



SANKALPA

Sankalpa means Decision,
Determination that a true manager or leader must take every day...

Volume 2

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Issue 2

SANKALPA

Journal of Management & Research

Sankalpa: Journal of Management & Research aims at debating and bringing out the intricacies of Management perspectives and concepts, path-breaking theories and applications with much needed skills for the benefit of teachers, students, managers and leaders in university, college, business, industry, government and non-government organizations. The focus is on Indian Management and its interplay with Global Management knowledge, best-practices and research. The mission is to see a well-managed, developed and happy world in 21st century.

This Issue is sponsored by : Dr. Satendra Kumar, Professor & Head, Ph.d Research Centre, CKSVIM



SMJV CENTENARY
1915 - 2015

Shri Mahavira Jaina Vidyalaya Education Foundation
C K Shah Vijapurwala Institute of Management, Vadodara, India





Message....Shri Dipchandbhai Gardi

It is a matter of enormous gratification that CKSV Institute of Management under the flagship of SMJVEF has reached at Top 5 among MBA Institutes affiliated to **Gujarat Technological University, Ahmedabad**.

I congratulate **Dr. Rajesh Khajuria**, Director and his team of dedicated and hardworking faculty and staff members for preparing the students to face the unforeseen challenges and equipping them with innovative strategies in order to plan for excellence in the field of Marketing, Finance, IT, Human Resource, and International Business.

I am glad to see the efforts of publication team of **SANKALPA: Journal of Management and Research** in showcasing the finest research work in the field of Management from the Directors, Faculty members and students across the nation.

SMJV's CKSVIM Team's effort will definitely transform the young aspirants into Entrepreneurs, Managers and a complete human being.

Shri Dipchandbhai Gardi
Chairman, SMJV - Mumbai



Message....Shri Kirtilal K. Doshi

Dear Dr. Khajuria,

I was delighted to receive the report of the first **Entrepreneurship Development Program for SME's Growth**. Please accept my Congratulations on successful launch of this great initiative.

India, throughout its rich history, has been a center for educational excellence, be it at the **Takshashila or Nalanda or through the age-old Gurukuls**. One of the key benefits of this education system is development of entrepreneurs and intra-prenuers, the managers who act as owners. These exceptional entrepreneurs from India have laid the foundation of some of the most sustainable and greatest businesses in the world. While a traditional management education is directed towards improving the managerial skills, an entrepreneurial drive is seldom inculcated amongst the students. I am happy to note that the Center of Entrepreneurship and Enterprise Development aims to fill in this gap. Institution of such **Entrepreneur Development Programs** is, and will always be, the critical factor in driving economic growth and no time better than today could have been chosen to undertake this initiative.

I send my best wishes to you and your team and hope that you will continue to develop more entrepreneurs who, in turn, will create more businesses and employment opportunities. It is indeed a great service to the people and the country.

Please do keep me apprised about the future programs and success stories of its alumni.

Shri Kirtilal K. Doshi
President, SMJV - Mumbai



From the Desk of Editor-in-Chief...

Employable Education: Sustainability and Entrepreneurship

"The economic progress of a country is strongly linked with Quality Education with values for All..." says All India Council for Technical Education (AICTE) on its website www.aicte-india.org.

However, despite about 500 universities, 25,000 colleges including about 7,500 technical / professional colleges, which further includes 3,556 MBA (Management) Institutes and 288 PGDM Institutes in India, the country's vast majority or 85% of adult population remains away from Higher Education (HE) Colleges or Universities. Gross Enrolment Ratio (GER) of students enrolled in higher education as a percentage of the population still remains low! A grim scenario for India after 60 years of independence!



A plethora of regulators, Teachers' Education Councils, colleges and institutions offering undergraduate, graduate and research courses or degrees are yet to recognise the values, needs, aspirations and capabilities of these marginalized class of 85% Indians. It's not wrong to ask the question: 'Can Higher Education be said to be sustainable??'

The Per Capita spent on Higher Education in India as % of GDP cannot be said to be satisfactory. As per official figures, about 70% (and estimated 80%) of investment in HE sector comes from Private Sector. Innumerable discussions in Higher Education Forums have come to the conclusion that Government of India and many of its States have to come up with long-term vision, plausible policies, workable strategies, financial means and deep desire to increase the Gross Enrolment Ratio (GER) in HE sector.

Sadly, 3 out of 4 students or 75% of our MBAs and Engineers are not directly 'employable' as per various surveys by Confederation of Indian Industry - CII, FICCI and NASSCOM. It's hard to say whether the current trend may be expected to improve... when Indian economy is going through tough times, and Global economy is stagnating!

Worse still, we don't learn lessons. First, we no longer recognise achievements of our own people in business, industry and social life unless they are well-educated. Second, our parents do not encourage adult children to become entrepreneurs. Third, many of our universities and colleges do not teach Entrepreneurship to youngsters in a nation which is entrepreneurial with a history of 5,000 years of sustainable knowledge, business and life.

I, however, see not one but two silver linings for our 85% young and adult people in this so called 'babu-style' **Higher Education sector**. **Let some universities think of setting up 'Higher Education Recognition for Traditional Knowledge-holders in Management (HEART-Ko-Man) Centre'** on the lines of 'Higher Education Recognition for Traditional Knowledge Holders (HERTKH)' set up by Gaia University (www.gaiauniversity.org/english), Darwin, Australia based on willingness 'to abide by the **UN Declaration on the Rights of Indigenous People**, especially with regards to the right to self-determination...' The focus of this educational method is on the process rather than content; candidate's personal growth is the most important element, rather than classroom teaching and university examination. Suitable evaluation methods are adopted to verify knowledge earned through real life 'Action Learning', for example through a mix of audio, video, pictorials, art, and brief reports.

Second and immediately accessible silver-lining or 'Help Line' is to create a **Centre of Entrepreneurship Development (CEDs)** in every single university and professional college, be it Management (MBA), Engineering, MCA, Pharmacy or Hotel Management. This strategy shall turnaround many educational institutions, which will create job-givers rather than job-seekers.

I am happy to share that we at **SMJV's CKSVIM** have recently launched '**Centre of Entrepreneurship and Enterprise Development (CEED)**'. CEED is offering the first program on '**Entrepreneurship Development for SMEs Growth**' in collaboration with **International Centre for Entrepreneurship and Technology (icreate)**, Gujarat, wherein 15 SME entrepreneurs are undergoing 10-Saturdays program to sharpen their saw that should enhance their business growth substantially over next few years. I enjoy being a resource person. Read more at www.cksvim.edu.in. Entrepreneurship Development Institute (EDI), Gandhinagar, in Gujarat, is a notable institution teaching entrepreneurship.

We shall be happy to help just anyone wishing to set up a CED or undergo EDP training... for personal and organizational growth.

Enjoy the wet monsoon!

Dr Rajesh Khajuria

Director

Email : director@cksvim.edu.in



Message... Shri Subodhratna Gardi

In the span of three years SMJV's CKSVIM has progressed tremendously in academics and co – curricular activities.

It has been always a pleasure to know that the Institute is engaged in enhancing overall personality of students through Finishing School Program, teaching them foreign languages, encouraging them to participate in conferences and seminars. We have taken a bold step to start the **Centre for Entrepreneurship and Enterprise Development (CEED)** under the leadership of Dr. Rajesh Khajuria. Under the CEED, **Entrepreneurship Development Program for SMEs Growth** in collaboration with **icreate** has commenced and many other programs to commence soon.

I am sure that this journal of Management will become the platform for those who wish to showcase their talent by doing extensive research in the areas of Management and Entrepreneurship.

I wish all the authors' and team members of **SANKALPA** good luck for achieving all round excellence.

Shri Subodhratna Gardi
Hon. Secretary, SMJV - Mumbai



Message... Shri Bipinbhai R. Shah

I am happy to see the progress of SMJV's Management Institute - CKSVIM over past three years, resulting into becoming a Top – 5 MBA College in Gujarat under GTU.

I wish the college Director, Faculty and Staff members to perform higher and higher and also wish all MBA students to do well in life and shine the name of the Institute and their parents in future.

Shri Bipinbhai R. Shah
Honorary Secretary, SMJV - Vadodara





Message - Cum - Appeal ... Dr. Satendra Kumar

As head of the 'Research Centre' at C K Shah Vijapurwala Institute of Management (CKSVIM), Vadodara of Shree Mahavira Jaina Educational Foundation Trust (SMJV), Mumbai, I have great pleasure in sponsoring the publication of July 2012 Issue of its regular Bi-Annual Journal 'SANKALPA', the Journal which is published regularly since July, 2010.

The 'Research Centre' is committed to be the 'Prime Mover' of all Research Activities at CKSVIM in particular, and among the institutions affiliated to the Gujarat Technological University (GTU), Ahmedabad, in general. It has been endeavouring since its inception in January, 2011, to encourage 'young minds' for undertaking Research Studies in the areas of their academic interest. As a result of our efforts, Five of our Teachers have started their Ph.D. Research and got themselves registered for Ph.D. with G.T.U., Ahmedabad.

Besides, two teachers from other Business Schools in Vadodara under G.T.U. and one executive at the level of V.P. (H R) from industry are receiving guidance from Faculty at CKSVIM for their Ph.D. Research.

The Research Centre plans to help 'Researchers' (Students and Faculty Members) to submit 'Research Proposals' to various funding agencies, like University Grant Commission (UGC), New Delhi, All India Council for Technical Education (AICTE), New Delhi, Indian Council of Social Sciences Research (ICSSR), New Delhi. etc., for obtaining financial assistance.

With the growing prominence of its present Bi-Annual Research Journal 'SANKALPA' among researchers and readers, we expect to make it a Quarterly Journal of Management and Research in future.

With a view to supporting all kinds of research activities at CKSVIM, including the publications, the 'Research Centre' needs to be financially self-sustainable for all time to come in future. The financial sustainability of the Centre can be achieved by creating 'SMJV Research Corpus Fund' with the help of 'Donations' from individuals and institutions.

I am personally happy to take initiative in announcing a humble contribution of Rs. One Lac to this Fund. I also would like to take this opportunity to make an ' APPEAL' to one and all for making generous donation to this Corpus Fund so that the 'Research Centre' achieves financial sustainability in future.

July 1, 2012.

Dr. Satendra Kumar
Professor and Head
PhD Research Centre, CKSVIM



Message.... Shri Nileshbhai Shukla

SME's hold the potential of generating the largest number of employment opportunities and simultaneously contributing to the country's GDP substantially. They have a great share for India's growth and development in terms of exports and foreign exchange as well. There is a need for academic institutions and various Government institutions to join hands together for holistic development of SMEs. I am delighted to learn that **C K Shah Vijapurwala Institute of Management, Vadodara**, is launching the '**Entrepreneurship Development Program for SMEs**' to develop the problem-solving skills of the SME entrepreneurs.

Shri Nileshbhai Shukla
Senior VP, Vadodara Chamber of Commerce & Industry (VCCI)

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SANKALPA

**विश्वस्य ही प्रचेतसा वरुण मित्र राजथः ॥
इशाना पिप्यतम धियः ॥**

**“O Varuna, O Mitra, you Govern every man and are the wise thinkers;
You are the Rulers, Nourish our Thoughts.”**

- Veda, The most ancient Indian philosophy scripture

APPEAL TO THE AUTHORS AND CONTRIBUTORS

The present issue (Volume 2, Issue 2) is the July-2012 issue, which contains research papers / articles in various areas of Management and Research. The bi-annual Journal 'SANKALPA' portrays our strong conviction to disseminate the thinking of academicians and practitioners in the field of Management discipline, which they communicate through their 'Reporting' in the form of research papers/ articles, study reports, case studies, original conceptualizations with logical vigor and vision.

The members of the Editorial Board appeal to all the academicians and practitioners to communicate their 'Reporting' to the Editor-in-Chief for publication in our subsequent issues, through the e-mail ID :
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Article by Invitation

Universities in Knowledge Based Economy

Dr. Kamlesh P. Joshipura : First Vice Chancellor, Indian Institute of Teacher Education, Gandhinagar.
Former Vice Chancellor (2005-2011), Saurashtra University.
Faculty, Department of Law, Saurashtra University, Rajkot.



Abstract : In the context of this millennium, there was unanimity regarding the global leadership and common agenda. There was a common perception that the present social changes are all moving in the direction of a knowledge based social set up. In a vast country like India, social sector is in majority, and it grows ominous when one adds the rural population and urban poor. In the context of social order based on knowledge, social change can be brought about through the power of knowledge by reawakening the glorious historical and ancient tradition in the present context.

In the knowledge base economy universities justify their expenditure of public money by claiming it as a national investment. But at the same time any kind of investment implies a rate of return to be measured and reported. Although university is a non-profit organization, yet its contribution may be measured. Several intangible contributions like values and attitudes are not directly measurable. But indirect measures, like productivity, crime rates, and peace may be used. In case of technical education, value-added to income generating capacity of students may be used. Rank may be assigned at national and global level on the basis of its contribution to knowledge via research. India is currently confronting a dilemma that threatens to stop the country's impressive economic expansion in its tracks: an acute shortage of trained manpower to provide the country with a much-needed injection of skilled engineers and managers. India's leaders have embarked on an ambitious effort to encourage foreign higher educational institutions to open campuses on their soil. India's higher education crisis is one of quality, not quantity. According to government statistics, India boasts 22,480 colleges and universities, which churn out nearly 500,000 technical and science graduates every year. But smothering government control, lack of infrastructure, and a shortage of highly trained faculty often produce graduates who lack the skills needed to join the workforce.¹

In the context of this millennium, there was unanimity regarding the global leadership and common agenda. There was a common perception that the present social changes are all moving in the direction of a knowledge based social set up (knowledge society).¹ It was also felt that such a knowledge based society would gradually result into a knowledge based economy too and thus, at the world level a knowledge society will get established and rooted. Because of the economically backward areas in cities and our rural country side at large, the social structure of our society could not yet be transformed into a knowledge society. However, in the ancient India, if we have a look at its social and university systems, we will immediately realize that the concept of knowledge society is not a gift of the western society to us. Since times immemorial, India has been a knowledge society, which is proved by the fact that four Vedas are India's unique, eternal contribution to world heritage. The term Veda means to know in Sanskrit language. Our Vedic system has four debts concept including Rishi rin which means our debt to Rishies or Gurus.² This debt is discharged by making original contribution to the existing stock of knowledge.

A few years back, thinkers, educationists and experts studying sociology who moulded the public opinion regarding the new millennium globally, deduced that the present century and social order will prove to be Knowledge Society, founded on the basis of knowledge-based social order. However, as far as India is concerned, Indian knowledge system has always considered intellect as the true strength. In the present times, as the communication system has become easy, uncomplicated and strong globally, the concept of Knowledge Society and social order based on knowledge has become acceptable world over.

In a vast country like India, social sector is in majority, and it grows ominous when one adds the rural population and urban poor. In the context of social order based on knowledge, social change can be brought about through the power of knowledge by reawakening the glorious historical and ancient tradition in the present context; the knowledge encompasses



all the spheres of society but education and particularly higher education is in a position to do a lot in this regard. Preserving the timeless elements and systems of the luminous tradition intact, India will have to create acceptable and dynamic modern systems as per the demands of the times. As per the fundamental construct of Indian culture, knowledge is nobody's monopoly and to worship knowledge and realize it is deemed to be a human right in this tradition but the concept of knowledge based social order is at the centre in the university system and when we look at in the light of all this, society has increased expectations from the higher education institutions and particularly the university system.

The number of Indian universities that have embraced the concept of engagement with wider society as an institutional objective is limited, and at best represents a small proportion of those across the globe who have truly incorporated it as a core value. Some universities have adapted their curricula to allow students to undertake credit-bearing projects jointly supervised by both a placement and an academic supervisor. It is through such placements and work experience that both faculty members and students have become sensitised as to the nature and type of skills needed within the market place. This essential feedback gleaned from work placements is then used to continuously revise the curriculum in order to ensure its relevance to the changing requirements of the market place.

There is a growing realisation on the part of Indian universities that in the new millennium knowledge capital will be the dominant form of capital within society and obviously such capital requires trained people with the ability to think. It is unlike physical capital found in the form of buildings and equipment but is instead the capital gained from education, creativity, innovation and applied research which will be at the core of economic development. Indian universities and national laboratories have started a programme of what is hoped will be sustainable collaboration in order to develop the human resource within India with the requisite knowledge and desired skills to generate such capital within the country.³

At national as well as state levels, it is always expected from the universities that they take care of their academic priorities in order to fulfill the requirements of the society through the means of constant revolutionary changes. To sum up, the base of knowledge economy is knowledge generation and dissemination by the university system with the objective of helping in taking informed decisions, inform public opinion on critical issues / problems of national and international level, skill, values and attitudes development for economic development with peace, harmony and happiness.

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2. Shree Bhagvadgita for managers, Dr. N. M. Khandelwal, Chapter 18 - Knowledge and action, Himalaya Publishing House.
3. The Idea of Engagement, University in Society, Edited by Svava Bjarnason, Published in 2003.





Gaining momentum for SMEs

Shri. Nilesh Shukla : Sr. VP, Vadodara Chamber of Commerce & Industry (VCCI)

(Shri. Nilesh Shukla was the Guest of Honour in the Inaugural Program of 'Entrepreneurship Development Program for SMEs Growth' on 23rd June 2012 at CKSVIM, Vadodara)

Global economy coupled with Euro crisis has led to fears of meltdown that may well last long enough only to confirm our worst fears. I am, at all forums from time to time, asked to share my views for knowing what insulates the Indian economy from a recessionary trend that is tightening its grip.

Well, the reasons are not too far to seek. All will agree that I have always advocated the need to nurture the SME's which truly constitutes the core segment for an economy of a growing & developing country like India.

I must confess that the Government, sensing the need, responded by setting up an exclusive Ministry for MSME to cater to all of their requirements. The Government has specially tailored scheme for the 'Young Entrepreneurs' with an added thrust on 'Women Entrepreneurs'.

It will interest you to know that statistical data corroborates that SME's hold the potential of generating the largest number of employment opportunities and simultaneously contributing to the country's GDP substantially. Foreign Exchange reserves have always been healthy with as much as 40% exports by the SMEs. Our country has over 26 million SME units with almost 45% of them into manufacturing & resulting into jobs for over 60 million. More importantly, the number is growing each day.

As a matter of fact, we at VCCI, had way back in 1949, successfully organized a National Level seminar to help enlighten SMEs of India and impress upon them the need to adopt changes, both in approach and attitude, to equip for facing global challenges that lie ahead.

SMEs being largely ancillary units, we provide them with all the guidance & direction and convince them to embrace upgraded technology for their overall growth.

We at VCCI along with GCCI, Gujarat's apex Trade Body, are the only Chamber in the whole of India to set up first ever exclusive MSME Help Desk at our Chamber to cater each and every need of the SME's. Various schemes, incentives, subsidies that are offered by the Central & State Government are made known to the MSME with all possible assistance in helping them avail the vast benefits.

VCCI MSME Help Desk totally alleviates the hardship faced by the MSMEs and the response to our help desk has been very encouraging. Some examples of our services are enterprises market access, participation in national & international trade fairs & seminars, upgradation of technology, facilities for R & D with monetary subsidies including interest subsidies etc. Efforts on skill up-gradation have not yielded rich dividends because in many cases they are not channelized in the right direction as there is no proper monitoring.

VCCI initiatives for the SMEs extend much beyond their expectations. We at VCCI, besides consolidating the SME momentum, also represent their cause with the Government and other statutory agencies including GIDC, Vadodara Mahanagar Seva Sadan, Gujarat Pollution Control Board etc.

VCCI exhibitions which are organized at regular intervals are specifically aimed to help SMEs showcase their products and help them identify markets with access to large corporate houses that can outsource their requirements from these SMEs. VCCI's first ever exhibition which was organised way back in 1990, benefited the industry to get first hand information on all vital data; which is so crucial for any business which would not have been possible had VCCI not provided an opportunity from a platform like ours.

VCCI's commitment to the SME has been appreciated at all levels. So much so that when I requested Hon. Chief Minister Shri. Narendrabhai Modi to arrange for a SME convention, the Government lost no time in responding to my request and arranged the very next day a SME convention, which was attended by as many as 7000 businessmen. We have at all levels represented the SME cause and I wish to place on record and thank the Government for making mandatory for all PSU's to procure a minimum of 20% of their requirement from the SMEs. We are working overtime to ensure that SMEs get their due and we at VCCI will do everything possible to channelize in the best possible way all schemes of the Government for the cause of SME's.

I am personally committed and make myself available any time where my services are needed by the SMEs.





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1915 - 2015

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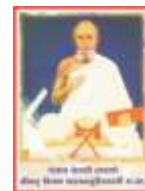
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SANKALPA

Launching of

'Entrepreneurship Development Program for SMEs Growth', under the Centre for Entrepreneurship and Enterprise Development (CEED) Report on Inaugural Program

Date: 23rd June 2012

Venue: Conference Hall, C K Shah Vijapurwala Institute of Management (CKSVIM), Vadodara



Shree Mahavira Jaina Vidyalaya's C K Shah Vijapurwala Institute of Management (CKSVIM) launched the **Centre of Entrepreneurship and Enterprise Development (CEED)**, which aims to breed the spirit of entrepreneurship to generate wealth for self as well as society and will offer programs to budding Entrepreneurs.

The **CEED** was launched at the able hands of **Dr. Madhukumar Mehta, Chief Mentor, iCreate, Shri. Nileshbhai Shukla, Sr. VP, Vadodara Chamber of Commerce & Industry (VCCI), Dr. Shaileshbhai Shah, Hon. Secretary, SMJV, Vadodara and Dr. Rajesh Khajuria, Director, SMJV's CKSVIM.**

The **CEED** launched the first **Entrepreneurship Development Program for SMEs Growth** in collaboration with **International Centre for Entrepreneurship and Technology (iCreate)**, on **23rd June 2012**, at the Conference Hall of CKSVIM again at the able hands of these dignitaries.

The Program would run over 10 Saturdays, covering various Entrepreneurial modules and shall help participants embark on a journey of exposure and self-discovery along three critical dimensions – shaping their individual self, shaping their business organization and crafting growth & expansion, for society at large. (Visit www.cksvim.edu.in for the Detailed Brochure of EDP).

CEED is the brainchild of **Dr. Rajesh Khajuria, Director, SMJV's CKSVIM** who delivered the inaugural address. The Inaugural Program was graced with the presence of **Shri. Nileshbhai Shukla, Sr. VP, Vadodara Chamber of Commerce (VCCI), Dr. Shaileshbhai Shah, Hon. Secretary, SMJV, Vadodara, Dr. Madhukumar Mehta, Chief Mentor, iCreate and Shri. Divyangbhai Shah, LMC Member, SMJV, Vadodara, who is one of the participants in the EDP for SMEs Growth.**

The Inaugural Program was followed with a **Panel Discussion on 'Challenges of SMEs growth'**, chaired by **Dr. Madhukumar Mehta**. The other panelists were **Dr. Ajay Ranka, MD, Zydex Industries; Mr. Premraj Kashyap, MD, Conmat Systems Pvt. Ltd. and Mr. Maulik Mehta, owner, Infinity Consultants Pvt. Ltd.**

The Inaugural Program had 35 participants from the industry who

were SME entrepreneurs, Management Consultants, Senior Executives from corporate and faculty members of the Institute.

Excerpts of the Speech delivered by the dignitaries

Dr. Rajesh Khajuria, Director, SMJV's CKSVIM

The program was inaugurated with the speech of Dr. Rajesh Khajuria. He briefed about the SMJV Trust and the Institute itself. He shared that the admission to the MBA program of CKSVIM, was purely on merit basis. The Trust/ Institute does not accept any grants or donations from the Government as well as students. He said, in a short span of three years, CKSVIM has secured the position within the top five institutes of Gujarat under **Gujarat Technological University (GTU)**. The first batch of CKSVIM (2009-11) saw 100% placements. In relation to the Entrepreneurship Development Program (EDP) on SMEs Growth, he explained the importance and contribution of SMEs in the nation's GDP. Micro, Small and Medium Enterprises, contribute to 45% of GDP and 40% of exports in India, which makes it a very powerful sector of the economy. He said that the curriculum of this EDP, is derived from inputs received from some of the SMEs in collaboration with iCreate, and that a major emphasis is being given to the practical aspects of dealing with various kinds of problems which SMEs face. He also explained the two new functions of Management which are Strategy & Policy, in addition to three inputs Man – Material – Money and four functions of management: Marketing, HR, Finance, Operations. The EDP curriculum would mainly deal with all these nine facets or functions, which are extremely important in successful running of any business. No known books on SMEs or Entrepreneurship have more than 25% to 30% of our EDP course. In a presentation made later, he said **Dr. Dipchandbhai Gardi and Shri Kirtibhai Doshi**, Chairman and Vice Chairman of SMJV Trust respectively, were the guiding force as Great Entrepreneurs.

Dr. Shaileshbhai Shah, Hon. Secretary, SMJV, Vadodara

He gave an overview of the SMJV Trust and its contribution in the education field. He affirmed that participants would really feel good and more confident after joining the EDP because of its course contents which is really very contemporary and based on practical experience sharing.

Dr. Madhu Kumar Mehta, Chief Mentor, iCreate

He gave a comprehensive understanding of the EDP Program. He introduced two experts from icreate, **Ms. Parul Daftari, a successful Entrepreneur** and **Mr. Devesh Rathore**, PGPX (IIMA), who will be co-coordinating this EDP program. He said that one should have aspirations to be an entrepreneur. He emphasized the basic aspect of **'What got you here, won't get you there'**.

He declared that the curriculum of the EDP is designed on the basis of need of an individual entrepreneur. He explained some features of EDP:

- Emphasis is on the 'need driven content' of the Entrepreneur.
- To run after the 'Doers'
- It is 'Discovery Oriented'
- It shows the way to create 'one's own roadmap'
- The program contains all the important aspects of Management viz. Marketing, HR, Finance and Operation with their inter-link to Entrepreneurship Management.

Shri. Nileshbhai Shukla , Sr. VP, Vadodara Chamber of Commerce and Industry (VCCI)

He gave an exhaustive understanding on the present challenges being faced by the SME Entrepreneurs. He spoke on the need of academic institutions and various Government institutions to join hands together for holistic development of SMEs. He spoke on the great share of SMEs for India's growth and development in terms of exports, foreign exchange, GDP, employment and other factors.

Panel Discussion on 'Challenges of SMEs growth'

Chair-person: Dr. Madhu Kumar Mehta, Chief Mentor, iCreate

Mr. Premraj Kashyap, MD, Conmat Systems Pvt. Ltd., Vadodara

He shared his views on various aspects which SME entrepreneurs should focus on for its growth and sustainability. His key insights were as follows:

- The need to 'delegate' effectively, even though keeping a bird's eye-view on various operations; we need to work with people. Remove the concept of 'I'.
- 'Organization': How to create an organization with efficient working people.
- 'Technology': Best technology should be adopted; allocate

funds for it.

- 'Mentor': One should have a very good mentor for the business, so that any problem or hurdle can be discussed with him. The Mentor can be a Management Consultant, a practitioner, a third-party or any senior executive of the firm itself.
- 'Enthusiasm/Risk taking ability': One should have the risk taking ability; one should not be afraid of failure or risks.

Dr. Ajay Ranka , MD, Zydex Industries , Vadodara

He displayed a powerful presentation to the participants which contained:

- What does SMEs mean ('Smart' and 'Meritorious' Enterprise)
- Serving not for yourself but also for others
- Mapping of markets globally
- Preparing the SWOT analysis of the business
- One should also check out the long term planning , the planning for 5, 10 or 20 years
- Mapping of 'value loss' every year
- What should be the passion of the entrepreneurs
- One should have the capability to kill product/business if it does not make money or add value; after a judicious study.

