flow over and over again but credit deliverance to agricultural sector continues to be insufficient. So in this paper, in order to examine the share of different banks in both pre and post reform period to the total flow of institutional credit and the percentage growth of credit in post reform period over pre reform period, a field study(2010-11) of three villages of varying degree of Bargarh district (Orissa) India has been done. To know the significant difference in the percentage growth of the institutional credit across the villages and firm sizes TWO WAY ANOVA TEST has been done.

KEY WORDS: - Institutional, credit, pre-reform, post-reform, agriculture and purchased inputs.

1. Introduction

Farmers are more accessible to new thoughts and interested to take risks by using high yielding seeds, machine labour, hired labour and applying high dose of fertilizer, pesticides and insecticides, etc in post reform period. However, the price of these inputs is increasing progressively by which the poor farmers are unable to meet the cost of production. New institutions have been established and agencies have been developed for ensuring services and supplies required by modern agriculture. But they are proved to be inefficacious for their urbanised ever

commercial approach in one hand and unresponsiveness to rural farming in the other. So, in the post reform period, in the Indian financial system the financial institutions have to confirm and prove their concealed potency and improve their functioning to become a feasible credit institution by accomplishing the key objective i.e. to improve of the institutional credit flow significantly to the farmers as well as the weaker section of rural areas of India.

In the competitive and spirited economy of India, the development of rural credit system has gone through three phases that is from 1904 to 1969, 1969 to 1991 and 1991 to till that. The first phase is characterised by the monopoly of the co-operative credit institutions, because rural co-operatives were appeared as first institutional arrangement to provide loan to farmers. In second phase i.e. 1969 to 1991, the commercial banks were nationalised. The nationalisation of commercial banks allowed the rural people of the inaccessible area of rural India to avail the credit. However, in the third phase i.e. the post reform period from 1991 onward effort has been made to relocate the credit institutions into organisationally well-built, financially viable and operationally competent unit (Hazra, 2011). Accordingly, the quantum of credit to agriculture during 2005-06 to 2009-10 has increased at 25% per annum. The commercial banks have disbursed Rs.2, 74,963 crores which is 74.9 per cent of total credit flow during 2009-10 .However, the credit flow from co-operative system grew at 13% per annum which is lowest among multi agencies banking institution. As against the target of Rs. 3, 25, 000 crores of credit flow to agriculture, the banking system disbursed Rs. 3, 66, 919 crores. Out of which co-operative banks have disbursed Rs. 3,75,000 crores which is 15.7% of total credit flow during 2009-10 (NABARD, 2009-10).Besides, the total flow of short term credit that is crop loan has already been increased form Rs. 1,05, 350 crores in 2005-06 to Rs. 2,10,4 61 in 2008-09. For the year 2011-12, the Govt. has raised the target of credit flow to the farmers form Rs. 375000 crores in 2010-11 to Rs. 475000 crores in 2011-12.It is note worthy that the flow of agricultural credit and rural credit witnessed rapid increase after the first round of bank nationalization in 1969.Between 1971-72 and 2007-08 agricultural credit witnessed a jump of around 220 times. But the overall higher order credit growth in banking system has not supported the desired expansion of credit(Tripathy,2011). It is due to the increase in the rise in the price of the agricultural inputs like fertilizers, pesticides, wages

etc. So, the cost of production is becoming high and less than the credit provided by financial institutions.

2. Literature Review

Researcher Ojha (1987), in his research work has concluded that credit in agricultural sector serves as an instrument for stimulating increase in production, income and employment. Shivamaggi and Shukla (1991) have emphasized on the structure of the cooperative institutions. According to them, co-operative structure has been viewed as a democratic institution with grassroots level connection and governmental partnership. Shrestha (1992), done his research in Nepal, has emphasised on the cause of credit for farmers. According to him institutional credit is treated as catalyst for agricultural sector growth and had been a humble cause of agricultural sector in Nepal.

Bandopadhyay (1993) has observed that the investment on agricultural sector has declined. So, sufficient formal investment must be done in this sector. The adequate formal investment will increase the production as well as productivity of agriculture. Shamsuddin, M.N., Radam, A. & Liew, F. (1999), have done their research on agricultural sector of Malaysia, have also emphasised on the relationship between credit and agricultural productivity. According to them credit is the one of the important inputs responsible for the growth of agricultural productivity in Malaysia.

Sivaloganath (2004) has observed that credit facilities are highly essential for agricultural growth. As there is a vast gap in the supply and credit need in the vital sector of the economy, the multi agency approach is initiated. Tripathy (2004) in his article has emphasised the importance of cooperatives. He told cooperative is the in dispensable instrument of rural development. Basu (2005) has rightly pointed out in his study that strategies should be designed to increase the access to institutional finance for farmers. So, the farm production and productivity will be increased. He told cooperative is the in dispensable instrument of rural development. Nosiru(2010),researcher of Nigeria in his research article has discussed the relationship between micro credits and agricultural productivity. He concluded that credit is important for the increase of agricultural productivity as it enables the farmers to purchase the inputs required for modern agriculture. Hazra (2011) in his study has expressed his regret about the inaccessibility of credit to the poor rural people. Despite several

policy reforms, rural India continues to experience inaccessible credit for rural people. So he has also suggested improving credit operation at grassroots level. Kameswari (2011) has stressed on the objective of cooperative development programme. The major objective of the cooperative development programme is to ensure that the benefit of cooperative flow increasingly to weaker sections, including scheduled caste and scheduled tribe. Karmakar(2011) has emphasised on poor outreach of institutional credit. Although the total agricultural credit has increased during the last six years, there are serious quantitative and qualitative concerns. The poor outreach of the formal institutional credit structure is a serious issue that needs to be corrected expeditiously.

The above literature review explains the importance of credit for agricultural development of India and the other countries like Malaysia, Nigeria, and Nepal. But specifically the analysis and discussion on the growth of the institutional credit for the development of farmer as well as agricultural sector in post reform period are found to be lacking. So in this research paper an attempt has been made to analyse the growth of the institutional credit in post reform periods over pre reform period for over all development of farmer and agricultural sector as well.

3. Objectives of the Study

The objectives of the study are:

1. To analyze the importance of institutional credit for the development of agricultural sector.
2. To examine the percentage growth of institutional credit for the agricultural development in post reform period over pre reform period.
3. To deduce certain findings for a valuable and fruitful concluding remark for the policy maker to recommend for an effervescent and effective flow of institutional credit in post reform period for the overall development of farmers and farming.

4. Survey Design, Database and Methodology

The present study is confined to Bargarh district of Orissa state of India. It lies between 20° 43' N and 22° 11' N latitudes and 82° 39' E and 85° 13' E longitudes. This district forms a part of eastern plateau and hills as far as agro climatic zone is concerned. The study district is basically

composed of two distinct agro-climatic zones- one is canal irrigation and the other zone rain fed farms. The villages are chosen by applying stratified random sampling methods: - Out of three villages chosen for the purpose the first one is irrigated (V_1), second one is partially irrigated by minor irrigation project (V_2) and the third one is rain fed/non-irrigated (V_3). In the V_1 almost all (i.e. around 95 percent) the operated area are irrigated by Hirakud Canal System. In the V_2 more than 90 percent of the total operated areas are irrigated through minor irrigation project for one crop (i.e. khariff) in a year. The V_3 is totally rain fed. Rice/paddy is the dominant crop in these villages as more than 90 percent of the total operated areas are under rice cultivation irrespective of size-classes of the farms under study. Furthermore, to study the observed behavior of different farm sizes, the farms in each of the village under study are divided into three groups based on their operational holdings. - Small farms (up to 5.00 acres), Medium farms (up to 5.01 acres to 10 acres) and Large farms (up to 10.01 acres and above).

The information from all the farms of different size groups in each of the village under study is collected. Altogether 454 farms from the three villages are studied for this purpose. The information on the various aspects of institutional credit and the share of commercial and cooperative banks for one agricultural year 2010-2011 in post reform period have been collected. A year during the period from 1989 to 1991 was selected as the pre-reform period.

To test the hypotheses the 'F' value is found out by TWO-Way ANOVA Table where the Villages (3 villages - irrigated, semi-irrigated and non-irrigated) and Farm sizes (3 size classes - Small, Medium and Large) are known as Column and Row elements respectively.

$$F_v = \frac{S_v^2}{S_E^2} \quad \sim F(h-1), (h-1)(k-1) \quad \begin{array}{l} \text{for column (i.e. villages)} \\ \text{df} = h-1 = 2 \\ \text{df} = (h-1)(k-1) = 4 \end{array}$$

$$F_t = \frac{S_t^2}{S_E^2} \quad \sim F(k-1), (h-1)(k-1) \quad \begin{array}{l} \text{for row (i.e. farm sizes)} \\ \text{df} = k-1 = 2 \\ \text{df} = (h-1)(k-1) = 4 \end{array}$$

An alternative hypothesis (H_1) is accepted/null hypothesis (H_0) is rejected if calculated value of F is greater than its tabulated value at the corresponding degree of freedom (df) and level of significance.

5. Hypotheses

The hypotheses taken for purpose of present study are mentioned below;

H_0 : There is no significant difference in the percentage of growth of institutional credit extended by different banks in the post reform period across the villages.

H_1 : There exists a significant difference in the percentage of growth of institutional credit extended by different banks in the post reform period across the villages.

H_0 : There is no significant difference in the percentage of growth of institutional credit extended by different banks in the post reform period across the farm sizes.

H_1 : There exists a significant difference in the percentage of growth of institutional credit extended by different banks in the post reform period across the farm sizes.

6. Result and Discussion

The flow of institutional credit (i.e. short-term credit) along with the share of different banks –the co-operative and commercial banks in pre reform period across the villages and farm sizes are represented in table-1.

TABLE – 1

Total flow of institutional credit and the share of different banks in pre-reform period.

| | Village / Farm Size | Total flow of credit in pre- reform period (in Rs.) | Share of Co- op Bank in pre reform period (in Rs.) | Percentage of share of Co- op. bank in pre reform period | Share of Commercial Bank in pre reform period (in Rs.) | Percentage of share of Commerci al Bank in pre reform period |
|----------------|---------------------------|--|--|---|--|---|
| | Irrigated | | | | | |
| V ₁ | Small | 567000 | 405000 | 71.42 | 162000 | 28.58 |
| | Medium | 1234500 | 870000 | 70.47 | 364500 | 29.53 |
| | Large | 323000 | 180000 | 55.72 | 143000 | 44.28 |
| | Total | 2124500 | 1545000 | 72.72 | 579500 | 27.28 |
| | Semi- Irrigated | | | | | |
| V ₂ | Small | 410000 | 280000 | 68.29 | 130000 | 31.71 |
| | Medium | 525500 | 355000 | 67.55 | 170500 | 32.45 |
| | Large | 505000 | 404000 | 79.20 | 101000 | 20.80 |
| | Total | 1440500 | 1035000 | 71.85 | 405500 | 28.18 |
| | Non- Irrigated | | | | | |
| V ₃ | Small | 202000 | 200000 | 99.00 | 2000 | 01.00 |
| | Medium | 320000 | 310000 | 96.87 | 10000 | 03.13 |
| | Large | 408000 | 358500 | 87.86 | 49500 | 12.14 |

| | | | | | |
|---------------|---------|---------|-------|---------|-------|
| Total | 934000 | 868500 | 93.38 | 65500 | 06.62 |
| All V | | | | | |
| Small | 1179000 | 875000 | 75.06 | 304000 | 24.94 |
| Medium | 2080000 | 1535000 | 73.79 | 545000 | 26.21 |
| Large | 1236000 | 1038500 | 34.02 | 197500 | 15.98 |
| Total | 4495000 | 3447500 | 76.94 | 1047500 | 23.06 |

Sources: 1) *Field Survey(2010-11)*
2) *Records of lead bank.*

From the table-1, it is observed that in the pre reform period irrespective of the size of farms and nature of villages under study the percentage share of cooperative banks to the total formal institutional credit is higher compared to that of commercial banks. In irrigated village the percentage of share of cooperative banks is found highest in case of small farms followed by medium and large farms respectively. But in semi irrigated village the picture is different. That means the share of co-operative credit is found highest in case of large farm followed by small and medium farms respectively. In non irrigated village the scenario of share of co-operative bank is same as irrigated village i.e. highest in case of small farms followed by medium and large farms respectively. In all villages the share of co-operative banks to the total credit flow is found highest for small farms followed by medium and large farms respectively. However, in the same pre reform period in irrigated village the percentage of share of commercial banks to the total institutional credit is found highest for large farms followed by small and medium farms respectively. But in semi-irrigated village the percentage of the share of commercial banks to the total institutional credit is found highest for medium farms followed by large and small farms respectively. In non-irrigated village the share of commercial banks is found negligible for all sizes of farms. Still it is found highest for large farms followed by small and medium farms respectively. In all villages the share of commercial banks to the total credit flow is found highest for medium farms followed by small and large farms respectively.

Likewise the flow of institutional credit (i.e. short-term credit) along with the share of different banks –the co-operative and commercial banks in post reform period across the villages and farm sizes are represented in table-2.

TABLE - 2**Total flow of institutional credit and the share of different banks in post-reform period.**

| | Village / Farm Size | Total flow of institutional credit in post reform period (in Rs.) | Share of Co-op Bank in pre reform period (in Rs.) | Percentage of share of Co- op. bank in pre reform period | Share of Commercial Bank in pre reform period (in Rs.) | Percentage of share of Commercial Bank in pre reform period |
|----------------------|--------------------------------|--|--|---|---|--|
| | Irrigated | | | | | |
| V₁ | Small | 1456000 | 1261000 | 86.61 | 195000 | 13.39 |
| | Medium | 2028800 | 1465800 | 71.54 | 563000 | 28.46 |
| | Large | 475000 | 285000 | 60.00 | 190000 | 40.00 |
| | Total | 3959800 | 3011800 | 75.68 | 948000 | 24.32 |
| | Semi- Irrigated | | | | | |
| V₂ | Small | 830000 | 630000 | 75.91 | 200000 | 24.09 |
| | Medium | 919000 | 919000 | 100 | 0 | 0 |
| | Large | 660000 | 660000 | 100 | 0 | 0 |
| | Total | 2409000 | 2209000 | 91.70 | 200000 | 08.30 |
| | Non- Irrigated | | | | | |
| V₃ | Small | 372000 | 372000 | 100 | 0 | 0 |
| | Medium | 520000 | 520000 | 100 | 0 | 0 |
| | Large | 658000 | 658000 | 100 | 0 | 0 |
| | Total | 1550000 | 1550000 | 100 | 0 | 0 |
| | All V | | | | | |
| | Small | 2658000 | 2263000 | 85.14 | 395000 | 14.86 |
| | Medium | 3467800 | 2904800 | 83.86 | 563000 | 16.14 |
| | Large | 1793000 | 1603000 | 89.40 | 190000 | 10.60 |
| | Total | 7918800 | 6770800 | 85.53 | 1148000 | 14.47 |

Sources: 1) *Field Survey(2010-11)*2) *Records of lead bank.*

It is observed from the above table-2 that in post-reform period, in the irrigated village the percentage of share of cooperative banks has increased but the scenario is same as pre-reform period. Similarly, in semi-irrigated village the share of cooperative banks has also increased. It is interesting to note that the share of co-operative banks for medium and large farms is 100%. Like this, in non-irrigated village the share of cooperative bank is found 100% for all size classes of farms. However, in post reform period, irrespective of the nature of villages and size of the farms under study the percentage of share of commercial banks in the total formal farm credit is negligible. Not only this, also it is increasing and

decreasing with the increase in the farm size in the irrigated village. In irrigated village the percentage of share of commercial banks to the total institutional credit is found highest in case of medium farms followed by large and small farms respectively. But in semi-irrigated village the share of commercial bank for small and medium farm is nil. However, for large farm in the same village percentage of share of commercial bank is insignificant. In non-irrigated village the share of commercial banks is found nil for all sizes of farm. In all villages, like the pre reform period, the share of commercial banks to the total credit flow is negligible but found highest for medium farms followed by small and large farms respectively.

TABLE - 3

Percentage of growth of institutional credit in post-reform period over pre-reform period.

| Village/ Farm Size | Total flow of institutional credit in pre- reform period (in Rs.) | Total flow of institutional credit in post- reform period (in Rs.) | % of growth of institutional credit in post-reform period |
|---|--|---|---|
| Irrigated Village (V₁) | | | |
| Small | 567000 | 1456000 | 61.05 |
| Medium | 1234500 | 2028800 | 39.15 |
| Large | 323000 | 475000 | 32.00 |
| Semi-irrigated Village (V₂) | | | |
| Small | 410000 | 630000 | 34.92 |
| Medium | 525500 | 919000 | 42.81 |
| Large | 505000 | 660000 | 23.48 |
| Non-irrigated Village (V₃) | | | |
| Small | 202000 | 372000 | 45.69 |
| Medium | 320000 | 520000 | 38.46 |
| Large | 408000 | 658000 | 40.43 |

Sources: 1) Field Survey(2010-11)

2) Records of lead bank.

It is observed from the above table-3 that there exists a difference in the percentage growth of institutional credit in post reform period by different farm sizes in different villages (such as V₁, V₂ and V₃) under study compared to that of pre-reform period. In irrigated village (V₁), the

percentage of growth (increase) of institutional credit in post-reform period in case of small farms is found highest followed by medium and large farms correspondingly. In semi irrigated village (V_2), the percentage of growth of institutional credit in post-reform period is found highest in case of medium farms followed by small and large farms respectively. In non irrigated village (V_3), the percentage of growth (increase) of institutional credit in post-reform period in case of small farms is found highest followed by large and medium farms respectively.

This result analysis is supported by the testing of hypotheses after comparing the computed and table value of the 'F' ratio found out by TWO WAY ANOVA TEST shown in table -4.

7. Testing of Hypotheses

The hypotheses taken for the study are tested as follows based on the result of "F" Test shown in table-4.

There is no significant difference in the percentage of growth of institutional credit in post reform period across the villages. This null hypothesis (H_0) is accepted as the calculated 'F' ratios i.e. $F_{(2,4)} = 1.03$ is less than the tabulated value. Alternative hypothesis (H_1) is rejected.

There is no significant difference in the percentage of growth of institutional credit in post reform period across the villages. This null hypothesis (H_0) is accepted as the calculated 'F' ratios i.e. $F_{(2,4)} = 2.01$ is less than the tabulated value. Alternative hypothesis (H_1) is rejected.

8. Summary and Major Findings

The brief outline of percentage of growth of the of institutional credit in post-reform period over pre reform period and the test of significance by way of 'F' test is represented on Table -4.

TABLE - 4

Summary of the percentage of growth of share of institutional credit in post-reform period over pre-reform period.

| Village/ Farm Size | % of growth of institutional credit in post-reform period |
|--|---|
| Irrigated Village (V₁) | |
| Small | 61.05 |
| Medium | 39.15 |
| Large | 32.00 |
| Semi-irrigated Village (V₂) | |
| Small | 34.92 |
| Medium | 42.81 |
| Large | 23.48 |
| Non-irrigated Village (V₃) | |
| Small | 45.69 |
| Medium | 38.46 |
| Large | 40.43 |
| V.R or F. Ratio for Row (across the villages) | 1.03 [#] |
| V.R or F. Ratio for Column (across the farm sizes) | 2.01 [#] |

Source: - Compiled from questionnaire.

Note:-1.

$$F_t = \frac{S_t^2}{S_E^2} \quad \sim F(k-1, (h-1)(k-1)) \quad \text{for column (i.e. villages)}$$

df = k-1 = 2
df = (h-1)(k-1) = 4

$$F_v = \frac{S_v^2}{S_E^2} \quad \sim F(h-1, (h-1)(k-1)) \quad \text{for row (i.e. farm sizes)}$$

df = h-1 = 2
df = (h-1)(k-1) = 4

2. [#] Not significant at any level.

In Column the 3 size classes of farms i.e. small, medium and large farms were considered.

In Row the 3 villages i.e. V₁, V₂ and V₃ were considered.

It is found from the 'F' test that the computed value of 'F' found $F_{\sim(2,4)} = 1.03$ and $F_{\sim(2,4)} = 2.01$ for testing the difference across the villages and across the farm sizes respectively regarding the disbursement of institutional credit in post-reform period. The disbursement of institutional

credit is statistically insignificant as the calculated 'F' ratios are less than the tabulated value at any level of significance. Thus it can be inferred that there exists no significant difference across the villages and the farm sizes in terms of growth of institutional credit in post-reform period over pre-reform period. It is deduced that in post-reform period all the farm sizes in all the villages are availing credit from formal sector over pre-reform period.

9. Conclusion

Thus, it is concluded that in the post reform period the financial institutions, fundamentally the commercial and cooperative banks are closely allied with the upliftment of rural farming. But, due to the cumbersome rule and regulations; most of the poor farmers are unable to obtain the benefit provided by these banks. Besides, the poor marginal farmers are deprived of acquiring credit from formal sector as they are not considered credit worthy. Hence, there should be wide coverage of institutional credit in post reform period to include these really needy farmers, so that the role of money lenders will be minimised and the small farmers who comprise of a large portion in agricultural field, can extend desired contribution to reinforce national economy. Accordingly, the policy makers should outline policy and suggest the government to take all possible measures/steps to make the banks and the financial institutions more pulsating and successful in post reform period to accomplish the objective.

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CRM PROCESSES, PRACTICES AND STRATEGIES - A STUDY WITH REFERENCE TO THE NEW AGE BANKS IN INDIA

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1. Introduction

Customer relationship management is a relation which can be established from the basic evolution of human beings to the evolution of money via barter system and finally the evolution of banking and how a relation was established from the basic roots of its existence and how it ultimately led to the emergence of customer relationship banking. It was a cause and effect relationship from the very beginning. It is a bonding force between the customer and a banker for the mutual benefits and for providing quality service to the customers by the banks.

2. Customer Relationship Management

Customer relationship management (CRM) is a widely implemented model for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes—principally sales activities, but also those for marketing, customer service, and technical support. The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients to return, and reduce the costs of marketing and client service. Customer relationship management describes a company-wide business strategy including customer-interface departments as well as other departments. Measuring and valuing customer relationships is critical to implementing this strategy.

3. CRM in Banking Sector

Customer Relationship Management (CRM) in the Indian banking system is fundamental to building a customer-centric organization. CRM systems link customer data into a single and logical customer repository.

CRM in banking is a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspects of customer interactions in a manner that enables banks to maximize profitability from every customer. Increasing competition, deregulation, and the internet have all contributed to the increase in customer power. Customers, faced with an increasing array of banking products and services, are expecting more from banks in terms of customized offerings, attractive returns, ease of access, and transparency in dealings. Retaining customers is a major concern for banking institutions which underscores the importance of CRM.

4. CRM in Retail Banking

Retail banking refers to mass-market banking where individual customers typically use banks for services such as savings and current accounts, mortgages, *loans (e.g. personal, housing, auto, and educational), debit cards, credit cards, depository services, fixed deposits, investment advisory services (for high net worth individuals) etc.

Before Internet era, consumers largely selected their banks based on how convenient the location of bank's branches was to their homes or offices. With the advent of new technologies in the business of bank, such as Internet banking and ATMs, now customers can freely choose any bank for their transactions. Thus, the customer base of banks has increased, and so has the choices of customers for selecting the banks.

