



SANKALPA

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

Volume 3

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Issue 1

SANKALPA

Journal of Management & Research

Sankalpa : Journal of Management & Research

aims at bringing out the intricacies of Management perspectives, concepts,
and applications. The focus is on Indian Management and its interplay with
Global Management knowledge, best-practices and research.

This issue is sponsored by : Dr. Satendra Kumar, Professor & Head, Ph.D Research Center, CKSVIM



SMJV CENTENARY
1915 - 2015

SMJV's CKSV Institute of Management

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





SMJV CENTENARY
1915 - 2015

Legacy of SMJV's Trust

History & Establishment

SMJV's Trust is one of the large and oldest Jain Trust in India existing for last about a century. SMJV's Trust will be celebrating its 'Centenary' in 2014-15. Shri Mahavira Jaina Vidyalaya Trust, (Vidyalaya) was established in 1914 with the blessings of 'Yugdrashta Acharya Shri Vijay Vallabhsurishwarji Maharaj Saheb' for the benefit of Jaina community. Vidyalaya is managed from its Head Office at Mumbai through Board of Trustees, Executive Committee, Managing Committee & General Body. SMJV believes that education coupled with pursuing basic principles of Jainism will help in creating better citizens of tomorrow.

SMJV's Mission, Vision and Objective

SMJV's believes in developing a community of colleges and colleges for all people and communities to work collectively and responsibly to meet the academic as well as life-long learning needs of our diverse students. SMJV's **Mission** is to propagate the Jain way of life, while enabling contemporary academic pursuits. SMJV's main **objective** is to establish institutes engaged in the education or supporting academic pursuits, for the Jain Community and to devise schemes for promoting education.

The Hostels Run by SMJV Trust

Today a large network of institutions owned and managed by Shri Mahavira Jaina Vidyalaya is accommodating and supporting more than 1,500 students at highly subsidized fees or free-of cost in its 11 hostels in western India as follows :

Hostels for Boys

1. **Maharashtra**
 - A. Shri Mahavira Jaina Vidyalaya, Sandhurst Road, Mumbai.
 - B. Acharya Shri Vijay Vallabhsurishwarji Jamnashatabdi Vidyarthigruha, Andheri, Mumbai.
 - C. Shri Mahavira Jaina Vidyalaya & Shri Bharat Jaina Vidyalaya, Agarkar Road, Pune.
2. **Gujarat**
 - A. Shri Bholabhai Jesingbhai Vidyarthigruha, Paldi, Ahmedabad.
 - B. Shri Laherchand Uttamchand Vidyarthigruha, Pratap Nagar, Vadodara.
 - C. Shri Laherchand Uttamchand Vidyarthigruha, Vallabh Vidyanagar.
 - D. Shri Manilal Durlabhji Vidyarthigruha, Talaja Road, Bhavnagar
3. **Rajasthan**
 - A. Dr. Yavantraj Punamchandji & Smt. Sampurna Jain Vidyarthigruha, Udaipur.

Hostels for Girls

1. **Maharashtra**
 - A. Sau. Shobhaben Rasiklal Dhariwal Kanya Chhatralaya, Agarkar Road, Pune.
2. **Gujarat**
 - A. Smt. Shardaben Uttamlal Mehta Kanya Chhatralaya, Ahmedabad.
 - B. Smt. Naliniben Pravinchandra Jamnadas Changanani Kanya Chhatralaya, Vallabh Vidyanagar.

The Management Institution Run by SMJV Trust

In 2007, the SMJV Trust decided to make a direct entry into Higher Education and formed Shri Mahavira Jaina Vidyalaya Education Foundation Trust for imparting education to all communities including Jains to benefit a wider spectrum of Indian and Global societies. SMJV's Trust set up its first higher education institute (Year 2009-10) **C. K. Shah Vijapurwala Institute of Management (CKSVIM)**, at Vadodara, Gujarat.

SMJV's CKSVIM, in its 30,000 Sq ft Green Building in Vadodara city offers **MBA** program, **approved by AICTE** and affiliated to **Gujarat Technological University (GTU)**. The Trust's Policy of '**Donation free Admission**' has attracted students from top 15% Graduates of Gujarat through **GCET Merit** (CMET From 2013-14) and is among the Top 5 Management Institutes with Gujarat Technological University, Ahmedabad, Gujarat.

Shri Mahavira Jaina Vidyalaya Trust has over 15,000 Alumni spread across the world, most of them well established and leading in their respective fields and regions, globally. SMJV's Trust legacy of supporting and promoting higher education is and shall continue as long as the Sun rises...and the Moon sets.

Welcome to SMJV !

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

Divine Hands, Winning Strategies

The January-June 2013 issue of SANKALPA is in your divine hands.

Which articles shall you read or glance through? What new shall you learn? Aptly, Acharya Rajnish once said; "I am responsible for what I say, but not for what you understand."

Let me talk to you about winning strategies for present and near-future, than analysing what happened last year in 2012 like most newspapers and journals do.

Divine hands are organizing and addressing '**3rd International Conference on Business Ethics, Governance and Sustainable Enterprises**' by **SMJV's CKSVIM** with **GTU** at its Chandkheda Campus, Gandhinagar on 8-9 February 2013, preceded by a two hour Workshop on ACBSP (USA) Accreditation for MBA Directors on 7th Feb at the same place in the afternoon. See details at <http://cksvim.edu.in/386-3rd-international-conference-on-ethics> . Also see details of earlier two Ethics Conferences by us with GTU and 2nd with **Federation of Gujarat Industries** at **Vadodara**.

But first, I must congratulate **Shri Narendra Modi, Hon. Chief Minister of Gujarat** for winning the hearts of Gujarati electorates and being sworn in as The Chief Minister for consecutively third time, and successfully organizing **6th Vibrant Summit 2013**.

Second, I must congratulate **Dr Akshai Aggarwal, Hon. Vice Chancellor**, and **all Deans and Professors of Gujarat Technological University (GTU)** for undertaking **DSTU Research Project (Designing Structure of Technological Universities in 21st century)** where we interacted with some 100 experts and 20 plus Vice Chancellors while trying to set new standards of education and governance in university and colleges. GTU is also Going Global with several collaborations with **Canadian, American, German, UK, European and Australian Universities**. In the near future, you will see now these as well as **Asian and African Universities** sending their MBA and Engineering students to Gujarat for education, skill development and industrial training, as we continue sending our students to these nations.

Third, I congratulate **Hon. Vinod Rege and Dr Basant Raj Bhandari**, both former Director and Advisor to WTO, our distinguished Visiting Faculty living in Geneva, for writing the latest **Handbook on Multi-lateral Trading System under WTO**, which will soon be available to GTU and other Management Colleges to help promote research in international business for which no Manager or Entrepreneur has option to be away from.

Fourth, I congratulate our own **TEAM** at **SMJV Trust** and **CKSVIM** institute for getting **first International Award 'Candidate for Accreditation' by Accreditation Council for Business Schools and Programs (ACBSP), The United States of America (USA)**. Now we are preparing for the final Accreditation Award in 2013-14.

Welcome ACBSP team to CKSVIM, Dr Douglas Viehland, Director, and Dr Satinder Dhiman, Mentor...

To prepare our MBA students and faculty members for global opportunities and exchange, we teach **German, French and Japanese business languages**, and are planning to establish collaborations with global universities.

We have adopted one more Logo '**Going Global**' as reflected in the logo as well as our emerging direction.

In addition to focusing on **excellence in teaching-learning** process, we are increasing our focus on **research, industry-academic and interaction, and entrepreneurship development** of MBA students as well as **MSMEs (Micro Small and Medium Enterprises)** with several research proposals submitted to **AICTE, Ministry of HRD, Government of India** for approval and funding in 2013-14.

All these would not have come without support of our best assets – **People**—teachers and staff at CKSVIM and GTU, our students, advisory board members, industrialists, managers, professionals, trustees, management committee members, suppliers and well-wishers.

I still want to talk about our **CEED (Centre for Entrepreneurship & Enterprise Development)** that organised three great programs in 2012 including one with **icreate (Dr Madhukumar Mehta & team)**, a Research Project on "**Price comparison of Ayurvedic Medicines**" under **Kotler's Marketing Incubator** through GTU (conference in March in **Malaysia**), **E-Learning** by our faculty members, **CAAYE Summit** participated by our brilliant MBA students, **Global and Country studies of China and South Korea** and so on... Please visit our website for details with a new look!

Welcome to Gujarat of India, the land of opportunities...!

Dr Rajesh Khajuria

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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 3, Issue 1) is the January-June, 2013 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 :
publications@cksvim.edu.in

Please See **Guidelines for Authors & Contributors**
Call for Case Studies

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From the Desk of Research Head, CKSVIM

The Ph D Research Centre, CKSVIM, continues to extend help to the faculty members of CKSVIM in particular, and faculty members of other institutions of Gujarat Technological University (GTU), Ahmedabad, in general, who are pursuing Ph.D Research or intend to pursue Ph.D Research.

Those of our teachers at CKSVIM who are pursuing their Ph.D Research under GTU, have been motivated to submit proposal to AICTE under the scheme of 'Career Award for Young Teachers' so that they may receive financial assistance to pursue their Ph. D Research.



The Mission and Objectives of the PhD Research Centre are:

Mission

- To promote 'Research Activities' at SMJV's CKSVIM, Gujarat Technological University and in other Institutions in the State of Gujarat and India.
- To promote Research Environment in CKSVIM capable of sustaining all kinds of research activities needed for the generation and dissemination of newer knowledge on a long-term sustainable basis.

Objectives

The specific objectives of the Research Centre therefore are :

- To encourage teachers and independent researchers to get into the habit of reading research journals to acquire current knowledge of the outcomes of the 'research studies' conducted by the Researchers and reported in these journals.
- To make them aware of the whole 'Process of Researches' of different kinds which can be undertaken by any Researcher and to motivate him/her to conduct 'Researches-studies' independently or as a member of the Research Team.
- To train the teachers and researchers in drawing inferences from the Research Studies reported in Research Journals / Magazines, Websites and to carry out the 'Concept – mapping' of the research findings to identify the 'gaps' in the Current Studies to enable them to design and conduct research studies with a view to bridging the 'research-gap' thereby adding new knowledge in the field of Research.
- To train the teachers and researchers in the design of Samples, Questionnaire to be used for collecting field data and to integrate them with the tools of Statistical analysis for drawing inferences and for fulfilling the objectives of Research Studies.
- To inspire the teachers and researchers for writing Research Papers and to get the same published in the 'referred- journals' of repute.
- To enable our teachers and researchers to undertake and complete their Ph.D Research and to earn their Doctorate in Management.
- To support and promote the publication of Research Journal of the Institute SANKALPA (ISSN 2231 -1904).
- To seek research funding from Government and Non-Government Organizations (NGOs) like GTU, UGC, AICTE, Ministry of Education, Government of India, Government of Gujarat; multi-lateral agencies like United Nations and others.
- To collaborate with and to seek co-operation from other research and educational institutions of India and abroad with a view to promoting Research activities among 'Teacher-researchers' as well as independent researchers.

The Centre is planning to conduct programmes to pursue its objectives and to fulfill its Mission and to realize its Vision.

January 8, 2013

Dr. Satendra Kumar
Professor and Head
Ph D Research Centre, CKSVIM

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Gujarat Technological University(GTU)

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GTU's Post-Graduate Research Center for Business Ethics and CSR

in collaboration with



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C K Shah Vijapurwala Institute of Management



organizes

3rd International Conference on

Business Ethics, Governance and Sustainable Enterprises

GTU Auditorium, Chandkheda Campus, Ahmedabad

8th – 9th February 2013

"Parasparō Jivanam!"

Live and let live. Love all - Serve all.

- Lord Mahavira

GTU: The Global University

Gujarat Technical University (GTU) is a relatively new Technological University located at Ahmedabad – Gandhinagar, in the western State of Gujarat in India, created by Government of Gujarat. The university serves about 400,000 students studying in Engineering, Management, Computer Science, Pharmacy, Architecture and Hotel & Catering Management, through 500 Affiliated Colleges with 17,000 highly qualified teachers. During the last four years of its working, GTU has received 6 Awards at national level in difference areas of academic and technological work, and is considered as one of the best Technological Universities in INDIA.

Gujarat is one of the most vibrant and prosperous States of India, accounting for 5% of India's population, 6% of land, 16% of GDP (National Income) and 21% of exports originating from Gujarat.

GTU is revolutionizing Management education in the State through a new and **Global MBA Program** that offers 9 Specializations and 12 Electives, in addition to Core and Compulsory subjects. International Business, Asian Business, Global Sustainable Business, and Gandhian Philosophy in Managing Business are some of the new specializations and electives it offers for the first time in the country. A new compulsory subject on **"Business Ethics & Corporate Governance"** is introduced in the new MBA program being studied by about 8,000 students at present.

GTU has signed MOUs with prestigious American and German Universities, as well as Business Association in UK to offer Global / Exchange Programs in Management and Engineering.

Ethics Conferences by GTU in Y 2010 and 2011

GTU is perhaps the first Technological University in India which has organized two National Conferences on Business Ethics. The first conference on **"Business Ethics for Global Success of Indian Businesses"** was organized by **GTU** on September 25-26, 2010 at Ahmedabad in collaboration with SMJV's C.K. Shah Vijapurwala Institute of Management (CKSVIM). Encouraged by the success of the event, Gujarat Technological University in collaboration with CKSVIM and Federation of Gujarat Industries (FGI) organized the **2nd National Conference on "Business Ethics & Corporate Governance" in Vadodara**, the Cultural City of Gujarat.

3rd International Conference on 'Business Ethics, Governance and Sustainable Enterprises in 2013'

Never before in the history perhaps, the need for 'Ethics, Governance and Sustainability' is felt as much as today. On the one hand, the heady growth of GDP, which could eliminate poverty, has slowed down. On the other the digital divide is also accompanied by the economic divide in most countries. The economic disparity is increasing amidst the undimmed glitter of the metropolitan urban areas.

'Gujarat Model', with 11% p.a. growth rate in Agriculture and 14% p.a. in industry during last decade offers hope to India and many countries of the world on ethics, governance and Sustainable Enterprises. Can 'Gujarat Model' be marketed to India and the world?

Call for Research Papers and Case Studies

GTU invites researchers and thinkers to contribute papers and case studies in the areas of the conference theme namely **Business Ethics, Corporate Governance and Global Sustainable Enterprise**. The research papers and Case studies may relate to best practices in Private, Government and Non-Government sectors in India or any other country in the world.

Some Identified Topics for Research and Discussions are:

Business Ethics

- Myth or Reality?
- For Survival or Growth?
- For Local and Global Success
- Ancient Wisdom and Business Ethics

- o Future of Business Ethics
- o Ethical Index for Companies
- o Ethics in Education
- o Ethics in Business

Governance

- o Corporate Governance – Laws, Practices and Observance
- o Governance in Government – Decision Making, Action, and Audit
- o Governance in MSMEs – Inherent, Possible or Impossible?

Sustainable Enterprises

- o Sustainable Products in India / Asia / World
- o Sustainable Services in India / Asia / World
- o Sustainable Human Resource for Business and Industry
- o Sustainability n Business and Industry
- o Sustainability in Agri-Business
- o Sustainability in Environment
- o Sustainability in Education

Many more topics are possible...

The Best Research Papers and Case Studies in each Category will be awarded suitably. All the Papers and Case Studies shall be reviewed by a Panel of Experts and selected Papers and Case Studies shall be published in **SANKALPA: Journal of Management & Research (ISSN 2231 1904)**.

Benefits to Speakers and Participants

GTU's 3 International Conference on 'Ethics, Governance and Sustainable Enterprises' aims to deliver following benefits to its participants. **Some great thinkers and prolific speakers from top corporates and universities of India and the world are being invited to share their views:**

Listen to some 20+ distinguished and prolific speakers from India and Abroad on the conference topics

Share your experiences with speakers and participants in '**3rd Round Table on Ethics**'

Read, submit, publish* and preserve thought provoking research articles for publication in **SANKALPA: Journal of Management & Research (ISSN 2231-1904)** (**subject to blind review and acceptance by the publishers*)

Network with about 500 delegates for your future interaction, research, guidance and progress in work and real life.

Find Mentors! – New feature

Certificate of Participation

A specially crafted **Certificate of Participation** shall be awarded by the University to all the Speakers and Participants who register before the last date announced. Spot Registrations shall be accepted subject to seats available, but the Certificate shall not be given.

REGISTRATION OF PARTICIPANTS

Category of Participants	Till 31 st December 2012	After 31 st December 2012
Faculty and Staff Members from India	Rs 500/- per person	Rs 750/- per person
Students from India	Rs 200/- per person	Rs 250/- per person
Industry and other Indian Nationals	Rs 750/- per person	Rs 1,000/- per person
For Foreign Nationals in US dollars	US\$ 250/- per person	US\$ 500/- per person

All payments shall be made by **Demand Draft** or '**At Par Cheque**' in favor of '**Gujarat Technological University**', payable at **Ahmedabad (Gujarat, India)**. The Registrations shall be accepted on FCFS basis till all seats are filled in.

FREE REGISTRATION!

Free Registration is offered to 100 Scholars who are First and Second Authors of the First 50 Research Papers / Case Studies received by the conference organizers at least 4 weeks before the conference date.

Conference Management Committee

Patron:

Dr Akshai Aggarwal, Hon. Vice Chancellor, Gujarat Technological University (GTU)

Convener & Co-Conveners:

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Ms. Pooja Bhatt, Indu Management College, Vadodara

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Conference Venue:

Gujarat Technological University

New Campus

Sabarmati - Koba Highway, Chandkheda,

Near Visat Three Roads,

(Campus of Vishwakarma Government
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**Accreditation Council for
Business Schools & Programs, USA**





SMJV CENTENARY
1915 - 2015

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



Awarded "Candidate for Accreditation" by
Accreditation Council for Business Schools and Programs (ACBSP), USA

Awarded A+ in Best B- Schools Survey conducted by Business India



**AICTE Approved & Affiliated to
Gujarat Technological University**



Choose the best !

MBA (Full Time) : (9 Specializations + 12 Electives)

MBA (2nd Shift/Evening) : (For Executives / Managers / Entrepreneurs)

Ph.D. Program : (For Faculty / Managers / CEOs)

Centre for Entrepreneurship & Enterprise Development (CEED)

- Entrepreneurship Development Program with **icreate** and others
- Executive Development Programs (Part-time / Weekend)



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"Click-by-Click" Management Methods- Easy Access to Management Expert Knowledge Using Computer-based Tools and Templates

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Abstract

A lack of methodical knowledge is the reason for failure in many management disciplines like Strategic Management, Project Management, Cost Management and others. One reason for this is that there are a lot of answers to the "WHY" (to use certain methods), but only rarely to the "HOW TO" (use the methods). A hands-on "operating manual" for these methods is missing. So the main problem in education/training as well as in the companies is the easy, structured access to methodical know-how in management topics to implement those methods in an efficient and professional way. This article shows how such an easy access to management methods can be offered by dividing them up into several phases, and every phase into several steps. Every step is supported by a variety of tools and templates, e.g. based on Microsoft Excel or Microsoft Word. The approach is illustrated by a fully developed toolbox on Cost Management.

Keywords

Management Methods, Consulting Methods, Strategic Management, Overhead Value Analysis

Current situation: lack of structured and easy access to expert management knowledge causes failure

A lack of methodical knowledge is the reason for failure in many management disciplines like Strategic Management, Project Management, Cost Management and others. That can be proven by a couple of surveys.

As one example the "CHAOS Summary 2009" study (The Standish Group, 2009) reports an upward trend in IT project failure rates. The study shows "a marked decrease in project success rates, with 32% of all projects succeeding which are delivered on time, on budget, with required features and functions". According to Jim Johnson, Chairman of The Standish Group, "44% were challenged which are late, over budget, and/or with less than the required features and functions and 24% failed which are cancelled prior to completion or delivered and never used." These numbers represent "a downtick in the success rates from the previous study, as well as a significant increase in the number of failures", says Jim Crear, Standish Group CIO, "They are low point in the last five study periods. This year's results

represent the highest failure rate in over a decade." Most of the project management success factors the study names require methodical knowledge in project management: Clear statement of requirements, proper planning, smaller project milestones and competent staff are four out of the top seven and count for about 40% of all mentioned success factors. So a main reason for failure in Project Management is the inappropriate application of Project Management methods.

The study "Rethinking Cost Structures" (KPMG International, 2007) throws a comparable light on cost saving projects. "On an average companies are achieving only 59 percent of expected savings, and just eight percent of businesses reach or exceed their targets for cost saving initiatives" the study says. It also shows that lack of methodical knowledge is one of the main reasons for failure. The main barrier to success are inadequate processes to drive cost savings, followed closely by the difficulty of measuring cost savings and the (unjustified) confidence in the organization to avoid costs wherever possible.

In strategic management the picture is the same as many studies show. So e.g. an Economist Intelligence Unit study reports that more than 80% of all companies suffer from poor implementation of new policies (Economist Intelligence Unit, 2010). Another study shows that organisations realise only around 60% of their strategy's potential value because of failures in planning and execution (Economist Intelligence Unit, 2004).

There are a lot of methods in all of these areas. So the reason for failure is the inappropriate usage of existing methods. What is needed in management as well as in education is not the development of new methods, but the right usage – that means an easy and transparent access to these methods.

Method experts are not interested in sharing their knowledge

The owners of methodical management knowledge seem not to be interested in sharing it. Many reports, articles and books discuss the barriers to sharing knowledge, e.g. McDermott and O'Dell (McDermott, 2001) or Mitchell (Mitchell, 2005). Mitchell says that "if the view of employees is that knowledge is power this will make sharing of knowledge 'an unnatural act in most organisations', and if knowledge is seen as a valuable resource then any situation that may allow knowledge to become public

could be seen as threatening” – that means, sharing of knowledge eliminates personal advantages in climbing the job ladder.

One profession for which sharing of knowledge in management methods is crucial within their organisations is consultancy. Therefore, many big consulting firms have structured their knowledge in easy accessible methods. So the global consulting firm Capgemini has structured the methods in the “DELIVER” framework (e.g. Capgemini, 2012). The consulting division of global audit firm KPMG, KPMG Advisory, set up a methodical framework for business reengineering called “Business Performance Improvement” (e.g. KPMG Singapore, 2005). Also software vendors like SAP have bundled their methodical knowledge of how to reorganise a company by implementing Enterprise Resource Planning Software. E.g. the method used by SAP and their consultants is “Accelerated SAP” (SAP, 2000) or “Global ASAP” (SAP, 2006).

The main characteristic of these consulting methods is the structure. These methods are web-based – that means accessible by a web browser – and divided up into several phases. They often come with a couple of supporting documents like Microsoft Excel sheets, Microsoft Word templates and others. But consultancies also have no interest in giving their methodical knowledge away to their customers, because they only earn money when selling well trained own stuff (the consultants), but not methodical knowledge.

Management science and corresponding literature on the other hand offer structured approaches for Strategic Management, Project Management, and Cost Management etc. – at least on a high level. In Strategic Management the sequence can be derived from several approaches described in literature as shown in Figure 1 (e.g. Prasad, 2009).

Figure 1: Strategic Management Process



Also in Cost Management an approach for the Overhead Value Analysis has been set up (e.g. van Assen, 2009), that can be visualized as shown in Figure 2.

Figure 2: The Overhead Value Analysis Process



In Project Management structured approaches are very common (e.g. Panneerselvam and Senthilkumar, 2009). A common structure looks like shown in Figure 3.

Figure 3: The Project Management Process



So literature offers an answer to the “WHY” certain methods should be applied and why they should be structured in a certain way, but not in detail to the “HOW TO” use these methods. A hands-on “operating manual” for these methods is missing. E.g. in strategic management in the above mentioned model the reader is told to perform a SWOT analysis, but is not told in detail how to identify the strengths of a company or the threats in the markets. E.g. in Cost Management the literature says that customers of internal services should be asked about the value added by these services, but offers only very little support neither in how to set up a corresponding

questionnaire nor in how a corresponding MS-Excel or MS-Word template should look like.

In higher education the teachers try to cure this deficit of missing hands-on instructions by using case studies or by using management simulation games. In the exams the student has to achieve a knowledge transfer to the given exercises of the exam. And in the companies the managers have to achieve this knowledge transfer to their real-world problems. Nevertheless, in both cases reasonable doubts remain whether the methods are used in an appropriate way.

So the main problem in education/training as well as in the companies is the missing easy, structured access to methodical know-how in management topics. This hands-on access and the support by templates and tools would ensure a usage of those methods in an efficient and professional way.

Characteristics of easy accessible methods

It has been shown in the previous chapters that there are ways to structure management methods at least on a high level. And it has been shown that there are ways to give hands-on instructions and an easy access to use these methods in a professional way. The consulting firms use such a structured access, but only offer that to their own stuff.

The objective of the approach presented here is to show how management methods – in Strategic Management, Project Management, Cost Management (e.g. Overhead Value Analysis) and others – can be structured transparently and to develop an intuitive, hands-on access to them. The deliverable of this approach then is an “operating manual” for the professional usage of a particular method.

A first step is to identify the To-Be characteristics of such a hands-on approach. From the discussion so far and from the author's professional experience gained in several global consulting firms, the following characteristics of such an “operating manual” for a particular method (e.g. for the Overhead Value Analysis) can be derived:

1. Structure a whole method into several phases to get an

overall process for the application of a method.

2. Divide each phase up into several steps to add more detail to the approach.
3. Describe in detail how to proceed in each step.
4. Implement the method in a web-based “click-by-click” way that offers an easy access to the phases and steps of the method.

5. Develop Microsoft Excel, Microsoft Word etc. tools (e.g. cost analysis schemes) and templates (e.g. a template for a project charter) to support a particular step in the method and to give hands-on help to the user. Link them to the corresponding steps of the method.

The first step can be done by using the models offered in literature. The next steps require expert knowledge. The issue here is to find an expert being able and being willing to provide the expert knowledge needed for detailing the method.

The approach is illustrated by a fully developed toolbox on Cost Management on the basis of the Overhead Value Analysis. The whole method is also available as eBook (Augenstein, 2012) or as web-based click-by-click application (www.conmethos.com).

Sample implementation: Cost Management Toolbox on basis of the “Overhead Value Analysis”

Corporate Overhead Value Analysis (OVA) was first used extensively in the 1980s by the consulting firm McKinsey. In many companies of all sizes, this method has been proven to be particularly suitable for identifying and implementing cost-cutting measures. In the meantime, the OVA is reflected in a number of relevant literature (Van Assen, 2009).

As the name implies, the overhead costs of a company – typically general and administrative cost – are put to the test. The analysis has a view on the value that is delivered by the output of the overhead costs – e.g. by the generation of a report. The value is measured by asking the recipients what the benefits are. Based on this analysis cost cutting measures are derived.

In the following paragraphs the 5 steps shown above are conducted and illustrated for a Cost Management Toolbox that is based on the Overhead Value Analysis.

1. **Structure a whole method into several phases to get an overall process for the application of a method.**

For this first step the structure of the method offered by literature can be used.

(As shown above this structure can look like Figure 2).



2. **Divide each phase up into several steps to add more detail to the approach.**

In some pieces of literature structures can be found going also into this second level of detail. But according to the author's experience this second step can often only be achieved by using expert knowledge. In this case the author's knowledge resulting from various consulting projects has been integrated into the

method development.

In this approach the structure on the second level looks like this:

- | | |
|-------------------------|---|
| 1. Initialisation: | 1.1. Overview
1.2. Change Management |
| 2. As-Is Analysis: | 2.1. Overview
2.2. Questionnaire
2.3. Service Recipient
2.4. Business Processes
2.5. Final Presentation |
| 3. Critical Review: | 3.1. Overview
3.2. Options for Action
3.3. Approach
3.4. Service Recipients
3.5. Basics
3.6. Task Execution
3.7. Business Processes
3.8. Quick Analysis
3.9. Quick Wins
3.10. Final Presentation |
| 4. Concept Development: | 4.1. Overview
4.2. Measure Description
4.3. Evaluation / Prioritisation
4.4. Concepts
4.5. Final Presentation |

5. Implementation

6. Control

3. Describe in detail how to proceed in each step.

Now every step of the method has to be detailed. That means an “operating instruction” of how to work out the deliverables of the particular step has to be developed. Below as an example is a detailed description of step 3.2. “Options for Action” in the “Critical Review” phase. In this step the options for optimisation of an activity in the overhead of a company are listed and described.

Figure 4: Detailed description of step 3.2. “Options for Action”

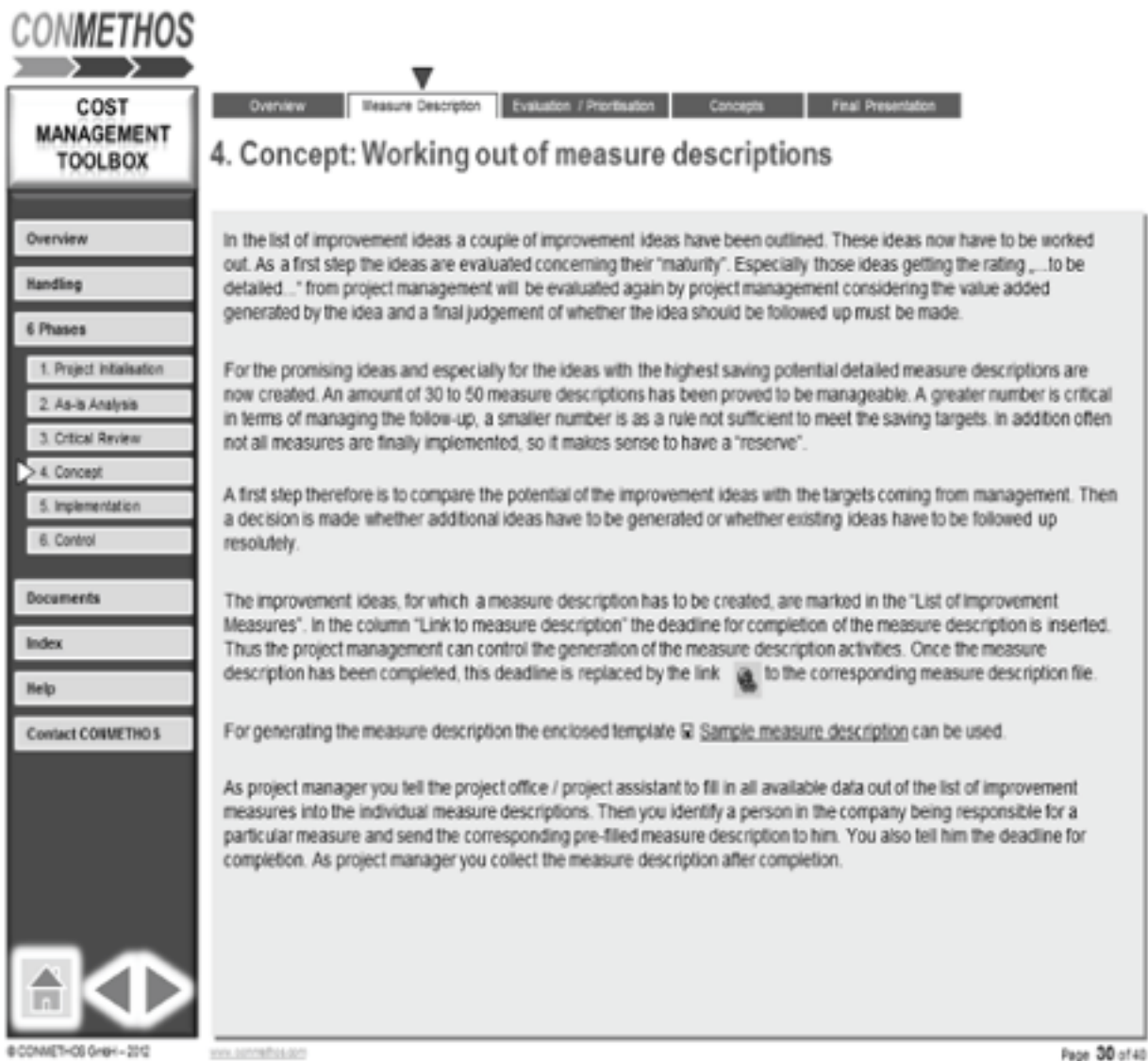


4. Implement the method in a web-based “click-by-click” way that offers an easy access to the phases and steps of the method.

Easy accessible information nowadays is made-up in a web-based way. Users get used to click on a buzzword to get some detail

information or to navigate through hypertext documents or websites using menu and control bars. These features must also be included in an approach that offers easy access to management methods. This functionality is illustrated for the Cost Management Toolbox in Figure 5.

Figure 5: A screen in the Cost Management Toolbox



The cost management toolbox can be easily handled by using buttons and links. The main menu bar on the left allows a direct access to the particular phases of the toolbox. Where you are at the moment is indicated to you by a white arrow.

In the particular phases a phase-specific menu bar appears at the upper side of the screen. Using this menu bar you have access to the steps of a phase. The actual step is shown to you by a grey arrow. The corresponding button's surface is white.

Below the main menu bar navigation buttons are located: a "Home" button, a "Previous Page" and a "Next Page" button. The previous shown page or the next shown page can be reached by ALT + left-key and ALT + right-key. With the ESC key you exit the application. Where you currently are in the toolbox, you can also see at the page counter at the lower right side of the screen. In the individual phases links to other pages of the method appear (e.g. a link to the page "Documents"). Links are blue in colour and underlined.

This application was developed with Microsoft™ Powerpoint and Adobe Acrobat™.

5. Develop Microsoft Excel, Microsoft Word etc. tools (e.g. cost analysis schemes) and templates (e.g. a template for a project charter) to support a particular step in the method and to give hands-on help to the user. Link them to the corresponding steps of

the method.

Every step of the Cost Management Toolbox provides the user with files that contain templates for deliverables, examples or documents to control project success. These files are indicated by a disk symbol and a following link to the corresponding file, e.g. link to a template for a project charter. In the example shown in Figure 6 when the link "Project_Charter_Example" is clicked, a template in MS-Word format opens which can be edited by the user.

Figure 6: A link to a corresponding template (here: project charter)

CONMETHOS
COST MANAGEMENT TOOLBOX

Overview | Change Management

1. Project Initialisation: Overview

Projects are successful, if

- The project charter and the project planning are clear
- The project roles and committees are staffed adequately (experts for working out improvement ideas etc.).
- The concerns / resistances against the project are to be executed (Change Management).
- A project sponsor (belonging to an adequate level) solve concerns and provides the necessary resources.

For all these tasks of project management, templates and associated overwriting the sample text and data. The templates provide comment boxes - appear on mouse over), the completion instructions accessible as an individual document (use link below).

Project Charter ([Project_Charter_Example](#))
The project charter defines the objectives of a project, is the prerequisite for the start of the project. The project framework reporting. Basically it is "frozen", so that the initial situation is committee.

Project Roles and Committees ([Role_desc](#))
For the project a temporary project organisation has to be created, responsibilities have to be defined. Also the concrete staffing.

Project Planning ([Project_Planning_Example](#))
The project planning gives an overview of the resources used is a MS-Excel®-based solution, which has been proven to be suitable purposes the scheme can be transferred to professional tools.

The created files have to be stored in your project folder in the completed and changed for the corresponding milestone documents.

Project Charter

Theme	Description	Responsible / date
Project title	Cost cutting overhead	
Priority	High	
Starting position	Costs in the area of administration have risen in the last five years by 25% finance, controlling, personnel and purchasing - with revenue growth of 15%.	
Objective	The costs in these areas should be significantly reduced. For this purpose, the creation of performance in these areas should be made transparent. The method used is the overhead cost analysis. The "Cost Management Toolbox" of CONMETHOS GmbH shall apply.	
Expected results	Naming of services that are created in these areas and analysis of the related costs, identification of potential for optimization to reduce costs. → 30% cost reduction in the areas referred to in a time horizon of three years; the costs referred to in the cost center reports of the areas are based on.	
Required input	- Resources need causing - Coordination of project planning management - Setting up a project server and play on the CONMETHOS tool	Head: 31.12.12 Dr. Kaufmann / 13.08.12 Head: 13.08.12
Milestones	- Project initialization is complete - Completion is recording - Final analysis - Final design - Implementation planning - Setting up implementation controlling	Head: 31.08.12 Head: 30.09.12 Head: 12.10.12 Head: 05.11.12 Head: 16.11.12 Head: 30.11.12
Hand documents and reporting	Each milestone, a final presentation is created and presented to the Steering Committee	Head
Resource planning	Project sponsor: Merchant (F) Steering Committee Chief (Chairman): Merchant (F) Head (IT) Project Manager: Head (IT) Subject manager finance: Ms. Mark (F) Subject manager controlling: Shew (C) Subject manager staff: Ms. Hama (D) Subject manager purchasing: Boyw (F)	

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In the Cost Management Toolbox 40 Word, Excel and Powerpoint documents are linked to the steps of the method.

Conclusion: "Click-by-click" management methods offer high potential for management and education

The presented approach offers a high potential for the hands-on and professional application of management methods. Managers as well as students can benefit from the easy access to these methods through "click-by-click" procedures. Easy access to these methods is also achieved by structuring the methods into several phases and every phase into several steps. Thus the barriers for professional application of management methods can be removed to a great extent.

The proof to be practical has been shown by transferring this approach to the Overhead Value Analysis, a method for Cost Management projects.

However, the approach needs experts willing to externalise their knowledge about management methods. And it needs some effort in guiding these method experts to structure their knowledge and to prepare the content in a "click-by-click" approach. The set-up of a publishing-company-like infrastructure with a pool of professional authors, lecturers, publishers and corresponding distribution channels might be reasonable.

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By Invitation

Self Health Management through Ayurveda



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Ayurveda...A science of life!

Apart from Business Management, we are going to discuss about Health Management in this article. In this era diseases are increasing day by day, and even though we are equipped with medicare...but we still lack in healthcare. By proper medication a sick person's health can be cured, while through health management a person can sustain his / her health. And yes, it is possible to achieve this through Ayurveda- A science of life! There are many secrets in Ayurveda by which we can remain healthy physically, mentally & spiritually too.

Ayurveda says.....

“ Dharmarthkam Mokshanam Arogyamulmutmum ”

“ Roga Tasyap Hartaram Shreyaso Jivatysa ch ”

This Sanskrit sloka means “ for *Dharma* (Duties), *Arth* (Finance), *Kama* (Any desire) & *Moksha* (Salvation)... health is the basic requirement. Whereas, disease grabs all the pleasures of life”.

So in the pursuit to stay healthy, one can follow Ayurveda, which includes *Dinacharya* (Daily routine); *Ritu charya* (Seasonal behaviour), *Nittahar* (wholesome diet), *Ahittahar* (Unwholesome diet) & many more.

Here first of all we will discuss about Dinacharya.

***Dinacharya* (Daily routine):** Ayurveda says, various therapeutic sciences are existing in this world, but only Ayurveda has mentioned at what time person should awake in the morning.

“Brahmmuhurta Uttishye Swastho Rakhshartha Mayusham”

This Sanskrit sloka means “An individual must awake early in the morning i.e in Brahmmuhurt (90 mins. before sunlight) & we all know in Indian Villages Farmers & Shepherds have this habit. Even modern science also believes that Ozone (O₃), can be obtained if we go for walk before sunrise. Ayurveda told thousands of year back that, to awake in Brahmmuhurt is good for health as well as longevity (Long life span).