Mr. Maulik Mehta, MD, Infinity Consultants Pvt. Ltd.

He emphasized on the following:

- 'Vision': There should be right vision for starting a business.
- One should create one's own identity
- One should take out the 'I' from the business
- One should be able to accept 'not knowing' everything
- One should have good mentor
- One should work on the right path.

The participants had an **Open-Forum Session** wherein they discussed various issues/problem areas with the panelists. They also shared their expectations from the Program.

The **Vote of Thanks** was delivered by **Ms. Parul Daftari**.

The **Master of Ceremony** was **Ms. Ranjita Banerjee, Asst. Professor, CKSVIM**. The Program was coordinated by

Ms. Anjali Bhadsawle, Admin Officer and **Ms. Reshma Mulye, Councillor**, with the help of other staff members.

Policy imperatives for sustainable growth of ship-building sector in Gujarat

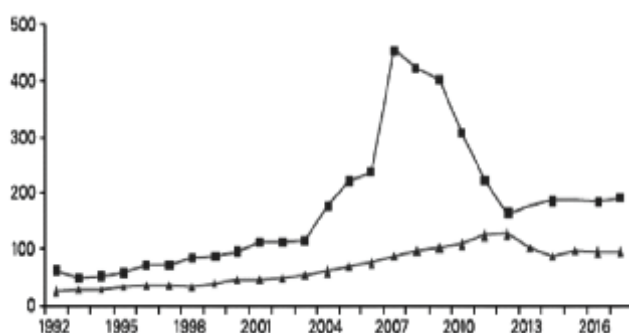
Subas C. Gantayat : V.P (H.R), ABG Shipyard Ltd., Surat. E-mail : sgantayat@gmail.com

Dr. Rajesh Khajuria : Director, C K Shah Vijapurwala Institute of Management, Vadodara. E-mail : director@cksvm.edu.in

Global Scenario

Globally shipbuilding is a USD 20 billion industry. The global shipbuilding order book recorded a 29% CAGR. An upward trend has been witnessed in the world order book as a percentage of world fleet indicating a strong demand outlook. Fortunes of shipping and shipbuilding industries seem to be linked to each other... or at least move in tandem. For nearly three decades in the post World War II era, both the industries were dominated by European nations and United States. Historically, shipbuilding industry suffered from the absence of global rules and a tendency of over-investment due to the fact that shipyards offer a wide range of technologies, employ a significant number of workers and generate foreign currency income (as the shipbuilding market is dollar-based and global in nature)⁹. However, high labour costs in the yards of Europe and USA, one of the major determinants in this cost competitive industry, has led to a gradual shift of the centers of shipbuilding to Asian destinations over the last few decades. The demand and delivery scenario upto 2016 is depicted below through a chart which shows that the gap between order book and delivery is quite high between 2005 and 2011. Thereafter the prediction shows upto 2016 the gap is reduced, which means more capacity for new construction might be created to cope up the demand. The other interpretation is that demand has been falling in 2012 and 2016 due to global recessionary impact. On analysis of data presented in Figure 1 it is found that both the assumptions are true to some extent.

Figure 1: Global ship-building order book and deliveries (in mn DWT)



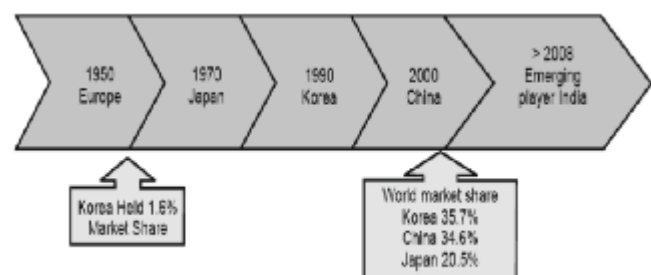
The tidal shift in shipbuilding activities, from Europe to Asia, has

opened up huge opportunities for Asian shipyards including Indian yards. Japan, Korea & China one after another captured the growth potential and became the major global players in shipbuilding over the last decades. However, India could not grab the opportunity because of the closed economic policies existing at that point of time and it only started looking forward to this highly labour intensive sunrise sector post liberalization era in mid 90s after opening of Indian economy when private players started taking part in the shipbuilding activities.

Global Development & Demographic Shift

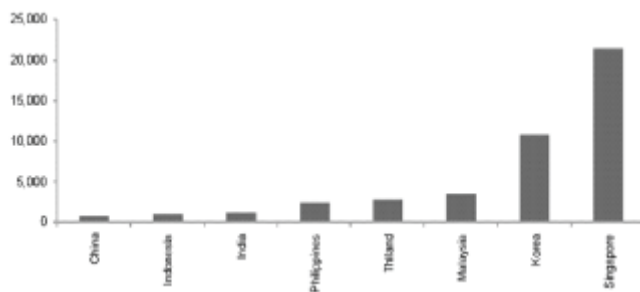
Shipbuilding industry is driven by the International shipping business which in turn is dependent on prevailing and anticipated behavior of freight charges (rates). The freight market is influenced, inter alia, by the growth of global economy, rise in sea-borne trade volumes, existing shipping capacity, age profile of current fleets, demolition rate and regulatory pressure etc. In that parlance ship building is highly cyclical in nature, but remained ever attractive because sea borne trade, all said and done, is inevitable and growing year by year.

Figure 2 : Global Ship-building location trend



Competitive Labour Cost : The Key driver

Over the several past decades, the shipbuilding industry has been moving consistently to cheaper labour destinations. It was all European hegemony till 50s, moved from Europe to Japan in 70s, and shifted to South Korea in 90s, and by year 2000 it has substantially moved to China. China which was only 1% of shipbuilding capacity till 90s now controls more than 35% of global shipbuilding order book capacity.

Figure 3 : Labour cost across Asian countries (USD per year)

Shipbuilding Vis-à-vis Port Sector Growth

Shipbuilding sector in India has witnessed significant growth in the recent past in the container terminal segment. Over 97% of India's international trade by volume takes place through ports. Hence, ports play an important role in India's EXIM trade. Private sector investment in minor ports have also increased with successful participation in ports like Mundra, Pipavav, Hazira, Gangavaram, Krishnapatnam, Dhamra, Gopalpur etc. Indian ports have developed expansion plans. Many major ports in India have adopted Build-Operate-Transfer (BOT) model to facilitate the development of additional capacity to meet future demand. The Indian government has undertaken several policy initiatives for improvement of port sector. The investment policy developed by the government allows Public-Private Partnership in the port sector. The Ministry of Shipping has initiated a business planning exercise across all major ports aimed at identifying development strategies for all major ports. Hence, the ports and port led industries in India have lot of potential to grow.

The hopes to despair scenario

During early 2000, the Indian shipbuilding industry was on a high growth trajectory and it was expected to grow at a compounded growth of 30%. The Government of India in 2002 announced a subsidy scheme for export orders, whereby government assured Indian shipbuilders a 30% subsidy on total invoice cost, which gave much awaited boost to the shipbuilding sector. India's share in the world market has gone from an insignificant low of 0.1% in the beginning of 10th Plan to 1.3% in 2006, i.e. beginning of 11th five year plan and from an inward looking industry dependent on government orders, the Indian shipbuilding industry started emerging as an internationally competitive export led industry. It achieved highest peak of 1.6% of global order book by end of 2007. Many Indian companies set out ambitious plans to set up newer facilities across India's coast lines and Indian shipyards were flooded with orders because of cost competitiveness. This enabled the industry's order books to grow from Rs 1500 crores in 2002 to Rs 14,000 crores (roughly 3060 m\$) in 2006 and contrary to expectations the Indian shipbuilding order books reached at 1.3 million DWT. This was

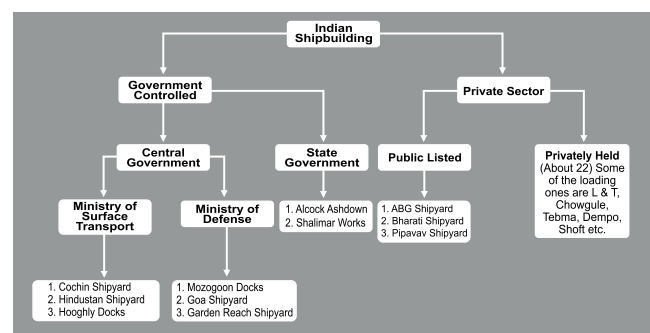
possible due to shipbuilding boom and both foreign/Indian shipping companies are coming forward to place new building orders on Indian yards. Unfortunately, the euphoria created in 2002 in India could not grow further. The subsidy promotion given initially for a period of five years expired in 2007 and a new coalition government did not extend the subsidy, nor proposed any alternative model for promoting this highly labour intensive and export oriented sector. It is irony that by 2011 the shipbuilding again went down to 0.1 % of global order book... thanks to policy paralysis syndrome! However, still there is optimism that India has a strong chance to bounce back and grow in shipbuilding because favorable factors impacting this sector exists in abundance.

The HR factor

India has well qualified manpower pool of engineers including marine engineers, naval architects, port management personnel and other techno-commercial professionals. Indian professionals also have a good command over spoken and written English compared to their counterparts in the other Asian countries, particularly China and Singapore. Good communication skills facilitate Indian professionals in maintaining better communication with their existing clients as well as in generating repeat business orders.

Analogy of Indian Shipbuilding Industry – An Overview

India has 32 operational shipyards, of which 6 are under administrative control of the central government, 2 with state governments, and the rest in the private sector. The sector wise details in holistic manner presented in graphical form herein below :

Figure 4 : Shipbuilding Companies in India at a Glance

(Source: Mantrana Maritime)

Why subsidy

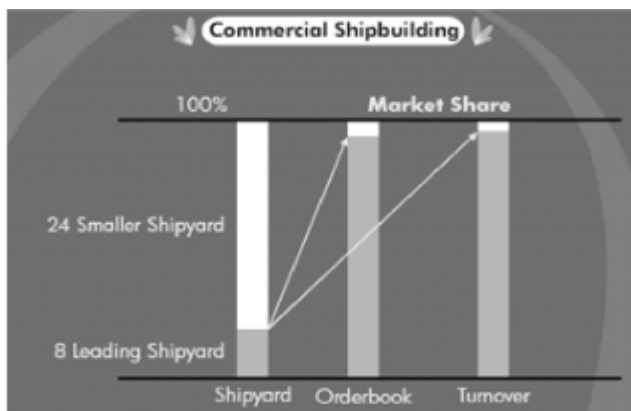
All over the world shipyards are receiving government subsidy and incentives in some form or the other as it is the most employment generating and growth oriented sector. With global shipping industry pitching for an unprecedented demand for new shipbuilding infrastructure, a new vista of opportunity which was

not available earlier has been created for the Indian shipbuilding industry. Nevertheless, the industry is still in its nascent stage and dependent on government support for subsidy. The industry is expected to become self sufficient in 10 years time and will no longer require subsidy thereafter. GOI should resume the subsidy to Indian Shipbuilders which was discontinued without any proper application of mind. It is clear from the above that India can grow in the shipbuilding sector in a healthy manner if shipbuilding is recognized as a strategic industry and if it can enjoy simple taxation policies with a fully empowered regulating body for quick decision-making.

The Commercial shipbuilding scenario

The current shipbuilding capacity of India is only 2,81,000 DWT, which is quite undersized according to global shipbuilding standards and inadequate, given the country's size and capabilities. Thus, India needs to accelerate its speed and build capacity to grab the opportunity.

Figure 5 : Commercial shipbuilding



(Source : Mantrana Maritime)

The Dragon's threat : India a force to be reckoned with

The growth of Chinese shipbuilding industry is now becoming a threat to almost all major shipbuilding nations as China is planning to become the leading shipbuilding nation with an aim to corner more than 50% global share by 2015. A comparison of productivity shows that China may be well ahead of India in total ship building order book, but its productivity is almost the same as India and this is one area that India can take a lead on the strength of its IT enabling factors and with modernization of existing facilities. India is probably the only country that will be able to match the Chinese prices with its relatively low labour costs and industrial base for manufacture of equipment and ancillaries.

Advantage India v/s Global peers

The Indian shipyards enjoy several advantages over their global peers, which would support development of the Indian

shipbuilding industry. The primary advantages include :

- Indian players enjoy an edge over current ship building leaders Korea and Japan on account of having cheap labour at their disposal. Historically, it has been observed that the shipbuilding industry moves from high labour cost countries to low labour cost destinations.
- Apart from engineering and Managerial supremacy India has abundant supply of talented skilled labour required by the Shipbuilding industry.
- The Indian shipyards are currently foraying into the manufacture of Rigs, which is a relatively high-end work with higher margins compared to building of cargo vessels.
- With new capacities coming up in Indian shipyards, they would be able to provide earlier time slots i.e. adhering to fastest delivery schedule which command a premium over later time slots.
- India's Shipbuilding Industry has been recognized by the GOI as one of the strategic industries to be developed to meet the country's defense requirements and shipping tonnage under the national merchant fleet.
- Further, over 40% of the Indian shipping fleet is over 20 years old and would be due for replacement over the first half of the next decade. The general cargo, bulk carriers and other miscellaneous class of ships are the ones that would come up for replacement on a priority basis.

The existing Indian shipping fleet is however, small compared to other countries with large registries and tax havens. 90% of all India-owned ships are foreign built and shipyards in India use mostly imported equipments. Overall, there are 30 large, medium and small shipyards, many of them combining ship repair services. Major shipyards are in the public sector.

India enjoys cost advantages

India has abundance of qualified manpower availability, which is cheaper than largest hubs for shipbuilding in the world, Korea and Japan. China is another country where labour cost is lower than Korea and Japan. Labour cost, as a percentage of total cost of building a ship, is approximately 21-23% in Europe and Japan, whereas it is 19% in Korea². The Indian shipyards enjoy an edge over their global counterparts where pricing of the ships is concerned as they incur costs as low as 8-10% to build a ship.

Indian shipbuilders ensure quality and faster delivery of vessels

The quality of ships delivered by the Indian shipbuilders is also at par with the ships built by the Korean shipyards. Pertinently, the Indian shipyards are also able to execute the orders and deliver the ships faster than their Korean and Japanese counterparts, as

they are setting up new capacities. Thus, the ship buyer stands to benefit buying a vessel from an Indian shipyard as he is ensured of faster of delivery of similar quality ships and at a cheaper price. Indian shipbuilders, Bharati Shipyard and ABG Shipyard in particular, enjoy an absolute advantage in bagging orders from the global ship buyers and are well placed to maintain their orders book position/backlog going ahead.

Table 1: Capacity & Expansion of Shipyards

Name	Location	Capacity DWT	
		Existing	Expansion
ABG Shipyard	Hazira & Dahaji, Gujarat	20,000	120,000
Alcock Ashdown	Bhavnagar, Gujarat	12,000	NA
Bharati Shipyard	Mumbai, Rethagiri (MH), Dhabol (MH), Goa	20,000	100,000
Chowgule & Co. Ltd.	Goa	8,000	NA
Cochin shipyard	Cochin, Kerala	110,000	Small Ship
Hindustan Shipyard	Vizag, AP	70,000	NA
Larsen & Toubro	Hazira, Gujarat	12,000	NA
Pipavav Shipyard	Pipavav, Gujarat	NA	300,000
Tatma Shipyard	Mangalore, Karnataka		6,000

Source : Marmara

The fact however remains that India's contribution is tending towards being a significant component in the global shipbuilding industry and that we need to get our act together to use this very promising window of opportunity. With the exponential growth in the number of ships calling on Indian ports, providing ship-repair facilities is becoming an increasingly attractive opportunity. Not only does ship-repair and building activity help generate substantial local jobs, it also builds the capacity of local industry.⁸ Though India has not yet become a significant player in the global shipbuilding business, it has gained a strong foothold and carved out a niche in the offshore segment.

Development in Gujarat

Gujarat coast has shaped its destiny and emerged as a most maritime developed state amongst the States in Indian Republic. Gujarat, having a long coastline of 1600 kms., which is longest among all Indian states, has a distinct advantage and has opportunities to encash the opportunity and contribute substantially to the India's shipbuilding juggernaut. Gujarat has emerged as the growth engine for India's prosperity and has taken the lead for privatization and globalization. Gujarat is the first state to highlight the shipbuilding in its 1995 Port Policy and in 2010 it has declared a standalone shipbuilding policy for promoting shipbuilding, ship repair, offshore rigs in the state with concerted efforts and various incentives. The policy while taking the stock has taken the note of present ship/boat building facility which is being undertaken on regular basis at "9" ship/boat building yards. The gross shipbuilding capacity of the shipyards in Gujarat is nearly 1.11 million DWT per year. In view of favourable factors created in the state of Gujarat it has opened new vistas of opportunity for shipbuilding industry, particularly in the segment

of smaller vessels, offshore supply vessels, rigs and anchor handling tugs etc.

Gujarat Shipbuilding Policy 2010

The highlights of the objectives set out in the Shipbuilding Policy 2010³ are as under :

- Explore potential as well as resources availability on the Gujarat coast for shipbuilding.
- Maintain Gujarat's share in the national target in the ship building/repair and offshore rig building/repair sector.
- Attract private investments in the shipbuilding sector.
- Provide world-class ship repair facilities for the ships calling at the ports of Gujarat and in its vicinity.
- Enhance industrial growth of the state by encouraging establishment of downstream
- Ancillary Industries.
- Achieve targets set for shipbuilding in Gujarat.
- Generate matching Human Resource Development (HRD) support for shipbuilding.
- Generate employment opportunities in the shipbuilding sector.
- Boost the overall socio-economic development of the coastal region.

Advantage Gujarat

Gujarat has a lot of favourable parameters for development of shipbuilding industry such as :

- 1600 kms. long coastline with two gulfs offering favourable location for shipbuilding.
- Rise in overseas trade resulting in demand of new ships and ship repair.
- Availability of resources and existence of ancillary industries in terms of steel, machineries etc.
- Availability of skilled labour at comparatively lower wages.
- Business friendly atmosphere
- Supportive role of the state government to promote and facilitate the shipbuilding industry and pro-industrial policies of the state.

The Gujarat Shipbuilding policy 2010 re-emphasized following distinct factors advantageous for setting up of new shipbuilding yards³.

- Configuration of the coastline with two gulfs viz. the Gulf of the Cambay and the Gulf of Kutch offering naturally protected locations.
- High tidal range in the Gulf of Cambay offering benefit of tidal window there by reducing dredging needs for Shipyard operation.
- Existence of ancillary industries to supply steel plates, machineries, equipments and other petty items require for shipbuilding.

- Rise in coastal and overseas sea borne trade at its coast.
- Good scope to cope up demand of technically qualified personnel for the ship building sector.
- Lower labour cost.
- Pro-industry policies of the State Government.

The multiple approach models

Shipbuilding is an industry, which can flourish along with matching infrastructure, primarily in terms of rail/road connectivity, availability of skilled and trained work force, proximity to supportive industries/institutions etc. A shipyard developed at an isolated location, irrespective of its size and capacity, will find it difficult to avail the above supportive requirements, individually. On the other hand, it would not be economically viable and always possible for the Government and other concerned agencies to provide such facilities on an individual basis. The policy therefore, piloted the concept of developing shipyards as a 'Cluster' where the promoters need to make a one-time investment on common infrastructure and other supportive facilities to make it viable by extending the benefits to a group of shipyards rather than yards in isolation at scattered locations. Similarly, shipyards, if developed within the port limits of the existing GMB/Private ports can take advantage of the infrastructure created or to be enhanced for port operation. From the "National Security" viewpoint also, the above strategy is preferable. Gujarat Maritime Board (GMB) in consultation with Gujarat Industrial Development Corporation (GIDC) and Revenue Authorities shall identify and explore locations for setting-up of Marine Shipbuilding Park (MSP) as well as related activities on the Gujarat Coast and government will earmark land for this purpose. For optimal utilization of the precious waterfront, priority will be given to allot backup land along the waterfront to the shipbuilding and such other industries. In view of the above, priority to set up shipyards will be assigned in following categories :

- Within the Marine Shipbuilding Parks (MSP).
- Within the port limits of the existing GMB ports.
- Within the Private Ports.
- Mega Stand - alone proposals at isolated locations - only in exceptional cases.

Within Marine Shipbuilding Park (MSP)

1. In the Marine Shipbuilding Parks, number of Shipyards will be set up in a Cluster to bring together all requirements of the industry in close proximity to derive the following benefits:

- Reduction in inventory
- Reduction in logistics cost
- Faster turnaround
- Reduction in production cycle time
- Overall improvement of productivity

- Reduction in overall production cost
- Improved profitability
- Use of common infrastructures in economical manner.

2. GMB has conducted studies through the consultants to identify tentative locations of such clusters. Primarily following '5' stretches are identified along the Gujarat Coast, which can be further studied to develop as "Marine Shipbuilding Parks"¹⁰.

- Along the north bank of Narmada river in Dahej region.
- In the area of old Bhavnagar port.
- Coastline in the Bhavnagar district in the Gulf of Cambay
- Coastline between Navlakshi to Jodiya.
- Coastline near Mandvi in the Gulf of Kutch.

3. GMB by appointing renowned consultants will undertake Techno-Commercial feasibility studies for the proposed MSP and subsequent preparation of master development plan, supporting infrastructure, ancillary facilities etc.

4. Marine Shipbuilding Parks will broadly accommodate the following categories :

- Shipyards to build ships of different sizes.
- Ship technology centre.
- Shipbuilding skill development centre.
- Engineering college/ Polytechnic /ITI.
- Jetty to cater to needs of MSPs.
- Ship machinery suppliers.
- Specialist service providers.
- Specialist sub contractors.

6. While planning MSP, area for medical facilities, housing, Human Resources Development and other allied facilities will be earmarked.

7. GMB will act as the Nodal Agency and will develop Marine Shipbuilding Parks (MSPs). GMB/GIDC/other concerned agency, as the case may be will undertake developmental activities within their jurisdictions for the MSPs, in close co-ordination with one and another.

8. GMB will allot plots or grant NOC for the allotment of land in the Marine Shipbuilding Parks with license to utilize the waterfront and the land.

Within GMB's port limit :

- GMB will identify existing infrastructures viz. dry/wet dock, slipway, barge basin etc., suitable for up-gradation/modification with private investment for shipbuilding/repair purposes for allotment on "as is where it" basis.
- GMB after examining the waterfront and land availability within the port limits of the existing ports shall offer the same for setting up of shipbuilding/ship repair, yards with back up land.

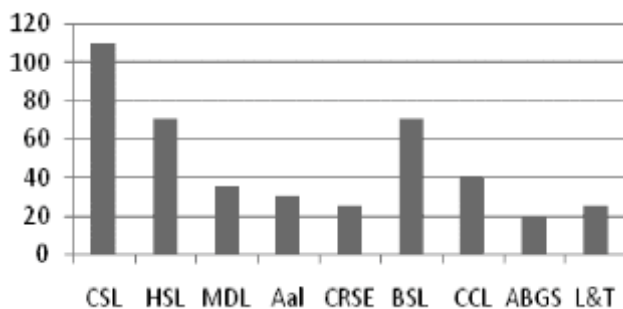
Within Private Port's

The Shipbuilding Policy 2010 provides that private port developer can also set up shipyards within the water front and within the Port area and GMB will accord approval on case to case basis.

The Pan India prospects

The overall cargo traffic at major ports in India is about 600 million tones and is likely to reach 1,230 million tons by 2015 and 3,000 million tons by 2020 growing at a compounded annual growth rate (CAGR) of about 20 per cent, said ASSOCHAM study. For this India needs to refurbish its ports and the whole shipping infrastructure to enhance the handling capacity and facilitate operation of larger shipments to increase its share in the global maritime business. This also denotes huge scope for private sector and foreign direct investment (FDI) in the shipping industry and the maritime states can develop a composite project on the public-private partnership model. "The government should rope in maritime states to identify and make land available, thereby seeking their contribution for setting up a new port or a shipyard in each of these states."² Lower costs of labour, availability of skilled workforce together with robust demand in the domestic market and a growing steel industry are certain factors that build up a strong case for shipbuilding sector in India.

Figure 6 : India-Shipbuilding Capacity of major players '000 DWT



(Source: Mantrana Maritime)

The Uniqueness of Shipbuilding Sector

- The shipbuilding industry has its own distinctive feature as compared to other industries in the country. It is unique in a way that it has to sell first and construct later, unlike the auto industry or others, where one manufactures first and sells later.
- Further shipyards get orders only if they are credible (deliver quality ships on time) and it can be credible only after successfully and consistently executing under international competition.
- It has to be globally competitive against the best yards in the world. Unfortunately, Indian shipyards are faced with very stiff taxes, tariff, duties etc.

- The deliverables of the sector involves long gestation periods and requires high cost finances over a long period.

Policy support that can Boost Shipbuilding Sector

World over shipbuilding being high employment generating global business earns foreign currency for the national treasury receives sovereign support in various forms.

Subsidy : GOI was extending at the rate of 30% of delivered vessels from 2002 to 2007. This has provided positive boost in order book and expansion of shipbuilding facility and India achieved around 1.7% of global shipbuilding order book capacity. Discontinuance of subsidy has negatively impacted shipbuilding industry in India as well as Gujarat and India's Order book position has gone down substantially. Being at its infancy stage Indian shipbuilding sector need to be supported with subsidy; may not be more but at par with global peers. Till the time of writing of this paper the proposal was pending with the Finance Ministry. Sooner the FM takes call on this important matter, better for the country.

Working Capital Support : A shipyard requires 25-35% of cost of the ship during the entire construction period. The interest rate on working capital in India is around 10.5%, which is contrast to 4-8% lower in China, 5-6% lower in Korea; which are elder competitors of Indian shipbuilding yard. In addition, export credit in these countries is offered at much lower rates.

Levies and Indirect Taxes : CST, VST, Excise and even octroi are some of the levies applicable to shipyards. Most of the shipbuilding nations relaxed these levies to encourage shipbuilding activities. For instance, China refund back completely on domestic sale wherein India VAT is refunded only on input costs. Absence of such special incentives leads to additional burden of 8% of domestic sales and around 3% of export sales.

Service Tax : Service Tax at 12.36% is applicable to all design and engineering services procures by shipyards during the course ship construction. In countries like China a lump sum VAT is applicable which is later refunded.

Corporate Tax : It adversely impacts shipbuilding sector as compared to competitors in China and Vietnam. Governments of these countries offer a slew of incentive to the shipbuilding sector. Many segments of shipbuilding in China have been notified as "encouraged sector" which enable companies to offset a part of investment against taxation within 5 years of commencement. Such concessions help yard to reduce cost during the initial years when they are competing to establish themselves.

Other Costs : China provides scientific research subsidy to maritime universities and provides R&D and giving allowance to post-graduate students to ensure availability of talent pool for

shipyard. Korea established a ship laboratory entirely through government funding in 1976 to introduce advanced techniques and develop such techniques indigenously. There is an increased focus by Indian shipbuilders in developing design capabilities either in-house or through established body like National Ship Design Research Centre (NSDRC) or India Maritime University. Therefore, government support in form of soft loan or financial assistance should be provided to make Indian shipbuilding yards of global standards and economically competitive.

Conclusion

GMB / Govt. of Gujarat (GoG) have framed a policy to boost the shipbuilding sector in the state by streamlining major projects. The policy offers various incentives for overall development of this sunrise sector and makes Gujarat a prime hub for shipbuilding. Thus, GMB, initiatives should not only boost the shipbuilding sector, but also give a fillip to the whole shipbuilding industry in India whose share in world shipbuilding is today miniscule.