This is just the beginning of the story. Due to globalization, new generations of private sector banks and many foreign banks have also entered the market and they have brought with them several useful and innovative products. Due to forced competition, public sector banks are also becoming more technology savvy and customer oriented.

Thus, Non-traditional competition, market consolidation, new technology, and the proliferation of the Internet are changing the competitive landscape of the retail banking industry. Today' retail banking sector is characterized by following:

- Multiple products (deposits, credit cards, insurance, investments and securities)

- Multiple channels of distribution (call center, branch, Internet and kiosk)
- Multiple customer groups (consumer, small business, and corporate)
- Today, the customers have many expectations from bank such as
- Service at reduced cost
- Service “Anytime Anywhere”
- Personalized Service

With increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever they find better services and products. Banks are finding it tough to get new customers and more importantly retain existing customers. According to research by Reichheld and Sasser in the Harvard Business Review, 5% increase in customer retention can increase profitability by 35% in banking business, 50% in insurance and brokerage, and 125% in the consumer credit card market. Therefore banks are now stressing on retaining customers and increasing market share.

5. Need for CRM in Banking

The banks now need to find out what to sell, whom to sell, when to sell, how to sell and how to be different to increase profitability. Banks need to differentiate themselves by adding value-added service, offerings and building long-term relationships with their customers through more customized products, enhanced value offerings, personalized services and increased accessibility. Banks also need to identify customers and products that would be most profitable and target customers with products that are most appropriate to their needs and serve the customers with greater cost efficiency.

Banks also need to find out the avenues for increased customer satisfaction, which leads to increased customer loyalty. This may be explained better from two initiatives banks took in the past:

Earlier what drove many bankers to invest in ATMs was the promise of reduced branch cost, since customers would use them instead of a branch to transact business. But what was discovered is that the financial impact of ATMs is a marginal increase in fee income substantially offset by the cost of significant increases in the number of customer transactions.

The value proposition, however, was a significant increase in that intangible called customer satisfaction. The increase in customer satisfaction has translated to loyalty that resulted in higher customer retention and growing franchise value

Bankers invested in Internet banking, believing that the Internet was a lower-cost delivery channel and a way to increase sales. Studies have now shown, however, that the primary value of offering Internet banking services lies in the increased retention of highly valued customer segments. Again customer satisfaction drives the value proposition.

Thus, banks need to retain existing customers with enhanced personalized services and products, which best suit their needs and satisfies them the most.

6. CRM Strategies

This is a new way of thinking for many banks with thousands, even millions of customers. Managing customer relationships successfully means learning about the habits and needs of your customers, anticipating future buying patterns and finding new opportunities to add value to the relationship.

Customer Behavior Patterns

For example, in the financial sector, early beneficiaries of successful CRM strategies have been the banks. These organizations use data warehousing and data mining technologies to learn from the millions of transactions and interactions with their customers, and to anticipate their needs. The patterns of customer behavior and attitude derived from this information enable the banks to effectively segment customers on pre-determined criteria.

Detailed customer data can provide answers to the following questions:

- Which communication channel do they prefer?
- What would be the risk of leaving the bank to go to the competition?
- What is the probability the customer will buy a service or product?

This knowledge assists financial institutions with CRM solutions in place to develop marketing programs that respond to each customer

segment, support cross-selling and customer retention programs and enables the staff to understand how to maximize the value of each customer's interaction. CRM applications provide functionality to enhance customer interactions. Banks known for their high level of customer service might use this characteristic as a starting point for implementing a CRM application. Another company may be very good at targeting profitable customers. Each bank should seek a niche on which to develop its CRM strategy.

Customer Data

A common problem many organizations share is integrating customer information. When information is disparate and fragmented, it is difficult to know who the customers are, and the nature of their associations or relationships. This also makes it difficult to capitalize on opportunities to increase customer service, loyalty and profitability. For example, knowing that other family members are also customers provides an opportunity to up-sell or cross-sell products or services, or knowing that a customer uses several sources of interaction with a supplier can also provide opportunities to enhance the relationship.

The creation and execution of a successful CRM strategy depends on close examination and rationalization of the relationship between an organization's vision and business strategy. Building toward a CRM solution and evaluating the use of customer data requires analysis and alignment of the following core capabilities:

- Customer value management
- Prospecting
- Selling
- Collection and use of customer intelligence
- Customer development (up-selling and cross-selling)
- Customer service and retention
- Protection of customer privacy

Successful CRM implementations result from the capability of the organization and its employees to integrate human resources, business processes and technology, to create differentiation and excellence in

service to customers, and to perform all of these functions better than its competitors. The current economic context and financial crisis have most probably led many financial services institutions to refocus their CRM strategies with the customer relationship being more than ever the key to profitability of a retail activity. These institutions have to design a new approach to regain and reassure customers. Even if they have only started building a “how to win back trust” strategy, there is a general movement towards “refocusing on the customer” for the “post-financial” crisis phase.

Here are some global banking institutions that have deployed CRM Customer Relationship Management systems, their CRM strategy and their goals.

| Global Banks | CRM Strategy | Goal |
|---------------------|--|---|
| Bank of America | Provide service representatives with 360-degree view of customer relationship for corporate and retail banking | Improve customer experience, retention |
| FleetBoston | Segment customer base into six different groups based on demographics and banking behavior | Attain cross-sell revenues, maximum lifetime value |
| BNP Paribas | Deploy CRM system across branch network, integrating with central office, link multiple customer databases | Improve customer experience, cross-sell |
| Societe Generale | Integrate call center, branch, and central office; link 80 banking applications to support unified view of customers | Improve customer experience, support consistent message |

Irrespective of whether it is a public sector bank or a private sector bank; a regional rural bank or a foreign bank all banks commonly store details of tens of thousands of customers and prospects - both in a corporate database and in discrete documents on the desktops of individual bank staff. Retrieving customer data to support targeted marketing activities in this environment has traditionally involved sorting hard copy by hand, which is time-consuming, inaccurate, and increasingly cost-prohibitive.

Hence the banks are to devise softwares, which would mitigate this task of customer relationship management solution, to take full advantage of their valuable customer data. It also provides a way to quantify a campaign's success and aids in planning future marketing strategies, better work flow tracking and management, considerable increase in the speed of

the marketing campaign planning process, greater cost efficiency with improved ROI, easy monitoring of multiple marketing campaigns and improved workflow management.

CRM Objectives in Banking Sector

The idea of CRM is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as hoped, a business can:

- Provide better customer service,
- Make call centers more efficient,
- Cross sell products more effectively,
- Help sales staff close deals faster,
- Simplify marketing and sales processes,
- Discover new customers,
- Increase customer revenue.

It doesn't happen by simply buying software and installing it. For CRM to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages or IRAs to them at the right time to fit their needs. Next, the organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Web sites, brick-and-mortar stores, call centers, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. This collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed.

In CRM projects, following data should be collected to run process engine:

- Responses to campaigns
- Shipping and fulfillment dates,
- Sales and purchase data,
- Account information,
- Web registration data,
- Service and support records,
- Demographic data,
- Web sales data.

CRM followed by Retail Banks: For analysis the CRM followed in three banks which is ICICI BANK, HDFC BANK, IDBI BANK is taken and is explained as follows:

7. ICICI BANK

CRM- Definition: Marketing, sales and support system to applied from customers to customer basis, offering the right service to the right customers at the right time.

CRM Process: The bank handles the CRM process in a technical way, by collecting the information about its customers from data warehouse and customer meetings, the information includes the market position of the customer (business), the management, what type of contracts the customers is signing in and how much, what type of credit the customer wants.

CRM Technology: The bank is using following technology software to interact with its customers.

Call center automation, Contact management, Data warehousing, Campaign management, Knowledge management, Field service management, Marketing automation, Sales service automation, personalization.

The bank views CRM technology as customer-centric process and it can help us to automate the whole processes otherwise it is impossible to handle all the information manually.

CRM - Organizational structure: A separate department coordinates the entire CRM process, which is responsible for making strategies and following it up. The bank has different trainings programs to enhance its staff's skills, the training program called sales and strategy, which also includes the CRM segment, is designed for the staff in the marketing, advertising and CRM departments.

8. HDFC BANK

CRM- Definition: CRM is a personal interaction with customers.

CRM Process: E-Markets are HDFC's global Internet portal containing all electronic services offered by HDFC Markets. The portal comprises online trading, research material, market information, financial data, quantitative financial tools etc. CRM process for HDFC includes following components, Knowledge Discovery, Market Planning, Customer Interaction, Analysis & Refinement, Awareness, Exploration, and Expansion.

CRM Technology: HDFC bank uses CRM technology when interacting with the customers. They are as follows; Call centre Automation, Data warehousing, Email Management, Field Service Automation, Marketing Automation and by using CRM technology, HDFC can provide customers more knowledge about the bank and also get more customers.

CRM – Organizational Structure: The Group's business organization includes three business areas: Retail Banking, Corporate and Institutional Banking, and Asset Management & Life. Each business area is responsible for financial results, customer relations, distribution, products and business development & support. Corporate sales department is responsible for the whole CRM process and will guide the corporate relationship managers. Corporate relationship managers identify the right customers and the investment opportunities and decide when the offer shall be introduced to the customers. Then it is their responsibility to interact with the customers. Variety of ways to learn are available including on-the-job learning, traditional classroom work, workshops, and work supervision and mentoring, self-studies, and network based learning.

9. IDBI BANK

CRM Definition: CRM as the key to success, they are following customer-oriented approach by treating every customer as individual.

CRM Process: The bank feels that in the CRM process that includes, Market planning, Customer interaction, Knowledge discovery and Analysis& Refine

CRM Technology: Bank uses following techniques to interact with customers, Call centre Automation, Data warehousing, Email Management, Field Service Automation, Marketing Automation and Contact management

CRM Organizational Structure and People: Further in the branch the branch manager and the assistant branch managers are responsible for all the activities including identification of right customers and investment opportunities, Development of right customer offer, Decisions about the time of new customer offerings, Customer interaction. Branch is working on customer oriented business strategy. They have put the customer at first priority.

CRM Organizational Structure & People:

| BANK & ROLES | CRM organization of IDBI Bank | CRM organization of ICICI Bank | CRM organization of HDFC Bank |
|--|-------------------------------|--------------------------------------|-------------------------------|
| Coordinators of the entire CRM Process | Assistant Manager | Client Team | Corporate Sales Department |
| Identify the right customers | Assistant Manager | Client executives & account managers | Corporate Sales Department |
| Develop the right offer | Assistant Manager | Client executives & account managers | Corporate Sales Department |
| Decide right time | Assistant Manager | Client executives & account managers | Corporate Sales Department |
| Interact with the customers with right channel | Assistant Manager | Client executives & account managers | Corporate Sales Department |

CRM Technology in Bank: Comparison of technology in banks:

| CRM application usage | ICICI Bank | HDFC Bank | IDBI Bank |
|-----------------------|------------|-----------|-----------|
|-----------------------|------------|-----------|-----------|

| | | | |
|--------------------------|--|--|--|
| Call Center Automation | | | |
| Campaign Management | | | |
| Contact Management | | | |
| Data Warehousing | | | |
| Image Management | | | |
| Field Service Automation | | | |
| Knowledge Management | | | |
| Marketing Management | | | |
| Personalization | | | |
| Sales force Automation | | | |

CRM Process in Banks: Relationship evolution process in Banks:

| Relationship Evolution | Awareness | Exploration | Expansion | Commitment | Dissolution / Re-intention |
|------------------------|-----------|-------------|-----------|------------|----------------------------|
| ICICI Bank | | | | | |
| HDFC Bank | | | | | |
| IDBI Bank | | | | | |

Steps to be followed in CRM:

- The following steps minimize the work regarding adoption of CRM strategy. These are:
 - Identification of proper CRM initiatives
 - Implementing adequate technologies in order to assist CRM initiative
 - Setting standards (targets) for each initiative and each person involved in that circle
 - Evaluating actual performance with the standard or benchmark
 - Taking corrective actions to improve deviations, if any

10. Establishment of CRM (Specially in NEW-AGE Banks)

The need of CRM especially in retail banking has led to the establishment of new aged banker customer relations. Recently many banks have introduced many CRM practices and have tried to offer personalized approach to their customers. There are numerous ways in which it can be depicted that how banker customer relations are now being

established and what are the new ways in which new born banks are trying to strengthen its relation with customers. Such type of instances can be depicted as follows:

Kyc as an Effective Tool for CRM: KYC which stands for “Know Your Clients” plays a vital role in maintaining banker-customer relationship. KYC norms are the guidelines which are given and mandated by RBI subjected to be followed by each and every bank whether private or public. It helps not only to know about the customer which helps in opening account but besides it also helps in identifying the background of various customers which proves to be an effective tool for catering to them accordingly.

KYC norms help banks in building a strong and healthier relationship with its customers. In the present era we can see that KYC guidelines are playing a major role. Nowadays even for opening an account a customer needs to have fulfill the KYC norms then only he/she can open the account. With the help of this banks are not only benefitting by knowing their customers but also providing better offerings and services to their customers. In this competitive market a banks tries to cater maximum customers as it can so that it can have a large customer base. KYC is the first information that a bank gets and with the help of which it comes to know about its customers.

It varies from customers to customers that the banks provides its services. Maybe for a more potential customer bank can provide more facilities at a reduced cost. CRM plays an important role in the banking sector. KYC helps to better know your customers as in who they are, what are they looking for from the banks etc. and so on. Everything for a bank is its customers so it is very important for a bank to know the in and out of its customers which will help in building a lasting relationship between them.

With the help of KYC, a bank comes to know about its customers and provides varied services like loans, fixed deposits, recurring account, corporate loans, cash credit, credit card etc. and so on. With the help of KYC norms a bank also comes to know about the credibility of the customer and then assists accordingly. KYC has also proved success in helping banks to building better relationship with its customers by transferring money from one place to another electronically at just a click, booking tickets etc. There are various in the KYC form like income, address proof, identification verification, occupation etc. so that a bank

can understand which type of service it can offer and for which customer is looking for.

In the present scenario we can see that the banks are performing well and are successful in providing better services to its customers and on the other hand customers are also satisfied by the bank. We can say that the more a bank knows about its customer the better it serves. So it's better for a bank to serve its customer in a proper way so as to maximize its customer base and build a never ending relationship.

11. Concept of Personal Banker by CITI Bank:

Just like the name implies a personal banker would be one person at the bank who is familiar with all the products offered and assists you with your accounts. The personal banker is not limited to any one position but needs to be able to manage your accounts for you and provide advice. They can advise you on investment options, mortgage rates and the process, take care of fees on your account, and answer any questions you have. (9)

In city bank Professional personal banker helps you to take care of your wealth, save more time for you and your loved ones. The benefits which a personal banker provides are:

- One-on-one services
- Take care of all your daily banking needs
- Credible and trusted investment advisory
- Financial planning tool for tailored investment plan
- Effective information to support investment decisions
- Regular portfolio review

Home Banking Recently Followed by Axis Bank:

The practice of conducting banking transactions from home rather than at branch locations. Home banking generally refers to either banking over the telephone or on the internet.

The first experiments with internet banking started in the early 1980s, but it did not become popular until the mid 1990s when home internet access was widespread. Today, a variety of internet banks exist which maintain few, if any, physical branches. (10)

AXIS BANK has recently established personalized home banking service in which a customer interacts and avails services of the bank online and through telephone facility. A customer can also avail the facilities such as opening an account and even to the extent of getting a loan in which a banker will come to the customer's home and deliver him the service. This facility covers all the aspects from opening an account to the extent of withdrawing and depositing cash with the bank. The banker in such a case will carry all the documents related to the service being availed.

12. Special Offers to HNIs (High Net Worth Individuals) By ICICI Bank:

These are the individuals with a net worth of over a million and large financial holdings. 80% of the business of the banks comes from 20% of its customers, so it is important for the bank to retain these customers. There are many services which are provided by ICICI bank to HNIs like:

- Relationship Manager
- Separate interaction area in the branch
- Anywhere Banking facility
- Exclusive Phone Banking service
- Competitive Pricing
- Reduced rates for products and services
- Several Complimentary Offers
- Value linked benefits Exclusivity and Convenience

It also offers services such as phone banking for deposit cards, credit cards, debit card holders and bank holders. They classify individuals on the basis of their net worth and then they appoint personal banker to each of the individuals and hence establish a relation with these important clients and gain maximum business from them.

They categorize their customers under three segments namely:

- Select
- Premium
- Wealth advisory

After categorizing them they offer them privilege services and gain maximum value in return.

Mobile banking: Under this banks give out many services such as:

Request facility:

ICICI Bank Mobile Banking Requests enable you to enquire information about your ICICI Bank account or perform Banking transactions. You can enquire for:-

| | |
|---------|--|
| IBAL - | Account Balance Inquiry |
| ITRAN - | Last 3 transactions in your Account |
| ICSI- | Cheque Status Inquiry. |
| ISCR - | Stop Cheque Request. |
| ICBR - | Cheque Book Request |
| ICPA - | Change your Primary Account. |
| IPAY - | Make Payment for your Bills |
| IVIEW- | View your Presented Bills. |
| IRPDC- | Debit Card Reward Points (Only for HPCL Debit Cardholders) |

Alert Facility:

Under ICICI Bank Mobile Banking Alerts, you get alerted when the events you have subscribed for get triggered. You can subscribe for receiving SMS alerts on following events:

- Salary Credit
- Account Getting Debited - You receive an alert when your bank A/c is debited by Rs.5000/- or more, as specified by you.
- Account Getting Credited - You receive an alert when your bank A/c is credited with Rs.5000/- or more, as specified by you
- Cheque Bounce: Balance above a Limit. Balance Below a Limit.

13. Services Provided By ICICI bank to NRIs(Non Resident Indian):

ICICI bank offers services like money transfers, opening of accounts, insurance, loans, investments to its NRI customers. These can be classified as:

Account opening: It offers accounts such as NRE savings account

- NRO savings account
- NRI EDGE account
- NRE student savings account
- RFC savings account etc.

Insurance: It offers various wealth plans like:

- Retirement plans
- Child plans
- Term plans etc to its NRI customers.

Loans: It provides loans such as home loans and loans against fixed deposits.

Investments: It offers investment options in mutual funds, portfolio investment scheme etc.

- Apart from that it is offering many festive season services to its NRI accounts during Diwali and Christmas time when most customers return to India.
- ICICI bank has chosen Bollywood actor SHAH RUKH KHAN as its brand ambassador for its festive season services for NRI customers.

14. Property Selling Service By ICICI Bank:

In the year 2012, ICICI bank has started offering property selling services to its clients mainly to HNIs.

In this type of service bank basically maintains relations with the property developers and it offers property buying services to its customers without any inconvenience. The bank as a property provider finances the deal by providing the loans and thereby increasing the client base of the customer. The bank maintains tie ups with the property developers and earns brokerage in return by giving them the deal. So it's a dual advantage for the banks i.e they are able to maintain a large customer base and earn some money out of return too.

Hence this type of service also turned out to be valuable for the customers and has helped the banks to establish long term relations with the customers.

15. PPF Services Given by ICICI Bank

In the year 2012 ICICI bank being the only other bank apart from SBI bank has been given the authority to open PPF accounts .This service has enabled the bank to enlarge its customer base because the people usually prefer to open a savings account in those banks only in which they have a

PPF account, so it will also in turn increase the CASA rate of the banks and will provide the full retail services to its account holders and maintain a steady relation in return.

16. Providing Services to Illiterate Persons

Accounts may be opened for illiterate persons by the banks. As they cannot sign their thumb impressions are usually taken. These should be attested by a person known to the bank so that a trust-relationship can be established with the person.. Normally illiterate persons are not given cheque books. To withdraw money the a/c holder is expected to come in person .There is no legal bar in two illiterate persons having a joint account, so as a service provider banks can help two persons to establish a common account and maintain their relationship.

17. Benefits of CRM in Banks:

Customer Relationship Management (CRM) primarily caters to all interactions with the customers or potential customers, across multiple touch points including the Internet, bank branch, call center, field organization and other distribution channels.

Customer Relationship Management (CRM) can help banks in following ways:

Campaign Management – Banks need to identify customers, tailor products and services to meet their needs and sell these products to them. CRM achieves this through Campaign Management by analyzing data from banks internal applications or by importing data from external applications to evaluate customer profitability and designing comprehensive customer profiles in terms of individual lifestyle preferences, income levels and other related criteria. Based on these profiles, banks can identify the most lucrative customers and customer segments, and execute targeted, personalized multi-channel marketing campaigns to reach these customers and maximize the lifetime value of those relationships.

Customer Information Consolidation – Instead of customer information being stored in product centric silos, (for e.g. separate databases of savings account & credit card customers), with CRM the information is stored in a customer centric manner covering all the products of the bank. CRM

integrates various channels to deliver a host of services to customers, while aiding the functioning of the bank.

Marketing Encyclopedia – Central repository for products, pricing and competitive information, as well as internal training material, sales presentations, proposal templates and marketing collateral.

360-degree view of company – This means whoever the bank speaks to, irrespective of whether the communication is from sales, finance or support, the bank is aware of the interaction. Removal of inconsistencies of data makes the client interaction processes smooth and efficient, thus leading to enhanced customer satisfaction.

Personalized sales home page – CRM can provide a single view where Sales Managers and agents can get all the most up-to-date information in one place, including opportunity, account, news, and expense report information. This would make sales decision fast and consistent.

Lead and Opportunity Management – These enable organizations to effectively manage leads and opportunities and track the leads through deal closure, the required follow-up and interaction with the prospects.

Activity Management – It helps managers to assign and track the activities of various members. Thus improved transparency leads to improved efficiency.

Contact Center – It enables customer service agent to provide uniform service across multiple channels such as phone, Internet, email, Fax.

Operational Inefficiency Removal – CRM can help in Strategy Formulation to eliminate current operational inefficiencies. An effective CRM solution supports all channels of customer interaction including telephone, fax, e-mail, the online portals, wireless devices, ATMs, and face-to-face contacts with bank personnel. It also links these customer touch points to an operations center and connects the operations center with the relevant internal and external business partners.

Enhanced productivity – CRM can help in enhanced productivity of customers, partners and employees.

CRM with Business Intelligence - Banks need to analyze the performance of customer relationships, uncover trends in customer behavior, and understand the true business value of their customers. CRM with business intelligence allows banks to assess customer segments, which help them calculate the net present value (NPV) of a customer segment over a given period to derive customer lifetime value. Customers

can be evaluated within a scoring framework. Combining the behavior key figure and frequency to monetary acquisition analysis with a marketing revenue quota can optimize acquisition costs and cut the number of inefficient activities. With such knowledge, banks can efficiently allocate resources to the most profitable customers and reengineer the unprofitable ones. Data warehousing solutions have been implemented in Citibank, Reserve Bank of India, State Bank of India, IDBI, ICICI, MaxTouch, ACC, National Stock Exchange and PepsiCo. And Business Intelligence players hope many more will follow suit.

Apart from these benefits the banks also enjoy certain other benefits which can be listed below:

Cross-selling benefit: Banks have proper relationship managers which facilitate cross selling .A customer who is visiting the bank for opening a PPF account can also be pitched in for opening other types of accounts with the banks and they can be told about the various investment options which the bank has to offer such as gold selling, mutual fund selling, life insurance, general insurance and D mat accounts.