***Dantadhavan* (Teeth Cleaning):** From time unknown, people use 'tooth-twig' (Datan) as a tooth brush. Ayurveda mentioned many

treasures for tooth-twig, but here we will take 'Neem' as an example.

- Neem is bitter in taste hence, it reduces/removes cough from mouth, as well as throat. It also destroys pitta (Bile) of stomach, which can create acidity!!!
- Neem is antiviral/antibacterial & antifungal as well...so along with oral disorders it fights other diseases as well.
- To use tooth-twig, plantation is necessary which helps in 'Eco-System'.
- Other trees also have their own peculiarity like Neem, which keeps us healthy.

***Abhyangam* (Massage) :** *Abhyanga*- The most important task to remain healthy.

“ Abhyangam Acharet Nityam Sajrashram Vatha.

Drishtiprasad Pushtaayu: Swapna Sutvaktva Dadharkrut.”

This Sanskrit sloka means Ayurveda ordered that “Do massage everyday with yourself !!!

It keeps you away from old age (wrinkle free skin): fatigue and diseases of Vayu/ Vata (eg. Headache , Joint pain etc). Further, it improves one's eyesight, health, longevity, sleep, skin lustre / complexion and make the body stout. According to Ayurveda, pure sesame oil is best for massage, but physician can also prescribe other medicated oil as per disease.

***Vyayama* (Exercise)**

“ Laghvam Karmsamrthyam Diptyoragni medasah Shyaya.

Vibhakt Dhan Gatratvam Vyayamat Upjayate.”

Exercise makes one's body light weighted, enables us to bear any physical work, improves “ Agni ” (Appetite), decreases fat and strengthens the muscles.

To conclude, these were some sprinkles from the ocean of Ayurveda. There are plethora of discussions on Health Management through Ayurveda. In the upcoming issues we shall discuss about them.... till then “*Jay Dhanvantri*”!

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Perceived QWL among Textile workers

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Abstract

How the internal people perceive and feel about their working life has been an age old concern for the organizations either aiming to build high performing work culture or simply worried about the bottom line. This becomes even more relevant in case of purely labour oriented industry like Textile. The present paper analyzes the opinions of the workers regarding their Quality of Work Life (QWL) in the labour oriented Textile industry, in and around the Textile Hub of Gujarat State - Surat. Analysis of the data collected from 175 textile workers reveals that demographic variables like age and experience of the respondents show a negative correlation with QWL, and the educational level of the respondents is positively associated with the perceived QWL at the work place. But gender of the worker does not have any relation with the perceived QWL.

Key words : Quality of Work Life (QWL), Labour oriented industry, Textile industry

Introduction

In this cut-throat competitive and highly turbulent era wherein, the threat of yet another recession is found knocking the doors of the economy, there are ever increasing pressures on the organizations to provide more and better services at lesser cost. They need to constantly strive to find out better, cheaper and newer ways to go beyond customer satisfaction and achieve customer delight. Hence, the top management of all organizations are found engaged in devising strategies to get the best out of the human resources – the employees – of the organization. Here, the prime focus of attention is certainly the improvements in employee productivity. But, improvements in productivity of the employees can't be achieved overnight without focusing on their job satisfaction, job involvement and organizational commitment – the three primary work related attitudes, ultimately taking care of their productivity. And, for achieving higher levels of these three work attitudes, the organization needs to make the employees feel that they really care for them. The employees should be provided with all the things what they themselves expect to have; and not the things what the organizational authorities feel they ought to have or what they can afford.

In a way...skills, ability and competence of an employee are surely the essential ingredients deciding the amount of contribution of an employee to organizational goal achievement or proving his/her worth to the organization. But, skills, ability and competence would be worthless in absence of an inner urge to put higher level of efforts with a feeling of attachment towards the organization. Hence, the employees should not only be competent enough to perform their jobs, but also be motivated and committed towards achieving organizational goals. But, ensuring higher levels of employee motivation and commitment requires a higher sense of job satisfaction on the part of employees. And for this, the organizations must emphasize on the qualitative aspects of the work life of their employees. Further, one must understand the fact that in the globalized era, most people work in organizations; and given the amount of time and energy people expend at their workplaces, it is important to ensure the fact that they feel satisfied about their work life.

Since job/work occupies an important place in the total life space of any employee; affecting him/her in variety of ways, such conditions generating feeling of satisfaction are likely to affect not only their physical but also their psychological, social and spiritual being (Chan & Wyatt, 2007). Considering this only, perhaps, the study of human behaviour at work has remained the focal point of considerable research over the years in Industrial Psychology (Joseph, 1985). Thus, if organizations are concerned about gaining a long-term competitive advantage through this people dimension, it seems inevitable that they take care of their most valuable assets – the people – the employees; that too in spirit, and not only in words or on paper. So, we can say that if an organization focuses too much on improving the employee productivity, ignoring/sidelining the quality of employees' work life; it is unlikely to achieve its desired aims/objectives. Hence, in this cut-throat competitive era, with increased concern for economic well being of the organization, more and more organizations are emphasizing on the qualitative aspects of the work life of the employees – the real assets who are ultimately taking care of the bottom line of any organization.

Realizing this, since times immemorial, organizations have been concerned about how people feel, perceive and what they think about their work life. This may be because of expected linkage

between employees perceiving a better quality of work life in the organization and feeling satisfied and displaying greater work motivation. As a result, increasing number of organizations are showing concern about maintaining and improving the Quality of Work Life, henceforth QWL, of their real assets – the employees.

This becomes even more relevant when we talk about the labour oriented/intensive industry like Textile industry; wherein the operative level occupies more than 85% of the total manpower strength of a typical textile unit. So, when one looks at the textile units, the workers seem to be the single largest cohort at the work place. They are the real soldiers – the revenue generators – fighting for the glooming bottom line leading to economic wellbeing of the concerned organization. Considering all these, there is a need to assess the QWL among the textile workers, and ensure at least a satisfactory level, as research studies have suggested that improvement of QWL seems to be an indispensable ingredient to increased productivity in any sort of organization in general, and in labour oriented industry in particular. This empirical paper is an attempt to assess the Quality of Work Life among the workers of textile units located in and around the textile hub of Gujarat State – Surat in South Gujarat region.

Conceptual framework of Quality of Work Life (QWL)

Historically, the origin of the term “Quality of Work Life” can be traced back to the early 1970s, when in September 1972; about 60 experts from different parts of the world assembled at the Arden House, Columbia University in New York to share their experiences relating to work place democratization and formed the First Council for Quality of Working Life. Many people have the misconception that this term QWL was first defined at this 1st International Labour Relations Conference on QWL at Arden House in New York in 1972; but that is not true. As Saklani (2010) reveals that at the Arden House Meeting, this term was not defined specifically. It was certainly coined at this Conference; but, it was defined and popularized only after Davis and Cherns, the two leading personalities at the Arden House Meeting, came out with two comprehensive volumes; wherein they defined QWL and used this term to describe job and organizational redesigning to achieve democracy at the work place (Davis & Cherns, 1975). Since then, the term has become buzz word across corporate corridors and a matter of high concern in work organizations.

While there seems to be no agreement upon definition of QWL, it has been used as a construct to describe the well-being of the employees at their work place. Even though there is an ongoing confusion about the precise meaning of this term and even more contradictions about the constituents of the QWL; the term quality of work life has emerged as the most discussed term in Human Resource Management and it is getting space in almost all HR

discussions (Natarajan & Annamalai, 2011).

Cherns (1975) referred to QWL as a contemporary expression of something which was referred to as 'humanization of the workplace', 'workplace democracy', 'work restructuring' or 'job redesign'. Spink (1975), though against the phrase of 'quality of working life' agreed that the so-called quality of working life is concerned with enriching the nature of work experience, grappling with the issues of efficiency and satisfaction. Horn (1976) opined that QWL is a social concern and as such its assessment should also be tried through social indicator approach.

Taylor (1977) defined the term 'quality of working life' as 'the phenomenal experience of people at work'. Guest (1979) referred to QWL as the measure of the quality of human experiences in the organization. Similarly, Walton (1980) opined that the term 'QWL' referred specifically to changes that enhanced human experience at work or, stated negatively, decreased the social and psychological costs incurred in producing goods and services.

Carlson (1978) viewed the concept of QWL from a more descriptive perspective and suggested that the term QWL can be studied and analyzed in the following three ways:

- as a movement;
- as a set of organizational interventions, and
- as a type of working life felt by employees.

In the opinion of Rice, et al; (1985), the construct of QWL is the interplay between work environment and personal needs of the employees. The term also refers to 'the favorableness or unfavorableness of a total job environment for people' (Davis & Newstorm, 1989).

Various authors have defined the term in different ways, but the most widely accepted and frequently quoted definition has been as follows:

“Quality of Work Life refers to the degree to which members of a work organization are able to satisfy their important personal needs through their experiences in the organization”.

QWL is a goal, as well as a process (Rao, V.S.P, 2010). So, organizations must understand that merely instituting a QWL initiative is not an end in itself. It's not a one-shot affair; it's an ongoing process of ensuring a better quality of working life to the employees.

The present study focuses on the third perspective of QWL as suggested by Carlson (1978), that is, QWL as a type of working life felt by employees. So, here, the main concern is finding out what comprises a quality working life experience among the workers of the textile mills, and their perception about the availability of various attributes of QWL at their work place.

Review of literature

Many researchers have studied the concept of Quality of Work Life (QWL) among employees in different industries and reported valuable findings.

Sharma (1973) reported a very interesting finding that the primary needs such as physiological and safety needs of the typical Indian workers are more or less satisfied and that have not remained a major area of concern. With this, the workers are increasingly concerned about their social and esteem (ego) needs. This was an eye-opener indication for all those who kept on believing in 'taylorism' with all their fancy personnel policies and schemes predominantly focused on monetary aspects for ensuring QWL of workers, as it was emphasized that the workers are showing concern for meaningful social interactions from the healthy inter-personal relationships at the work place (social needs) as well as concern for satisfying their need of feeling valued and worthy (esteem needs) of making contributions to organizational well-being.

Contrary to this, Mehta (1978) while studying the objective and subjective factors in employee satisfaction in life and work, reported that money seems to be an important factor in general life satisfaction, though not the only one.

In the context of the Indian industries, it was found that the existing level in all dimensions of QWL is much lower than satisfactory, or even considerably poor. So, a lot needs to be done to foster a better QWL in Indian industries (Singh, 1984; Chakraborty, 1987).

Rahman (1984) while studying the QWL of industrial workers of India found that the demographic variable of educational background and income level have negative correlation with the QWL, and the age of the respondents has no association with QWL.

Efraty and Sirgy (1990) found that in reality, the term quality of work life should be conceptualized in terms of satisfaction of workers' need of survival, social, ego, and self-actualization needs, and those organizational resources relevant for meeting them. The hypotheses of need satisfaction being positively related to organizational identification, job satisfaction, job involvement, job effort, job performance, and negatively related to personal alienation; were validated from the analysis of the data collected from 219 service deliverers to the elderly in a large Midwestern city. It was also reported that today's employees want more control over their environment and a chance to feel a sense of meaning in performing their jobs. Similarly, today's managers are less interested in direct control of their subordinates and are willing to work in an unstructured environment and develop personal relationships with their

subordinates. That is, both workers and managers express a strong interest in higher-level need satisfaction. While these findings certainly make sense in terms of the progressive and forward looking outlook of today's workforce, mainly due to changing profile of the workforce over the years; it needs to be examined to what extent these conclusions hold true in case of textile workers.

Positive correlation between three pairs - QWL and Job Satisfaction, QWL and Performance, and Job Satisfaction and Performance was found in a study of 63 nurses from three government hospitals; and QWL was found to have the highest contribution to performance (Hossain & Islam, 1999). A very remarkable insight was that the size and/or brand name-big banner of the organization are inversely related to the perceptions of QWL and Job Satisfaction, as QWL and Job Satisfaction were significantly higher among the respondents in small organizations than in large organizations, which is contrary to the traditional and popular belief of larger the organization, more likely it would be perceived as better in terms of QWL and Job Satisfaction.

Hoque and Rahman (1999) measured the perceived QWL among the 100 workers of two textile mills in Bangladesh and found that the age, education, experience and income of workers as demographic variables have no significant association with the perceived QWL. The study also proved that QWL has significant positive correlation with performance of the workers.

The study of Saklani (2004), focusing on empirically evaluating the importance and existence of various QWL factors in the Indian organizations, conclusively proved that contrary to the findings of the earlier researches, the existing level of QWL is not poor, and is better than the average, in Indian industries. Analysis of the data collected from a rich sample of 294 managerial and non-managerial employees of 24 different types of organizations, also proved that the Indian employees place high value on many non-financial factors that satisfy the higher order needs like esteem and self-actualization needs. This is in sharp contradiction to the popular jaundiced perception regarding typical Indian employees that they are more interested in material well-being and monetary aspects only.

Studies of Rao and Chandra Mohan (2008), and Rao and Venugopal (2009) focused on identifying the perceptual factors in Quality of Work Life of Indian Employees with a sample of 332 employees predominantly from Financial Sector and Transport Business. Lending a big support to Saklani's (2004) findings, four main factors were derived namely Favorable work environment, Personal growth and autonomy, Rewarding nature of the job, and Stimulating opportunities and co-workers; as important for better QWL at work place. While this study helps us

to have an insight into the major factors of importance for QWL among the Indian employees, other industries should also be studied to examine the possibility of generalization across industries. Further, to what extent these findings will be applicable to the textile industry workers, is a question to be deliberated upon.

The empirical study of Saklani (2010) concluded that the non-managerial employees in India are more concerned about satisfying their lower order material needs. The “most important” QWL factors reported by this class of employees are predominantly having financial implications. Based on this, it was also recommended that organizations in India concerned about improving the non-managerial employees' motivation and consequently organizational well-being; must include financial aspects as a top priority item in any of their schemes. Interestingly, the present research is also conducted on non-managerial employees of the textile mills – the workers. So, it is interesting to see how far these findings are applicable to these textile workers.

There seems to be an annoying ambiguity in the domain of the constituents of QWL, as a number of researchers and theorists have tried to identify the factors that can be considered as the integral part of QWL experience at work; and they have reported different referents of QWL. But, a careful review of such eleven studies conducted between 1950s to 1980s lead to a conclusion that whatsoever may be the nomenclature of various factors of QWL reported in these studies, mainly the discussion of QWL seems to be centered around two general factors namely the work/work environment, and the employee welfare & well being.

Table 1 presents a summary of a few such previous studies indicating the various factors deemed to be of significance for the QWL of employees.

Table 1: Constituents of QWL – Insights from previous research

Study	Factors identified	
	Work Environment	Employee Welfare
Walton (1974)	Safe & Healthy Work Conditions, Opportunity to Use Abilities, Future Growth Opportunity, Constitutionalism, Work Relevance to Society, Work & Quality of Life	Adequate Compensation, Social Integration
Lippitt & Rumley (1977)	Organizational Environment, Physical Environment, Features of Job Itself	Healthy Social Relations
Kahn (1981)	Task Content, Supervision, Resources, Promotion, Work Conditions, Organizational Context	Autonomy & Control, Relations With Co - Workers, Wages
Kirkman (1981)	Job Mobility, Quantity & Quality of Leisure Time Created by Job	Pay
Macarov (1981)	Chance to Advance	Seniority
Metz (1982)	-----	Job Security
Davis (1983)	Supportive Management & Favorable Work Environment, Personal Growth & Autonomy, Stimulating Opportunities and Co-workers	Equitable Pay
Delamotte & Takezawa (1984)	Challenging Work Content, Traditional Goals, Influence on Decisions	Fair Treatment, Work as Part of Life Cycle
Kalra & Ghosh (1984)	Safe & Healthy Working Conditions, Physical Environment, Absence of Undue Work Stress	Employee Welfare, Job Security
Mirvis & Lawler (1984)	Work Environment	Employee Welfare
Cooper (1988)	Democracy	Security, Equity, Individuation

(Adapted from Wyatt, T. A. & Wah, C. Y. (2001), 'Perceptions of QWL: A study of Singaporean Employees Development', *Research and Practice in Human Resource Management*, 9(2), pp. 59-76).

The present study is conducted using the criteria/factors of QWL given by Richard E. Walton in 1974. As indicated in the above table, his framework proposes the following 8 criteria for measuring QWL of the employees:

- Adequate and fair compensation
- Safe and healthy working conditions
- Opportunity to use and develop human capacities
- Opportunity for career growth
- Social integration in the work force
- Constitutionalism in the work organization
- Work and quality of life
- Social relevance of work

Research methodology

Research problem statement

The research topic is "QWL among Textile Workers". The study focuses on assessing the level of Quality of Work Life among the workers in selected textile units, finding out the major areas of improvement for the same and suggesting measures to improve the same. The Operational Definitions of various constructs are as follows:

- Herein, "Quality of Work Life" refers to the degree to which employees (here workers) are able to satisfy their important personal needs through their experiences in the organization. This is measured by using the 8 dimension QWL framework given by Richard E. Walton in 1974.
- "Textile Workers" include the permanent on pay roll workers working in the textile mills. So, only those workers who are regular" employee of the textile units are considered for the purpose of this study and not the "badli" or "casual" worker, as the "badli" or "casual" worker always have an ongoing concern of guaranteed continued employment itself, forget about QWL.

Research objectives

- To study the factors of importance for Quality of Work Life (QWL) of textile workers.
- To study the opinions/viewpoints of workers regarding the availability of QWL attributes at the work place.
- To find out the association between demographic variables and perceived QWL among these workers.

- To identify/find out various areas of improvement (if any) for promoting/improving QWL of these workers.
- To suggest actions steps / recommendation to improve the QWL of textile workers.

Research design

This study is undertaken by adopting Descriptive Cross-Sectional Research Design, as it describes the opinions/viewpoints of textile workers regarding QWL at a particular point of time. Initially the study was Exploratory Study, focusing on careful review of relevant literature and unstructured discussions with key informants (the workers, the supervisors, the trade union office bearers and the HR representative) for developing thorough understanding of the topic.

Data collection

- **Primary Data :** This study is based on primary data that have been collected from the textile workers through a structured questionnaire; which was administered personally at their work place.
- **Secondary Data :** Relevant secondary data have also been collected from books, journals, periodicals and electronic databases pertaining to the topic of study.

Sampling design

Convenience sampling method of non-probability sampling is used for selecting 175 workers working in textile units located in and around Surat in the South Gujarat region. Considering the hectic schedules of these workers working in various shifts in different textile units, this was the most suitable method for approaching them for collecting the necessary primary data.

Data analysis and findings

• Reliability analysis

Reliability Analysis of the Measurement Instrument used (the structured questionnaire) for this study has given the following finding :

Table 2: Reliability Analysis of the Measurement Instrument

Cronbach's Alfa	N of Items
0.806	26

Here Alpha is 0.806. According to thumb rule of Alpha, here instrument reliability is very good.

• Frequency analysis

The Frequency Distribution of the Demographics of the 175 respondents is presented in Table 3.

Table 3: Classification of Respondents based on Demographic Particulars

Sr. No.	Demographic Particulars	No. of Respondents
(1)	Age Group	
	18 – 25 years	134
	26 – 35 years	40
	36 – 45 years	01
(2)	Education	
	< SSC (10 th Std.)	114
	SSC (10 th Std.)	24
	> SSC but < HSC	10
	HSC	21
	Graduate	06
(3)	Experience	
	< 1 year	50
	1 – 2 years	66
	3 – 5 years	30
	6 – 10 years	20
	> 10 years	09
(4)	Gender	
	Male	100
	Female	75

Table 3 shows that majority of respondents belong to the age group of 18-25 years (76.6%) and the second highest to the age group of 26-35 years (22.9%) and only 1 respondent is in the age bracket of 36 to 45. So, the textile units have a fairly young workforce. In educational qualifications segment, Graduation has been the highest qualification possessed by least number of the respondents (2.29%), while a huge number of respondents (84.17%) are below HSC. In terms of experience in the Textile Industry, 28.6% of them have just started in Textile Industry having experience of less than 1 year, 37.7% respondents have 1-2 years experience, 17.1% have experience of 3-5 years, 11.4% workers have 6-10 years experience and 5.1% workers have more than 10 years experience. In the total respondents, 100 are male workers and 75 are female workers.

Some other findings based on Frequency Analysis are as follows:

1. In response to a question on how frequently they are required to work for longer hours beyond their stipulated working hours, the findings suggest that 61 (34.86%) respondents never felt pressures to work for longer hours, 62 (35.43%) respondents are always working for longer hours, while 52 (29.71%) workers are sometimes required to work for longer

hours. So, in total, nearly 65% workers are found working for longer hours beyond their specified stipulated working hours, which is certainly a serious concern.

2. In response to a question on how often they find their work stressful, the findings suggest that 69 (39.4%) respondents never find their work stressful, 53 (30.3%) always feel stress due to work, and equal number of respondents, that is, 53 (30.3%) workers sometimes find their work stressful. So, it sounds to be an alarming situation as nearly 61% workers are working under stress.
3. A very serious finding has been in the area of discrimination faced by the workers at the work place. The findings reveal that a very healthy figure of 144 (82.3%) workers have not faced any sort of discrimination, but 31 (17.7%) have reported cases of discrimination at the work place on the basis of Gender (17 out of 31 – 54.8%), on the basis of Caste/Race/Religion (12 out of 31 – 38.7%) and on the basis of Age (2 out of 31 – 6.5%). Compared to the total respondents, the figure may appear smaller, but discrimination being a very serious sort of practice which is even against the Constitutional provisions in our country, may lead to untoward consequences someday. So, such practices should be immediately abolished and the concerned officials must be given clear indications of zero tolerance on the part of management with respect to such instances of discrimination.

• Cross tabulation & Chi-square test

For the Cross Tabulation and Chi-Square Test performed at 0.05 Significance Level, the corresponding Null Hypothesis and Alternative Hypothesis are formed as follows :

Null Hypothesis (H₀): There is no significant association between the two variables. In other words, there is no significant association between the demographic particular (gender, education, experience and age respectively) of the employees and their overall QWL.

Alternative Hypothesis (H₁): There is significant association between the two variables. In other words, there is significant association between the demographic particular (gender, education, experience and age respectively) of the employees and their overall QWL.

Significance Level : Here test of hypothesis is carried at 95% confidence level i.e. the chance of occurring type 1 error is 5%.

Based on the Cross Tabulation and Chi-Square Test performed at 0.05 Significance Level, following findings have been obtained.

1. There is no significant difference in the overall QWL availability perceived by male and female employees of these textile

units; and hence, the gender of the respondent is not a key differentiator in perception of availability of QWL attributes at the work place, as both the genders – male and female workers have reported same feelings about QWL.

Table 4: Cross Tabulation between Overall QWL and Gender

		Gender		Total
		Male	Female	
Overall QWL	High	23	18	41
	Average	39	24	63
	Low	38	33	71
Total		100	75	175

Table 5: Chi-Square Test between Overall QWL and Gender

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15.955	6	0.14
Likelihood Ratio	16.621	6	0.11
Linear-by-Linear Association	.549	1	0.659
N of Valid Cases	175		

From Table 5, it can be seen that the Pearson Chi-Square value is 15.955 and the Likelihood Ratio is 16.621. Further, the significance value is 0.14, which is greater than 0.05. So, the null hypothesis H₀ is accepted and alternative H₁ is rejected. Thus, it indicates that there is no significant association between the gender of the employees and their overall QWL.

- Educational Qualification of the respondents has significant relationship with QWL. Higher the educational qualification, higher is the perceived availability of QWL at the workplace. So, as we move from < SSC qualified respondent to SSC to HSC to Graduate, the respondents feel/experience higher degree of QWL. This may be because, with higher education, these respondents might be more aware about their own rights, they can easily communicate their expectations to the superiors and the management. At the same time, less educated workers may feel inferior and less confident to discuss anything related to their expectations/need. Hence, their quality of work-life is lower than that of more educated workers.

Table 6: Cross Tabulation between Overall QWL and Education

		Education					Total
		<SSC	SSC	> SSC but < HSC	HSC	Graduate	
Overall QWL	High	20	07	03	08	03	41
	Average	38	12	05	06	02	63
	Low	56	05	02	07	01	71
Total		114	24	10	21	06	175

Table 7: Chi-Square Test between Overall QWL and Education

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.010	12	0.000
Likelihood Ratio	53.381	12	0.000
Linear-by-Linear Association	10.215	1	0.001
N of Valid Cases	175		

From Table 7, it can be seen that the Pearson Chi-Square value is 51.010 and the Likelihood Ratio is 53.381. Further, the significance value is 0.000, which is less than 0.05. So, the null hypothesis H₀ is rejected and alternative H₁ is accepted. Thus, it indicates that there is significant association between the education of the employees and their overall QWL.

This is supported by the figures in Table 6, wherein it can be seen that as we move from employees having less than SSC qualification (17.54%) to SSC qualification (29.17%) to > SSC but < HSC (30.00%) to HSC (38.09%) to Graduates (50.00%), increasing numbers of employees perceive higher QWL. So, it appears that with higher educational qualification, the perceived QWL tends to be higher for the employees. Employees with higher qualification perceive higher QWL and those who are relatively less qualified report lower QWL.

3. Very interesting association is found between the Experience of the respondents and QWL. Employees with more experience perceive lower QWL and those with relatively less experience report higher QWL. This is quite surprising as one would expect the experienced ones to have higher QWL than the relatively less experienced ones. But, this surprising finding may be attributed to the possible negative perceptions of your job content, job context and overall organizational life based on day-to-day experiences, which the new comer may not be aware of. So, this may be due to the negative fact that with higher experience - long term association with the organization, the workers might have realized the actual situation of the organization, the discrepancies between preaching and practice of organizational values and the way of handling various employee related concerns.

Table 8: Cross Tabulation between Overall QWL and Experience

		Experience					Total
		<1 year	1-2 years	3-5 years	6-10 years	>10 years	
Overall QWL	High	19	15	05	01	01	41
	Average	21	26	09	04	03	63
	Low	10	25	16	15	05	71
Total		50	66	30	20	09	175

Table 9: Chi-Square Test between Overall QWL and Experience

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.010	12	0.002
Likelihood Ratio	42.381	12	0.000
Linear-by-Linear Association	13.435	1	0.001
N of Valid Cases	175		

From Table 9, it can be seen that the Pearson Chi-Square value is 46.010 and the Likelihood Ratio is 42.381. Further, the significance value is 0.002, which is less than 0.05. So, the null hypothesis H₀ is rejected and alternative H₁ is accepted. Thus, it indicates that there is significant association between the experience of the employees and their overall perceived QWL.

This is supported by the figures in Table 8, wherein it can be seen that as we move from employees having less than 1 year Experience (38.00%) to 1-2 years experience (22.73%) to 3-5 years experience (16.67%) to 6-10 years experience (5.00%) to >10 years experience (11.11%), less numbers of employees perceive higher QWL. So, it appears that with higher experience, the perceived QWL tends to be lower. Employees with higher experience perceive lower QWL and those who are relatively less experience report higher QWL.

4. Similar sort of association is found between the Age of the respondents and the perceived QWL. Higher the age, lower is the QWL experienced by the employee. This is consistent with the earlier finding wherein more experienced workers reported lower QWL; and the same justification given above can explain this association also.

Table 10: Cross Tabulation between Overall QWL and Age

		Age			Total
		18-25 yrs.	26-35 yrs.	36-45 yrs.	
Overall QWL	High	36	05	00	41
	Average	53	10	00	63
	Low	45	25	01	71
Total		134	40	01	175

Table 11: Chi-Square Test between Overall QWL and Age

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	56.016	12	0.001
Likelihood Ratio	47.524	12	0.000
Linear-by-Linear Association	12.312	1	0.001
N of Valid Cases	175		

From Table 11, it can be seen that the Pearson Chi-Square value is 56.016 and the Likelihood Ratio is 47.524. Further, the significance value is 0.001, which is less than 0.05. So, the null hypothesis H₀ is rejected and alternative H₁ is accepted. Thus, it indicates that there is significant association between the age of the employees and their overall perceived QWL.

This is supported by the figures in Table 10, wherein it can be seen that as we move from employees belonging to the age group of 18-25 years (26.87%) to 26-35 years age group (12.50%) to 36-45 years age group (0.00%), less numbers of employees perceive higher QWL. So, it appears that employees with higher age perceive lower QWL and those who are relatively young in terms of their age group perceive higher QWL.

• T-test findings

To have more insights in the opinions of these workers regarding availability of various attributed of QWL, respondents' opinions were analyzed using the t-test at 0.05 Significance Level with Test Value 2 (Good) and following findings have been obtained:

For various parameters of QWL, the mean availability reported by the respondents is:

- Adequate and fair compensation – (2.72) – near to Neutral,
- Safe and healthy working conditions – (2.77) – near to Neutral
- Opportunity to use and develop human capacities – (1.93) – near to Good
- Opportunity for career growth – (1.86) – near to Good
- Social integration in the work force – (2.67) – near to Neutral
- Constitutionalism at the work place – (4.04) – near to Average
- Work and quality of life – (1.82) – near to Good
- Social relevance of work – (1.72) – near to Good

So, in and all, the overall quality of work life (QWL) of these textile workers seems to be low with out of total 8 parameters, only 4 have been reported near to good, while 3 parameters have been reported near to neutral, and 1 parameter of Constitutionalism in the Work Organization is reported near to Average.

Recommendations

As the overall Quality of Work Life is reported low, the textile units need to concentrate on the following recommendations to take care of QWL concerns of their workers:

- **Adequate and fair compensation:** In spite of the importance gained by the other factors now-a-days, compensation still plays a greater role in employee's satisfaction, particularly at the lower levels of the organizational hierarchy. The same was reported by Saklani (2010) also, wherein he found that the non-managerial employees in India are more concerned about satisfying their lower order material needs, predominantly having financial implications. In order to reduce the feeling of being under paid, the situation should be analyzed carefully. By carrying our Wage Surveys &/or Market Rate Analysis with the help of local trade associations, the textile units should check the matters related to external equity in pay matters carefully. Even, this concern can also be met by enlarging the scope and range of various fringe benefits offered to these workers.
- **Safe and healthy working conditions:** As pointed out by Douglas McGregor way back in 1960s that safety and security needs play a very dominant role and serve as motivators in circumstances/situations that threaten either physical or emotional security concerns. Even, the study of Pais (1981) on Textile Industry in Bombay showed that textile being a labour oriented industry – the higher accident rate textile mills faced greater absenteeism. This seems to be obvious considering the fact that everyone wants physical as well as emotional security. So, since the workers here have reported near to Neutral feeling regarding this crucial parameter, the textile units should ensure all the mandatory provisions related to Health and Safety at work place such as cleanliness, disposal of waste and effluents, ventilation and temperature, dust and fume, temperature and humidity, overcrowding, lighting, drinking water, latrines and urinals, spittoons, first aid/medical facilities, appointment of full time or part time safety officer, regular inspection of machines and plants, maintaining record for all the accidents, fencing of machinery etc.
- **Social integration in the work force:** For strengthening the human relations aspect and thereby ensuring social integration in the work force, the company should concentrate stimulating workers' feeling of sense of community by allowing informal grouping at the work place, leaving the jaundiced perception of the past that it may lead to disastrous consequences. They should create frequent opportunities for promoting workers' interactions with the superiors. Even, working in team/group should be encouraged.
- **Constitutionalism at the work place:** A very serious finding is reported regarding constitutionalism at the work place wherein

the workers have given only average rating to this parameter. As indicated earlier in frequency analysis also that quite a few workers have experienced discrimination at the work place based on Gender, Caste/Race/Religion and Age. Bias on the part of management, lack of privacy, excessive and illogical vigilance, improper process of discipline and grievance resolution etc. tamper with the constitutionalism aspects at the work place. Such practices should be immediately abolished and the concerned officials must be given clear indications of zero tolerance on the part of management with respect to such instances of discrimination and make sure that all workers get equal treatment in all matters irrespective of their age, gender, caste, domicile, etc.

- For other 4 parameters of QWL like opportunity to use and develop human capacities, opportunity for career growth, work and quality of life, and social relevance of work, wherein the respondents have reported nearly good QWL; the textile units must consolidate on the positive reflections of these parameters. The findings regarding these 4 parameters of QWL are amazing as well as surprising. Usually, we may think that at shop floor level of the organizational hierarchy, the opportunities to use and develop human capacities as well as career growth would be irrelevant and non-existent. Even, the same feeling might be there for the other 2 parameters such as work & quality of life and social relevance of work. Given the positive perception of the respondents in these areas, the textile units must make sure that continual improvements are felt by the respondents in these 4 parameters.
- As the QWL perceptions are volatile in nature, such studies should be conducted at regular intervals, so that any favourable or unfavourable changes can be noticed well in time and remedial measures can be taken accordingly.

Conclusion

This study reveals that the present status of qualitative aspects of work life of textile workers is not satisfactory, as out of total 8 parameters of QWL, the availability of 4 parameters namely the opportunity to use and develop human capacities, opportunity for career growth, work and quality of life and social relevance of work is reported near to good level; while 3 parameters of adequate and fair compensation, safe and healthy working conditions and social integration in the work force are reported near to neutral level; and ironically the QWL parameter of constitutionalism at the work place is reported near to average. In labour oriented industry like Textile, workers comprise almost 85% of their total manpower strength, and if they perceive lower QWL, it's a warning bell for the textile units. The workers represent the single largest cohort in a textile unit, and their work life must be up to the mark, as these so-called 'bottom-line' people are

ultimately the soldiers taking care of the glooming bottom line of the business. So, well-planned and systematic efforts, with a long-term perspective, must be made based on the recommendations to improve the situation.

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To study factors affecting private brand labelling in garments in Surat city

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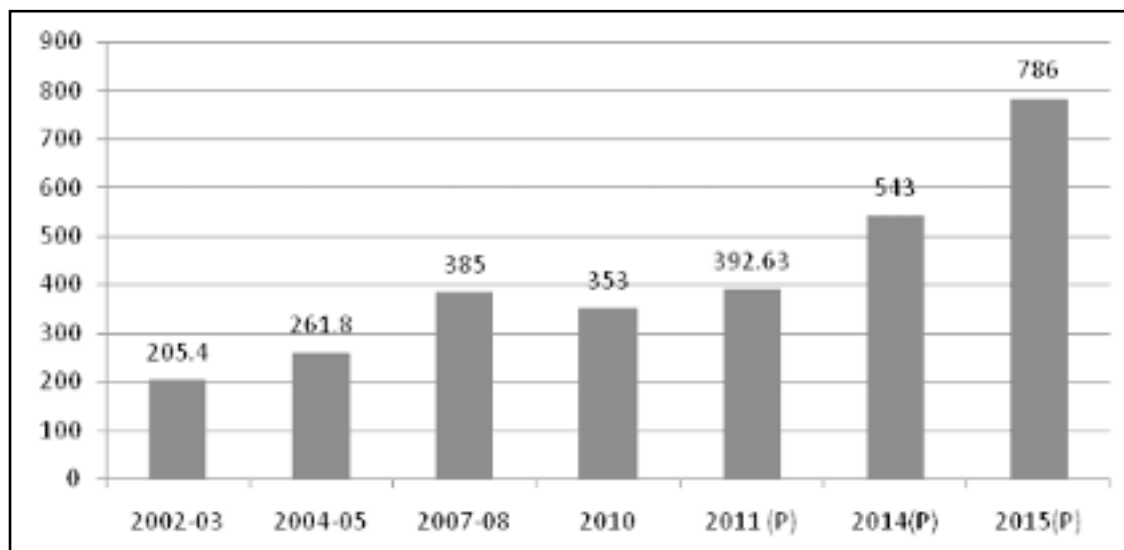
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Introduction

Retailing is a set of business activities that adds value to the product and service sold to the consumer for the personal or family use.

The Indian retail industry has grown at a Compounded Annual Growth Rate (CAGR) of 13.3 percent for the period year 2006-2010. India's retail market, valued at US\$ 353 billion in the year 2010, is projected to grow at a rate of 12 per cent per annum and is projected to reach at US \$ 543 billion by the year 2014 according to the report of IBEF 2010. Rapid urbanization, changes in shopping pattern, demographic dividend and pro-active measures by the Government are abetting the growth of the retail sector in India.

Figure 1: Indian Retail Market Growth (2002-03 to 2015E)



(Source: IBEF Retail September -2009 and November -2010)

The Indian retail sector is highly fragmented with 95 percentage of its business being dominated by unorganized retailers like traditional family run stores. The organized retail is at an emerging stage with the current penetration of 5 percent compare to 85 percentage of USA. Though the figure of 5 percent is not impressive but on the side it also represents that India Organized retail industry is having huge potential to grow in near future.

Private label brands

Private label brands, also known as store brands, refer to those brands that are owned by, and sold through, a specific chain of stores. These products are typically manufactured by a third party (contract manufacturer) under license. The private label revolution was first observed in Europe and Canada. Private label brands then appeared in South Africa in 1956 when Raymond Ackerman introduced a no-frills brand to the market through his fledgling chain of Pick n Pay stores (Prichard, 2005). This range offered commodities to the market at lower prices than was possible through manufacturer brands. This served the purpose of defeating the regime of a small number of powerful retailers and suppliers who had been engaging in price fixing as the order of business.

Players in private label brands

In India organized retailers like Bharti Retail, Aditya Birla Group, Shoppers Stop, Mega marts, Nilgiris, Pantaloon Retail India Limited and

Godrej are some the important retailers who have come out with private labels

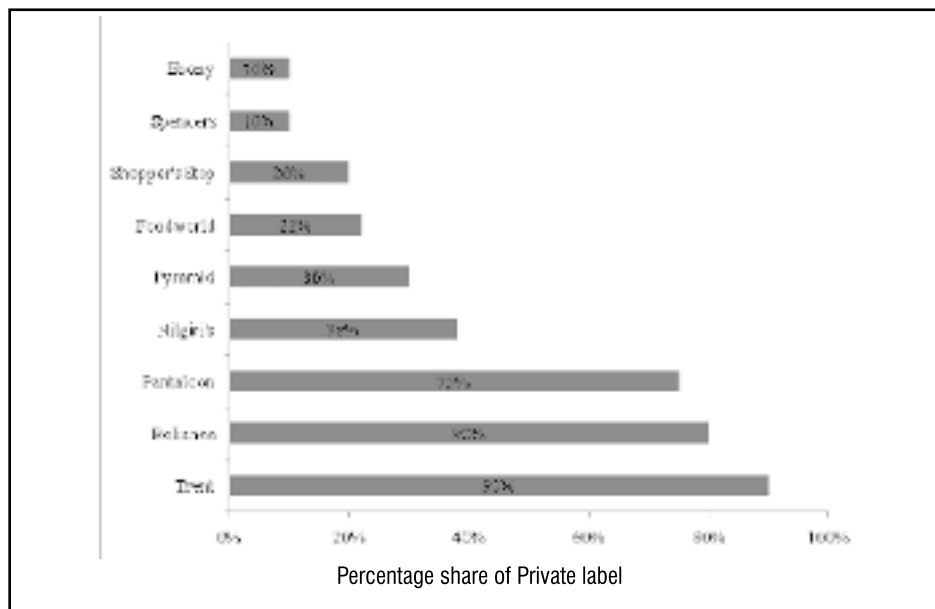
Bharti Retail: Bharti Retail, Wal-Mart's joint venture partner in India, have bought eight private label in total including Great Value line of food (flour, dry fruits, spices, cereal, and tea), George Apparel. The Private Label lines are going into the Cash & Carry format (Best Price Modern Wholesale) and discount convenience (Easyday). Equate, a brand for pharmacy and health and beauty items, has been introduced only in the hand wash category as of now in Easyday stores. Other Wal-Mart private labels introduced in India include Home Trends (home furnishing), Mainstays (plastic containers, kitchen accessories), Kid Connection (toys, clothing), Faded Glory (footwear) and Athletic Works (athletic shoes, equipment), Astitva, a line for Indian ethnic wear.