Gujarat has a well developed base for key raw materials required for shipbuilding industry like steel & machineries and equipment etc. Moreover various engineering clusters are also up coming in the state which can further support and strengthen the shipbuilding industry. Thus, Gujarat is well placed to target a capacity of 3 Million DWT in short term and committed to maintain its leadership position in national shipbuilding and ship-repair market which will give positive boost to the growth prospect of Indian shipbuilding industry in terms of technology transfer, human resources mobility and know how sharing and segmenting of business to provide support for capacity utilization

by smaller shipyards located in other states. Therefore, Gujarat is all poised to take the lead in Indian shipbuilding sector and also play an enviable important role in the global shipbuilding arena in the near future.

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Students' Perception towards the Use of Mobile Learning in improving the Quality in Higher Education

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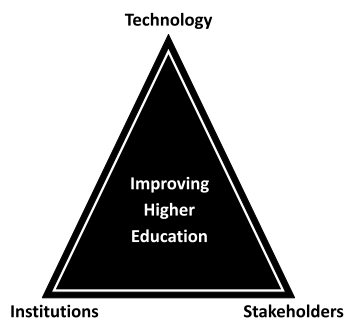
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Abstract

Education is the driving force of economic and social development in any country. India, like any other knowledge economy, depends on the development of its educational sector. Higher education drives the competitiveness and employment generation in India. However, research findings have shown that the overall state of higher education is dismal in the country. There is a severe constraint on the availability of skilled labour. There exist socio-economic, cultural, time and geographical barriers for people who wish to pursue higher education. Innovative use of Information and Communication Technology can potentially solve these problems. In this paper, the potential of mobile learning (hereinafter referred to as m-learning) in enhancing the quality of higher education is studied. The students are surveyed on areas in higher education they feel improvement is required and if mobile learning can be useful in those areas. The perspective and experience of students towards an actual implementation of m-learning is also taken in the study. Recommendations are being made towards where all m-learning could be useful in bringing about a change in higher education. (**Keywords** : mobile learning, m-learning, higher education institutions, quality, pedagogy)

Introduction



Education is the driving force of economic and social development in any country (Cholin, 2005; Mehta and Kalra, 2006). India, like any other knowledge economy, depends on the development of its educational sector. Higher education drives the competitiveness and employment generation in India.

However, research findings have shown that the overall state of higher education is dismal in the country. There is a severe constraint on the availability of skilled labor (Agarwal, 2006). There exist socio-economic, cultural, time and geographical barriers for people who wish to pursue higher education (Bhattacharya and Sharma, 2007). When it comes to employment and further education, we are still challenged with the quality of education and training imparted at the higher levels. Whilst the industries keep questioning the deployability of the freshers, there are hardly any benchmarks setup that can be used to assess the quality of education imparted by the institutions and how well are the students prepared to take on more responsible roles in the industry. Innovative use of Information and Communication Technology can potentially solve this problem. Talking about technology, mobile phones are the fastest growing technology platform in the developing world. India is the largest market for mobile phones worldwide, with the majority being bought by illiterate and semi-literate users. A growing percentage of these phones feature advanced multimedia capabilities for photos, videos and gaming. These devices are a perfect vehicle for new kinds of out-of-school learning, which can occur at places and times that are more convenient than school. These factors create an extraordinary opportunity for complementing the formal educational system towards enhancing skills in young Indians, which is the fastest way to open the doors for employment and also further education. Some interesting facts that would help us in understanding the exponential growth and reach of the mobile and telecom revolution that the country is witnessing are as follows :

1. 71% of India's population uses mobile phones – that is 858,370,000 individuals
2. While there are so many mobile phones, internet penetration is still very low – as low as 8%.
(Source: Internet and Mobile Association of India, Apr'2011)

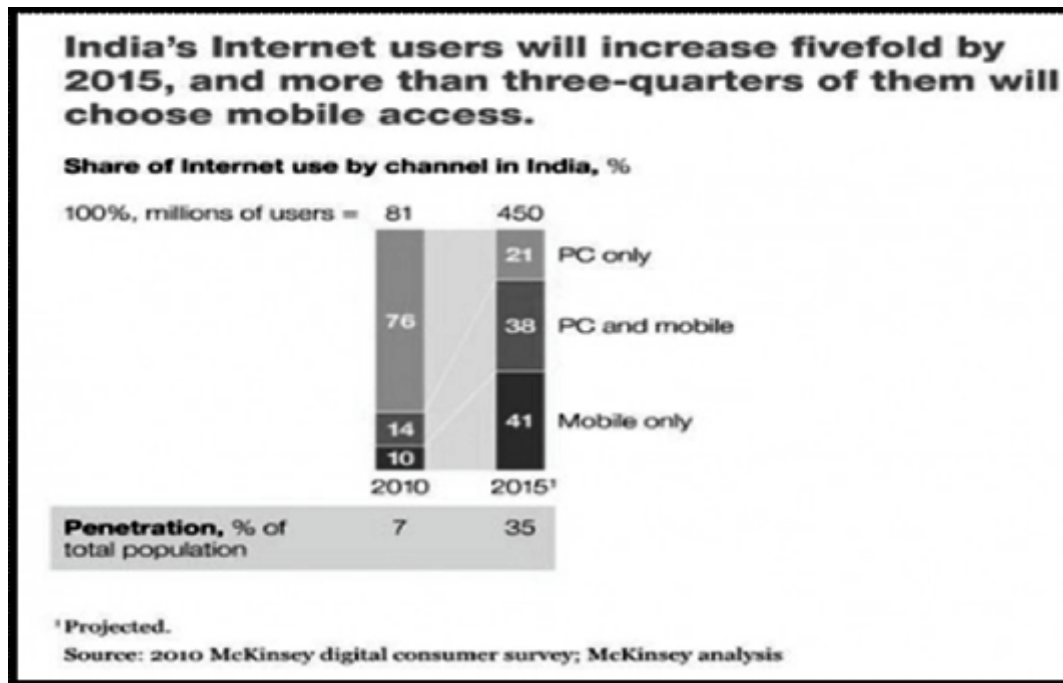
1. The number of Mobile subscribers in India is growing at an Annual rate of 34%
2. There are roughly 290,000,000 rural mobile subscribers in

India

3. Penetration of Mobile Subscriptions in India is 71% as compared to 61% TV subscription in Indian households.
4. There were 346,670,000 Mobile Data subscribers in India in June 2011.
5. 70% of Indian Internet Users watch online videos.

(Source: Telecom Regulatory Authority of India, June'2011)

Figure 1 : Percentage share of internet use by channel in India



(Source: 2010 McKinsey Digital Consumer Survey, McKinsey Analysis)

M-Learning : Mobile learning is an approach in electronic learning (e-learning) that utilizes mobile devices. Although often m-learning is seen as simply an extension of e-learning, in fact quality m-learning can only be delivered with an awareness and special care of the limitations and advantages of mobile devices. This paper attempts to identify and assess the quality in higher education vis-à-vis students' expectations and how technology can play a role in bridging the gaps.

Research Objectives

The objectives of the study are the following :

1. To determine from students' perspective, the weak areas in Higher Education Institutions where improvement is required
2. To determine if mobile learning can be useful in making improvements in those areas.
3. To present a case study showing that implementation of mobile learning in a management course was appreciated and accepted by the students.

Methodology

The study was conducted in a premier business school in a metro

city. It's a primary research based on data collected by the researchers. A questionnaire based survey was done to get the feedback from the students on the areas of Higher Education which require improvement and if mobile learning can be useful in making improvements in those areas. The sample size taken was 125 students.

A small case study was also done to see the acceptance of mobile learning by the students. MLE-Moodle software was installed on the institution's server. The MLE-client was installed on student's mobile phones. Students used this software for their course activities. Later, feedback was taken from them on their experience. The students involved in this case study were about 60.

Data Analysis

The questionnaire was distributed to 125 students. Valid answers were obtained from 114 students.

The questionnaire had 3 sections :

Section 1: What should a higher education institution promote or have its main focus on?

Section 2 : Which are the areas where improvement is required in your institution?

Section 3 : Can mobile learning be useful in improving quality in higher education?

In the **first section** the students were asked what all should a Higher Education Institution have or promote as its main focus. Majority strongly agreed that Higher Education Institutions (HEI) should promote lifelong learning and should include diverse backgrounds to ensure a good socio-cultural representation at universities. More than 75% students strongly agreed that it is important for HEIs to foster innovation and an entrepreneurial mindset among students and staff. Nearly 70% of the students also felt that the various programmes undertaken by any HEI should focus on teaching specialised knowledge in a given field of study and should include generic competences like communication skills, teamwork, and attitude to learn. About 50% of the students strongly agreed that enterprises should be more involved in higher education management, curricula design and funding, whereas HEI should provide tailor-made study programmes for the enterprises, to help upgrade their work force. Though mostly agreed, only about 27% students strongly agreed that HEIs are more like placement agencies. The mean value for all the statements except the last one, which has a mean value of 2, is between 1 and 2. This shows that most of the students strongly agree with all the statements relating to what should be the focus of higher education.

The detailed opinion as given by all the students is given in Table 1.

Table 1: The areas on which a higher education institution should focus on

Statements	Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree	Mean
Higher Education Institutions should promote life long learning	68%	30%	2%	1%	1.36
Higher Education Institutions should include diverse backgrounds to ensure a good sociocultural representation at universities	69%	30%	1%	0%	1.32
Study programmes should focus on teaching specialised knowledge in a given field of study	68%	26%	6%	0%	1.38
Study programmes should include generic competences like communication skills, teamwork, and attitude to learn	79%	20%	1%	0%	1.22
It is important for Higher education institutions to foster innovation and an entrepreneurial mindset among students and staff	75%	23%	1%	1%	1.27
Higher education should provide tailor-made study programmes for enterprises, to help upgrade their work force	47%	45%	8%	1%	1.63
Enterprises should be more involved in higher education management, curricula design and funding	49%	47%	4%	1%	1.57
Higher Education Institutions are more like placement agencies	27%	45%	21%	6%	2.06

In the **second section**, students were asked about the areas that require improvement in terms of quality in Higher education vis-à-vis their own institution. According to them, most of the areas required improvement ranging from minor to major. The areas which required major improvements are Collaboration with other higher education institutions, Research collaboration and links outside the institute, Facilities for research in the institute, Bridging gap between classroom teaching and real life scenarios, Curriculum/syllabus, Teaching strategy, Employability of graduates, Students Feedback as an input to facilitate change, Practical training and industry exposure, Support for extra-curricular activities to students, Counselling/ Mentoring of students and Industry exposure of teachers.

The areas which required some improvement are Facilities and resources, Learning environments, Professional qualifications/specialization of teachers and Assessment of students including feedback to students.

The mean value for all the statements is between 1 and 2. This shows that most of the students feel that major/some improvements are required in all the areas.

The detailed opinion as given by all the students is given in Table 2.

Table 2 : Areas where improvement is required in higher education institution

Statements	Major Improvement Required	Some Improvement Required	Minor Improvement Required	No Improvement Required	Mean
Collaboration with other higher education institutions	54%	43%	3%	1%	1.51
Facilities and resources	46%	47%	5%	1%	1.61
Research collaboration and links outside the institute	70%	24%	6%	0%	1.36
Learning environments	43%	44%	13%	1%	1.72
Facilities for research in the institute	65%	27%	6%	2%	1.45
Bridging gap between classroom teaching and real life scenarios	68%	24%	6%	2%	1.42
Professional qualifications/ specializati on of teachers	39%	38%	16%	8%	1.93
Curriculum/syllabus	52%	38%	6%	4%	1.63
Teaching strategy	46%	40%	10%	4%	1.72
Employability of graduates	48%	43%	9%	0%	1.61
Students Feedback as an input to facilitate change	48%	43%	8%	1%	1.61
Assessment of students including feedback to students	45%	42%	12%	1%	1.69
Practical training and industry exposure	70%	26%	3%	1%	1.36
Support for extra-curricular activities to students	59%	34%	5%	2%	1.50
Counselling/Mentoring of students	59%	32%	7%	1%	1.50
Industry exposure of teachers	56%	33%	11%	1%	1.57

In the **third section**, the students were asked about their use of handheld devices and if they feel mobile learning would be useful in improving the quality in higher education.

The most common handheld device among the students was cell phone. It was followed by smart phone, then laptop and finally the MP3 Player. Very few students possessed an iPod, E-book reader and handheld gaming console. The most common activity done using a mobile device was to "Send and receive messages". This was followed by "Transfer photos or other data via cell/smart phone" and "Transfer files via portable storage devices". This means that the mobile device was mainly used for communication and transfer of information rather than reading/learning.

When asked whether the use of Mobile Technology, in general, can help in improving the quality of higher education, 7% students felt that it would not be of any help, 25% felt it would be of average help, 32% felt that it would be of above average help and 36% felt that it would be of a lot of help.

Table 3 gives the detailed description of the opinion given by the students as to in which all areas can mobile learning be useful in terms of improving the quality of higher education. Most of the students felt that mobile learning will be useful, though there was a small percentage of students (<8%) who felt it will not be useful. The average mean for all the statements is between 1 and 2, showing that overall the students feel that mobile learning can be highly/fairly useful in improving the quality in higher education. The areas where students particularly felt this are as a support to student learning, as a support to teaching and learning environment, as a support towards collaboration with other higher education institutions, towards improvement in collaboration with peers and to promote generic competences like communication skills, teamwork, and attitude to learn.

Table 3 : Role of Mobile learning in improving quality in Higher Education

Statements	Highly Useful	Fairly Useful	Slightly Useful	Not Useful	Mean
As a support to student learning	51%	35%	12%	2%	1.65
As a support to students (e.g., Counselling services, career advice, mentoring, students associations...)	36%	44%	17%	3%	1.87
As a support to teaching and learning environment (libraries, computing facilities, virtual learning environment...)	50%	33%	16%	1%	1.67
As a support to organization and management of programmes at the institutional level	36%	45%	16%	4%	1.88
As a support for professional development of teachers	36%	48%	13%	4%	1.85
As a support for student evaluation	37%	40%	21%	2%	1.88
As a support for programme design, monitoring and implementation	42%	36%	22%	1%	1.82
As a support for institutional policy design, monitoring and implementation	36%	42%	18%	4%	1.89
As a support towards collaboration with other higher education institutions	50%	35%	10%	6%	1.71
Towards improvement in facilities and resources	46%	41%	12%	1%	1.68

Towards improvement in collaboration with peers	50%	40%	8%	2%	1.61
Towards improvement in learning environments	44%	43%	11%	2%	1.71
Towards improvement in research environment	46%	40%	13%	2%	1.71
Towards development of curriculum/syllabus	37%	42%	16%	5%	1.89
Towards improvement in teaching strategy	45%	35%	16%	5%	1.81
Towards improvement of employability of graduates	44%	38%	14%	4%	1.77
Towards assessment of students feedback as an input to facilitate change	41%	37%	20%	2%	1.82
As a Support in giving feedback to students	38%	42%	16%	4%	1.85
To provide more programmes towards lifelong learning	44%	42%	12%	2%	1.72
To ensure that a good socio-cultural representation of students is made at universities	45%	40%	13%	3%	1.74
To have more focus on teaching specialised knowledge in a given field of study	44%	38%	11%	6%	1.79
To promote generic competences like communication skills, teamwork, and attitude to learn	48%	30%	16%	5%	1.78
To foster innovation and an entrepreneurial mindset among students and staff	45%	34%	16%	6%	1.83
To provide tailor-made study programmes for enterprises, to help upgrade their work force	39%	41%	13%	7%	1.89

Case Study

The case study examines the benefits and implementation issues in mobile learning, recommend the guidelines for implementing effective mobile learning and discuss the future of higher education with mobile technologies. In this paper MLE-Moodle has been chosen as an example of m-learning. The reason to choose MLE here was that the participants were already familiar with the Moodle environment. Thus, the transition from e-learning to m-learning was easy. The feedback on the ease of use and benefits of MLE towards improving quality in higher education were analyzed. The study was conducted for a full-time course in a Post-Graduate institute in a metro city. The MLE-Moodle software was installed on the institution's server. The MLE-client was installed on student's mobile phones. The course chosen was Masters in Computer Applications (MCA). One batch of students participated in the study. Demonstrations were given to all the participants to make them familiar with MLE, the new plug-in. Once the participants gained confidence, the learning part (flash card trainer, notices and messages) and the evaluation part (quizzes) were done through MLE-Moodle. A questionnaire based survey was done to get the feedback of the participants. All the students of the class were given the questionnaire. Statistical analysis was done on the responses to understand the satisfaction from the m-learning tool (Gupta and Goyal, 2011).

The results of the study are shown in Table 4. Overall the students found MLE-Moodle to be a beneficial educational tool and mobile learning to be a tool to enhance the quality in higher education.

Table 4: Feedback of students on using MLE_MOODLE (Gupta and Goyal, 2011)

Statement	Agree/Disagree
It was easy to use	Agree
I would recommend mobile learning as a method of study to others.	Agree
Mobile learning increases the quality of learning.	Agree
Learning objectives can be met by mobile learning.	Agree
Mobile learning is convenient for communication with peers	Agree
Navigation was easy.	Agree
Evaluation through quiz was effective.	Agree
Mobile learning increases access to education and training.	Agree
The cost of downloading the mobile course material was acceptable.	Disagree
The cost of communicating in the mobile learning course with the tutor and other students was acceptable.	Neutral

Conclusions and Future Enhancements

The aim of this paper was to provide information on encouraging the desired improvement in the future teaching situation. Summarizing the results obtained from the study, it can be said that there's a lot of scope for improvement in the quality in higher education in most of the areas such as collaboration with other higher education institutions, research facilities, bridging gap between classroom teaching and real life scenarios, curriculum/syllabus, teaching strategy, Employability of graduates etc. With the ubiquitous presence of mobile technologies around us and students' acceptance and comfort towards mobile technologies, mobile learning can be very handy in bringing about this improvement. The study can further be enhanced by taking the perspective of teachers towards the use of m-learning and also validating if m-learning is actually improving the learning outcomes of the learners.

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A study on impact of entrepreneurial characteristics between service and manufacturing sector entrepreneurs

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Abstract

In the year 1991 the Government of India opened its doors to foreign goods and investment. Small-scale industry, particularly manufacturing that had basked in the safety of protection suddenly found itself exposed. Small-scale manufacturers who had run stand alone businesses found it difficult to cope with increasing competition and their talents were put to test. During this period however, the service sector began to show promise. Industry sources attributed slowing down to technological obsolescence, financial and marketing constraints. Though there was recognition that managerial ability also needed upgradation the struggle was to identify ways and means to encourage small-scale entrepreneurs to respond with briskness. The promise of the service sector revealed that the obvious limitations of business were only some of the causes for slowing down and that entrepreneurs who demonstrated the ability to structure resources, maintain flexible focus, develop temporal agility, show behavioural flexibility and influence others to commit resources could succeed. The key determinant it is hypothesized is the presence and intensity of certain entrepreneurial characteristics that distinguishes agile from less agile entrepreneurs. With this focus, the present study captures the presence and intensity of 22 entrepreneurial characteristics across small-scale entrepreneurs in the manufacturing and the service sector to determine if there is a difference between the sectors. A sample of 300 entrepreneurs has been chosen from both sectors equally to gather data on the presence of characteristics. The study reveals that while perceptions are shared there are distinct differences in the presence and intensity of entrepreneurial characteristics across sectors, with the service sector showing higher intensity than manufacturing. This reveals the positive orientation of the service sector in the current scenario.

Introduction

There has been a growing concern to develop the spirit of entrepreneurship among people. This has led to several studies, which have tried to understand the critical factors and conditions associated with entrepreneurial initiative and success. Though consensus has not been achieved in explaining all the factors

contributing to entrepreneurial initiative yet, there has been some achievement in terms of understanding certain critical factors and providing a conceptual framework. A new breed of people is beginning to emerge, influenced as they are by social factors and background. Their basic education places them in a unique position to explore new avenues. Who are these people? – The finger points to the emerging small-scale entrepreneurs who are eager to create opportunities for themselves. Barbara and Bracker (1988) suggest that in assessing the performance of small-scale businesses one should identify the small-scale entrepreneurs 'entrepreneurial intensity,' level of task motivation and the degree to which the entrepreneur feels one has the ability to influence the critical elements of the operating environment. Naffziger (1994) however, felt that entrepreneurial intensity and motivation coupled with an understanding of the entrepreneur's goals for business ownership, focusing on performance, were required for the success of a venture. In an attempt to capture the spirit of entrepreneurial motivation Naffziger (1994), talked about personal characteristics which included energy level, conformity, need for autonomy, persistence and dominance, desire for personal control, desire to build something on one's own and one's attitude about self as the touch stones for motivation. Personal goals, perceived expectation-outcome relationship, sustained relationship besides business environment, idea and strategy also play a part in choice making according to Naffziger (1994). "India is fortunate in that there is no dearth of talented people, and the importance of the service sector is gaining momentum. But what is lacking is the motivation, the thrust and the right perception as to the 'service' concept" (Anjaneya Swamy 1991). We need to have an entrepreneurial culture that acknowledges, promotes and sustains entrepreneurship (Nimit Chowdary and Monika Prakash 2004).

While evidence suggests that the service sector is able to respond to market forces faster, one is unsure if this has been the case with the small-scale manufacturing sector. The study attempts to understand the presence and intensity of entrepreneurial characteristics among small-scale entrepreneurs. It also attempts to establish possible similarities and difference between sectorial entrepreneurs. In the capturing of the data it is noticed that entrepreneurs tend to fall into two

distinct categories namely manufacturing and service. Thus the study has focused its lens on understanding differences between entrepreneurial characteristics, their behaviour and demonstration by the two sectors.

Focus of the study

In determining the course of the current study it was decided to develop a framework to capture characteristics as demonstrated among existing small-scale entrepreneurs. In comparing the several studies a certain pattern emerged and combining the characteristics revealed an assortment of 22 characteristics, which included Achievement orientation, Assertiveness, Commitment to work, Competitive aggressiveness, Concern for high quality of work, Efficiency orientation, Energy and Mobility, Hope of success and fear of failure, Information seeking, Initiative, Innovativeness, Knowledgeability, Managerial ability, Persistence and hard work, Personal responsibility, Proactiveness, Problem solving, Risk taking, Sees and acts on opportunities, Self-confidence and self-reliance, Reception to feedback and Use of influence strategies.

Objective of the study

To understand the impact of entrepreneurial characteristics among small-scale entrepreneurs in manufacturing and service sector.

Operational definition

For purpose of the study the small-scale business is defined as an organisation :

- With investment upto Indian Rupees 10 million in plant and machinery and in select cases upto Indian Rupees 50 million.
- With business turnover of Indian Rupees 5 million to Indian Rupees 300 million.

Sample

The sample consists of an adult population of small-scale entrepreneurs. 300 entrepreneurs from Coimbatore district were interviewed to obtain data on characteristics. The sample consisted of 150 entrepreneurs from the manufacturing sector and 150 entrepreneurs from the service sector. The samples were drawn from two categories, namely, manufacturing and service. The types of industries covered under manufacturing were, pumps, motors, wet grinders, textiles and hosiery. In service the sample was drawn from hospitality, BPO, software, retail and job workers. A non-probability convenience sampling technique was adopted to draw the sample from the population.

Research tools

An inventory of 132 statements was developed to understand the presence of 22 entrepreneurial characteristics. For purposes of

development of the 'Entrepreneurial Characteristic Inventory' three studies have been referred to. The studies included The Entrepreneur's Handbook and a Trainer's manual on Entrepreneurship (1981); Competency at Work by Lyle Spencer (1993), and Entrepreneurial Orientation by Lumpkin (2000).

Scoring of interview schedules

For each entrepreneurial characteristic a set of six statements (three positively scored and three negatively scored) have been used. Through a 'self-rating inventory' respondents have been asked to make a choice. Positive coded statements range from 5 to 1 and negative from 1 to 5.

The 132 statements scored indicate the level to which the 22 characteristics impacted the respondents. The scores for each individual statement are classified as below:

18.0 to 19.5 points	-	Low level of intensity
19.6 to 21.0 points	-	Medium level of intensity
21.1 to 30.0 points	-	High level of intensity

The scores of 6 to 18 indicate no intensity. The above classification of scores is arrived at, on the logic that the maximum score an individual can obtain, if the respondent answered all 6 statements pertaining to each characteristic, is 30 and the minimum is 6. The responses of 'strongly disagree,' and 'disagree,' and 'not sure,' would indicate no intensity. Therefore the scores ranging between 6 and 18 would indicate no intensity and scores ranging from 18.0 to 19.5 would indicate, low level of intensity, 19.6 to 21.0 indicate medium level of intensity and 21.1 to 30.0 would indicate high level of intensity. If respondents agreed up to 40% of the statements they were categorized as having low intensity, 40% to 60% indicating medium level and over 60% as high.

Statistical tools

Means Standard Deviation and Factors Analysis were used to analyze the data.

Entrepreneurial characteristics and relative intensity

Drawing on mean scores and their intensity, it was noticed that some characteristics gained higher eminence among entrepreneurs in the small-scale manufacturing and service sector than did others. This also directs one's thinking towards identifying those characteristics that constitute low intensity and the need therefore to enhance their presence in the entrepreneur's mind and way of functioning.

Table 1 establishes unequivocally that the service sector shows a higher degree of intensity towards the presence of several characteristics than the manufacturing sector. This indicates the high vibrancy in the service sector which has also been

recounted in the review and in current running of service businesses.

Table 1 : Mean Scores of Entrepreneurial Characteristics

S. No.	Variables	Manufacturing		Service	
		Mean Scores	Intensity Level	Mean Scores	Intensity Level
1.	Achievement Orientation	22.61	High	24.13	High
2.	Assertiveness	21.19	High	22.08	High
3.	Commitment to Work	22.10	High	22.30	High
4.	Competitive Aggressiveness	19.92	Medium	21.74	High
5.	Concern for High Quality of Work	23.21	High	24.50	High
6.	Efficiency Orientation	22.29	High	22.81	High
7.	Energy and Mobility	21.82	High	23.06	High
8.	Hope of Success and Fear of Failure	20.40	Medium	21.03	High
9.	Information Seeking	20.91	Medium	22.05	High
10.	Initiative	18.85	Low	18.36	Low
11.	Innovativeness	20.86	Medium	20.47	High
12.	Knowledgeability	22.97	High	24.43	High
13.	Managerial Ability	19.88	Medium	21.39	High
14.	Persistence and Hard work	21.12	High	22.25	High
15.	Personal Responsibility	19.13	Low	17.82	Low
16.	Proactiveness	17.72	Low	17.95	Low
17.	Problem Solving	21.16	High	22.72	High
18.	Risk Taking	18.09	Low	18.64	Low
19.	Sees and Acts on Opportunities	18.01	Low	19.46	Low
20.	Self Confidence and Self Reliance	20.93	Medium	22.21	High
21.	Reception of Feedback	20.51	Medium	20.25	Medium
22.	Use of Influence Strategies	19.35	Low	19.81	Medium

Table 1a: Comparison of Characteristics across 22 factors Between Manufacturing and Service Entrepreneurs.

Level of Intensity	Manufacturing (No.of characteristics)	Service (No. of characteristics)
Low	6	5
Medium	7	2
High	9	15

Entrepreneurs in the service sector show high intensity of preference for 15 characteristics among the list of 22 characteristics captured in this study while entrepreneurs in the manufacturing show high intensity only in 9 characteristics.

The common areas of high intensity are achievement orientation, assertiveness, commitment to work, concern for high quality of work, efficiency orientation, energy and mobility, knowledgeability, persistence and hard work and problem solving.