The banks can earn a profitable customer base if it maintains a strong and healthy relation with the customer. It can enjoy the benefits of cross selling and increase their income via various mediums through this approach.

Property selling: As mentioned above ICICI banks are enjoying the benefits from property selling. They enjoy certain commission from the builder side if they are providing that type of customer base to the builder.

This type of income increases the non income parameter of the bank which is an important parameter for judging the performance of the bank and apart from that it also helps the banks to establish good relations with the developers which in turn may become their future customers.

18. Declining CRM (Factors Contributing)

Customers may not want what they get: A CRM system apart from improving front office operations and customer servicing also helps in coping with many services that do not need manual intervention. These are serviced by channels like IVR, Internet and ATM. Customers can get account information, information on credit balance, issue instructions for drafts or even transact through these. At the same time there may be a few customers who still prefer the traditional methods of banking. Banks need

to be flexible enough to continue to extend the “personal touch” that such customers prefer.

Make changes internally before going for CRM: Many banks have spent a lot of money on CRM, finding it easier to buy CRM technology than to make the major internal changes necessary to really make CRM work for them. Unfortunately for these banks, the software has often failed to deliver.

Some factors which can be cited for declining CRM are:

Online banking: This can be clearly cited out of the JAPAN BANKING CRISES which gave the view point that as soon as e banking was introduced in Japan people stopped visiting the branches because their the banks never established banker-customer relations and so there was less of personal touch by the banks which ultimately led to a big crisis in the banking sector.

Age profiles: New age generation is more technology friendly as compared to the elder generation, who still require personal touch. This is absent in the prior case because their the people have limited amount of time and hence they prefer to do all their transactions through e banking. So this segment is the area in which the banker must establish personal relations so that mutual benefit can be visible in both cases.

Too many people less branches: This a common scenario with the Indian banking industry as there are less number of branches and bankers in proportion to the number of clients held by them. The major drawback from this can be that multiple clients are being handled by single bankers so a proper banker customer relation is difficult to establish and due care of a single client by a single banker is not visible.

A remedy for this scenario can be taken from the example of YES bank. It launched a corporate banking strategy in which a single large client is handled by a personal banker and due to this a bank may not need such a large customer base (80% and 20% strategy) and hence due care is taken of a single customer without any problem.

Clients keeping multiple accounts in different banks: This is a common practice that is followed by major clients, they usually keep multiple accounts in different banks. The major problem with this is that the clients cannot reap all the crm benefits which a bank has to offer, the benefits are divided among various banks but the core benefits are not derived through a single bank. One bank may try to offer or push several services to such a

customer but he may have a good relation with other bank so in this case a proper banker customer relation cannot be established.

Wrong selling practices: Sometimes, bankers to achieve their targets or banks for their personal income sell products which are not needed by the clients or which are not the current need of the clients. A mutual fund is a common example where bankers to complete their targets sell them to the clients even if the clients do not need it.

ULIPs (Unit linked insurance plans) were banned from the banking industry because it charged a high amount of commission on the premium paid by the customers. It was a hidden cost for the customers and a benefit for the banks because they usually earned a commission of around 40 % from these plans. The customers usually suffered high amount of losses. They used to not read the entire document because it was bulky in nature and hence their trust was not matched equally by the bankers.

19. Recommendations for Banks (Improving The CRM Approach)

Success Factor: Banks must realize the term CRM in its broader term. No doubt personal interaction, marketing and sales are the right view of CRM but CRM includes a lot more than that. In its vital sense CRM includes persona interaction, marketing and sales, IT, customer knowledge, people, process and can also be some other dimensions of CRM. Banks not only just concentrate on one segment of CRM, but by using a mix of different elements they can get a real customer oriented services, with a long term relationships.

Continuous learning process: Customer needs and requirements are very much volatile, it is recommended to keep one foot ahead of the customer. Banks must know what is going to happen in future so that they can prepare offers according to the changing environment. Customers also want to stay where they can find innovative ideas. In changing environment, it is good to look forward by anticipating future.

Customer information: customer is only loyal when the bank has the thorough understanding of the customer's requirements, if banks don't have enough information about customer, it is impossible to understand customer's business problems. It is recommended to keep on tracing the customer and get through knowledge about customer's problems.

Organizational Structure: CRM is not just a technology or some sort of equipment to buy and implement it, it is a total philosophy. To implement

the sole of CRM it is recommended to make changes in each and every department and from top to bottom management. The whole organization organized according to CRM requirements.

Clear goal & objectives: Every one working in the organization must have a very clear goal in mind; the whole organization must be working as a single unit. It is not affordable that the higher management is looking CRM as marketing and sales and middle management looking towards personal interactions and so on. At every level CRM definition must be very clear, here definition does not mean by few written words, but it's sole. Why we are sitting in the market? Who are our customers? Why to make contact with them? How to make contact? How to make it

long? How to make customer satisfied? How these satisfied customers make to come again and again? These and other questions must be very must clear in every one working in the bank.

20. Present and Future of CRM in Banking

A bank is merely an organization it accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cheque and cards, monthly statements, timely announcement of new services, helping the customers to avail online and mobile banking etc. Huge growth of customer relationship management is predicted in the banking sector over the next few years. Banks are aiming to increase customer profitability with any customer retention. This paper deals with the role of CRM in banking sector and the need for it is to increase customer value by using some analytical methods in CRM applications. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making.

In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly. CRM in banking industry is entirely different from other sectors, because banking industry

is purely related to financial services, which needs to create the trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit cum ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers.

The present day CRM includes developing customer base. The bank has to pay adequate attention to increase customer base by all means, it is possible if the performance is at satisfactory level, the existing clients can recommend others to have banking connection with the bank he is operating. Hence asking reference from the existing customers can develop their client base. If the base increased, the profitability is also increase. Hence the bank has to implement lot of innovative CRM to capture and retain the customers.

There is a shift from bank centric activities to customer centric activities are opted. The private sector banks in India deployed much innovative strategies to attract new customers and to retain existing customers. CRM in banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The use of CRM in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the bank in today's competitive milieu. This has resulted in the adoption of various CRM initiatives by these banks.

21. Conclusion

Banking can be mysterious for consumers and how they interact with their finances can be a complex matter. The challenges faced by banks and their customers are many but the trick lies in de-mystifying complex financial relationships. Technical solutions deployed by banks today are flexible, user-friendly and meant to facilitate specific workflow and requirements in implementation processes. In order to simplify lives, banks have begun to implement end-to-end technologies through all departments with the intention of removing human error from processes. Previously existing manual environments could not have been adequate for future visions, growth plans and strategies. In this day and age, customers enjoy complete luxury in terms of customized technical solutions and banks use the same to cement long-term, mutually-beneficial

relationships. For a bank to succeed in adopting a CRM philosophy of doing business, bank management must first understand CRM as a holistic concept that involves multiple, interlocking disciplines, including market knowledge, strategic planning, business process improvement, product design and pricing analysis, technology implementation, human resources management, customer retention, and sales management and training.

Turning the business strategy into actionable items is a difficult undertaking. For which Customer Relationship Management works a magic wand.

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RETAIL SUPPLY CHAIN: CHALLENGES & SOLUTIONS FOR THE INDIAN RETAIL SECTOR

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ABSTRACT

Emergence of organized retail in India is bringing a landscape change in the way retailing has been traditionally perceived and executed. However, it is not just the front end that is witnessing this frenzy, but the entire supply chain is going through a dramatic development. Effective supply chain management is the backbone of retail industry and therefore, is crucial to its performance. From a mere operational obligation, supply chain management is going to become the key competitive tool for winning the consumer.

Globally, effective supply chain management has created retail giants : Wal- Mart being the best example for this. Today, Indian retail stands at the crossroads of making key decisions regarding not only the front end but for the entire supply chain, that could dramatically affect retail performance in the long run. Huge investments, government policies, third party intermediation, fast changing consumer preferences are all going to characterize this back end revolution.

On a long term basis, supply chains would need to be built flexible, in order to respond to changes, drastic or slow, in demand, supply and technology. Further, flexible supply chains would allow retailers to tackle any dramatic events like natural calamities, terrorism, etc. Aligning the supply chain strategy with the business strategy would be of paramount importance in order to make strategic decisions more effectively, like entering new markets, new product introductions, new mode of sales, etc. Anticipating the future, and building a supply chain around it, is another way of looking at what the customer behavior would be in the long term. This research paper brings out, through several facts, figures and past experiences, the issues being faced by the Indian retailers in the development of a solid back end and hence, important areas for them to focus on in the near future.

Keywords: organized retail, supply chain management, consumer preferences, strategic decisions

1. Overview of Retail SCM in India

The Indian economy has been showing one of the fastest growths amongst the developing economies in the world, at 9% of the GDP (real growth rate) for the fiscal year 2006-2007, at an estimated level of INR 38,000 bn. The retail phenomenon is, and is projected to be a major driver for this growth in the near future. Retail is estimated to be contributing 37% to the overall GDP, and is also projected to grow at 9% year on year, for the next 5 years. The share of organized retail, currently only 4% (INR 500 bn) is projected to grow at 45% CAGR for the next 5 years to 15% (INR 3100 bn) of the overall retail bandwidth by the year 2012, with investments to the tune of INR 1,360 bn in the retail front end during the same period. With such high growth rates and market sizes, investment in supply chain and logistics, the retail backbone, has become imperative. The major investment areas in retail supply chains lie in the area of sourcing, distribution centers (warehouse, cold storage), transportation networks, inventory (both store level and warehouse), supply chain information systems such as warehouse management systems, planning, forecasting, inventory management, etc.

Retail chains can choose to own or outsource one or more areas in the back end starting from inbound transportation, distribution centers, or even further upstream, value adding operations. Currently, some of the retail chains like Subhiksha have outsourced most of their back end, while some, such as Reliance, are investing heavily in the supply chain network. Others are positioned in between owning part of the activities in the back end. Outsourcing is done mostly in inbound transportation to independent trucking companies, or to 3PLs, who may also provide other services as warehousing.

The contribution of Indian retail sector to 3 PL is a mere 4% approximately (3PL retail revenues as a % of total 3PL revenues) but growing at a CAGR of 16%. This shows that the 3PL services in Indian retail is still at a nascent stage. 3PL usage in other sectors is also very low at 5% (3PL revenues to outsourced logistics revenue), but is predicted to grow at a higher rate of 22% in the next 3-5 years.

2. Comparison and Benchmarking with International Retail Supply Chains

Retailing inherently is a difficult business. Forecasting is merely 65% accurate, up to 20% of the orders are filled imperfectly, 30% of the

merchandise is sold on markdowns, 75% of the new products fail to meet expectations, net margins are low (2-3%) and inventory is high. However, even beyond that, the Indian retail scenario has a number of deficiencies. Supply chain and logistics costs currently in some cases go up to 10% of the organized retail sales, to the tune of INR 50 bn, while it is less than 5% in mature retail markets such as US. Thus, there is a current improvement opportunity of up to INR 25 bn. In the next 10 years, this gap of INR 25 bn could go up to INR 300 bn., and hence a lot more investment and effort would have to be put in to reduce this.

On other measures of supply chain effectiveness also, Indian retailers lag behind that of mature markets. Indian retail chains turn their inventory much slower, and stock out levels are also higher. Even the more established retail chains are able to turn their inventory only half as fast as retail chains in US or Western Europe, and stock out levels are also twice or thrice as much. On the other hand, shrinkage levels are in tandem with international benchmarks. However, since many retailers have still not invested in the back end and the average length of the retail supply chains in India is comparatively smaller than their counterparts in other mature markets, this figure might not have been accurately captured.

Case Study: Wal-Mart

Wal-Mart, the world's biggest retailer, has invested heavily in its supply chain and uses a number of supply chain practices to leverage its "every day low prices" (EDLP) strategy (overall lower & stable prices as compared to other retailers). Wal-Mart turns its inventory 10 times a year on an average (sales/inventory); this compensates for its relatively overall lower prices, and hence lower gross profit (gross margin/sales). GMROI (Gross Margin Return On Inventory, defined as $\text{Gross Profit} \times \text{Inventory turns}$) for Wal-Mart, a popular measure for measuring retail performance, is thus a healthy 2 to 2.5.

Besides employing popular practices such as cross docking, some other supply chain practices employed by Wal-Mart as EDLP enablers are: Pick to pallet replenishment process – picking of products at the DCs (supplying to a particular set of outlets) specific for an outlet aisle, so that each pallet that is delivered to an outlet, is moved directly to the appropriate aisle to be replenished. This process allows Wal-Mart to decrease replenishment costs at the store level by increasing restocking efficiencies.

Post receipt allocation for the outbound distribution process – product order is made to the vendor at an aggregated level; however, the aggregated order is not sorted for each store until it is received at the DC. This makes the supply chain more flexible and allows Walmart to respond to fluctuating demands more readily.

Changing the flow of replenishment based on product characteristic – the replenishment strategy is based on 3 characteristics: volume, supply & demand variability. Products with low supply & demand variability are cross docked, and lower overall inventory is maintained; products with high supply & demand variability and high volume have a higher inventory in the warehouse, and so on. This helps Wal-Mart maintain overall lower inventory.

Source: An Analysis of Current Supply Chain Best Practices in the Retail Industry with Case Studies of Wal-Mart and Amazon.com (Colby Ronald Chiles and Marguarette Thi Dau, June 2005)

3. Factors Affecting Organized Retail SCM in India

a. Retail – SCM Perception and Outlook

The previous section, through several facts and figures, focused on the fast-paced growth that the Indian retail and retail SCM are expected to witness in the coming years. The growth is not just going to be in the investments and size of operations, but also in terms of maturity and excellence in SCM. Currently the retail industry is channelising most of its energy into the front-end of the retail business, which is still developing, and the back-end supply chain is not of core concern for a number of players. This is compounded by the fact that there are few SCM professionals in the country and even fewer who have an experience in the retail sector. Even amongst them, the level of process expertise and best practice skills are low.

However, with the growth of organized retail and with the mushrooming of academic courses and training programs in supply chain management and retail, a number of SCM professionals are gradually focusing more towards a scientific methodology in dealing with the back end supply chain. Therefore for the next 2-3 years, the front end will continue to witness the expansion frenzy, with consolidation coming in as the next wave, and so in the near future, the focus will begin to shift towards evolving a world-class “Close-Knit” supply chain. Indian retailers

will get a fraction of time to reach the top-level of SCM performance and capability as compared to Wal-Mart (U.S.) and other such benchmark retail-SCM organizations. Following gives an illustration of the evolution of Retail SCM:

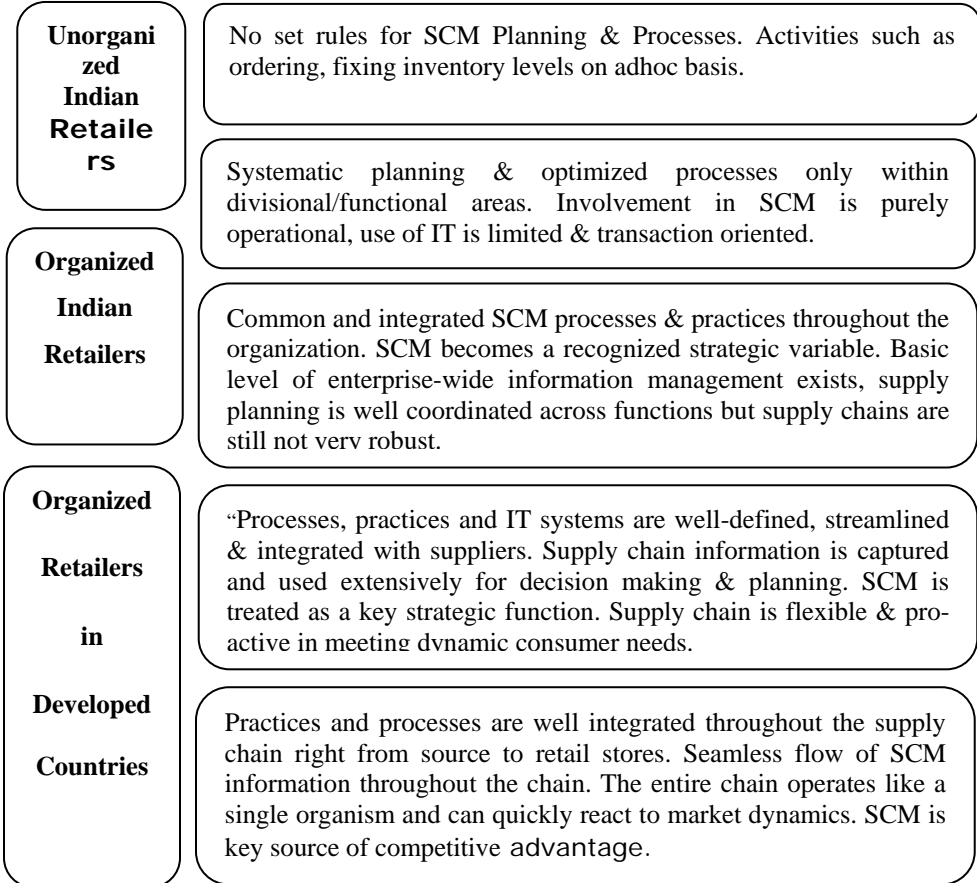
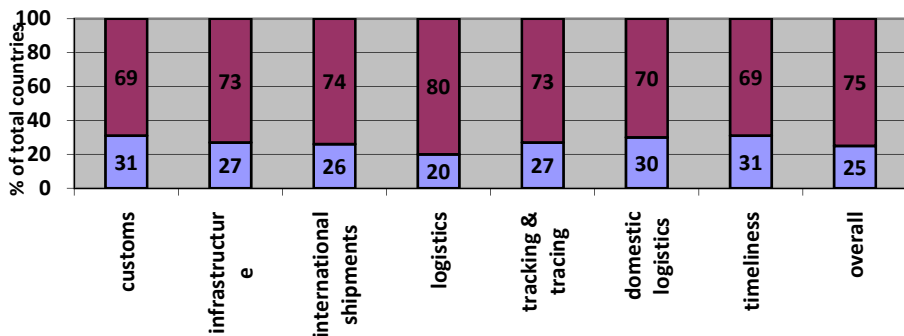


Figure-1 Retail SCM evolution Model (Source: Technopak analysis)

b. Infrastructure Hurdles

In India, the logistics costs are around 14% of GDP, compared with 8% in the U.S. This is not a tribute to the size of the logistics sector in India, but a symptom of the inefficiencies resulting, from poor infrastructure. For example, losses constitute 14% of the total logistics expense. Also, investment in infrastructure is less than 4% of the GDP, compared to 9% in China. At present, there is very little unused capacity

in the country's warehouses. Most of the warehouses are poorly designed and operated and certainly not fit for supporting world-class retailing. Compounding the problems are ever rising costs of energy and real-estate which make logistics investments and running costs high.



Countries below and Above India

Figure 2- Comparative Standing of India on the logistics performance indices (Source: Trade logistics in the global economy-2009)

There is a great scope of improvement for India with respect to other countries in the world. Till the time logistics infrastructure catches up with retail expansion, Indian retailers will have to find innovative ways of overcoming the bottlenecks. For example, inland waterways offer one of the most fuel-efficient and eco-friendly modes of transport and there are already 3 national waterways in operation. Two of them are in the Eastern part of the country where the road infrastructure is poorest. Emergence of organized retail has fueled not only front end activities, but is also making an impact on the development of effective supply chain management, the back bone of retail industry. This section outlines the 5 most important factors that organized retail is making an effect on, with respect to supply chain development.

Government or corporate, and sometimes both together, through public-private partnerships are increasing the investment in infrastructure. At present, 40% of our fresh fruits and vegetables get wasted, but cold chain development may not be viable unless incentivized by the government. FICCI has already approached for tax sops on investments in cold storage; intensive lobbying from the retail industry is needed to ensure that such initiatives result in positive steps from the government.

However a lot more investment and efficient execution of infrastructure projects is needed for logistics infrastructure to keep pace with demand of growth in retail. Use of information technology, cutting-edge warehouse & transport technologies and hardware are some of the tools to cover the infrastructure gaps.

c. Impact of VAT

The move from varying tax structures across different states and across different industries to a uniform tax structure as envisaged ultimately through central and state level Goods and Sales Tax (GST) is fraught with a number of stages of implementation, which will impact short to medium term planning and long term planning of distribution networks and sourcing decisions differently. The impact may or may not be direct on the retailers, but the implications will be for the entire supply chain, and hence will indirectly affect their decision making. The Goods & Services Tax (GST) was being eagerly awaited to bring uniformity and simplicity to the plethora of indirect taxes including VAT, in force across goods and services. The recent agreement by the Empowered Committee of State Finance Ministers to propose a dual Goods & Service Tax (GST) structure from 2013 is a set-back to those expecting a Unified GST regime across the centre and states. However the proposals do subsume entry tax, Octroi, luxury tax, Entertainment tax, and other cess on goods into the State GST and simplify the tax structure to some level. The VAT system currently prevalent in India encourages sourcing within the state as much as possible for retail sales and vice versa. It also encourages locating D.C.s in the state of sale if the procurement is from a different state. However, if it ever happens, the eventual reduction of Central Sales Tax to 0% will eliminate the necessity to have a warehouse in every state for tax reasons. Further more if and when VAT input credit would be allowable across states, it would also eliminate the incentive to source and sell in the same state. There is a common belief that 0% CST will usher an era where a single national distribution center or four regional distribution centers will be able to serve the entire business. This may become possible for many businesses, but for retail there might still be requirements for a large number of warehouses to maintain high levels of service and replenishment frequencies.

It should be kept in mind here that sales tax is a state subject; the

individual interest of every state and political considerations lend uncertainty to when the VAT/GST roadmap will actually be implemented and to what extent. Retail Chains need to cleverly design their networks for the present as well as future to master these nuances.

d. Supply Base

Besides dealing with large number of SKUs and categories, Indian retailers have to deal with a fragmented supply base and a number of intermediaries (especially non branded products), leading to low margins and fluctuations in price and availability. Also, due to the presence of big manufacturers, traditionally the power equation had been resting with the supplier, rather than the retailer in most cases. Both these factors are changing due to the emergence of organized retail and hence, big retail chains with pan India presence are all set to change the traditional sourcing structure and strategies.

An illustrative example regarding fresh fruits supply chain, as well as wastage in the value chain for some fruits and vegetables is presented in the following figure:

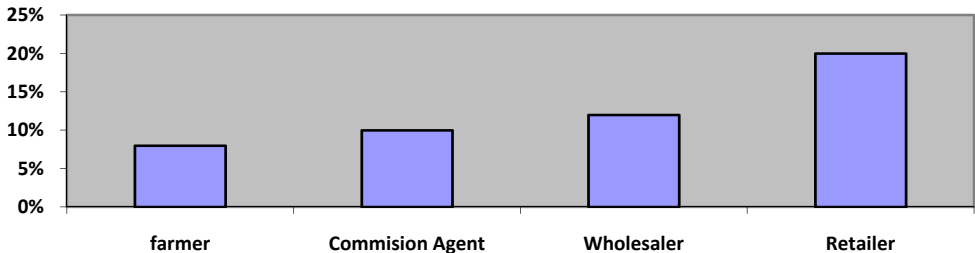


Figure 3-Scope of Disintermediation: Case of Apples(Source: Technopak analysis)

The fresh fruits supply chain like most food supply chains in India is congested with numerous intermediaries that add little economic value. Also, poor handling and storage causes huge wastage. Supply fluctuations sometimes due to the intermediaries create price uncertainties that hurt the farmer and consumers. The opportunity for Indian retailers is to buy from the right source at the right time and in the right condition so as to get the best prices for themselves and the consumers and also to minimize supply

uncertainties.