Aditya Birla Group: More retail outlets from Aditya Birla Group offers Feasters brand (fruit squash, biscuits, fruit syrup, Instant Fruit Mix Powder, Noodles), More Brands (various grocers), 110 Per Cent (toilet cleaners, detergents, soaps,) and Paradise Room and Air Fresheners, AU79 (Deodorant) and Fresh-O-Dent toothpastes and toothbrushes.

Shoppers Stop: Shoppers Stop offers Kashish, Haute Curry, Vettorio Fratini and Elliza Donatein private labels in its products offerings. 'Life' T-shirts for men, while 'Stop' as ladies western wear.

Pantaloon Retail India Limited: Pantaloon Retail India Limited, offers Fresh n Pure, Clean mate, Tasty Treat, Caremate, Sach brands in food and FMCG. DJ&C, Kinghood, John Miller brands in men's apparel, Tasty Treat in food segment, in the baby diapers segment Care Mate; the Electronic Bazaar offers refrigerators, washing machines, air conditioners, fans, toasters, kitchen mixies in the brand name KORYO.

Figure 2: Depth of Private Label by Retailers in India



(Source: Images Retail Report 2009)

The highest penetration of private label brands is by Trent at 90%, followed by Reliance at 80% and Pantaloons at 75%. Big retailers such as Shoppers Stop and Spencer's have a penetration of 20% and 10% respectively. Globally, store brands constitute nearly 17% of retail sales. In fact, international retailers such as Wal-Mart and Tesco have 40% and 50% of in-house brands in their stores

Private labels are a win-win for both retailers and consumers. According to Salil, Customer Care Associate & COO, Shoppers Stop Ltd. "Private labels are highly profitable. The profits earned from them are almost double than those from the third-party brands. Retailers can achieve high profit margins from private labels. Private labels also help retailers to differentiate themselves in the market. Consumers are also in benefit as they are also purchasing competitive priced products that meet fairly good standards for quality. Penetration of private labels in emerging market is expected to be around 6 percent of total retail sales (Source: Indian Retail Report), which in India is estimated to be around 10-12 percent. But in India, this concept is still at a nascent stage.

Indian consumer still hesitates to purchase private label products. In India, private labels are becoming a major component of retailers' long-term strategies encompassing product development and sales. Private labels offering competitive pricing proposition has helped

to generate interest and slow but steady acceptance from Indian Consumer.

Review of literature

Kuhar, A ; Tanja Tic (2007) studied Attitudes towards private labels – example of a consumer sensory evaluation of food in Slovenia. The objective of the study was to extend the understanding of consumers' perception of private labelled food products in Slovenia. Consumer sensory test of sour gherkins was conducted in two experimental conditions where the effect of brand information on hedonic judgment was examined. The difference between private label and producer label products was especially scrutinized. They found that consumers in Slovenia perceive private labels as a lower price alternative of comparable quality to producer brands. They also found that disposable income and family size were major contributor towards purchase of private label brands.

Labeaga et al. (2007) contend that private labels help building loyalty by differentiating the retailer. These brands are available at one retailer exclusively whilst manufacturer brands are available at many competing outlets. Regular consumers of private label brands are confronted with psychological costs when switching retailers as their preferred private label choice is no longer available. As a result, consumers who change retailers undergo demanding cognitive processes by evaluating other brands, including unfamiliar store brands, in choosing a new product. Thus, research indicates that consumers who purchase private label brands regularly do not only become loyal to that particular brand but also to the retailer through which it is sold (Collins and Burt, 2003).

Walker (2006) suggests that due to relatively lower prices, consumer quality perceptions are negatively impacted. Private label brands are thus frequently seen as inferior quality alternatives. This is reiterated by De Wulf et al. (2005) who suggest that consumers perceive manufacturer brands to be superior to private label brands. Yet, Verhoef et al. (2002) present a contrasting opinion on consumer quality perceptions of private label brands, contending that consumers do indeed promote a positive attitude towards these brands.

According to Quelch and Harding (1996), private label share is inversely related to economic strength. Therefore, when the economy is thriving, a smaller proportion of private label brand products are purchased. Additionally, Nandan and Dickinson (1994) inferred that during economic recessions, popularity of private label products increases. Lamey et al. (2007) note, however, that the effects of economic fluctuations are non-symmetrical in terms of growth versus contractions.

Nair, L. studied Private Labels Brands In Food & Grocery: The

Changing Perception of Consumers & Retailers in India- A Study in the Pune Region. The objective of study was to analyze unique PLB associations in the minds of consumers so as to measure the customer loyalty, consumer preferences and shopping behavior, and thereby add to retail brand equity. The researcher has prepared a structured questionnaire and done survey of 225 consumers of top retail chains in the food and grocery segment in Pune district of Maharashtra. Non-probability sampling has been used to collect data. The researcher found that majority of respondents have neutral attitude towards PLB and the major reason to purchase PLB was perceived quality followed by Accessibility of product. Respondents have negative attitude towards the packaging of PLB.

Objectives of study

- To study the factors influencing purchase of Private Labels Brands (PLB) in garments in Surat City.
- To study the impact of demographic factors on the purchase of PLB in garments in Surat City.
- To study the attitude of respondents towards PLB garments in Surat City.
- To study the reason for not purchasing PLB garments in Surat City.

Hypothesis

- H₁: The purchase of private labelling branded garments is independent of Age.
- H_{1A}: The purchase of Private Labelling branded garments is not independent of Age.
- H₂: The purchase of private Labelling branded garments is independent of income.
- H_{2A}: The purchase of private Labelling branded garments is not independent of income.
- H₃: The purchase of private Labelling branded garments is Independent of Occupation.
- H_{3A}: The purchase of Private Labelling branded garments is not Independent of Occupation.
- H₄: The factors affecting the purchase of private Labelling branded garments are same.
- H_{4A}: The factors affecting the purchase of private Labelling branded garments are not same.
- H₅: The attitude of respondents is positive towards private Labelling branded garments.
- H_{5A}: The attitude of respondents is not positive towards private Labelling branded garments.

Methodology

The Study: The present study is empirical in nature and tries to examine the factors affecting purchase of private labeling brand garments.

Scope of Study: The present study has been conducted in Surat City. The study confines the private label brands sold by Big Bazaar, Pantaloons, Westside and Dhiraj Sons. The survey has been conducted by considering people of Surat City as sample.

The Sample: The sample was taken from Surat city. The sample size for the study was 250 units. The researcher has collected data with non probability convenience sampling method.

Tools for Data Collection

In order to measure the attitude of people towards private labelling garments, various attributes related to private labeling brands have been identified with the help of literature review. The researcher has done pilot testing of 50 units and as per requirement the questionnaire has been modified. The questionnaire has been prepared in two sections. The first section includes the demographic information related to participant and second section involves questions related to attitude of people towards private labeling brands in garments. The researcher has used 5 point Likert scale where 1 indicated highly important and 5 indicates not at all important.

Tools for Data Analysis

The collected data were analyzed with the help of Statistical Software and Chi-Square test and Cross- tabulation has been done to analyze collected data. The researcher has done study with 95 percent of confidence level. That is when p-value is less than 0.05 the null hypothesis is rejected.

Result and Conclusion

The present study revealed that the purchase of private labelled branded garments is dependent on age only. As 20 percent of respondents between the age of 41 to 55 prefer to purchase private labelling branded garments while 18 percent of respondents of the age group of 18 to 25 years. The purchase of private labelled branded garment is independent of income and occupation.

Further the study also revealed that the most important factor affect the purchase of private labelled branded garment is the trust that people have towards branded garment followed by perceived quality and wide availability of private labelled branded garment. While the factors which have less impact on purchase of private labelled branded garments are its advertisement and sales promotion activities.

The study also revealed that majority of respondents (54 percent) who has purchased private labelled branded garments have positive attitude towards private labelled branded garments; followed by 32 percent respondents who have neutral attitude towards private labelled branded garments while 15 percent of respondents have negative attitude towards private labelled brand garments.

Among the respondents who don't prefer to purchase private labelled branded garments, the major reason was the value for money not provided by private label branded garments (mean 2.07) followed by high cost of garments (mean 2.43). It can also be concluded that the awareness of private labelled branded garments is very good and availability of private label brand garments is also high in Surat.

Also the attitude of respondents towards the packaging of PLB in garments is neutral. Though they felt that as store provide the free gift packaging of garment, it is beneficial to gift PLB garment as it will save the charge of packaging.

Suggestion

Companies selling private labelled branded garments must focus on variety of garments for all the age groups. At the same time they should provide garments who justify its value for money. Also companies should reduce the price to attract price sensitive customers. Companies should also improve the packaging of PLB garments so that they can attract more customers as studies also revealed that packaging is one of the tools to improve sales.

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ANNEXTURE

Table: 1 Impact of Demographic variable on Purchase of Private Labelled Branded Garment

Sr.	Demographic Variable	Chi Square Value	p-value	Null Hypothesis Status
1	Age	8.014	0.046	H ₁ is Rejected
2	Income	2.46	0.482	H ₂ Cannot be rejected
3	Occupation	2.931	0.402	H ₃ Cannot be rejected

Table: 2 Cross- Tabulation between Age on Purchase of Private Labelled Branded Garment

Age	Purchase	Do not Purchase
18 to 25	45	19
26 to 40	24	28
41 to 55	50	36
Above 55	32	16
Total	151	99

Table: 3 Attitude towards Private Labeled Branded Garment

Attitude	Frequency
Positive	82
Negative	22
Neutral	47

Table: 4 Reason for not purchasing Private Labeled Branded Garment

Factors	Mean
High Cost	2.43
Less Availability	3.78
Poor Fitting	4.05
Lack of Awareness	3.49
Replacement Problem	3.81
Value for Money not Achieved	2.07

Table 5: Factors Affecting Purchase of Private Label Branded Garments

Factor	Mean
Perceived Quality	2.25
Accessibility of Product	2.77
Price Charged	3.25
Trust in Brand	1.91
Availability of product	3.75
Advertisement	4.02
Sales promotion	3.96
Replace facility	3.09



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Brand Loyalty of Consumer towards the Personal Care Segment: A Descriptive Study

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Abstract

The present paper is an endeavour to study brand loyalty and factors of competitive advantage that influence brand loyalty. With the highly dynamic global marketing system and the increasing importance of specialized products, the position and worth of brands has also increased. Each brand tries to provide a competitive advantage to its customers so they buy the product the first time and then keep buying it. A quantitative survey, which sheds more light on this research issue, was conducted in the NCR (Northern Capital Region) by using a well structured questionnaire. The data collected was then analyzed by different statistical tools such as weighted average method, ranking etc. This study explores that some factors positively affect the brand loyalty, namely price of a product and the promotional offers along with product, while some of them have no affect on the consumers' brand loyalty, like the products' packaging, the easiness of use and disposal of products.

Keywords : Brand Loyalty, Competitive Advantage, Consumers.

Introduction

The emergence of a highly dynamic global marketing system and the increasing importance of the branded products in the world have brought people on the verge of changing their perspective on shopping for products. People have become brand savvy which means that people not only buy branded products but they are inclined to buy the same brand product again and again, remaining loyal to one company and its products.

The research is directed towards the brand loyalty and the factors influencing it. The creation and maintenance of the position of a strong brand is a tremendous challenge everywhere, especially in India's Personal Care industry because consumers have many choices around them. Consumers can immediately switch from one brand to another if they don't find the product features they were looking for, or if they do not get the required or perceived satisfaction from the brand that they use. There is rigorous and intense competition among the brands in the Indian personal care market as a result of presence of many Indian as well as global brands.

The American Marketing Association defines brand loyalty as 'the

situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category' or 'the degree to which a consumer consistently purchases the same brand within a product class'. Trying to define the term, Aaker (1991) considers that brand loyalty reflects 'how likely a customer will be switching to another brand, especially when that brand makes a change in price, product features, communication, or distribution programs'. Oliver (1997) has presented a conceptual framework of brand loyalty that includes the full spectrum of brand loyalty based on a hierarchy of effects model, with cognitive, affective, conative (behavioural intent) and action (repeat purchase behaviour). Finally, customer loyalty is reflected by a combination of attitudes (intention to buy again and/or buy additional products or services from the same company, willingness to recommend the company to others, commitment to the company demonstrated by a resistance to switching to a competitor) and behaviours (repeat purchasing, purchasing more and different products or services from the same company, recommending the company to others).

Traditionally, marketing has focused on market share and customer acquisition rather than on retaining existing customers and on building long-lasting relationships with them (Kotler, 2003). More recently, however, market share has been gradually losing its revered status as marketing's holy grail and the wisdom of focusing solely on customer acquisition (hoping that this effort will compensate for high levels of defection) is now being seriously questioned and considered as a very high risk since ever more players enter an increasingly crowded marketplace (Baker, 2000). In response to these changes there has been a new emphasis on defensive marketing, which focuses on holding on to existing customers and getting more customer from them (higher 'share of customer') in contrast to activities which focus on winning new customers. Calls for a paradigm shift to the pursuit of loyalty as a strategic business goal have become increasingly popular over the recent years (Sharp & Sharp, 1997).

Background of India's Personal Care market

Personal care category in India is valued at Rs 54.6 billion. An

average Indian spends 8% of his income on personal care products. Personal care mainly consists of Hair Care, Skin Care, Oral Care, Personal Wash (Soaps), Cosmetic and Toiletries and Feminine Hygiene. Till 2002-2003, Personal care products, except those in oral care category, were regarded as luxury items, and attracted a high excise duty of 120%. But the taxation reforms in India after 1991 have lowered the excise duty rates that make these products more affordable. It is divided into two segments:

- The premium segment
- The popular segment

The premium segment caters mainly to urban high class and upper middle class, and is more brand conscious and less price sensitive. The popular segment caters to mass segments in urban and rural markets; prices here are around 40% of the premium segment prices.

Growth

With the increase in rural income and improvement in distribution network (i.e. road development projects), the penetration levels are set to increase. Since the consumption level in urban areas is already high in most of the categories, the growth can come only from deeper penetration and higher consumption in rural areas. In the year 2005-06, the sector witnessed growth because of the increase in consumer demand from urban and rural areas. In addition to demand, prices also went up. Also, with the increase in disposable income, some consumers have moved up in the value chain. The growth for FMCG (Fast Moving Consumer Goods) products in February 2006 was the highest in 5 years. The proportion of the consuming class to total households will touch 46% by FY07 from 17.4% in FY95, estimated by National Council for Applied Economic Research (NCAER).

The market size and the major players are shown in Table 1.

Table 1: Market Share of Personal Care Segment

Category	Market share (In billions)	Major Players
Skin Care	13	HUL
Personal Wash	46	HUL
Hair care	28	Marico
Oral care	23	Colgate

(Source: CII, 2009)*

In India, the per capita consumption of almost all the products is amongst the lowest in the world. For example, the average consumption of toothpastes is around 320 gms in the world but in India it is 107 gms. In Thailand, Mexico, and USA it is 262 gms, 376 gms, and 518 gms respectively. As Indian consumers catch

up with modern practices of personal grooming in more developed countries, manufacturers are expected to bring more sophisticated products from their international portfolios to India

Literature Review

Rossat et al. (1999) have warned that 'Customer satisfaction is not necessarily customer loyalty' and have highlighted the rather complex, not to say elusive, nature of customer loyalty. If a loyal customer is a satisfied customer, this does not dictate that a satisfied customer is loyal. The success of a firm depends principally on its capability to attract consumers towards its brands making it vital for the survival of a company to retain its current customers, and to make them loyal to the brand.

Firms' selling brands with a high rate of loyal consumers have a competitive advantage over other firms. Brand loyal consumers reduce the marketing costs of the firm as the costs of attracting a new customer have been found to be about six times higher than the costs of retaining an old one (Rosenberg and Czepiel 1983). Moreover, brand loyal consumers are willing to pay higher prices and are less price sensitive (Reichheld and Sasser1990; Krishnamurthi and Raj 1991). Brand loyalty also provides the firm with trade leverage and valuable time to respond to competitive moves (Aaker 1991). All in all, loyalty to the firm's brands represents a strategic asset which has been identified as a major source of the brands' equity. Depending on the particular industry, it is possible to increase profit by 60% after reducing potential migration by 5% (Reichheld 1993). Hence one can see that the increase and retention of loyal customers has become a key factor for long-term success of the companies. The main prominence in marketing, over the years, has shifted from winning new customers to the retention of existing ones.

The Concept of Brand Loyalty

'A brand is a set of mental associations held by the consumer, which add to perceived value of a product or service' (Keller, 2003). These associations should be unique (exclusivity), strong (saliency) and positive (desirable) (Kapferer 2004). A Corporate brand can also be said to be a strategic tool as it creates a competitive advantage in the marketplace through enhancing organizations uniqueness (Balmer & Greyser, 2007).

An everlasting urge to uncover 'the strategy' of building brand loyalty has been motivating marketers for decades. If the basic marketing point of view is considered, Kotler (1994) defined that brands imply a few meanings to the consumers such as.

1. **Attribute:** The purpose or function that a product brand provides.
2. **Benefit:** The help and benefit provided by the firm to its consumers, which is converted by the attributes of the product

3. **Value:** Both physical and mental values that the brand provides to its customers.
4. **Culture:** The reflection of an organization's image and equity is done through its brand.
5. **Personality:** The brand has some unique features that combine to form its unique personality with certain characteristics.
6. **User's self-image:** And last but not the least the brand reflects or is consistent with the consumer's self-image.

Brand loyalty has always been known to bring affirmative accomplishments for the company including larger profits and greater market shares. The Firms that have large groups of customers who are loyal tend to have large market shares, and large market shares in turn show associated high rates of returns (Buzzell et al., 1975; Raj, 1985; Reichheld and Sasser, 1990).

Factors affecting customer loyalty

Satisfaction: Several studies have revealed that there exists a direct connection between satisfaction and loyalty: satisfied customers become loyal and dissatisfied customers move to another vendor. A number of researchers have projected and established empirically that if consumers are satisfied with the promoted brand, their satisfaction is reinforcing and leads to an increase in the probability of choosing the brand again after the promotion is withdrawn which is in fact true brand loyalty, particularly for previous non-users of the brand (Rothschild and Gaidis 1981; Kahn and Louie, 1990).

Trustworthiness: Morgan and Hunt (1994) hypothesize that trust is a major factor that influence relationship commitment in continuum brand trust leads to brand loyalty. According to Chauduri and Holbrook (2001) brand trust is directly related to both purchase and attitudinal loyalty. Trust shown by the customers is an important factor that helps the organization to sustain even during the time of uncertainty (Dwyer et al. 1987; Moorman et al. 1992; Doney et al. 1997). According to Morgan and Hunt (1994) brand trust leads to brand loyalty because trust creates exchange relationships that are highly valued. Chauduri and Holbrook (2001) found that brand trust is directly related to both purchase and attitudinal loyalty.

Image: Consciously or unconsciously customers use their preferences to project their own self image. According to the Belk's theory of extended self, people define themselves by the possessions they have, manage or create (Belk 1988). Consumers prefer brands with personality traits that are congruent with the personality traits that represent their self schemas (Aaker 1999) brand loyalty is also influenced by attractiveness of the brand personality (Kim et al. 2001) and the extent to which it enhances the self image (Tidwell and Horgan,

1993). Oliver (1999) argues that for fully bonded loyalty the consumable must be part of the consumer's self-identity and his or her social identity.

Switching cost: Switching cost is defined as the additional cost required to terminate a current relationship with a product and to secure an alternative product (Porter, 1980), or, in other words, consumer perception of the time, money, and effort related to changing a brand or a product (Jones et al., 2000). The switching costs for changing cosmetics and toiletries do not only fall under the category of financial or monetary cost. These costs can be long lasting because when it comes to cosmetics and toiletries people only tend to buy what they trust, and they also feel that if they choose a light costing brand in comparison to the brand that they use, it may cost them a lot more than only money.

Available alternatives: Muncy (1996) says that in the absence of the perceived differences between the product and its alternatives, there is difficulty in building brand loyalty. Dick and Basu (1994) also maintain this point of view that when a customer is unable to make a distinction between one product and its alternatives, or if he sees very little difference in the options available then the true brand loyalty could not be built.

Price promotions: A few brand loyalty studies found out that price promotions as the antecedents of brand switching behaviour (Rothschild and Gaidis 1981; Winer 1986; Bawa and Shoemaker 1987). They agreed to the fact that price promotions tend to boost sales in the short term.

Family background or Pedigree: Many researchers found that lineage or usage of a particular brand in a family is an antecedent of brand loyalty (Moore-Shay and Lutz, 1988). They reported that mother and daughter had shown same brand preference and shopping strategy. This is one of the very important factors when it comes to cosmetics and toiletries because people tend to use the same brands that they had been always using or people in their family had been using. And this is an important factor influencing brand loyalty.

Holding stock with the company: Schoenbachler et al. (2004) explained in their research which was conducted with 500 individual investors that they do tend to buy brands from companies in which they hold stock or shares and investors may buy stock in a company because they have experience with the brand or they are loyal to that brand. The findings of this research were held regardless of the type of industry or product of which the brand falls in. May it be retail, consumer products, consumer services, technology, consumer technology or any other industry in which the stock was held, there was an inclination to be loyal to the brand if the stocks of that company were owned by the customer.

Size and structure of the market: Bandyopadhyay et al. (2005) explained in their research article that compared with the large brands, not only do the small brands attract fewer customers but also their customers buy them less frequently. This twin disadvantage of the less popular brands is termed 'double jeopardy'. So one of the factors that influence brand loyalty is the size of the market or brand. People will obviously tend to trust the brand that is larger in size and is well known. The research findings of Anshuetz (1997) support the theory that the dominant brands provide excellent returns in terms of economies of scale as well as solid cash flows.

Research Objectives

The objectives of this study were:

- (1) To understand the factors that influence repeat purchase of a particular brand and similarly find out the reasons for brand switching behaviour among the consumers.
- (2) To find out the relationship between different age groups and amount of expenditure on personal care products.
- (3) To explore the importance of different factors influencing brand switching behavior among consumers and the sources of information influencing consumers purchase decisions.

Research Methodology

The research methodology for the present study is based upon descriptive research design. Researcher has used Stratified Non Probability Sampling method. For this purpose, a questionnaire (Annexure-I) was designed from the review of previous studies and pre-tested it with a pilot survey which was conducted among 10 respondents. It helped in controlling the response bias and increased the reliability of final questionnaire. Then the researcher collected responses of 150 respondents from the NCR in April 2011. Firstly, the respondents were made aware about the purpose of study and then they were requested to give their unbiased responses.

Data Analysis

The data analysis was done to draw out conclusions from the data to present the answer to the statement of the problem. The data analysis in this case was done by first showing and placing the data in the sample frequency distribution of members against the possible responses given in the questions. It was tried to establish a relationship between the age group of the consumers and the amount of monthly household income spent on the personal care products to help determine a trend. This was done by way of using the cross-tabs function in SPSS software. Similar relationships were established between the age of the respondents and the importance of different factors influencing repeat purchase of a brand and the sources of information influencing consumers purchase decisions.

Hypothesis: Two hypotheses perceived for the study as follows:

H1: Price is associated with the level of promotions.

H2: Product Design is associated comfort of using the product.

Attributes of a product in the Personal care segment influencing consumer's decision to purchase the brand: The respondents were asked to give their preferences on the attributes which influenced them to make the decision to purchase products in the personal care segment of the products on a scale of 10 as 10 depicting always, 6-9 being mostly, 5 being neutral, 1-4 being sometimes and 0 being never that influenced.

Table 2: Attributes influencing purchase decision

Parameters	Price	Promotional packages	Product Package Design	Comfort of using the product	Easiness of usage and disposal of the product	Fragrance of the product
Always	56 (37.3)	10 (6.7)	21 (14)	--		6 (4.0)
Mostly	76 (50.7)	76 (50.7)	78 (52)	--	4 (2.7)	56 (37.3)
Natural	--	28 (18.7)	30(20)	56 (37.3)	60 (40.0)	46 (30.7)
Sometimes	18 (12)	20 (13.3)	21(14)	49 (32.7)	40 (26.7)	39 (26)
Never	--	16 (10.7)	--	45 (30.0)	46 (30.7)	3 (2.0)
Total	150	150	150	150	150	150

Note: Values in parenthesis show percentage

Interpretation: The first attribute or characteristic was the price of a product. The respondents were asked if price was the factor which influenced them to make the decision to purchase products in the personal care segment. Out of the 150 respondents, 56 stated that price always affects their purchase decision. A majority of 76 respondents showed that price mostly affects their decision and a small number of 18 respondents seem to feel that price only sometimes affects their purchase decision. No respondents showed that price had a neutral affect and nor did it never be a considering factor that influenced their purchase decision in the personal care segment.

The second attribute or characteristic was the promotional packages available with the products in the personal care segment. 10 respondents felt it always affected their decision, a majority of 76 recorded mostly as a response, 28 respondents were neutral about promotional packages affecting their decision, 20 felt that it sometimes did affect their decision, while 16 said that promotional packages along with products never induced them to purchase a product in the personal care segment.

The next attribute was the products' package design. The respondents were asked if the products' package design in the personal care products was the factor which influenced them to make the decision to purchase that product. 21 respondents said always, majority of 78 respondents said mostly regarding the same, 30 respondents were neutral while 21 of the respondents stated that products' package design sometimes influences their buying decision, None of the respondents felt that the packaging never affected their decision.

The next attribute was the product being suitable to the skin type i.e. comfort of using the product as the reason to choose the products in the personal care segment. The respondents were asked if the comfortness of the product and it being suitable for the skin type of the respondent was a factor which influenced them to make the decision to purchase that product. None of the respondents chose always or mostly as an option. 56 respondents were neutral about comfort being an important factor in making a purchase decision, 49 said it only affected their decision sometimes and 45 felt that comfort never really affected their decision to purchase the product.

The next attribute was the easiness to use and easy disposal of the products in the personal care segment. The respondents were asked if the easy to use and disposal nature of the products was the factor which influenced them to make the decision to purchase that product. None of the respondents completely agreed to this factor, 4 of them said that mostly this aspect was kept in mind while making the purchase decision, 60 respondents were neutral, 40 respondents felt that it affected their decisions sometimes and 46 respondents felt that easiness of usage and disposal of a product was never in the consideration set while making the purchase decision about a product in the personal care segment.

The next attribute was about the fragrance of the products in the personal care segment. The respondents were asked if the fragrance was the factor which influenced them to make the decision to purchase that product. 6 respondents completely agreed to this factor, 56 of them said that mostly this aspect was kept in mind while making the purchase decision, 46 respondents were neutral, 39 respondents felt that it affected their decisions sometimes and 3 respondents felt that the fragrance of the product was never in the consideration set while making the purchase decision about a product in the personal care segment.

Table 3: Means, S.D and Zero Order

	Mean	S.D	1	2	3
Price	6.87	0.98	1.00		
Promotions	5.91	0.99	0.05	1.00	
Product Design	5.46	1.46	0.20	0.36	1.00
Comfort for Using	5.58	1.60	0.19	0.23	0.92

P<0.001

Table 3 reveals that Price is associated with promotion of the products. This is to say that there is a strong association between Price and promotions of the product in personal care segment. Similarly Product design is significantly associated with comfort for using the product.

Level of important of each in influencing repeat purchase of a particular brand: The respondents were asked as to which factor was more important to them in influencing repeat purchase of a brand. Once the responses were noted down and entered in the data sheet, their respective weighted sums were calculated. The reason for calculating weighted sum is that the items/attributes under consideration have different levels of importance. Rank 1 is the most important and hence has the maximum weight i.e 7. Similarly, Rank 2 has a weight of 6, Rank 3 has a weight of 5 and so on. Finally, Rank 7 has a weight of 1 since its level of importance is the least as compared to the other ranks.

Table 4: Table depicting the weighted sums of different attributes influencing repeat purchase

Attributes/Ranks	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	
Popularity of the Brand	0	0	0	8	15	79	48	
Variety Available	5	0	12	4	56	38	35	
The brand has endorser/ celebrity	31	0	44	10	27	19	19	
Quality of the product	19	24	23	68	6	6	4	
Price of the product	48	67	35	0	0	0	0	
Availability of the product	23	8	27	29	23	0	40	
Utility of the product	24	51	9	31	23	8	4	
Weights	7	6	5	4	3	2	1	Total
Popularity of the Brand	0	0	0	32	45	158	48	283
Variety Available	35	0	60	16	168	76	35	390
The brand has endorser/ celebrity	217	0	220	40	81	38	19	615
Quality of the product	133	144	115	272	18	12	4	698
Price of the product*	336	402	175	0	0	0	0	913
Availability of the product	161	48	135	116	69	0	40	569
Utility of the product	168	306	45	124	69	16	4	732

Interpretation : *Table 4 revealed that the Price of the product is the most important attribute influencing repeat purchase of a particular brand.

Reasons for switching of brand : Respondents were asked to give reasons why they switching the brand. The analysis has been done to find out the most prominent reasons for switching the brand.

Table 5: Responses showing Reasons to switch to a new brand

Variables	Frequency	Percent
Increase in price	27	18.0
Promotional offers	32	21.3
Product Ingredients (user friendliness)	16	10.7
Convenience	30	20.0

Feedback from peers	45	30.0
Total	150	100.0

Interpretation: When asked the reasons for brand switching among the 150 respondents, Feedback from peers topped the list with 45 respondents choosing that as a factor to switch their brands. It is followed by Promotional offers offered by the brand and Convenience of product/brand availability with 32 and 30 respondents choosing these factors respectively. This is followed by the increase in prices of a brand which influence people to change their current brands and shift to new ones. The least preferred factor for shift of brand was user friendliness of the brand that the consumers are currently using.

Choosing Private labels: Respondents were asked to specify whether they are purchasing the private label brands in personal care segment or not. If they were given responses in yes then second questions asked those evaluating the reasons for purchasing these private label brands in this segment.

Table 6: Purchase of private labels

	Frequency	Percent
Yes	71	47.3
No	79	52.7
Total	150	100.0

Table 7: If yes, Why ? Responses of why consumers prefer private labels

	Frequency	Percent
Price	18	25.4
Promotional offers	20	28.2
Quality	5	7.0
Product Ingredients	2	2.8
Convenience	26	36.6
Total	71	100.0

Interpretation: The respondents were asked whether they would shift their purchasing decisions in favour of private labels/ in-house brands. Out of the 150 responses recorded, 71 accepted that they would not mind choosing a private label over a branded product while 79 respondents denied the use of in-house brands/private labels. The next graph depicts the reasons why the 71 respondents would like to choose a private label. The majority responses i.e. 26 were in favour of Convenience as a major factor for choosing private labels over branded products. 20 respondents said that promotional offers played an important role in making a choice, 18 chose Price as an important factor, while Quality of a product and the product ingredients were the least preferred factors with only 5 and 2 responses respectively.

Sources of information according to level of importance of each source in influencing the purchase decision of consumers : The respondents were asked as to which source of information was more important in influencing their purchase of a brand. The weighted sum was calculated for all these attributes. The reason for calculating weighted sum is that the items/attributes under consideration have different levels of importance. Rank 1 is the most important and hence has the maximum weight i.e 7. Similarly, Rank 2 has a weight of 6, Rank 3 has a weight of 5 and so on. Finally, Rank 7 has a weight of 1 since its level of importance is the least as compared to the other ranks. Once the frequencies are multiplied by the respective weights their sums are calculated and the attribute having the

largest sum is the most important of them all.

Table 8: different sources of information influencing purchase decision

Attributes/Ranks	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	
Friends/Peers	34	52	15	20	12	8	7	
Family	20	37	11	23	16	11	32	
Retailer	15	11	52	8	30	34	0	
Advertisements	29	27	20	52	3	11	8	
Packaging	20	7	20	3	40	11	49	
Magazines and/or newspapers	23	0	8	30	18	45	26	
Internet, Direct mailers	9	16	22	14	31	30	28	
Weights	7	6	5	4	3	2	1	Total
Friends/Peers**	238	312	75	80	36	16	7	764
Family	140	222	55	92	48	22	32	611
Retailer	105	66	260	32	90	68	0	621
Advertisements	203	162	100	208	9	22	8	712
Packaging	140	42	100	12	120	22	49	485
Magazines and/or newspapers	161	0	40	120	54	90	26	491
Internet, Direct mailers	63	96	110	56	93	60	28	506

Interpretation: **Table 8 depicts that Friends/Peers are the most influential factor affecting the decisions of the consumers.

Non availability of products first sought. The respondents were asked their reactions upon the non-availability of products that were their first choice. This was done in order to check their loyalty towards the brands viz a viz the convenience factor

Table 9: Responses for non-availability of products first sought

	Frequency	Percent
Purchase some other brand from the same shop/ store	61	40.7
Purchase the same brand from some other store	72	48.0
Wait for the shop/store to make that product available and then purchase it from there only	8	5.3
Not buy the product at all and substitute it for some other product	9	6.0
Total	150	100.0

Interpretation: Table 9, indicates that majority of 48% of respondents said that they would purchase the same brand from a different store. Almost 41% of respondents said that they would switch the brand they usually purchase but buy it from the same shop/store. 5% of the respondents said that they were willing to wait for the same store to make the product available and purchase from that store itself while 6% of the respondents said they would not buy the product at all and rather substitute for some other product.

Increase in price of most preferred brand: The respondents were asked their reactions upon the increase in price of brands currently being used by them. This was done in order to check their loyalty towards the brands viz a viz the Price factor

Table 10: Responses for increase in price of preferred brand

	Frequency	Percent
Shift to another brand	56	37.3
Still buy the same brand	51	34.0
Wait for discounts/schemes/ offers to buy that brand	43	28.7
Total	150	100.0

Interpretation: Table 10 shows that majority of 56 respondents said that they would shift their preference for another brand. It was closely followed by 51 respondents who said that they would still buy the same brand. While 43 respondents said that they would like to wait for discounts or promotional offers to purchase the same brand.

Relationship between the age and the amount of monthly income spent on Personal care products: A cross tabulation was done between the age of the respondents and amount of monthly family income spent on the personal care products in order to see a trend that might be relevant to provide a conclusive result to the study being undertaken

Table 11: The relationship between age and amount of monthly income spent on personal care products

	Monthly Expenditure				
Years	Less than Rs. 2000	Rs. 2000 - Rs. 4000	Rs. 4000 - Rs. 6000	Rs. 6000 - Rs. 8000	Total
Less than 18 years	0	5	0	0	5
18-23 years	0	20	9	0	29

23-30 years	1	35	15	3	54
30-45 years	1	27	14	1	43
More than 45 years	1	11	5	2	19
Total	3	98	43	6	150

Interpretation: The above table reveals that majority of the respondents chose to spend between Rs. 2000- Rs. 4000 monthly on these products and of these a majority of them belonged to the age group bracket of 23 years to 30 years. It can simply be concluded that younger age groups ranging from 23-30 years are avid spenders on personal care products. Besides that no other qualitative relationship can be interpreted from the data obtained.

Relationship between the age and reasons to switch to a new brand in the Personal care segment: A cross tabulation was done between the age of the respondents and reasons cited by them to switch to a new brand in the personal care segment in order to see a trend that might be relevant to provide a conclusive result to the study being undertaken

Table 12: Relationship between age and the reasons to switch to a new brand in the personal care segment

	Reason to switch to a new brand in the personal care segment					
	Increase in price	Promotional offers	Product Ingredients (user friendliness)	Convenience	Feedback from peers	Total
Less than 18 years	3	0	0	1	1	5
18-23 years	4	7	4	7	7	29
23-30 years	12	11	4	12	15	54
30-45 years	6	6	6	8	17	43
More than 45 years	2	8	2	2	5	19
Total	27	32	16	30	45	150

Interpretation: It is clear from the table that majority of the respondents chose feedback from peers as an important factor influencing their purchase decision and of these a majority of them belonged to the age group bracket of 23 years to 45 years. It can be concluded that a majority of the people in the younger age groups prefer to go for tried and tested products and wait for feedbacks rather than just purchasing products based on impulse decisions.

Relationship between the age and importance of sources of information in influencing the purchase decision in the Personal care segment: A cross tabulation was done between the age of the respondents and the importance of sources of information in influencing the purchase decision in order to see a trend that might be relevant to provide a conclusive result to the study being undertaken.

Table 13: Relationship between the age and importance of sources of information

	Sources of Information (Friends/Peers)							
Age	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Total
Less than 18 years	1	1	2	0	0	0	1	5
18-23 years	7	11	1	5	1	1	3	29

23-30 years	10	18	7	8	6	3	2	54
30-45 years	13	12	5	5	4	3	1	43
More than 45 years	3	10	2	2	1	1	0	19
Total	34	52	17	20	12	8	7	150

Interpretation: Table 13 depicts that majority of the respondents belonged to the age group bracket of 18 years to 45 years. It can be concluded that a majority of the people in this age groups prefer to go for tried and tested products and change their preferences and get influenced according to suggestions from their friends/peers.

Conclusions

Finally, this study concludes the topic of research after investigating and understanding the results thus found. It has been seen that there are many factors which affect the brand loyalty of consumers in the personal care segment. Some factors positively affect the brand loyalty, namely price of a product and the promotional offers along with product, while some of them have no affect on the consumers' brand loyalty, like the products' packaging, the easiness of use and disposal of products and so on. Some factors have a strong impact on consumers' choices, whereas some have a lesser impact and there are even certain factors which do not majorly affect the decisions and hence the consumers are indifferent towards them.

Personal care products are daily use products. People buy these products for hygiene reasons and also to look better. It does depend on their monthly income and savings that how much they spend on the personal care products. Upon careful examination, there might also be a relationship among the age and income spent on personal care products. On applying crosstabs, it was observed that a majority of the people in the age group bracket of 23-45 years like to spend exorbitantly on these products whereas the older age groups i.e. above 45 years of age have low amount of spending in comparison.

Factors like price of the product, promotional packages available with the product, products package design, comfort of using the product i.e. being suitable to the skin type, easiness of usage and disposal of product, fragrance and the variants available in the products are the characteristics of the product and are to a certain extent responsible for brand loyalty among consumers in the personal care segment. From the responses of the consumers, it was concluded that all these factors are considered by them while making the purchase decision and after reusing the product again and again they become loyal to it.