Service sector show high intensity in competitive aggressiveness, hope of success and failure, information seeking, innovativeness, managerial ability and self-confidence and self-reliance. These were low in manufacturing sector.

What is of interest is that there is difference between the characteristics that command high intensity in both sectors, and those, which show high intensity only among the service sector. High intensity in characteristics only among entrepreneurs in the service sector suggests greater internal locus of control than entrepreneurs in the manufacturing sector. The response patterns suggest the low presence of several characteristics among small-scale entrepreneurs in the manufacturing and service sector. These include initiative, personal responsibility, proactiveness, risk taking and sees and acts on opportunities.

According to the research, Personal responsibility is the ability to take charge and not attribute success or failure to an unknown entity such as luck or fate. Echolas et al (1998) whose observations have been reviewed earlier says that taking of personal responsibility by an entrepreneur demonstrates a willingness to shoulder the yoke. Therefore a poor presence of this characteristic implies the large reliance on destiny and the inability to act on one's own initiative. Initiative also is finding poor acceptance with the group of respondents. Thus the absence of initiative in a turbulent business environment refers to the inability to take action, to go beyond business requirements and demands of the situation.

This low presence also bears on Proactiveness. Proactiveness, the touchstone for nimbleness, is also low among the respondent population. Without this characteristic it is unlikely that entrepreneurs will show foresight and anticipation of future demand. Low presence of proactiveness also impacts risk taking. Risk taking being low in the sample indicates a certain aversion to venture far and the desire to keep within the comfort zone. Thus opportunities are not seized and acted upon. Not responding to business demands causes entrepreneurs to become reactive and not responsive. In addition to the low presence of the above mentioned characteristics manufacturing entrepreneurs also show low disposition towards using influencing strategies. This means that their ability to garner support suffers and they are constantly wafted by the vagaries of environmental determinants.

Entrepreneurial response pattern

The 22 characteristics were mapped to understand the slant of entrepreneurs in the small-scale manufacturing and service sector towards their belief in the need for a particular characteristic. In so doing it is hoped that analysis will reveal those characteristics that command greater receptivity among entrepreneurs.

In the interpretation of Table 2, it is evident that there is difference in appreciation for some characteristics, by manufacturing and service sector entrepreneurs. 'Strongly agree' and 'agree' suggests the group's desire and possible preference for the characteristic's presence among them. Neutral, strongly disagree and disagree suggests ambivalence, lack of sureness and poor appreciation of the need for a characteristic. In thus interpreting the Table 2 we realise, that less than 50% of manufacturing entrepreneurs show zeal for competitiveness, initiative, proactiveness, personal responsibility, sees and acts on opportunity and risk taking. Very low scores on proactiveness, sees and acts on opportunities and risk taking among this category of entrepreneurs tells us that manufacturing entrepreneurs do not regard these dimensions very highly.

Table 2 : Entrepreneurial Response Pattern

Variable	Type of Industry	Strongly Agree and Agree (%)	Neutral(%)	Strongly Disagree and Disagree
Achievement Orientation	Manufacturing	68.55	12.11	19.33
	Service	80.45	7.67	11.89
	Total	74.50	9.89	15.61
Assertiveness	Manufacturing	59.44	17.11	23.44
	Service	68.33	10.78	20.89
	Total	63.89	13.94	22.16
Concern for High Quality of Work	Manufacturing	74.45	13.56	12.00
	Service	84.56	7.56	7.89
	Total	79.50	10.56	9.95
Competitive Aggressiveness	Manufacturing	48.78	23.89	27.33
	Service	65.33	11.11	23.56
	Total	57.05	17.50	25.45
Commitment to Work	Manufacturing	68.67	13.00	18.34
	Service	73.00	5.56	21.45
	Total	70.83	9.28	19.89
Hope of Success and Fear of Failure	Manufacturing	53.33	18.44	28.22
	Service	61.56	10.89	27.55
	Total	57.44	14.67	27.89
Energy and Mobility	Manufacturing	61.45	21.00	17.56
	Service	75.78	9.00	15.00
	Total	68.61	15.00	16.28
Efficiency Orientation	Manufacturing	69.00	12.56	18.45
	Service	77.11	5.89	17.00
	Total	73.06	9.22	17.73
Innovativeness	Manufacturing	56.45	19.33	24.22
	Service	58.55	11.89	29.56
	Total	57.50	15.61	26.89

Initiative	Manufacturing	48.78	13.44	37.78
	Service	47.33	9.67	43.00
	Total	48.06	11.56	40.38
Information Seeking	Manufacturing	59.11	16.67	24.22
	Service	68.33	8.44	23.22
	Total	63.72	12.56	23.72
Managerial Ability	Manufacturing	52.55	16.11	31.33
	Service	63.56	10.78	25.66
	Total	58.06	13.44	28.50
Knowledgeability	Manufacturing	73.22	13.11	13.67
	Service	83.78	6.78	9.44
	Total	78.50	9.94	11.56
Proactiveness	Manufacturing	36.11	21.11	42.78
	Service	39.78	16.11	44.12
	Total	37.94	18.61	43.45
Personal Responsibility	Manufacturing	48.89	16.56	34.56
	Service	46.33	7.00	46.67
	Total	47.61	11.78	40.61
Persistence and Hardwork	Manufacturing	59.34	15.33	25.34
	Service	66.45	10.67	22.89
	Total	62.89	13.00	24.12
See and Acts on Opportunities	Manufacturing	39.33	26.22	34.45
	Service	56.22	11.00	32.77
	Total	47.78	18.61	33.62
Risk Taking	Manufacturing	39.56	18.78	41.67
	Service	47.67	8.33	44.00
	Total	43.61	13.56	42.83
Problem Solving	Manufacturing	58.00	21.00	21.00
	Service	69.22	12.44	18.33
	Total	63.61	16.72	19.67

Reception of Feedback	Manufacturing	55.44	17.89	26.66
	Service	62.11	6.56	31.33
	Total	58.78	12.22	29.00
Self Confidence and Self Reliance	Manufacturing	58.22	16.11	25.67
	Service	69.11	7.33	23.55
	Total	63.67	11.72	24.62
Use of Influence Strategies	Manufacturing	48.45	19.00	32.55
	Service	55.89	9.44	34.67
	Total	52.17	14.22	33.61

In the case of service sector scores of less than 50% have appeared on initiative, proactiveness, personal responsibility and risk taking. The lowest score is in proactiveness strongly suggesting the poor response of the group in anticipating the future. Overall it seems that the manufacturing sector is definitely less impacted by entrepreneurial characteristics than in the service sector and as the earlier review has indicated the lack of buoyancy in manufacturing currently is due to increased international competition, rapid obsolescence of technology, inability to quickly adapt and low tolerance of ambiguity. It is also believed that small-scale manufacturers as 'stand alones' will find it increasingly difficult to survive if they do not become ancillaries or form clusters. Initiatives from organisation like CII (Confederation of Indian Industries) and large business houses to promote ancillaries are the only possible route for small-scale manufacturers to cope with changing fortunes.

The other avenue available to small-scale manufacturers is the new concept of 'boutique' businesses, where economies of scale are not determined by mass production but by specialised and limited throughput, which command high value even at lower outputs, with costs being managed. Entrepreneurship is a combination of a number of entrepreneurial characteristics. Thus, it is essential to identify the appropriate combination of entrepreneurial characteristics. This type of analysis will serve as an aid to understand the pattern that emerges in the entrepreneurial characteristics of small-scale entrepreneurs in

the manufacturing and service sectors. In order to ensure objectivity in the analysis the data have been subjected to factor analysis. For factor analysis the principal component method has been used. The analysis helps to group the entrepreneurial characteristics that have linkages, giving more to a factor structure. An attempt is also being made to name the factors too.

By employing the principal component method of factor analysis, seven factors have been extracted for each group i.e. manufacturing and service. The factor matrix, given in Table 3, indicates high positive or negative loadings, the importance of each characteristic on the first factor, the second factor and so on. From the factor matrix, only those characteristics with high loadings have been considered. It may be argued that the factor analysis is done post the gathering of data. The comparative analysis between manufacturing and service has shown differences in characteristics. This justifies the need for a factor analysis. As many of the statements have been developed from studies conducted outside India it is assumed that there may be a difference in the factorization of characteristics in typical small-scale enterprises in India and perhaps in Tamil Nadu too. What engages attention is the manner in which the factors have bunched themselves together and the renaming of the factors are in keeping with current trends of business orientation.

Table 3 describes the loadings of factors for the manufacturing sector.

Table 3 : Rotated Factor Matrix for Manufacturing Industry

Variables	Factor1	Factor2	Factor3	Factor4	Factor5	Factor 6	Factor 7
Influence Strategies	-5.636E-02	1.077E-02	6.851E-02	.790	5.744E-02	-.100	8.287E-02

Reception to Feedback	.743	-.183	9.034E-02	2.064E-02	-.308	-2.954E-02	2.253E-02
Self Confidence & Reliance	-.118	.777	5.209E-02	3.733E-02	.290	-7.177E-02	5.456E-02
See and Acts on Opportunities	3.663E-02	1.393E-02	4.511E-02	3.345E-02	1.905E-02	.867	8.816E-02
Risk Taking	-2.299E-02	4.727E-02	-.131	.218	6.570E-03	.110	.798
Problem Solving	.682	.297	-1.309E-02	2.547E-02	3.476E-02	.242	4.601E-03
Proactiveness	-.198	-.609	-3.864E-02	3.139E-02	.433	.322	-.113
Personal Responsibility	-.102	1.646E-02	.771	.202	1.721E-02	.149	-.268
Persistence and Hardwork	.685	6.598E-02	.389	-8.206E-02	.136	.126	.220
Managerial Ability	.149	7.705E-02	-.204	.125	.758	-3.669E-02	.228
Knowledgeability	.438	.630	-.132	.173	.381	2.629E-02	-4.005E-02
Innovativeness	.258	.361	.350	-.126	9.296E-02	.377	.139
Initiative	.611	.325	.690	8.909E-02	5.197E-02	-4.015E-02	-.110
Information Seeking	4.219E-02	.154	.106	.694	.291	.139	.271
Hope of Success and fear of failure	.792	4.916E-02	-.122	-7.426E-04	3.413E-02	-9.186E-02	-3.201E-02
Energy and Mobility	.319	.173	-.682	.381	.130	.356	-.260
Efficiency Orientation	3.606E-02	.703	-.197	.221	.150	.317	1.541E-02

Concern for High Quality of work	.481	.353	-.243	.614	8.184E-02	.121	-2.160E-02
Competitive Aggressiveness	.625	1.745E-02	-.465	1.505E-02	.285	.137	-2.535E-02
Commitment to Work	7.300E-03	.252	.201	.162	.705	8.590E-02	.208
Assertiveness	.165	.479	9.099E-02	.392	-5.840E-02	.263	-.269
Achievement Orientation	.761	.137	-.171	8.787E-02	.155	3.198E-02	-8.693E-02
Eigen Value	5.235	2.892	1.871	1.501	1.231	1.161	1.096
Percentage of Variance	23.796	13.144	8.502	6.822	5.593	5.277	4.982

The total percentage of variance is 68.116.

Table 4 summarises and identifies the seven factors that have been drawn to describe the 22 characteristics that are grouped under them.

Table 4 : Factor Analysis for Entrepreneurial Characteristics of Manufacturing Industry

Factor	Variables	Factor Loading
Resourcefulness	Hope of Success and Fear of Failure	0.792
	Reception to Feedback	0.743
	Achievement Orientation	0.761
	Persistence and Hard Work	0.685
	Problem Solving	0.682
	Competitive Aggressiveness	0.625
Efficiency Orientation	Self Confidence and Self Reliance	0.777
	Efficiency Orientation	0.703
	Proactiveness	0.609
	Knowledgeability	0.630
Ownership	Personal Responsibility	0.771
	Initiative	0.690
	Energy and Mobility	0.682

Persuasiveness	Use of Influence Strategies	0.790
	Information Seeking	0.694
	Concern for High Quality of Work	0.614
Leadership	Managerial Ability	0.758
	Commitment to Work	0.705
See and Acts on Opportunities	See and Acts on Opportunities	0.867
Risk Taking	Risk Taking	0.798

Resourcefulness indicates the ability to cope with difficult situations; the ability to deal with unusual problems; being a source of aid and support that may be drawn upon when needed. The loadings of the characteristic that support this factor include Hope of success and Fear of failure, Reception to feedback, Achievement Orientation, Persistence and Hard work, Problem solving and Competitive aggressiveness. All these characteristics recommend themselves to resourcefulness, as an entrepreneur necessarily needs to demonstrate the ability to garner and use all support systems for the achievement of the goal. Unless the individual demonstrates a continuous belief in one's ability to cope with setback and pursue doggedly achievement of the goal would be difficult. Thus resourcefulness has been identified as one factor.

Efficiency orientation indicates concern with doing something better (in comparison with previous personal performance, others' performance, or a standard of excellence. Self-confidence and self-reliance, Efficiency orientation, Proactiveness and Knowledgeability, form the group that is best classified under Efficiency orientation. The rationale for this classification is the need to be able to respond to the environment, be aware and reliant on the individual's confidence to demonstrate quickness of action and perform in timely and effective fashion.

Ownership indicates the ability to take charge and demonstrate physical, emotional and psychological maturity and mobility. Personal responsibility, Initiative, Energy and Mobility suggest the nomenclature of ownership as a factor simply because excessive reliance on external variables will limit the ability of the individual to excel and achieve desired goals. Ownership establishes the fact that the individual is in control of one's destiny and also hints at the possibility of the individual being intrinsically motivated.

Persuasiveness indicates the power to induce the taking of a course of action or the embracing of a point of view by means of asserting one's own competence and relying one's own capability. Use of Influence strategies, information seeking and

concern for high quality of work reveal dedication of the individual and also without doubt establish the fact that the individual needs to use all skills to be able to negotiate a 'winning outcome.' Persuasiveness thus becomes a factor, as it requires the individual to seek and be aware of information, concern oneself with consistent and high quality performance and above all be able to influence the environment.

Leadership indicates knowledge of oneself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize one's own leadership potential, the process of influencing the behaviour of other people toward group goals in a way that fully respects their freedom. Managerial ability and Commitment to work represent this factor. While isolated leadership is a misnomer the manager as a leader is today's reality. Unless an entrepreneur is also able to demonstrate managerial competence the individual cannot be expected to lead from a position of strength. This also means that the individual must demonstrate commitment to work and thus revealing the adage, "walking the talk."

Sees and acts on opportunities indicates the ability to see opportunities where they do not exist and seeing them while others don't, try new and different things and like challenges and new opportunities. The suggestion of a single characteristic under this factor is a strong case being made to advise entrepreneurs that they need to be able to grab every possible opportunity that comes their way. This also means that they have to be mobile, nimble and lithe.

Risk taking indicates preference for a situation where there is challenge and some real risk of not succeeding but where that risk is such that it can be overcome by one's efforts. The individual perceives desired goal clearly and defines it in definite terms by assessing various alternatives available, calculating the cost of each alternative and assessing the probability of achieving the desired outcome.

The seven factors that constitute entrepreneurial disposition in

the manufacturing sector, without doubt, indicates that manufacturing entrepreneurs will have to tap into their leadership, grab opportunities, be less risk averse, show ownership, respond efficiently, use all resources at their command and above all be persuasive in influencing the environment.

Table 5 describes the loadings of factors for the service sector.

Table 5 : Rotated Factor Matrix for Service Industry

Variables	Factor1	Factor2	Factor3	Factor4	Factor5	Factor 6	Factor 7
Influence Strategies	-.107	-.145	-.4.918E-02	0.834	-.103	1.176E-02	-2.091e-02
Reception to Feedback	.710	-.192	.264	-3.452E-02	-4.903E-02	9.588E-02	-.259
Self Confidence & Reliance	3.413 E-03	-0.140	.229	.377	.384	.612	-5.338E-02
See and Acts on Opportunities	0.151	-.168	.160	-9.204E-02	.795	.128	2.259E-02
Risk Taking	.109	-.147	4.841E-02	0.162	-.606	.294	.173
Problem Solving	.493	.303	.692	-9.397E-02	-.133	-.161	-9.094E-02
Proactiveness	-9.576E-02	-.123	-.712	1.362E-02	-1.362E-02	-.265	.148
Personal Responsibility	.144	1.767E-02	.250	-.175	.103	-3.754E-02	-.765
Persistence and Hardwork	.781	-1.856E-02	-8.364E-02	-3.481E-02	.298	-2.734E-02	.118
Managerial Ability	9.145E-02	-8.027E-02	.171	.633	1.2664E-02	.318	.287
Knowledge-ability	.214	.504	.549	-4.221E-02	4.257E-02	7.338E-02	.393
Innovativeness	1.676E-02	-.232	.702	-1.231E-02	.382	-.276	3.569E-02
Initiative	.776	-8.856E-02	2.883E-03	-.147	-.155	-.187	-8.444E-02
Information Seeking	.202	.379	-.240	.671	-.154	-5.804E-02	0.105
Hope of Success and fear of failure	.734	6.332E-02	.284	-3.979E-02	-9.708E-02	9.312E-02	0.112
Energy and Mobility	.122	.720	-8.881E-02	-.118	-.391	-.108	-2.176E-02
Efficiency Orientation	-.408	.601	.344	3.307E-03	.167	.267	2.251E-02

Concern for High Quality of work	.124	.716	.150	-9.300E-03	-.177	1.451E-02	.303
Competitive Aggressiveness	.399	7.544E-02	.397	6.830E-02	2.369E-02	.274	.612
Commitment to Work	-3.053E-02	.152	-4.258E-02	2.291E-02	-.147	.840	.125
Assertiveness	-9.210E-02	.760	-1.221E-02	2.856E-02	.216	9.934E-02	-.290
Achievement Orientation	.688	.382	1.003E-03	4.123E-02	.206	.116	.143
Eigen Value	4.296	3.120	2.462	2.208	1.202	1.113	1.080
Percentage of Variance	19.528	14.180	11.190	10.036	5.464	5.061	4.908

The total percentage of variance is 70.367

Table 6 summarises and identifies the seven factors that have been drawn to describe the 22 characteristics that are grouped under them.

Table 6 : Factor Analysis for Entrepreneurial Characteristics of Service Industry

Factor	Variables	Factor Loading
Positive Orientation	Persistence and Hard Work	0.781
	Initiative	0.776
	Hope of Success and Fear of Failure	0.734
	Reception to Feedback	0.710
	Achievement Orientation	0.688
Confident	Assertiveness	0.760
	Energy and Mobility	0.720
	Concern for High Quality of Work	0.716
	Efficiency Orientation	0.601
Problem Solving	Proactiveness	0.712
	Innovativeness	0.702
	Problem Solving	0.692
Influencing	Use of Influence Strategies	0.834
	Information Seeking	0.671
	Managerial Ability	0.633
Opportunistic	Sees and acts on Opportunities	0.795
	Risk Taking	0.606
Autonomy	Commitment to Work	0.840
	Self- confidence and Self-Reliance	0.612
Awakefulness	Personal Responsibility	0.765
	Competitive Aggressiveness	0.612

Positive orientation indicates a realistic sense of optimism, as well as the belief that problems in life are common and can be solved given adequate time and effort. The individual views problems as challenges or as providing an opportunity to benefit in some meaningful way. Tends to have strong self-efficacy beliefs and is more likely to use adaptive problem-solving skills. Persistence and hard work, Initiative, Hope of success and fear of failure, Reception to feedback and Achievement orientation all show high loadings that support this factor. The naming of the factor has been encouraged by the belief that entrepreneurs in the service sector seem to demonstrate a fairly positive outlook and are inclined to be optimistic seeing success in every effort. Confident indicates belief in one's ability. Self-confident, seldom wavering, ability to sustain one's own optimism and creating a level of self-confidence necessary for efficient group effort. Assertiveness, Energy and mobility, Concern for high quality of work and Efficiency orientation constitute this factor, which reveals the entrepreneur's willingness to demonstrate confidence in pursuit of the goal. Problem-solving indicates not being intimidated by difficult situations. Self-confident and having general optimism which seem to translate into the view that the impossible just takes a little longer. Persistent, realistic in recognising what one cannot do and where one can get help in solving difficult but unavoidable tasks. Proactiveness, Innovativeness and Problem solving bundle together in helping the individual work through difficult situations and arrive at a meaningful outcome. Influencing indicates desire to control or influence an ongoing process or situation, is able to assert one's competence, viewing information and strategise to persuade others. Use of influence strategies, Information seeking and Managerial ability represent this factor which is all about demonstrating managerial competence and using information in a manner that helps the individual to achieve what is desired.

Opportunistic indicates focus on opportunity rather than on resources, structure or strategy. Concentrate on possibilities and let the understanding of it guide other important issues. Risk taking is also part of being opportunistic as it involves the willingness to experiment. Autonomy indicates self-control, self-guidance, location of power source within, and the condition of subordinating all changes to one's discretion and understanding. A self-asserting capacity of maintaining one's identity. Commitment to work, Self-confidence and self-reliance all help

the individual demonstrate self-autonomy in choosing and acting out what one desires. Awakefulness indicates the state of being awake, watchful, alert, a mind aware of self-knowledge and self-ignorance. Being personally responsible and competitively aggressive help the individual to be in a state of mindfulness and thus determine course of business. Entrepreneurs in service sector have, as the study has revealed, demonstrated positive orientation, confidence, problem-solving ability and influencing ability. They are opportunistic, autonomous and alert. One point of significance is the absence of 'Innovativeness' in all the factors captured for the manufacturing community, suggesting a need to look at this characteristic closely.

Conclusion

The study conclusively shows that the low presence of important characteristics has resulted in small-scale businesses, particularly manufacturing not being able to take on the global market. While service has been responsive in some ways, chiefly because of a large absorbing population, the question is 'Can Indian small businesses compete globally?'

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Association among the selected consequences of role conflict and its implications on women employees of Information Technology sector

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Abstract

The objective of this study is to examine the correlation among the consequences of work life conflict of women employees in IT sector in Chennai. A convenience sampling technique was used to select women respondents. Quantitative as well as qualitative data were obtained using structured questionnaire. A sample of 598 was used for the analysis. Correlation tool was administered to determine the association among the variables. Results prove that some are very closely interrelated as one leads into another consequence.

(Key words: Work life conflict, employed women, consequences, Information Technology sector)

An important issue facing our society is the changing work and family roles of Indian women. As many women occupy both work and family roles, their experience in work and family represent primary social contexts for examining women's lives (McBride, 1990). Women today function within multiple roles simultaneously operating in both work and family domains as, a mother, a spouse, a housekeeper, and as well 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. Work and family are the two central domains forming the back bone of an

individual's life (Howard, 1992). They are work domain (employment) and non- work domain (family). These two inevitable institutions namely work and family have historically co-existed, as discrete spheres in one's life. But this separation between work and life began to fade with changes in societal demographics.

The Context of Work life conflict in Indian Software Sector

Software profession has been considered as the key occupation to examine in studies of 'knowledge workers' and they also present an interesting case for work life conflict issues. Barrett and Hyde (2001) consider them to be the 'vanguard' of the new working system and their separation of work and life is to a large extent more 'blurred' than those of other traditional occupations. Software workers have to generally work for long hours but they also have a tendency to expect flexible work arrangements coupled with a high degree of autonomy and generous rewards in return for their efforts. The Indian IT-ITES industry is on a high impetus direction. Rampant growth, however, has come with its own set of challenges. Therefore, the main concern of the present study is to provide information (vis-a-vis, identification of areas of work life conflict policy development and implementation that may require change; and enable them to respond to the changing needs of employees and also ensuring the awareness of the work life conflict policies) that would help the management of the IT companies to evaluate and redesign their current HR strategies in order to retain their existing employees and recruit new ones in a competitive IT sector environment being faced.

Table No 1: Employment in IT industry in India

Year/ Item	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
IT Services and Exports	0.17	0.21	0.30	0.39	0.51	0.69	0.86	0.92
BPO Exports	0.11	0.18	0.22	0.32	0.42	0.55	0.70	0.79
Domestic Market	0.25	0.29	0.32	0.35	0.38	0.38	0.45	0.50
Total Employment	0.52	0.67	0.83	1.06	1.29	1.62	2.01	2.21

(Source : Mercer-NASSCOM Gender inclusivity building empowered organizations study, 2008)

The total IT software and services employment in hardware sector as against 2.2 million in 2008-09 a growth of 4 percent YoY. This represents a net addition of 90,000 professionals to the industry employee base in 2009-10. The indirect employment attributed to the sector is estimated to be about 8.2 million.

Review of Literature

Work family conflict

Work interference family conflict occurs when work related activities interfere with home responsibilities and family interference work conflict occurs when familial activities and thoughts interfere with work responsibilities. Although strongly correlated with one another, they are conceptually and empirically distinct constructs (Duxbury, Higgins, and Lee 1994). 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 behaviour-based conflict which refers to incompatibility between the behaviour patterns that are desirable in the two domains. Multiple roles have a negative effect that is imposed on women's health and well being. This may be manifested in the form of chronic fatigue and exhaustion and in some women more extreme psychological stress and depression (Greenglass et al., 1989). Organizationally relevant outcomes include job satisfaction (Bedeian et al., 1988), turnover intentions (Greenhaus; Parasuraman, and Collins, 2001), Job distress (Grandley and Cropanzano, 1999). Multiple roles lead not only to increased obligations but also to increased privileges. Rewards such as self esteem, recognition, prestige and financial remuneration offset costs of work roles thus enhancing well-being. Intention to withdraw from work force (Aryee, 1992) is a work outcome which has been found to be related to high levels of work-family conflict.

Consequences

Job Stress

Lazzarini (1993) advocated that stress is viewed as an aspect of emotion that arises from demands that tax or exceed individual resources. Stress is also most prevalent today arguably reaching epidemic proportions. Work place health has become the subject of much academic research. High incidence of stress has also been associated with greater levels of absenteeism, turnover, workplace violence and low morale (Netemeyer, Boles, and McMurrian, 1996) along with productivity losses associated with turnover absenteeism, poor performance and employee exhaustion. Conflict is more prevalent than family to work conflict. Recent preliminary evidence indicated that family to

work conflict appears to have a greater impact in individual psychological well being.

Anger

Anger is an emotion that involves a strong uncomfortable and emotional response to a particular provocation (Comstock, 2005). However, empirical studies of anger related events at work (Skarlicki and Folger, 1997) have focused primarily on the perceptions of subordinates rather than co-workers or supervisors. Gender studies elucidated that it is very uncommon for a woman to get angry and this kind of behaviour is considered to be very inconsistent in a society.

Job Satisfaction

Job satisfaction is an internal state that is expressed by affectively and cognitively evaluating an experienced job with some degree of favour or disfavour (Brief, 1998). In another perspective, Spector (1997) called job satisfaction as a multidimensional variable that consisted of nine facets, communication, contingent rewards, co-workers, and fringe benefits, nature of work, operating procedures, pay, promotion and supervision. The various facets of job satisfaction constitute namely those antecedents related to work conditions like self-supervisor, co-worker, subordinates, the company and its management. Indeed a number of studies report that job satisfaction of parents is higher than that of non parents (Bersoff and Crosby, 1984). Bedeian et al., (1988) hypothesized that work related role stress would directly influence job satisfaction as well as indirectly influence marital satisfaction through work family conflict.

Depression

Depression is a biological-based mental illness that can have lasting emotional and physical effects (Johnson and Indvik, 1997). Work family conflict serves as one of the causes for depression among employees. The depressed individual experiences increased dependence and anger especially with the spouse (Weissman and Paykel, 1974). Some of the predictors of depression identified in women include low education, lack of employment or employment in unrewarding work, youth and lower family income. Depression occurs more frequently among married women (Weissman, 1981). Single mothers living in poverty have higher rates of depression (Belle, 1982). Low self-esteem, dependency, guilt and vulnerability are identified as characteristics of depressed women by Herman (1983).