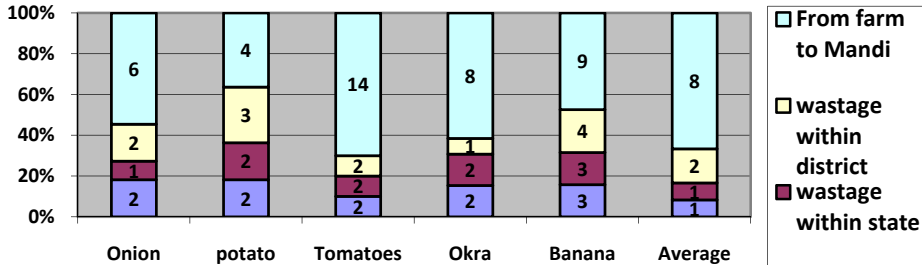


Figure 4-Wastage at various sources of the Value Chain[% total Production in India](Source:“en route”-in house magazine of group TCI,July sept 2009, pg 3)

4. SC Objectives

The previous section analyzed the current scenario of supply chains in Indian retail, its comparison with international retail supply chains and the factors affecting its future. This section focuses on typical pain areas for Indian retailers in the execution of an efficient supply chain. The following framework represents how the starting point (symptoms of inefficiencies) and end goals (SC objectives) are linked together. The symptoms are the effects (related to higher costs and/or lower service levels), caused by inefficient processes (pain areas). Solution to these pain areas require professional expertise in some strategic SCM area(s), the effect of which is finally linked back to the SC objectives (lower costs and/or higher service levels).

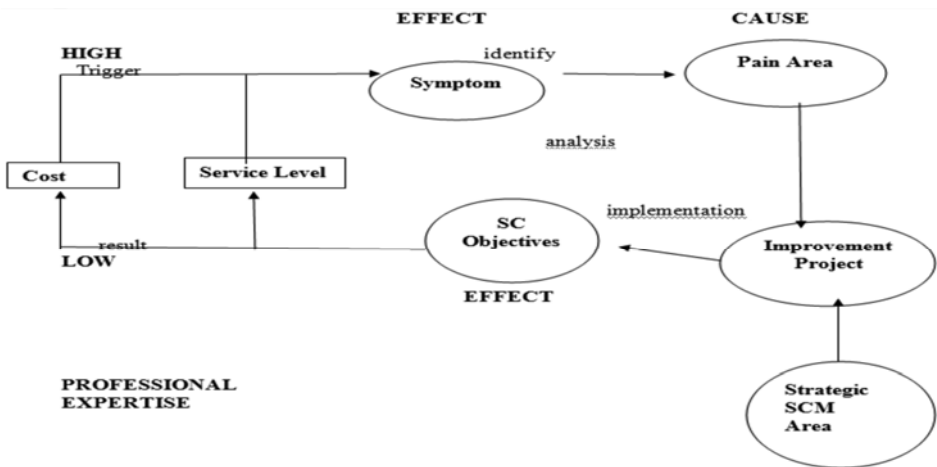


Figure 5- Retail SCM improvement framework

An efficient supply chain strategy has two tradeoffs to make:

- To reduce cost; this is nothing but cost of goods sold and selling expenses
- To improve service levels; this is ultimately linked to increasing revenues by increasing customer satisfaction.

Together they contribute directly or indirectly to the bottom line, hence increasing shareholder value. However, no supply chain is totally efficient; there is always scope to improve upon the current performance, even though there might not be clear symptoms of non performance. An inefficient supply chain, on the other hand, shows clear symptoms of non performance in the above two areas. Also in some cases, the impact of improvement is directly visible on the bottom-line, in others, it affects indirectly. In either case, there is tremendous opportunity to reduce costs and improve service levels. The Indian retail scenario is either yet to invest in the supply chain, or if it has, is observing inefficiencies at virtually every point, as discussed in Section 1.3, under the Retail SCM evolution model. The next section takes a look at these inefficiencies (symptoms or effects) and possible reasons (causes or pain areas) behind them.

5. Symptoms & Pain Areas

The Indian retail phenomenon is fairly recent; hence, as pointed out earlier, the industry is still at its nascent stages, leading to inadequate investment in a solid back end. Poor infrastructure, fragmented supply base and the absence of a mature 3PL industry are some of the reasons which compound this problem. The end result is an inefficient supply chain, which shows a number of symptoms of inadequate processes. Since the two main objectives of an efficient supply chain are to reduce costs and increase service levels, symptoms of the typical pain areas relate to them. Some of these symptoms are high material costs, high transportation costs, high warehousing costs, high wastage costs, frequent stock-outs, huge mark-downs, high rate of return/quality dissatisfaction, low inventory turns, etc. These symptoms are the trigger points to often larger issues such as an un-optimized distribution network, in-efficient transporters, poor infrastructure, poor design and layout of DCs, absence of an inventory policy, etc. Attacking these issues may require internal change in strategy or initiating a change in the external environment, or both. As an example, the transportation industry in India is fraught with

small truckers, who add to the problem of poor infrastructure. As an estimate, approximately 2/3rds of the trucking companies generating 80% of the revenues have a fleet of less than 5 trucks, and the average speed on Indian roads is 20 Kms per hour as compared to 60 kms per hour in the west, even though India has the 2nd largest road network in the world. As a result, it is but natural that lead times are high, long term relationships are absent, and retailers hardly have any visibility of the goods being transported. Add to this, an un-optimized distribution network and rising fuel prices and so transportation costs go high as well.

In terms of sourcing, as mentioned earlier, a fragmented supply base and large number of intermediaries lead to a swelling up of product costs by the time it reaches the retail point. Due to the pressure of keeping prices low, the margins are often squeezed out, leaving very little for retailers, while affecting product quality and availability.

The DCs are mostly viewed only as storage spaces and have till date been built keeping in mind the local tax structure. On the other hand, in a number of cases, processes within the DCs are highly inefficient; the handling and movement of material is poor; equipment and machines are old, hence are both risky and costly; IT implementation is low, e.g. Warehouse Management Systems; and the human resource is poorly trained to carry out the processes efficiently and safely. All these add up to high warehousing costs, which is further fueled by rising real estate prices. At the retail level, inventory is the biggest issue. Forecasting accuracy itself is a big problem in retail industry; historical data is not readily available since retail chains are still being set up. On top of this, inventory levels are not properly set, trigger points are not well defined, and due to problems in the distribution network or at the supply level, replenishment is uncertain. This results in higher stock outs, higher mark downs, low inventory turns and high pilferage. The end result is low service levels, and high costs.

6. Strategic SCM Areas

Expertise in several strategic SCM areas is required to cover the issues outlined in the previous section. Proper execution of these in the Indian context, however, is not straight forward because of the absence of historical data and good infrastructure. Indian retailers, therefore, will have to find creative ways to overcome these short comings. The

following table outlines some of the key success factors and the impact of strategic SCM areas:

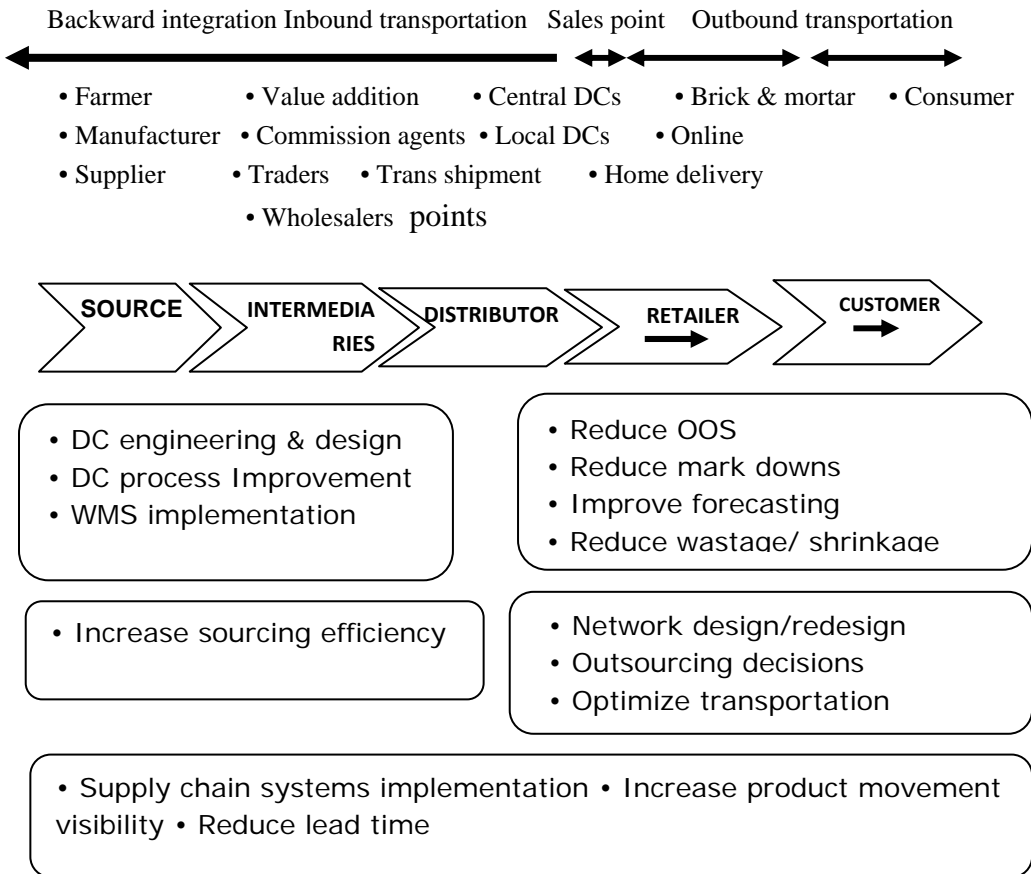
Table 1- Strategic SCM areas

| | | |
|---|--|---|
| Network Design & Optimization | <ul style="list-style-type: none"> Stock-outs, All logistics costs, High inventory, Quality deterioration | <ul style="list-style-type: none"> Accurate data and business plans should be used Socio-economic factors should also be considered before selecting a network Network planning and refinement should be done periodically and systematically Use of quantitative techniques such as Mixed Integer Linear Programming constructs lends more accuracy to the exercise |
| Transport Optimization | <ul style="list-style-type: none"> Product quality deterioration, High in-transit inventory, Stock-outs, Transportation costs | <ul style="list-style-type: none"> Effective Transport vendor management Use of technology and tools such as vehicle tracking, Transport Management Systems etc The freight strategy should have alternatives in place to counter poor availability of transport and transport infrastructure |
| Supply & Demand Planning | <ul style="list-style-type: none"> Stock-outs, High inventory level | <ul style="list-style-type: none"> Use of expert validation to system generated forecasts especially for new products and promotional products Good data management systems to make use of historical data for planning activities Close integration and co-ordination between forecasting and planning processes and people Continuous measurement and improvement of forecast and planning accuracies Use of IT tools for planning and forecasting only after thorough testing and training of personnel |
| Replenishment Policy and Inventory Optimization | <ul style="list-style-type: none"> Inventory levels, Stock-outs, Warehousing costs | <ul style="list-style-type: none"> Continuous monitoring of inventory levels and throughputs of SKUs to adjust replenishment policy Simulation modeling and good use of historical demand data for arriving at optimum inventory levels, especially safety stock levels Supply Chain team should work closely with merchandising to be aware in advance of changes in assortment |
| Retail Merchandising | <ul style="list-style-type: none"> In-store stock-outs, Store inventory levels, Product quality deterioration, Mark-downs | <ul style="list-style-type: none"> Assortment planning should be done in close co-ordination with the back-end chain Inventory and replenishment policies should be synchronized with rest of the supply chain |
| Warehouse Design & Operations | <ul style="list-style-type: none"> Warehousing costs, Product quality deterioration, Wastage costs, | <ul style="list-style-type: none"> Right balance of labor and automation Designing for scalability and flexibility Extensive use of personnel training and process improvement Lease and CFA agreement should be for long-term yet allowing smooth and easy exits allowing stability, flexibility and protection from rental variations at the same time Nurturing the right 3PL relationships is of utmost importance |
| SCM IT | <ul style="list-style-type: none"> Indirect impact on overall logistics costs and services | <ul style="list-style-type: none"> Integration of systems to gain synergies and provide information more useful for decision making Selection and up-gradation of systems for changing needs Good execution and project management skills in the team for meeting deadlines and expectations Ability to quantify savings to secure funding and support in the organization SCM – IT |
| Procurement | <ul style="list-style-type: none"> High material costs, Product quality, | <ul style="list-style-type: none"> Extensive market and material research documented into a knowledge base Expert negotiation skills Disintermediation Development of trusted suppliers over the long term Procurement |

7. Improvement Areas for Indian Retailers

A typical value chain with the end point as retail consists of a complex mix of a number of players in between, from distribution network to several intermediaries, supplier and supplier’s suppliers. The retail firm boundaries may extend anywhere from the sales point (stores, typically for Indian retailers today) and backwards up-to the source, encompassing the distribution network, intermediaries and the final supplier. The linkages in between these entities (transportation network) may be owned by either of the parties. Finally, to ensure proper planning and visibility, IT systems may need to be deployed at various points of the value chain, often connecting one entity to the other.

Figure 6- Retail Value Chain Framework



A number of opportunities exist for Indian retailers today in terms of reducing cost and improving service levels in the existing supply chains. For most retail chains today, simply setting up the entire network is a big challenge at the moment, since decisions today will affect the performance of their stores (or any other mode of sales) in the coming years. Investment required will be huge and a number of challenges will have to be overcome, as described in the previous sections. Network design, DC design & engineering, Supply chain IT systems implementation, decisions to outsource part of the network are some of the typical projects Indian retailers are taking up at the moment, and would be taking up in the near future. However, going forward, there will be tremendous scope to further improve upon the supply chains and even more important, to use supply chain innovation for gaining competitive advantage. As mentioned before, Supply chain best practices in global retail have created giants like Walmart, Amazon, Target, Tesco, Metro, to name a few. Hence, a number of projects, including process improvement at the DC level or the store level, improving forecasting accuracy, reducing out of stock, increasing sourcing efficiency, increasing product movement visibility, reducing lead time (sourcing, distribution), optimizing transportation etc. should be on the radar of the Indian retailers for the short to medium term time horizon.

On a long term basis, supply chains would need to be built flexible, in order to respond to changes, drastic or slow, in demand, supply and technology. Further, flexible supply chains would allow retailers to tackle any dramatic events like natural calamities, terrorism, etc. Aligning the supply chain strategy to the business strategy would be of paramount importance in order to make strategic decisions more effectively, like entering new markets, new product introductions, new mode of sales, etc. Anticipating the future, and building a supply chain around it, is another way of looking at what the customer behavior would be in the long term.

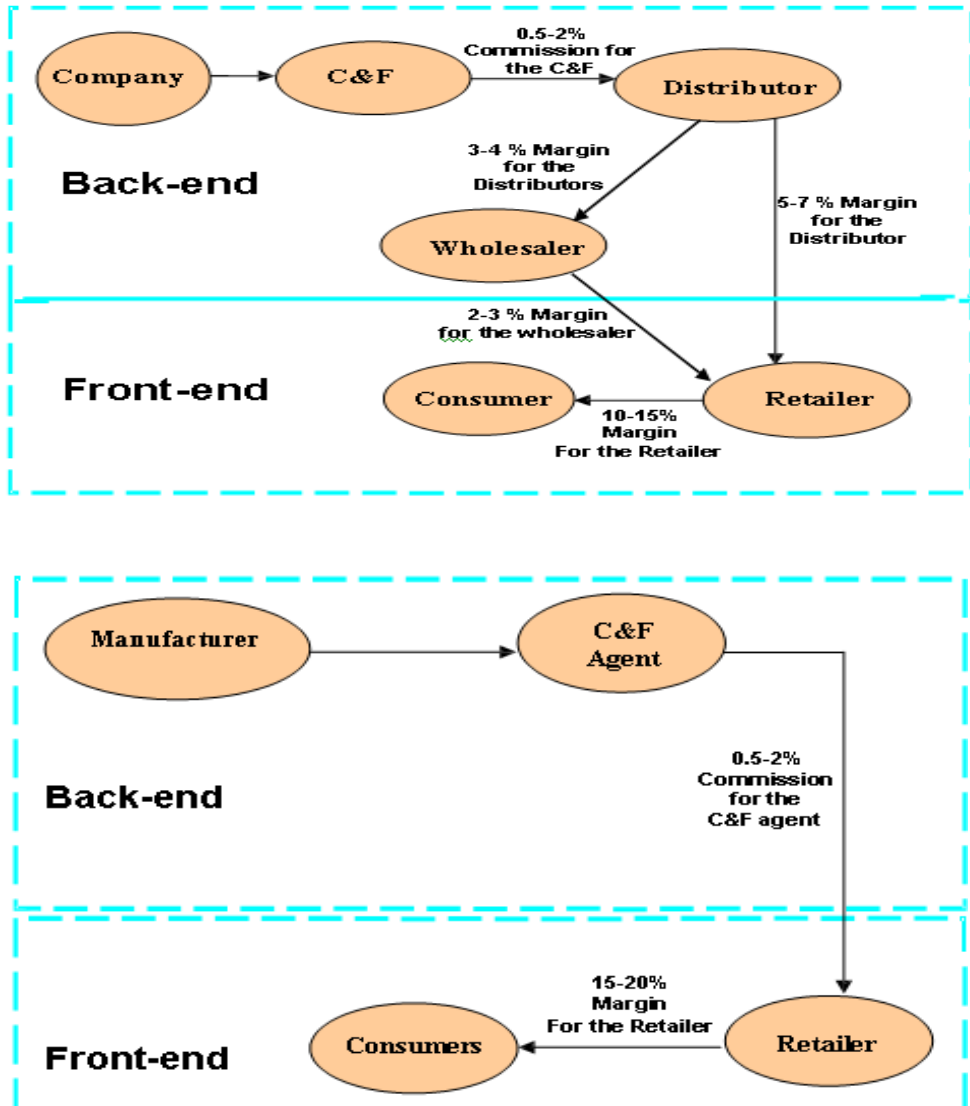
8. Improvement Projects for Indian Retailers

DC design is a very important area for Indian retail today. As much as expansion of store space in the front end, requirements for back end warehousing space have been increasing. Inefficient DC processes often lead to low availability and higher stock outs or higher than required inventories in the retail store. Therefore designing the layout, defining the processes, implementing WMS and other systems becomes critical for front end performance.

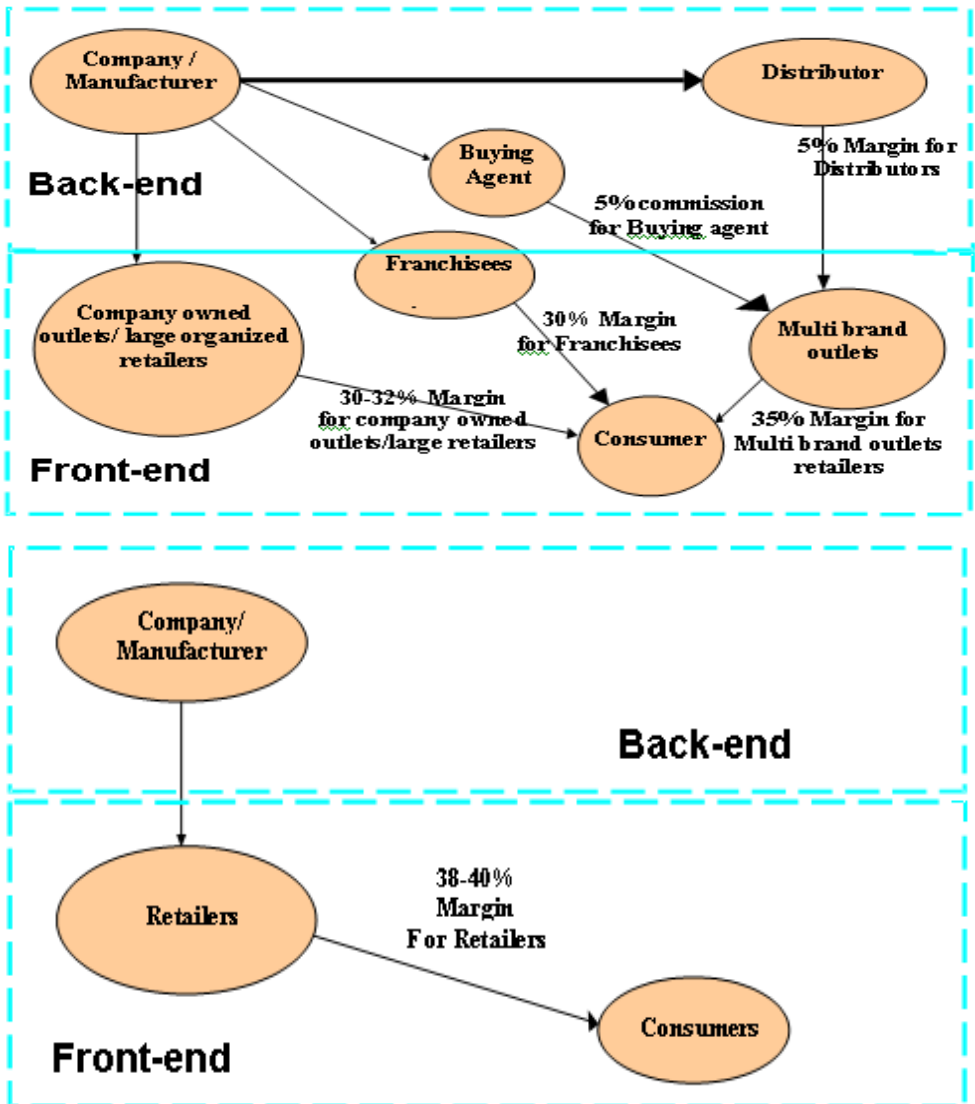
Steps required for DC design and the graphic for the sample of a DC process is shown below:

- The network modelling delivers the basic input and output flows for all the facilities. This now has to be translated into internal flows and design data specifying for each function in the DC's dynamic and static capacities
- Basic handling steps have to be outlined within a conceptual process design. This design becomes the base for the DC layout and the operating cost budgets
- In designing the warehouse processes and selecting the supporting technology, traditional sources of errors have to be eliminated and the principles of zero defect operations have to be adhered to.
- For each functional area in a DC, technical alternatives have to be developed to such a degree that an evaluation based on investment, operating cost and a number of agreed qualitative criteria can be made.
- The selection process also has to consider the criteria of "scalability". This term describes the ability to enhance the installed solution with further technology or equipment to increase capacity without having to replace the previous investment.
- The selected individual solutions have to be combined to an overall solution in the next step.
- Always a minimum investment alternative should be carried forward, which serves as benchmark to allow justification of investment into a more advanced level of handling technology.

Figure 6 and Figure 7 illustrate the traditional (current) supply chain and the new supply chain that could emerge in the FMCG and apparel categories.