There are also certain factors that are responsible and bring out the brand switching behaviour among consumers, namely, price of the product, ongoing promotions for a product, product ingredients, the convenience with which the product is available, advertisements and feedback from peers about a particular product. All these factors may have a positive as well as a negative impact on the loyalty of the consumers. We saw that the convenience aspect was also relatively important for the consumers but feedback from peers was the most important and they do not mind switching to another brand on the suggestion from a friend/peer and in case a brand is not conveniently available, they do not have any issues in switching the brand. Price of the product is also a very important aspect. Although, the increase in prices of FMCG products does not impact the behaviour on a large scale, but it does affect the purchase pattern to a certain aspect.

In terms of the sources of information affecting and influencing the purchase decisions of consumers, it can be concluded that friends and peers are a very important source of influence. This might be due to the changing trends and people wanting to match each other's personality and probably outdo each other. Also, advertisements are an effective source of information, which affect the decisions made by consumers. These were closely followed by family opinions, direct mailers and internet, print media etc.

Also crosstabs have been used to analyse relationships among the age groups and various other factors namely importance of factors influencing brand switching among consumers and the importance of friends/peers as sources of information influencing purchase decisions. Mostly it has been observed that the consumers in the age group bracket of 18-45 years are the most active and always ready to experiment. They do not mind switching brands on the basis of reviews received from their friends or peers. Even though the rest of the age groups are also experimental in such aspects but the intensity is not the same.

Implications for further Research

The future researchers should expand the scope of the research by answering the same research questions in other markets and check if the same factors matter everywhere. The reason is this people around the world have different opinions and different cultures and trends make an impact on the different attitudes and judgments consumers have. Also a similar research in tier 2 or tier 3 cities may be carried out to gain extended insights on the same. This will also make the study more generalized. The sample size in the future studies should be a larger one. This study had a small sample size due to the time and cost constraint of the researcher. Moreover, a detailed study can be carried out considering different players in the Personal care segment and the consumer's perception towards them focusing on the personal care segment.

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A Study on Impact of M&A News on Price and Volume Traded of Top Automobile Companies Listed on BSE

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Abstract

Mergers and Acquisitions (M&A) are considered as a straightway gate pass for quick expansion. Companies have a tendency to adopt the path of M&A for availing economies of scale, economies of scope, enormous size and expansion of domestic and foreign market. Indian automobiles market is a witness to growing necessity. Indian companies are inclined to join hands with domestic partners to reduce competition and grab larger market share. Automobile majors often try to bond with foreign players especially for new technology and tapping the new market in home country as well as cross border country. It is believed that the stock market is a very sensitive market. Company specific news causes hiccups in the prices of the company specific shares. The synergistic benefits play a vital role in casting impact on price and volume. The present paper tries to evaluate the impact of news on price and volume of merged automobile companies in relation to evaluation of probable synergistic advantages accruing to the company post M&A.

Key Words : Bearish, Bullish, Mergers and Acquisitions (M&A), Winners Curse

Introduction

Indian corporate is having a sudden face lift through the quickest route of M&A. As the world is shirking to global village, M&A in the corporate world is receiving huge importance and attention. Due to competition become more severe, corporate are becoming wise to join forces or simply acquire the rival to provide most diverse service and to reach the last customers, generate higher value, avail tax gains, gain cost efficiency, higher market share etc (Finance Maps of World, n.d.). Stock market is a very sensitive market. The prices of listed companies in a stock market are affected by new information, uncertainty, fear, greed, supply and demand (Stockscores, n.d.). Price reflects all the information that is known about a company and their ability to make money in the future. As information about a company's prospects is made public, prices will change (Stockscores, n.d.). News information has a vital role to play. There is a fundamental notion in the market that when the news of merger comes out in the market the prices of acquiring firm reduces (Khatri, 2011). The paper tries to evaluate the impact of news on price and

volume of merged automobile companies in relation to evaluation of probable synergistic advantages accruing to the company post M&A.

Research Objectives

1. To identify the impact of M&A news on price and volume traded of automobile companies listed on BSE.
2. To compare and analyze the difference of closing price and volume of automobile shares after M&A with the price and volume of automobiles shares on the day of M&A.
3. To study the correlation between price and volume traded of shares of automobiles companies, after M&A.
4. To evaluate the company specific benefits for acquiring the target company.

Hypothesis

The objective was statistically tested through following hypothesis.

H₀1: Prices of automobile BSE listed companies do not differ significantly ten days pre and ten days post announcement of M&A news. H11: Prices of automobile BSE listed companies differ significantly ten days pre and ten days post announcement of M&A news.

H₀2: Volume of automobile BSE listed companies do not differ significantly ten days pre and ten days post announcement of M&A news. H12: Volume of automobile BSE listed companies differ significantly ten days pre and ten days post announcement of M&A news.

H₀3: The price of share post M&A announcement is equal to the closing price of share pre M&A announcement. (μ = Close price on the day of M&A). H13: The price of share post M&A announcement is greater than the closing price of share pre M&A announcement. (μ > Close price on the day of M&A).

H₀4: The volume of share post M&A announcement is equal to the closing volume of share pre M&A announcement. (μ = Volume traded on the day of M&A). H14: The volume of share post M&A announcement is greater than the closing volume of share pre M&A announcement. (μ > Volume traded on the day of M&A).

H₀5: There is no correlation between the price and volume of stocks traded of automobile companies after M&A. H₁5: There is a correlation between the price and volume of stocks traded of automobile companies after M&A.

Research Methodology

Descriptive research design was adopted for the study as the research had been based on secondary data. Website of CMIE Business Beacon was used as sampling frame. The website was surfed to select the top 20 automobiles companies. Website contained the list (names) of transport equipments which was further classified in the category as automobiles, commercial vehicles, passenger cars and multi-utility vehicles, two and three wheelers, diversified automobiles, automobile ancillary and other transports equipments. Sampling element mainly consisted of top Indian automobiles companies which had undergone M&A process in the duration of 2006 to 2011. Probability based three stage sampling technique was adopted for selecting the top 20 M&A automobiles deals. In the first stage of sampling technique auto ancillary companies, which did not belong to the core automobile sector, private limited companies which were not listed on BSE and companies in which joint ventures or strategic alliance took place, were not included for determining the sample size. In the second stage of sampling only those companies, which were of Indian origin were short-listed for the study. In the third stage non-probability purposive sampling technique was adopted to choose the sampling unit, only those automobiles companies which were listed on BSE, which went for M&A and when compared to their deal size was higher than other companies, were selected. The top deals of 20 short-listed automobiles M&A companies (as referred from CMIE-business beacon website) was cross compared and verified with various sources like, money control market news, data from newspapers like The Mint, The Economic Times, The Business Standard and The Financial Express was taken, in order to maintain the accuracy, authentication and appropriateness with respect to deal type and deal volume. The detail of sample size is as shown in Table 1.

Table 1: Sample Size Determination of Top 20 Automobiles M&A Deals

Deal No	Merged/Acquirer Cos	Target/ Seller Cos.	Deal Date	Deal No	Merged/Acquirer Cos	Target/Seller Cos.	Deal Date
1	Mahindra & Mahindra Ltd.	Aerostaff Australia	15/12/2009	11	Tata Motors Ltd.	Hispano Carrocera Sa	20/10/2009
2	Mahindra & Mahindra Ltd	Swaraj Automotives Ltd.	16/11/2011	12	Tata Motors Ltd.	Cedis Mechanical Engg. Gmbh	12/1/2006
3	Mahindra & Mahindra Ltd.	Ssangyong Motor Co.	23/11/2010	13	Tata Motors Ltd.	Miljo Grenland A S	14/10/2008
4	Mahindra & Mahindra Ltd.	Gippsland Aeronautics	15/12/2009	14	Bharati Shipyard Ltd.	Tebma Shipyards Ltd.	22/11/2010
5	Mahindra & Mahindra Ltd.	Punjab Tractors Ltd.	7/2/2007	15	Bharati Shipyard Ltd.	Swan Hunter Shipbuilding	16/04/2007
6	Mahindra Two Wheelers Ltd.	Kinetic Motor Co. Ltd.	30/07/2008	16	Eicher Motors Ltd.	British Motor Car Co. (1934) Ltd.	1/11/2006
7	Mahindra & Mahindra Ltd.	Reva Electric Car Company	26/05/2010	17	Eicher Motors Ltd.	Hoff & Associates	25/04/2007
8	Mahindra & Mahindra Ltd.	Jeco Holding A G	28/09/2006	18	Ashok Leyland Ltd.	Optare Plc	29/07/2010
9	Tata Motors Ltd.	Ford Motor Co.	2/6/2008	19	Taneja Aerospace & Aviation	Taal Technologies Pvt. Ltd.	28/10/2009
10	Tata Motors Ltd.	Trilix Srl	4/10/2010	20	Force Motors Ltd.	Man Force Trucks Pvt. Ltd.	8/05/2006

(Source: Author's Compilation)

The sample size of top 20 automobiles M&A deals could be classified based on company as Mahindra & Mahindra Ltd. (Eight deals), Tata Motors (Five deals), Bharati Shipyard Ltd. and Eicher Motors Ltd. (Two deals each) and one deal each in Ashok Leyland Ltd., Force Motors Ltd. and Taneja Aerospace and Aviation Ltd. The period starting from 2006 to 2011 was sample duration for the study. BSE listed automobiles companies which announced M&A, their price and volume 10 days prior to M&A and 10 days post M&A was tracked for analyzing the impact of news. Khatri's (2011) empirical paper was considered as base for this study and the duration of 10 days

prior to and post announcement of M&A was chosen in reference to the same paper. As the study of price and volume, is based on the analysis of news impact of M&A in automobiles sectors, only secondary data was used in the research.

The secondary data was collected from various sources like newspaper, magazines, books, periodicals etc. Websites especially of Bombay Stock Exchange (BSE), money control, Center for Monitoring Indian Economy (CMIE), business beacon were referred for gathering data. Data was also retrieved from Ace Analyzer and Capitaline databases. Data was managed through Statistical Package for Social Sciences (SPSS 17) and Microsoft Excel 2003. Inferential statistics like repeated measure t-test, single sample t-test and covariation was applied for analysis. Frequency table was also used for conducting analysis. The major limitation of the study was that more companies could have been taken for study. Time horizon in selecting the sample and enlarged event window could have been expanded and different sectors could have been used for analysis.

Impact of M&A News

It is a practical belief that share prices and volume tend to react on the news. A momentum is observed in the share prices and volume on account of good news or bad news. Depending on how investors and traders view the news of M&A, it causes a considerable impact in the price and volume of the shares of the acquiring company. To measure the impact of news on price and volume following hypothesis was framed.

Impact of M&A News on Price

H_0 : Prices of automobile BSE listed companies do not differ significantly ten days pre and ten days post announcement of M&A news.

H_1 : Prices of automobile BSE listed companies differ significantly ten days pre and ten days post announcement of M&A news.

Table 2: Test Statistics for Repeated Measure T-Test for Price

Deal wrt Pre-Post Price	p-value	Decision	Impact on Price -10 days pre & 10 days post announcement of M&A news
Deal 1	0.76	H_0 cannot be rejected	No significant difference in price
Deal 2	0.00	H_0 is rejected	Significant difference in price
Deal 3	0.77	H_0 cannot be rejected	No significant difference in price
Deal 4	0.76	H_0 cannot be rejected	No significant difference in price
Deal 5	0.03	H_0 is rejected	Significant difference in price
Deal 6	0.03	H_0 is rejected	Significant difference in price
Deal 7	0.00	H_0 is rejected	Significant difference in price
Deal 8	0.00	H_0 is rejected	Significant difference in price
Deal 9	0.00	H_0 is rejected	Significant difference in price
Deal 10	0.00	H_0 is rejected	Significant difference in price
Deal 11	0.02	H_0 is rejected	Significant difference in price
Deal 12	0.86	H_0 cannot be rejected	No significant difference in price
Deal 13	0.00	H_0 is rejected	Significant difference in price
Deal 14	0.00	H_0 is rejected	Significant difference in price
Deal 15	0.00	H_0 is rejected	Significant difference in price
Deal 16	0.00	H_0 is rejected	Significant difference in price

Deal 17	0.00	H_0 is rejected	Significant difference in price
Deal 18	0.45	H_0 cannot be rejected	No significant difference in price
Deal 19	0.00	H_0 is rejected	Significant difference in price
Deal 20	0.65	H_0 cannot be rejected	No significant difference in price

(Source : SPSS Output)

From Table 2 it may be inferred that at 5% level of significance H_0 is not rejected, in deal number 1,3,4,12,18 and 20 the price of shares on prior to 10 days of announcement of M&A and post 10 days of announcement of M&A did not change. Constant price reflects there was no momentum in the share prices of such automobile companies and the sentiment of traders and investors was not reflected. It reflects that still the things are not discounted. For other deals, at 5% level of significance, H_0 is rejected and H_1 is accepted i.e. there was a significant difference in price 10 days pre and post announcement of M&A news. It reflects that investors and traders reacted to the M&A news and the sentiment was reflected in terms of significant change in price of shares, which was the major cause of volatility in the share prices.

The significant change in price can be either upward or downward. If the price of acquiring firm reduces it signals that there is a heavy selling pressure on the company's share, as investor might feel that the deal does not have a fair value, or the company is overpaying for the M&A. Such negative sentiment among investors evaluates the deal to be a winner's curse and so they do not welcome the news of M&A, as a result price falls. If the price of acquiring firm increases it symbolizes that there is huge buying pressure on the share of acquiring company. Investors have valued the M&A as a value buy story and consider the M&A as a value increasing decision, so they tend to welcome the news of M&A.

Impact of M&A News on Volume

H_{02} : Volume of automobile BSE listed companies do not differ significantly ten days pre and ten days post announcement of M&A news.

H_{12} : Volume of automobile BSE listed companies differ significantly ten days pre and ten days post announcement of M&A news.

Table 3: Test Statistics for Repeated Measure T-Test for Volume

Deal wrt Pre-Post Price	p-value	Decision	Impact on Volume - 10 days pre & 10 days post announcement of M&A news
Deal 1	0.88	H_0 cannot be rejected	No significant difference in volume
Deal 2	0.34	H_0 cannot be rejected	No significant difference in volume
Deal 3	0.10	H_0 cannot be rejected	No significant difference in volume
Deal 4	0.88	H_0 cannot be rejected	No significant difference in volume
Deal 5	0.48	H_0 cannot be rejected	No significant difference in volume
Deal 6	0.07	H_0 cannot be rejected	No significant difference in volume
Deal 7	0.27	H_0 cannot be rejected	No significant difference in volume
Deal 8	0.06	H_0 cannot be rejected	No significant difference in volume
Deal 9	0.99	H_0 cannot be rejected	No significant difference in volume
Deal 10	0.28	H_0 cannot be rejected	No significant difference in volume
Deal 11	0.04	H_0 is rejected	Significant difference in volume
Deal 12	0.6	H_0 cannot be rejected	No significant difference in volume

Deal 13	0.01	H_0 is rejected	Significant difference in volume
Deal 14	0.10	H_0 cannot be rejected	No significant difference in volume
Deal 15	0.63	H_0 cannot be rejected	No significant difference in volume
Deal 16	0.36	H_0 cannot be rejected	No significant difference in volume
Deal 17	0.46	H_0 cannot be rejected	No significant difference in volume
Deal 18	0.11	H_0 cannot be rejected	No significant difference in volume
Deal 19	0.16	H_0 cannot be rejected	No significant difference in volume
Deal 20	0.62	H_0 cannot be rejected	No significant difference in volume

(Source: SPSS Output)

Volume refers to the number of shares or contracts traded in a security or an entire market during a given period of time. It is simply the amount of shares that trade hands from seller to buyers as a measure of activity (Investopedia, n.d.). From Table 3 it may be inferred that at 95% level of confidence in majority of the cases, the p-value > 0.05 , so H_0 is not rejected i.e. volume of automobile BSE listed companies do not differ significantly ten days pre and ten days post announcement of M&A news. Only for deal 11 and 13, at 95% level of confidence the p-value < 0.05 , so H_0 is rejected i.e. volume of automobile BSE listed companies differ significantly ten days pre and ten days post announcement of M&A news.

Comparison of Price and Volume of Shares after M&A and on the Day of M&A

Single sample t-test was applied to identify the change, after M&A, in the closing price of the share of acquiring company, with respect to, the price of share of acquiring company on the day of M&A. Following hypothesis was set:

H_0 : The price of share post M&A announcement is equal to the closing price of share pre M&A announcement. (μ = Close price on the day of M&A).

H_1 : The price of share post M&A announcement is greater than the closing price of share pre M&A announcement. ($\mu >$ Close price on the day of M&A).

Table 4: Test Statistics for Single Sample T-Test for Price

Deal Post Price	μ (Value)	p-value	Decision	Result of M&A on the post price of stock traded
1	1017.40	0.00	H_0 is rejected	Significant difference
2	773.35	0.00	H_0 is rejected	Significant difference
3	759.70	0.00	H_0 is rejected	Significant difference
4	1017.40	0.00	H_0 is rejected	Significant difference
5	941.75	0.00	H_0 is rejected	Significant difference
6	513.50	0.00	H_0 is rejected	Significant difference
7	423.40	0.00	H_0 is rejected	Significant difference
8	667.60	0.00	H_0 is rejected	Significant difference
9	562.95	0.00	H_0 is rejected	Significant difference

10	1139.60	0.12	H_0 cannot be rejected	No significant difference
11	1155.55	0.00	H_0 is rejected	Significant difference
12	641.80	0.12	H_0 cannot be rejected	No significant difference
13	298.90	0.00	H_0 is rejected	Significant difference
14	229.05	0.04	H_0 is rejected	Significant difference
15	389.60	0.00	H_0 is rejected	Significant difference
16	367.55	0.00	H_0 is rejected	Significant difference
17	274.25	0.00	H_0 is rejected	Significant difference
18	72.00	0.07	H_0 cannot be rejected	No significant difference
19	40.90	0.00	H_0 is rejected	Significant difference
20	931.75	0.00	H_0 is rejected	Significant difference

(Source: SPSS Output)

From Table 4 at 95% level of confidence for right tailed single sample t-test it was found that p-value < 0.05 , in majority of the deals (except deal 10,12,18) which means H_0 is rejected i.e. the price of share post M&A announcement is not equal to the closing price of share pre M&A announcement. After M&A the price of shares had increased when compared to the closing price on the day of announcement of M&A, this indicates that demand of share outperformed the supply.

H_{04} : The volume of share post M&A announcement is equal to the closing volume of share pre M&A announcement. (μ = Volume traded on the day of M&A).

H_{14} : The volume of share post M&A announcement is greater than the closing volume of share pre M&A announcement. ($\mu >$ Volume traded on the day of M&A).

Table 5: Test Statistics for Single Sample T-Test for Volume

Deal Post Volume	μ (Value)	p-value	Decision	Result of M&A on the post volume of stock traded
1	151664	0.32	H_0 cannot be rejected	No significant difference
2	348989	0.01	H_0 is rejected	Significant difference
3	407632	0.00	H_0 is rejected	Significant difference
4	151664	0.32	H_0 cannot be rejected	No significant difference
5	172316	0.10	H_0 cannot be rejected	No significant difference
6	200736	0.00	H_0 is rejected	Significant difference
7	22140	0.19	H_0 cannot be rejected	No significant difference
8	261372	0.00	H_0 is rejected	Significant difference
9	173837	0.34	H_0 cannot be rejected	No significant difference
10	515285	0.03	H_0 is rejected	Significant difference

11	248233	0.34	H_0 cannot be rejected	No significant difference
12	377615	0.11	H_0 cannot be rejected	No significant difference
13	834226	0.27	H_0 cannot be rejected	No significant difference
14	90448	0.09	H_0 cannot be rejected	No significant difference
15	26006	0.37	H_0 cannot be rejected	No significant difference
16	28728	0.20	H_0 cannot be rejected	No significant difference
17	276173	0.00	H_0 is rejected	Significant difference
18	573062	0.27	H_0 cannot be rejected	No significant difference
19	35088	0.00	H_0 is rejected	Significant difference
20	4657	0.30	H_0 cannot be rejected	No significant difference

(Source: SPSS Output)

From Table 5 at 95% level of confidence for right tailed single sample t-test it was found that p-value > 0.05 , in majority of the deals (except deal 2,3,6,8,10,17,19) which means H_0 is not rejected i.e. the volume of share post M&A announcement is equal to the closing volume of share pre M&A announcement.

Covariation between Price and Volume after M&A

In order to discover the relationship between two variables i.e. volume and price a simple covariation or correlation was performed. Correlation tries to study that how does the increase or decrease in one variable lead to increases or decreases in the second variable.

H_0 : There is no correlation between the price and volume of stocks traded of automobile companies after M&A.

H_1 : There is a correlation between the price and volume of stocks traded of automobile companies after M&A.

Table 6: Test Statistics for Pearson Correlation between Price and Volume

Deal (Price & Volume)	Pearson Correlation(r)	Comment on Correlation	P-value
1	-0.62	Negative and Moderate correlation	0.06
2	0.50	Positive and Moderate correlation	0.14
3	-0.09	Negative and Weak correlation	0.80
4	0.06	Positive and Weak correlation	0.86
5	-0.41	Negative and Moderate correlation	0.25
15	-0.11	Negative and Weak correlation	0.77
17	-0.29	Negative and Weak correlation	0.42
18	-0.57	Negative and Moderate correlation	0.08
6	0.37	Positive and Moderate correlation	0.29
9	0.55	Positive and Moderate correlation	0.10
14	-0.20	Negative and Weak correlation	0.58

19	0.08	Positive and Weak correlation	0.84
20	-0.31	Negative and Moderate correlation	0.39
8	0.68	Positive and Moderate correlation	0.03
16	0.16	Positive and Weak correlation	0.67
11	0.06	Negative and Weak correlation	0.87
12	0.50	Positive and Moderate correlation	0.14
7	-0.15	Negative and Weak correlation	0.68
10	0.43	Positive and Moderate correlation	0.22
13	-0.01	Negative and Weak correlation	0.98

(Source: SPSS Output)

From Table 6 it may be inferred that at 5% level of significance the p-value > 0.05, so H₀ cannot be rejected i.e. there is no correlation between the price and volume of stocks traded of automobile companies after M&A.

If the markets have made strong price move either up or down the perceived strength of that move depends on the volume for that period. The higher the volume during that price move, the more significant the move (Investopedia, n.d.). A comparison was made between price and volume to comprehend, whether the price move was significant or not.

Table 7: Comparison between Price and Volume for Significance of Price Movement

Deal Nos	Result of M&A on the post price and Volume of stock traded(t-test)	Implication
1,4,5,7,9,11,13,14,15,16,20	Significant difference in price, No significant difference in volume	Price movement is not significant. Buyers wish to buy shares but the existing shareholders do not intend to sell their shares as they perceive better future performance of the company.
2,3,6,8,17,19	Significant difference in price, Significant difference in volume	Price movement is significant. Existing shareholders might possess the information of M&A news before it was officially declared. Informed shareholders might have achieved their desired profit booking level and therefore they wished to sell the shares after their target was achieved or they might not like to wait for longer period and enjoy higher profits when companies actually reap synergistic benefits. Officially informed investors view M&A as value increasing decision, so they wished to purchase the shares, stay invested and earn handsome profits in future.
12,18	No significant difference in price, No significant difference in volume	It may be inferred that market players have not welcomed the M&A news, or are taking considerable time to comprehend the M&A impact, so both price and volume are found to be constant. Existing shareholders and prospective buyer's sentiment after the announcement of M&A news could be treated bearish.
10	No significant difference in price, Significant difference in volume	In such scenario it could be commented that prospective long term investors wish to purchase the shares of auto company, stay invested and reap the profit in future. Overall such investors express bullish sentiment. Restless shareholders tend to sell the shares as they might not be ready to wait for longer duration.

(Source: Author's Compilation)

Evaluation of Benefits Derived by Acquiring Company

There is lot of synergistic benefits derived by the acquiring company on acquisition of the target company. Existing and potential investors tries to evaluate the synergistic benefits accruing to the acquiring company and based on such evaluation they take the decision of buying, holding or exiting from a company. Table 8 describes the evaluation of benefits derived by the acquiring company on account of M&A.

Table 8: Evaluation of Benefits Derived by Acquiring Company

Mahindra and Mahindra Ltd's (M&M) acquisition of:	
Aerostaff Australia(AA) and Gipps and Aeronautics(GA)	Deal size: ₹175 crore. It indicated company's strategic entry into the global aerospace components and the general aviation markets. AA's acquisition was in the direction of growth in defence offset and commercial aviation market. Acquisition of GA gave M&M a direct entry into the 2 - 20 seaters, turbo prop market, which was amongst the fastest growing segments in general aviation. It could be indicated that deal was for enhancement of component capability and capturing and development of new market respectively.
Punjab Tractors Ltd (PTL) and Swaraj Automotives Limited (SAL)	Deal Size: ₹1,000 crore. Stake Acquired: 45% which directly boosted its market share by 45%. The acquisition provided M&M to tap the Northern markets and leverage low cost engine and auto-component divisions. Target company's JV helped M&M to directly foray into LCV business and supply auto components. Thus, it resulted into geographic market expansion M&A. PTL's acquisition triggered Takeover Code, due to which M&M acquired 27% stake in SAL at ₹5.82 Crore. It was aimed to achieve greater integration benefits, reduce overall administrative costs and use of brand name of 'Swaraj' tractors. It provided M&M to bank upon and cash in on the renowned brand name.
Ssangyong Motor Co (SYMC)	Deal Size: \$378 Million. It provided M&M to emerge as competitive global utility vehicle (UV) player. SYMC was a premium product manufacturer of sports utility vehicles (SUVs) and recreational vehicles (RVs). SYMC's competitive advantage was in the areas of technology competencies, product development, R&D, innovation, distribution channel and sourcing activities. It provided M&M an opportunity to introduce a new and premium product portfolio of SUVs in Indian market and cast dominant position in UV market. Thus, M&A resulted in horizontal expansion to enlarge the market breadth and global reach.
Reva Electric Car Company	Deal Size: ₹45 Crore. It helped M&M to strengthen its position worldwide in electric vehicles (EV) domain and develop green technologies. Strategic acquisition of Reva provided sustainable mobility, stability, innovation and complementary strength to M&M
Kinetic Motor Company Ltd. (KMCL)	Deal Size: ₹110 Crore plus a 20% stake to KMCL in new venture. Through acquisition of KMCL, M&M got a direct entry in under-penetrated personal transport solutions in two wheeler market of untapped areas. It helped to complete the full circle in the portfolio of transportation. M&M could manufacture value engineered high-end motorcycles local and global markets. The acquisition was a strategic fit and a product mix decision, as it helped M&M to fill the void in niche area of product portfolio of two wheelers market.
Jeco Holding A G (JECO)	Deal Size: ₹830 Crore. It was the largest outbound top forging company's acquisition. JECO's core competencies were in manufacturing gear boxes etc. The strategic acquisition helped M & M to create global class and global scale core business in auto components. Superior technology, impressive clientele and remarkable intellectual property were the key drivers of the deal. It was a technology based acquisition.
Tata Motors Ltd's (TML) acquisition of:	
Ford Motor Co.(FMC)	Deal Size: US \$2.3 billion. Acquiring Jaguar and Land Rover (JLR) assisted the company to expand and diversify the international sales market, allowing it to reduce excessive reliance on Indian market. It helped to broaden the existing product portfolio of utility vehicles and sports utility vehicles and cross offerings. Tata gained access to world-class engineering capability. The M&A was a brand acquisition of terrific iconic British brands. TML turnaround the troubled Western company.
Trilix Srl (TS)	Deal Size: €1.85 Million. The acquisition was in line with the company's objective to enhance its engineering, architecture, packaging, surfacing and styling/design capabilities to global standards. TS's expertise was even used by people's car-Nano. It facilitated in launching and re-launching the SUV and new passenger car. The deal was in positive direction related to strength its design capabilities, so it could be termed as a step towards to achieving core competency.

Hispano Carrocera Sa (HC)	Deal Size: 79% stake in Spanish bus and coach cabins manufacturer. The acquisition helped TML to improve operational efficiency, cost reduction, new product development, increase market breadth and enhance brand value. It provided TML to spread footprint in overseas market and new product. It acquired license for technology and brand rights from HC. It was a product extension acquisition.
Cedis Mechanical Engg. Gmbh	Germany based CEDIS was a provider of automotive engineering and design services to well reputed and vast number of world's leading manufacturers like Daimler Chrysler, Mercedes etc. The M&A was for acquisition of core competencies in engineering and design domain.
Miljo Grenland A S	Deal Size: `9.40 Crore. It had core competency in development of innovative solutions for electric vehicles and polymer lithiumion batteries. It helped for developing convenient, affordable, sustainable mobility solutions through electric and hybrid vehicles (EV). The niche acquisition lead global auto major with geographical diversity and product portfolio diversification.
Bharati Shipyard Ltd's (BSL) Acquisition of:	
Tebma Shipyards Ltd	Deal Size: `75.75 Crore. BSL got nine shipyards which was an unexpected order book of `750 Crore.
Swan Hunter Shipbuilding	BSL acquired fully automated panel lines, different types of cranes, floating dock and other equipments. BSL now saves the cost and lead time by using the advanced equipments for Greenfield projects. Repairs enhanced BSL's repair capabilities, shipbuilding capacity, technological abilities, and offshore rig constructions. M&A was targeted for backward integration.
Eicher Motors Ltd's (EML) Acquisition of:	
British Motor Car Co. (1934) Ltd.	Acquisition targeted for expansion of auto component business. Access to competency for developing and supplying transmission gears to different commercial vehicles. The deal aimed to strengthen manufacturing muscle.
Hoff & Associates	Deal Size: `14.70 Crore. It provided access to advanced engineering solutions in aerospace, automotives, semi-conductor, medical, marine and plastic industries.
Ashok Leyland Ltd.'s acquisition of Optare Plc	Deal Size: `30 Crore. Company aimed to access global bus market, high end technology, roducts with modern range of city buses and aimed to have presence in top five list.

(Source: Author's Compilation)

Findings and Conclusion

Major findings and conclusion of the study are presented in the Table 9.

Table 9: Summary of the Findings and Conclusion

Hypothesis	Statistical Test Applied	Findings (With Respect to Significant Difference, when p-value<0.05)	Findings (With Respect to No Significant Difference, when p-value>0.05)
Change in price ten days pre and post M&A news	Repeated Measure T-Test	A significant difference in share price of acquiring company, before and after the news of M&A was noticed in the deal number 2, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17 and 19.	A significant difference in share price of acquiring company, before and after the news of M&A was not noticed in the deal number 1,3,4,12,18 and 20.
Conclusion	M&As intended for enhancing cost efficiency, brand name leverage, acquiring green technology, asset acquisition, availing competitive advantage in manufacturing, in enlarging product mix, execution of large sized deals, service development, turnaround strategies, promoting backward integration and product extension and portfolio diversification were evaluated and considered value increasing or value decreasing moves, so the change in price was noticed on announcement. It indicated that the news was discounted in the market. Significant change in price was not observed when the M& A were targeted for technology advancement, product expansion strategy, new market development, cashing on healthy clientele base and core competency acquisition. Investors were sceptical to confidently evaluate the potential synergies, considered M&A as value neutral (Hubris hypothesis) propositions which did not alter the price.		

Change in volume ten days pre and post M&A news	Repeated Measure T-Test	A significant difference in volume of acquiring company, before and after the news of M&A was noticed in the deal number 11 and 13.	A significant difference in volume of acquiring company, before and after the news of M&A was not noticed in the deal number 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, 16, 17, 18, 19 and 20.
Conclusion	Volatility in volume was seen only in the deal of product extension and product diversification M&As. Higher level of volatility was not noticed in volume in other deals, which meant that market players wished to keep their position intact in anticipation of future higher profits accruing on account of realization of synergies to acquiring companies.		
Equality of Share Price Post M&A and Share Price Pre M&A	Single Sample T-Test	Acquiring company's share price post M&A announcement was found greater than the closing price of share pre M&A announcement in the deal number 1,2,3,4,5,6,7,8,9,11,13,14, 15,16,17,19 and 20.	Acquiring company's share price post M&A announcement was found equal to the closing price of share pre M&A announcement in the deal number 10,12 and 18.
Equality of Volume Post M&A and Volume Pre M&A	Single Sample T-Test	Acquiring company's volume post M&A announcement was found greater than the closing volume of share pre M&A announcement in the deal number 2, 3,6,8,10,17 and 19.	Acquiring company's volume post M&A announcement was found equal to the closing volume of share pre M&A announcement in the deal number 1, 4, 5, 7, 9, 11, 12, 13,14,15,16,18 and 20
Conclusion	Post M&A if the price and volume were found higher than pre M &A status it indicated that the impact of news was significant and potential investors were attracted to buy the shares of acquiring company. In such case the demand outperformed the supply. The status quo of price and volume, post M&A signalled that market players were waiting for proper time for profit booking.		
Correlation between Price and Volume Post M&A	Pearson Correlation	Post M&A, a significant correlation between price and volume in acquiring company was noticed in the deal number 8.	Post M&A, a significant correlation between price and volume in acquiring company was not noticed in the deal number 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 20.
Conclusion	Price movement was considered strong when there was significant corresponding effect in the volume of the company's share. A superior correlation was noticed in the acquisition of JECO by Tata Motors, for other deals the correlation was not significant.		

(Source: Author's Compilation)

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Activity Analysis of Rajasthan Tourism Development Corporation Ltd.



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Abstract

Tourism is a basic desirable human activity deserving the praise, encouragement of all the people and governments. Tourism is basically an infrastructure based service product. It is identified by the products, which are needs to satisfy the demand for travel, accommodation, food and beverages away from home. As far as Indian tourism is concerned, India has a vast range of tourism attractions being rich in its history, culture, art, music, dance, beaches, snow peaks and sand dunes, wildlife, fairs and festivals and a large number of other precious components which make a country unique place for attracting tourism. The term 'activity' indicates all operational function that an enterprise performs to generate revenue for the enterprise. The term 'revenue' indicates the efficiency with which investment in the asset is rotated in the process of doing business. This research article covers all major aspects of Activity analysis of Rajasthan Tourism Development Corporation Ltd. which is a sister concern of Department Of Tourism- Rajasthan, acts as an apex body for tourism development in the state. In this research paper all major aspects relating to activity analysis carried for the period of 2000-01 to 2009-10. For the purpose of activity analysis various accounting ratios calculated and various statistical tools such as mean, standard deviation, coefficient of variance and 't' test are employed. The major findings of this research work are that in majority of activity ratios have more deviations during the study period.

Key words: RTDC, Tourism, Activity, Rajasthan.

Introduction

Tourism is a composite of activities – services and industries that delivers a travel experience namely, accommodation, transportation, entertainment, shops and other hospitality related services to tourists who are travelling away from home. Tourism was recognized as a means of economic expansion after the Second World War and is perceived as renewable resource. India offers everything in a rich variety in the form of mountains and hills, sea beaches, monuments and memorials, fairs and festivals, forts and temples, traditional art and dances. Government has recognized tourism industry as a consuming industry and not simply a passive one that generates economic

benefits. In order to speed up the development of tourism in the country several thrust areas have been identified for achieving target tourism.

During Golden Jubilee celebrations of India as a Republic, the Ministry of Tourism made special efforts to publicize the tourism potential of India. The first ever Indian Tourism Day was celebrated on 25th January 1998. Similarly for tourist facilities an official website of the Ministry of Tourism has also been created for facilitating dissemination of information on tourism. Tourism promotes international understanding and gives support to local handicraft and cultural activities. In India tourism is the third largest foreign exchange earner after garments and gems and jewellery. Among Indian states, Rajasthan, Kerala and Goa have the capacity to attract around 33% of the international tourism, who visit India mainly because of their rich history, culture, wildlife, deserts, lakes, forts, palaces, colorful fairs and festivals. Indian tourism also offers many types of tourism such as heritage tourism, cultural tourism, wildlife tourism, ecotourism, medical tourism and adventure tourism which registered phenomenal growth in the tourism and helps to boost revenues from the tourism sector by projecting India as the ultimate tourist spot. For expansion of tourism in the country, government also takes various initiatives so that tourism in the country grows rapidly. The Central Government established Indian Tourism Development Corporation (ITDC) in the year 1966, which manages many hotels and tourist properties and also arranges tourist packages for providing various tourist facilities. In many states of the country, State Tourism Development Corporation were also incorporated which manage many hotels, tourist bungalows and other tourist properties. Tourism in India is the largest service industry, with a contribution of 740 million domestic tourist and 5.58 million foreign tourists in 2010 as compared to 220.11 million of domestic tourists and 2.65 million foreign tourists in 2000.

Tourism in Rajasthan

Rajasthan is a popular tourist spot in North India. Rajasthan has emerged as one of the popular tourist destinations in India for both domestic and foreign tourists. The state is known for its diversity in terms of natural resources, cultural heritage, historical

as well as archaeological wonders and rare wild life. The royal land of dotted with numerous tourist attraction sites. The affluent tourist attractions of Rajasthan includes numerous forts and palaces, monuments and structures, lakes and mountains, sand dunes and desert beauty, national parks and wildlife destinations. The rich culture, heritage and the hospitability of the people make journey to Rajasthan a most enjoyable experience of life, both for foreign and domestic tourists. The customs and traditions, fairs and festivals, handicrafts, art and music reflect the very broad spectrum of the Rajasthani culture where much of the Rajasthan thought, philosophy and culture is being reflected all over the State. Tourism industry in Rajasthan is a vital breath in the economic activity. Tourism had direct and indirect impact on financial, cultural and social life of people. This industry is considered as an apex industry with many economic benefits like foreign exchange earnings, regional development, infrastructure development, promotion of local handicrafts and artisan and increasing standard of living. The state government has already realized the potentials of this industry for the economic development in the state and has adopted vital measures to promote tourism in the state adopting schemes like 'Padharo Mhare Desh' means 'Rajasthan invites you'. The tourism potential and future promise of Rajasthan is very well known and well documented all over the world. There are good reasons to believe why tourism in Rajasthan is being accorded the priority it deserves because the government of Rajasthan has declared tourism as one of the key areas of economic development and termed this sector as the 'Hope Sector' for Rajasthan.

Over the last two decades, Rajasthan has emerged as one of the leading state in India and Rajasthan was the third preference of tourists after Goa and Kerala as travel destination in India. The growth rate of tourism in the state of Rajasthan has shown that tourists arrivals, both domestic and foreign, in the state of Rajasthan is increasing annually and it increased from 0.83 crore to 2.68 crore from the year 2001 to 2010 which means more attention had been given to this sector in the state plans.

Tourism is to be organized on industry segments like accommodation, marketing, transportation and trade association. Most of the states in India, including Rajasthan, have a tourism organization consisting of Department Of Tourism for policy and regulatory matters; directorate and tourism development corporations for implementation of commercial aspects. In the state Rajasthan, Rajasthan Tourism Development Corporation Ltd. acts as an assisting wing of tourism department and supervises the commercial side by providing infrastructural and service facilities like accommodation, transport, catering midway facilities and package tours. In Rajasthan, the Ministry of Tourism, Art and Culture presides over the affairs of policy framing, implication problems, supervision of D.O.T., sanctions

relating to tourism art and culture; whereas Department of Tourism, Directorate and RTDC looks to the promotional and commercial aspect respectively. Rajasthan has won various National awards for tourism such as National Tourism Award for Best State/UT for Tourism related programmes from the year 2007-08 to 2009-10, due to the various measures taken by the Ministry of Tourism and Government of Rajasthan to improve tourism in the state.