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). 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 (Gardner and Pierce, 1998). Therefore, 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. Greenglass (1995) pointed that occupying multiple roles increased potential sources of privilege social status and social identity thereby enhancing self-esteem.

Turnover Intention

Turnover intentions refer to an individual's own estimated subjective probability of permanently leaving the organizations at some point in the near future (Hamonds, 1996). Turnover bears detrimental effects on a firm's productivity and researches have attempted to uncover the underlying reasons and processes (Nollen, 1982). Workplace attributes have been shown to be important predictors of perceptions about the job and turnover. Several other researchers have integrated opportunity into their causal turnover models arguing that the relationship between turnover intention and turnover behavior will be stronger for individuals with alternative job opportunities (Wiley, 1987). Work interference conflict also relates to turnover intentions because leaving the job may be viewed as a way to cope with the stress associated with such type of conflict (Bellavia and Frone, 2005).

Research methodology

Research methodology is the frame work of any research work that explains as to the research design, the data used, sampling technique applied, tools used for analysis and so on.

Research design

The design applied in this study is conclusive type of descriptive research design. It is appropriate to use this method as this research describes the relationship between different variables and concludes as such. It tries to understand the behavioral differences of respondents. Besides, the view of researcher is not having any role in the conclusion of the study.

Questionnaire

Set of questions pertaining to the objectives of the study is prepared with the help of previous studies conducted with reference to variables. Questionnaire consists of both qualitative and quantitative items. Moreover, apart from multiple choice questions, different types of scales are used to measure the respective variables.

Sampling

Since the population size is very large, sampling technique is applied to select sample unit. In this study, convenience sampling technique is adopted for selecting the various IT firm and selecting respondents. Sample unit of this study is only women both married and unmarried employed in IT industry in Chennai city. A total of 1000 questionnaires have been distributed to respondents but only 755 have been received after continuous follow-up. Among collected filled questionnaires, only 598 are in usable condition.

Analysis and Interpretation

Segmentation of the consequences of role conflict

The number of statements used for inferring the consequences of the work family conflict is more in number. Therefore, explorative factor analysis has been applied to reduce the number of factors on the basis of similarity.

Table No 2 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.787
Bartlett's Test of Sphericity Approx. Chi-Square	5.624E3
Degree of freedom	378
Significance	.000

A set of thirty three statements were administered to derive the various consequences of work life conflict except seven statements. Twenty six statements scored the factor loading of more than 0.45. These statements have been reduced to six factors based on the similarity of the statements. KMO Bartlett's test is applied to confirm sampling adequacy and sphericity. The value 0.787 indicates that 78.7 per cent of the total variables are caused by the underlying factor. Besides, the chi square value and the significant value served the factor analysis are useful for this data. The result shows that it is highly significant. Principle component analysis method and varimax method are used for extracting the factors and rotation respectively. The factor with eigen value more than one is selected. The first factor is comprising of four statements with the eigen value of 5.081 and accounting for 10.502 per cent of variance. The loading factor ranges from 0.818 to 0.754. The above statements reveal the meaning of pressures arising from the job. Therefore, this consequence is named as job-stress with the reliability of 0.841.

Table No 3 : Factor 1 : Job stress

S.N	Statement	Loading	Eigenvalue	% of variance	Cronbach alpha
1	At the end of the day, my job leaves me "stressed-out."	.818	5.081	10.502	0.841
2	Work related problems have often made me spend sleepless nights.	.804			
3	My job tends to directly affect my health.	.764			
4	I feel nervous because of my job.	.754			

Table No 4 : Factor 2 : Anger

S.N	Statement	Loading	Eigenvalue	% of variance	Cronbach alpha
1	I feel angry when I am not given recognition for doing good work.	.722	3.605	9.984	0.764
2	When I get frustrated, I feel like hitting someone.	.720			
3	It makes me furious when I am criticized in front of others.	.703			
4	When I get mad, I say nasty things.	.664			
5	I am short tempered.	.610			

The second factor consists of five statements with the loading factor ranging from the highest of 0.722 and the lowest as 0.610. The eigen value is 3.605 carrying a reliability co-efficient of 0.764. All these statements throw light upon a kind of frustration and short-temper on the job. Therefore, these statements are appropriately called as anger.

Table No 5 : Factor 3 : Job satisfaction

S.N	Statement	Loading	Eigenvalue	% of variance	Cronbach alpha
1	When I do a good job, I receive the due recognition for it	.752	2.303	9.827	0.749
2	Those who do well on the job stand a fair chance of being promoted.	.720			
3	The benefits I receive in my organization are as good as most other organization offer.	.674			
4	My supervisor is quite competent in doing his /her job.	.659			
5	I feel I am being paid a fair amount for the work I do.	.626			

The next factor consists of seven statements out of which two statements with loading factor less than 0.45 are suppressed. The loading factor for the rest of five statements ranges from 0.752 to 0.626. The Eigen value for this factor is 2.303 and the percentage of variance is 9.827. The reliability co-efficient alpha is 0.749. The above statement signifies the well-being of an individual in the job and in the organization. Thus, the name job satisfaction is given.

Table No 6 : Factor 4 : Depression

S.N	Statement	Loading	Eigenvalue	% of variance	Cronbach alpha
1	I felt fearful.	.780	1.825	9.689	0.739
2	I felt lonely.	.678			
3	I had crying spells.	.645			
4	I felt sad.	.602			
5	I talked less than usual.	.576			

This factor comprises of seven statements out of which two statements with less than 0.45 loading factor are suppressed. The eigen value for the other five statements is 1.825 and the percentage of variance is 9.689. The loading factor value ranges from 0.780 to 0.576. These statements give the fearfulness, loneliness and the restlessness of an employee. Therefore, the name depression is being selected for this factor.

Table No 7 : Factor 5 : Self-esteem

S.N	Statement	Loading	Eigenvalue	% 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.

Table No 8 : Factor 6 : Turnover intention

S.N	Statement	Loading	Eigenvalue	% of variance	Cronbach alpha
1	I may look for a job at some other company in the near future.	.793	1.337	6.915	0.646
2	If I get a better opportunity, I will switch over.	.764			
3	I am continuing in this organization because I have no other alternative offer.	.615			

The next factor consists of five statements and two statements are suppressed because the loading factor is less than 0.45. For the rest three statements the loading factor ranges from 0.793 to 0.615 and the eigen value is 1.337 and accounting for the 6.915 per cent of variance. The reliability is 0.646. Since the above statements discuss the intentions of the employee to switchover, hence the term turnover intention.

Relationship among the consequences

Table No 9 : Correlation among Job stress, Anger, Job satisfaction, depression and Self-esteem

	Anger	Job Satisfaction	Depression	Self-esteem	Turnover Intention
Job Stress	.304**	.047	.377**	.113**	.083*
Anger		-.052	.465**	-.051	.142**
Job Satisfaction			-.068	.265**	-.296**
Depression				-.061	.151**
Self-esteem					.014
**. Correlation is significant at the 0.01 level (2-tailed).					

Correlation analysis is carried out among the consequences of work life conflict. It is found that almost all the variable factors are significant and highly correlated with one another except a few. The relationship is caused because of the interdependence or some other external factors which are influencing all these variables. Job stress is highly correlated with anger (0.304**). The study by Suarez and Williams, (1990) shows a same kind of finding in their study. Job stress is also correlated with depression (0.377**) a finding cited by McKenna, (1997), with the significance level of 0.01. There is a significant relationship found between job stress and turnover intention (0.083), even though the correlation value is less. This kind of significant relationship is analyzed in previous study conducted by Netemeyer, Boles and McMurrian, (1996). Anger is found to be negatively correlated with Job satisfaction (-0.052) and self-esteem (-0.05*). This is corresponding with the study and the findings of Gardner and Pierce (1998), whereas the highest relationship is found between anger and depression (0.465**). There is a very high significant relationship between anger and turnover intention even though the r value is less (0.142**). Job satisfaction is negatively related to depression (-0.068) and turnover intention (-0.296**) which are significantly related. Bedeian et al., (1988), in their study has also given the same finding. Alternatively, it is proved that there is a very high self-esteem when an employee has satisfaction in his job (0.265**).

Proximity of the consequences

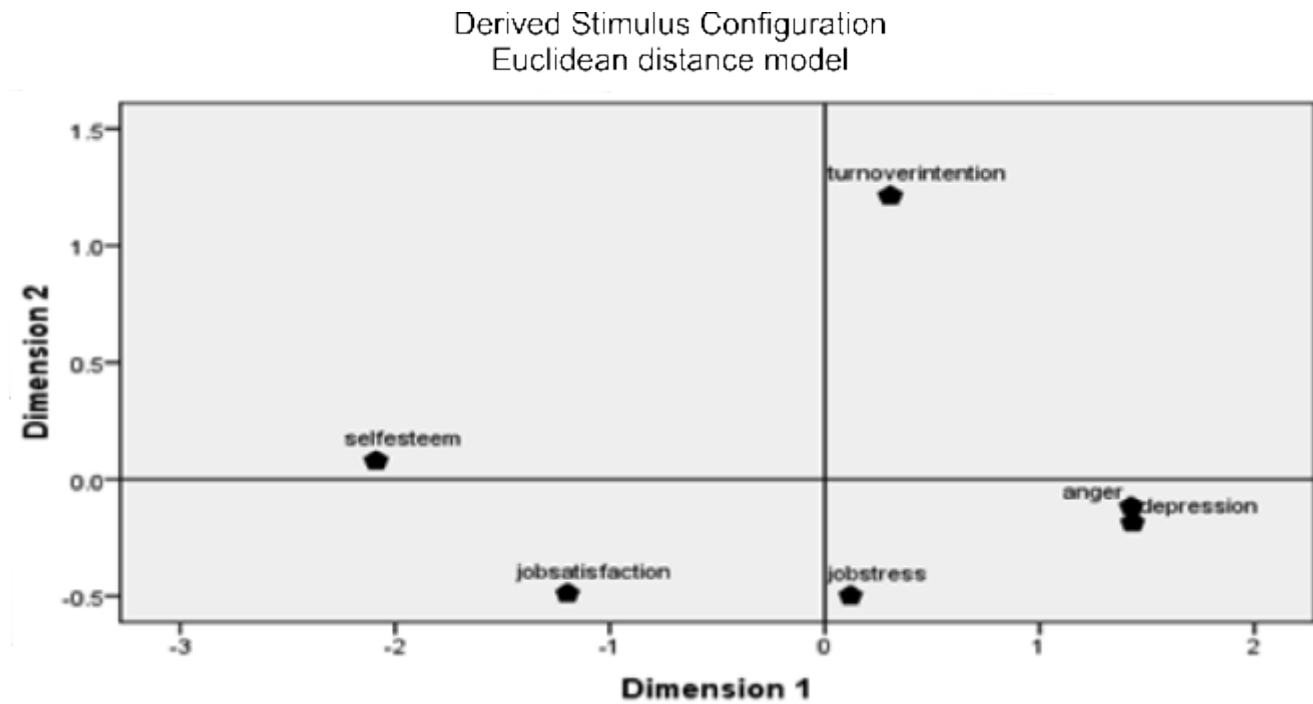
Table No 10 : Optimally scaled data (Disparities)

	Job Stress	Anger	Job satisfaction	Depression	Self-esteem	TurnoverIntention
Job Stress	0.000					
Anger	1.349	0.000				
Job satisfaction	1.339	2.648	0.000			
Depression	1.339	0.070	2.648	0.000		
Self-esteem	2.276	3.525	1.056	3.525	0.000	
Turnover	1.731	1.797	2.276	1.731	2.648	0.000

The purpose of this scale is to transform consumer judgments of overall similarity into distances represented in a multidimensional space. An assessment of similarity in which a defined set of attributes is considered in developing the similarity between variance. The optimal location for each entity in a specified dimensionality best reflects the similarity of the evaluations provided by the respondents. The Euclidian distance measure of preference method is used for portraying the ideal point. This

approach is adopted because the dimensions are believed to be highly intangible or affective or emotional in content. Means of fit are given for each attribute as well as their correspondence with the dimensions. The above map gives a multidimensional solution in which objects are grouped at two ends of a single continuum. A split sample analysis best fits the validation of the result.

Figure No 1: Euclidean distance model



The decomposition method is applied for the description of the perceptual dimensions and their correspondence to attributes. Evaluation of similarity is done without regard to attributes thus eliminating specification errors. Thus, in this technique multidimensional scaling model is applied for the consequences of work life conflict. Anger and depression, as a consequence, are closely related and can be interpreted as both occur together. A similar association is found with job stress which can be inferred as one is a causative agent for each other or role conflict is a factor which is responsible for all the above factors to occur simultaneously. The distance between anger, depression and job satisfaction to stress is the same respectively. The map derived that among the consequences itself one can occur as a cause for all other or one will occur only in the presence of another or all the consequences are interlinked and interdependent with one another. Using Alscal procedure options the model is derived with two dimensions. Iteration is done using the Young's stress formulae: The squared correlation (RSQ). The factors that are having least association among the consequences are identified in the Euclidian distance model. From Table No. 10 we can infer that the variables that are having the highest distance between them are self-esteem and anger (5.525), self-esteem and depression (3.525). Job satisfaction and anger (2.648), job satisfaction and depression (2.648) and

self-esteem and turnover (2.648) lie exactly with same distance between each other. The least distance between any two variables is found between turnover and job stress (1.731). Turnover and depression (1.731) and an almost similar distance between turnover and anger (1.797) as a consequence.

Results and discussion

Co-relationship among the consequences of work life conflict

There is a significant correlation found among the consequences of work life conflict. Job stress is correlated with anger, depression, and self-esteem and turnover intention. The highest co-relationship of anger is found with depression, similar kind between anger and turnover intention. There is a negative relationship found between anger and job satisfaction and self-esteem respectively. As anger increases job-satisfaction and self-esteem decreases. Job-satisfaction is inversely related to depression and turnover intention. When the employees are not satisfied with the job it leads to the increase in the level of depression and the intention to leave the organization. Depression as consequence is observed to negatively correlate with self-esteem, when depression sets in this leads to the drop in the level of self-esteem. High correlation between self-esteem and job-satisfaction signifies as one increase the latter also increases in the same direction.

Classification of consequences based on similarity

Anger and depression both occur together as a consequence of work-life conflict. Job stress is also another outcome of conflict which occurs along with anger and depression. Job satisfaction and stress, as a consequence, are closely associated with one another which interpret that the impact of work-life conflict on these two consequences will be similar. It can be inferred that one is responsible for the occurrence of another or an external factor including work-life conflict may be responsible for the same. Self-esteem and anger both as a consequence do not have any relationship with each other and a similar pattern is observed between self-esteem and depression, which interprets that self-esteem through a consequence of work-life conflict occurs distinctly and does not associate itself with any other consequence. Anger and depression are identical in their relationship. The level of increase in the anger and depression results in the same level of decrease in the job satisfaction of the respondents. A similar kind of relationship is identified between self-esteem and turnover. A very close association is found between turnover and job-stress. As one increase it leads to the increase in the other which interprets when job stress increases it will automatically lead to the increase in the turnover intention of the employees. Turnover intention shows a similar association with depression and anger respectively. When depression increases, it will lead to increase in the turnover intention of the employees as is the case in anger also. If work-life conflict has occurred it will automatically lead to its consequences as evidenced from the study. The following will **suggest some measures** to cope with and deal with the consequences, and managing strategies to reduce its effects on the individual and the organization as a whole. 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. Job dissatisfaction is a serious issue faced by organizations today. One of the antecedents of job dissatisfaction is work-life conflict. Regular and periodic survey should be conducted to assess the level of satisfaction of its employees; this will further prevent the employee turnover, increase productivity, increase morale of the employee. Stress has resulted as a consequence of work-life conflict from the study, the mismatch between the demands and pressures on the person at work and at home resulted in stress. It can be best dealt with by a counselling psychologist or physician. Employees should be asked to attend classes on relaxation, time management, and assertive training. Stress can be further managed in the work-place by increasing the sense of control and

skill level of the employees, improving the working conditions, adopting healthy technology, providing job security and career development and also by teaching the employees healthy coping mechanisms. Depression is a medical and social problem that cuts right across barriers of work and recreation. Employers should look to their employees' mental health and wellness, as this can have a bigger impact on job performance than physical health concerns. The symptoms of depression like absenteeism, tardiness, productivity dip must be closely monitored and coping mechanisms should be adopted. Job related forces that foster depression, measures to counter the negative effects and making ones emotional, physical and psychological well-being as top priorities would combat the problem of depression in the work place. Anger as a consequence of work-life conflict seems to have a negative impact in the work place. Once anger has set in, it should be effectively managed to reduce or nullify its effects. Organizations can have an employee assistance programs that help the employees in dealing with anger in and out of the work place. Individual anger management techniques like relaxing, courteous behaviour, yoga, open communication, healthy personal practices, hobbies, creativity can be taught to the employees. Turnover of the women employees in the IT sector is either because of the personal reasons or organizational reasons. Turnover connote the loss of seniority, separation risks and uncertainty at the individual level and cost incurred in the form of training, education, career advancement opportunities at the organizational level. Competitive pay package, career development opportunities, job satisfaction, job security, rewards, conducive work environment, with quality of work life and the right work culture, job rotation service or longevity awards focus on not only how to embellish the work environment, but also how to positively impact employees' lives beyond their 9 to 5 schedule. The importance of employee interactions is often overlooked. However, with the increasing focus on team-based work and flatter organizational structures, the relationships between employees become increasingly important.

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The impact of global advertisements on Indian values

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Abstract

Mahatma Gandhi's India has witnessed a proliferation of global brands in the last fifteen years due to globalization. Globalization, just has not led to the presence of global brands in the country but triggered changes at an economic, social and cultural level of a country. These global brands with their colossal advertising budgets have heightened the awareness of availability of assortments of brands to the Indian consumer. Internationally renowned research studies have positively concluded on the influence of advertising on consumers. Research studies have been conducted on the adaptation strategies of these global companies but not much research has been conducted on understanding the impact of the global advertising on culture. This research has tried to study the changes that have resulted because of influence of global advertising on the Indian consumer and his culture. Has it affected his definition of family by making him think about himself first? Has exposure to global advertising made him yearn and consume more things than required that he can afford? An attempt has been made to understand if seeds of individualism, materialism and change in the family belonging have crept into the Indian culture due to global advertising.

(Keywords : Globalization, Global advertising, Culture, Indian values, Consumer behaviour)

Introduction

Globalization refers to the increasing unification of the world's economic order through reduction of such barriers to international trade as tariffs, export fees and import quotas. Globalization reflects a business orientation based on the belief that the world is becoming homogeneous and that distinctions between national markets are not only fading but for some products will eventually disappear (Czinkota and Robkainen 2007). Cullenberg and Patteniak (2004) also stated that Globalization is not just an exchange, but change as ideas, technologies and people intermingle. This implies that a change in the thought process and the culture is imminent due to globalization. Post- liberalization, numerous global brands have forayed in India. The impact of globalization on local culture and the changing role of the nation-state can be examined by

observing the particularities of the social and cultural patterns and their locals, national and transnational manifestation in India (Singh 2008). Culture is a dynamic process and hence constantly evolving. Increased interactions with different ethos have resulted over a period of time in acculturation. Cultural Interpretation through the exchange of commodities is today so pervasive that it is difficult if not impossible to distinguish between original and imported cultural attributes (Singh 2008). As per Panda, a global brand is one which is perceived to reflect the same set of values around the world. A global brand removes the national barriers and linguistic blocks while marketing internationally. These brands move beyond their boundaries and create powerful, long lasting relationships with their consumers across countries. One of major benefactors of globalization has been the media industry. Post liberalization, India has seen a phenomenal growth in the advertising industry. The global brands have not just ventured into India but have exploded the Indian market with their massive promotional budgets. According to Price Water house Coopers report on India's Entertainment and Media outlook July 2011, the advertising industry has grown from INR 160.6 billion in 2006 to 247.5 billion in 2011. India, at USD 2.2 billion is the fourth-largest television advertising market in Asia in 2011 (PWC Entertainment and Media Outlook, July 2011). According to AdEx India 2011, global brands have the highest presence in television advertising for the year 2011.

Global Advertising

Advertising has been long viewed as a mirror to reflect the values of certain cultures and previous studies have reported that advertising content differs across cultures (Cheng and Schweitzer, 1996; Nelson and Paek, 2005). Recently, Hornikx and O'Keefe (2009) conducted a meta analytic review and found that adapted ads are somewhat slightly more persuasive and better liked than unadapted ads. Evidence indicates that different cultures emphasize different advertising appeals. For example, Japanese ads have been found to contain more emotional and fewer comparative appeals than American ads (Hong, Muderrisoglu and Zinkhan, 1987). Advertising in China has been found to contain more utilitarian appeals that focus on state of being and promise a better life (Chan and Cheng, 2002). In spite of the local adaptation by these companies, the adaptation is more

cosmetic than at a core level. The brand mantra which captures the brand essence and the promise is the same across the globe. For example, McDonald's has adapted itself across countries but the communication still revolves around fun, family and most essentially eating out. McDonald has adapted to the taste of the Indian food palate, competitive pricing and communication, but fast food and eating out is not the culture of our country. Burgers, french fries and happy meals is not our food. Encouraging pester power is not our culture. "Food, Folks, and Fun" captures its brand essence and core brand promise. The adaption of the 4P's helps the companies to settle in the foreign countries but their brand mantra is universal. Essentially, this translates into an unconscious acculturation by the people.

Advertising

Panigrihi and Chandra have observed that in today's world, every individual is exposed to advertisements. Advertisements exert tremendous power on the people to educate and inform; to shape the values, attitudes, and lifestyles of generations to grow up with it. It has become an aspect of our society and our life (Panigrihi and Chandra, 2010). They also mention that advertising has come to play a significant role to persuade consumers for increasing consumption which may even lead to diseases like shopholism (compulsive buying disorder). Advertising is a discursive act because it communicates a message and has a social function. O' Barr suggests that advertisements depict a number of things about society, such as who does the laundry, who prepares breakfast while someone else sits at the table, and who drives and who rides as passengers in a car (1994). American anthropologist Hall aptly says that culture is communication, communication is culture. Communication is a complex, ongoing and interactive process taking place among all human beings who, through communication, can share "beliefs, values, ideas and feelings" (Samovar & Porter 2003). The power and control that advertising commands on the society cannot be ignored. Research conducted by Cully has concluded that television commercials are known to lead to an increase in parent-child conflict (Culley 1974). Lears (1983) contends that between 1880 and 1930, consumer advertising succeeded in bringing about a culture of consumption or more accurately, a culture of possessions in which having things replaced religion as a way of finding meaning in life. A lot of work has been conducted on positive correlation between advertising and its impact on the viewers. People observe, learn and unconsciously adapt the advertisements in their everyday life. Advertisements mirror the lifestyle of the society but the society also in turn mirrors the advertisements in their everyday life. Advertising has the power to make certain norms, beliefs, thoughts acceptable in the society. Pester power is an example of the same. Advertising enjoys that power over the society wherein it can slowly bring

about a change in its culture.

Culture

Culture is the complex system of meanings that a group has in common and this set of ideas may be very different from the culture of another group. Taylor's definition is very broad and covers everything learned by humans; values, norms, habits and a group of people's way of living. He states that culture pervades every aspect of a society and affects the thinking and acting of every member of a group (Tayler 1998). According to Hofstede 'culture is the collective programming of the mind which distinguishes the members of one group or category of people from another.' (1991:5) Hofstede further asserts that each culture is manifested through four elements: symbols, heroes, rituals and values. Symbols are words, gestures, pictures or objects that carry a particular meaning to the people who share a specific culture. Culture is dynamic and changes over a period of time. With changing culture, values change. These changes slowly creep in the society and become an acceptable value. The culture of India is rich and diverse but there are some commonalities which exist across India. The strong social system and family values are analogous across India. The family unity and collectiveness, the respect for elders and the head of the family, the ever sacrificing mother and family members, utilitarian approach of the Indian middle class and extended family as being one family make the values of our Indian culture. Values are ideas about what's important in life. But also customs and behaviours (norms), which is the way you are expected to act and behave towards one another within a certain limit (Podder and Bergvall, 2004). India's most respected thought-leader on market strategy and consumer behaviour Rama Bijapur in her book "We are like that only" states that Indian values reflect patriarchy, contentment and stability, self-reliance, ideology/emotional, obeying authority, curbing consumption, acceptance of socially defined roles, dharma, patience, passivity, continuity with tradition, respect for age, happiness through self harmony. The question is that has India seen a change in these values in the fast fifteen years.

Rationale of the study

According to Sachin Sondhi, Senior Director at Deloitte Touche Tomhatus India, television is the most preferred entertainment medium with the highest impact of advertising on the audiences in India. It has the third largest TV households globally second only to China and US. Television (TV) plays a major role in the flow of information and is equipped with the power to influence people, their beliefs and their opinions. A global Deloitte study on 'Media democracy' in 2010 across over 2000 respondents confirms that media consumption habits of consumers in Metro & Tier 1 cities in India closely resemble the sophistication to that of consumers in developed markets, like the UK and the US.

Moreover, it also states that TV remains a favourite media source for most consumers across age irrespective of domicile: 92% of the respondents rank 'watching TV' as their top media source while 94% respondents consider 'advertising on TV' as the most influential media source to impact their buying decisions. By the end of 2011, the industry is estimated to reach US\$ 7.1 billion, a growth of ~14% over 2010. In 2010, subscription revenues contributed around 63% to the total television revenues and stood at US\$ 3.9 billion; while advertising constituted 33% at US\$ 2.1 billion. TV gets the highest of advertising spends amongst all the advertising mediums. A report by Consumers International Asia Pacific Office on food advertising directed at children in six countries in Asia-Pacific region states that a parent and child in India spends about 8 hours watching television during vacations and between two and four hours of television on weekdays. On an average the child is exposed to 15 minutes of advertisements per hour on television. This justifies the need to study the impact of global advertisements on Indian values with a special focus on television. The research will help academicians, advertising regulators, strategic marketers as well as ministry of culture in future research and necessary action.

Research Design

Objective of the study

The primary objective of the study is to examine the impact of the global advertising on Indian values. The study would seek to address the following question - the impact of the advertisements of global brands on the urban Indian consumer's culture with a special focus on the Indian values – individualism, materialism and family orientation across age group, gender and family structure.

Hypothesis Formulation

The culture of India is vast and diverse but with some commonality across India. The elements of culture are cultural values, rituals, symbols, language, beliefs, customs and traditions, festivals, dress, food, entertainment, festivals among others. The research has focussed only on the Indian values within culture. Within values, there are also many dimensions. The paper focuses on three aspects Individualism, Materialism and Family orientation among others. The selection of the statements on values, individualism, materialism and family orientation were adapted from previous studies - The ESS Human Value Scale, Schwartz Scale, Hofstede scale and other research studies on values. The scales of various studies have been studied and adapted with respect to the objective of the study.

The paper attempted to study the respondent's viewpoint on the change in the cultural values in our society due to global advertisements. It also tried to understand the responses based

on age, gender and family structure.

Hypothesis

The main objectives were translated into eight research questions. The eight hypotheses were based on these research questions.

Research Question 1: Does exposure to global advertisements result in changes in the cultural values of the people?

Research Question 2 : Does the effect of global advertisements on cultural value vary with people above and less than equal to 35 years of age?

Research Question 3 : Does the effect of global advertisements on cultural value vary with gender?

Research Question 4 : Does the effect of global advertisements on cultural values vary with family structure?