A. Current Supply Chain with more Intermediaries



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“IMPACT OF CELEBRITY ENDORSEMENTS ON CONSUMER BRAND PREFERENCE FOR SOFT-DRINKS IN RAJASTHAN”

(A PILOT TEST WITH REFERENCE TO THE JODHPUR CITY OF RAJASTHAN)

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ABSTRACT

In the present era of information explosion and media influences, these advertisements play a major role in changing the settled perception or thinking, which is otherwise called attitude, of the consumer and also the consumption pattern of the society in general. Across the world, celebrities have been used for a wide variety of brands. The crescendo of celebrities endorsing brand has been steadily increasing over the past years. Marketers overtly acknowledge the power of celebrities in influencing consumer-purchase decisions. This study focuses on identifying the influence of celebrity endorsements on the purchase perception and attitude of the consumers. It is an ubiquitously accepted fact that celebrity endorsement can bestow special attributes upon a product or service, which it may have lacked otherwise.

Keywords: Attitude, Brand, Celebrity, Endorsements, Effectiveness, Perception

1. Introduction

Celebrity endorsements are an omnipresent feature of present day marketing. The modern corporation invites significant amounts of money to align itself and its products with big name celebrities in the belief that they will:

- draw attention to the endorsed products or services

- transfer image values to these products or services by virtue of their celebrity profile and engaging attributes

2. Definition of Celebrity

Celebrities are people who enjoy public recognition by a large share of a certain group of people whereas attributes like attractiveness, extraordinary lifestyle are just examples and specific common characteristics cannot be observed though it can be said that within a corresponding social group celebrities generally differ from the social norm and enjoy a high degree of public awareness (Schlecht, 2003).

Celebrity endorsements act as a credible means of spending money. This is because this is a world of products for which the value a consumer obtains from purchasing any given variety. This could be for reasons of social standing—People want to wear the “Right” Clothes, Drink the “Right” Beverages and Use the “Right” Fragrances. Specifically a consumer that observes message for two different products, one product’s message containing a celebrity endorsed and the other not believes the celebrity endorsed product will have more purchases and so be of higher value. (Clark & Horstman, 2003). Celebrity endorsements are more typically for nationally marketed products than for local or niche market products and for products such as running shoes, soft drinks and the like for which the price cost margins are apparently large.

The concern of all marketing today is that whether celebrity endorsement affects consumers brand attitudes or not. Multiple endorsements affect the endorser credibility as people know that a celebrity is paid to sell the product. The endorsements of many products negatively influence the celebrity spokesperson’s credibility (expertise, trustworthiness) and likeability. Reasons may be the lack of distinctiveness, with one famous person enduring several products instead of concentrating on and representing one specific brand.

Brand Endorsement is a way to get the brand noticed amidst the clutter that is there in the market place. Synergy is therefore required between brand and celebrity. The celebrity actually helps in accelerating the brand image formulation process. At the same time advertisement argue that celebrities come with loads of liabilities that are hard to ignore. The decision of selecting the best endorser is thus a pertinent issue fixed by marketers and adventures for their brand promotion. In other words, the

celebrity himself/ herself should be a strong brand and the attributes of the celebrity brand should match the attribute of the product brand being highlighted.

Advertisers often select endorsers as a promotional strategy to communicate the attributes of their product or brand. Today, this advertising approach appeared to be on the increase across all media types. The study from H. Friedman and L. Friedman (1979) defined that celebrity endorser is an individual who is known to the public (actor, sports figure, entertainer, etc) for his or her achievements in areas other than that of the product class endorsed. The study of Perception of Advertising and Celebrity Endorsement shows that using a well-known celebrity as an endorser could help to improve the subjects' rating of the commercial. The study from Till and Busler (1998) presents evidence that positive feelings towards advertising and products do not necessarily translate into actual behavior or purchase intentions. A possible reason might be that celebrity endorsement seems to work on the cognitive and affective components of attitudes rather than the behavioral components.

The study of cultural effects on celebrity endorsement (Grant McCracken 1989) conducts that the attractiveness and credibility of celebrity is not the identical measurement that makes endorsement work. It indicates that celebrities are highly individualized and complex bundles of cultural meaning, which could be transferred from the celebrity to the product and from the product to the consumer.

Taking cue from the above studies, the present study is initiated and is exploratory in nature. It attempts to evaluate the influence of celebrities on the buyer behavioural pattern of consumers and their purchase decisions in the Jodhpur City of Rajasthan, over Soft-Drinks. The questions that then arise are:

- What is the consumer's attitude towards celebrity endorsed advertisements?
- What effects does celebrity endorsed advertisements pertaining to Soft-Drinks have on consumers' purchase attitude?
- This study is focused on the following objectives:
- To identify the factors that motivates and affects the purchase attitude of consumers at Jodhpur.
- To analyze the factors which influence the purchase attitude of consumers at Jodhpur.

- To assess the extent of influence created by celebrity endorsed advertisements for consumer durables and to ascertain the consumer responses.

3. Review of Literature

Advertisement plays a major role in every walk of life. The divergent sections of the society may need advertisement for a variety of reasons from information sharing to consumer persuasion to decision making. There is a potential for a direct casual link between the attitude towards an advertisement and the attitude and behavior towards a product. The feelings engendered by an advertisement can create or influence an attitude towards the advertisement directly, as well as indirectly, through assessments of the quality of the advertisement's exceptional characteristics. In fact, some researchers believe that attitude to the advertisement really has two different components; an affective one, reflecting the direct effect of the feelings evoked by the advertisement, and a second more cognitive one, reflecting how well is the advertisement made and how useful is the advertisement.

Source Credibility and Attractiveness

A central goal of advertising is the persuasion of customers, i.e. the active attempt to change or modify consumers' attitude towards brands (Solomon, 2002). To create effective messages, celebrity advertisers also have to consider the attractiveness of the spokesperson (McCracken, 1989). Source attractiveness refers to the endorser's physical appearance, personality, likeability, and similarity to the receiver, thus to the perceived social value of the source (Solomon, 2002). The use of attractive people is common practice in television and print advertising, with physically attractive communicators having proved to be more successful in influencing customers' attitudes and beliefs than unattractive spokesperson (Ohanian, 1991).

Meaning Transfer Model

McCracken (1989) explains the effectiveness of celebrity spokespersons by assessing the meanings consumers associate with the endorser and eventually transfer to the brand. McCracken suggests a meaning transfer model that is composed of three subsequent stages. First,

the meaning associated with the famous person moves from the endorser to the product or brand. Thus, meanings attributed to the celebrity become associated with the brand in the consumer's mind. Finally, in the consumption process, the brand's meaning is acquired by the customer. The third stage of the model explicitly shows the importance of the consumer's role in the process of endorsing brands with famous persons.

Meaning Transfer in the Endorsement Process

Studying TV and Print advertisements, one will realize that either some celebrities are endorsing several brands or a specific brand is endorsed by different spokespersons. These concepts are called multiple brand endorsement and multiple celebrity endorsement respectively. Some spokespersons are "shared" by different advertising firms, i.e. they are promoting more than one brand. Cricket Star Sachin Tendulkar has endorsed Pepsi, Boost, Addidas, Aviva, Luminous, Kaspersky and many more. Priyanka Chopra has endorsed Nokia, Samsung, and Hero Honda etc. Ranbeer Kapoor is used by Pepsi, Tata Docomo, Nissan and various others.

4. Methodology of The Study

Research Design

The study area was confined to Jodhpur City of Rajasthan and the sample has been chosen there from. Convenience sampling has been resorted to. The focus was on the behavioural pattern and the impact of celebrity endorsements on the purchase attitude of the consumers towards Soft-Drinks. The questionnaires were distributed to a sample population of 37 consumers.

Data Collection

Data collection comprises of primary data and secondary data. The primary data has been collected through questionnaires and secondary data from related journals and publications. The questionnaire was based on the initial researches and propositions. Demographic profile of target respondents includes respondents in the age group of 15 to 55 years living in the Jodhpur City of Rajasthan.

Limitations of the Study

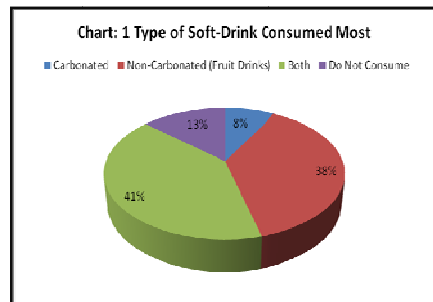
Since the research was based only in the Jodhpur City of Rajasthan State, the results may not be generalized over the whole Television viewers. As the topic is very vast and so does its constraints that make the report tough one to cover all areas.

5. Discussions & Findings

To evaluate the feasibility of the research proposal, a survey was conducted through distribution of the questionnaires to the consumers. The sample size was 37 respondents. Based on the information and data provided by the consumers, the questionnaires were analyzed using SPSS for the study. The analysis revealed the following results:

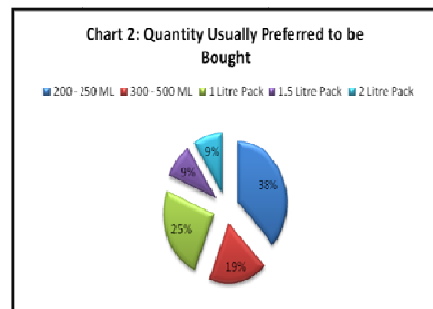
Type of Soft-Drinks preferred to be Consumed Most:

From the Chart 1, it is found that 41% of the respondents consume both Carbonated and Non-Carbonated (Fruit Drinks) Soft-Drinks, 38% of the respondents consume only Non-Carbonated (Fruit Drinks) Soft-Drinks, while 8% consume only Carbonated Soft-Drinks.



Quantity usually preferred to be bought:

From the Chart 2, it is found that 38% of the respondents prefer to buy 200-250 ml pack, 25% of the respondents prefer to buy 1 Litre pack, 19% of the respondents prefer to buy 300-500 ml pack and 9% of the respondents prefer to buy both 1.5 Litre & 2 Litre pack sizes.



Product Information Enhancement Through Celebrity Endorsement

Sample Statistics

Table 1

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|---|-----------------------|--------------------|-----------|-------------|--------------|-----------------------|
| Advertisements create awareness about the Products & Brands | Response | 13 | 11 | 8 | 0 | 0 |
| | Percentage | 41 | 34 | 25 | 0 | 0 |
| | Cumulative Percentage | 41 | 75 | 100 | 0 | 0 |
| | Mean Value = 4.16 | | | | | |

The Mean Value of the Table 1 is 4.16. Therefore it can be concluded that on an average, 75% of the respondents agree that the advertisements create awareness about the Products and Brands.

Table 2

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|--|-----------------------|--------------------|-----------|-------------|--------------|-----------------------|
| Celebrity Endorsed Advertisements capture the consumer's attention | Response | 7 | 14 | 4 | 6 | 1 |
| | Percentage | 22 | 44 | 12 | 19 | 3 |
| | Cumulative Percentage | 22 | 66 | 78 | 97 | 100 |
| | Mean Value = 3.63 | | | | | |

The Mean Value of the Table 2 is 3.63. Therefore it can be concluded that on an average, 66% of the respondents agree or are indifferent that Celebrity Endorsed Advertisements capture the consumer's attention.

Table 3

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|--|-----------------------|--------------------|-----------|-------------|--------------|-----------------------|
| Celebrity Endorsed Advertisements creates lasting impact & have better Brand Recall & Recognition in the consumer's mind | Response | 8 | 12 | 3 | 8 | 1 |
| | Percentage | 25 | 38 | 9 | 25 | 3 |
| | Cumulative Percentage | 25 | 63 | 72 | 97 | 100 |
| | Mean Value = 3.56 | | | | | |

The Mean Value of the Table 3 is 3.56. Therefore it can be concluded that on an average, 63% of the respondents agree or are indifferent that the Celebrity Endorsed Advertisements creates lasting impact & have better Brand Recall & Recognition in the consumer's mind.

Table 4

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|--|------------|--------------------|-----------|-------------|--------------|-----------------------|
| Celebrity Endorsed Advertisements for Soft-Drinks create awareness about the Soft-Drink Products | Response | 2 | 12 | 6 | 11 | 1 |
| | Percentage | 6 | 38 | 19 | 34 | 3 |

The Mean Value of the Table 4 is 3.09. Therefore it can be concluded that the respondents have neutral responses towards the above information criterion.

Influence of Celebrity Endorsement

Table 5

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|--|-----------------------|--------------------|-----------|-------------|--------------|-----------------------|
| Celebrity Endorsed Advertisements for Soft-Drinks create awareness about the Soft-Drink Products | Response | 5 | 7 | 5 | 14 | 1 |
| | Percentage | 15 | 22 | 16 | 44 | 3 |
| | Cumulative Percentage | 15 | 37 | 53 | 97 | 100 |
| | Mean Value = 3.03 | | | | | |

The Mean Value of the Table 5 is 3.03. Therefore it can be concluded that the respondents have neutral responses towards the above information criterion.

Change in Purchase Attitude

Table 6

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|---|-----------------------|--------------------|-----------|-------------|--------------|-----------------------|
| I Prefer to purchase Celebrity Endorsed Soft-Drink Brands over Non-Celebrity Endorsed Soft-Drink Brands | Response | 1 | 4 | 10 | 15 | 2 |
| | Percentage | 3 | 13 | 31 | 47 | 6 |
| | Cumulative Percentage | 3 | 16 | 47 | 94 | 100 |
| | Mean Value = 2.59 | | | | | |

Table 7

| Information Criterion | | Strongly Agree (5) | Agree (4) | Neutral (3) | Disagree (2) | Strongly Disagree (1) |
|---|-----------------------|--------------------|-----------|-------------|--------------|-----------------------|
| Celebrity Endorsed Advertisements of Soft-Drink Brands give way to make the best choice among the existing alternatives | Response | 2 | 9 | 6 | 10 | 5 |
| | Percentage | 6 | 28 | 19 | 31 | 16 |
| | Cumulative Percentage | 6 | 34 | 53 | 84 | 100 |
| | Mean Value = 2.78 | | | | | |

The Mean Value of the Table 6 & 7 is 2.59 & 2.78 respectively. Therefore it can be concluded that the respondents purchase attitude & intentions towards the Soft-Drink Brands is not effected or very moderately affected by the presence of a Celebrity in that advertisement.

6. LIMITATIONS OF THE STUDY

- The study was subject to certain limitations:
- Due to paucity of time and cost constraint, the study was confined to Jodhpur City of Rajasthan.
- The study has been conducted based on the responses of the selected respondents of Jodhpur City. Hence the inferences, findings of the analysis need not hold good totally for Jodhpur City as a whole or the country at large.
- The study was limited to 37 responses of consumers in Jodhpur City. More responses would have made an extensive study possible.

7. FINDINGS OF THE STUDY

- Celebrity Endorsement enhances Product information and Creates awareness among consumers. It helps them to recall and recognize the brands.
- The consumers of Soft-Drinks have their motivational sources from need and product utility.
- The study revealed that the celebrity's convincing endorsement very moderately motivates them to materialize the purchase of Soft-Drinks.
- The consumers are not induced significantly by the celebrity endorser.

- The purchase attitude and intentions are mostly influenced by the Quality and Taste factors of the product.

8. CONCLUSION

The world of today is changing fast. India is no exception. Especially after the opening up of the economy, the pace of change that India and its people are experiencing in their socio-cultural milieu is mind boggling. India, with its wide diversity, offers a fascinating scope to study the host of changes which developmental activities have brought about in its social and economical framework. When it is possible to get some estimates of the macro changes taking place in India, it is impossible to get any accurate measures of the subjective experiences that proceed, accompany or follow such changes. However, the fact remains that the profile of the Indian market is vastly different from what it was earlier. Although these changes are difficult to measure at the micro level, nevertheless, they have been of great significance to marketers. Any marketer is keen in closely monitoring the changes in terms of numbers and specially keeping regular track of the changing pattern of consumers' aspirations and competitive actions.

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ROLE OF COMMUNICATION IN SUPPLEMENTING EMPLOYEE ENGAGEMENT & ORGANIZATIONAL COMMITMENT

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ABSTRACT

The present Research Paper tries to explore the relationship between Organizational Communication, Employee Engagement and Organizational Effectiveness. For this purpose, a detailed review of literature was carried out by the author concerning three specific themes of research such as Communication, Leadership and Organizational Engagement. The concrete research foundation was used as a platform to carry out a research on 480 employees working in six different Organizations through a multi-tiered qualitative process designed to identify the problems countered by them while communicating in their professional lives. Employees cutting across various layers were selected as sample respondents so that a holistic viewpoint to the entire issue could be generated through the application of Research Tools such as Focus Group Discussion and Case Study techniques. As the responses collected during the course of the study was largely qualitative in character, the expertise of an expert Anthropologist was also sort to employ social research techniques for analyzing the collected data. The findings illustrated that a majority of the respondents were of the view that poor communication resulting out of primarily the improper attention being paid by the top management to inform employees of all tiers regarding the Organizational happenings was the major reason for employee disengagement and the ensuing high rates of attrition. Based on the research findings, the author has proposed certain practically implementable recommendations which if put into practice by Organizations can help diffuse the predicaments concerning Organizational Communication and Employee Engagement.

Key Words : Employee, Engagement Employees, Organizational Commitment, Organizational Communication, Organizational Goal attainment.

1. Introduction

Establishment and solidification of emotional bonding between the Organization and its employees is not a new concept. The emotional bonding is a two-way phenomenon in which the employee exhibits its belongingness and ownership towards the Organization and the Organization responds back to its employee base by reposing faith and trust on them and by providing them with varying amounts of tangible and intangible benefits. Employee Engagement is one such procedure through which individuals at workplace are being encouraged by the Organization to engage themselves in executing a variety of activities (apart from their assigned roles and responsibilities) so that their acquaintance with the overall operations (beyond specific sectoral activities) can be widened. However, care should be taken to ensure that in the process, the professional obligations of the employees which are the rationale for their stay in the Organization are not hampered.

2. Review of Literature

Community

Schaeffer (2002) opines that Community as an experience instead of a thing or objective. He further states that Community is a way of life which can be present anywhere, anytime and with anyone and is an experience to be cherished. Peck (as cited by AtKisson, 1991) describes Community as “a group who have made a commitment to learn how to communicate with each other at an ever more deep and authentic level”. Adams (1991) is of the view that his own personal growth has evolved out of community and the intimacy of the relationships (which he terms as a “Circle of Safety”) and the happiness that this provides.

Barriers in Building a Community

Schaeffer (2002) states that the single-largest barrier to building a community is the domination of societies where individuals work within a hierarchy of power and control and suggests that the way to break this pattern is to move from “domination to partnership”. Peck (as cited by AtKisson, 1991) is of the opinion that Communities do not look different from one place to another and face the biggest challenge in the form of

getting everyone into the same room in order to work through the four stages of community.

Impact of Communication on the Community

Schaeffer (2002) outlines the importance of communication in community development. He states that, communication process must evolve beyond one part sending information to another and instead should assume the shape of two-way interaction in which both the parties concerned should reciprocate to each other's messages. He further opines that, "When you say something to me, I don't simply react as if by instinct. I listen to your words. I turn them round and round in my thoughts and feelings. Then I experience and create meaning within and say my meaning to you".

Building Community in the Workplace

Brown, Smith and Isaacs (1994) for building effective communities at workplace: -

- Do not focus on the abstract concept of "Building Community", rather, focus on identifying and addressing the things that impact employees' ability to get the work done and feel good about it
- Keep it simple and do things that touch people, like informal gatherings and celebrations.
- Act. Take one step forward and see where it takes you. Then take another to build learning, engagement and momentum
- Start with what works well and build from there, rather than focusing on solving major problems
- Brings the people who care together for dialogue. Learn from them what matters, what's meaningful. Let them lead the discussion, but provide the opportunity for discussion about things that matter
- Make sure there is an opportunity for everyone to contribute. Encourage people to take responsibility, note action items and roles. Focus on follow-up and what needs to be done next. Also acknowledge and celebrate the accomplishments of each contributor
- Timing is important. You must move when people are ready. Pain and anxiety must be acknowledged for people to move forward

- Celebrate. Use the imagination of employees to celebrate the past, present and future

Building communities at workplace is difficult as its elements are soft, fleeting, personal, values-based, ethical and subjective.

Organizational Communication & Leadership

Foltz (1985) opines that Communication is a process designed to support the exchange of information. The purposes of this exchange are to support the needs of the Organization and to respond to employee information needs. Similarly, Bono (as cited by Shaffer, 2000) states that one needs to communicate to receive information and cooperation from his/her colleagues at workplace. Communication also acts as a means to let others know what one is doing. It is also essential to receive feedback and is indispensable in one's lifespan as human beings are social creatures.

Barriers to Effective Organizational Communication

D' Aprix (1996) delineates the barriers to effective communication as lack of understanding of the concept itself and its design and states that challenge mainly stems from the inability on part of the leadership to align leadership behavior with words. He further opines that the perception of the Organizational leadership viewing communicators as producers of information is a huge impediment in attaining effective organizational communication. Goleman (2000) states that communication skills are essential to the success of managers and that listening is a critical skill for leaders to possess which is crucial for effective organizational communication. "listening skills – asking astute questions, being open-minded and understanding, not interrupted, seeking suggestions – account for about a third of people's evaluations of whether someone they work with is an effective communicator". Convey (1992) orates that the biggest challenge to effective organizational communication is attaining clarity and consensus between individuals and tags communication as a prerequisite to both relationships as well as problem-solving.

Rationale & Objectives

Communication barriers stemming out of wide-ranging socio-cultural and religious diversities in the Indian workplace have often served as an obstruction in the creation of a favorable work environment in

Organizations which have gone on to affect the attainment of Organizational objectives. Starting from technical anomalies to linguistic incompatibilities, there are numerous barriers that effective communication in Indian Organizations counter in their day-to-day functioning. All these issues have a detrimental impact on the employee engagement pattern in Organizations thereby affecting the optimum utilization of the competencies of the employees. Assuming the lack of attention and study this domain of Human Resources has received as compared to what it deserves to receive, it was considered important by the Researchers to undertake a study on this issue with a set of pre-determined objectives. To be precise, the research was undertaken with the following objectives: -

- Expressively engage employees and managers to help them share their ideas about how communication can be improved
- Distinctively classify elements that they feel are currently working properly and those that need to be modified or are missing
- Encourage conversation and storytelling that provides insight into how this could best be accomplished, based on past experiences
- Serve as an opportunity to build community, shared understanding and trust, while strengthening communication.

3. Research Methodology

An overview of the Design

The central focus of the Research was to identify the impact of communication on employee engagement in various Organizations. The primary Research question was: “How can Organizational Communication strengthen employee understanding and engagement in the business, resulting in a stronger sense of Community feeling?” This Study was based on Action Research and was closely aligned to the participatory mode of investigation in which the sample respondents’ involvement is considered to be as important as that of the researcher. In fact, this collaborative approach to investigation seeks to construct an affirmative working relationship as well as a productive interactional and communicative style of functioning at workplace. The principal motive of this research is to provide Organizations with a climate that enables disparate groups of employees to work cordially and efficiently to achieve Organizational goals as well as their individual objectives.

Data Collection

Date collection techniques employed by the Researchers for the purpose of collecting relevant data and information for this paper were predominantly qualitative in nature. Most of these techniques yielded rich and diverse personal commentary. The techniques employed for data collection and information gathering include Focus Group Discussion (4 in number), Case Study (6 in number) and one validation session with all participants and sample respondents in a phased manner.