About Rajasthan Tourism Development Corporation Ltd. (RTDC)

Rajasthan Tourism Development Corporation (RTDC) a sister concern of Department Of Tourism – Rajasthan, acts as an apex body for tourism development in the state which is registered under Companies Act 1956 with its head quarter at Jaipur. This company is incorporated on 24th November, 1978 as a wholly owned Government Company to promote tourism in the State of Rajasthan and to cater incoming foreign and domestic tourists by way of providing accommodation, catering, transport, package tours and bar facilities. RTDC acts as a catalyst to establish develop and execute project and scheme that accelerate tourism in the state by managing numerous restaurants, cafeterias, motels and bars. To enhance the experience of the tourist's, the Corporation works with the motto of **R – Respect, T – Trustworthiness, D - Dedication and C – Care**. Since the inception of RTDC, the tourism industry got an impetus. RTDC has tried to achieve its objectives by establishing a network of tourist accommodation in all the important tourist centers, providing the midway, cafeterias, yatrikas facilities along the important national highways and the major link roads. RTDC portrays role of a developer, facilitator and catalyst in the development of tourism industry in the State by providing various services such as operating chain of Hotels and Motels in all over the state, organizing package tours and fairs & festivals, arranging package tours in luxury trains and providing entertainment facilities such as city sightseeing, boating and sound & light shows. RTDC through its well established marketing network in India and abroad plays a vital role in promoting the tourism in impact services markets at domestic and International level.

Services provided by RTDC

RTDC plays an apex role in the state of Rajasthan to accelerate tourism in the state by managing numerous restaurants, cafeterias, motels and bars. To enhance the experience of the tourist's, the Corporation also organizes package tours, fairs and festivals, shopping and transport services. The major services performed by RTDC are :

- RTDC chain of Hotels and Motels
- Package tours

- City sight seeing
- Boating
- Luxury Trains – Palace on Wheel & Royal Rajasthan on Wheels
- Fairs & Festivals
- Sound & Light Show
- Camping in Fairs

Concept of Activity Analysis

Sale of product and rendering of service is the primary goal of any business enterprise. They are pivots around which all business operations are performed. The increase or decrease in business profits mainly depend upon the magnitude of sale because it is the key figure in the business enterprise. Income from net sales is the life blood of every commercial and industrial enterprise. In fact with the higher volume of sales, the business operates with greater profits and effectiveness and operations are speeded up. In service sector, all the activities are performed for producing revenue. Revenue is affected by total resources available in the business. Efficient utilization of total resources leads towards profitability. Therefore, a firm should manage its total resources efficiently to maximize profit. Here RTDC is a service sector which performs various activities relating to tourism sector in the state of Rajasthan such as providing accommodation, catering, transport, package tours, operating heritage trains and organizing various fairs and festivals. Hence for operating all these activities RTDC faces a variety of expenses such as operating expenditure, personnel expenditure, H. O. administrative expenses, interest and depreciation expenses etc which need to be managed efficiently.

Objectives of the study

This study intends to analyze the Activities of Rajasthan Tourism Development Corporation Ltd. (RTDC) by analyzing various ratios of expenses over a period of 10 years (2000-01 to 2009-10).

Research Methodology

The present study has been carried out at the micro level, with reference to Rajasthan Tourism Development Corporation Ltd. (RTDC), of the State of Rajasthan from the period 2000-01 to 2009-10 as the period of reference. This study is mainly based on secondary data taken from published annual reports of RTDC which have been collected from registered office. The collected data are duly edited, classified and analyzed using all type of relevant statistical techniques and employing small sample 't' test at 5% level of significance for activity analysis of RTDC during 2000-01 to 2009-10.

Period of the study

This research study is based on secondary data taken from annual reports of RTDC collected from the registered office of RTDC. The present study is made for 10 years from 2000-01 to 2009-10.

Statistical tools

The following statistical tools are applied for the study :

- Mean
- Standard Deviation
- Coefficient of Variance
- Small sample "t" test

Limitations of the study

- This study is based on secondary data derived from annual reports and accounts of RTDC and as such its findings depends entirely on the accuracy of such data.
- The study is limited to 10 years data only so scope for the study is limited.
- The present study is largely based on Ratio Analysis which has its own limitations which also apply to the study.
- As this study is limited only to activity analysis of RTDC, this study will not be relevant to other Tourism Development Corporation in India.

Review of Literature

Dhaka Suresh (1991) attempts a study to analyze overall activities, function and performance of RTDC. The main thrust is given to personnel management in the RTDC for analyzing personnel policies and practices adopted by RTDC for direction and control of people in the formal organization. The major problem identified in this research was that RTDC faces a problem of shortage of employees in all units; further, no timely recruitment and no proper selection method is adopted. RTDC also faces a problem of lack of sound knowledge of tourism by top management officers and rate of transfer is also more at higher levels like Chairman, Managing Director and executives. The major suggestions given through the research is that RTDC should adopt effective policy and programme for personnel department, arrange training and refresher courses for their employees, formulate and implement effective wage and salary administration, incentive scheme and performance appraisal system for its employees.

Gupta Deepika (2008) made a study on Evaluating Economic Impact Assessment and Physical Carrying Capacity at Tourist Destination Areas of Rajasthan. The study mainly considered Tourism in Rajasthan, role of RTDC and various TRC (Tourist

Reception Centers & Bureau), role of human resources, amusement parks, entertainment and Leisure activities, National Park & Wild life Sanctuaries. The major suggestions made by the researcher were to increase tourism facilities at every point such as railway stations, bus stand and airports, to encourage role of private sector in tourism, make a development of historical monuments, wildlife parks, pilgrim centers and historical sites.

Kumari Anita (2004) conducted a study on Problems & Prospectus of Tourism Administration in Rajasthan. The major thrust of this research was on what type of problems were faced by domestic and foreign tourists and what remedial measures were taken to solve these problems. Researcher concluded that to speed up the process of evolution of tourism from an occupation to industry, the first requirement is that leaders, businessmen and all other people of society should come forward and support in increasing role of tourism in the state. The major suggestions given were to increase transportation facilities, quality of food stuff, accommodation facilities, training for tourist guides and operators and increase entertainment and communication facilities.

Tiwari Ajay (1992) conducted a study on all the activities of RTDC like accommodation, transportation, trains, tours and packages, hotels and bars and boating facilities. This study analyzed financial data from the year 1979-80 to 1989-90 of RTDC and reviewed that financial performance of the corporation has improved and concluded that corporation successfully reduced expenses and increased revenues. The main problem identified by the researcher was that Corporation did not make any serious effort to develop any programme on hotel management and tourist guidance. He concluded that there should be a better coordination among RTDC, State Tourism Department and other related agencies. He also suggested that Tourist Information Centers (TICs) should be well equipped and adequately staffed and proper decision making and policy making is required by the tourist experts.

Rathore Singh Ashok, Prasad Hanuman and Jodhana Singh Lokeshver(2010) analyzed financial performance of RTDC for the period of 2002-03 to 2006-07 for their research studies. In this study researcher analyzed profitability, liquidity, financial efficiency and financial position of RTDC during the selected period and analyzed the financial data with statistical and financial tools. They concluded that various profitability and liquidity ratios of RTDC vary in accordance with period to period. The main result of this study indicated high rate of fluctuations in profitability and liquidity ratios and indicated that financial efficiency and financial position of RTDC is not quite similar in a selected period and the financial performance of RTDC is not satisfactory to survive for a long term.

Table 1: Activity Analysis of RTDC from 2000-01 to 2009-10 values in percentage

For the purpose of activity analysis of RTDC various ratios have been calculated from the financial data provided by registered office of RTDC. The major activity ratios of the study are as follows :

- Percentage of Operating expenditure to total revenue ratio
- Percentage of Personnel expenditure to total revenue ratio
- Percentage of Head office administrative expenses to total revenue ratio
- Percentage of Interest expenses to total revenue ratio
- Percentage of Depreciation to total revenue ratio
- Percentage of Taxes to total revenue ratio

Year	Operating expenditure Ratio	Personnel expenditure Ratio	H. O. administrative expenses Ratio	Interest expenses Ratio	Depreciation expenses Ratio	Tax expenses Ratio
2000-2001	24.79	23.23	2.30	-	2.80	1.45
2001-2002	23.06	22.65	2.47	-	2.99	0.40
2002-2003	20.90	22.93	2.10	1.308	3.01	1.48
2003-2004	20.91	21.25	1.73	2.881	2.55	4.09
2004-2005	46.39	45.35	4.06	0.246	5.28	4.75
2005-2006	43.98	40.09	4.82	0.134	4.46	0.44
2006-2007	51.37	36.23	4.98	0.053	4.52	1.59
2007-2008	50.49	38.28	6.37	0.002	4.07	0.29

2008-2009	50.78	52.04	6.93	0.659	3.89	0.02
2009-2010	56.48	64.37	6.94	2.471	5.43	2.32
Total	389.15	366.42	42.70	7.75	39.00	16.83
Average	38.915	36.642	4.27	0.775	3.90	1.683
Standard Deviation	13.85	13.77	1.94	1.031	0.981	1.536
Coefficient of Variance %	35.59	37.58	45.43	133.03	25.16	91.26

(Source: Published Annual Reports of RTDC)

Figure 1: Activity Analysis ratio of RTDC during 2000-01 TO 2009-10

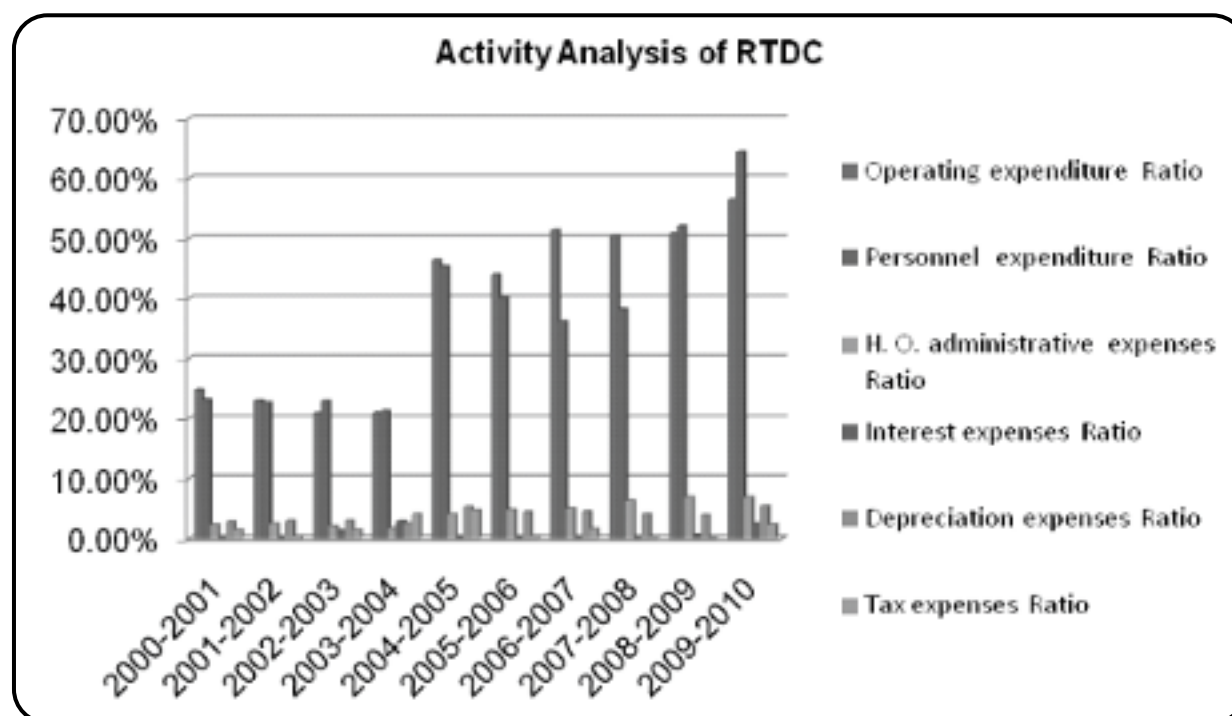


Table 1 shows that over the course of 10 years of study period from 2000-01 to 2009-10, the Operating expenditure to total revenue ratio increased from 20.90 per cent to 56.48 per cent. As from this ratio we can conclude that RTDC's operating expenses have been increasing as compared to total revenue. Operating expenditure of RTDC comprises travelling expenses, accommodation expenses, catering expenses, bar expenses, transport & boating expenses, house tax, repair & maintenance, rates & taxes, expenses for fairs & festivals, operating expenses on running various heritage trains and many more. These operating expenses are in an increasing trend as compared to total revenue of RTDC which comprises revenue from operating activities, income from sale of beer and other miscellaneous income. But it is seen from the overall trend that Operating expenditure ratio of corporation is fluctuating with mean value of 38.915, standard deviation of 13.85 and coefficient of variance of 35.59 per cent. Thus, increasing trends of operating expenses affects overall revenue, therefore it is advisable to control operating expenditure so as to improve profitability of corporation.

The Personnel expenditure to total revenue ratio indicates that over the course of 10 years of study period from 2000-01 to 2009-10, the Personnel expenditure to total revenue ratio is increasing from 21.25 per cent to 64.37 per cent. As from this ratio we can conclude that Personnel expenses of RTDC are increasing compared to total revenue. Personnel expenses of RTDC comprises of salary & wages, gifts to staff, pension contribution, contribution to staff welfare funds such as PF contribution and gratuity, leave salary and medical expenses. As these personnel expenses are increasing in the whole study period and RTDC also paid arrears of Vllth pay commission in the year 2009-10, the total personnel expenses increased, which affected the overall ratio. It is seen from the overall trends that

Personnel expenditure ratio of corporation is fluctuating with mean value of 36.642, standard deviation of 13.77 and coefficient of variance of 37.58 per cent. Thus, increasing trends of personnel expenditure affects the revenue trends of the Corporation.

The Head office administrative expenses to total revenue ratio indicates that during the study period of 10 years of study period from 2000-01 to 2009-10, the Head office administrative expenses to total revenue ratio is increasing from 1.73 per cent to 6.94 per cent. As from this ratio we can conclude that Head office administrative expenses of RTDC, which comprises travelling expenses, board meeting expenses, running and maintenance of staff vehicles, internal audit fees and expenses, advertisement and publicity and miscellaneous expenses such as electricity repair and maintenance, telephone charges, are increasing compared to total revenue. It is also seen from the overall trends that Head office administrative expenses ratio of Corporation is fluctuating with mean value of 4.27, standard deviation of 1.94 and coefficient of variance of 45.43 per cent. Hence, from increasing trends of Head office administrative expenses it is advisable to put control on these expenses so that overall profitability will improve.

The Interest expenses to total revenue indicates that over the course of 10 years of study period from 2000-01 to 2009-10, the Interest expenses to total revenue ratio is fluctuating from 0.002 per cent to 2.881 per cent. As RTDC uses very less borrowed funds such as secured and unsecured loan, therefore interest expenses of RTDC are less compared to total revenue and therefore these interest expenses are easily manageable by RTDC. It is seen from the overall trends that Interest expense ratio of corporation is fluctuating with mean value of 0.775, standard deviation of 1.031 and coefficient of variance of 133.03 percent.

The Depreciation expenses to total revenue indicates that over the course of 10 years of study period from 2000-01 to 2009-10, the depreciation expenses to total revenue ratio is fluctuating from 2.55 per cent to 5.43 per cent. As RTDC invested huge amount of funds in various types of fixed assets which resulted in more amount of depreciation on such assets therefore depreciation expenses of RTDC were more as compared to total revenue. It is seen from the overall trend that depreciation expense ratio of corporation is fluctuating with mean value of 3.90, standard deviation of 0.981 and coefficient of variance of 25.16 percent.

The Tax expenses to total revenue indicates that over the course of 10 years of study period from 2000-01 to 2009-10, the tax expenses to total revenue ratio is fluctuating from 0.02 per cent to 4.75 per cent. As RTDC is having huge amount of revenue from various sources such as revenue from operating receipts, profit on sale of fixed assets, and other miscellaneous income therefore tax expenses, which includes income tax and fringe benefit tax etc, is also more as compared to total revenue and therefore these tax expenses affects overall profitability of RTDC. It is seen from the overall trends that tax expense ratio of corporation is fluctuating with mean value of 1.683, standard deviation of 1.536 and coefficient of variance of 91.26 per cent.

Table 2 : |t| test for Activity Analysis of RTDC

Sr. No.	Particulars	t Calculated Value	t Table Value @ 5% Level of Significance	Decision
1	Operating expenditure to total revenue ratio	8.656	± 2.262	Ho is rejected and Ha is accepted
2	Personnel expenditure to total revenue ratio	8.174	± 2.262	Ho is rejected and Ha is accepted
3	Head office administrative expenses to total revenue ratio	5.360	± 2.262	Ho is rejected and Ha is accepted
4	Interest expenses to total revenue ratio	-0.687	± 2.262	Ho is accepted and Ha is rejected
5	Depreciation to total revenue ratio	9.339	± 2.262	Ho is rejected and Ha is accepted
6	Taxes to total revenue ratio	1.405	± 2.262	Ho is accepted and Ha is rejected

Table 2 indicates test of hypothesis related to activity analysis of RTDC under the different heads such as Operating expenditure to total revenue ratio, Personnel expenditure to total revenue ratio, Head office administrative expenses to total revenue ratio, Interest expenses to total revenue, Depreciation to total revenue ratio and Taxes to total revenue ratio. The Table 2 indicates that Operating expenditure ratio, Personnel expenditure ratio, Head office expenditure ratio and Depreciation to total revenue ratios, calculated values which are more than table value (n-1, 10-1, 9 @ 5% level of significance); hence it falls in rejection region which means there is a significance

difference between various activity ratios of RTDC during the study period. The Table 2 also indicates that calculated value of interest expenses to total revenue ratio and Taxes to total revenue ratios are less than table value, which falls in acceptance region. Hence we can conclude that there is no significant difference between interest expenses to total revenue ratio and Taxes to total revenue ratio of RTDC during the study period.

Findings of Activity Analysis

- The operating expenses, personnel expenses and head office administrative expenses of corporation are increasing during the whole study period as a result of increase in operating activities.
- The total revenue of Corporation are fluctuating but in many years of the study period it is increasing which shows good sign of earnings from operating activities.
- The increasing trends of total revenue show that corporation has satisfactory earnings to face all operating, personnel, head office administrative expenses.
- The interest expenses are declining in the whole study period except in the year 2003-04 and 2009-10 because of raising more borrowed funds by corporation.
- The increase in depreciation expenses shows that corporation has invested huge funds in long term funds for future expansion.
- Therefore the overall activity analysis by 't' test reveals that all ratios except Interest expenses and taxes to total revenue falls in acceptance region which implies that because of increasing operating, personnel, head office administrative expenses and depreciation it falls in rejection region which means revenue of RTDC is not satisfactory to meet all expenses.

Suggestions of Activity Analysis

- The government should provide adequate financial incentives so as to enable the RTDC to pay off outstanding debts which improves financial viability of RTDC. This will also help to improve its various operating activities.
- The RTDC should improve its performance by improving its various activities such as accommodation service, catering service, transport & boating service, and organizing fairs and festivals.
- The RTDC also needs to take measures to put control on increasing various expenses such as operating, personnel, head office administrative expenses, and depreciation so that overall profitability of corporation will improve.
- There is a need to improve high operational efficiency so that overall earnings should increase which result in to improve profitability and liquidity of corporation.
- The RTDC needs efficient management which manages overall its functions efficiently so that overall revenue of RTDC increases.

Conclusion

In present era tourism and activities related to tourism is become an integral part of any economy hence it is important for government and all private entrepreneurs to give significant consideration to this sector, so that it becomes useful for government to increase revenue, to enhance regional development, provide more developed and fast services to tourists and to increase overall growth of the tourism sector. Hence, by analyzing overall activities of RTDC we can conclude that overall performance of RTDC is satisfactory to some extent and it earns revenue from various sources but due to high rate of all operating, personnel and other expenses it affects the overall profitability of RTDC. Therefore it gives positive effects to interest expenses and taxes because of decrease in these expenses but overall increase trends in activity ratios such as percentage of operating expenditure, personnel expenditure, head office administrative expenses and depreciation to total revenue affects profitability of RTDC. The major suggestion and findings of this research can be of help to the Corporation and government of Rajasthan to enhance their role in tourism sector and to improve their overall performance so that they perform its various operating activities more efficiently.

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Global financial crisis, risk management in financial sector & financial stability

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Abstract

Global financial crisis in the aftermath of U.S sub-prime crisis has proposed a serious threat to the financial stability. There is a need to draw lessons for future, especially from a financial stability perspective in order to rebuild the global financial architecture. Financial stability ensures efficient and smooth inter-temporal allocation of resources, precise assessment and reasonable pricing of financial risks, and comfortable absorption of economic shocks, and therefore is sine qua non for the economic well being of any country. As such, restoring and maintaining financial stability is the biggest challenge for the banks world over. This paper makes an attempt to provide an insight over these issues.

Key words : Risk, financial crisis, economy, financial stability

Global financial crisis

Global financial crisis as a consequence of unprecedented events in the aftermath of US sub-prime crisis has badly affected the global economy and posed a serious threat to the global financial stability. Since the start of the crisis, the credit write-downs on U.S- originated assets by all holders are now estimated at USD 2.7 trillion. The total write-downs, including the assets originated in other mature market economies, could reach USD 4 trillion over the next two years, approximately two-thirds of which may be taken by banks. Even the emerging economies are not spared from its adverse implications, despite a lower degree of exposure of their financial institutions and comparatively less developed nature of the financial markets. The crisis has also necessitated a phase of consolidation and restructuring to safeguard financial stability amidst the crisis. In this context, financial stability challenge refers to maintaining smooth functioning of financial system and ensuring the system's ability to facilitate and support the efficient functioning and performance of the economy; and having in place the mechanisms to prevent financial problems from becoming systemic or from threatening the stability of the financial and economic system, however, without undermining the economy's ability to sustain growth and perform its other important functions.

Global financial crisis: A recapitulation

A recapitulation of the genesis of the global financial crisis helps

in drawing lessons for future, especially from a financial stability perspective. Now, it is well established that the crisis in the U.S financial markets emanated from the neglect of the fundamental tenets of banking and finance in the mad rush for business expansion and profit maximization even to the extent of greed, at the cost of common business prudence. This was manifested in form of drying of liquidity in market, which ultimately brought global giants on their knees. A review of the run-up to the events leading to the unbelievable meltdown at Wall Street reveals that it was a crisis waiting to happen due to the inherent weaknesses in the financial architecture and regulatory lapses in the U.S markets. It began with a glut of cheap liquidity and ended in an unforeseen collapse of the markets and institutions due to liquidity crunch. In a way, liquidity has been both the cause and effect of the global fiasco. Following paragraphs present a summary of events, which led to the global crisis.

a. Liquidity glut

The low interest regime ushered in the sagging economy resulted in dramatic fall in the interest rates in the US economy during 2001 to 2005-2006. The stable financial environment with an abundance of cheap liquidity prompted institutions and investors alike to go for aggressive investing and sub-prime lending in the commercial and residential real estate and consequent complex structured products that emanated through the process of securitization and use of special investment vehicles. However, in most of the cases, such euphoria resulted in mispriced and excessive risk taking.

b. Lax credit appraisals

The problem of ill-informed and incorrect risk pricing was further compounded by loosened credit standards and poor underwriting practices, which propagated at each stage of the complicated process in which a risky home loan was originated, became an asset-backed security that then formed part of a collateralized debt obligation(CDO) that was rated and sold to investors.

c. Ratings and structured products

Another grey area was the blind reliance on rating agencies to evaluate the risks. Too much weight was given to the assigned

ratings and too little to either the product documentation or independent investigation of the underlying instruments. In fact, overemphasis on quantitative risk measurement, especially for credit risks, without applying an overall approach to risk management did a lot of damage. Moreover, the complex structured products suffered from both a degradation of the underlying collateral, mostly sub-prime mortgages and insufficient understandings of how the structures would work during an economic meltdown. The extent and speed of rating downgrades of mortgage-backed securities and other structured products compounded the problem. The market learned to its peril that the ratings of structured credit securities are more likely to suffer severe downgrades than other corporate securities. Frequent and volatile downgrades badly hit the investors' confidence in the rating process, created apprehensions in the market and led to its ultimate collapse.

Managing Risk in Financial Sector

Risk Management is a hot topic in the financial sector especially in the light of the recent losses of some multinational corporations e.g. collapses of Britain's Barings Bank, WorldCom and also due to the incident of 9/11. Rapid changes in business condition, restructuring of organizations to cope with ever increasing competition, development of new products, emerging markets and increase in cross border transactions along with complexity of transactions has exposed Financial Institutions to new risks dimensions. Thus the concept of risk has captured a growing importance in modern financial society.

By facilitating transactions and making credit and other financial products available, the financial sector is a crucial building block for private as well as public sector development. In its broadest definition, it includes everything from banks, stock exchanges, and insurers, to credit unions, microfinance institutions and moneylenders. As an efficient service provider, the financial sector simultaneously fulfils an important function in the overall economy. Various types of Financial Institutions actively working in Financial Sectors include Banks, DFIs, Micro Finance Banks, Leasing Companies, Modarabas, Assets Management Company, Mutual Funds, etc.

Thus today's operating environment demands systematic and more integrated risk management approach.

Risk

Risk by default has two components- uncertainty and exposure. If both are not present, there is no risk. Definition of Risk as per Guidelines on Risk Management issued by State Bank of Pakistan is, 'Financial risk in a banking organization is possibility that the outcome of an action or event could bring up adverse impacts. Such outcomes could either result in a direct loss of earnings /

capital or may result in imposition of constraints on bank's ability to meet its business objectives. Such constraints pose a risk as these could hinder a bank's ability to conduct its ongoing business or to take benefit of opportunities to enhance its business.'

Need for risk management and monitoring

There are a number of reasons as to why there is so much emphasis given to Risk Management in Financial Sector now a day. Some of them are listed below :

- Present structure of joint stock companies, wherein owners are not the managers, hence risks increase; therefore proper tools are required to achieve the desired results by covering the risks.
- The financial sector has come out of simple deposit and lending function.
- The world has become very complex so the financial transactions and instruments.
- Increase in the number of cross border transactions which carries its own risks.
- Emerging markets
- Terrorism Remittances

Risk monitoring in financial sector is very crucial and an inevitable part of risk management. Risk Monitoring is important in the financial sector due to the following reasons :

- Deals in others' money
- Direct stake of deposit holder.
- Much riskier sector than trading and manufacturing.
- Previous / Recent problems faced by banks i.e. stuck portfolio that is credit risk.
- Bankruptcy of Barings Bank due to short selling / long position that is market risk.
- Operational risk does not have immediate impact, but important for continuity and progress of organization.
- Appetite of a financial institution to take risk is related with the capital base of the institute so it carries a huge risk of over exposure.

Components of Risk Management frame work

Risk Management Frame Work has five components. First of all risk is Identified, then it is Assessed to classify, seek solution and management, after assessing quick Response and implementation of solution and the last phase is Monitoring of the risk management progress and Learning from this experience that such problem never occur again. Whole process is to be well

communicated during the entire process of risk management if it is to be managed efficiently.

The International Organization for Standardization (ISO) has defined risk management as the identification, analysis, evaluation, treatment (control), monitoring, review and communication of risk. These activities can be applied in a systematic or ad hoc manner. The presumption is that systematic application of these activities will result in improved decision-making and, most likely, improved outcomes.

Depending upon the structure and operations of organization, financial risk management can be implemented in different ways. Risk management structure defines the different layers of an organization at which risk is identified and managed. Although there are different layers or level at which risk is managed but there are three layers which are common to all.

Risk management

For managing risk there are certain basic principles which are to be followed by every organization :

- Corporate level Policies
- Risk management strategy
- Well-defined policies and procedures by senior management
- Dissemination, implementation and compliance of policies and procedures
- Accountability of individuals heading various functions/ business lines
- Independent Risk review function
- Contingency plans
- Tools to monitor risks

Institutions can reduce some risks simply by researching them. A bank can reduce its credit risk by getting to know its borrowers. A brokerage firm can reduce market risk by being knowledgeable about the markets it operates in.

Functionally, there are **four aspects** of financial risk management. Success depends upon

a. A positive corporate culture

No one can manage risk if they are not prepared to take risk. While individual initiative is critical, it is the corporate culture which facilitates the process. A positive risk culture is one which promotes individual responsibility and is supportive of risk taking.

b. Actively observed policies and procedures

Used correctly, procedures are powerful tool of risk management. The purpose of policies and procedures is to

empower people. They specify how people can accomplish what needs to be done. The success of policies and procedures depends critically upon a positive risk culture.

c. Effective use of technology

The primary role technology plays in risk management is risk assessment and communication. Technology is employed to quantify or otherwise summarize risks as they are being taken. It then communicates this information to decision makers, as appropriate.

d. Independence or risk management professionals

To get the desired outcome from risk management, risk managers must be independent of risk taking functions within the organization. Enron's experience with risk management is instructive. The firm maintains a risk management function staffed with capable employees. Lines of reporting are reasonably independent in theory, but less so in practice.

Internal controls

'Internal Control refers to policies, plans and processes as affected by the Board of Directors and performed on continuous basis by the senior management and all levels of employees within the bank. These internal controls are used to provide reasonable assurance regarding the achievement of organizational objectives. The system of internal controls includes financial, operational and compliance controls'.

The current official definition of internal control was developed by the Committee of Sponsoring Organization (COSO) of the Tread Way Commission. In its influential report, Internal Control - Integrated Framework, the Commission defines internal control as follows :

'Internal control is a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories :

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.'

This definition reflects certain fundamental concepts :

- Internal control is a process. It is a means to an end, not an end in itself.
- Internal control is affected by people. It is not policy manuals and forms, but people at every level of an organization.
- Internal control can be expected to provide only reasonable assurance, not absolute assurance, to an entity's management and board.

Internal control should assist and never impede management and staff from achieving their objectives. Control must be taken seriously. A well-designed system of internal control is worse than worthless unless it is complied with, since the assemblance of control will be likely to convey a false sense of assurance. Controls are there to be kept, not avoided. For instance, exception reports should be followed up. Senior management should set a good example about control compliance. For instance, physical access restrictions to secure areas should be observed equally by senior management as by junior personnel.

Financial stability

Financial stability is a situation, in which the financial system is capable of satisfactorily performing its three key functions simultaneously, i.e., efficiently and smoothly facilitating the inter-temporal allocation of resources from savers to investors and the allocation of economic resources generally; accurate and well managed assessment and reasonable pricing of forward looking-financial risks, and third, comfortable if not smooth absorption of financial and real economic surprises and shocks. As a matter of fact, all these three aspects, viz., inter-temporal allocation of resources, risk assessment and pricing as well as shock absorption ability encompass both endogenous as well as exogenous elements.

It is being increasingly recognized that threats to financial stability arise not only from external shocks and surprises but also from the disorder created by imbalances caused by endogenous factors over a period of time during which most often expectations and risks are mispriced. In terms of risk pricing, financial stability is also understood as a condition in which an economy's mechanisms for pricing, allocating and managing financial risks are well stabilized. Risk management and precise risk pricing therefore, form an integral part of financial stability framework. While the ultimate goal of a financial stability framework remains to prevent problems from occurring or resolve problems if prevention fails; however, to get a clear perspective into the issues concerning financial stability, one has to visualize it as a continuum.

Since the financial system is dynamic, the financial stability continuum reflects different possible combinations of the financial system's constituents. Such continuum originates from the assessment of the financial stability and ranges from inside stability corridor. A combination of exogenous and endogenous factors affects this continuum, about which a regular assessment should be made. Depending upon the assessment and other related factors, necessary action is taken. In case, the financial system is assessed to be in the zone of stability, the appropriate policy is mainly preventive, aimed at maintaining stability by market disciplining mechanisms and official supervision and

surveillance. Further, if financial system is assessed to be in the state of stability but moving towards the boundary with instability (for instance, increasing asset price bubble), the remedial action is moral suasion and intense supervision. Finally, in case financial system is found to be in a state of instability, the appropriate policies are reactive aimed at problem resolution and bringing the system back in the zone of stability.

Restoring global financial stability

The crisis has highlighted many weaknesses in the global financial system architecture, some unknown known and many known unknowns. The global meltdown has however, provided an opportunity to initiate effective steps to streamline the global financial system and safeguarding financial stability by addressing the cracks, loopholes and regulatory lapses. The Working Group on Enhancing Sound Regulation and Strengthening Transparency constituted by G20 leaders has also reviewed the global turmoil and made recommendations for strengthening international regulatory standards, enhancing transparency in global financial markets and to ensure that all financial markets, products and participants are appropriately regulated or subject to oversight, depending on their circumstances.

A number of steps are to be taken for repairing the damage, strengthening the system and preventing any future catastrophe by the developed as well as emerging economies. A summary of these is as under :

- **Liquidity maintenance** : As the crisis was primarily catalyzed by a liquidity crunch and consequent collapse of market confidence, therefore, as a prerequisite, the central banks must prevent runs on banks and financial institutions. They can do so by reassuring depositors that bank deposits are safe and also by providing liquidity to financial institutions against good collateral. Although, at times, the classic moral hazard of central banking comes in its way, yet liquidity maintenance in the system is of utmost importance.
- **Managing assets toxicity and excessive risk taking** : Identifying and dealing with assets toxicity is a major issue. Regulators must remove the reasons leading to presence of distressed and toxic assets on the balance sheets of financial institutions. There are deeper structural issues, which are to be resolved. One of the root causes of this crisis is the regulatory failure to guard against excessive risk-taking in the financial system, especially in the U.S. We must ensure it does not happen again, not only in U.S but anywhere including in the emerging economies. The importance of prudential regulation, accounting standards and transparency needs to be manifested. Regulations need to be made simple, easily comprehensible and implemented and supervised thoroughly. The role of market

players as well as credit rating agencies needs to be rethought, with greater public scrutiny. However, this requires improved coordination mechanisms between various financial authorities as well as mandates for all financial authorities to take account of financial system stability, and effective tools to address systemic risks.

- **Capital augmentation** : Recapitalization of weak but viable institutions and careful liquidation or restructuring of failed institutions needs to accorded priority. Another issue at the core of this crisis was the fact that the financial system had too little capital. Although adequacy of capital to cushion against risks of such magnitude is debatable, yet, as the system shrinks and bad assets are removed, many institutions might lack sufficient capital to safely extend fresh credit to the economy. The banking system needs additional equity to absorb further write-downs as credit deteriorates, and risks broaden to encompass non-bank institutions. While this is of immediate importance to US and European financial systems, nevertheless, the need for capital augmentation is equally pronounced in the emerging economies. Likely impact of global deleveraging process also necessitates substantial capital augmentation. Financial institutions and households, in particular, had built up record levels of debt and are now seeking to reduce their leverage. Deleveraging in advanced economies and balance sheet adjustments has strong negative global ramifications particularly for emerging economies.

- **Managing systemic risks** : Risk management at individual banks has so far largely focused on protecting the institution while conveniently ignoring systemic risks. As a result, actions and management practices, which make sense at the level of one institution to ensure its survival, have resulted in collective irrational outcomes. There is an urgent need to expand the scope of regulation and oversight needs to include all systemically important institutions, markets and instruments. This requires enhanced information for financial authorities on all material financial institutions and markets. Large complex financial institutions require particularly robust oversight given their size and global reach.

- **Good corporate governance** : Good corporate governance, as part of a country's legal infrastructure, is highly relevant for stability of financial markets and systems. This view has gained increasing acceptance from the lessons learnt from the present financial crisis and also those of the last two decades. It is widely accepted that a framework of good corporate governance should be based on incentives to induce various interest groups to be committed to their expected roles and responsibilities. As regards the incentives of the management for prudent behavior, the crisis has shown, among other things, that the confusion regarding the principal-agent relationships between the management and the

board can result in serious negative outcomes, such as unsound risk taking. Promotion of well functioning corporate governance has always been in the interest of financial stability. Respective central banks have a duty to adopt preventative approach, while focusing on promoting well functioning corporate governance in banks and financial institutions as a part of financial stability mechanism.

- **Market discipline** : Another important aspect of the financial stability process has been the role of market discipline. The more efficient financial markets are: the more one can rely on market discipline as an effective incentive for bank directors, management, shareholders and supervisors. While structuring the legal and supervisory frame work, the need to strike a balance between regulation and incentives from adhering to those rules by exploiting market discipline is far greater in today's circumstances. Better market discipline helps an endogenous governance system. However, until perfect market conditions can be achieved with a self-imposed governance system, the externally prescribed regulations are the only way out. However, even when the regulations are largely exogenous, they should be oriented to work with the market forces rather than acting against them.

- **Regulations and international alignment** : Crisis resolution is extremely complex in a world of wide- spread risks, tiered structures and derivatives. Central banks are required to innovate rapidly and move ahead of the market to contain the outbreak, repair the system and prevent any such recurrence. Greater standardization of derivatives contracts, rating methodologies and the use of risk-proofed central counterparties; improved accounting standards that better recognize loan-loss provisions; effective enforcement of regulation that is coordinated internationally by national authorities and internal standard setters working together and assisting each other in strengthening financial regulatory and oversight frameworks are needed. Complications could arise from the lack of coordination between national regulators due to regulatory arbitrage across national jurisdictions. As such, international alignment of financial sector regulations has become a necessity for global financial stability.

Conclusion

The genesis of the global financial crisis can be attributed to three major factors excessive risk taking and incorrect risk pricing; liquidity mismanagement; and lack of regulation to keep pace with market innovations as well as failure to understand their systemic implications. As a result, the global financial markets have been badly hit and financial stability challenged. Nevertheless, by exposing the inherent weaknesses in the system, it has provided an opportunity to improve upon the

financial system architecture including risk management, which must be taken on priority. Moreover, impact of real economy on the financial stability should also be recognized and necessary precautions should be taken accordingly. Bringing back the credibility in the global systems, improving risk management systems and reclaiming the market confidence is essential to repair the damage and deal with the challenges in safeguarding global financial stability. For any business to grow and stay in the market, management style is a key and Risk management is basically the management style of managing the risks. Risk is inherent in every business and every organization has to manage it according to its size and nature of operation because without it no organization no organization can survive in long run.

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Structured products entail aggregating multiple underlying risks, such as market and credit risks, by pooling instruments and creating products subject to those risks and then dividing the resulting cash flows into “tranches” or slices, paid to different holders as per their respective risk appetite and return preference. (<http://www.imf.org>)



Determinants of Share Price in India- An Empirical study

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Abstract

Today's market is flooded with variety of products for investment and hence investors have many alternatives to invest their savings. Out of various alternatives available, investment in stock market turns out to be the most lucrative as it can yield higher returns to the investors. On the other hand for low risk takers investing in stock market is not preferable because of high volatility of share prices.