Research Question 5 : Do respondents above and below equal the age of 35 years believe that global advertisements have made a change in the individualism, materialism and family structure in people?

Research Question 6 : Do respondents across gender believe that global advertisements have made a change in the individualism, materialism and family orientation in people?

Research Question 7 : Do respondents across both type of family structure (Joint/Family) believe that global advertisements have not made a change in the individualism, materialism, family orientation in people?

Research Question 8 : Does a relationship exist between age and individualism, materialism and family orientation?

Research Question 9 : Does a relationship exist between gender and individualism, materialism and family orientation?

Research Question 10 : Does a relationship exist between family structure and individualism, materialism and family orientation?

Based on these research questions the following hypothesis were proposed

H1 : Global advertisements have made a difference on the cultural values of people.

H2 : The effect of global advertisements on the cultural value varies with people above and less than equal to 35 years of age

H3 : The effect of global advertisements on the cultural values varies with gender.

H4 : The effect of global advertisements on the cultural values varies with the type of family structure.

H5 : Global advertisements have made a difference in the individualism, materialism and family orientation varies with people above and less than equal to 35 years of age .

H6 : Global advertisements have made a difference in the individualism, materialism and family orientation varies with gender.

H7 : Global advertisements have made a difference in the individualism, materialism and family orientation varies with the

type of family structure (Joint/Nuclear family)

H8a : There is a relationship between age and individualism.

H8b : There is a relationship between age and materialism.

H8c : There is a relationship between age and family orientation.

H9a : There is a relationship between gender and individualism.

H9b : There is a relationship between gender and materialism.

H9c : There is a relationship between gender and family orientation.

H10a : There is a relationship between family structure and individualism.

H10b : There is a relationship between family structure and materialism.

H10c : There is a relationship between family structure and family orientation.

Research Methodology and Design

The study was conducted through a survey using questionnaire to collect primary data from 128 respondents in Ahmedabad. Non Probabilistic, Convenience sampling method was used. The age group was bifurcated as people under and equal to 35 years age and above 36 years. Almost equal representation was sought with respect to age and gender. The questionnaire consisted of two parts. The first part comprised of demographic closed ended questions. The second part of the survey contained eighteen likert-type statements measured on 5 point scale (1 – strongly agree to 5- strongly disagree). These statements tried to measure the respondent's perspective towards changing Indian values due to global advertisements. There were six statements each on measuring Individualism-collectivism, Utilitarian-materialism, Family orientation. The study attempted to understand if the respondent's viewpoint changed with respect to age, gender and family structure. A pilot study of 15 questionnaires was conducted to check the reliability of the dependent variables. The Cronbach's Alpha method of internal consistency was run on the data collected from the above questionnaire to compute the reliability of the measures of the variables of the study. Two statements were removed based on the Cronbach's result. The test of normality – Cronbach's Alpha was run again on the other 16 statements. 0.721 was the Cronbach's alpha value. As per Malhotra and Dash (6th edition) the value was considered to be acceptable. The Alpha values meet acceptance standards for the research and reflecting a similarity in the research was stated by Sekaran (2000) as well. Post the validation test, data collection was commenced.

Participant Recruitment and Composition

All respondents were above 18 years of age. The respondents were across age groups, gender and family structure. Income and occupation was not the selection criteria.

Results

H1: Global advertisements have made a difference on the cultural values of people A t-test was conducted to understand the difference on the cultural values of the people due to global advertisements. The summated mean ($M=3.099$, $SD=.49$) of all the 16 likert statements was calculated.

Table 1: One-Sample Test

	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Cultural Values	70.52	126	.000	3.099	3.0115	3.1854

The t test $t(126) = 70.52$, $p=0.000$ result indicates that we reject the hypothesis indicating that global advertisements have changed the cultural values of the people of India.

H2 : The effect of global advertisements on the cultural value varies with people above and less than equal to 35 years of age

Table 2.1 : Group statistics

	Age	Mean	Std. Deviation
cultural values	Above 35 years	3.08	0.50
	Less than equal to 35 years	3.13	0.49

Table 2.2: Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Cultural values	.044	.833	-.631	125	.529	-.057	.090	-.235	.121

These results $t(125) = -.631$, $p = 0.529$ suggest that people across age groups believe that global advertisements have made a change in the cultural values of the people.

H3 : The effect of global advertisements on the cultural values varies with gender

Table 3.1: Group Statistics

Gender		Mean	Std. Deviation
Cultural Values	Male	3.18	.51
	Female	3.01	.49

Table 3.2 : Independent Samples Test

Cultural values	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.004	.953	1.845	125	.067	0.17	0.09	-0.01	0.35

These results $t(125) = 1.845$, $p = 0.067$ suggest that both men and women believe that global advertisements have made a change in the cultural values of the people.

H4 : The effect of global advertisements on the cultural values varies with the type of family structure

Table 4.1: Group Statistics

Family		Mean	Std. Deviation
Cultural Values	Joint	3.03	0.50
	Nuclear	3.16	0.49

Table 4.2 : Independent Samples Test

Cultural values	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.182	.670	-1.465	125	.146	-0.13	0.09	-0.30	0.05

Analysis of the independent sample t-test $t(125) = -1.46$, $p = 0.146$ on the above hypothesis revealed indicated that the there is an effect of global advertisements on the cultural values of the people irrespective of the family living condition (joint family or nuclear family).

The results of hypothesis H1, H2, H3 and H4 indicates that most people irrespective of the age group, gender and their family living conditions believe that global advertisements have made a difference in the cultural values of the people.

H5 : Global advertisements have made a difference in the individualism, materialism and family orientation varies with people above and less than equal to 35 years of age.

Table 5 : Result of two independent t-test for values for age group greater than equal to and below 35

Name of the value	Mean of Age greater than equal to 35	Standard Deviation	Mean of Age greater than equal to 35	Standard Deviation	t(125)	p
Individualism	2.87	.80	3.11	.64	-1.90	0.06
Materialism	3.74	.89	3.55	.78	1.22	0.22
Family Oriented	2.74	.86	2.90	.73	-1.12	0.26

Inspection of the above hypothesis revealed a nominal difference in the means of Individualism between the two samples. The means for materialism and family oriented are almost similar. The results indicate that we fail to reject the hypothesis indicating that people across age groups believe that global advertisements have made a difference in the individualism, materialism and family orientation in the people.

H6 : Global advertisements have made a difference in the individualism, materialism and family orientation varies with gender

Table 6 : Result of two independent t-test for values for Male and Female

Name of the value	Mean of Male	Standard Deviation	Mean of Female	Standard Deviation	t(121)	p
Individualism	3.04	.79	2.93	.70	0.83	0.41
Materialism	3.73	.85	3.48	.78	1.7	0.10
Family Oriented	2.89	.90	2.70	.73	1.2	0.22

Inspection of the above hypothesis revealed the hypothesis is not rejected stating that both men and women equally believe that global advertisements have made a difference in the individualism, materialism and family orientation in the people.

H7 : Global advertisements have made a difference in the individualism, materialism and family orientation varies with the type of family structure (Joint/Nuclear family)

Table 7 : Result of two independent t-test for values across family type

Name of the value	Mean of Joint Family	Standard Deviation	Mean of Nuclear Family	Standard Deviation	t(125)	P
Individualism	2.81	.80	3.10	.679	-2.25	0.026
Materialism	3.85	.88	3.50	.77	2.34	0.021
Family Oriented	2.66	.82	2.93	.77	-1.92	0.056

Inspection of the above hypothesis revealed the hypothesis is rejected. This indicates that the belief that global advertisements make a change in the individualism, materialism and family orientation varies with the type of the family structure.

H8a : There is a relationship between age and individualism

Table 8.1 : Correlations

		Age of the respondent	Individualism
Age of the respondent	Pearson Correlation	1	-.235**
	Sig. (2-tailed)		.008
	N	127	127
Individualism	Pearson Correlation	-.235**	1
	Sig.(2-tailed)	.008	
	N	127	127

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

H8a : Pearson's correlation revealed that contrary to the research hypothesis there does exist a negative relationship between age and individualism, $r(127) = -.24$, $p = 0.008 < 0.05$.

H8b : There is a relationship between age and materialism

Table 8.2 : Correlations

		Age of the respondent	Materialism
Age of the respondent	Pearson Correlation	1	.090
	Sig. (2-tailed)		.316
	N	127	127
Materialism	Pearson Correlation	.090	1
	Sig. (2-tailed)	.316	
	N	127	127

H8b : Pearson's correlation between the age and materialism supports the research hypothesis that there is no correlation between age and materialism, $r(127) = -.090$, $p = 0.316 > 0.05$

H8c : There is a relationship between age and family orientation

Table 8.3 : Correlations

		Age of the respondent	Family oriented
Age of the respondent	Pearson Correlation	1	-.165
	Sig. (2-tailed)		.065
	N	127	127
Family oriented	Pearson Correlation	-.165	1
	Sig. (2-tailed)	.065	
	N	127	127

H8C : Pearson's correlation between age and family orientation supports the research hypothesis that there is no correlation between age and family orientation, $r(127) = -.165$, $p = 0.07 > 0.05$.

H9a : There is a relationship between gender and individualism

Table 9.1 : Correlations

		Gender of the respondent	Individualism
Gender of the respondent	Pearson Correlation	1	-.185*
	Sig. (2-tailed)		.037
	N	128	127
Individualism	Pearson Correlation	-.185*	1
	Sig. (2-tailed)	.037	
	N	127	127

* Correlation is significant at the 0.05 level (2-tailed).

H9a : Pearson's correlation between gender and Individualism revealed that contrary to the research hypothesis there does exist negative a relationship between gender and individualism, $r(127) = -.185$, $p = 0.037 < 0.05$.

H9b : There is a relationship between gender and materialism Table 9.2 : Correlations

Table 9.2 : Correlations

		Gender of the respondent	Materialism
Gender of the respondent	Pearson Correlation	1	.250**
	Sig. (2-tailed)		.005
	N	128	127
Materialism	Pearson Correlation	.250**	1
	Sig. (2-tailed)	.005	
	N	127	127

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

H9b : Pearson's correlation between gender and Materialism revealed that contrary to the research hypothesis there does exist a positive relationship between gender and materialism, $r(127) = .250$, $p = 0.005 < 0.05$.

H9c : There is a relationship between gender and family orientation

Table 9.3 : Correlations

		Gender of the respondent	Family oriented
Gender of the respondent	Pearson Correlation	1	-.016
	Sig. (2-tailed)		.859
	N	128	127
Family oriented	Pearson Correlation	-.016	1
	Sig. (2-tailed)	.859	
	N	127	127

H9c : Pearson's correlation between gender and family orientation supports the research hypothesis that there is no correlation between gender and family orientation, $r(127) = -0.16$, $p = 0.859 > 0.05$.

H10a : There is a relationship between family structure and individualism

Table 10.1 : Correlations

		Family Structure	Individualism
Family Structure	Pearson Correlation	1	.197*
	Sig. (2-tailed)		.026
	N	128	127
Individualism	Pearson Correlation	.197*	1
	Sig. (2-tailed)	.026	
	N	127	127

*Correlation is significant at the 0.05 level (2-tailed).

H10a : Pearson's correlation between family structure and Individualism revealed that contrary to the research hypothesis there does exist a positive relationship between family structure and individualism, $r(127) = .197$, $p = 0.026 < 0.05$.

H10b : There is a relationship between family structure and materialism

Table 10.2 : Correlations

		Family Structure	Materialism
Family Structure	Pearson Correlation	1	-.205*
	Sig. (2-tailed)	128	.021
	N		127
Materialism	Pearson Correlation	-.205*	1
	Sig. (2-tailed)	.021	
	N	127	127

*Correlation is significant at the 0.05 level (2-tailed)

H10b : Pearson's correlation between family structure and Materialism revealed that contrary to the research hypothesis there does exist a negative relationship between family structure and materialism, $r(127) = -.205$, $p = 0.021 < 0.05$

H10c : There is a relationship between family structure and family orientation

Table 10.3 : Correlations

		Family Structure	Family oriented
Family Structure	Pearson Correlation	1	.170
	Sig. (2-tailed)		.053
	N	128	127
Family oriented	Pearson Correlation	.170	1
	Sig. (2-tailed)	.053	
	N	127	127

H10c : Pearson's correlation between family structure and family oriented revealed that contrary to the research hypothesis there does exist a relationship between family structure and family orientation, $r(127) = 0.170$, $p = 0.05$

Conclusion

This paper has tried to understand the cultural changes that urban India has undergone because of global advertisements. The last fifteen years have seen a considerable increase in income, employment diversity and brand consciousness among the urban consumer. As more global companies make foray in this market, massive changes in employment and occupation patterns,

consumption and spending patterns, definition of the word “culture”, “society” and “family” are expected. The global brands with their massive communication budgets have managed to seep and make subtle changes into the culture of the people. The research focused on the changes in the Indian value due to global advertising. The most significant finding of the study has been that people across age groups, gender and family structure believed that global advertisements have changed the values of the Indian people. Three Indian values – individualism, materialism and family orientation were identified for further study. Analysis of this also showed that people across age, gender as well as family structure believed that global advertisements had a difference in the individualism, materialism and family orientation among the people.

Another noteworthy finding of the study was that there existed a relationship between age and individualism. It could be assumed that as age increases, the percentage of individualism decreases. However, no relationship existed between age and materialism. It could be assumed, materialism could have effected across age groups. Further, it was also established no correlation existed between age and family orientation. This can be interpreted as some other independent variable could be affecting family orientation. The result that was surprising was that no relation existed between gender and family orientation. Again, this reiterates that family orientation is affected by some variables. There was a positive relation between gender and materialism indicating that people of both genders were materialist. It was further analysed that the type of the family structure i.e. whether the person lived in a joint family or nuclear family also affected the individualism, materialism as well as the family orientation in

people. There was a significant relationship between family structure and individualism, materialism as well family orientation. From the above analysis, we can state that materialism has seeped into our culture across age groups, gender and type of family structure. Family orientation is effected by other variable which was not a part of this study. Individualism increases as age decreases and correlates with gender as well as the family structure. This indicates that the global advertisements have struck a relationship with the people and they in turn have responded positively by bringing subtle changes in the various elements of culture, especially the value system and his role in the society. The availability of global brands, exposure to global media has moved the consumer form need based to luxury based requirement. Post liberalization, there has been some cultural shifts in India's value system. Not only have the people learnt to earn more, but spend more on themselves, think about themselves, become slightly selfish. He has learnt to take his own decisions. Individualism, Materialism, his role and relationship with the society has witnessed a change. The joint family which was considered to be India's strength is witnessing a change as well.

Limitations

The study has been limited to the city of Ahmedabad with limited sample size. The results are indicative and not conclusive. A bigger sample size with bigger geographical spread, inclusion of other Indian values apart from Individualism, materialism and family orientation as well as other demographic variables like income, occupation, city of residence could bring out deeper insights.

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A Study on the Role of Shopping as a Factor in the Indian Outbound Tourists' Destination Selection

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Abstract

Tourism has demonstrated dynamic growth in the past century and is projected to maintain sustainable growth in the coming years. The impressive developments in Indian tourism (both inbound and outbound) in recent years have brought the country to the forefront of world tourism. The large number of tourism destinations available to Indian outbound tourists makes it imperative to do an evaluation of key factors that seem to influence the destination choice for Indian outbound leisure travellers. Leisure shopping is recognized as one of the most popular global tourist activities. In some destinations shopping has become a core activity of the tourist attraction. The purpose of this paper is to provide insights into the role of shopping as a factor for destination selection in the Indian outbound leisure tourist's destination selection. The paper uses descriptive research design. Data was collected from 150 respondents of the city of Ahmedabad and examined through statistical techniques. The main insights of the results is that the attraction (both natural and man-made) of the destination, clearly, is the dominant factor followed by value for money and the last being availability of shopping avenues. Shopping abroad, while not the most important motivator is still amongst the top factors in destination selection.

(Keywords : Shopping, Factor, Destination selection, Outbound Indian Tourist)

Introduction

World tourism has demonstrated dynamic growth in the past century and is projected to maintain sustainable growth in the coming years. Tourism is a growing industry not only in developed countries, but also in developing as well as in underdeveloped countries. It is the largest service industry globally. The tourism industry generates substantial economic benefits to both host countries and the tourist's home countries. The impressive developments in Indian tourism in recent years have brought the country to the forefront of world tourism as one of the most promising markets to watch out for – both for inbound and outbound tourism. The growth of Indian outbound tourism is largely attributed to the country's steady economic progress that has provided for increased employment and higher income.

Other factors that have contributed to its development are the liberalization of government policies regarding civil aviation for easier air access to foreign countries as well as the issuance of travel documents, improved bilateral visa arrangements and the relaxation of foreign exchange regulations. Aggressive marketing campaigns by an increasing number of countries have also helped increase awareness regarding outbound destinations. This article is organized as follows: The next section comprises of the literature review. The third section identifies the focus and the objective of the study. In the fourth section, the methodology of study and research design is detailed out. In the fifth section, the findings of the study are presented. And in the sixth and the last section, the conclusions, limitations, and possibilities of extensions of the research are presented.

Literature Review

Tourism is a purposeful, planned and motivated behaviour. People travel for various purposes: holidays, business and seeing friends and relatives. However, vacation travel makes up a large portion of the travel industry. For vacation travel, it has been found that taking a tour is the most popular mode of leisure travel.

Leisure tourism behavioural studies can be classified into three categories – pre tour, during tour and post tour. Pre-tour concerns with tourist segmentation, destination image, travel motivation, and destination identification and selection decision making process. During-the-tour behavioural issues include attitudes toward service quality of all associated services. After-the-tour behaviours deal mostly with tour satisfaction. This paper focuses on the pre-tour destination selection. Many researchers have determined the roles of travel motivation, and travel inhibitors during the pre purchase destination selection process (Cha, McCleary & Uysal, 1995; Chon, 1990; Cook & McCleary, 1983; Crompton, 1979; Crompton & Ankomah, 1993). They have concluded that the destination image, travel satisfaction, travel motivation, and travel inhibitors affect the pre purchase destination selection process. The work of Woodside provides a more complete model to explain the destination awareness and choice processes of leisure travellers. Shopping is an important element of tourism (Choi, Chan, & Wu, 1999) and it is one of the most pervasive leisure activities for tourists, with significant

economic, psychological and social benefits (Choi, Chan, & Wu, 1999; Snepenger, Murphy, O'Connell & Gregg, 2003). Shopping together with visiting friends and relatives, having fun and experiencing indigenous culture, functions as a motivating factor that affects tourists' travel decisions and consumptive behaviour (Fodness, 1994). According to Law and Au (2000), shopping is a powerful force for tourism in terms of actual consumption of goods purchased and as a source of enjoyment and satisfaction. For most tourists, in fact, a vacation experience would be incomplete without opportunities to shop. Most tourists do not purchase goods only for themselves, but also for friends and relatives (Anderson and Littrell, 1995; Kim and Littrell, 2001). Naturally, shopping as one of the most important tourism activities has an important economic impact on host communities, as it requires the spending of money for leisure purposes (Jackson, 1996; Asgary et al., 1997). Hobson and Christensen (2001) have studied the cultural and structural issues affecting Japanese tourist shopping behaviour. Despite widespread recognition that shopping is a major tourist activity, destination attraction feature and motive for travel, it is only in recent years that the role of shopping as a tourist and leisure activity has begun to receive increased academic attention. Tourism shopping is often associated with symbolic consumption; material goods can reinforce the sense of self and provide a storehouse of memories from past experiences (Anderson and Littrell 1995, Littrell, Anderson, and Brown 1993). Another very common area of interest in the academic world in tourist shopping is concerned with understanding satisfaction and elements of service quality associated with tourist shopping experiences. Substantial amount of work has been done in that direction.

Vincent C. S. Heung, Department of Hotel and Tourism Management at the Hong Kong Polytechnic University and Eliza Cheng Department of Hotel and Tourism Management at the Hong Kong Polytechnic University have assessed Tourists' Satisfaction with Shopping in the Hong Kong Special Administrative Region of China. They have identified the satisfaction attributes of shopping and assessed their relative importance in affecting the satisfaction levels of tourists. Another shopping-related theme has been research into attributes of the souvenirs themselves and into the relationships between types of tourist and their souvenirs purchased. Several authors have recognized the importance of souvenir purchase as specific type of tourist shopping with social and cultural dimensions. In these discussions shopping for souvenirs can be seen as an instrumental behaviour necessary to maintain social networks and interpersonal obligations. While recognizing the importance of buying souvenirs for others, the work by Littrell and colleagues also provides evidence that souvenirs can be purchased for other

reasons. In 1993, for example, Littrell and others described four types of tourists and demonstrated that different styles of shopping behaviour were associated with these different travel groups. They have identified the following groups :

- ethnic, arts and people travelers, who were active tourists with an interest in the culture of the destinations that they visited and were particularly attracted to local arts and crafts
- history and parks travellers, who were more interested in history and nature and who sought both souvenirs of local arts and crafts and printed materials which supported their interest in history and nature
- urban entertainment travellers, who were very active and especially interested in nightlife and entertainment; this group purchased souvenirs to display at home and which often carried the logo of the visited destination
- active outdoor tourists, who enjoyed a range of active, outdoor, nature-based pursuits and who sought souvenirs associated with these outdoor activities.

In spite of the fact that shopping is a very common behaviour exhibited by tourists, there are very few studies that investigate the role that availability of shopping facilities play in the destination selection. This paper aims to fill the gap by analysing the role of shopping as a factor in the Indian outbound tourist's destination selection.

Focus and objective of the study

There are rapid and profound changes taking place within that segment of Indian society which is able to afford international travel. The relatively large number of tourism destinations available to Indian tourists, has intensified competition between destinations for tourists. More and more destination countries are beginning to recognize the potential of the outbound Indian tourist. Only after the reasons for tourist's destination selection have been analyzed, can a tourism marketing strategy be developed. Today with a rising number of Indian tourists who vacation abroad, the potential source market is huge. Unfortunately, there are very few studies that investigate the Indian tourists' preferences of holidaymaking. This paper attempts to contribute to the literature by bridging the existing gap through analyzing the role of shopping as a factor influencing destination selection. Specifically, this paper uses a bank of ten variables that affect destination selection and factor analyses them to identify the major factors. The next objective is to identify if there is any association between gender and importance given to shopping as a destination selection parameter.

Research Methodology

The paper examines the role of different motivators and

specifically the role of availability of shopping facilities as a factor in international leisure tourism destination selection. It also identifies there is any association between gender and importance given to shopping as a destination selection parameter. This research paper uses the descriptive research design. This study was conducted through a survey and data was collected through a structured self-administered questionnaire from Indian outbound tourists. The questionnaire was designed and pretested on neighbours and students. The data was collected between September 2011 and December 2011 and subsequently in March 2012.

The criteria for selection of respondents was that they should have already vacationed outside India at least once in the past three years or were planning to vacation outside India for their next tour (within the next year). This criteria was strictly adhered to. A mix of snow ball method and judgmental sampling was used. The interviewees were limited to adults (over the age of 24). The questionnaire consisted of Likert scaled closed ended questions which were administered through face-to face interviews with 150 respondents in the city of Ahmedabad, in the state of Gujarat, India.

The questionnaire was divided into two parts. The first part included their demographic details such as gender and age of tourists, educational level of tourists, occupation of tourists, income per month of tourist. The questions were close ended. The second part included the destination selection variables. The variables selected were based on the literature review. In this section, the respondents were asked to rate the level of importance of each factor that influenced their destination selection decision ranging from 1 (not important) to 5 (most important).

Statement 1 = Beautiful scenery and natural attractions

Statement 2 = Historical, archaeological places

Statement 3 = Different Climatic conditions

Statement 4 = Arts and cultural attractions

Statement 5 = Exotic and different atmosphere

Statement 6 = Value for money for accommodation

Statement 7 = Value for money for travelling and other related activities

Statement 8 = Possibility of shopping for various product ranges

Statement 9 = Occurrence of shopping festivals at the time of visiting the destination

Statement 10 = Existence of various retail formats.

Statistical techniques were used to examine the effects of different factors on the tourists tour intention where factors related to different aspects of tourism facility were used as choice variables. The first part of the questionnaires was

interpreted using the statistical techniques such as frequency and descriptive statistics in order to find out the demographic profiles of the respondents. In part two of the questionnaire, the attributes were factor analyzed using the principal component method and varimax rotation procedure in order to delineate underlying dimensions of the marketing mix factor. The most common and reliable criterion was the use of Eigen values in extracting factors. The results show that shopping facility is statistically significant indicating a sizeable percentage of the variation in explaining the intention to select a tour destination. Shopping abroad, while not the most important motivator, is still among the top reasons in selecting a destination. The next part also identifies whether there is any association between gender and importance given to shopping as a destination selection parameter. The results prove that there is association between gender and importance given to shopping as a destination selection.

Data analysis and research findings

In this section, the main findings of this study are discussed. Out of 170 responses, a total of 150 were retained. The rest of the list contained missing values and hence were not considered. The results from the study are summarised as follows :-

Part I- Demographic details

62% of respondents were females. Majority of the sample was in the age group of 40-49. 45.33% of sample respondents were graduates. 29.33% of respondents belonged to the income profile of Rs 30 to 39 lakh. 60% of the respondents travelled with their families.

The demographic profile of the respondents is given in Table I.

Table I : Demographic profile of respondents

Gender	No of respondents
Female	93
Male	57
Total	150

Age (years)

29 and younger	13
30-39	32
40-49	48
50 and older	57
Total	150

Marital status

Single	21
Married	129
Total	150

Personal annual income

Up to Rs 10, 00, 000	12
Rs 10,00,000 to Rs 19,00,000	23
Rs 20,00,000 to Rs 29,00,000	41
Rs 30,00,000 to Rs 39,00,000	44
Rs 40,00,000 to Rs 49,00,000	27
Rs 50,00,000 and above	3
Total	150

Highest level of education

Alone	7
Family	90
Friends	37
Others	16
Total	150

Travel companions

Secondary or high school 31	17
Graduation	68
Postgraduation	65
Total	150

Part II A : Factor analysis of tourist attraction

Factor analysis was conducted on all the 10 statements to derive a reduced set of factors. The Kaiser-Meyer-Olkin measure of sampling adequacy was used to measure the appropriateness of the factor model. The value obtained was 0.74198, which is considered as acceptable. The principal component analysis was used to arrive at a factor solution. The factors extracted were rotated based on the varimax approach. A total of three factors with eigen values greater than 1 were extracted. The results are tabulated in Table II.

Table II - A : Factor Loadings

Variable	FACTOR I	FACTOR II	FACTOR III	Communalities
Beautiful scenery and natural attractions	0.679	0.164	0.22	0.536337
Historical, archaeological places	0.651	0.031	0.152	0.447866
Different Climatic conditions	0.643	0.025	0.325	0.519699
Arts and cultural attractions	0.556	0.141	0.136	0.347513
Exotic and different atmosphere	0.641	0.345	0.2781	0.6072456
Value for money for accommodation	0.142	0.787	0.2846	0.7205302
Value for money for travelling and other related activities.	0.242	0.758	0.166	0.660684
Possibility of shopping for various product ranges	0.1674	0.255	0.565	0.4122728
Occurrence of shopping festivals at the time of visiting the destination	0.164	0.142	0.541	0.339741
Existence of various retail formats	0.382	0.163	0.643	0.585942
Eigen value	2.29787876	1.451239	1.40687277	
Explained variance per factor	22.9787876	14.51239	14.0687277	
Cumulative variance explained	22.9787876	37.4911776	51.7783053	

The Table II-A shows that the first five variables are highly correlated and are combined into factor I (Natural beauty and manmade attractions). Two variables value for money for accommodation and value for money in travelling and other related activities can be clubbed into factor II (Value for money). Other three variables Possibility of buying/shopping of /for various product ranges, Occurrence of shopping festivals at the time of visiting the destination and Existence of various retail formats load on factor III (Shopping factor). All the factors collectively explained approximately 52% of the variance. The first factor explained 23% of the variation. The second (value for money) explains 14.5% of the variance and the third factor (availability of shopping avenues) explains 14.06% of the variation. The result indicates that people's perceptions on natural beauty of the destination (scenery) history, heritage and cultural attractions, different climatic conditions, arts and cultural attractions and exotic and different atmosphere followed by the destination being budget and value for money, are the stronger predictors followed by availability of various shopping avenues at the destination. The total variance summarized explains approximately 52% of the variance. This indicates that there may be unspecified variables besides those mentioned above influencing the destination selection parameters.