Research questions were prepared specifically with the motive of procuring specific as well as descriptive information as and when required to attain the research objectives. All the questions were framed from an appreciative approach to reduce negative commentary that could disrupt group dynamics and also malign existing relationships by raising issues of blame and judgment over one another. The nature of questions which were predominantly open-ended led to a free-flow of dialogues and statements of the participants which were tape recorded with their permission. Although, at various points of time, the discussion went off track from the theme of the topic, the valuable comments delivered during the course of the discussion was identified and jotted down while listening to the recorded tracks.

Duration of the Study

Given below is a break up of activities undertaken during the course of the Study along with the number of weeks spent on each activity: -

| Name of the Activity | Time Taken (In Weeks) |
|--|-----------------------|
| Review of Literature and Preparation of Chapter Plan | 2 Weeks |
| Selection of Research Tools & Pre-testing | 4 Weeks |
| Data Collection | 4 Weeks |
| Data Analysis & Data Interpretation | 6 Weeks |
| Research Paper Formulation | 4 Weeks |
| Total | 20 Weeks |

Sample Size & Design

A total sample size of 480 respondents cutting across six different Organizations operating in the east Indian State of Odisha working in various designations were selected for providing responses to the questions asked by the Researchers and to participate in Focus Group Discussions and Case Study techniques for pooling information pertaining to the domain of research. To be precise, out of the 480 selected respondents, 120 belonged to the Top Management of various Organizations, 135 belonged to the Middle Management, 215 belonged to the Bottom Management and the rest 10 were researchers, academicians and subject-matters specialists who have conducted researches in this Human Resources domain. The selection of the league of 10 subject-matter specialists was done with the primary motive of receiving expert-advice and professional suggestions as well as having an updated know-how of the latest developments in this area of Study all of which was immensely helpful during the course of the Research.

The sample respondents from the available universe of employees were selected through the application of Simple Random Sampling technique and Stratified Sampling technique. In this technique, first, the entire employee base of the Organizations under study were listed out and were categorized into Top Management, Middle Management and Bottom Management from which 20, 35 and 15 respondents were selected respectively in an arbitrary method by tick-marking at the numbers which were assigned to them in a random manner whose coding was prepared in another file for reference purpose. The remaining 10 subject-matter specialists were hand-picked by the authors.

Research Journal

Throughout the course of the Research, both the researchers maintained a Research Journal each in which they noted down the important observations that they came across while conducting the Focus Group Discussions, Briefing and Debriefing Sessions. It also helped them to record down key actions and facts pertaining to the research. The Research Journals of both the researchers after the completion of data collection and information gathering phases were thoroughly scrutinized to procure vital facts and particulars recorded during the course of the research. The following is a list of some of the most relevant information scanned out of the Research Journals maintained by the researchers which

was helpful during the course of the Research and the formulation of the paper: -

Grapevine discussions and rapport establishment are pre-requisites to creation of a strong foundation for a healthy work environment and for colleagues of varied backgrounds to gain support for each other.

Employees of an Organization belonging to the same Department did not share their views openly during the Focus Group Discussions with the inhibition of the same getting transmitted to the top management. Even employees tied up in a boss-subordinate relationship did not disclose their views in the open and only expressed their viewpoints during one-on-one interactions with the Researchers.

Absence of the required levels of orientation needed to use technological means to receive and decipher communication sent by the top management was considered to be biggest impediments in Organizational communication and appropriate employee engagement. This was mainly because, most employees in almost all the surveyed Organizations were not abreast with using computer systems and the internet to encrypt and decipher information to and from the relevant employees of the Organizations.

On one hand, it was easy to influence some people to make them understand the relevance of this research, on the other hand, there were some other employees who could not be persuaded to appreciate the gravity of the Study and were noticed to take the instructions of the Researchers for granted and of responding to the questions of the Researchers in a haphazard manner. It was mutually agreed upon by the Researchers to chart a different course of action altogether for the respondents/ employees who were taking the study for granted and were dragging themselves to meet the instructions of the Researcher. The Researchers tried to pose as if the Study they are carrying out was enforced upon them and the same is not being done by them out of their own will and started sympathizing with the viewpoint of the reluctant group of employees regarding the Research of having little or virtually no importance. As a consequence of this, the respondents came close to the Researchers and in the process of interacting with them on a few personal issues, vital information and personal opinions regarding the topic of research was obtained.

Data Analysis

As almost all the data collected for the purpose of framing the Research Paper during the course of the Study was qualitative in character and concerned issues such as communication and employee engagement, it was decided by the Researchers not to quantify the qualitative data through the application of statistical software packages, because of two specific reasons. Firstly, as hardly any empirical survey has been conducted in the Country concerning this area, it was extremely tough and was not universally validated to enumerate the collected facts and information and secondly, it was considered inappropriate to measure the responses of the sample respondents generated during Focus Group Discussions, Individual Interactions etc. in numerical terms.

Hence, it was decided to analyze the collected data from a qualitative point of view so as to make the analysis understandable and less complicated to interpret for a layman. For this purpose, the expertise of a subject-matter specialist from the area of Anthropology was utilized. As the Anthropologist had decades of experience in the field of qualitative research and apart from that, Anthropologists by their very nature of work need to master the art of drawing interpretations and conclusions from qualitative data (as they mostly deal with pre-literate communities who cannot provide accurate and numerical responses), the interpretations and findings of the Research were drawn on a qualitative mode. However to ensure that the analysis of the collected data does not suffer from the bias (if any) of the Anthropologist, the same set of data was also provided to two other Professors of Humanities who also yielded the same results.

Key Findings of the Study

The Action Research conducted by the Researchers covering 480 respondents working in six different Organizations in the East Indian State of Odisha yielded some key findings which have been discussed in the following points. Before delineating the key findings, it is essential to understand the design and approach of the research which led to these findings. To be precise, each and every phase of the research was designed to churn out positive response from the participants. Here, positive does not mean making people deliver statements in support of a particular activity of an Organization but instead means a sense of necessity induced within them to express their views (neutral, supportive or opposed) on a particular issue. In fact, the key findings are based on the statements of the

participants during Focus Group Discussion, the responses delivered by the sample respondents to the questions asked by the Researcher and the views expressed by the participants in Case Studies.

More than 80 percent of the participants were of the view that they were suffering from a lack of awareness with regards to the regulations and policy changes within the Organization. The primary reasons attributed to this were the massive volume of new regulations and changes that were being introduced by the Organizations at frequent intervals of time and inconsistency in timely updating the regulation-related modifications. Participants were further of the opinion that information on procedures and standards of operation should be shared consistently with employees at the ground level which will help in developing a common understanding and approach to work.

Participants stressed on the importance of giving and receiving both positive as well as negative feedback. They also revealed that the Department in which they were posted was not recognizing an outstanding task accomplished by them and was instead focused more towards criticizing the minor mistakes that they made during the course of their professional engagement.

Although, the pre-set goals were intimated to each and every employee involved in the process of attaining them, the results achieved against these targets were rarely communicated to the employees. This not only reduced their willingness to strive for goals during the next financial year but also created induced a sense of suspicion regarding the scale of transparency being maintained by the Top Management.

In almost all Organizations, participants were of the opinion that the Senior Management off late started taking steps to encourage employees to voice their opinion with respect to important decisions concerning the Organization. Although, this phenomenon of opinion-seeking is relatively new and its implications can only be analyzed after it remains operational for a slightly longer duration of time, initial indications suggest this ‘trust building’ exercise started by some Organizations has made the employees feel consulted and their opinions recognized.

Participants were annoyed as their Departmental Heads or other higher officials of their Department seldom led them in intra-Departmental meetings. As a result of this, the employees (Mainly Bottom Management) could not manage to appropriately present their grievances in front of the

Top Management which led to inordinate delays in the redressal of their tribulations.

The Performance Management mechanism as well as the Employee Performance evaluation procedures being followed in the Organizations are not at all transparent in nature as a result of which, activities which result in positive reinforcement and the one's which are negatively viewed by the Organization are not being communicated to the employees.

Proposed Recommendations and Concluding Remarks

On the basis of the review of literature and the grueling study conducted by the Researcher over a period of twenty weeks, the following recommendations can be proposed to overcome the problems being countered by employees regarding the existing pattern of communication in the Indian Workplaces leading to a prolonged and grave impact on the overall Organizational goal attainment: -

The single-largest problem being confronted by employees as identified by the sample respondents during the course of the Study was that of information overload and incomplete information being received by them that too with long durations of time delay. This impacts both the potential of the employees to work as well as their overall work efficiency. For addressing this issue, it would be advisable to implement the intranet system for smooth and hassle free circulation of information and transfer of information between the employees of the Organization

During the course of the study, it was identified that the pace of change in today's Organizations is negatively impacting the morale of the employees and affecting their potential to discharge their professional obligations as their inventory of skills are getting obsolete at frequent time intervals. For this purpose, changes to the existing mode of operations should only be incorporated in an Organization after they are put to multiple rounds of test. Training employees for enabling them to adapt to change is also a viable option

Departmental meetings involving all employees of the department should be held at greater frequencies of time to incorporate a sense of feeling within the employees that even their suggestions and thoughts are being valued by the management. The culture of documenting the minutes of the meeting should also be encouraged so that they can be used for future reference

The practice of informing the employees or intimidating them of the outcome of their activities irrespective of whether it is a success or a failure and accordingly rewards and punishments should be enforced. This will help in developing both a sense of ownership as well as a sense of accountability within the concerned employee

Lack of adequate research coupled up with an abysmally lower amount of importance being associated with Organizational Communication in Indian Companies has had severe repercussions in the past few decades in the form of a very high attrition rate (owing to incompatibility between subordinate-superior or reporting head relationship), poor employee- management relations (owing to delay in transfer of information from the top to the bottom management) leading reduced employee contribution towards the realization of Organizational goals. There is ample scope for further studies to be undertaken in this area of research so that a clearer picture of the predicaments being countered by employees with regards to ineffective Organizational communication can be unraveled which will help a great deal in propounding practically implementable recommendations to enhance employee engagement through setting up of appropriate communication mechanisms in the Organization.

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E-WASTE MANAGEMENT PRACTICES: A CASE STUDY OF HCL TECHNOLOGY NOIDA

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ABSTRACT

e-Waste encompasses a broad and growing range of electronic devices ranging from large household devices such as refrigerators, air conditioners, cell phones, personal stereos, and consumer electronics to computers which have been discarded by their users (Puckett and Smith, 2002). This paper presents the case study of HCL Technologies, Noida. The objective of the case study was to understand the status of effective e-Waste management in an organization. On the basis of convenience one of the organizations from higher education institute was selected for the study. Then SAP-LAP methodology was followed for the case study. From the analysis variables were identified which influence the effective e-Waste management in an organization.

Keyword: SAP, LAP, e-Waste

1. Introduction

Due to technological changes and low cost the sale of computers in India is rising day by day. Another difficulty facing the management of e-Waste is the growing technology. As the technology is growing very fast, the life span of consumer electronic products is getting shorter (Nnorom, 2008; Kang and Schoenung, 2006). The United Nations Environmental Programs (UNEP) estimated the amount of e-Waste generated worldwide to be between 20-50 million tones, which can have severe risks to human health and environment (UNEP, 2005). Studies showed that e-Waste represent about 4% of municipal waste in the European Union (EU) (Ylä-Mella, 2004). Similar study in the United State indicated that e-Waste constitutes about 2 - 5% of the U.S. total municipal solid waste (Silicon Valley Toxics Coalition, 2004)

2. Methodology of Case Study

The SAP-LAP methodology was followed for the case study. Sushil, (2000) has recommended this as a formal analysis methodology for

examining a case. This methodology consists of two phases- SAP analysis and LAP analysis. In SAP analysis the case is described through three basic components which are Situation, Actor, and Process (SAP). In LAP analysis the case is studied through Learning, Action and Performance. The main purpose of using SAP-LAP framework here was to understand the fundamental questions about the effective e-Waste management in an organization. These fundamental questions were: know what, know why and know how (Dwivedi, 2005). SAP-LAP model to understand the effective e-Waste management is given below:

Situation:

- What is the situation of e-Waste management in an organization?
- Why e-Waste should be managed effectively by the organization?
- How e-Waste management can be implemented effectively in the organization?

Actors:

- Who are the actors involved in the effective e-Waste management?
- What they will get by effective e-Waste management?
- Why they will be benefited from the effective e-Waste management?
- Process:
- What is the main process in the effective e-Waste management?
- How the present process can be changed?
- What is the key process covered under the effective e-Waste management?

Learning:

- What is the learning from the effective e-Waste management?
- How the effective e-Waste management is going to affect the existing process?
- How actors are affected by effective e-Waste management?

Action:

- What should be done for the effective e-Waste management?
- Who will play the major Role in the effective e-Waste management?

- What should be done for enhancing the effective e-Waste management?

Performances:

- How the performance is enhanced by the effective e-Waste management?
- What are the stakeholder aspects of performance?
- How to measure the performance?

Field studies were conducted to understand the organizations. In the field studies, information was gathered through structured and unstructured personal interviews of the Top managers/Director/Dean/Professor. They explained about the enterprises and the management of e-Waste in their organization. In the interview process the valuable observations were made which helps in SAP-LAP analysis. Some basic information was gathered from the website of the enterprise and their annual reports. After gathering the information from different sources it was compiled for the further analysis. Then SAP-LAP analysis was done for each of the cases selected. Finally the syntheses from the cases were compiled. The flow diagram of the case study is given in Figure 1.

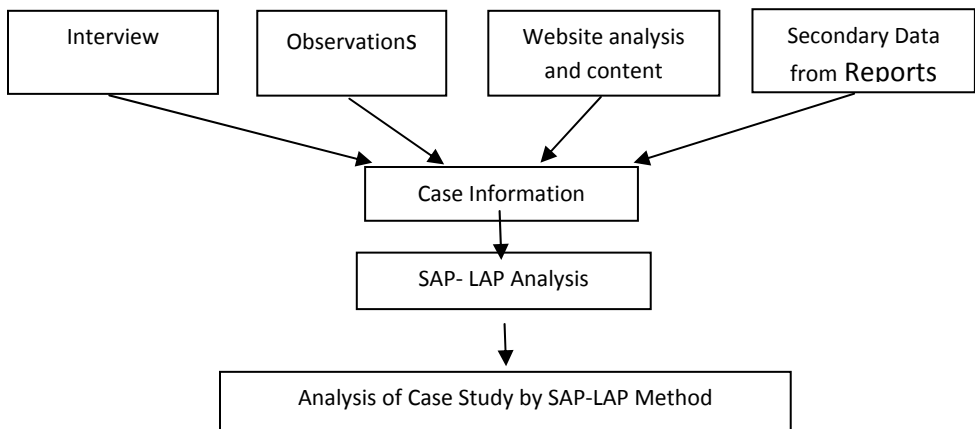


Figure 1: Methodology for Case Study

Selection of Organizations for Case Study

By field survey, experts' opinion and literature study, it was found that in service sector higher educational institutes and software industries are using huge amount of electronic equipments like computer, servers, printers, and scanners and due to market demand and use of latest technologies they are more frequently removing their old electronic equipments. Hence a higher educational institute was chosen for the study.

Case study : HCL Technologies, Noida

HCL Technologies (HCLT) is a leading global IT services company. Its inception into the global landscape after its IPO in 1999, HCL focuses on 'transformational outsourcing', underlined by innovation and value creation, and offers integrated portfolio of services including software-led IT solutions, remote infrastructure management, engineering R&D services and BPO. HCLT leverages its extensive global offshore infrastructure and network of offices in 26 countries to provide holistic, multi-service delivery in key industry verticals including Financial Services, Manufacturing, Consumer Services, Public Services and Healthcare. HCLT, along with its subsidiaries, had consolidated revenues of US\$ 3.5 billion (₹ 16,034 crores), as on 30 June 2011 (on last 12 months basis).

Global Operations

Australia, Belgium, Brazil, China, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, India, Indonesia, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Poland, Puerto Rico, Qatar, Saudi Arabia, Singapore, South Africa, Sweden, Switzerland, UAE, United Kingdom, USA.

Responsible Business

During the financial year 2010-11, on a consolidated basis, HCLT revenues for the year 2010-2011 stood at US\$ 3.5 billion registering a growth of 31.1% over the previous year. HCLT recruited 9,572(gross) and 3,626(net) employees for FY 2011 and the current work force strength at global level is 77,046. The new customers added are 70 and the total number stands at 467.

Unique Green Datacenter services framework has powered HCLT to deliver cost and energy savings to their customers, some of which are as follows:

- 15-40% savings through Datacenter Consolidation and Virtualization.
- 10-15% savings from Datacenter Asset re-build and buy out.
- 10-15% savings due to Rack Optimization in Datacenter.
- 4-10% savings by installing best-in class power equipments in Datacenter.
- 7-15% savings due to efficient Air conditioning architecture within the Datacenter.

Fostering Innovation

HCLT have created multiple channels and opportunities especially for HCLites and research and academia communities for participating, contributing and developing ideas that benefit society and environment. Including FY 2011, HCLT have filed for 62 patents and have received 49 patents in technical and business areas. More than 2000 HCLites work in 150+ solution areas to enable customers around the globe. HCLT Intellectual Property Management Services incubates new ideas and help HCLites transform into innovators.

HCLT is committed to achieve health and safety by;

- Ensuring the health and safety of their employees, contractors, visitors and others affected by their operations, aiming to eliminate all work-related injuries and illnesses
- Establish Health and Safety strategies that optimally utilize resources and prevent pollution to conserve and preserve environment and ensure the long-term sustainability
- Meeting all applicable Health and Safety laws of the land, regulations and other requirements which relate to Health and Safety aspects and hazards
- Managing Health and Safety like any other critical business activity
- Providing a framework for setting and reviewing Health, Safety and Environmental objectives and targets

- Adopting Health and Safety practices at par with global standards using latest technologies to ensure continual improvement of Health and Safety management and performance

HCLT, as a corporate entity, is committed to protect and conserve the natural environment in their operations and services, for meeting their current and future requirements. The company is also committed to control and improve environmental performance with respect to significant environmental aspects of the organization’s products, services and/or activities. The Company aims to provide a healthy and safe work environment, optimize the use of energy and natural resources like Land, Air and Water etc. It is committed to Continual Improvement and enhancing the Environmental Management System to include the following:

Prevention of Pollution

- Compliance of Environmental Laws and Regulations promulgated by Central and State Governments
- Assessing and minimizing impacts of business activities on environment by
- Optimizing or minimizing power and energy consumption, reducing carbon
- Footprints, conserving natural resources and promoting Green Initiatives.
- HCL Technology, Noida Organization profile is given in Table 6.2 below:

Table 6.2: Organization profile: Case study 2

| Parameters | Features |
|------------------------------------|--|
| Year of Establishment | 1999 |
| Corporate Headquarter | HCL Technologies, A-9, Sec.3, Noida, U.P. India. |
| Corporate Offices | 26 Countries |
| Services | Software-led IT solutions, remote infrastructure management, engineering R&D services and BPO. |
| Domains | Financial Services, Manufacturing, Consumer Services, Public Services and Healthcare |
| Patents in technical business area | 49 |
| No of employees | 2000 plus |

3. SAP-LAP Analysis

The case was analysed applying Situation - Actor - Process, Learning - Action - Performance (SAP - LAP) framework to understand the e-Waste management process of HCL Technologies. The situation was opportunities and threats that HCL Technologies was confronted with. The competitive strengths and weaknesses that HCL Technologies has and the key actors who are instigating actions on behalf of HCL Technologies. Learning issues were explored and action was recommended. Finally, the impact of suggested actions on situation, actor and process were highlighted.

1. Situation

Field study was conducted to understand the situation of the HCL Technologies. In the process of the field study, interaction was made with the top management and the employees of the organization. Unstructured and structured questions were asked for understanding of the situation. It was found that computer and other electronic equipments like printer, Server etc. are being used in software development and maintaining different types of databases.

The organization also has the online presence through the website www.hcltech.in. Since the organization main focus is developing quality software and other IT related services, many of the employees are aware about the e-Waste management impacts on environment and health. Even the top management was also very much interested for the effective e-Waste management because they feel their responsibility towards environment and health. The organization understands the need for effective management of e-Waste. Further it was found that they device a process for effective e-Waste management in their organization. The situation of the organization is summarized below:

- The organization came into global landscape after its IPO in 1999.
- Computer was used in development centre, data center and other IT related services.
- The company has the online presence through the website www.hcltech.in
- Many employees were aware about the effective e-Waste management.

- Even the top management was also very much interested for the effective e-Waste management because they feel that their responsibility towards environment and health.
- The organization has already recognised the need for effective e-Waste management.
- Further company has already device a process by which the effective e-Waste management can be implemented.

2. Actor

The top management of the company feels that they will be much benefited if the effective e-Waste management implemented in their organization. Especially after globalization the company was facing the international competition therefore the quality is the most important for the growth of the organization. In this way the top management was positive towards the effective e-Waste management in the organization. Company provides additional training to the employee involved in management of e-Waste, so that effective management of e-Waste is implemented in the organization. The actors of effective management of e-Waste in the company are summarized below:

- The top management of the company influences the effective e-Waste management.
- The company is positive towards the effective e-Waste management.
- The employees were trained time to time involved in e-Waste management.

3. Process

It was found that in organization e-Waste management is operating in the efficient manner with the main focus on effective e-Waste management. The implementation of e-Waste management in the company was at the middle level. All elementary works are being carried out. The company is basically selling his old computers and other electronic devices to authorized recycling vendors. The present process could be more improved if the top management of the company understands the significance of effective management of e-Waste in the company. There was a lot of potential for effective management of e-

Waste in the company. The existing process of effective management of e-Waste in the company is summarized below:

- The company was operating in the efficient manner.
- The effective management of e-Waste in the company was at the middle level.
- All elementary works were done.
- The company is basically selling his old computers and other electronic devices to authorized recyclers only.
- The present process could be more improved if the top management and the owner of the company understand the significance of effective e-Waste management
- There was a lot of potential for implementing the effective e-Waste management in the company.

4. Learning

Literature study suggests that the effective e-Waste management leads to safe environment and health of people thus leads to good public image of the organization. Right now the company was in the middle stage of the effective e-Waste management and lot of improvement is still required. There could be many reasons which hinder the effective management of e-Waste by the company. Company already is creating energy efficient and low carbon dioxide producing devices. Company understands that by effective e-Waste management they can safe environment and health and will be able to make broader global presence. From literature study it is established that the effective e-Waste management of e-Waste leads to safe environment and health of people thus leads to good public image of the organization.

- Effective e-Waste management suggested by the HCL Technologies for safe environment and health.
- Right now the company was in the middle stage of the effective e-Waste management and lot of improvements are still required.
- There could be many reasons which hinder the effective e-Waste management by the company.

- Company understands that by effective e-Waste management they can save environment and health and will be able to make broader global presence.
- Effective management of e-Waste will give competitive advantage to the company.