The present study tries to find out the share price determinants from micro factors like Book Value, Dividend per Share, Earning per Share, Dividend Cover, Growth, Price Earning and Dividend Yield. The sample taken was 50 companies listed in Nifty. The data was collected and analysed for the years 2007-2011. The dependent variable considered for the study is market price and there were seven independent variables whose effect on dependent variable is measured through correlation and regression analysis. The hypothesis carried out using the linear function model concluded that dividend per share, earning per share and dividend yield has significant relationship with market price.

Key Words : Market Price, Dividend per Share, Earning per Share, Dividend Yield

Introduction

Today's market is flooded with variety of products for investment and hence investors have many alternatives to invest their savings. Different alternatives are analysed by the investors and a particular alternative is chosen depending on the investors risk taking capability and expected return. Out of various alternatives available the investment in stock market turns out to be the most lucrative as it can yield higher returns to the investors. On the other hand for low risk takers investing in stock market is not preferable because of high volatility of share prices. The price of a share like other products depends on the demand supply rule. Supply being changing rarely, the fluctuations depends on demand of a share of a particular company. Demand of a share depends on many factors like performance of a stock, market conditions etc. Market conditions which are also known as macro economic factors affects share price of all companies, whereas, performance of a particular stock or micro economic factors affects the share price of a particular company only. Hence for an investor to select a company for investing his hard earned money, considering the micro economic factors becomes extremely important.

Barua and Srinivasan (1987, 1991) have explored the investment decision making process of individuals through various experiments. In their experiments they concluded that the risk perception of individuals is significantly influenced by the skewness of the return distribution. This means, that while taking investment decisions, investors are concerned about the possibility of maximum losses in addition to the variability of returns.

L.C. Gupta (1992) in his book titled 'Stock Exchange Trading in India: Agenda for Reform, Society for Capital Market Research and Development' concludes that, a) Indian stock market is highly speculative; b) Indian investors are dissatisfied with the service provided to them by the brokers; c) margins levied by the stock exchanges are inadequate and d) liquidity in a large number of stocks in the Indian markets is very low.

Several factors have been identified by various authors in their empirical research; few of them are listed in Table 1.

Table 1: Empirical Research Literature of various Authors

Sr. No.	Author/s	Factors affecting share prices	Market Studied
1	Zahir and Yaksh (1982)	Dividend Per Share, Dividend Yield, Book Value per Share, Dividend Coverage	India

2	Bansal (1996)	Book Value, Dividend Per Share, Earning Per Share, Dividend Cover, Price Earning Ratio and Dividend Yield	India
3	Karathanassis and Philippas (1988)	Dividend, Retained Earning, Size	Greece
4	Irfan and Nishad (2002)	Dividend Yield, Leverage, Payout Ratio and Size	Pakistan
5	Uddin (2001)	Dividend, Earning Per Share, Net Asset Value Per Share	Bangladesh
6	Singhanian (2006)	PE Ratio, Earning Per Share, Book Value, Dividend Cover, Dividend Per Share, Dividend Yield	India
7	Gompers, Ishii and Metrick (2003)	Book Value, Dividend per share, Earnings per share, price earnings ratio and Dividend cover	United States

The present study tries to find out the share price determinants from micro factors like Book Value, Dividend per Share, Earning per Share, Dividend Cover, Growth, Price Earning and Dividend Yield.

Literature Review

Shukla Hitesh and Devani Jinal (2011) studied the determinants of equity prices in the stock markets in India. They studied 75 companies from 100 companies listed in BSE as on 31/3/2010. The study concluded that price earnings ratio, earning per share, dividend per share and dividend cover were the variables which contributed the most in determining the share prices followed by dividend yield and book value. Faris Nasif AL-Shubiri (2010) studied the determinants of stock price movements in Jordanian commercial banks. He studied the 14 commercial banks of Amman stock exchange for the period 2005-2008. The study found highly positive relationship of market price of stock with net asset value per share, dividend percentage and Gross Domestic Product and negative relationship with inflation and lending interest rate.

Dr Bhattacharjee Bidyut Jyoti (2012) studied the interrelationship of market price of share of Indian Companies with companies' size, Leverage, Growth, Liquidity, Profitability and Dividend decision. He studied 151 companies from 13 different industrial groups for the years 2003-2008. The study found a significant correlation between Market price of share and Dividend and Market price of share and size. Somoye, Akintye and Osene (2009) studied the determinants of equity prices in the stock markets in Nigeria. The study included 130 companies whose shares are being traded in the Nigerian Capital Market and the period covered was from 2001 to 2007. The study found a positive correlation of market price with earning per share and gross domestic product while a negative correlation with lending interest rate and foreign exchange rate.

Uddin Belal Mohammed (2009) studied determinants of market price of stock in Bangladesh. The study was carried out for 68 Insurance and leasing companies listed in Dhaka Stock Exchange. The study revealed that there is a significant linear relationship between market price of sock and net asset value per share, dividend percentage and earnings per share. Nirmala et al. (2011) studied the determinants of share prices in India. Data pertaining to auto, healthcare and public sector undertaking were collected for the period 2000-2009. The study concluded that dividend, price earning ratio and leverage are significant determinants of share prices for all the sectors. Profitability is also found to be a factor influencing share prices in case of auto sector. Nazir Mian Sajid et al. (2010) studied the determinants of stock price volatility in Karachi Stock Exchange. The study was carried out on KSE-100 firms for the period 2003-2008. The study found that dividend policy has a strong significant relationship with the stock price volatility in KSE.

Dr. Sharma Sanjeet (2011) studied the determinants of equity share prices in India. The study was carried out on 115 companies from different sectors for the period 1993-2009. The study revealed that earning per share, dividend per share and book value per share has significant impact on the market price of share. Also, dividend per share and earnings per share were the strongest determinants of market price. Zahir and Khanna (1982) studied the determinants of stock prices in India in 101 industrial giants for the year 1976-77 and 1977-78 with the help of multiple linear regressions model. Dividend per share emerged as a significant determinant of share price, yield also emerged highly significant determinant with its negative association with market price of share.

Al-Tamimi (2007) identified company fundamental factors and external factors as influencers of asset prices. He developed a simple regression model to measure the coefficients of correlation between the independent and dependent variables. He discovered that the firm's fundamental factors exercise the most significant impact on stock prices. The EPS was found to be the most influencing factor

over the market.

Objectives of the Study

The primary objective of the study is to identify the factors which determine the market price of shares of companies in India. Secondly the objective is to find whether there exists a significant relationship between market price and seven micro economic factors taken into consideration for the study.

Research Methodology

The sample for the study was taken as 50 companies listed in Nifty based on three criteria namely, (1) the company is in existence since 2007 (2) the company should not have skipped dividend from 2007 to 2011 and (3) no financial data required for the calculation is missing. Based on these criteria there were 47 companies for the final analysis. The data was collected and analysed for the years 2007-2011. The data was collected from sources like annual reports of the company and authenticated websites. The dependent variable considered for the study is market price and there were seven independent variables like book value, dividend per share, earnings per share, dividend cover, growth, price earnings ratio and dividend yield, whose effect on dependent variable is measured through correlation and regression analysis.

The function for calculating the effect of seven independent variables on the dependent variables, market prices is as under :

$$MP = f(BV, DPS, EPS, DC, GH, P/E, DY)$$

Where MP = market price of equity share, BV = Book value, DPS = Dividend per share, EPS = Earnings per share, DC = Dividend Cover, GH = Growth, P/E = Price earnings ratio and DY = Dividend yield. The conceptual meaning and formula for calculation of the dependent and independent variables are explained below :

Market Price (MP): Market price is a price at which a share is traded in the stock market. Any person who wants to purchase or sell a share after IPO can do the same at the price prevailing in the stock market. Market price varies from time to time. So the average of highest and the lowest market price during a year is taken for the study.

$$MP = (\text{High Price} + \text{Low Price})/2$$

Book Value (BV) : The shareholders are the real owners of a company. So whatever the assets and liabilities are there with a company it belongs to its shareholders. Therefore, BV shows the Net Assets owned by a shareholder.

$$BV = (\text{Reserves} + \text{Equity capital} - \text{Revaluation Reserves}) / \text{No. of outstanding Shares}$$

Dividend per share (DPS) : Dividend is a portion from the Net

profit of the company which the company has paid to the equity shareholders for bearing risk in the company. Market price of a share is highly influenced by the Dividend paid.

$$DPS = \text{Dividend paid} / \text{No. of outstanding shares}$$

Earnings per share (EPS): EPS is the universally accepted most crucial measurement and indicator of the financial performance of a company. It measures the overall profitability in terms of per share of capital contributed by the owners. It shows the residual earnings of the company per share. It is independent of dividend policy.

$$EPS = (\text{Net Profit after Tax} - \text{Preference Dividend}) / \text{No. of outstanding shares}$$

Dividend Cover (DC) : It shows to what extent the DPS of a company is protected by its earnings. It will help in finding out that the dividend is paid from earnings of the company only and not from any other source.

$$DC = EPS / DPS$$

Growth (GH): The main objective of a company is to increase its growth. The growth of a company can be measured by growth in its sales. Therefore, this ratio shows the increase in sales of a company as compared to previous year.

$$GH = (\text{Net sales in the current year} - \text{Net sales in the previous year}) / \text{Net sales in the Previous year}$$

Price Earning (P/E) : P/E ratio indicates the premium that the market is willing to put on a firm's earnings. The premium depends on the sustainability of earnings. A firm may have a high current EPS and yet may have a low P/E if the market perceives that the EPS is not sustainable in future.

$$P/E \text{ Ratio} = \text{MP per share} / \text{EPS}$$

Dividend Yield (DY) : Shareholders are the real owners of a company and they are interested in real sense in the earnings distributed and paid to them as dividends. DY is calculated to evaluate the relationship between dividend per share paid and market value of the share.

$$DY = \text{DPS} / \text{MP per share}$$

Data analysis and Findings

Table 2 shows the correlation between market price and other independent variables. Earning per share shows the highest positive correlation of 0.694 at 1% level of significance. Book value (0.572), dividend per share (0.385) and dividend cover (0.381) is also positively correlated with market price. There also exists a significant correlation between various independent variables. Book value is positively correlated with dividend per share (0.422) and earning per share (0.809) while it is negatively correlated with price earning ratio (-0.298). Similarly, dividend

per share is positively correlated with earning per share (0.686) and dividend yield (0.668) while the same is negatively correlated with price earning ratio (-0.348). Also, earning per share is negatively correlated with price earning ratio (-0.363). Dividend cover is positively correlated with growth (0.302) while it is negatively correlated with dividend yield (-0.513). Growth is positively correlated with price earning (0.693) while it is negatively correlated with dividend yield (-0.343). Lastly, price earning is negatively correlated with dividend yield (-0.460).

Following is the hypothesis considered for analysis and the same is tested by linear function model.

Ho: There is no linear relationship between market price of share and book value, dividend per share, earning per share, dividend growth, growth, price earning ratio and dividend yield.

H1: There is a linear relationship between market price of share and book value, dividend per share, earning per share, dividend growth, growth, price earning ratio and dividend yield.

Table 3 indicates that the significance value of dividend per share, earning per share and dividend yield is 0.044, 0.007 and 0.002 respectively. Hence it can be concluded that dividend per share, earning per share and dividend yield has significant relationship with market price.

Table 2 : Correlation

		Market Price	Book Value	Dividend per share	Earning per Share	Dividend cover	Growth	Price Earning	Dividend Yield
Market Price	Pearson Correlation	1	.572**	.385**	.694**	.381**	.055	.062	-.211
	Sig. (2-tailed)		.000	.008	.000	.009	.718	.682	.158
Book Value	Pearson Correlation		1	.422**	.809**	.219	-.195	-.298*	-.005
	Sig. (2-tailed)			.003	.000	.144	.193	.045	.973
Dividend per share	Pearson Correlation			1	.686**	-.314*	-.202	-.348*	.668**
	Sig. (2-tailed)				.000	.034	.179	.018	.000
Earning per Share	Pearson Correlation				1	.192	-.137	-.363*	.209
	Sig. (2-tailed)					.202	.365	.013	.163
Dividend cover	Pearson Correlation					1	.302*	.242	-.513**
	Sig. (2-tailed)						.041	.105	.000
Growth	Pearson Correlation						1	.693**	-.343*
	Sig. (2-tailed)							.000	.020
Price Earning	Pearson Correlation							1	-.460**
	Sig. (2-tailed)								.001

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

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

Table 3 : Coefficients

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	376.293	298.800		1.259	.216
Book Value	-.542	.659	-.133	-.823	.416
Dividend per share	26.951	12.907	.423	2.088	.044
Earning per Share	13.216	4.661	.662	2.836	.007
Dividend cover	40.333	30.857	.158	1.307	.199
Growth	-1359.203	790.944	-.217	-1.718	.094
Price Earning	13.375	6.318	.296	2.117	.041
Dividend Yield	-325.336	100.140	-.490	-3.249	.002

Table 4: ANOVA

	Sum of Squares	d.f.	Mean Square	F	Sig.
Regression	19743989.05	7	2820569.86	13.707	.000
Residual	7819296.69	38	205770.97		
Total	27563285.74	45			

Table 5: Adjusted R²

R	R Square	Adjusted R Square	Std. Error of the Estimate
.846	.716	.664	453.61985

The coefficient of determination (R²) has shown 71.6% variation in the dependent variable which is explained by all the independent variables. Also the Adjusted R² value is 0.664 (Table 5.4).

Conclusion

Earning per share shows the highest positive correlation with market price followed by book value, dividend per share and dividend cover. There also exists a significant correlation between various independent variables. Book value is positively correlated with dividend per share and earning per share while it is negatively correlated with price earning ratio. Similarly dividend per share is positively correlated with earning per share and dividend yield while the same is negatively correlated with price earning ratio. Also, earning per share is negatively correlated with price earning ratio. Dividend cover is positively correlated with growth while it is negatively correlated with dividend yield. Growth is positively correlated with price earning while it is negatively correlated with dividend yield. Lastly, price earning is negatively correlated with dividend yield. The hypothesis carried out using the linear function model concluded that dividend per share, earning per share and dividend yield has significant relationship with market price. The adjusted R² value came as 0.664.

The results of the study indicate that dividend per share and earning per share are the strongest determinants of market price. So, the companies should focus on paying regular dividends to their shareholders. Regular dividend payment will result in increased market price of a share. High market price will be beneficial to the company as well as the shareholders. The company's reputation increases

due to high market price which will help the company in getting good stakeholders. In future, if the company wants to go for an IPO the chances of full subscription will be high, if the market price of the company is high.

The shareholders can also get benefit of high market price. In case the shareholders want to exit from the company they can get good price if the market price is high. The market price is also correlated with the book value of a share. Therefore, before investing, the shareholders should concentrate on regular dividend payments by the company as well as study the accounting variables of a company.

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Trading & Testing of Oscillators

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Abstract

Ever since financial markets have existed, efforts have been made to forecast them, in the hope that their forecasts would reap them great fortunes from investing & trading. Investing & trading can be done on the basis of fundamental or technical analysis (preferably both). Fundamental analysis gives strategies based on underlying economic conditions, industry growth and on the conditions of specific companies. Technical analysis on the other hand guides strategies based on charts, indicators, oscillators & statistics. Technical analysts do not attempt to measure script's intrinsic value, but instead employs charts and other tools to identify patterns & trends that can suggest future price movements.

The paper focuses on trading through the two selected Oscillators of Technical Analysis viz. RSI (Relative Strength Index) & ROC (Rate of Change). It also attempts to tests the traditional levels and traditional days as suggested by the developers of respective Indicators against alternative levels & alternative days to find out its profitability, number of signals generated, average holding period, as well as average return day wise & signal wise. In RSI the traditional level is 30-70 while the traditional days for calculation suggested is 14 days; the paper tests this against Alternative Level of 20-80 & Alternative Days as 7 days. In ROC the Traditional Level is 0 (Zero) and generally 14 days is used for calculation. The paper tests this with Alternative -5 - +5 Level & Alternative 7 Days for calculation.

Key Words : Technical Analysis, Oscillators, RSI, ROC.

Literature Review

Ever since financial markets have existed, efforts have been made to forecast them, in the hope that their forecasts would reap them great fortunes for investing & trading. Bhalla (2004) in his book on Investment Management has mentioned two approach to conduct security analysis viz. Fundamental Analysis & Technical Analysis.

Fundamental analysis aims at discovering the intrinsic value of a script, which depends upon multitude of factors shortly referred as EIC analysis. A top down approach- with the purpose of finding and exploring all economic variables (Economy, Industry &

Company) that influence the future earnings of a financial asset. These economic variables measure different fundamental aspects, ranging from macro-economic (interest rate, inflation, oil prices, unemployment, recession etc.), industry specific (industry life cycle, competition, demand/supply, technological changes, etc.) and firm specific (company growth potential, dividend announcements, earnings, lockouts & strikes etc.). Graham and Dodd (1934) are among the first to formally argue the importance of fundamental factors in share valuation exercises. Subsequent studies further detail the relationship between share price and fundamental factors, with Gordon and Shapiro's (1956).

An alternative approach to predict stock price behavior is Technical Analysis. In his book Technical analysis, Martin J. Pring explains: 'The technical approach to investing is essentially a reflection of ideas that prices moves in trends which are determined by the changing attitude of investors towards a variety of economic, monetary, political and psychological forces...'. Technical analysis of the market is based upon the tenets namely that all fundamental factors are discounted by the market and are reflected in prices. Secondly, these prices move in trends or waves. Thirdly, the present trends are influenced by the past trends and the projection of future trend is possible by analyzing the past price trends. Technical research tests the ability of various trading rules to generate superior profits, with these studies providing support for the role of technical analysis in predicting future share performance (see, for example, Brock et al. (1992); and, Allen and Karjalainen (1999)).

A research found evidence that the fundamental signals provide information about future returns that is associated with future earnings news. Moreover, a significant portion of the abnormal returns is generated around subsequent earnings announcements (Abarbanell & Bushee, 1997). There is a skew towards reliance on technical, as opposed to fundamental, analysis at shorter horizons, which becomes steadily reversed as the length of the time horizon is increased. In nutshell, we can roughly conclude that Fundamental analysis would be worth in a reasonably long term for the purpose of Investment, whereas Technical Analysis would be useful in short term for the purpose of Trading.

Technical analysis uses various tools in its repertoire. As classified by S. Kevin in his book, they can be classified into four- Market Indicators, Mathematical Indicators, Charts & Theories (Kevin, 2007). The Oscillators under question is a part and parcel of Mathematical Indicators. Oscillator is a technical analysis tool that is banded between two reference levels or one reference value, and built with the results from a trend indicator, for discovering short-term overbought or oversold conditions.

The Relative Strength Index (RSI) is one of the most used and well-known momentum indicators in technical analysis. RSI helps to signal overbought and oversold conditions in a security. This indicator helps traders to identify whether a security's price has been unreasonably pushed to current levels and whether a reversal may be on the way. (Pandian, 2005)

ROC on the other hand, shows the speed with which the stock price changes frequently. It suggests that how much % the stock price has changed from one period to another. Rate of change is simply momentum oscillators in percentage rather than point change form. They are constructed as the ratio of the current closing price to the price a certain number of periods ago (ibid).

Research Methodology

Technical Analysis is the progeny of Charles Dow who derived the Dow Theory, followed by Wave theories by Ralph Elliot, followed by many other charts and patterns. Technical Analysis has been often abused, stating allegations such as, highly subjective & the charts and patterns lies in the eyes of the beholder. It is also referred sometimes as voodoo, alchemy, & astrology. The endeavour in this paper is to devise a simple, systematic, & rule based trading through Technical Analysis.

For the purpose of study Descriptive Research Design is employed. The paper investigates two selected oscillators of Technical Analysis viz. RSI & ROC. The paper not only trades using these two Oscillators, but also tests both Oscillators manipulating the methodology as suggested by their respective author, to make a comparative analysis.

Relative Strength Index was developed by J. Welles Wilder Jr. and introduced in his book 'New Concepts in Technical Training Systems'. Relative Strength Index (RSI) is measured on a scale of 0-100 with a reading of 70 being overbought and reading below 30 being oversold. Originally he recommended 14days period. Whereas Rate of Change (ROC) The RSI Indicator is a indicator of speed of changing of price. It is calculated in the following way: $RSI = 100 - (100 * (1 / (1 + RS)))$.

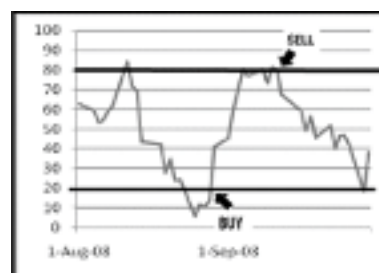
Here $RS = \text{Average Gains Per Day} / \text{Average Losses Per Day}$.

There are all possible merits of the indicators situated in an area from 0 to 100. The two control levels (the higher bottom control level is above 70, the lower bottom control level is below 30) are

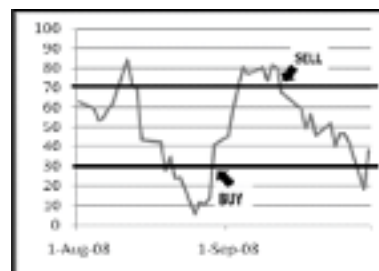
put on the chart with the help of horizontal markers. While the RSI increases and overcomes the top control level (above 70), the indicator displays the oversaturation of the market with buy trades, and then begins the zone of sales. Conversely, when the RSI crosses the low bottom control level (below 30), the indicator displays the oversaturation of the market with sell trades, and then starts the buying area.

The paper investigates the objectives using data for 3 year from 2006 to 2009. Daily Close Price of Stock are taken for the selected 5 Scripts, on the basis of Market Capitalization. The scripts are ONGC, BHEL, Reliance, ITC & SBIN. The data was then processed in order to calculate the RSI & ROC for all the scripts using MS-EXCEL. For both the Oscillators we need to find out the daily return. For RSI, we then have to calculate moving average for finding the Average Gain & Average Loss. RSI traditionally used 14days moving average. The paper investigates the results using alternative 7days moving average as Alternative Days. This gives us two different RSI using both Traditional Days & Alternative Days.

This RSI is then plotted on the scale of 0 to 100. The graphs are then used along with the Levels to derive the Buy & Sell Signals. Simple trading rules are used to trade using the oscillators. For RSI, the tradition levels were 30-70, where 30 shows Script is Oversold, while 70 Level shows the Script is Overbought. So the trading rules using traditional level are, Buy the stock when the RSI cuts 30 Level from below, & Sell the stock when the RSI cuts 70 Level from above. For Alternative level, 20 Level indicates oversold stock while 80 Level indicates the overbought stock, and then the aforesaid Trading rules have been employed. Both this Traditional & Alternative Level have been worked against RSI calculated using Traditional Days & Alternative Days.



RSI Traditional Levels (30-70)



RSI Alternative Levels (20-80)

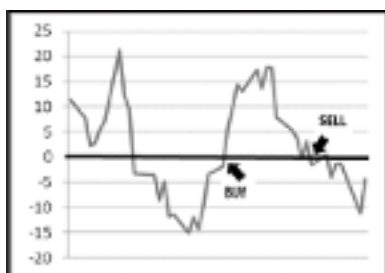
The ROC (Rate of Change) Indicator is a difference between the price of the current period and the price of the previous period, which is located n period back from the current one:

$ROC = P_i - P_{i-n}$, P_i - the price of the current period, P_{i-n} - the price of the period, which is located n periods back from the current one. As usual, they use the relative (in percentage) value of the velocity of the ROC.

$$ROC\% = 100\% * (P_i - P_{i-n}) / P_{i-n}$$

A 14-day ROC tends to oscillate in a fairly regular cycle. Often, price changes can be anticipated by studying past cycles of the ROC and applying the predicted pattern to the current market. To construct a 14 day rate of change oscillator, the latest closing price is subtracted from price before 14 days and this difference is divided by the close 14 days ago: $ROC = [(Current\ Closing\ Price - Close\ Price\ 14\ Days\ Ago) / (Close\ Price\ 14\ Days\ ago)] * 100$. The ROC with 7 Days is calculated by replacing Close Price 14 Days Ago by Close Price 7 Days Ago.

Similar to that in RSI, here in ROC also we plot the ROC data on the graph. Traditional ROC uses 0 as the reference Level to generate the Buy & Sell signal. The rule says, Buy the Stock when the ROC cuts 0 Level from below, and Sell the Stock ROC cuts the 0 Level from above. The Alternative Level here manipulated as +5 Level to -5 Level. Both this Traditional & Alternative Level have been worked against ROC calculated using Traditional Days & Alternative Days.



ROC Traditional Levels (0)



ROC Alternative Levels (-5 to +5)

The RSI & ROC so calculated are then plotted on graph, superimposed by respective levels. The buying and selling signals are then manually identified. Using pointer on the Signal gives us the date of the signal. The stock is traded on that day's

Close Price.

It might so occur, that there are back to back buy or sell signal. Here the methodology followed is to Trade on the First Buy Signal only, skip other buy signal/s & then to square off them at the very First Sell Signal. The reason being, we assume that those who have limited funds to trade would need to pour funds to buy for 2 to 3 times in a row. It might take time, cost & even availability is another question.

Each pair of Buy & Sell generates returns, which is calculated by

$$Return = (P_1 - P_0) / P_1 * 100.$$

Where, P_1 = Price at Selling Signal,

P_0 = Price at Buying Signal Price.

The paper has also found out the number of signals generated by RSI and ROC, each buy & sell signal together constitute 1 signal.

For further exploration the paper also finds out the average holding period for each company through each method. Per Day Profit is also found out on the basis of Total profit & holding period using the formula :

Per Day Profit : Total Profit / Total Holding Period. Finally, the paper tries to examine the correlation between the signals generated by RSI & ROC.

Limitations

There are two limitations of the paper; firstly, the trading is done on the Close Price and not on the real-time basis, as real time data are not available for past year. Secondly, the paper ignores brokerage, taxes & interest rate (opportunity cost of the fund blocked), which would reduce the profitability for each signal.

Findings & Interpretation

The findings of the trading signals generated through RSI and ROC are mentioned in Table 1. The results are analysed based on the following criteria by making a comparative analysis of traditional method and alternative method :

- Number of Signals generated i.e. the Pair of Buy & Sell Signal generated using the signals generated by RSI & ROC.
- Returns i.e. the percentage capital gain in the value of the bought stock during the buying and selling signal generated by RSI & ROC.
- Holding Period i.e. the duration (in days) for which one has to hold the security (the number of days when sell signal is generated after the stock is bought by the buy signal).
- Number of Signals and Profit per signal i.e. the total number of signals generated during the period of study, and the average profit generated by each method.

- Correlation between signals generated by RSI & ROC i.e. to what extent both the methods generates buying and selling signals in tandem.
- Active Strategy returns versus Passive Strategy Returns i.e. returns generated through following technical analysis versus returns of just holding the stock.

The results are tabulated and interpreted as follows :

Table 1: Number of signals

Number of Signals by RSI					Number of Signals by ROC				
Company	7 days (Alternative Days)		14 Days (Traditional Days)		Company	7 days (Alternative Days)		14 Days (Traditional Days)	
	30-70	20-80	30-70	20-80		0	5	0	5
BHEL	30	26	14	06	BHEL	55	20	23	25
ITC	31	27	16	09	ITC	62	21	33	16
ONGC	35	27	17	09	ONGC	54	27	39	21
Reliance	32	22	12	07	Reliance	66	17	43	11
SBIN	32	23	09	08	SBIN	62	27	44	08

Table 1 shows the number signals generated by RSI & ROC respectively in the three years. In both RSI & ROC number of signals will decrease if alternative levels are used i.e. level 20 – 80 instead of level 30– 70 in case of RSI and level-5 instead of level-0 in case of ROC. The results are intuitive (obviously the signals would be more, but the objective is to quantify how much more signals can be generated); as we increase the band the number of signals which don't reach to this level would not generate results. Yet with lesser signals, due to greater fluctuations the return might be high, which is the next exploration. Number of signals will increase as days reduces from traditional to alternative, means from 14 days to 7 days in both RSI & ROC.

Table 2: Return

Return (%) of 7 Days RSI			Return (%) of 14 Days RSI		
Company	7 days		Company	14 days	
	30-70	20-80		30-70	20-80
BHEL	306.45	320.43	BHEL	266.73	170.5
ITC	83	103	ITC	71	56.261
ONGC	108	91	ONGC	103	59
RELIANCE	156	110	RELIANCE	82	31
SBIN	168	140	SBIN	67	58

Return (%) of 7 Days ROC			Return (%) of 14 Days ROC		
Company	7 days		Company	14 days	
	0	5		0	5
BHEL	165	143	BHEL	38	93
ITC	58	106	ITC	34	97
ONGC	110	142	ONGC	79	58
RELIANCE	72	52	RELIANCE	84	54
SBIN	98	155	SBIN	55	110

The Table 2 shows comparison of the return generated by RSI & ROC using Traditional Days & Level versus Alternative Days & Level. The returns are in percentage for the three year for respective company. In case of RSI companies are giving better return at traditional

level with alternative days. In case of ROC companies are generally giving better return at alternative level with alternative days.

Table 3: Holding Period - RSI Holding Period

Company	7 days (Alternative Days)			
	30 - 70 (Trad. Level)		20 - 80 (Alt. Level)	
	Avg. H.Period	Return Per Day(%)	Avg. H.Period	Return Per Day(%)
BHEL	13.27	0.77	14.62	0.84
ITC	11.00	0.24	13.00	0.28
ONGC	9.31	0.33	9.35	0.37
Reliance	7.00	0.38	24.00	0.31
SBIN	9.00	0.58	9.26	0.66

Company	14 days (Traditional Days)			
	30 - 70 (Trad. Level)		20 - 80 (Alt. Level)	
	Avg. H.Period	Return Per Day(%)	Avg. H.Period	Return Per Day(%)
BHEL	15.57	1.22	33.00	0.86
ITC	19.00	0.23	23.11	0.27
ONGC	17.71	0.34	23.78	0.28
Reliance	16.00	0.28	13.00	0.14
SBIN	19.00	0.40	30.13	0.24

ROC Holding Period

Company	7 days (Alternative Days)			
	0 (Trad. Level)		- 5 to 5 (Alt. Level)	
	Avg. H.Period	Return Per Day(%)	Avg. H.Period	Return Per Day(%)
BHEL	9.10	0.33	9.80	0.73
ITC	8.00	0.11	14.10	0.36
ONGC	8.90	0.23	11.00	0.48
Reliance	9.00	0.12	10.00	0.29
SBIN	9.39	0.16	10.00	0.57

Company	14 days (Traditional Days)			
	0 (Trad. Level)		- 5 to 5 (Alt. Level)	
	Avg. H.Period	Return Per Day(%)	Avg. H.Period	Return Per Day(%)
BHEL	14	0.12	14.47	0.43
ITC	16	0.06	17.19	0.35
ONGC	12	0.02	12.48	0.22
Reliance	14	0.14	15.91	0.31
SBIN	13	0.10	15.11	0.41

Table 3 shows the holding period using RSI & ROC. Holding period becomes important as it increases the opportunity cost for the funds invested in buying the stock. The table also it shows the Return Per Day for the same. If we consider only holding period than in both RSI & ROC Alternative Days looks impressive with traditional levels i.e. 30-70 level in case of RSI and 0 level in case of ROC, but considering only holding period is not a wise decision. If we consider both - returns per day and holding period than Alternative Levels are better i.e. 20-80 in case of RSI and -5 to +5 level in case of ROC are better. But over all Alternative Days are giving higher return in both RSI and ROC with both traditional and alternative levels.

Table 4: Number of signals & profit per signal - Signals by RSI & its profitability

Company	7 days (Alternative Days)			
	30-70 (Trad. Level)		20-80 (Alt. Level)	
	No. of Signals	Profit Per Signal	No. of Signals	Profit Per Signal
BHEL	30	10.21	26	12.32
ITC	31	2.68	27	3.80
ONGC	35	3.09	27	3.38
RELANCE	32	4.88	22	5.00
SBIN	32	5.25	23	6.07

Company	14 days			
	30-70 (Trad. Level)		20-80 (Alt. Level)	
	No. of Signals	Profit Per Signal	No. of Signals	Profit Per Signal
BHEL	14	19.05	6	28.42
ITC	16	4.44	9	6.25
ONGC	17	6.06	9	6.54
RELANCE	12	6.84	7	4.42
SBIN	9	7.45	8	7.31

Signals by ROC & its profitability

Company	7 days (Alternative Days)			
	0 (Trad. Level)		-5 to 5 (Alt. Level)	
	No. of Signals	Profit Per Signal	No. of Signals	Profit Per Signal
BHEL	55	2.99	20	7.14
ITC	62	0.93	21	5.06
ONGC	54	2.03	27	5.26
RELIANCE	66	1.09	17	3.05
SBIN	62	1.58	27	5.73

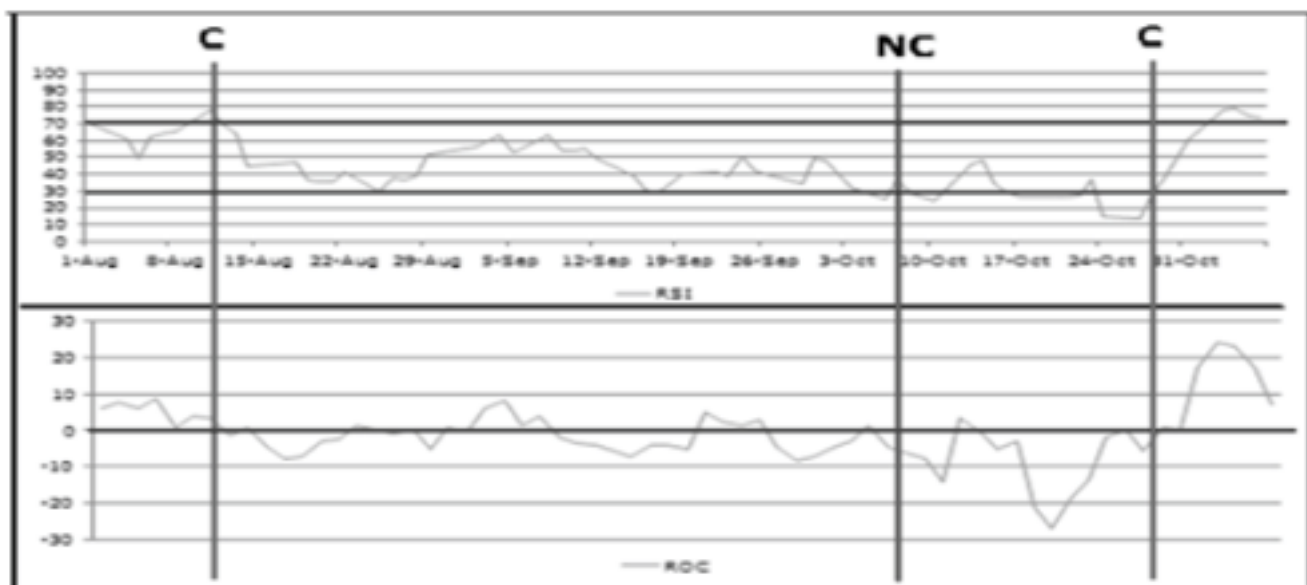
Company	14 days			
	0 (Trad. Level)		-5 to 5 (Alt. Level)	
	No. of Signals	Profit Per Signal	No. of Signals	Profit Per Signal
BHEL	23	1.66	15	6.20
ITC	33	1.02	16	6.04
ONGC	39	0.27	21	2.75
RELIANCE	43	1.95	11	4.95
SBIN	44	1.25	18	6.12

Table 4 shows the number of signals generated and the profit per signal for each of the cases. Both RSI and ROC gives more signals with Traditional Level and Alternative Days. This is important especially for the traders & broking houses, by this they can show the likely profitability for each trade, and also can help them about profit booking.

Table 5: Correlation between RSI & ROC

Company	BHEL	ITC	ONGC	Reliance	SBIN
7 Days (Altr. Days)	0.732	0.539	0.766	0.740	0.807
14 Days	0.856	0.699	0.890	0.885	0.903

SIGNAL CONFIRMATION



The paper then examines the correlation between RSI & ROC. The correlation would give us quantified data how much the two Oscillators generate signals in tandem. From the Table 5 of correlation between RSI & ROC it can be observed that for most of companies there is high correlation. It is said that in Technical Analysis the trade must be done on atleast signals generated by atleast two tools. Here the correlation shows that there is a high correlation, and ROC can be used as confirmation along with RSI & vice versa. If any one of RSI & ROC has given buying signal and the other indicator is still declining than it is advised not to trade as it may be a false signal. And if RSI or ROC has given buying signal and other indicator has confirmed that signal than it indicates a good buying opportunity. And if RSI or ROC has given selling signal and other indicator has confirmed that signal than it indicates a good selling opportunity. The graph is plotted of 1st August to 30th September 2008. Where two confirmations are found, while for one there absence of confirmation.

Table 6: Active strategy versus passive strategy
Active strategy versus passive strategy return for RSI (in %)

Company	Passive Strategy	7 days		14 Days	
		30-70	20-80	30-70	20-80
BHEL	29.78	306.45	320.43	266.73	170.5
ITC	27.16	83	103	71	56.261
ONGC	78.63	108	91	103	59
RELIANCE	18.40	156	110	82	31
SBIN	186.70	168	140	67	58

Active strategy versus passive strategy return for ROC (in %)

Company	Passive Strategy	7 days		14 Days	
		0	-5 to 5	0	-5 to 5
BHEL	29.78	165	143	38	93
ITC	27.16	58	106	34	97
ONGC	78.63	110	142	79	58
RELIANCE	18.40	72	52	84	54
SBIN	186.70	98	155	55	110

Lastly, the paper examines whether taking so much toil pays more compared to follow a Passive-Buy-Hold-Sell Strategy. The Table 6 shows the Return for all the scripts for the three years, using passive strategy as well as Traditional & Alternative RSI & ROC strategies. It is evident clearly where in all the cases the return generated by Active Strategy reaps high return.

Future Prospects

The research is conducted only on 5 stocks, which might not be a true representative of stock market. Thus a proper sample representing the stock market can be selected to give robust conclusion. The transaction costs are ignored, which may reduce the attractiveness of returns, so further precise results can be derived.

Conclusion

Trading through both the Oscillators has been profitable. Both trading strategy generates more returns than trading using a passive strategy. Testing has proved Number of signals will decrease if alternative levels are used i.e. level-5 instead of level-0 in case of ROC and level 20-80 instead of level 30-70 in case of RSI.

In terms of Profitability, for RSI companies are giving better return at level 30-70 (Traditional) than that at level 20-80. In ROC companies are giving better return at level-5 (Alternative), than at level-0 (traditional). About Holding Period, both in case of RSI and ROC Holding Period is less while we are using alternative level of 7 days with traditional levels. As per Profit Per signal, both RSI and ROC gave maximum signals with traditional level and alternative days. By combining holding period and profit per period we can get an idea about holding period of trade done on the basis of signal generated and estimated profit from it, which is very useful for every investor. Due to this they can invest according to their expectations. Lastly for Correlation, it is also observed that there is high degree of correlation between RSI and ROC which is useful for trade confirmation.