Part II B

Table IIB shows the cross tabulation of gender with importance given to shopping for various product ranges. The five point likert scale was converted into two different categories-responses in the categories of 1, 2 were categorized as important while 4 and 5 were categorized as not important. Since there were no responses for the neutral category, only a two by two matrix was formed. Chi square test at 0.05 level of significance was used to check the association. For one degree of freedom, the results show that there is association between gender and importance given to possibility of shopping for various product ranges.

Table II B

Gender	IMP	Not IMP	TOTAL
F	59	34	93
M	38	19	57
Total	97	53	150

Conclusions, limitations and possibilities of extension of the research

The study has both theoretical and practical implications. The Indian outbound leisure tourists have emerged from the cocoon

of protectionism era.

Today the Indian outbound leisure tourist has a variety of destinations to choose from for his next travel. Various countries are aggressively wooing Indian tourists with their promotional offers. The emerging market of the Indian outbound tourist just cannot be ignored by the various tourism promotion boards. In this scenario it is imperative to understand the determinants used by Indian outbound leisure travellers in destination selection. This study analyzed determinants of destination selection by Indian outbound tourists, more specifically in finding out the role of shopping as a destination selection parameter. This study investigated the role of shopping in destination selection for Indian outbound tourist. Demographic details were analysed through descriptive data analysis. Factor analysis was used to reduce the ten variables to three factors. The results reveal that the tourists accord the greatest importance to the attraction of the destination (natural and manmade) followed by value for money and finally to the role of shopping. The result indicated that availability of shopping avenues is a significant factor in destination selection. Recommendations derived from this study may be worth considering. They are as follows :

First the beauty or the uniqueness of the destination is of paramount importance to the respondents. This is reflected in the importance given to the related variables. The major role in the destination selection is that of the destination itself. The second important role is that of value for money. This result is not surprising. Importantly, the third major factor relating shopping is a unique case to point. All the respondents had strong views on this variables, i.e there were no neutral values for all the three shopping related variables. So, for a destination to be marketed it can focus on the merit of the destination itself, followed by the destination being value for money and last, but not the least on the shopping parameters of availability of various product ranges, and various retail formats.

Secondly, there is an association between gender and the importance given to shopping as a destination selection parameter. Hence this point cannot be ignored by the destination marketer. This study has three major limitations. Firstly, data was collected in the city of Ahmedabad only. Tourists in other cities and states may report different results because of differences in demographic and psychographic profiles. Second, the list of variables mentioned in the study is not exhaustive. Lastly the sample size of 150 may not be sufficient to make generalizations. To draw more generalized conclusions, a larger data set with more variables could be required. The research can be extended to include various other variables and can subsequently be associated or otherwise with, socio demographic and psychographic variables.

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An Empirical Analysis of Optimal Hedge Ratio in Derivative Market

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Abstract

Risk is omnipresent, and hedging has been motivated by the desire to reduce risk. An essential feature of hedging is that the trader synchronizes his/her positions in two markets. One is generally the "cash" or "spot" market (the market for immediate delivery) while the other is the derivative market. Among emerging markets, India has considerably large derivatives market supported by prudent risk management systems and a growing economy. However, hedging one's stock position through futures in Indian context is still the road less travelled. This paper tries to explore Indian futures market as a market for hedging by equity holders. We have tried to examine optimal hedge ratio and hedge efficiency to provide empirical evidence. The aim of the paper is to find out the efficiency of optimal hedge ratio in removing the basis risk faced by hedge investor after hedging. The present study compares the efficiency of hedge ratios estimated through regression model of optimal hedge ratio.

(Keywords : Derivative, Hedging, Hedge ratio, Optimal hedge, Future market, Basis risk, Beta, Risk management strategy)

Introduction

Risks are omnipresent and exist from time immemorial. In financial parlance, risk is any variation from an expected outcome. So, for an investor, risk includes an outcome when one may not receive the expected return. The quest for better hedge has been the motive for sophisticated risk management and hedging techniques. Derivatives are used as a tool to transfer risk, i.e., for hedgers. A derivative is an instrument whose value is derived from the value of other underlying variables. The most important use of derivative is to transfer market risk. Thus it provides protection against the losses resulting from unforeseen price changes. People who wish to eliminate the risk of price change to which they are already exposed are known as hedgers. Hedging is a risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies, or securities. In effect, hedging is a transfer of risk without buying insurance policies. Usually, in the business of buying or selling a commodity, the spot price is different from the price quoted in the futures market. The futures price is the spot price adjusted for costs like freight, handling,

storage and quality, along with the impact of supply and demand factors. The price difference between the spot and futures keeps on changing regularly. This price difference (spot - futures price) is known as the basis and the risk arising out of the difference is defined as basis risk. Hedge ratio is defined as the number of future contracts to buy/sell per unit of the spot position commonly used to compare the value of a position protected by a hedge with the size of the actual position. Whether the hedging is successful or not depends upon how the two variables are correlated with each other and this relationship can be found out by using the co-efficient of determinations. If co-efficient of determination (r^2) is greater than 50 % then one can say the optimal hedge ratio so obtained can be successful for the future period of hedging. One of the issues in hedging involves the determination of optimal hedge ratio. In this project, the author has taken the data of ACC. The monthly data of spot market for the year 2011 has been taken. In the same way each month's next as well as distant price is also been taken into consideration to know the changes in spot as well as future price.

Review of Literature

Graham and Rogers (2002) point out that hedging can increase debt capacity but higher leverage can increase the incentive to hedge. They found that firms facing high expected distress cost would hedge more with derivatives. Cater, Rogers, and Simkins (2003) provide evidence which supports that the value increase from hedging increases with capital investment. The result implies that in airline industry investors value hedging more because they expect hedging can protect the ability for firms to invest in bad times. Based on research of Smith and Stulz (1985), the tax structure would influence a company's hedging decision. As long as the cost of hedging is not too large, a firm that can reduce the variability of its pre-tax firm value through hedging would be able to reduce its expected tax liability and increase its expected post-tax firm value. Thus, when the tax function of a firm is convex, it can reduce the variability of taxable income and generate greater firm value. Similarly, if excess-profits taxes or investment-tax credits increase the convexity of the tax function, such a tax would induce firms more incline to hedge.

The optimal hedge ratio has been a subject of interest for

economic and econometric studies for many years. The focus is shifting from establishing the most appropriate hedging criteria to finding the best econometric estimation method to estimate the optimal hedge ratio. Chen, Lee and Shrestha (2002) and Lien and Tse (2002) provide an overview of the specialised literature on this topic.

Approaches to setting the hedging objective :

- Minimum variance hedge ratio;
- Mean-variance framework;
- The use of different utility functions in the mean-variance framework;
- Maximize the Sharpe ratio;
- Minimization of the generalized semi-variance or higher partial moments.

Numerous approaches to the estimation of the hedge ratio ranging from the OLS method to sophisticated GARCH specifications.

Research Methodology

Research Problem

"An empirical analysis of optimal hedge ratio of ACC"

One of the main issues concerned with the hedger is risk of basis associated with the underlying assets.

Research Objective

- To understand whether basis risk prevails or not.
- To eliminate the basis risk of an investor.
- To know the optimal hedge ratio for ACC.
- To analyze the risk associated with the investment.
- To know the effectiveness of hedging.

Assumption

We have assumed that in spot market investor is having 225 shares of company. Further, the investor has long position in spot market and hence in order to hedge, opposite position has been created by shorting in future market at National Stock Exchange. Further, the month end prices have been taken in order to keep uniformity between spot price, next month future price and distant month future price. So, the linear relation can be maintained in the data.

Type of research

Descriptive Research

Sampling technique

The stock-ACC (Associated Cement Company), has been selected on the basis of convenient sampling, from the index, Nifty 50, of National Stock Exchange of India Limited.

Collection of data

The secondary data has been used for the research from National Stock Exchange of India Limited. The closing price on monthly basis has been taken into consideration for one year i.e. January 2011 to 31st January 2011.

Data analysis

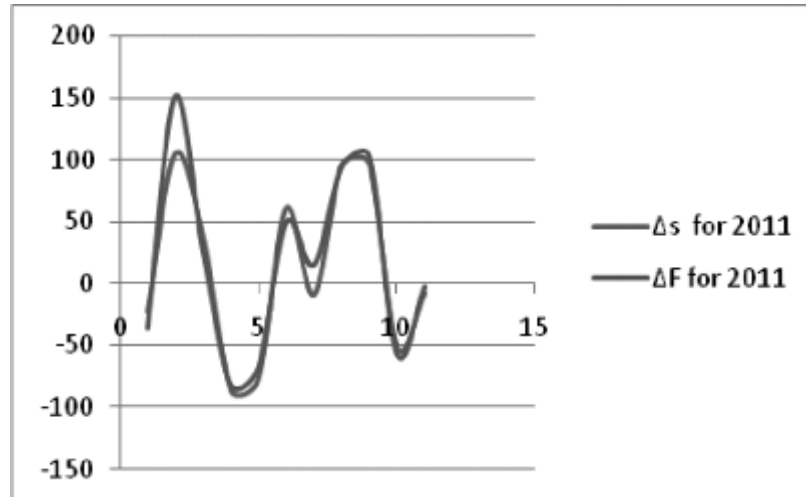
We have collected the data of ACC for our research study from January 2011 to December 2011. In our study, the closing spot market price of every month has been taken into consideration and also the next month and distance future month price as on that particular day have been taken into account.

Table 1: ACC data for spot price & distant month future price

Month	Spot price	Next Month Future Price		Distant Month Future Price	
31-Jan-11	991.65	February	981.75	March	965.00
28-Feb-11	969.35	March	928.90	April	922.35
31-Mar-11	1074.55	April	1074.20	May	1080.05
29-Apr-11	1112.80	May	1107.10	June	1107.70
31-May-11	1027.25	June	1025.50	July	1017.30
30-Jun-11	950.45	July	949.35	August	946.35
29-Jul-11	1011.60	August	996.00	September	991.80
30-Aug-11	1002.80	September	1006.95	October	1003.85
30-Sep-11	1098.55	October	1098.95	November	1098.90

31-Oct-11	1195.05	November	1202.30	December	1205.90
30-Nov-11	1144.30	December	1148.60	January	1147.80
30-Dec-11	1136.90	January	1145.25	February	1147.85

Figure 1: Monthly spot and future price changes (January 2011 to December 2011)



The research aims to minimize the basis risk faced by an investor from the hedging position. Hence the model optimal hedge ratio has been used.

Table 2 : Model of optimal hedge

Month	Δs	ΔF	$\Delta s \Delta F$	$(\Delta s)^2$	$(\Delta F)^2$
Jan	-	-	-	-	-
Feb	-22.3	-36.10	805.03	1303.21	497.29
Mar	105.2	151.85	15974.62	23058.42	11067.04
Apr	38.25	27.05	1034.66	731.70	1463.06
May	-85.55	-82.20	7032.21	6756.84	7318.80
Jun	-76.80	-67.95	5218.56	4617.20	5898.24
Jul	1.16	49.65	3036.09	2465.12	3739.32
Aug	-8.80	15.15	-133.32	229.52	77.44
Sept	95.75	95.10	9105.82	9044.01	9168.06
Oct	96.50	103.40	9978.10	10691.56	9312.25
Nov	-50.75	-57.30	2907.97	3283.29	2575.56
Dec	-7.40	-2.55	18.87	6.50	54.76
Total	145.25	196.10	54978.61	62187.37	51171.82

ALPHA : $\alpha = \bar{\Delta s} - \beta \bar{\Delta F}$ $= -0.271$ $\beta = 0.8926$	OPTIMAL HEDGE RATIO : $\Delta s = \alpha + \beta \Delta F$ $= -2.71 + 0.8926 \Delta F$
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Calculation Method

Δs is calculated by considering the current market price and previous market price. Whereas, ΔF is calculated by taking the difference between next month future price of a month and future price of a distant month has been taken. The rationale for taking the difference between next month and distant month is that the basis can only be calculated by taking the difference of future price of the same month. For example, next month future price of March is 928.90 whereas distant month future price of March is 965.00. So, ΔF will be (36.10).

Interpretation

In order to know, the effectiveness of Optimal Hedge over a longer period of time one year monthly data has been taken. From the above model, an investor has made an investment of 225 shares in spot market of ACC LTD., then in future market, investor is required to sell 0.8926 contract of ACC LTD. in order to get optimal hedge. In other words, investor has to sell approximately 200 shares (one lot) in future market.

Conclusion

Whether the hedging is successful or not depends upon how the two variables are correlated with each other and this relationship can be found out by using the coefficient of determination. The co-efficient of determination (r^2) is 0.9494 or equal to 94.94%. It is perceived that if co-efficient of determination is greater than 50%, then the investor is able to get the benefit of optimal hedge (able to remove the basis risk). So, by analysing the last one year data, the investor can create the short position, in January 2012, of one lot or 200 shares (approximately) in future market which enables the investor to have complete hedge in the spot market by holding 225 shares of ACC. The above model as a risk management strategy can be worked out with transactions cost and it can also be tested by applying to another script for which hedging is required.

Limitation of Study

The study has the following limitations :

- The present study shows that basis risk can be completely eliminated with the model of optimal hedge ratio but the study doesn't consider the brokerages as it can be varied and hence brokerage is ignored.
- Even the taxes like Securities Transaction Tax (STT), Service Tax have been ignored as it may not be uniform over a period

of time.

- Further, in the present paper, the author has tried to show how basis risk can be eliminated with optimal hedge ratio, but when investor takes decision to hedge, he has to deposit the initial margin for taking the position in the future market. So, additional investment amount is required for the hedging which may be one of the constraints for the investor.

Future scope of study

This study is useful for those who want to eliminate the risk arising from the unexpected market movements. The study also focuses on the effectiveness of the hedged portfolio and tests its effectiveness. However by hedging the portfolio with appropriate hedge ratios, investor can minimize the unexpected market moves as well as risk of basis.

Further study can be carried to know,

- Whether the optimal hedge ratio is successful if co-efficient of determination is less than 50% and,
- Whether optimal hedge ratio so obtained based on past data provides better result if it is applied with the share price of ACC prevailing in 2012 and for how many months.

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Impact of global financial recession on the unorganised sector in India

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Abstract

The basic objective of this paper is to evaluate the impact of current global economic recession on the unorganized sector in India which employs around 90 percent of the total work-force but has not been given proper and adequate attention by the policy makers while designing and implementing policy measures for the revival of the economy. The impact of global financial crisis on emerging market economies like India depends upon the extent of openness and the dependence on capital inflows and outflows. However, with gradual deepening of financial crisis, its impact was transmitted from the financial sector to real economic activity in advanced countries and then to emerging economies, through the trade channel, the financial channel and the confidence channels. The major social cost of current global financial crisis is wide-spread un-employment as reflected in job-cuts, layoffs and significant upheavals in labour markets both organised well as unorganised. The unorganised sector which contributes 50 percent of GDP and employs around 90 percent of the total work-force in the country is supposed to be the first and the worst hit by the current global financial meltdown. Unorganised workers consist of those workers in the unorganized enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment/social security benefits provided by the employers. The workers of this sector are scattered throughout the length and breadth of the country, and are unorganized and heterogeneous. The worst affected sector in terms of impact has been the unorganised sector which dominates such export industries which are adversely affected. The other sectors in which the unorganised sector plays a dominant role and which have been adversely affected are agriculture, construction and a large number of consumer goods industries. Not only casual workers in unorganised sector were laid off from their regular jobs but also small producers and traders dependent upon export market have been affected in industries such as handlooms, textiles, apparel, leather products gems and jewellery, metal products carpets, oil meals marine products and handicrafts, where the unorganised sector dominates. Unfortunately, more attention is being given to organised sector by way of larger bank credit, tax-concessions

and variety of subsidies. The mainstream economists do not oppose greater investment or larger focus on the organised sector. But we will get better results in terms of growth as well as distribution and quicker recovery from the present economic crisis, if we give more attention to boosting up investment and effective demand in the unorganised sector. In India, corporate sector has succeeded in projecting itself as the sole casualty of the financial crisis with the support of media and all policy measures and packages focused on this sector. Very little seems to have been done towards the upliftment of the unorganized sector which constitutes the most vulnerable section of the society from whom the fourth pillar of democracy i.e. media seems to have virtually turned its back. In order to achieve the goal of inclusive growth, the government should focus more on unorganized sector because investment in this sector will create more employment and reduce poverty and is therefore, in tune with inclusive growth. If this sector is paid proper and adequate attention by the policy makers, there will be quicker revival of the economy as a whole because of the magnitude of working force and its higher income elasticity of demand. The present paper is organised into six sections. Section I is introductory in nature presenting briefly the origin and causes of the current global economic crisis. Section II outlines the impact of the crisis on Indian economy mainly through external sector. Section III highlights the magnitude and role of the unorganised sector in Indian economy in its different manifestations. Section IV deals with the impact of global recession on employment, more particularly on the unorganized sector. Policy responses of the government for the revival of the economy are given in Section V and the conclusion of the whole discussion along with a few suggestions are presented in the last section.

Introduction

The current global economic crisis which originated from the US sub-prime mortgage market in August 2007, has exacerbated substantially since August 2008 and in the process caused, within a few months, a huge financial meltdown, a string of bankruptcies, and a sharp economic slowdown in practically all the advanced countries as well as the emerging economies of the world. The collapse of Lehman Brothers, Bear Sterns, AIG, and Merrill Lynch aggravated the situation leading to a crisis of

confidence in the financial markets and the resultant uncertainty cascaded into a full blown financial crisis of global dimensions, termed as recession in economic jargon. It is difficult to point out any single reason as a cause for recession. There are number of factors responsible for recession. The cyclical movement of industries which is inherent in the capitalist economy is a primary factor. Other factors such as inflation, currency crisis, speculation/derivative excesses, national debt burden, high crude prices, soaring commodity prices, low saving propensity liquidity crunch, played havoc and once the economy slips into the jaws of recession, the growth takes a beating and results in bankruptcy of financial institutions, closure of industries, heavy lay-off of manpower and all pervading gloom across the world. However, the current global financial crisis has a different basis. It is originated not in a slowdown in demand but a financial crisis which triggered a crisis of trust between borrowers and lenders and therefore a fall in asset prices. This led to massive bankruptcies in various financial and production units. Thus it is a crisis created mainly on the supply side. The crisis still continues in almost all the countries of the world, though in varying degrees. The revival is not yet in sight, despite measures taken by the governments and central banks of different countries.

Impact on Indian economy through different channels

The effect on the Indian economy was not significant in the beginning. The initial effect of the sub-prime crisis was, in fact, positive as the country received accelerated fund inflows during September 2007 to January 2008. This contributed to the debate on 'decoupling thesis' under which it was believed that the emerging economies like India and China could remain largely insulated from the crisis and provide an alternative engine of growth to the world economy. But this 'decoupling thesis' soon proved unfounded as the global financial crisis intensified and the slowdown in growth of GDP become visible during successive quarters of 2008-09, as compared to higher growth trajectory of around a percent during the first three quarters of 2007-2008 (see Annexure-Table I). The impact of global financial crisis on emerging market economies like India depends upon the extent of openness and the dependence on capital inflows and outflows. However, with gradual deepening of financial crisis, its impact of was transmitted from the financial sector to real economic activity in advanced countries and then to emerging economies, through the trade channel, the financial channel and the confidence channels, as pointed out by RBI Governor.

Trade Channel : The primary source of contagion has been the trade channel. The merchandise trade performance suffered drastically during the second half of 2008-09 leading to sharp decline in exports as well as imports. India's merchandise exports recorded a sharp decline of 24.2 percent in the fourth quarter of 2008-09, as against an increase of 47.2 percent in the

same quarter of 2007-08. Among the commodities worst affected were gems and jewellery, textiles, handlooms, leather and leather products, cotton and manmade yarn, tea, oil meals, marine products, carpets and handicrafts. As all these industries are highly labour intensive, the impact on employment is bound to be substantial. Imports also registered a sharp decline of 27.3 percent in the fourth quarter of 2008-09, as against a high growth of 55.8 percent in the same quarter of 2007-08 which is mainly attributed to the sharp fall in oil imports payments due to lower crude oil prices during the fourth quarter of 2008-09.

Trade Deficit : A sharp downfall in the growth of exports and imports led to a widening of trade deficit to US dollar 119.4 billion (10.3 percent of GDP) in 2008-09 from US dollar 91.6 billion (7.8 percent of GDP) in 2007- 08 (Table 2). The trade impact is, however, not confined to merchandise trade alone, but spread also over to exports and imports of invisibles. As jobs shrank and incomes contracted in US economy and European Union, private transfers and remittances from non-resident Indians (NRIs) also declined sharply. The foreign exchange reserves declined by US dollar 57.7 million during 2008-09 as against an increase of US dollar 110.5 million during 2007-08 (Table 2). Apart from current account deficit which is 2.6 percent of GDP, outflows under portfolio investments, banking capital and short term trade credits are the major sources contributing to the decline in foreign exchange reserves during 2008-09. Besides this, the impact on the Indian economy became adverse due to the general set back to confidence, as consumers and investors were both bound to cut back their spending and borrowing. Job losses accentuated the impact on consumer spending, and banks are either averse to lending especially to risk areas like real estate and would like to hoard capital or will lend only at higher interest rates.

The unorganised sector and its role in the economy

The major social cost of current global financial crisis is widespread un-employment as reflected in job-cuts, layoffs and significant upheavals in labour markets both organised as well as unorganised sectors. The unorganised sector which contributes 50 percent of GDP (Table 3) and employs around 90 percent of the total work-force in the country is supposed to be the first and the worst hit by the current global financial meltdown. The workers of this sector are scattered throughout the length and breadth of the country, and are unorganized and heterogeneous. Further, around 80 percent of unorganised workers are poor and vulnerable with an average daily per capita consumption expenditure of less than Rs. 20. And it is this section of unorganised workers which is mostly illiterate or educated up to primary level only, contains about 88 percent of SC/STs, 80 percent of OBCs and 85 percent of Muslim population of the country. In fact, informal workers are those who do not have any job-security, income-security or social-security and are,

therefore, extremely vulnerable to exogenous shocks and failures. The overwhelming majority i.e. 97.7 percent of informal workers are engaged in agriculture and the bulk of unorganised workers is self-employed followed by casual workers (Table 3). If we look at the growth of employment in the informal sector (expressed in terms of Modified Current Weekly Status - MCWS) as well as the growth of total employment during 2004-05 to 2008-09 (Table 4), we find that the growth in the informal sector workers is significantly higher than that of formal workers during last five years. It is evident from Table 4 that the rate of growth in total employment is only 2.15 percent in 2008-09 which is less as compared to all previous years. The year 2008-09 witnessed fall in employment growth rates both in organised and unorganised sector which is clearly due to the impact of global recession. And the fall is much higher in unorganised sector. There has been a sharp decline in hiring in the formal or organised sector, and there is evidence that large number of informal workers, both in organised and unorganised sector have lost jobs. Although the impact of the crisis has been very sharp in export-intensive industries and the construction sector, but downside effects have been felt across the entire economy.

Impact on employment in the unorganised sector

Slowdown in the organised sector has a two-fold impact on vulnerable employment - a direct impact in the organised sector itself and an indirect effect via the backward linkages with the unorganised sector. The worst affected sector in terms of impact has been the unorganised sector which dominates such export industries which are adversely affected. The other sectors in which the unorganised sector plays a dominant role and which have been adversely affected are agriculture, construction and a large number of consumer goods industries. As compared to the magnitude and the intensity of impact on the corporate sector, the impact on the unorganised sector may not be so high but in terms of number of activities of manpower and spread, the impact is much larger than the corporate sector. According to a survey conducted by the Labour Bureau, Ministry of Labour and Employment, about half-a-million workers employed in 2,581 units surveyed lost their jobs during the third quarter of 2008-09. The most affected sectors were gems and jewellery, transport and automobiles where employment has declined by 8.58 percent, 4.03 percent and 2.42 percent respectively in the third quarter of 2008-09. In textile sectors, 0.91 percent of workers have lost their jobs during the same period. The magnitude of job losses is very high in export-related sector. During August 2008 till January 2009, 402 exporting units revealed job-loss both direct and indirect to the tune of 1,09,513 persons. Another sample study conducted by the Department of Commerce for 121 export related companies belonging to several sectors primarily employment-oriented sectors likes textiles including

garments, leather engineering, gems and jewellery, handicrafts, food and food processing, minerals, marine products has revealed loss in export orders to the tune of Rs. 1,792 crores and job losses of around 65,507. Two other surveys revealed loss of jobs (both direct and indirect) of around 1,17,602 and 1,19,159 persons during the period of August 2008 to February 2009. Mostly these export activities belong to the informal sector and those which are in the formal sector largely depend upon informal sector for purchasing their inputs. Not only casual workers in unorganised sector were laid off from their regular jobs but also small producers and traders dependent upon export market have been affected in industries such as handlooms, textiles, apparel, leather products gems and jewellery, metal products carpets, oil meals marine products and handicrafts, where the unorganised sector dominates. Thus the impact of global melt down on the unorganised sector has been both direct as well as indirect through different channels. But little attention is paid by the mainstream economists as well as the policy-makers to this impact of global melt-down. Because of this reason little space is provided to the unorganised sector in policy packages designed for causing revival of the economy. This may be partly attributed to the unorganised and heterogeneous nature of this sector. Besides this, the sector is not unionised and is not vocal, as the organised sector. The media also does not identify their problems and magnitude.

Policy responses

To counter the negative fallout of the global crisis on the Indian economy, the Government responded by providing a substantial fiscal expansion in the form of tax relief to boost demand and increased expenditure on public projects to create employment and public assets. The net result was an increase in fiscal deficit from 2.7 percent in 2007-08 to 6.2 percent of GDP in 2008-09. In implementing the fiscal stimulus the government increased its plan spending during the XI Five Year Plan by nearly one percent of GDP. There was an increase of nearly 2.5 percent of GDP on non-plan expenditure that included increased spending on fertilizers and food subsidies, agriculture debt waiver, defence salaries and higher pensions and higher pay scales consequent upon the recommendations of the sixth pay commission report. Much of the expenditure is unplanned and therefore unproductive and inflationary, benefiting mostly the higher income groups who have low income elasticity of demand. A number of fiscal concessions have been given to the corporate sector but without producing much impact on the revival of the economy. The private corporate sector is getting a number of concessions and exemptions in corporate income-tax which when taken into account bring down the effective rate of tax from 30 percent to 22.24 percent after accounting for the exemption as against 25.6 percent for public sector companies. It has been reported that the

central government has foregone tax loss amounting to Rs. 68914 crores in 2008-09 because of plethora of exemptions. The RBI has also taken a number of measures in terms of reducing repo and reverse repo-rate and cash-reserve ratio (CRR) with a view to pumping more liquidity in the economy. But as it is said you can take the horse to water but cannot force it to drink unless it is thirsty. During recession, due to loss of confidence, the trade and industry may not find it profitable to borrow more and invest. Banks are having huge deposits but accompanied by lower levels of lending. The credit-deposit ratio has not increased much, as desired by the RBI. The crisis is not only on the supply side but on the demand side also. To overcome recessionary forces, the Keynesian remedy of boosting up the effective demand can certainly be increased in India, if adequate funds reach the hands of those who belong to the unorganised sector which is in need of bank credit to expand their output and also their consumption expenditure.