5. Actions

The top management needs to be more focused towards effective management of e-Waste in the company. Effective management of e-Waste is one of the strategic decisions for the company. Hence their mind set towards the effective management of e-Waste required to be changed and positive attitude needs to be developed. Organizational structure needs to be redefined for the effective e-Waste management. Sometimes the employees were reluctant towards the effective e-Waste management. Their counseling should be done. Training of the employee will also make them more familiar about the hazardous nature of e-Waste. Separate fund should be dedicated for the effective e-Waste management in the company. The suggested actions to be taken are summarized below:

- The top management needs to be more focused towards effective e-Waste management.
- Organizational structure needs to be redefined for the effective e-Waste management.
- Employees counseling and training should be done for the effective management of e-Waste.
- Separate fund should be dedicated for the effective e-Waste management in the company.
- Training of the employee will also make them more familiar towards the hazardous nature of e-Waste

6. Performance

Effective management of e-Waste has been implemented by the organization of many countries. It is found that after the effective management of e-Waste by the organization, their performances have increased. The performance can be measured by number of factors like good public image, reuse and reduce of electronic devices etc. Keeping

this in view it is suggested effective e-Waste management by the company. It will benefit the owner in terms of the good public image and better resource utilization. The company will also be able to cut the cost of IT products by effective management of e-Waste. Implementation of effective e-Waste management across the value chain will enhance company ability to deliver good image to its customers. Effective e-Waste management of e-Waste implementation will improve by:

- Effective management of e-Waste has enhanced the performance of organizations in many countries.
- The performance can be measured by number of factors like good public image, reuse and reduce of electronic devices etc.
- It will benefit the owner in terms of the good public image and better resource utilization.
- The company will also be able to cut the cost of IT by the effective management of e-Waste.
- Effective management of e-Waste across the value chain will enhance company ability to deliver good image to its customers.
- Effective management of e-Waste implementation will improve the working of the organization.

4. Conclusion

Effective management of e-Waste in HCL Technologies was found at the middle level stage and still lots of improvements are required. The organization was focused towards quality software development and IT services. The top management of the company feels that they will be benefited if the effective e-Waste management implemented in the organization. The company expects the support from the Government in terms of fund and infrastructure to implement the effective e-Waste management. However, there was a lot of potential for effective e-Waste management in the company.

Literature study suggests that the effective e-Waste management leads to enhance the public image of the organization. Effective management of e-Waste is implemented by the organizations of many countries. It was

found that after the effective management of e-Waste by the organization, their performance has increased. It will benefit the owner in terms of good public image and better resource utilization. The company will also be able to cut the cost of IT products by the effective e-Waste management. Effective management of e-Waste across the value chain will enhance company ability to deliver better image to its customers. Keeping this in view, it is suggested to implement effective e-Waste management by the company.

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THE RELATIONSHIP BETWEEN ORGANISATIONAL CLIMATE AND SELF ESTEEM WITH THE INTERFERENCE OF WORK - LIFE CONFLICT AMONG WOMEN EMPLOYEES IN INFORMATION TECHNOLOGY SECTOR

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ABSTRACT

Work and family are the two central domains forming the back bone of an individual’s life .They are work domain (employment) and non-work domain (family).These two inevitable institutions namely work and family have historically coexisted, simultaneously as discrete spheres in one’s life. But this separation between work and life began to fade with changes in societal demographics. This article focuses on the impact of Organizational-Climate as an antecedent on the Self Esteem of the women employees in IT sector in Chennai. The sample size of 598 is identified and with the application of statistical tools. The relationship between Organizational-climate as a cause and Self esteem as a consequence with work-family-conflict as an intervening factor is estimated quantitatively.

Key Words: Work-life-Conflict, Women employees, Organizational- Climate, Self Esteem.

1. Introduction

Women, today, function within multiple roles simultaneously operating in both work and family domains as a mother, spouse,

housekeeper, and as well as maintain a full time employment outside the home. (McLaughlin, Melber, Billy, Zimmerle, Wintges and Johnson, 1988).

The relationship between these dual roles has thus become a topic of interest among organizational researchers. In most studies, researchers have found that carrying out these dual roles often leads to work family conflict for both men and women. The profound demographic trends have elevated the need to understand and manage the interface between work and family (Fraser., 2001).

The acquisition of a role requires an individual to take personal as well as the formal expectations of a specified role or position. Although women are working more outside the home than ever before, in home division also the labour is more than equal now than in the past (Gilbert and Rader, 2001). Working mothers still are expected to be responsible for the majority of household and child care works.

The social belief that women should work and care for their families often conflicts with the limited choices and social realities that women face. Work responsibilities and family obligations compete for time and attention in most working adults. Successfully negotiating the interface of these life domains is challenging.

When individuals allocate most of their time to one arena, the less they will have to allocate to the other resulting in role conflict. Role conflict experienced by women is the subjects of concern and interest that have addressed by researchers (Amatea and Beyette, 1987).

2. About the Industry

The Indian Information technology and Business Processing Outsourcing (IT-BPO) Industry has emerged as the largest private sector employer in the country, with direct employment of 2.23 million professionals and indirect employment of over eight million people in different industry sectors.

The IT-BPO industry has remained fairly gender neutral from the onset providing equal opportunities for both men and women and the participation of women in the workforce is seen as a critical enabling factor for continued growth of the industry.

While the percentage of women in the IT -BPO workforce at the entry level is commensurate with graduate profiles anecdote evidence

suggests that this is not the case at middle and senior management positions. The skill sets and designations in the organizational hierarchy women contribute significantly to the success of companies and the IT-BPO industry as a whole.

Recognizing the growing influence of this emerging workforce IT-BPO organizations are gearing up to act as a catalyst in the development of female workers. The industry has taken a lead in adopting best practices in the areas of human resources to promote the growth and increased employment of women.

India has more working women than does any other country in the world. Out of the entire workforce of 400 million, 30-35 per cent are females and of them only 20 per cent work in urban India. This figure can largely be attributed to the growth of the IT-BPO industry which is one of the largest recruiters of a qualified workforce in the recent times.

A number of global initiatives have already recognized the role of women in weaving the fabric of society and the economy. The Indian IT industry mirrors the availability of women engineers in professional colleges. Approximately 25-30 per cent of the population entering the IT industry are women. The dramatic growth of the IT industry in the mid 90's inspired a larger percentage of women to obtain higher education and by 2005, 40.4 percent of the entrants into institutions of higher education were women.

3. Review of Literature

Work -Life-Conflict

Greenhaus and Beutall (1985) identified three major types of work-family- conflict. The first is time-based, time-spent on role performance in one domain often precludes time-spent in the other domain. The second work –family- conflict strain-based, conflict arises when strain in one role affects one's performance in another role. The last type is behavior based conflict which refers to incompatibility between the behavioral patterns that are desirable in the two domains.

They suggest that positive spillover involves the spread of satisfaction and stimulation at work to high levels of energy and satisfaction at home. Negative spillover refers to how the strains produced by stressful work

situations drain and preoccupy the individual making it difficult for them to participate adequately in family life.

It has been discovered that conflicts between works and personal priorities can actually be catalysts for identifying work inefficiencies that might otherwise have remained hidden or intractable (Friedmann, Christensen and Degrot, 1998).

Organizational-Climate

Organizational -climate is defined as the recurring patterns of behavior, attitudes and feelings that characterize life in the organization more related to atmosphere tone and ethos. An organizational-climate is a relatively new concept and refers to the extent to which work environment is supportive with regards to employees work and family needs (Thomas and Ganster, 1995).The most important issue is whether employees experience or perceive their working organization as family supportive entity. The concept of organizational-climate also resembles the construct of perceived- organization- support.

It should also be mentioned that researchers have occasionally used the concept of work- family-culture (Thompson et al., 1999) in reference to this very same phenomenon. However, we prefer the concept of work family climate to that of culture as in the majority of studies a qualitative methodology has been applied. It has been stated that organizational-climate is more responsive to quantitative methods.

Self-esteem

Self-esteem according to which an employee has a positive perception of his or her value and worth as a member of the organization (Gardner and Pierce, 2001). It is proposed that an individual's self-esteem determines the relative impact of external pressures, role sender support and role salience on the decision to participate in a role activity.

Research has shown that high self-esteem can be an important personal resource at work one which is likely to foster positive attitudes such as job satisfaction or organizational commitment.

Self-esteem employees perceive themselves as valuable meaningful effectual and worthy in their organizations. In addition it has been found that high self-esteem correlates positively with low levels of depression, frustration and physical strain (Jex and Elacqua 1999).

High self-esteem individuals engage in behaviour designed to meet their personal needs and therefore, pay particular attention to the salience of a role in deciding whether to participate in an activity. They seek satisfaction of their needs by choosing compatible occupations and performing at high levels within their job (Tang and Ibrahim, 1998).

However, with respect to other job stressors than work family conflict, self-esteem has been shown to moderate between role stressors and achievement satisfaction. The achievement satisfaction of employees with high self-esteem is unaffected by these aversive role stressors at work.

As androgynous is associated with higher self-esteem clinicians should be allowed to encourage androgyny rather than counseling their clients to adjust sex typed behaviour. Moore (2000) examined the careers of six women whose careers have been interrupted by caretaking responsibilities.

Research Design

The design applied in the study is descriptive research design. It is appropriate to use this method in this research as it describes the relationship among different variables. It tries to understand the outcome of the organizational climate on role-conflict.

Tools for data collection

A set of suitable questions were framed to satisfy the objective of the study with the help of the previous studies and literature review for the selected variables. Suitable statements have been identified and drafted so as to match the variables included in the research work. The statements were tested for reliability and validity.

A structured questionnaire has been used for gathering data from respondents for the study, which was further redrafted based on the results of the pilot study with 50 respondents and tested for reliability. Questionnaire consists of both qualitative and quantitative items. Besides, multiple choice questions, different types of scales are used to measure the respective variables.

Sampling

As the population size is very large (0.21 million), sampling technique has been applied to conduct this study. In this study, population refers to women employees in IT and ITES firms located in Chennai city.

Sample unit of this study consists of married and unmarried employed women in IT industry in Chennai city. Therefore, convenience sample technique is adopted for selecting the sample units. Thousand questionnaires have been distributed among respondents but only 735 have been received after continuous follow-up. Among the collected questionnaires, only 598 filled questionnaires are taken into account for the research.

Validity and Reliability

Reliability of scales is tested with cronbach alpha. The following are the alpha values for respective scales that have satisfied the minimum requirement of 0.7. The reliability score for the Organizational- Climate is 0.847 and Job-satisfaction is 0.790.

Factor analysis is adopted for reducing the variables in work- family- conflict, dimensions, Organizational- Climate, Job-satisfaction. Further the structural equation modelling was administered to study the impact the direct impact of the Organizational- climate as an antecedent on the Self Esteem as a consequence with the work- family- conflict as a moderator.

Hypotheses:

- H₁- Organizational climate significantly influence the role conflict of women employees - Time.
- H₂- Organizational climate significantly influence the role conflict of women employees - Strain.
- H₃- Organizational climate significantly influence the role conflict of women employees Behavior.
- H₄- There is significant impact of work life conflict Time on Self Esteem
- H₅- There is significant impact of work life conflict Strain on Self Esteem
- H₆- There is significant impact of work life conflict Behaviour on Self Esteem

Work -Life -Conflict Dimensions

Work-life-conflict occurs when role pressures in one domain (namely work /family) limit an individual from meeting the obligation in another (Greenhaus and Beutall, 1985). In this study, effort has been made to identify the antecedents and the consequences with their respective impact on the behaviour of the respondents.

For this purpose a set of statements assumed to measure work life conflict were devised on a five point likert scale. Explorative factor analysis is applied to reduce the number of statements and also to measure the validity of the scale and the statements.

Principle component analysis and varimax method are used for extraction of factors and rotation respectively. KMO and Barlett's test is carried out to test sample adequacy. Factors with more than one eigen value are considered for further analysis and the statements scoring loading value of less than 0.5 are suppressed.

KMO and Bartlett's Test

| | | |
|---|--------------------|-------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .914 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 4.885E3 |
| | Degree of freedom | 120 |
| | Significance | .000 |

In order to find out the sample adequacy for conducting factor analysis, KMO Barlett's test has been applied. Kaiser-Meyer-Olkin sampling adequacy value is more than 0.5 so it is considered as useful for conducting factor analysis.

The value 0.914 indicates that 91.4 percent of the total variables are caused by the underlying factor. Besides, the chi-square value and the significant value received that the factor analysis is useful for this data. Finally the set of statements were categorized into three factors as follows.

Work- family- conflict -Time

Factor analysis is carried out to separate the statements which indicate work life conflict time. The table consists of six statements which represents the role-conflict of employed women arising because of time. The eigen value for this factor is 7.198 and it accounts for 22.347 per cent

of variance. Six statements in the table have very strong relationship among them and grouped under the single factor.

Based on the meaning of the statements, this factor is named as work-life -conflict time-based. Factor loading for work life conflict time varies from .763 to .595. The reliability is measured with cronbach alpha that is found 0.867 which is acceptable limit.

Factor : Time

| S N | Statement | Load ing | Eigen value | % of variance | Cronbach alpha |
|--------|---|-------------|----------------|------------------|-------------------|
| 1 | The time I must devote to my job keeps me from participating equally in household responsibilities and activities. | .763 | 7.198 | 22.347 | .867 |
| 2 | My work keeps me away from my family events too much | .754 | | | |
| 3 | I have to miss family activities due to the amount of time I must spend on work responsibilities | .750 | | | |
| 4 | The time I spend on family responsibilities often interfere with my work responsibilities | .703 | | | |
| 5 | I have to miss work activities due to the amount of time I must spend on family responsibilities | .663 | | | |
| 6 | The time I spend with my family often causes me not to spend time in activities at work that could be helpful to my career. | .595 | | | |

By using factor analysis the statements pertaining to strain variable were segregated to for the study. The second factor contains five statements that have significant correlation between them. Factor loading for these statements are high which have scored between 0.786 and 0.607. Meanings of all five statements reveal that the work life conflict that arises is strain-based.

The strain-encountered in one domain (work) makes it difficult to fulfill the needs of another domain (family). Therefore this factor is called work life conflict (strain based). Eigen value for this factor is 1.476 and explains 20.564 percent variance. The reliability coefficient is 0.863.

Factor: Strain

| S. N | Statement | Loading | Eigen value | % of variance | Cronbach alpha |
|------|--|---------|-------------|---------------|----------------|
| 1 | I am often stressed from family responsibilities so I cannot concentrate on my work. | .786 | 1.476 | 20.564 | .863 |
| 2 | Due to stress at home I am preoccupied with family matters at work. | .775 | | | |
| 3 | Tension and anxiety from my family life often weakens my ability to do my job. | .757 | | | |
| 4 | I am often so emotionally drained due to work that it prevents me from contributing to my family | .650 | | | |
| 5 | Due to pressure at work, at home I am too stressed to do the things I enjoy | .607 | | | |

Work- family- conflict - Behaviour**Factor : Behaviour**

| S. N | Statement | Loading | Eigen value | % of variance | Cronbach alpha |
|------|--|---------|-------------|---------------|----------------|
| 1 | The behaviors that work for me at home do not seem to be effective at work | .817 | 1.189 | 18.730 | .816 |
| 2 | The problem solving behavior that works for me at home does not seem to be as useful at work | .742 | | | |
| 3 | Behaviors that are effective and necessary for me at home would be counterproductive at work | .654 | | | |
| 4 | The behaviors that work for me effective at work do not help me to be a better parent and spouse | .620 | | | |
| 5 | The problem solving behaviour I use in my job is not effective in resolving problems at home | .613 | | | |

The above said statements were identified based on the similarity of the meaning and grouped under the category of work life conflict behavior. The third factor consists of five statements which represents the work- life-conflict because of the behavior. These statements are highly correlated with each other and are grouped together and called as work life conflict behavior-based. The loading factor for these five statements ranges from 0.817 to 0.613, and the eigen value is 1.189 and it accounts

for 18.730 per cent of variance. The reliability is 0.816 which is considered to be acceptable. Out of the total eighteen statements taken for the study two statements with the loading factor less than 0.5 is suppressed and the remaining sixteen statements have been taken for the study.

Organizational climate

| S. N | Statement | Loading | Eigen value | % of variance | Cronbach alpha |
|------|---|---------|-------------|---------------|----------------|
| 1 | My organization takes pride in my accomplishment at work. | .718 | 4.120 | 8.486 | 0.847 |
| 2 | My organization helps me when I have a problem. | .691 | | | |
| 3 | My organization really cares my well-being. | .672 | | | |
| 4 | My organization helps me to perform my job to the best of my ability. | .551 | | | |
| 5 | My organization respects every employee as a part of its culture. | .495 | | | |

Factor analysis is administered so as to group the statements under the category of organizational climate. This factor consists of five statements with the eigen value of 4.120 and explains 8.486 per cent of variance. The loading value of these statements varies from 0.718 to 0.495. All the statements have a meaning related to the good atmosphere of the organization. Hence it is named as organizational climate with the reliability coefficient of 0.847.

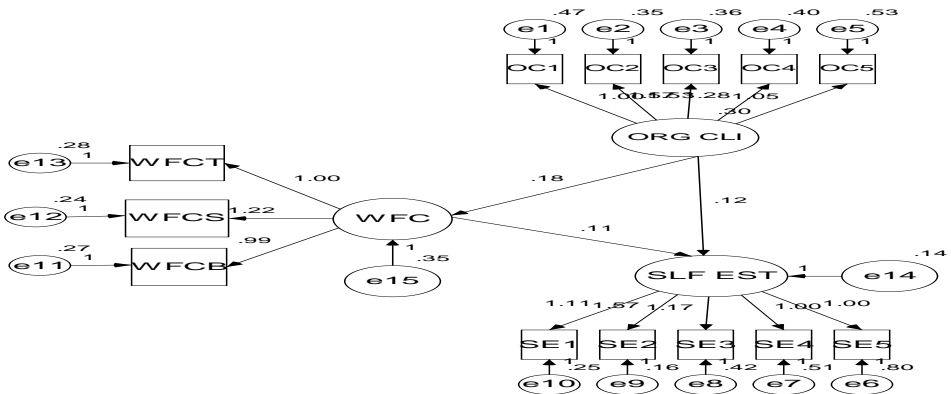
Factor : Self-esteem

| S.N | Statement | Loading | Eigen value | % of variance | Cronbach alpha |
|-----|--|---------|-------------|---------------|----------------|
| 1 | I am able to do things as good as most other people. | .812 | 1.509 | 8.632 | 0.728 |
| 2 | I feel that I have a number of good qualities. | .763 | | | |
| 3 | On the whole, I am satisfied with myself. | .661 | | | |
| 4 | I have a positive attitude towards myself. | .647 | | | |

The next factor consists of five statements all of which have the loading factor more than 0.45. Except one statement other statements range from 0.812 to 0.647. The eigen value is 1.509 and accounts for 8.632 per cent of variance. The reliability co-efficient alpha value is 0.728. These statements signify a satisfied individual with a positive attitude and have more respect for one. Therefore, self-esteem will be a more suitable name for this factor.

Analysis and Interpretation:

The structural equation modeling is a statistical model that seeks to explain the relationship among multiple variables. It depicts all the relationships and variables involved in the analysis. It is more convenient to portray a visual form know as the path diagram. The straight arrow depicts a dependence relationship, the impact of one variable on another variable causes or antecedents to the effect or outcomes. With estimates for each path an interpretation can be made of each relationship represented in the model.



In the study, the work family conflict is categorized into three dimensions of time, strain, and behavior as already discussed. The dependency of these variables together on work family conflict is represented with the help of regression weights.

Regression Weights

| | | | Estimate | S.E. | C.R. | P |
|---------|------|---------|----------|------|--------|------|
| WFC | <--- | ORG CLI | .183 | .054 | 3.371 | *** |
| SLF EST | <--- | ORG CLI | .121 | .038 | 3.213 | .001 |
| SLF EST | <--- | WFC | .110 | .034 | 3.186 | .001 |
| OrgCli1 | <--- | ORG CLI | 1.000 | | | |
| OrgCli2 | <--- | ORG CLI | 1.529 | .100 | 15.311 | *** |

| | | | Estimate | S.E. | C.R. | P |
|--------------|------|---------|----------|------|--------|-----|
| OrgCli3 | <--- | ORG CLI | 1.574 | .103 | 15.320 | *** |
| OrgCli4 | <--- | ORG CLI | 1.283 | .089 | 14.388 | *** |
| OrgCli5 | <--- | ORG CLI | 1.048 | .083 | 12.562 | *** |
| Selfestm5 | <--- | SLF EST | 1.000 | | | |
| Selfestm4 | <--- | SLF EST | 1.001 | .136 | 7.384 | *** |
| Selfestm3 | <--- | SLF EST | 1.169 | .146 | 8.009 | *** |
| Selfestm2 | <--- | SLF EST | 1.571 | .181 | 8.680 | *** |
| Selfestm1 | <--- | SLF EST | 1.107 | .132 | 8.374 | *** |
| wfcbehaviour | <--- | WFC | .987 | .060 | 16.560 | *** |
| wfcstrain | <--- | WFC | 1.221 | .072 | 16.922 | *** |
| wfctime | <--- | WFC | 1.000 | | | |

Variiances

| | Estimate | S.E. | C.R. | P |
|---------|----------|------|--------|-----|
| ORG CLI | .297 | .037 | 7.963 | *** |
| e15 | .354 | .036 | 9.702 | *** |
| e14 | .142 | .031 | 4.555 | *** |
| e1 | .466 | .030 | 15.562 | *** |
| e2 | .347 | .030 | 11.696 | *** |
| e3 | .365 | .031 | 11.660 | *** |
| e4 | .402 | .029 | 13.937 | *** |
| e5 | .527 | .034 | 15.612 | *** |
| e6 | .796 | .048 | 16.446 | *** |
| e7 | .512 | .032 | 15.950 | *** |
| e8 | .421 | .028 | 14.964 | *** |
| e9 | .159 | .023 | 6.937 | *** |
| e10 | .254 | .019 | 13.615 | *** |
| e13 | .280 | .023 | 12.140 | *** |
| e12 | .239 | .028 | 8.550 | *** |
| e11 | .266 | .022 | 11.986 | *** |

Goodness of FIT RMR, GFI

Goodness of fit index is a fit statistic and values of greater than 0.90 are typically considered good. The Goodness of fit value is (0.80) and coincides with the fit model criteria. The lower root means residual values represent better fit and higher values represent worse fit.

In the above model RMR value is estimated to be 0.080 and proves to be good fit. The root mean square error of approximation is another measure that attempts goodness of fit test. It better represents how well a model fits a population not just a sample used for estimation.

Model Fit Summary

RMSEA

| Model | RMSEA | LO 90 | HI 90 | PCLOSE |
|--------------------|-------|-------|-------|--------|
| Default model | .085 | .077 | .095 | .000 |
| Independence model | .241 | .233 | .248 | .000 |

RMR, GFI

| Model | RMR | GFI | AGFI | PGFI |
|--------------------|------|-------|------|------|
| Default model | .045 | .924 | .888 | .629 |
| Saturated model | .000 | 1.000 | | |
| Independence model | .207 | .521 | .441 | .447 |

4. Results and Discussion:

From the analysis it is evident that Organizational-climate is influencing the Work-life- conflict. Organizational-climate found to have high impact on work-life-conflict specifically the dimension of strain and behavior of work- life-conflict and is found to be significant in nature. The direct impact of Organizational-climate as an antecedent on the consequence Self esteem is observed to be significant. Whereas there is significant relationship between work-life-conflict-strain on Self esteem. The dependency of the relationship among the variables is explained with the help of regression weights.