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Construction of Portfolio from selected stocks of Bombay Stock Exchange (BSE) with special reference to blue chip securities

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Abstract

The focus of the study is on the construction of the portfolio from the selected stocks of the Bombay Stock Exchange (BSE). The paper is based on the most widely used Capital Assets Pricing Model (CAPM) for making the investment decisions. With the help of Capital Asset Pricing Model (CAPM), the study tries to categorize scrips as overvalued, properly valued or under valued. The paper also focuses on the performance evaluation of selected stocks from Bombay Stock Exchange (BSE). The base of constructing the portfolio is expected rate of return & actual return on selected stocks of Bombay Stock Exchange (BSE) with special reference to blue chip securities. The study measures the sensitivity of individual stocks with respect to the market movement. The paper tries to emphasize on the relationship between highly over valued scrips with a highly undervalued scrips. The study is expected to be useful to portfolio managers, mutual fund associates & fund managers, institutional buyers & retail investors.

Key Words: Coefficient of Correlation, Bombay Stock Exchange (BSE), Assets, Expected returns, Portfolio, Risk & Return

Introduction

Various investment avenues are available in India now. Some of them are highly liquid while others are fixed kind of securities. Investor invests based on his / her requirements and capacity of bearing the risk. Investment is a very large decision for individuals investors, especially for those who generate a fixed income from employment. Based on the preferred risk, return and liquidity combination, each investor should select investments that match with his/her long term or short term investment objectives. The investment pattern of the household sector in India gives a glimpse of the investment preference. Investment decision is very difficult and if it is not well planned and structured, there are chances of loss or low return.

Investment strategies should concern with two aspects: portfolio development and portfolio management. Harry Markowitz, the father of modern portfolio development theory, has developed the concept of portfolio development in the year 1952. This concept explains the relationship between risk and expected return. It is often called modern portfolio management theory. This theory

focuses on the minimum level of risk with higher expected return. In the same year of 1952, Roy identified the mean variance efficient portfolio. After that the era of invention in portfolio management theories was evolved, and the frequently used Capital Asset Pricing Model (CAPM) was developed by Sharpe, Linter & Black in the year 1972. It is a single factor model defining the return oriented process.

The Capital Asset Pricing Model (CAPM) is very helpful in determining the investment pattern with respect to the investment objectives of individual investors. Practical application of CAPM gives the actual result concerned with the investment objectives. The model shows the required rate of return with lower level of risk.

Outline of the paper

The paper is divided into four parts. Part I contains introduction to the principles and related literature review. Part II contains problem statement & objectives of the study. Part III focuses on the adopted methodology for analysis. Part IV contains finding & conclusions.

Review of literature

In 1977, Richard Roll asserted that the CAPM holds theoretically but is hard to test empirically, since stock indices and other measures of the market are poor proxies for the CAPM variables. This came to be known as Roll's critique.

Portfolio management is a very important thing for an investor. There are several models available for constructing a portfolio. One of the models based on risky securities was developed by Harry Markowitz (1952). According to this model, it's possible to construct an 'efficient frontier' of optimal portfolios offering the maximum possible expected return for a given level of risk.

The foundations for the development of Asset Pricing Models were laid by Markowitz (1952) and Tobin (1958). Early theories suggested that the risk of an individual security is the standard deviation of its returns- a measure of return volatility. Based on this Markowitz's model, CAPM was developed. In this model, many empirical tests were conducted using proxies for the different variables. Several of these showed that the CAPM didn't hold good in many situations and was often inaccurate or

unsuitable in predicting asset values.

The biggest assault on the CAPM came from French and Fama (1984). Using a large sample of cross-sectional stock data including many small-cap stocks and stocks with large book values, they analyzed the accuracy of the CAPM and looked for other factors that explained stock prices (besides systematic risk). Authors found that while the CAPM's measure of systematic risk was unreliable, firm size and book to market value ratios were more dependable. Even so, French and Fama's findings have encountered a great deal of criticism. For example, using better econometric techniques might lead to better results for the CAPM. Just as Roll stated, the CAPM also has many values for which proxies must be found, and the proxies are often inadequate. It is easiest to test the CAPM ex post; although it would be better if an ex ante trial could be realized. Similarly, data mining can lead to conclusions that have no theoretical base.

Campbell and Hentschel (1992) and Glosten, Jagannathan, and Runkle (1993) had analyzed the relationship between the volatility of the market and the expected return on the market. The relationship between the aggregate volatility and the cross section of expected stock returns have received less attention.

Problem statement

During the period from Sept-11 to Aug-12, market was fluctuating with large variations. The majority of the stocks were highly volatile and investors were unable to take their investment decisions. The lower valuation of stock is concerned with the investors' investments in undervalued or properly valued stocks. The current research tries to evaluate & solve the problem of the individual investors and define the investment strategies for them.

Objectives

Objectives of the study are as under:

1. To maximize the return with a lower level of risk and have a better opportunity for investments.
2. To identify the stocks, actual annual return.
3. To discriminate stocks as highly overvalued stocks, highly undervalued stocks and properly valued stocks.
4. To identify the relationship between highly overvalued and highly undervalued selected stock of BSE blue chip securities with the help of Coefficient of Correlation.

Methodology

Capital Assets Pricing Model: Capital Asset Pricing Model derived from economic theory by Sharpe in year of 1964 was used for the present study. The model is presented as under:

$$R_x = R_f + B_x(R_m - R_f)$$

Where, R_x = expected return of security

B_x - measures of systematic risk of assets X relative to the market portfolio

R_f = risk free rate of return (T bills)

$(R_m - R_f)$ = risk premium

The capital assets pricing model asserts that the selection of portfolio will depend upon the risk free rate and the market return. The capital assets pricing model consists of a capital market line (CML) & security market line (SML). The capital market line relates expected return & risk for the portfolio of stocks. The security market line relates the expected return & risk of individual stocks. On the basis of the above model overvalued, undervalued and properly valued stocks can be identified.

Coefficient of Correlation

The Coefficient of Correlation, a concept from statistics, is a measure of how well trends in the predicted values follow trends in past actual values. It is a measure of how well the predicted values from a forecast model 'fit' with the real-life data. For the purpose of present study the Pearson product movement of Coefficient of Correlation also known as (R), is applied and an attempt has been made to identify relationship between highly overvalued and highly undervalued scrips.

Data

The data was collected from selected 30 blue chip scrips of BSE for the period of Sept-11 to Aug -12. Based on this expected return & estimated return were calculated. Bombay Stock Exchange was taken as a proxy for the market index. The risk free rate of return is taken as the 182 days Treasury bill rate of Reserve bank of India (16%). Overall market returns 12% (Calculated on the basis of weight of selected stocks, Sept-11 to Aug-12).

Construction of portfolio

The portfolio is constructed on the basis of the Bombay Stock Exchange's selected stocks with special reference to 30 blue chip securities. Here the annual return is highly influenced by the volatility of the market & securities.

Analysis and Finding

According to the capital asset pricing model it was found that half of the stocks, for the time duration of Sept-11 to Aug-12, were highly undervalued out of selected 30 blue chip securities from Bombay stock exchange. From Table 1 it is clear that seven stocks were highly overvalued & 5 stocks were undervalued. By investing in highly undervalued stocks, investors can expect to earn returns in a long horizon. If investors have already invested their funds in properly valued stock then they should hold on the investment for certain identical time period. 10 scrips which are a part of BSE (Bombay Stock Exchange) were found to be highly/normal overvalued and hence should be sold.

Table 1: Valuations of selected blue chip securities from Bombay Stock Exchange (BSE)

Company Name	Beta	Estimated Rate of Return(%)	CAPM Return (%)	Nature*
HOUSING DEVELOPMENT FINANCE CORPLTD.	0.88	10.52	12.48	U.V
CIPLA LTD.	0.34	23.41	14.64	H.O.V
BHARAT HEAVY ELECTRICALS LTD.	1.53	-29.18	9.88	H.U.V
STATE BANK OF INDIA	1.49	10.64	10.04	P.V
DR.REDDY'S LABORATORIES 00LTD.	0.21	5.12	15.16	H.U.V
HDFC BANK LTD.	1.01	29.75	11.96	H.O.V
HERO MOTOCORP LTD.	0.73	-13.64	13.08	H.U.V
INFOSYS LTD.	0.83	-17.80	12.68	H.U.V
OIL AND NATURAL GAS CORPORATION LTD.	0.74	-3.56	13.04	H.U.V
RELIANCE INDUSTRIES LTD.	1.17	-8.26	11.32	H.U.V
TATA POWER CO.LTD.	1.21	5.79	11.16	U.V
HINDALCO INDUSTRIES LTD.	1.60	-14.59	19.60	H.U.V
TATA STEEL LTD.	1.53	-18.78	9.88	H.U.V
LARSEN & TOUBRO LTD.	1.51	14.97	9.96	O.V
MAHINDRA & MAHINDRA LTD.	0.96	2.44	12.16	H.U.V
TATA MOTORS LTD.	1.48	28.32	10.08	H.O.V
HINDUSTAN UNILEVER LTD.	0.32	45.89	14.72	H.O.V

Company Name	Beta	Estimated Rate of Return(%)	CAPM Return (%)	Nature*
ITC LTD.	0.45	32.68	14.20	H.O.V
STERLITE INDUSTRIES (INDIA) LTD.	1.70	-21.81	9.20	H.U.V
WIPRO LTD.	0.52	-4.27	13.92	U.V
SUN PHARMACEUTICAL INDUSTRIES LTD.	0.44	37.84	14.24	H.O.V
GAIL (INDIA) LTD.	0.64	-17.41	13.44	H.U.V
ICICI BANK LTD.	1.69	12.85	9.24	O.V
JINDAL STEEL & POWER LTD.	1.50	-31.14	10.00	H.U.V
BHARTI AIRTEL LTD.	0.96	-31.27	12.16	H.U.V
MARUTI SUZUKI INDIA LTD.	0.84	27.59	12.64	H.O.V
TATA CONSULTANCY SERVICES LTD.	0.62	17.88	13.52	O.V
NTPC LTD.	0.79	-7.89	12.84	H.U.V
BAJAJ AUTO LTD.	0.56	4.66	13.76	U.V
COAL INDIA LTD.	0.65	4.17	13.40	U.V

(Source : Research work, primary data & www.bseindia.com)

* **P.V** – properly valued, **O.V**- over valued, **U.V**- under valued, **H.O.V**- highly over valued, **H.U.V**- highly under valued

Table 1 indicates a clear picture of the valuation of selected stocks from the BSE (Bombay Stock Exchange) as per CAPM model. From Table 1, it was found that 46.66% stocks were highly undervalued where 23.33% stocks were highly overvalued, 16.67% stocks were normal undervalued and 10% stocks were normal overvalued where 3.33% stocks (only one security) was properly valued. It was also noticeable that higher the beta value or estimated return of the stock is overvalued that indicates risk associated with the stock is higher and already generated high returns, while undervalued stocks constantly performed in the specific positive manner.

Correlation coefficient indicates the relationship between the highly overvalued/ overvalued and, highly undervalued stocks from the selected blue chip securities of portfolio for the period of Sept-11 to Aug -12 from the Bombay Stock Exchange (BSE).

Table 2: Nature wise Comparison between highly Overvalued/Overvalued & highly undervalued scrips from Bombay stock exchange (BSE)

Company Name	CAPM Return(%) (assume variable X)	Nature	Company Name	CAPM Return(%) (assume variable Y)	Nature	X-x (Mean)	Y-y (Mean)	(X ²)	(Y ²)	(X*Y)
CIPLA LTD.	14.64	H.O.V.	BHARAT HEAVY ELECTRICALS LTD.	9.88	H.U.V	1.004	-3.72	1.008	13.83	-3.73
HDFC BANK LTD.	11.96	H.O.V.	DR. REDDY'S LABORATORIES LTD.	15.16	H.U.V	-1.676	1.56	2.808	2.433	-2.61
TATA MOTORS LTD.	10.08	H.O.V.	HERO MOTOCO RP LTD.	13.08	H.U.V	-3.556	-0.52	12.64	0.270	1.849
HINDUSTAN UNILEVER LTD.	14.72	H.O.V.	INFOSYS LTD.	12.68	H.U.V	1.084	-0.92	1.175	0.846	-0.99
ITC LTD.	14.2	H.O.V.	OIL AND NATURAL GAS CORPORATION LTD.	13.04	H.U.V	0.564	-0.56	0.318	0.313	-0.31
SUN PHARMACEUTICAL INDUSTRIES LTD.	14.24	H.O.V.	RELIANCE INDUSTRIES LTD.	11.32	H.U.V	0.604	-2.28	0.364	5.198	-1.37
MARUTI SUZUKI INDIA LTD.	12.64	H.O.V.	HINDALCO INDUSTRIES LTD.	19.6	H.U.V	-0.996	6	0.992	36	-5.97
ICICI BANK LTD.	9.24	H.O.V.	MAHINDRA & MAHINDRA LTD.	12.16	H.U.V	-4.396	-1.44	19.32	2.073	6.330
TATA CONSULTANCY SERVICES LTD.	13.52	O.V.	TATA STEEL LTD.	9.88	H.U.V	-0.116	-3.72	0.013	13.83	0.431
LARSEN & TOUBRO LTD.	9.96	O.V.	JINDAL STEEL & POWER LTD.	10	H.U.V	-3.676	-3.6	13.51	12.96	13.23

(Source: Research work, primary data)

Table 2 depicts a clear cut idea about the relationship between highly overvalued/ overvalued and highly undervalued scrips from the constructed portfolio. As per CAPM return, 10 scrips were highly over valued/over valued out of 30 blue chip scrips from the BSE, where as remaining 14 scrips were highly undervalued, out of 14 scrips 10 scrips selected for further proceed. For the further research purpose highly overvalued scrips CAPM return assume as a separate variable (X) and highly undervalued scrips as a individual variable (Y). The above statistics shows general calculation for identifying the relationship between both variable (X) & (Y).

Table 3: Correlation of Coefficient between Highly Overvalued/over-valued & highly under valued scrips from Bombay Stock Exchange (BSE)

Particulars	Mean	(X ²)	(Y ²)	(X*Y)
Highly Over Valued /Over valued stocks (Assume Variable X)	12.52	39.7088	-----	3.4384
Highly under valued stocks (Assume Variable Y)	12.68	-----	79.3088	
Square Root (X)	-----	6.301419	-----	-----
Square Root (Y)		-----	8.90554	
(X)*(Y)	-----	56.11754		-----
R: Coefficient of Correlation	-0.06127			

(Source: Research work, primary data)

From Table 3, it was found that the Coefficient of Correlation (R) for variable (X) & (Y) was negative (- 0.06127) which means both variable (X) & (Y) were negatively co-related but the relationship is very low (The value of R is vary nearer to Zero). Very low negative correlation indicates that both (Highly overvalued / overvalued and Highly undervalued stocks) were not moving together in the same direction with respect to Sensex (BSE-30) movement.

Conclusion

From analysis of the Bombay Stock Exchange (BSE) selected blue chip stocks, it was found that 14 securities for the time duration of Sept-11 to Aug-12 were highly undervalued, one stock was properly valued & 10 stocks were highly over valued/ overvalued. Highly overvalued stocks are having high betas & already reached the pick level of return. Three stocks are having higher betas generates fluctuated return. Form these, it is advisable for the individual investor to invest their funds in stocks with higher betas and highly under valued stocks. It will give higher expected return in future. Therefore, from the selected blue chip stocks for this study, the preference should be given to Tata Steel, BHEL, Infosys, ONGC, Reliance, GAIL, M&M, ICICI Bank. It is also observed that most of the scrips were negatively co-related with each other with respect to the market movement. Investors can invest their fund in the combination of highly overvalued and highly undervalued scrips so that they can easily generate more expected return with the safety of principle investment.

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Effectiveness of Different Teaching Tools in Higher Education System: A case study of the Management Colleges in Kachchh, Gujarat

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Abstract

This study used a specially designed questionnaire to explore student's perceptions of tertiary service quality and preferences for fourteen commonly used teaching methods within five dimensions of higher learning. A convenience sample of 100 undergraduate and post-graduate students of BBA and MBA of Kachchh district was drawn. Overall, the similarities in the service quality gap between these student groups were greater than the differences. Specifically, students perceived their education emphasized learning of facts and principles but they preferred to be taught learning of skills and procedures. Their least favored learning methods were textbooks and lectures and their most favored learning methods were role playing and team presentations. The perceived comparative value of the effectiveness of alternative teaching tools in accomplishing five dimensions of higher learning are discussed in the paper.

Introduction

Business academicians face a conundrum, namely guarding against unintentional teaching myopia while tertiary education undergoes substantial changes toward creating a student-centered environment. Teaching myopia occurs when educators focus on teaching rather than the needs of learners (Cunningham 1996). The Indian Schools of Business, universities, schools, and departments increasingly emphasize matching of teaching styles with learning styles. Potential conflict arises because research suggests academicians tend to use teaching techniques that fit into their own preferred learning styles (Campbell 1990) and are related to their personal comfort with specific teaching procedures and course content (Grasha 1990). The conundrum is exacerbated because student evaluations of teaching are one method widely used by many colleges to measure positive, effective learning environments. Since the opinions expressed by students may affect the longevity and success of academicians' careers (Watters 2000), educators need to understand how students evaluate various teaching methods. Knowledge of these preferences could allow professors to better match their teaching methods with learning styles and anticipate student evaluations.

In recent years the focus of pedagogical research has shifted

from teacher performance to learner response (Cross and Steadman 1996). However, despite a growing body of literature examining learner needs, motivation, and skills (Cook 1997; Cross and Steadman 1996; Mclean 2001; Sander, Stevenson, King, and Coates 2000; Wright 1996), little research has been conducted with regard to student preferences among the multitude of teaching methods. This study pursues this topic by measuring how undergraduate and graduate students perceive the effectiveness of alternative learning tools. Specifically, this study examines the perceived comparative value of the effectiveness of alternative teaching tools in accomplishing five dimensions of higher learning. Armed with this knowledge, academicians can begin to unravel the teaching conundrum when they incorporate students' learning style preferences into their lesson planning. The major question of the research study was up to what extend are the perceived comparative value of the effectiveness of alternative teaching tools in the management colleges in the district of Kachchh, Gujarat. And to know what are the best teaching tools as judged by the students of management colleges.

Objective of the Study

The primary objective of the study was to study perceptions of student for tertiary service quality and preferences for the teaching learning dimensions in the management colleges as proposed by Angelo (1993) in his studies as:

(1) Declarative Learning (learning of facts and principles), (2) Procedural Learning (learning of skills and procedures), (3) Conditional Learning (learning of applications), (4) Reflective Learning (learning to understand one's self), and (5) Meta cognitive Learning (learning to manage one's learning). Along with it the fourteen methods under these five dimensions was studied.

The study also derives the perceived value of the effectiveness of alternative teaching tools in accomplishing above mentioned five dimensions of higher learning, in the management colleges in the district of Kachchh, Gujarat.

Review of Literature

• Service Quality and Expectations of Higher Education

Higher education possesses all the characteristics of a service industry. Educational services are intangible and cannot be evaluated fully by prospective students. Educational services also are inseparable from the Professors delivering it with their heterogeneous teaching styles to students who simultaneously participate in the process. Service is a feature that differentiates many universities (Di Domenico and Bonnici 1996) and perceptions of service quality are a main predictor of student satisfaction. During the past decade, conceptualization of service quality has received considerable attention (Babakus and Boiler 1992; Bateson 1992; Bolton and Drew 1991; Cronin and Taylor 1994; Mano and Oliver 1993; Parasuraman, Berry and Zeithaml 1993; Teas 1993; Zeithaml, Berry and Parasuraman 1993). This research suggests that service quality concerns the perceived evaluation of whether service delivery meets, exceeds or falls short of customer expectations. Parasuraman, Zeithaml and Berry (1988) define expectations as 'desires or wants of customers'. In higher education, service quality is determined from the perspective of students who calculate whether their actual learning experience exceeds or meets their expectations (i.e. satisfaction) or falls short of their expectations (i.e. dissatisfaction). Herein lays the conundrum. Students, not educators assuming they know what students want, set the standards by which service quality is measured. Unsatisfied students may impart negative comments on teaching evaluations or transfer to other institutions (DiDomenico and Bonnici 1996). Both outcomes have deleterious results for faculty and universities.

• Service Quality Gaps and Learning Dimensions

Recent research has applied gap analysis in academic settings (Hampton 1993). Di Domenico and Bonnici (1996) recommend measuring both student expectations and perceptions in order to expose expected versus perceived quality gaps. This paper argues measuring service quality is a prerequisite for devising teaching plans and skillfully using teaching tools that deliver satisfying learning experiences. However, we do not imply that student expectations and preferences should automatically drive curriculum or teaching methods. Rather gap analysis can identify areas where modified pedagogical emphasis and the use of alternative teaching tools can engage students in rigorous ways of learning which students prefer. This study measures student perceptions of service quality along five hierarchical dimensions of higher learning proposed by Angelo (1993). These dimensions are Declarative Learning (learning of facts and principles), Procedural Learning (learning of skills and procedures), Conditional Learning (learning of applications), Reflective Learning (learning to understand one's self), and Metacognitive Learning (learning to manage one's learning).

• Web –based Instruction (Multi media) Teaching & Learning Styles

Web-based Instruction (WBI) is defined broadly as any form of innovative approach for delivering instruction to a remote audience in which the Web is included as a tool (Relan & Gillani, 1997). Presently, several web-sites have been developed to provide learners with access to instructional resources from a distance. However, Hill (1996) noted that, most course-based or learning sites simply post course materials. In such instances, use of the Web falls far short of the potential this medium affords. According to Casey (1998), currently used Web models of learning can be identified as one of the followings :

1. The Web as Source of Information: This is the simplest use of the Web. It is used as a convenient place to store supporting information for traditionally offered courses.
2. The Web as Electronic Book: Many institutions have moved to use the Web to present information in a more structured way for teaching process. Students use the screen to read materials, activate multimedia demonstrations, and take self-correcting quizzes or other activities. The course material is mostly factual information, which is to be learned from the Web page and any accompanying media. There is no interaction between teacher and the students through the Web.
3. The Web as Teacher : Some Web-based courses include some form of personal communication between students and other students via the use of email and perhaps chat rooms.
4. The Web as a Communication Medium between Teacher and Students: In this model, students learn from the teacher but 'through' the Web and not 'from' the Web. Thus, the Web acts as the communication medium for the necessary interaction. A model such as these aims to mirror a face-to-face learning.

Research Methodology

The present study 'Effectiveness of the teaching tools in the higher education system', is based both on primary and secondary data.

The secondary data was acquired through referred research articles through the journals mentioned in the reference and by personal interviews with District Education Officer, Bhuj and Education Department Krantiguru Shyamji Krishna Verma Kachchh University, Bhuj.

The primary data was collected by survey method. The subjects of study were the students of First year, Second Year and Third Year of BBA stream and First and Third Semester of MBA stream in the district of Kachchh of four management colleges

- 1) SRK Institute of Management and Computer Education,

Gandhdiham,

- 2) Tolani Institute of Management Studies (TIMS), Adipur,
- 3) KSKV Kachchh University, Management and Commerce Department, Bhuj,
- 4) Koday Gurukul College of Management Studies, Mandvi.

The data, thus collected has been classified, tabulated and grouped under various appropriate heads for the purpose of interpretation, analysis and finding conclusion.

Sample of 50 students of each stream of BBA and MBA from the four different colleges (SRK -25, Kachch University-25, TIMS-25, Koday Gurukul-25 i.e. total of 100 students from all the four colleges of BBA and MBA college) and the method of sampling was convenience sampling.

An intra district comparison was made to support the conclusion and findings. Some statistical technique such as percentile scores, mean and t –test were used. To improve the efficiency and effectiveness of the study the suggestions from the scholars in the field of education in the district of Kachchh was collected by personal interview.

Effectiveness of the teaching learning tools like 1) One to One 2) Cases 3) Group Sessions 4) Guest Speaker 5) Lectures 6) Supplement Reading 7) Role Plays 8) Scenarios 9) Internet Activities 10) Text Books 11) Tutorials 12) Electronic materials 13) Term papers 14) Research Papers, were studied by survey method through questionnaire (attached) and their effectiveness were checked in the present study.

Results

Overall means and standard deviations on the tests of the five higher learning dimensions are presented in Table 1. Although t-tests reveal an overall significant difference between the learning emphasis actually occurring in the degree program and the emphasis preferred by students, only three of the five dimensions show significant differences between teaching and learning preferences. Students report that they receive more declarative learning emphasis ($p < .001$) and less procedural ($p < .001$) and reflective learning emphasis ($p = .004$) than they prefer.

Table 1 : Learners' Evaluations of Actual vs. Preferred Dimension of Higher Learning

Dimension of Higher Learning	Students Years 1-2		Students Years 3,4		MBA Students		Total	
Actual Declarative Learning	31.71	17.34	34.49	17.35	31.16	15.89	32.66	16.81
Preferred Declarative Learning	25.67	15.87	26.55	15.11	25.06	11.81	25.91	14.26
Actual Procedural Learning	21.50	11.34	22.19	11.58	22.35	7.58	22.12	10.25
Preferred Procedural Learning	25.89	12.20	26.80	13.99	26.96	12.83	26.59	12.95
Actual Conditional Learning	19.06	9.58	18.53	11.96	20.64	10.64	19.43	10.81
Preferred Conditional Learning	19.34	10.97	19.24	12.30	21.63	11.52	20.17	11.61
Actual Reflective Learning	14.19	8.70	13.83	10.73	13.25	8.00	13.72	9.26
Preferred Reflective Learning	15.56	10.19	16.15	11.88	15.08	10.79	15.55	10.97
Actual Meta cognitive Learning	12.59	7.95	13.09	10.65	14.98	10.12	13.47	9.78
Preferred Metacognitive Learning	13.26	8.93	14.87	11.04	15.71	11.65	14.60	10.66

(Source – Based on calculation of survey data done by author.)

Table 2 Students' Evaluations of Alternative Learning Tools

Learning Tool	(1) Very Effective	2) Very Ineffective	(3) Neither Effective Nor Ineffective	Overall (1-2)
One-on-one	67.02	6.00	26.98	61.02
Cases	38.86	12.84	48.3	26.02
Group sessions	61.18	8.6	30.26	52.58
Guest speaker	34.91	17.33	47.76	17.57
Lecture	51.8%	13.7%	34.5%	38.1%
Supplemental Reading	45.89	14.11	40.00	31.78
Role playing	44.77	15.95	39.29	28.82
Scenarios	43.39	11.97	44.64	31.42
Internet Activities	50.04	10.95	39.00	39.09
Textbooks	48.96	17.04	34.00	18.96
Tutorials	43.76	10.23	46.01	33.53
Electronic materials	49.09	9.55	41.36	39.54
Research papers	41.15	20.78	38.07	20.37
Team Presentations	50.46	13.53	36.02	36.93

(Source – Based on calculation of survey data done by author.)

Table 2 summarizes the overall effective scores of the learning alternative tools. Students ranked one-on-one meetings with instructors as the aggregate most effective learning tool (very effective minus very ineffective = 61% effective rating) across the five dimensions. Guest speakers (17.57% effective rating) were judged to be the least effective. Group sessions and discussion and team presentation was the next effective teaching learning tool and the case study and lecture were also the important teaching learning tools.

Table 3 presents the effective scores across the three measures of student groups. No significant effectiveness differences were found. Also the rank order effectiveness of the learning tools is presented among the group students. (1 = most effective, 14 = least effective.).

Table 3 Students' Evaluations of Alternative Learning Tools

Learning Tool	Overall Effectiveness	Students Years 1-2	Students Years 3-4	MBA Students
One-on-one	61.02 (1)	66.39 (1)	67.06 (1)	49.76 (4)
Cases	26.02 (11)	10.02 (14)	15.17 (13)	50.96 (3)
Group sessions	52.58 (2)	48.88 (2)	57.86 (2)	51.08 (2)
Guest speaker	17.57 (14)	22.90 (10)	19.39 (12)	10.84 (14)
Lecture	38.10 (1)	37.71 (5)	41.71 (5)	31.33 (12)
Supplemental Reading	31.78 (8)	25.49 (9)	20.15 (11)	49.28 (5)
Role playing	28.82 (10)	30.66 (7)	35.16 (7)	20.05 (13)
Scenarios	31.42 (9)	21.0 (11)	25.89 (9)	46.51 (6)
Internet Activities	39.09 (4)	26.74 (8)	46.32 (3)	42.89 (7)
Textbooks	18.96 (13)	19.89 (12)	20.38 (10)	53.14 (1)
Tutorials	33.53 (7)	33.62 (6)	31.28 (8)	36.32 (9)

Electronic materials	39.54 (3)	42.61 (3)	45.02 (4)	32.20 (11)
Research papers	20.37 (12)	10.64 (13)	10.94 (14)	37.59 (8)
Team Presentations	36.93 (6)	41.79 (4)	37.05 (6)	32.78 (10)

(Source – Based on calculation of survey data done by author.)

From Table-3 it can be seen that there is no significant difference in the effectiveness of the teaching tools among the students of first and second and third year undergraduate students of management colleges and the post graduate students. But it has to be noted that some of the teaching tools are more effective in post graduate than in the undergraduate students likely case study is more effective in post graduate than in the under graduate students.

Table 4 lists the rank order of learning tools in terms of student preference (1 = most favorite, 14 = least favorite).

Table 4 Students' Rank Order Preferences for Learning Tools

Learning Tool	Overall Preference Ranking Mean / Rank	Students Years 1-2 Mean / Rank	Students Years 3-4 Mean / Rank	MBA Students Mean / Rank
One-on-one	6.39 / 4	4.91 / 1	6.08 / 3	7.36 / 8
Cases	7.61 / 8	8.28 / 11	8.52 / 13	6.00 / 3
Group sessions	5.51 / 2	5.78 / 4	5.11 / 2	6.00 / 3
Guest speaker	7.86 / 10	7.44 / 8	7.02 / 7	9.25 / 12
Lecture	4.82 / 1	5.47 / 3	4.52 / 1	4.96 / 2
Supplemental Reading	7.45 / 7	7.94 / 9	7.85 / 9	6.62 / 5
Role playing	8.73 / 13	7.33 / 7	8.08 / 10	10.27 / 14
Scenarios	7.76 / 9	8.69 / 13	8.08 / 10	6.92 / 6
Internet Activities	7.01 / 5	6.94 / 5	6.97 / 5	7.16 / 7
Textbooks	6.00 / 3	7.09 / 6	6.98 / 6	4.07 / 1
Tutorials	8.38 / 11	8.53 / 12	8.20 / 12	8.60 / 10
Electronic materials	7.13 / 6	5.40 / 2	6.52 / 4	8.73 / 11
Research papers	9.29 / 14	9.70 / 14	9.77 / 14	8.47 / 9
Team Presentations	8.49 / 12	8.03 / 10	7.81 / 8	9.71 / 13

(Source – Based on calculation of survey data done by author.)

All the results displayed were based on the survey data and thus the inferences were derived.

Conclusions

Service quality is growing increasingly important as colleges and universities become more student-oriented. Research suggests that customers evaluate service quality in terms of whether their desires have been met (Spreng, MacKenzie, and Olshavsky 1996).

Higher education uses student evaluations of teaching performance to monitor and understand student expectations. This practice is dangerous when educators emphasize dimensions of learning that differ from the dimensions students prefer.

This study identifies an important dimension of higher education - the gap between what educators focus on and the dimensions of higher learning that learners prefer.

The results of this study suggest that tertiary institutions may be unintentionally exacerbating the performance evaluation conundrum by delivering dimensions of learning that are inconsistent with the learning preferences of students. As a result, students may grow dissatisfied with the learning experience and vent their frustration in poor teaching evaluations.

Also the results of the study has given the best tools of teaching learning in the district which were discussed in the results and this leads to new awakening for the academicians to rethink the new tools of teaching learning with no gaps between the preferred and delivered tools of teaching as the gap widens the distance between the two will break the consistency.

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Social Media - A trajectory for social awareness (Case-lets based study)

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Abstract

Social Media today seems to be an indispensable part of the modern society, with the advent of modern tools and technology for ICT (Information and Communication Technology). Social Media, as we all know, disseminates information to a large mass of people...creating awareness. The 'awareness' may be with respect to friendship with the known and unknown, advertising campaigns, business issues, networking, controversies, financial awareness, political issues....or simply as the buzz word says...about social issues.

In the recent past, we have come across various such cases, which have formed history due to the issues becoming 'viral', thanks to the social media and online networking. The social media has proved to be a boon in many such cases, while for some, it has remained as blurred pixels in the minds of people.

However, there are certain BIG issues to ponder when we talk of the 'impact' of the colossal social media in our lives and society as a whole especially for socially-relevant issues. Some of them are:

- The impact of social media on the social engagement of the people with socially relevant issues.
- The impact of social awareness through social media on Government and policy makers.
- Whether the impact of social awareness through social media helps in creating a long-term effect in the minds of people and society at large or do they just create mere pixels in the minds of people.

The authors have done a case-let based study of various such cases which have gained impetus through social media and have helped to create social awareness. The paper intends to find out the impact of social media in the society by trying to answer certain important issues and also to get a comprehensive understanding of 'Social Media' in the widest perspective.

Social Media - The genesis

The era of corporate web pages and e-commerce started relatively recently with the launch of Amazon and eBay in 1995, and got a right ticking-off only 6 years later when the dot-com

bubble burst in 2001. The current trend toward Social Media can therefore be seen as an evolution back to the Internet's roots, since it retransforms the World Wide Web to what it was initially created for: a platform to facilitate information exchange between users. It was by 1979, that Tom Truscott and Jim Ellis from Duke University created the Usenet, a worldwide discussion system that allowed Internet users to post public messages.

Yet, the era of Social Media, as we understand it today, probably started way back in October 1998, when Bruce and Susan Abelson founded 'Open Diary', an early social networking site that brought together online diary writers into one community. The term 'weblog' was first used at the same time, and abridged as 'blog' a year later when one blogger jokingly transformed the noun 'weblog' into the sentence 'we blog'. The growing availability of high-speed Internet access further added to the popularity of the concept, leading to the creation of social networking sites such as MySpace (in 2003) and Facebook (in 2004). This, in turn, coined the term 'Social Media', and contributed to the prominence it has today. The most recent addition to this glamorous grouping has been the so-called 'virtual worlds': computer-based simulated environments inhabited by three dimensional avatars (Kaplan & Haenlein, 2010).

Social Media - defined

Social media in its widest form includes web-based and mobile-based technologies which are used to turn communication into interactive dialogue among organizations, communities, and individuals. Social media is about connecting people and providing the tools necessary to have a conversation and spread ideas. This global conversation is an extremely powerful platform for disseminating information and raising awareness about various issues worldwide.

Andreas Kaplan and Michael Haenlein (2010) define social media as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User-Generated Content (UGC). Web 2.0 is a term that was first used in 2004 to describe a new way in which software developers and end-users started to utilize the World Wide Web, that is, as a platform whereby content and applications are no longer created and published by

individuals, but instead are continuously modified by all users in a participatory and collaborative fashion. While applications such as personal web pages, Encyclopaedia Britannica Online, and the idea of content publishing belong to the era of Web 1.0, they are replaced by blogs, wikis, and collaborative projects in Web 2.0. It (Web 2.0) is considered as the platform for the evolution of Social Media. Where Web 2.0 represents the ideological and technological foundation, User Generated Content (UGC) can be seen as the sum of all ways in which people make use of Social Media. The term, which achieved broad popularity in 2005, is usually applied to describe the various forms of media content that are publicly available and created by end-users.

The colossal power of social media

Social Media is emerging as a major 'tool' in the hands of the common man; with its colossal power of moving from the 'unknown' to the 'known'. According to a recent survey conducted by McKinsey Global Institute (MGI, July 2012), 72% of global companies use social technologies in some way. Their study revealed that twice as much potential value lies in using social tools to enhance communications, knowledge sharing, and collaboration within and across enterprises. MGI's estimates suggest that by fully implementing social technologies, companies have an opportunity to raise the productivity of interaction workers-high-skill knowledge workers, including managers and professionals by 20 to 25%.

Nielsen, a global leader in measurement and information, believes in providing its clients a precise understanding of the consumer. In over 100 countries around the world, it provides clients the most complete understanding of what consumers watch and buy. It studies a lot on the Social Media Intelligence. In other words, it believes that it is essential today to know what consumers are saying about one's brand on social media. Conversations on customer review sites, blogs and social networks are shaping the public image and impacting sales as well.

A combined survey report on social media in India by Nielsen conducted in collaboration with AbsolutData found that 30 million Indians who are online consumers are members of social networking sites; 67 percent of Indians who are on the web use online reviews to help them make purchases; 60 percent Indians who are social media users are open to being approached by brands. Social Media in India is growing at 100 percent and is likely to touch 45 million users by 2012.

Such wide is the arena of social media in our lives and businesses as well !

Social Media ... Its implications in the global arena

Social Media has spread its wings across all spheres of the

human society- whether it be business positioning, branding, knowing customer preferences, market research, human resource forums, social issues and controversies, environment conservation, political issue, health forums, ethical issues...the list is endless! Someone rightly said that the best way to fight injustice is by getting ourselves involved in it either physically and put our heart and soul fighting against it, or, by atleast speaking against it, by standing up and saying that it is wrong and still if we can't do that either.... feel bad in our heart that injustice is done! The same goes true for creating a worldwide consensus about a particular issue or for creating social awareness in the minds of people. As citizens of a democratic country we have the right to freedom of speech, right to information and the right to question the leaders of our society and even force them to answer the questions of the citizens. We have the right to send mails and letters to the proper authority...or by simply using social media for being a part of a global or local problem. All these can be done today by just sitting in front of our computer, without jeopardizing what we are supposed to do primarily i.e our jobs, studies and the like.

Just surfing around social networking sites to be updated about quite many lame issues of friends and known people, is not what we are talking about...but social media as a global arena can help to create a platform wherein an online social campaign and network can be initiated with fellow students/ people everywhere around the world! The huge resources offered through social media can be leveraged to have more activity on streamlining and focused basis. With the recent events that have occurred internationally, both natural and political, it's hard not to notice the impact social networking continues to have on our awareness of world news.

The intervention of Social Media and Social Awareness

Social Media has been rightly said to be a trajectory...a route towards raising social awareness. The intervention raises a big impact indeed...and the end-result may be 'viral'! Social awareness can be supported through social media in one of the following ways:

- By writing a blog about a social cause or issue or any campaign one is passionate about and sharing stories with friends...or people who may be unknown to you but are like-minded...people who share the same feeling for the social cause.
- Raising funds through social media. Many campaigns are being funded by this method and raise ample amount of finance for the campaign.
- Making any cause 'viral' by following and supporting organizations or NGOs which fight and work for a social

cause.

- Joining charities on social networks. This helps to increase the social-graph and raise the number of supporters for the cause.
- Organizing on-line events, in addition to off-line events. The on-line events can get remarkable response from the masses and as people are not prone to face-to-face conflicts or differences of opinions...so their remarks or opinions may at times be devoid of any fear of rejection or criticism, so it may be more genuine and fact based.
- By posting videos about some mis-happenings which one may have come across related to some social issue. The issue in question can be made to be more authentic and more real as picture or visual aid speaks a thousand words. Example, recent riots that took place in Tahirir Square, Cairo, Egypt, one of the oldest civilizations in the world that overthrew its former President Hosni Mubarak.