Suggestions and conclusion

In order to achieve the goal of inclusive growth, the government should focus more on unorganized sector because investment in this sector will create more employment and reduce poverty and is therefore, in tune with inclusive growth. If this sector is paid proper and adequate attention by the policy makers, there will be quicker revival of the economy as a whole because of the magnitude of working force and its higher income elasticity of demand. Unfortunately, more attention is being given to organised sector by way of larger bank credit, tax-concessions and variety of subsidies. The mainstream economists do not oppose greater investment or larger focus on the organised sector. But we will get better results in terms of growth as well as distribution and quicker recovery from the present economic crisis, if we give more attention to boosting up investment and effective demand in the unorganised sector. We have the example of China which has already started giving more attention to boost up production and employment in its vast unorganised sector, by way of increasing demand for industrial products in rural areas, resulting in picking up of the economy adversely affected by global melt down. Financial crises affect the vulnerable sections of society far more than non vulnerable sections. Hence in the interests of such sections, insurance against financial contagion should receive top priority. The monetary and fiscal measures undertaken so far have contributed very little to this objective, with the possible exception of the bank capitalization provisions

under Fiscal Stimulus II. But bank capitalization is not an insurance against a crisis - it is at best a damage- limitation measure in the event of a crisis actually occurring. Hence there is the need for several prudential and fire-fighting measures. National Commission for Enterprises in the Unorganised Sector (NCEUS) has suggested the setting up of a National Fund for the Unorganised Sector (NAFUS) with an authorised capital of Rs. 1,000 crores, to provide refinance to banks and other efforts to provide credit to the unorganised sector enterprises, especially enterprises with investment of less than Rs. 5 lakhs. In India, corporate sector has succeeded in projecting itself as the sole casualty of the financial crisis with the support of media and all policy measures and packages focused on this sector. Very little seems to have been done towards the upliftment of the unorganized sector which constitutes the most vulnerable section of the society from whom the fourth pillar of democracy i.e. media seems to have virtually turned its back. Thus the major contention of this paper is to focus more attention on the unorganized sector, to cause quicker revival of the economy from the current recession, along with usual policy measures.

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Annexure**Table 1: Rate of Growth in Gross Domestic Product (2005-2006 to 2008-09)**
(At constant prices)

Year/Quarter	GDP Growth at Factor Cost (in percentage)
2004-05	7.5
2005-06	9.5
2006-07	9.7
2007-08	9.0
-First quarter Q1	9.2
-Second Quarter Q2	9.0
-Third Quarter Q3	9.3
-Fourth Quarter Q4	8.6
2008-09	6.7
-First Quarter Q1	7.8
-Second Quarter Q2	7.7
-Third Quarter Q3	5.8
-Fourth Quarter Q4	5.8

(Source: CSO and Economic Survey, 2008-09)

Table 2 : Key Indicators of External Sector (2006-07 to 2008-09)

Item	Years		
	2006-07	2007-08	2008-09
1. Exports (US \$ million)	128.88	166.16	175.18
- Growth rate %	22.6	28.9	5.4
2. Imports (US \$ million)	190.67	257.78	294.58
- Growth Rate in %	21.4	35.2	14.3
3. Trade Deficit	-61.79	-91.62	-119.40
4. Trade Deficit as a % of GDP	-6.8	-7.8	-10.3
5. Net Invisibles US \$ million	52.21	74.59	89.58
6. Net Invisibles as a % of GDP	5.7	6.4	7.7
7. Current Account Deficit (3+5)	-9.58	-17.03	-29.82
8. CAD as a % of GDP	-1.1	-1.5	-2.6
9. Net Capital Inflows as % of GDP	4.9	9.2	0.8
10. Foreign Exchange Reserves (US \$ billion)	199.2	309.7	252.0
11. Increase/Decrease in Forex	-	+ 110.5	-57.7

(Source : RBI Monthly Bulletin, July -2009)

Table 3 : Contribution Of Unorganised Sector To GDP And Sectoral Distribution Of Workers (2004-05) (in %)

Category	Unorganised Sector	Organised Sector	Total
<u>I. GDP contribution</u>			
Total GDP	50	50	100
(a) Agriculture	94.5	5.5	100
(b) Industry	28.9	71.1	100
(c) Service	45.3	54.7	100
<u>II. Sector- wise Distribution</u>			
(a) Agriculture	97.7	2.3	100
(b) Industry	70.4	29.6	100
(c) Service	72.4	27.6	100
<u>III. Activity-wise Distribution of workers</u>			
(a) Self employed	98.0	2.0	100
(b) Casual workers	89.1	10.9	100
(c) Regular salaried/wage workers	37.9	62.1	100
<u>IV. Poverty Status</u>			
(a) Extremely poor and poor	98.3	1.7	100
(b) Marginal and vulnerable	95.7	4.3	100
(c) Middle and High Income	80.1	19.9	100
Total	92.4	7.6	100

(Source: NCEUS Report on " The Challenge of Employment in India : An informal Economy Perspective", April,2009.)

Table 4: Employment Estimates and Growth Rate in Modified Current Weekly Status (MCWS) Employment (2004-05 to 2008-09) (in millions)

Year	Formal Workers	Informal Workers	Total
2004-05	58.64	342.49	401.13
2005-06	59.97 (2.25)	353.85 (3.32)	413.82 (3.16)
2006-07	61.46 (2.49)	365.47 (3.29)	426.93 (3.17)
2007-08	62.78 (2.15)	376.88 (3.12)	439.6 (2.98)
2008-09	63.84 (1.68)	385.26 (2.22)	449.09 (2.15)

Note : Figures in brackets shows the % change over the previous year.

(Source: NCEUS Report on " The challenge of Employment in India : An Informal Economy Perspective" April,2009)

Director's remuneration: Should there be a mandatory ceiling?

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Abstract

In the wake of several corporate failures, excessive and disproportionate large payments to directors have almost become a scandal. It has also become one of the most visible and politically sensitive issues of corporate governance. Critics argue about the hefty fees directors receive for attending board and committee meetings, millions of dollars paid as severance payments, huge payout as bonus and other perquisites.

Companies Act, 1956 which governs the corporate sector in India puts a cap on the maximum remuneration that a company can pay to its directors, individually or collectively. As per the long standing demand and pressure from the corporate sector and to deregulate the market, Companies Bill, 2011 proposes the removal of the aforesaid ceiling. This study tries to explore the corporate governance implication with this new initiative proposed in the Companies Bill, 2011, which is currently introduced in the Parliament. The study also highlights the prevailing Director's compensation policy and the corporate governance principles around the globe.

The paper will be useful for Master's level students of Corporate Governance.

(Keywords: Directors Remuneration, Ceiling on Director's Remuneration, Corporate Governance)

Introduction

The periodical global financial crisis has highlighted the importance of ensuring that remuneration packages of Directors of public listed companies are appropriately structured and must not reward excessive risk taking or promote corporate greed. While in India, the malaise of exorbitant managerial remuneration is yet to spread to the alarming levels as in developed nations, however it has been observed that managerial remuneration in Indian companies over the past few years have been steadily on the rise.

One of the impediments in implementing an ideal Corporate Governance in Indian companies is the conflict between dominant and minority shareholders which is further aggravated by the statutory imposition of ceiling on remuneration of executives and inadequacy of remedies available to the minority

shareholders to object to such remuneration. Thus Corporate Governance abuses perpetrated by a dominant shareholder pose a difficult regulatory dilemma to the Indian legislature.

The last few years have seen considerable shareholders, media and policy attention given to the issue of director's remuneration. The debate has tended to focus on four areas: (i) the overall level of director's remuneration; (ii) suitability of performance measures linking director's remuneration with performance; (iii) the role played by remuneration committee in the setting of director's remuneration; (iv) the influence that shareholders are able to exercise on director's remuneration. The debate about director's remuneration spans continents and is a topic that is hotly debated across the globe.

Income inequalities

The International Labour Organization (ILO) 2008, in its report titled "Income Inequalities in the Age of Financial Globalization" has highlighted the menace of the increasing income inequalities. It enumerates that income inequality has risen more than can be justified by economic analysis and entails major social and economic costs. The findings in the report provide analytical support to the ILO's view that the growth model that led to the financial crisis is not sustainable. It confirms that a rebalancing between economic, social and environmental goals is vital both to recovery and also the shaping of a fair globalization.

The Report further concludes that between 1990 and 2005, approximately two thirds of the 85 countries (for which data were collected) experienced an increase in income inequality. In other words, the incomes of richer households have increased relative to those of poorer households. Likewise, during the same period, the income gap between the top and bottom 10 per cent of wage earners increased in 70 per cent of the countries for which data are available.

The gap in income inequality is also widening – at an increasing pace – between the firms' executives and the average employee.

For example, in the United States in 2007, the Chief Executive Officers (CEOs) of the 15 largest companies earned 500 times more than the average worker. This is up from 360 times more in 2003. The real average pay of American CEOs, including share-

based compensation, rose from over US\$ 16 million per year in 2003 to nearly US\$ 24.5 million in 2007. This increase – nearly 10 per cent per year on average – far exceeded that of 2.5 per cent for other executives and 0.7 per cent for employees.

Even in Hong Kong (China) and South Africa where executives are paid much less than their United States' counterparts, CEO pay still represents 160 and 104 times, respectively, the wages of the average worker.

The prospects are for a continuation of a rise in income inequality in the course of the present economic slowdown and the recent developments such as the financial crisis and the sharp rise in food prices. Rising income inequality can be a good thing to the extent that it is crucial to reward work effort, talent and innovation – key engines of economic growth and wealth creation. However, there are instances where income inequality reaches excessive levels, in that it represents a danger to social stability while also going against economic efficiency considerations.

Director's Compensation, an unsettled issue

Director's compensation is still an unsettled issue. There is a controversy regarding the quantum of director's remuneration, which however, is not a corporate governance issue. The size of compensation is related to several factors relating to the corporate in question and even to external factors. The key corporate governance issues in the matter of director's remuneration are: (1) transparency; (2) disclosure; (3) pay for performance; (4) process for determination; (5) severance payments; (6) pension for non-executive directors.

Almost all committees in their codes and guidelines – UK Cadbury Committee, South African Kings Report, etc. have emphasized the need for openness, transparency and disclosure in these issues. Shareholders have a right to know the quantum, the basis and the manner of payment to directors.

Principles of Corporate Governance

The remuneration policy of any company must strictly adhere, the following principles of corporate governance based on equity, transparency, disclosure, conflict of interest:

Principle 1: Procedures for developing remuneration policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 2: Level and mix of remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose.

Principle 3: Disclosure on remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives and performance.

Executive Remuneration across the globe

United States

Under rules promulgated by the United States Securities & Exchange Commission ("SEC"), non-state affiliated, publicly traded companies listed on a national stock exchange in the United States must, on an annual basis, disclose detailed information regarding the remuneration of all directors as well as the Chief Executive Officer, Chief Financial Officer and the three other most highly paid officers. The rules generally call for three types of disclosure of executive remuneration paid or earned during the prior year: (1) tabular disclosures regarding executive remuneration and director remuneration; (2) narrative description of other types of remuneration and any information material to an understanding of the tabular information, and (3) a Compensation Discussion and Analysis ("CD&A"). All of this information is required to be included in a company's annual proxy statement, which is made publicly available through the SEC's website.

The information required to be included in the tabular disclosures for executives includes information for the three preceding fiscal years regarding yearly salary, bonus remuneration, remuneration in the form of equity awards, and remuneration that is deferred. Tabular disclosures required for directors are similar (although slightly less detailed, particularly with regard to equity remuneration). These tabular disclosures must be accompanied by narratives that are to "provide a narrative description of any material factors necessary to an understanding of the information disclosed in the tables."

The largest recent change in disclosure requirements for public companies in the United States was the addition of a requirement that a company's annual proxy statement must include, generally as of December 15, 2006, a CD&A which is to discuss "all material elements of the company's remuneration of the named executive officers." The SEC has indicated that a company must address six items in its CD&A: (i) the objectives of the company's remuneration programs; (ii) what the remuneration programs of the company are designed to reward; (iii) what is each element of remuneration; (iv) why the company chooses to pay each element of remuneration; (v) how the company determines the amount for each element of remuneration; and (vi) how each

element of remuneration and the company's decisions regarding that element fit into the company's overall compensation objectives and affect decisions regarding other elements of remuneration.

In addition to the above disclosures and the CD&A, other regulations are intended to increase transparency in remuneration practices of public companies and corporate governance generally. For example, disclosure is required regarding (i) beneficial ownership of public company securities by persons owning 5% or more of any class of the company's voting securities and executives and directors; (ii) transactions between the company and related persons (generally defined to include officers, directors, 5% beneficial holders, and close family members of these individuals); and (iii) disclosure regarding a company's processes and procedures for the consideration and determination of executive and director remuneration.

Canada

The current disclosure regime in Canada is very similar to that of the United States, an unsurprising fact when one considers that many Canadian companies are subject to the disclosure rules in the United States by virtue of being listed on stock exchanges in the United States. Although certain differences exist in the exact information that must be disclosed and how information must be presented, the required disclosure is generally as robust as in the United States.

Thus, under rules promulgated by the Canadian Securities Administrators (CSA), non-state affiliated, publicly traded companies listed on the Toronto Stock Exchange must include in annual filings summaries of remuneration for the CEO, Chief Financial Officer and the three next most highly compensated officers and for all directors as well as a "Compensation Discussion & Analysis" which is very similar to the CD&A required for U.S. public companies. This information is publicly available through the CSA's online database.

Europe

In October 2004, the EU Commission recommended that publicly traded companies disclose their policies on executive remuneration, as well as the levels and form of each individual executive's pay.

The EU Commission recommendations are not legally binding, and accordingly there exists a range of mandatory disclosure regimes in Europe. At one end of the spectrum are the UK, Ireland and France, which have mandatory disclosure regimes that are similar to those in the US (e.g. individual level reporting). Other countries such as Portugal and Denmark only require aggregate reporting with limited breakdown of individual amounts.

United Kingdom

The United Kingdom has the most extensive set of disclosure requirements with respect to management compensation in Europe. Under the Companies Act 2006 and the UK Corporate Governance Code requires publicly traded companies listed on a national stock exchange to disclose executive compensation in their annual reports. The disclosure regime requires the disclosure of salary, fees, bonus benefits, pension and long term incentives in a tabular format. In addition, companies are required to provide a detailed description of several compensation elements including: executive compensation philosophy, overview of bonuses, overview of long term incentive plans, description of pensions, payouts to departing executives, and the peer groups used to help determine remuneration. Most notably, the United Kingdom requires a vote of the shareholders to approve the remuneration report. This is a level of disclosure that is not prevalent in the rest of the world but has been cited as "best practices" for listed companies in Europe.

Germany

In Germany, the Corporate Governance Code, as amended on June 18, 2008, requires the disclosure of compensation of directors of German listed companies. Mandatory executive compensation disclosure rules are contained in the German Commercial Code and require that the notes to the annual balance sheet and profit and loss statement of medium-sized and large corporations report the total remuneration of members of the company's leadership. Remuneration that must be disclosed includes salaries, profit participations, options and other share-based payments, expense allowances, insurance payments, commissions and fringe benefits of every kind. German disclosure requirements do not, however, require the qualitative description of the compensation. For instance, the philosophy behind the executive compensation and the explanations of the bonuses are typically not provided in all annual reports.

Israel

In Israel, the Treasury publishes an annual report that lists the salaries of several thousand officials in the public sector, including those employed by government-controlled companies, companies controlled by local authorities, and companies or legal entities that receive more than 25% of their funding from the state (including, e.g., public health service providers). Companies are required to disclose the compensation of all employees; the salaries of employees that exceed a certain threshold (currently 17,000 NIS – approximately USD \$4,000 – per month) are made publicly available through an online database. Companies must disclose information regarding salary, any bonus or other remuneration, and pension and other deferred payments. The Treasury publishes two reports: one is

very long and includes the full data on several thousand posts, and the other is a shorter report that includes just those entries that seem not to be in line with the Treasury's guidance. Although the reports do not include names, they do include positions, and it is easy for the media and the public to decipher to whom an entry refers (e.g., the director of XYZ Ltd.).

Australia

As per the Australian Corporate Governance Code, the awarding of remuneration is a key area of focus for investors.

When setting the level and structure of remuneration, a company needs to balance its desire to attract and retain senior executives and directors against its interest in not paying excessive remuneration. It is important that there be a clear relationship between performance and remuneration, and that the policy underlying executive remuneration be understood by investors.

The board should establish a remuneration committee. A board remuneration committee is an efficient mechanism for focusing the company on appropriate remuneration policies. Ultimate responsibility for a company's remuneration policy rests with the full board, whether or not a separate remuneration committee exists.

For smaller boards, the same efficiencies may not be derived from a formal committee structure. Companies without a remuneration committee should have board processes in place which raise the issues that would otherwise be considered by the remuneration committee.

Organisation for Economic Co-operation and Development (OECD)

As per the OECD Principles of Corporate Governance, Investors require information on individual board members and key executives in order to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgement.

For board members, the information should include their qualifications, share ownership in the company, membership of other boards and whether they are considered by the board to be an independent member. It is important to disclose membership of other boards not only because it is an indication of experience and possible time pressures facing a member of the board, but also because it may reveal potential conflicts of interest and makes transparent the degree to which there are inter-locking boards.

Information about board and executive remuneration is also of concern to shareholders. Of particular interest is the link between remuneration and company performance. Companies are generally expected to disclose information on the remuneration of

board members and key executives so that investors can assess the costs and benefits of remuneration plans and the contribution of incentive schemes, such as stock option schemes, to company performance. Disclosure on an individual basis (including termination and retirement provisions) is increasingly regarded as good practice and is now mandated in several countries. In these cases, some jurisdictions call for remuneration of a certain number of the highest paid executives to be disclosed, while in others it is confined to specified positions.

Recent surveys in United Kingdom & United States

The latest "Manifest and MM&K Total Remuneration Survey 2011" finds little link between remuneration, performance and shareholder value, reporting that the median FTSE100 CEO remuneration increased by 32% to £3.5million in 2010 compared to 2009, whilst the FTSE100 index only rose 9% over the same period. Moreover over a 12 year time horizon, CEO remuneration has quadrupled whilst share prices have been flat.

In the US, the "BDO 600: 2011 Survey of Board Compensation Practices of 600 Mid-Market Public Companies" reported that 'director pay in the middle market is up seven percent, reflecting the increased responsibilities, time commitment, and regulatory issues – such as the Dodd-Frank Act – that boards face today'. The report states that these factors, coupled with a rebounding stock market, have allowed companies to increase director pay to \$110,155, up from \$102,809 in 2009, and that much of this increase can be attributed to a greater use of full-value equity vehicles, which are up 22% from last year, indicating that the recovering stock market is adding to compensation growth overall.

Executive Remuneration in Indian Inc

For the previous fiscal 2009-10, there were more than 800 corporate executives with a pay package of over Rs 1 crore.

Indian Company Law provisions with respect to Director's Remuneration

Section 198 of the Act fixes a ceiling on the overall maximum remuneration payable to the Directors. It mandates that the total remuneration payable to Directors of a public company or subsidiary private company, in respect of a financial year, can in no condition exceed 11% of the net profits of the company for that financial year.

Section 309 state that the remuneration of all Whole Time or Managing Directors taken together shall not exceed 10% of the net profits of the company in respect of a financial year except with prior approval of the Central Government.

Similarly, Section 309 states that the remuneration of any one

Whole Time or Managing Director shall not exceed 5% of the net profits of the company in respect of a financial year except with prior approval of the Central Government.

An additional check to the executive remuneration is contained in Section 200 which prohibits any company from paying remuneration free of taxes or such reference to its executives.

Although a bare perusal of the above mentioned sections seem to provide elaborate safeguards for purposes of ensuring that pay scale of executives of Indian companies are subjected to a "checks and balance system", yet on a closer analysis certain ambiguities are revealed.

However the aforesaid ceiling on Directors Remuneration is applicable only for public companies and private companies which are subsidiaries of a public company. This excludes private companies which are then provided a free rein to remunerate their executive personnel without operation of any statutory ceiling.

Moreover, Section 198 of the Companies Act has been opposed by proponents of the free market on grounds of statutory imposition of caps on compensation. It has been logically argued by the proponents that imposition of ceilings on director's remuneration may not only prove to be arbitrary in various circumstances but instead of achieving the objective of curbing unregulated use of corporate power it may adversely affect incentives to effort and risk taking. While it is undeniably essential that a company's finances cannot be permitted to be directed by the executive elite to their personal accounts without operation of checks and balances, however the same should be left to the decision of shareholders who are always in the best position to determine the welfare and needs of the company. Such imposition of ceiling tends to undermine integral elements for deciding upon managerial remuneration which includes the size of the companies and their profits and turnover in various financial years. Pay of executives must depend upon the prevailing market standards which cannot be predetermined by the government through prescribed ceilings.

However, in spite of criticism of the statutory imposition of ceilings it is also vital to keep in mind that shareholder's powers in determining remuneration of executives can be exercised in a legitimate manner only if the Act contains adequate provisions outlining the rights and remedies of minority shareholders thereby proving that the two concerns are inextricably linked. Thus in the backdrop of the existing Companies Act 1956 which has been subjected to immense criticism over the years, for failing to provide adequate remedies to minority shareholders, the complete removal of caps on remuneration might do more harm than good since the same may be manipulated by the dominant shareholders to the detriment of the interests of the minority.

Excessive remuneration paid to executive personnel at the cost of

the company's worth and profit, to lure them into assuming office may often have an adverse impact on the interests of minority shareholders who have their stakes in the company as well.

Code of Corporate Governance - Clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement prescribes the complete disclosure of the Director's Remuneration in the Annual Report of the Company.

Mandatory Provisions

Non executive directors' compensation and disclosures

All fees/compensation, if any paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of shareholders in general meeting. The shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors, including independent directors, in any financial year and in aggregate.

Provided that the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 1956 for payment of sitting fees without approval of the Central Government.

Remuneration of Directors

- i. All pecuniary relationship or transactions of the non-executive directors vis-à-vis the company shall be disclosed in the Annual Report.
- ii. Further the following disclosures on the remuneration of directors shall be made in the section on the corporate governance of the Annual Report:
 - a. All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.
 - b. Details of fixed component and performance linked incentives, along with the performance criteria.
 - c. Service contracts, notice period, severance fees.
 - d. Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.
- iii. The company shall publish its criteria of making payments to non-executive directors in its annual report. Alternatively, this may be put up on the company's website and reference drawn thereto in the annual report.
- iv. The company shall disclose the number of shares and convertible instruments held by non-executive directors in the annual report.

Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a

beneficial basis) in the listed company in which they are proposed to be appointed as directors, prior to their appointment.

Non-mandatory Provisions

Remuneration Committee

- i. The board may set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
- ii. To avoid conflicts of interest, the remuneration committee, which would determine the remuneration packages of the executive directors may comprise of at least three directors, all of whom should be non-executive directors, the Chairman of committee being an independent director.
- iii. All the members of the remuneration committee could be present at the meeting.

Proposed reforms in the Companies Bill, 2011

Clause 175 of the Companies Bill 2011 proposes : "A managing director or a whole time director of a company may be paid remuneration either by way of monthly payment or at a specified percentage of the net profit of the company, computed in the manner prescribed or partly by monthly payment and partly by percentage of net profits." Thus there is no limit fixed on the remuneration payable to managerial personnel, whereas existing Companies Act prescribes the same.

Clause 176 of the Companies Bill 2011 proposes: "A director who is neither a whole-time director nor a managing director of a company may be paid remuneration in the form of - (a) fee for attending meetings of the board or committees thereof in accordance with the articles; and (b) profit-related commission with the prior approval of members by a special resolution.

Clause 158 of the Company Bill, 2011 proposes: The Board of Directors of every listed company and such other class or description of companies shall constitute a Remuneration Committee of the Board. The Remuneration Committee shall consist of non-executive directors as may be appointed by the Board out of which at least one shall be an independent director. The Remuneration Committee shall determine the company's policies relating to the remuneration of the directors, including the remuneration and other perquisites of the directors, key managerial personnel and such other employees as may be decided by the Board.

The Bill has been introduced taking into account the widespread dissent and removes the ceiling imposed on managerial remuneration empowering shareholders to decide upon the same, depending upon the size and turnover of the company rather than following any fixed ceiling prescribed by the

government which might not prove to be feasible at all times. This is supported by the economic theory that right to appoint agents and fix their compensation should always be in the hands of the principals i.e., the shareholders. After a long time, the government has accepted the industry's demand to abolish the ceiling on managerial remuneration which is a welcome move but the corporate sector would have to live upto the expectations of the Government and shareholders by not mis-utilising this provision.

Proponents of the free market economy are bound to be happy with the removal of the ceiling limit of the remuneration of the directors in the proposed Bill but leaving such a sensitive issue unregulated especially in India where there is no divorce between management and ownership with family-controlled companies calling shots both in board meetings as well as in general meetings and the fact that almost 75 per cent of our listed companies being family-owned and controlled.

They can, as shareholders in the general meeting, vote themselves, as executive directors and take as much remuneration, they want without let or hindrance or qualms. Of course, there would be the remuneration committee to contend with as usual but such committees being what they are — handpicked by promoters — can be counted upon to chime agreement without much ado. A cap of 5 per cent at least served as some restraint on vaulting ambitions even though it proved to be of no use practically in executive excesses in big companies where even a lower percentage translates into huge and mind-boggling commissions. In fact, apart from aspiring for a position in the pantheon of Forbes' dollar billionaires, the Indian honchos salivate at the prospect of being counted amongst the high paid executive directors and talked about in awe by the media, a section of which justifies such excesses in the naïve belief that it is for risk-taking and enterprise.

Issues of concern

Institutional investors encouraged by investigative media, have criticised the growing scale of executive director's remuneration, alleging that they are often out of line with the market and unrelated to performance.

Concern has been expressed at a number of companies where shareholders have thought that executive directors would receive remuneration in excess of what they deserved in relation to their performance or in relation to the company's performance.

Although 'golden parachutes' – large benefits paid on a director's retirement – have been seen since the 1970s, large pay offs are still used, which sometimes seem to be rewarding failure.

So, how is the appropriate remuneration to be determined? Remuneration committee, a sub-committee of the main board,

consisting wholly of outside independent directors shall determine the remuneration of the executive directors, CEO and other top management. Of course that leaves an important question unanswered: Who should fix the remuneration of the members of the remuneration committee?

Conclusion

Shareholder Activism in India is at a budding stage and comes to the fore only in instances where institutional investors holding a significant stake in the company decide to question the quality of corporate governance. As minority shareholders may not have complete understanding of their rights or awareness of the avenues through which these rights could be exercised, increased activism from institutional shareholders and reinforcing the role of independent directors on the board as well as on the remuneration committee is likely to take shape in the near future. Hence, to enhance the corporate governance in India, abolition of the ceiling on the director's remuneration must be simultaneously reinforced with the strengthening of the powers of the minority shareholders through appropriate legislation, an active role played by the institutional shareholder, constitution of a robust and independent remuneration committee.

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