The occurrence of work life conflict can be avoided by identifying, analyzing and combating the causes discussed in the study. Providing a very friendly and peaceful atmosphere with no hard to follow work culture will enhance the productivity of the employees. This prevents the behavior change of the employees arising due to work life conflict. There will not be much work thought interference and behavior change of the employee at home.

Self-esteem along with several other factors which are not discussed in the study have found to have substantial and consistent effects on the employee performance. Employees need to be treated with dignity and respect. Participative management style can be adopted wherein the employees views and ideas can be a part of the decision making process.

Low self-esteem persons may be more strongly affected by external influence attempts to elicit their participation in a role than high self-esteem persons. Although the direct associations between self-esteem and

its outcomes have been instigated relatively often the indirect role self-esteem in the job stressor strain relationship has been rarely explored

In order to avoid the strain arising due to monotony, restructuring of the job can be done to suit the individuals skills and interests by providing some kind of stimulation by minimizing stressful aspects and introducing growth oriented settings. Allow the employees to have control over the job and take decisions on the job with restricted authority.

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EFFECT OF MANAGERIAL SKILLS ON ENTREPRENEURIAL SUCCESS

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ABSTRACT

Since 1991, the Indian new economic policy (NEP) of liberalization, privatization, and globalization (LPG) began to bring both challenges and opportunities for domestic entrepreneurs. In one hand, entrepreneurs are facing huge competition from the multinational companies (MNCs) to survive in the market and on the other hand, these MNCs require high quality vendor support and ancillarization that opens the door of opportunities for Indian entrepreneurs. As such, there is an obvious need for higher level of professionalism in sensing market opportunities, making strategic plans and managing the entrepreneurial ventures to succeed. In India there is no dearth of physical resources as well as human resources. What is essentially lacking is effective management. Against this backdrop, an empirical study has been conducted in the state of Tripura to observe the affect of managerial skills on entrepreneurial success. For the purpose of framing sample from the population, 120 entrepreneurs were randomly selected from the length and breadth of Tripura, who have run their enterprises at least 5 years as on 31st March, 2012. The sample consists of 80 Male entrepreneurs and 40 Female entrepreneurs. The primary data so required for the study have been collected from the sample entrepreneurs with the help of a semi-structured mailed questionnaire. The findings of the study reveal that there is a positive co-relation between managerial skills of the entrepreneurs which includes Technical skills, Human skills and Conceptual skills and the level of success achieved by them with respect to Net profit, Turnover growth, and Level of business diversification. Further, male entrepreneurs are much more successful in entrepreneurial venturing because of their higher level of managerial skills in comparison to the female entrepreneurs. The paper concludes with the suggestions to conduct Management Skill Development Programme on regular basis by the esteemed educational institutions of India in which both established entrepreneurs and the budding potential entrepreneurs may participate and develop their managerial skills to become successful in their entrepreneurial venturing.

Keywords: Managerial skills, Net profit, Turnover growth, Business diversification, Entrepreneurial success.

1. Introduction

Due to adaptation of LPG (*Liberalization, Privatization, and Globalization*) policy and abolition of MRTP (*Monopolistic and Restrictive Trade Practice*) Act in India, entrance of multinational companies in Indian domestic market is becoming much easier now than ever before. Resultantly, domestic industries are facing huge competition and compelling to deliver value based product and services for their survival and thrive. The value based product and services can only be provided through *Target Costing* which includes three tools viz. Reengineering, Reverse Engineering, and Value Engineering (*Haldar and Debnath, 2008*). On the other side of the coin, the entrance of multinational companies in Indian domestic market in large scale shall also create huge opportunities for small entrepreneurs because they would require high quality vendor support and ancillarization. As such, there is an obvious need for higher level of professionalism in sensing market opportunities, making strategic plans and managing the entrepreneurial ventures to succeed in sustainable manner. Because of the changing scenario in the global business in general and in the Indian economic environment in particular, there is a need to manage the entrepreneurial initiatives more effectively in the present era than ever before. In our country there is no dearth of resources, whether material or human. What is essentially lacking is *effective management*. Against this backdrop, an empirical study has been conducted in the state of Tripura, a tiny north-eastern state of India, to observe the swing of managerial skills on entrepreneurial success. It is a common knowledge that the proportion of women in the entrepreneur population of India is miniscule. In this context, it would be relevant to find out whether there are any differences between male and female entrepreneurs of Tripura with respect to the levels of success achieved by them. If any difference is observed; it would be interesting to find out whether this difference is due to variation in their managerial skills or not.

2. Objectives and Significance of the Study

In a labour-abundant and capital-scarce country like India, Small Scale Industries (SSIs) owned by small entrepreneurs have a very

important role to play in country's overall economic development through regionally balanced fiscal growth. In India, the Industrial Policy Resolution of 1956 favoured this sector with three arguments, viz., i] the employment argument (i.e., it helps in equitable distribution of income and wealth among the people), ii] the latent resource argument (i.e., the small entrepreneurs are able to tap latent resources like entrepreneurial ability, hoarded wealth, etc.) and iii] the decentralization argument (i.e., the dispersal of industries through out the country helps in tapping local resources, avoiding unemployment, avoids the problem of environment pollution in towns and big cities). These arguments in favour of the SSI sector increased the responsibility of the government, banks and other financial institutions in financing and promoting this sector. To achieve this cherished goal, the government started the process with clear-cut industrial policies and established many entrepreneurship development institutions and advisory bodies. The commercial banks are also started sponsoring the budding entrepreneurs. But statistics reveals that the entrepreneurial success rate, particularly in the north-east India, is very much disappointing (*Basic Statistics for NER, 2006*). In a study on Entrepreneurship Development Programmes in North Eastern States of India, it has been observed that the success rate of Entrepreneurship Development Programmes (EDPs) in Tripura is only 13.2%; which is lowest among the North Eastern States (*Mali and Datta, 2000*).

Looking at the various problems faced by small entrepreneurs like delay in loan sanction and disbursement, inadequate credit, sickness creeping in and severe competition from multinationals and large industries, various studies were conducted that focused mainly on the impact of government programmes, factors affecting entrepreneurial growth and roles of banks, financing and promotional institutions in the entrepreneurship development. However, there is a dearth of a comprehensive study on the swing of managerial skills on entrepreneurial success. The present work is an attempt to fill this gap.

Against this milieu, an empirical study has been conducted on the randomly selected sample entrepreneurs of Tripura with a view to observing the gender-wise swing of managerial skills on entrepreneurial success. Although this empirical study has been conducted in the state of Tripura, its findings may have equal relevance to the other parts of India in particular and the other countries of the world in general. This study may easily be replicated elsewhere for testing or checking. The concrete

suggestions based on findings of the study will attract the attention of policy makers, entrepreneurs, entrepreneurship training institutions to redesign their training programmes by objectives.

3. Methodology

The present study is a new of its kind. It attempts to examine the swing of Managerial Skill on entrepreneurial success. The data essentially required for conducting such study is not readily available. As such, the present study heavily relies upon primary data collected through empirical approach. However, for contextualizing the problem to be investigated as well as determining the size of the population to be covered and framing the sample of the study there from to be investigated, a good number of secondary data such as the list of entrepreneurs, their addresses and other relevant data have been required and all those data have been collected from the 4 (four) District Industry Centers (DICs) of Tripura.

For the purpose of framing sample, 120 entrepreneurs were randomly selected from the length and breadth of Tripura, who have run their enterprises at least 5 years as on 31st March, 2012. The sample consists of 80 Male entrepreneurs and 40 Female entrepreneurs. The primary data so required for the present study have been collected from the sample entrepreneurs with the help of a semi-structured mailed questionnaire. In case of any doubt in the primary data so collected, clarification has been made over telephone and/ or through direct interview of the respective entrepreneur.

For the purpose of the present study, two vital things are required to be measured. These are measurement of level of success of the entrepreneurs and measurement of level of the managerial skills of the entrepreneurs. As such, the measurement scales have been used to appraise the qualitative parameters of the study undertaken. The designs of the scales are based on review of relevant literature. The scales are described in the relevant places of the present paper.

4. Success of the Entrepreneur

Entrepreneurial success can be defined in many ways. Comparison of the levels of success achieved by entrepreneurs is a difficult task. One may use some quantified performance indicators like financial performance, awards won or intangible measures like happiness, satisfaction, etc. that

may be difficult to quantify. On review of scales used for measurement of entrepreneurial success by various Indian researchers (Akhouri 1979, Rao1986, Kumar 1990), a set of 3 key variables has been selected for measurement of success of the respondents of this study. These variables are Net Profit (average of last 5 years), Turnover growth rate (average of last 5 years) and Diversification level of their enterprises in last 5 years.

Net Profit and Turnover growth were used in almost all the above-mentioned scales and these are variables that are a function of some of the other measures like labour productivity, raw material productivity, etc. used in the scales referred above. Measurement of diversification level has been included along with the other two financial variables because it indicates the innovativeness and risk-taking tendency of the entrepreneur. These are two important characteristic features of entrepreneurship. This is as per a very widely accepted definition of the term ‘Entrepreneur’, given by Hisrich & Brush. “*Entrepreneur is a person who creates something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction*” (Hisrich and Brush; 1986). Diversification decision of the entrepreneur is a suitable indicator of innovativeness and risk taking propensity of the entrepreneur.

5. Measurement of Success of the Entrepreneur

The scale for Measurement of success was based on a study of scales used by S. Ashok Kumar (1990), Akhouri (1979), and Lakshamana Rao (1986). As already stated, for measurement of success of the entrepreneur, the following three parameters has been used:

- (a) Average percentage of net Profit per annum achieved during the last five years
- (b) Rate of Growth of Turnover during the last five years
- (c) Level of Diversification of the enterprise in last five years

The performance of the unit of each respondent entrepreneur was rated on each of these variables on a 3- point scale as described below.

Profit - Information regarding Average percentage of Net profit per annum achieved during the last 5 years was obtained from each respondent. Scores were assigned to each entrepreneur as follows:

| | | |
|------------|----------|------------|
| Above 25 % | : High | : 3 points |
| 15% - 25% | : Medium | : 2 points |

Less than 15% : Low : 1 point

Turnover – Information regarding Average rate of growth of Turnover achieved during last 5 years has been obtained through mailed questionnaire. Scores were assigned to each entrepreneur as follows:

Above 15 % : High : 3 points

5% - 15 % : Medium : 2 points

Less than 5% : Low : 1 point

Diversification - Information regarding number of diversifications made during the last 5 years has been obtained through the mailed questionnaire. Scores were assigned to each entrepreneur as follows:

1 every year : High : 3 points

1 every 2 years : Medium : 2 points

1 every 3 years or more or

No diversification at all : Low : 1 point

So, the total scores were ranging from 3 to 9. Respondents were categorized as having Low, Medium & High level of success for scores ranging from 3 to 4, 5 to 7, and 8 to 9 respectively.

6. Findings of the Study

The findings of the present study regarding comparative levels of Net Profit, Turnover Growth and Diversification level achieved by the respondent entrepreneurs is presented in Table – 1, 2 and 3 respectively. Male respondents have managed to earn relatively higher levels of profit and Turnover Growth as compared to the female respondents. Whereas it is found that there is no significant difference in the level of diversification achieved by the two target groups. As presented in Table – 4, there is a reasonable difference between the male and female respondents regarding their extent of Success in entrepreneurial venture. Male entrepreneurs have been found to be more successful among the respondents in comparison to their female counterpart. Thus it may be concluded that entrepreneurial performance can be differentiated on the basis of gender.

Now, it is the matter of examination that is there any relation between the degree of success in entrepreneurial venture and the managerial skills of the two sets of respondents. This will be explored later in this discussion.

Table – 1: NET PROFIT

N=120

| Gender | High | %age | Medium | %age | Low | %age | Total |
|---------|------|-------|--------|-------|-----|-------|-------|
| Males | 37 | 46.25 | 29 | 36.25 | 14 | 17.50 | 80 |
| Females | 17 | 42.50 | 13 | 32.50 | 10 | 25.00 | 40 |
| Total | 54 | 45.00 | 42 | 35.00 | 24 | 20.00 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Table – 2: TURNOVER GROWTH

N=120

| Gender | High | %age | Medium | %age | Low | %age | Total |
|---------|------|-------|--------|-------|-----|-------|-------|
| Males | 41 | 51.25 | 24 | 30.00 | 15 | 18.75 | 80 |
| Females | 16 | 40.00 | 11 | 27.50 | 13 | 32.50 | 40 |
| Total | 57 | 47.50 | 35 | 29.17 | 28 | 23.33 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Table – 3 : LEVEL OF DIVERSIFICATION

N=120

| Gender | High | %age | Medium | %age | Low | %age | Total |
|---------|------|-------|--------|-------|-----|-------|-------|
| Males | 20 | 25.00 | 28 | 35.00 | 32 | 40.00 | 80 |
| Females | 11 | 27.50 | 13 | 32.50 | 16 | 40.00 | 40 |
| Total | 31 | 25.83 | 41 | 34.17 | 48 | 40.00 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Table – 4
GENDER-WISE OVERALL SUCCESS IN ENTREPRENEURIAL VENTURING

N=120

| Gender | Very Successful | %age | Successful | %age | Less Successful | %age | Total |
|---------|-----------------|-------|------------|-------|-----------------|-------|-------|
| Males | 33 | 41.25 | 27 | 33.75 | 20 | 25.00 | 80 |
| Females | 15 | 37.50 | 12 | 30.00 | 13 | 32.50 | 40 |
| Total | 48 | 40.00 | 39 | 32.50 | 33 | 27.50 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Managerial Skills

The Managerial Skills are very important trait of entrepreneurs. Managerial skills are required for ensuring smooth operations of the business firm, effective planning, successfully coping with competition and for long-term survival and growth of an enterprise. These skills of the respondents have been measured with the help of a specially designed scale using Robert Katz's classification of various types of managerial Skills (Katz, 1974). According to Katz, there are three types of Managerial Skills viz. Technical Skill, Human Skill and Conceptual Skill. The said measurement tool is explained below. The managerial skill level has been categorized into three major categories, such as high, medium, and low.

Measurement of Managerial Skills

Measurement of managerial skills of the sample entrepreneurs have been done based on the classification of Robert Katz. Katz identified three essential management skills, viz. Technical Skills, Human Skills and Conceptual Skills. (Katz, 1974)

Measurement of Technical Skills

Technical skills encompass the ability to apply specialized knowledge or expertise. Some entrepreneurs learn the special knowledge and practices of the field through extensive formal education, while others develop their technical skills on-the-job itself. Present study takes into account three technical skills, viz. i) Account keeping, ii) Capability to organize resources, iii) Knowledge of the job of the firm.

The respondents have been rated on each of these skills on a 3-point scale (Low, Medium, and High). The information regarding these skills of the respondents has been obtained with the help of mailed questionnaire that includes the questions as given below.

- 1) How will you classified the method of your Account Keeping?
 - Structured
 - Semi structured
 - Unstructured
- 2) How often do you face a problem of inadequate stock position?
 - Never
 - Sometimes
 - Often

- 3) How proficient are you in the technical aspects of the jobs performed in your organization?
- Very proficient
 - Somewhat proficient
 - Not at all proficient

1, 2 and 3 points were assigned for the first, second, and third options. The total scores were ranging from 3 to 9. So, scores from 3 – 4 have been rated in the low Technical skills category, 5 – 7 have been rated as Medium, and 8 – 9 have been rated as high technical skills category.

Measurement of Human Skills

The ability to interact effectively and work with, understand and motivate other people describes the human skills. These have been measured with the help of 3 indicators; viz. the entrepreneurs' ability to handle grievances, encourage participation of employees and the ability to network. The information on the above three indicators have been obtained through mailed questionnaire that includes following three questions:

- 1) How do you handle a crisis or a grievance in your firm?
 - You leave the matter to the parties
 - You reprimand the parties
 - You intervene and suggest solutions
- 2) Do you involve your subordinates in your decision making process?
 - Never
 - Sometimes
 - Always

1, 2 and 3 points have been assigned to the responses for choosing the option a), b) and c) respectively.

- 3) a) Do you participate in Religious get-togethers?
 - b) Are you a member of any professional association?
 - c) Do you have friends among political or administrative authorities?

1 point has been assigned for every affirmative answer.

The total scores may be ranging from 3 – 9. In this case the score categories have been decided as, 3 – 4 Low, 5 – 7 Moderate, and 8 – 9 High.

Measurement of Conceptual Skills

The mental ability to see into the future and develop a vision is called conceptual skill. It also encompasses the ability to analyze and diagnose complex situations. The conceptual skills of the entrepreneurs have been measured on the basis of the clarity in the future plans of their firm. Information on clarity of the plans was obtained through mailed questionnaire that includes the question - what are your future plans for your firm?

Depending on the clarity of the plan, the respondents have been assigned 1 or 2 or 3 points, considering a higher score for clearer plans.

This skill has also been categorized as Low, Medium and high with scores 1, 2 and 3.

To give an overall measurement of Managerial Skills, the Low, Medium and High categories of each of the above mentioned three skills were given scores of 1, 2 and 3. So, the total scores were ranging from 3-9. Respondents have been categorized as having Low, Medium and High Managerial skills for scores ranging from 3 – 4, 5 – 7, and 8 – 9 respectively.

7. Findings of The Study

The findings of the present study regarding comparative levels of Technical Skills, Human Skills and Conceptual Skills of the respondent entrepreneurs is presented in Table – 5, 6 and 7 respectively. As presented in Table – 8, there is a reasonable difference between the male and female respondent entrepreneurs with respect to their managerial skills. Male entrepreneurs have been found to have higher managerial skills among the respondents in comparison to their female counterpart. Thus, it may be concluded that managerial skills can be differentiated on the basis of gender. And perhaps, this is one of the reasons, for low success rates of female entrepreneurs in Tripura in particular and in India in general.

Table – 5 : TECHNICAL SKILLS

N=120

| Gender | High | %age | Medium | %age | Low | %age | Total |
|---------|------|-------|--------|-------|-----|-------|-------|
| Males | 42 | 52.50 | 24 | 30.00 | 14 | 17.5 | 80 |
| Females | 16 | 40.00 | 13 | 32.50 | 11 | 27.5 | 40 |
| Total | 58 | 48.33 | 37 | 30.83 | 25 | 20.83 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Table – 6 : HUMAN SKILLS

N=120

| Gender | High | %age | Medium | %age | Low | %age | Total |
|---------|------|-------|--------|-------|-----|-------|-------|
| Males | 46 | 57.50 | 24 | 30.00 | 10 | 12.50 | 80 |
| Females | 18 | 45.00 | 11 | 27.50 | 11 | 27.50 | 40 |
| Total | 64 | 53.33 | 35 | 29.17 | 21 | 17.50 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Table – 7 : CONCEPTUAL SKILLS

N=120

| Gender | High | %age | Medium | %age | Low | %age | Total |
|---------|------|-------|--------|-------|-----|-------|-------|
| Males | 32 | 40.00 | 28 | 35.00 | 20 | 25.00 | 80 |
| Females | 14 | 35.00 | 13 | 32.50 | 13 | 32.50 | 40 |
| Total | 46 | 38.33 | 41 | 34.17 | 33 | 27.50 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

Table – 8 : GENDER-WISE OVERALL MANAGERIAL SKILLS

N=120

| Gender | High | %age | Moderate | %age | Low | %age | Total |
|---------|------|-------|----------|-------|-----|-------|-------|
| Males | 40 | 50.00 | 25 | 31.25 | 15 | 18.75 | 80 |
| Females | 16 | 40.00 | 12 | 30.00 | 12 | 30.00 | 40 |
| Total | 56 | 46.67 | 37 | 30.83 | 27 | 22.50 | 120 |

Source: Compiled personally from the filled-in questionnaires received from the respondents

8. Suggestion

The findings of the present study reveal that there is a positive correlation between the level of success of entrepreneurs and the level of their managerial skills. As such, with a view to developing the managerial skills of both male and female established entrepreneurs and the budding potential entrepreneurs, it is indispensable for them to undergo structured Management Skill Development Programme (MSDP). In Indian perspective, IITs and IIMs and other esteemed institutions may take the

responsibility of conducting quality MSDPs. The course curriculum of a typical MSDP may contain the following 7 (seven) modules.

Module – 1: *Business Economics, Enterprise Development, and General Management:* India's Industrial Policy and economic development; Role of micro, small and medium enterprises in Indian economy; Venture idea generation; Project feasibility analysis and Business Plan preparation; Starting an enterprise; Intellectual Property Rights and their use and importance of micro, small and medium enterprises; Technology sourcing and selection; General management principles and functions.

Module–2: *Manufacturing Services and Operations Management:* Enterprise production systems; Relevant factors for facilities location, layout and design; PPC in small firms; Materials and inventory management; work study and value engineering; Total productivity; Quality standards; Total Quality Management; Supply Chain Management; MIS.

Module–3: *Accounting and Financial Management:* Fundamentals of accounting, book keeping, management and cost accounting; Balance sheet, P & L statements, preparation and interpretation; Working capital management; Capital budgeting; Source of finance; Tax planning; Governmental interface.

Module–4: *Organization and Human Resources Management:* Organization design and structure; Human resource selection and induction; Performance Appraisal; Inter-personal relations; Leadership; Communication; Motivation; Stress Management; Industrial relations and labour laws; Team building; Time management; Organizational culture.

Module–5: *Marketing Management:* Marketing challenge and opportunities; Market measurement and segmentation; Market planning; Marketing Mix; Product attributes, branding and packaging; Pricing; Distribution channels; Advertising and sales promotion; personal selling; Sales force management; Services marketing; Rural marketing; International marketing; Consumer Protection Act.

Module–6: *Information Technology:* Information technology applications in MSMEs; E-commerce with specific reference to MSMEs.

Module–7: *Strategic Management:* SWOT Analysis; Strategic analysis; Strategy development and implementation; Strategic alliances; Balanced Score Card; Strategic change and flexibility.

The above course curriculum of MSDP is an indicative one only. The actual course curriculum may be designed through Participatory Curriculum Development (PCD) approach (Rogers, A. and Taylor, 1998; Taylor, 2006) depending on the level of participants and their present and probable future needs. The instructional methods may include lectures, discussions, field visits, on-the-job exposure, brainstorming, management games, case studies analysis, interactive sessions, panel discussions, relevant audio-visual demonstrations, etc. Total duration of the MSDP may vary between 4 to 6 months. The whole programme may be conducted continuously or in the phased manner depending on the maturity of the participants.

9. Conclusion

The findings of the present study reveal that the level of success in entrepreneurial venturing measured with respect to *Net profit, Turnover growth, and Level of diversification* are more among the male entrepreneurs in comparison to their female counterparts. Similarly, female entrepreneurs have lower level of managerial skills with respect to technical skills, human skills and conceptual skills in comparison to their male counterparts. Thus, it may be inferred that there is a positive correlation between the level of success achieved by the entrepreneurs and the level of their managerial skills. Perhaps, this is one of the reasons for backwardness of female entrepreneurs in Indian culture. As proposed in the present paper, this setback may be triumph over through conducting Management Skill Development Programme on regular basis by the esteemed educational institutions of India in which both established entrepreneurs and the budding potential entrepreneurs may participate. It is believed that if the foregoing suggestion is implemented in a proper manner, the success rate as well as the success level of the Indian entrepreneurs will increase a lot.

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