Research Questions

There are certain big questions that deserve further research, which come in the mind when discussing social media as an important 'tool' to bring in 'positive' change in the society. Some of the important questions which need to be answered here are:

Does social media actually impact social engagement of the people with social issues?

Do such social awareness impact Government policy makers?

Do such social awareness through social media help in creating a long-term effect in the minds of people and society at large?

Though it is quite a convoluted question to discuss on the social implications of 'social networking', however, the fact remains that these plethora of e-outlets allow an immediate response and access to information. From the government's budget bill to the social awareness campaigns, fight for various human right issues, political issues....and the list is endless....local issues are becoming national and global issues; seen and heard more than before - with even more comments and opinions being expressed and considered. The news- media intermediary has also off late been reduced to a very significant level, as people directly share their experiences and expectations at a more interpersonal level and share the same platform too.

Objectives of the study

The authors have intended in their study to answer the Research questions through case-let based live studies which have been experienced in the recent past as well as through Literature Review.

The objectives of the study are :

1. To know the impact of social media on social engagement of the people related to social issues.
2. To know the impact of social awareness through social media on Government and policy makers.
3. To know the longevity of the impact of social awareness through social media in the minds of people i.e whether social awareness through social media helps in creating a long-term effect in the minds of people and society at large or not.

Literature Review

There are various types of Social Media that need to be distinguished from each other. We are more aware of sites like Twitter, Orkut, Wikipedia, YouTube, Facebook, and many of us are also part of this large group. However, there is no systematic way in which different Social Media applications can be categorized. Further, the frequent addition of new sites in cyberspace also leads to a lot of ambiguity in this classification. Literature Review can help to get a better understanding of 'social media' as a concept evolved over a long period of time.

Goffman Erving (1959) contributed to the social theory by formulating the symbolic interaction as dramaturgical (related to drama/ a mask) perspective in his book 'The Presentation of self in everyday life'. He evolved that society is not homogeneous and that people act in different ways in different settings and situations. He proclaimed that life is a kind of theatre, wherein a parking lot as well as a cloak room is also required. He concluded to say that there is a much wider context lying beyond face-to-face symbolic interactions. He believed that when an individual comes in contact with other people, that individual will attempt to control or guide the impression that others might make of him by changing or fixing his or her setting, appearance and manner. At the same time, the person the individual is interacting with is trying to form and obtain information about the individual. Goffman also believed that all participants in social interactions are engaged in certain practices to avoid being embarrassed or embarrassing others.

Short John, Williams Ederyn and Bruce Christie (1976) developed the Social Presence Theory, at a time when computer-mediated communication was yet to be conceptualized. The Social Presence Theory classifies different communication media along a one-dimensional continuum of social presence, where the degree of social presence is equated to the degree of awareness of the other person in a communication interaction. According to the theory, communication is effective if the communication medium has the appropriate social presence required for the level of interpersonal involvement required for a task. On a continuum of social presence, the face-to-face medium is considered to have the most social presence and

written or text-based communication the least. Social Presence Theory states that media differ in the degree of 'social presence'-defined as the acoustic, visual, and physical contact that can be achieved to emerge between two communication partners. Social presence is influenced by the intimacy (interpersonal Vs mediated) and immediacy (asynchronous Vs. synchronous) of the medium, and can be expected to be lower for mediated (e.g., telephone conversation) than interpersonal (e.g., face-to-face discussion) and for asynchronous (e.g., e-mail) than synchronous (e.g. live chat) communications. The higher the social presence, the larger the social influence that the communication partners have on each other's behaviour.

Daft Richard and Lengel Robert (1984) introduced the Media Richness Theory (MRT), which can be closely related to the idea of social presence. It is used primarily to describe and evaluate communication mediums within organizations. It is based on Information Processing Theory and how managers and organizations exchange information. It is a prominent theory of communication media preferences and usage in organizational settings. MRT is concerned with determining the most appropriate communication medium for dealing with uncertainty and equivocality (or ambiguity). According to this theory, communication media can be ranked on a richness continuum based on their ability to handle equivocality and uncertainty. Rich media, which include face-to-face conversation as well as telephone media, are proposed to be suitable for resolving equivocal (ambiguous) situations while lean media (written documents) are proposed to be more suitable for reducing uncertainty. MRT was developed and tested by comparing among traditional media, specifically, face-to-face, telephone, written addressed documents and written unaddressed documents, and was later expanded to include a comparison of electronic mail with the aforementioned traditional media in terms of their ability to resolve equivocality or reduce uncertainty. Media Richness Theory is based on the assumption that the goal of any communication is the resolution of ambiguity and the reduction of uncertainty. It states that media differ in the degree of richness they possess, i.e the amount of information they allow to be transmitted in a given time interval and therefore some media are more effective than others in resolving ambiguity and uncertainty.

Kaplan, Andreas M.; Michael Haenlein (2010) created a classification scheme which was based on a set of theories in the field of media research (social presence, media richness) and social processes (self-presentation, self-disclosure), the two key elements of Social Media. Applied to the context of Social Media, the authors assumed that a first classification can be made based on the richness of the medium and the degree of social presence it allows. With respect to the social dimension of Social Media, the concept of self-presentation states that in any type of social interaction people have the desire to control the impressions other people form of them (Goffman, 1959). On the one hand, this is done with the objective of influencing others to gain rewards; on the other hand, it is driven by a wish to create an image that is consistent with one's personal identity. Usually, such a presentation is done through self-disclosure; that is, the conscious or unconscious revelation of personal information (e.g., thoughts, feelings, likes, dislikes) that is consistent with the image one would like to give. Self-disclosure is a critical step in the development of close relationships, but can also occur between complete strangers. Applied to the context of Social Media, the researchers assumed that a second classification can be made based on the degree of self-disclosure it requires and the type of self-presentation it allows. Combining both dimensions leads to a classification of Social Media which Kaplan and Haenlein visualized, as displayed in Table 1.

Table 1: Classification of Social Media

		Social presence/ Media richness		
		Low	Medium	High
Self-presentation/ Self-disclosure	High	Blogs	Social networking sites (e.g., Facebook)	Virtual social worlds (e.g., Second Life)
	Low	Collaborative projects (e.g., Wikipedia)	Content communities (e.g., YouTube)	Virtual game worlds (e.g., World of Warcraft)

(Source: Kaplan, Andreas M.; Michael Haenlein (2010), Users of the world, unite- The challenges and opportunities of Social Media', Business Horizons)

According to them, with respect to social presence and media richness, applications such as collaborative projects (e.g., Wikipedia) and blogs score lowest, as they are often text-based and hence only allow for a relatively simple exchange. On the next level are content communities (e.g., YouTube) and social networking sites (e.g., Facebook) which, in addition to text-based communication, enable the

sharing of pictures, videos, and other forms of media. On the highest level are virtual game and social worlds, which try to replicate all dimensions of face-to-face interactions in a virtual environment. Regarding self-presentation and self-disclosure, blogs usually score higher than collaborative projects, as the latter tend to be focused on specific content domains.

Flaschen and Parker (2012), covered in their study in depth how cities are using a host of social media tools to enhance governments' delivery of many different kinds of services, ranging from distributing health and safety information, to responding to requests for graffiti removal and infrastructure repair, to encouraging and soliciting citizen participation in policy-making. They also outlined how different cities run their social media operations, laying out the benefits and drawbacks of centralized versus decentralized social media strategy, and detailing how some cities structure the approval process prior to posting content to social media sites. This report by the Fels Institute of Government, University of Pennsylvania, explored how local governments are using social media and offers advice for governments who are implementing social media into their operations in meaningful ways. The report titled 'The Rise of Social Government: An Advanced Guide and Review of Social Media's Role in Local Government Operations', presents the experiences of cities and townships from across the country, from urban areas large and small, and points the way for cities that want to use social media to enhance their operations, even on a shoestring budget.

Case-let based discussions on Social Media as a route for raising social-awareness

The authors intend to answer the BIG questions based on some case-lets and practical experiences wherein social media has helped to catalyse the society and the nation as a whole...'Social Media' has actually stirred the issues from being 'local' to 'national' and 'global' issues in the real sense.

Case-let 1 : The Indian small screen documentary TV show 'Satyamev Jayate'

The famous small screen TV show telecasted from first week of May 2012 in Star Plus and DD1- 'Satyamev Jayate', is Bollywood's star Amir Khan's home production, hosted by Amir Khan himself...was devoted for various social issues. Plethora of social issues ranging from child abuse, female infanticide, patent drugs and host of such socially relevant issues were aired in the Documentary Show...which targeted to raise awareness on such issues, wherein people affected or related spoke on the issues in a platform. Documentaries/ interviews were conducted by the hosting team, opinions were polled via various social networking sites, both, before and after presenting the TV show.

The Show basically aimed to create social awareness about social problems which had crept in the Indian society, since time unknown. Though the Documentary Show generated mixed opinions, some appreciating it and some criticizing it...the fact remains...that the Show became the talk of the nation for the period...even shaking up the policy makers. Amir helped to create an image that stardom can not only entertain, but also can create social awareness among the people, as common man usually relate themselves with the characters on-screen these actors play. It is worth noting hereby that the Show had created a vast number of Connections, about 800,585,039, as of first week of July 2012, with varied percentage of viewers from various sites like Facebook Impressions, Twitter Impressions, Youtube viewers, website page views as well as through mobile reach. It had got over 11,121,358 responses through social media...a truly goliath scenario!

Though the show had been criticized on the grounds that it had lead the way towards commercialization of social issues and that it had side-tracked the role of social activists and journalists....but it cannot be denied that it had created a trajectory towards creating social awareness among the common people. A feel of 'concern' among the citizens with respect to latent social issues, had aroused...creating a feel of 'social engagement'. The facts spoke loud and the exploding number of responses and connections proved that the Show had as if, reignited the minds and concern of the citizens, the media, the activists and the policy makers too!

Case-let 2 : Government of Gujarat's E-Mamta Project

The Government of Gujarat launched in May 2010, its much nationally appreciated project- the E-Mamta Project, which is a mother and child tracking system. It is a project under the State Health Rural Mission, Department of Health and Family Welfare, Government of Gujarat. A woman is the nodal point of a family. More than a decade of research has shown that small and affordable measures can significantly reduce the health risks that women face when they become pregnant. Most maternal deaths could be prevented if women had access to appropriate health care during pregnancy, childbirth and immediately afterwards. Project E-Mamta aims towards this noble cause.

Gujarat's Health and Family Welfare Department prepared the E-Mamta software with the help of National Rural Health Mission and State's National Informatics Centre (NIC) that registers and keeps track of pregnant women and children aged 0 to 6. State Government carried out a survey and collected details of about 79,10,457 families of the State. With the software, government keeps a track of pre and post delivery check-up of mothers and vaccination and growth charts of children. Parents are informed about their next action in prior through SMS. Using this mobile

phone-based technology, the state managed to save four babies out of every 1000 births, bringing down the infant mortality rate from 48 in every 1000 births to 44 by 2011. E-Mamta is also developed for quick communication in times of disasters and medical emergencies. The system has also helped cut down the time needed to compile reports from various offices. This is a live example how media can be used to create awareness among the masses, whether it be doctors, nurses, medical staff, mothers, children, administration and public bodies as well. The Project aims to create social awareness about this important action towards enhancing family health.

The Project received silver award in the outstanding performance in citizen-centric service delivery category in the 15th National Awards of e-Governance 2011-12 declared by Government of India's Department of Information Technology and Department of Administrative reforms and public grievances. The other State Governments are also looking ahead to implement this kind of software for social awareness through social media so as to raise the general well-being of the society at large.

Case-let 3 : India Development Gateway (InDG)

India Development Gateway (InDG) is a country-wide initiative that targets specific country needs in the domain of rural and social development. It is the National portal of India developed as a single-window access to information and services, with specific objective of reaching the 'un-reached' rural communities of India, especially women and poor. It catalyses the use of ICT tools for knowledge sharing, leading to development and aims to bridge the gap between the rural communities and development. It provides links to government, civil society groups / NGOs and private institutions. The ultimate goal is to create a service-oriented, people-friendly and demystified Information Technology (ICT) for Development in service of rural communities through country-wide collaborations.

India Development Gateway is presently supported by the Department of Electronics and Information Technology, Government of India and implemented by Centre for Development of Advanced Computing (C-DAC), Hyderabad. The major focus of e-Governance vertical of www.indg.in portal is to support the e-Governance movement in India by providing one stop information access to available online citizen services, state specific e-Governance initiatives and awareness about online legal services, mobile governance, RTI etc. Further, the site also provides organic links to other good web sites who are already offering assessments on various subject topics to various age groups. The portal helps to gain access on various information related to various diseases, women and child health, access to Right to Information, useful resources, multimedia contents, health forums and more!

It also undertakes on-line Discussion Forums, on-line Expert Opinions, in addition to sharing the views on-line as well as giving opinions. It is a live example of how social media can be effectively utilized as an enriching platform which can enhance the general awareness and knowledge-base of the citizens and can also get proper feedback or opinions and can identify any lacuna, if existing.

Case-let 4 : Nirantara Drusti...for a better tomorrow

This publication opens its eye with the aim to create a new revolutionary in the world of media. The basic purpose of 'Nirantara Drusti' is to reach the common people in a very effective way through 'social media' and 'visual media' in particular. It is open itself to get views from people and share the same with many more of its viewers.

Nirantara Drusti looks into society not with compartmentalized structure, but holistically. In other words, from Drusti's point of view, different stake holders will have to play an active role to bring convergence, complimentary effort, the overall development of the society and nation. It presents various issues and discussions on various topics ranging from education, social awareness, development, current affairs, health tips, achievement of Non-Government Organization, business, entertainment & many more. It shares a single platform wherein people can get information as well as share their views and opinions and also can participate in discussions.

Inferences from case-lets

The global conversation is actually a very strong platform to disseminate information and raises awareness for a plethora of social causes and issues. Thus, based on the case-lets it can be inferred that social media is indeed a trajectory or path-way towards creating social-awareness. The same can be inferred as follows :

- Social media as an on-line media can actually help to gather masses of people for off-line events or activities, as in the case of E- Mamta Project as well as India Development Gateway.
- It can also be inferred that social media actually impacts social engagement of the people with social issues. This can be inferred the way 'Satyamev Jayate' as a TV Program helped to raise social engagement wherein lakhs of people showed concern about certain important but latent issues of the society. It depicts that the common man is concerned about plethora of social causes but lack a platform to raise his voice.
- Such social awareness raised through social media does impact policy makers and the administrative. We have seen the way the E-Mamta Project has gained accolades not only in the state but in the nation as a whole, and outside governments as well. The same can be corroborated through the study conducted

by Flaschen & Hansen (2012) in which it can be seen how successfully the U.S government uses the social media for the betterment of the society (Fels Research & Consulting Report).

- The question whether such social awareness through social media helps in creating a long-term effect in the minds of people and society at large...is a difficult one to answer. This is mainly due to the information explosion which takes place in the present scenario, due to information over-loading as well as the modern busy life-schedule of the common man. This factor further, is very relative and depends on the individual differences as well; as different people are affected differently due to the same cause. It is guided very much by the empathetic or unempathetic nature of the persons, wherein for someone the social cause may have created a long-lasting effect and the issue may be imprinted deeply in the mind; whereas for some the involvement may have been at a very superficial level and thus, may not create a long-lasting effect in the mind. But the fact remains....that everyone is affected, though the time-span of the pixels it stays in the mind may vary.

Conclusion

Social Media, and Social Networking, in particular, does have some 'side-effects' true, like.... having fewer opportunities to self-reflect, privacy concerns, security concerns, psychological effects etc. But what about the current trend towards being informed through social networking, rather than just being social? Awareness is now amplified; however, one has to know to keep the balance between the 'real' world and the 'virtual' world, for a better understanding of what's happening within our-self and what's happening around us!

Different stake holders of the society will have to play an active role to bring convergence and work inclusively in a holistic manner so as to bring overall development of the society and nation. The different stake holders implies vast masses of poor, common man, various civil society organizations, non-profit organizations, educational institutes and the teaching fraternity, the policy makers, the government departments, the government, the elected representative bodies, the corporate sector, and the various political parties.

Social media helps to relate to people across the globe and people can see what's happening everywhere. The noble aspect of this is that news is becoming more and more empathetic due to the large number of like-minded people sharing the same platform. It is becoming more engaging, because we are so aware of almost everything that's happening in the world and in local communities as well.

Thus, to conclude, the trickle-down benefits social media in raising social awareness and other facets are immense...but people will have to move a step-further from discussing lame issues to discussing issues which do impact our society to a great extent.

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Management of a Language Classroom



SMJV CENTENARY
1915 - 2015

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Introduction

It is said that every teacher is a language teacher. This fact is really true in the case of primary schools. When students learn various subjects, they also learn many words related to that subject. However, it is a bitter fact that the students do not really learn languages like English, Hindi and Sanskrit in the way they should be. It is not to be proved that a student studying in a Gujarati Medium school, can hardly express himself in English correctly. So is the case of Hindi, Sanskrit and even the mother tongue, Gujarati. Students generally learn Hindi more from movies than from the teacher! If we talk about Sanskrit, expression in Sanskrit is never found among the students even after three years of learning. So there is something wrong in the teaching learning process being made in the classrooms.

Principles and Maxims of Language Teaching

It is needed to observe whether the process of teaching is made properly or not! In the case of teaching in general, certain principles are expected to be observed by the teacher. There is a big list of such principles out of which the principles that are deeply concerned with language teaching are summarized as: Principle of Definite Aim, Principle of Interest, Principle of Co-operation, Principle of Creativity and Recreation, Principle of Suggestiveness, Principle of Learning by Doing, Principle of Play-Way, Principle of Self-education, Principle of Individual Differences, Principle of Stimulation, Principle of Readiness, Principle of Effect, Principle of Training of Senses, Principle of Exercise or Repetition etc. Are these principles really followed in the classroom?

The educators and philosophers have emphasized certain maxims of teaching, which the teachers are expected to bear in mind for making their teachers effective, efficient and inspirational. The term 'Maxim of Teaching' may be defined as rules for presenting terms and concepts to make them easy to comprehend in classroom teaching. They are the guidelines for teaching. These maxims are being introduced in the teacher training colleges for long, yet they seem to be over shadowed by the examination-centred environment in the schools. The maxims of teaching are very helpful in obtaining the active involvement and participation of the learners in the teaching learning process.

They quicken the interest of the learners and motivate them to learn. They make the students attentive to the teaching learning process. A good teacher should be quite familiar with them. They are: Proceed from the known to the unknown, Proceed from Simple to Complex, Proceed from Easy to Difficult, Proceed from the Concrete to Abstract, Proceed from Particular to General, Proceed from Indefinite to Definite, Proceed from Empirical to Rational, Proceed from Psychological to Logical, Proceed from

Whole to Part, From Near to Far, From Analysis to Synthesis, From Actual to Representative, Proceed Inductively

Are these maxims followed in the classroom too?

John Dewey in the first half of 20th century developed a concept of education in terms of 'growth'. He visualized the reality that human being tends either to grow or to decay. Growth symbolizes life and decay symbolizes death. If the human being is not growing, it means he/she is decaying. Therefore, life is growth and growth is life. Similarly, education is also growth or development. Thus, according to Dewey, life is education. This concept of education as a process of growth/development is based on Dewey's concept of experiential continuum. In the light of the concept of education, propounded by Dewey, when we try to understand the crisis of present day process of education, we may realize the limitation of the process of education itself.

Process of education by definition is more than an act of imparting something like knowledge or values etc. conceptually, the process has three characters.

1. It proceeds in logical order.
2. There is a sequence, and
3. It is consequential.

The third character is indicative of first two. If the consequence of the educative process is unexpected, what does it mean? It means that there is something wrong in the process itself, either in its logicity of procedure or in its sequentially as a whole. To achieve the expected result, best way must be to check-examine the whole process. Instead of being process oriented, our education system is by and large result oriented. This is the reason that in our system of education, achievement as such is considered as variable.

Process of education is very important to make Education sustainable. The process in each and every subject must be considered in detail. The language development of students, for example, is supremely important aspect of mental, emotional and social growth. It is something that affects almost every phase of learner's adjustment. Its role in the process of socialization of young is remarkable, because it influences all the details and doings of life. While considering this as a process of development, it goes on two directions. On the one hand there is a growth in expressive use of language, in term of speaking and writing. On the other hand there is a growth in respective use of language in form of listening and reading. On each side there are various problems and issues. Here the important thing is to see that we are not dealing with two different processes but with two aspects of the same process.

What is the present scenario of listening and reading ability of school and college going students and that too of the language teachers? We know very little in this area. The whole aspect, which in fact is very important, is neglected. Why? Because, we consider education as an im-pairing act, which does not need any process. Same is the case with speaking ability of an educated person. Are our students able to express themselves nicely?

Order of Language Skills Acquisition:

There are four fundamental skills to be acquired for learning a language i.e. listening, speaking, reading and writing. Figure 1 indicates these four skills.

Figure 1: Four fundamental skills of Language learning



We can observe from Figure 1 that listening and reading are receptive kills while speaking and writing are productive skills. We know that receiving takes place before the production. Now, listening and speaking are based on sounds and reading and writing are based on script. Script always follows sound. So reading and writing must not precede A child also learns the mother tongue through listening only. So the appropriate order of learning a language is 1. Listening, 2. Speaking, 3. Reading and 4. Writing. The same fact is described in Figure 2.

Figure 2: Appropriate order of learning a language

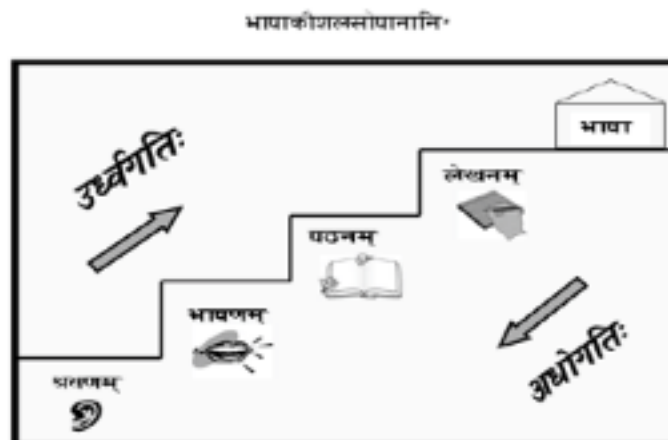


Figure 2 signifies that if the order is changed, there will be down fall, while the correct order of skills will lead the learner to the acquisition of the language.

Acquisition of Mother Tongue

So far as the acquisition of mother tongue is concerned, it is not required to prove that it is a natural process which takes place on its own without the help of any teaching process, any lesson and any teacher. However, every child learns the mother tongue in about two to three years. Every child develops the ability to express ideas orally, clearly enough that we can say that the child knows that language. Which process is followed to acquire the language then?

Every child, when born, first listens to some sounds. These sounds belong to some language. The child keeps on listening until the letters, words, and sentences are familiar to him/her. This process never ends in fact. If we analyse the process, we realize that the order of acquiring the language skills is exactly the same as shown in the Figure 2. Children acquire the language by listening and then making efforts to articulate it, speak it.

Language Teaching in Classroom...the end-result

We have discussed the process of language acquisition at home. But what happens in the classrooms? In most of the classrooms, it is observed that teacher do not give ample opportunities to the students to listen or to speak. Learning begins with reading and writing. The result is a down fall. Only exceptional students succeed to develop the productive skills of language. That too, may be the result of the fortunate availability of acquisition rich environment for learning the target language.

Conclusion

This very fact signifies that we should try to reform the language teaching strategies, reform methods, curriculum, and the whole

order of teaching. We should not be worried about the syllabus. Development of skill should be the target which requires 10 % success, and there is no need of any exam, test or result, as there are no exams at home for a child for how much language s/he has acquired.

The students should be given freedom to talking in the class so that they may not keep their mouths shut even while practice. This is how the attempt should be made to enable the students speak.

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Corporate Governance in India: Some new initiatives

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Abstract

At a recently concluded business leaders' awards function Mr. Pranab Mukherjee stated "The existing 8.8 per cent growth is reassuring..... However, to achieve a higher economic growth rate to 9 %, timely policy actions and better corporate governance are needed to accelerate growth momentum," attributed the finance minister .

The above lines depict the role and significance of Corporate Governance in the Indian Context. The paper makes a case for corporate governance as an internal mechanism in institutes like Insurance & Banks. As is evident from the recent sub-prime problems originating in the United States, all financial entities are interdependent and the collapse of any one, not necessarily a commercial bank, involves a systemic risk and may propel the financial regulator to save it.

In the context of overriding compulsions of financial stability, risk exposure and ongoing reassessment of solvency margins etc. besides the inherent limitations of any external regulation to anticipate all innovative, exotic derivative products and eliminate the propensity of excessive risk-taking by a bank/financial entity, regulators worldwide, and in India, are placing more and more responsibility on financial / bank boards. This has entailed, on the part of the board, a better quantitative understanding of the risks inherent in specific lines of activity and a clear assessment of possible impact on the financials.

In the Indian context, SEBI has put in place detailed regulations related to the composition of various financial institute's boards, the 'fit and proper' criteria for appointment of directors, transparency and disclosure norms for derivative products, related-party transactions, risk-based internal audit and other crucial components of any financial institutes' corporate governance architecture.

Key Words: Corporate Governance, SEBI, Reforms

Origin & brief history

The so called 'revolution' started in the early 1990s with the Cadbury Report on the financial aspects of corporate governance, to which was attached a code of best practice. Aimed at listed companies and looking especially at standards of

corporate behavior and ethics, the "Cadbury Code" was gradually adopted by the City and the Stock Exchange as a benchmark of good boardroom practice. In 1995, the Greenbury Report added a set of principles on the remuneration of executive directors (in response to some particular "fat cat" scandals, notably that involving British Gas chief Cedric Brown, whose 75 per cent rise incensed both unions and small shareholders), and in 1998 the Hampel Report brought the two together and produced the first Combined Code. A year later, the Turnbull Report concentrated on risk management and internal controls.

Surprisingly in each of such case, the reports were prompted either by shareholder disquiet over perceived shortcomings in corporate structures and their ability to respond to poor performance, or to government threats of legislation if the corporate sector failed to put its house in order.

In 2002 Derek Higgs, an investment banker was given the brief to look again at corporate governance and build on the previous reports to produce a single, comprehensive code. Shortly afterwards, the full consequences of the Enron and WorldCom scandals were realised, leading to new unease. The Higgs Report came out in early 2003, but was greeted with horror by some leading companies, with claims that it placed an unrealistic burden on non-executives and marginalized the role of the chairman. The task of taking Higgs's draft forward was passed to the Financial Reporting Council (FRC), a body established by government and comprising members from industry, commerce and the professions. The FRC consulted further and produced a revised Code that followed most of Higgs's recommendations but softened a few of the more contentious points, and so gained general acceptance. With rather less fuss, at the same time Sir Robert Smith, chairman of the Weir Group, was leading a review of the role of audit committees and his recommendations were incorporated into the new Code. The 2003 Code was updated with minor amendments in June 2006, with the new version applying to financial years beginning on or after November 1, 2006.

Brief history of Corporate Governance reforms in India

Corporate governance and financial regulation in India was generally considered quite poor and were not in span of factor

hygiene until the gush of economic reforms of the early 1990s. The Securities and Exchange Board of India (SEBI) was established in 1992 by an act of Parliament, and SEBI was given the job of regulating stock exchanges, brokers, fraudulent trade practices, and other areas of corporate activity.

As its power grew over the decade, SEBI started to play a much more active role in setting minimum standards for corporate behavior. In addition, a voluntary code of corporate governance was initiated and pushed for the development by the Confederation of Indian Industry (CII), a group of well regarded Indian firms and Corporate Mast head to companies.

Near the turn of the century, SEBI commissioned a series of projects to improve Indian corporate governance by building on CII's code (and by converting the voluntary code into a mandatory one). This work would eventually lead to the Clause 49 reforms. The first SEBI committee, comprised of 17 prominent business leaders and chaired by Kumar Mangalam Birla, advocated a variety of new governance requirements—including a minimum number of independent directors, the creation of audit committees and shareholders' grievance committees, and additional management disclosures on firm performance.

These recommendations were soon adopted, but, importantly, they were not imposed on every public company through legislation (in contrast with Sarbanes Oxley in the United States). Instead, SEBI implemented the Birla Committee reforms by modifying the listing requirements for firms seeking to go public on an Indian stock exchange. Thus was born Clause 49, a new collection of corporate governance obligations that individual firms would agree to when they signed listing contracts with any stock exchange in the country. As part of a gradual roll-out process, the Birla Committee reforms were not imposed immediately on all public firms. Instead, they were made mandatory in 2001 for the largest Indian companies (and for newly listing firms), and then expanded to smaller public companies over the next few years.

All of this seemed fine until 2002, when fallout from Enron, WorldCom, and other corporate governance catastrophes caused Indian regulators to wonder whether Clause 49 went far enough. SEBI decided to sponsor a second corporate governance committee chaired by Narayana Murthy, the renowned leader of Infosys Technologies. The Murthy Committee went to work and released its additional recommendations in 2003. SEBI quickly adopted these suggestions and issued a revised Clause 49 in 2004.

The Murthy Committee reforms expanded on the Birla Committee's work in several areas. One main focus related to the qualifications for independent director status: a number of specific requirements were added to disqualify material suppliers

and customers, recently departed executives, relatives, and other closely-related parties. A second set of changes affected the audit committee: it was now required to meet more frequently (four times per year), and members had to satisfy new financial literacy requirements. A third important change mandated CEO and CFO certification of financial reports and internal controls. And a number of additional shareholder disclosures, including expanded discussion of financial results, were added to the Clause 49 requirements. As before, these reforms were phased in gradually; all public firms were not required to comply with the Murthy Committee rules until January 1, 2006.

The fruits of this labor were generally well-received, and Clause 49 seems to have improved the overall state of Indian corporate governance. For example, a recent study by Bernard Black and Vikramaditya Khanna argues that stock prices of imminently affected firms jumped almost four percent when SEBI announced its decision to pursue the initial Clause 49 reforms. Similarly, the World Bank as part of its 2005 standards and codes initiative benchmarked India's regulatory framework to the OECD principles of corporate governance. It announced that India has indeed come a long way over the past decade, reporting that "a series of legal and regulatory reforms have transformed the Indian corporate governance framework and improved the level of responsibility/accountability of insiders, fairness in the treatment of minority shareholders and stakeholders, board practices, and transparency."

But in this same study, the World Bank also flags four areas of concern. First, many sanctions seem inadequate, and there is a need for stricter enforcement of governance violations in order to increase compliance with Clause 49. Second, the division of regulatory responsibility between SEBI, the Department of Company Affairs (DCA), and the individual stock exchanges needs to be clarified to prevent oversight from slipping between jurisdictional flagstones. Third, board practices need to be strengthened to avoid director "rubber stamping," especially by establishing credible institutions for training board members on their fiduciary responsibilities.²¹ And finally, according to the World Bank, institutional investors and large independent shareholders still need to become "important forces to monitor insiders and play a disciplining role in the governance of corporations."

The word 'corporate governance' has become a buzzword these days because of two factors. The first is that after the collapse of the Soviet Union and the end of the cold war in 1990, it has become the conventional wisdom all over the world that market dynamics must prevail in economic matters. The concept of government controlling the commanding heights of the economy has been given up. This, in turn, has made the market the most decisive factor in settling economic issues.

This has also coincided with the thrust given to globalization because of the setting up of the WTO and every member of the WTO trying to bring down the tariff barriers. Globalization involves the movement of four economic parameters namely, physical capital in terms of plant and machinery, financial capital in terms of money invested in capital markets or in FDI, technology, and labour moving across national borders. The pace of movement of financial capital has become greater because of the pervasive impact of information technology and the world having become a global village.

When investments take place in emerging markets, the investors want to be sure that not only are the capital markets or enterprises with which they are investing, run competently but they also have good corporate governance. Corporate governance represents the value framework, the ethical framework and the moral framework under which business decisions are taken. In other words, when investments take place across national borders, the investors want to be sure that not only is their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or involving moral hazard.

Implementation of Corporate Governance

Corporate governance calls for three factors:

- a) Transparency in decision-making
- b) Accountability which follows from transparency because responsibilities could be fixed easily for actions taken or not taken, and
- c) The accountability is for the safeguarding the interests of the stakeholders and the investors in the organization.

Implementation of corporate governance has depended upon laying down explicit codes, which enterprises and the organisations are supposed to observe. The Cadbury's code in United Kingdom was the starting point, which led to a number of other codes. In India itself we have the Kumaramangalam Birla code as a result of the committee headed by him at the behest of the SEBI. Earlier we had the CII coming up with the code for corporate governance recommended by the committee headed by Shri Rahul Bajaj. The codes, however, can only be a guideline. Ultimately effective corporate governance depends upon the commitment of the people in the organisation. The very first issue of corporate governance in India is, do the India managements really believe in corporate governance?

Corporate governance depends upon two factors. The first is the commitment of the management for the principle of integrity and transparency in business operations. The second is the legal and the administrative framework created by the government. If public governance is weak, we cannot have good corporate

governance. The dramatic Enron case has highlighted how companies, which were the darlings of the stock market and held up as models for vigorous and innovative growth, can, ultimately collapse like a house of cards as they were based on fraud and dishonesty. The association of the accounting firm Anderson has also raised a doubt about the credibility of even well regarded global players.

In the Indian context, the need for corporate governance has been highlighted because of the scams we have been having almost as an annual feature ever since we had liberalisation from 1991. We had the Harshad Mehta Scam, Ketan Parekh Scam, UTI Scam, Vanishing Company Scam, Bhansali Scam and so on. I have been suggesting that we should learn from especially the United States to see whether we can replicate similar conditions in our capital market. It is not that the United States is free of scams. Right now the Enron issue is examined by a number of committees at different levels in the United States. At the end of all these examinations, they are likely to come with a better model. In the Indian corporate scene we must be able to induct global standards so that at least while the scope for scams may still exist, we can reduce the scope to the minimum.

Array of initiatives

With a view to promote better corporate governance practices and check frauds, the ministry of corporate affairs has initiated the task of revamping the functioning of the corporate governance body under its aegis, National Foundation for Corporate Governance (NFCG). For this the ministry has appointed Kiran Karnik, former Nasscom president as the new co-vice chairman of the NFCG who has replaced NR Narayana Murthy, chairman and chief Mentor, Infosys. The ministry is also planning to strengthen its NFCG office by employing more employees to work under its aegis.

Few Firsts - All the new measures are part of MCA 21, the ministry's e-governance initiative:

1. Corporate affairs ministry gears up for early detection of fraud. Technology will be at the forefront of efforts by India's ministry of corporate affairs, or MCA, to detect corporate frauds.

The ministry will churn and mine its database of reports filed electronically by companies and their auditors, follow up on public complaints, media reports, and information from whistleblowers to detect corporate frauds early.

Glaring Example - MCA has been at the forefront of recent investigations into Satyam Computer Services Ltd, whose founder admitted in January to having fudged the company's accounts over the years to the tune of at least Rs7,136 Cr.

2. Apart from using technology and following up on reports and complaints, MCA will also try to coordinate better with stock

market regulator Securities and Exchange Board of India (SEBI) and banking regulator Reserve Bank of India (RBI), said a second MCA official, who, too, did not want to be identified.

3. As a futuristic approach 'Data mining is a focus area for the next generation MCA 21 program where we plan to make the best use of technology and data to detect corporate frauds. The National Institute for Smart Government (NISG) is working on a concept paper on how to knit technology with the available data so that the ministry gets best information on every company registered with it'.

4. To be sure, the quality of the e-filings by companies and MCA's own monitoring of these needs to improve. A Delhi-based research outfit dealing with corporate analysis, said: "Over 50% companies today don't do e-filing. When MCA send them notices, most often they are returned undelivered. Perhaps the ministry needs to start an operation to plug this loophole. One such move can be publishing defaulters' lists in newspapers."

5. Based in Hyderabad, NISG works with the Union and state governments with their e-governance initiatives. NISG would submit the concept paper on new generation MCA 21 before the end of this fiscal year and that the project would be launched sometime next year.

6. The Ministry is also exploring the possibility and would start using the so-called extensible business reporting language (XBRL) in an effort to work closely with Sebi and RBI, which are also migrating to XBRL. XBRL is an electronic format for communication of business and financial data that is becoming popular around the world. India, too, is working on moving on to XBRL.

7. While MCA maintains a database of all registered companies, Sebi deals with listed firms and RBI with banks and non-banking finance companies. "Through e-filing, MCA has obtained a mass database which is available in public domain. So far its use is restricted to getting information on companies. But this data can or might be productively used for examining and analyzing the direction in which companies are moving. XBRL, combined with a sophisticated technology, will further support these objectives".

8. Safety net proposed for independent directors may breathe a sigh of relief as the government braces itself to protect them from being held responsible for the wrong-doing of their company, through a number of proposed changes in the Companies Bill, 2008. The Bill, which is set to be sent to the Parliamentary Standing Committee for a review, will look into the need for changes to give greater flexibility to these directors, and will send its proposal to the ministry. The ambiguity on the nature of duties of an independent director often leads to situations where they

are blamed for all wrong-doings of the company, it was necessary to bring clarity to the law so that degree of accountability against those directors can be clearly drawn. The ministry has also invited recommendations from industry bodies such as CII and Ficci, and is considering to incorporate in the new Bill. CII, for instance, has urged the ministry to clearly define an independent director and bring it in conformity with the definition under clause 49 of the equity listing agreements of stock exchanges.

9. The need of corporate governance, "The issues related to corporate social responsibility and exclusive growth as an extension of responsible corporate governance is engaging the attention of the ministry, the corporate sector and their stakeholders".

10. As classic Initiatives MCA orders scrutiny of Subhiksha's books. The Ministry of Corporate Affairs (MCA) has cleared the recommendations of the Ministry of Corporate Affairs' southern regional director for inspecting accounts of cashstrapped retail chain Subhiksha. Acting on complaints filed by a clutch of investors and former employees alleging mismanagement of funds, the ministry on Monday instructed the regional director to go ahead with the inspection.

The company has been given a time by which to submit the data called for by the regional director, including the balance sheets, books of accounts, the core activities of the company and members on the board of directors, he added. The regional director said although it wasn't a time-bound process, the enquiry is being conducted on "priority basis" and would take about three months. The findings would be presented to the secretary of the corporate affairs ministry, he added.

11. Corporate governance: A need for fresh perspectives over the past six years, Business in the Community's CR Index has tracked attention by boards to sustainability and corporate responsibility. However, while progress is being made in getting discussions of issues such as climate change and ethical sourcing on to the agenda, BITC and others argue that it is also important to distribute responsibility for these issues across the board rather than relying on one or two individuals.

12. Executive discussions might even bring in external partners. "It takes enlightened leaderships and part of that is talking to a very broad range of people who monitor what's happening in an external operating environment,". "Companies need to bring in perspectives that are not necessarily all from inside, where they tend to be focused on the daily running of the business."

13. At the same time, for many companies, sustainability is becoming part of daily business – whether that is cutting their energy bills or shoring up ethical sourcing guidelines – and

therefore has a variety of implications for the management teams.

Corporate Governance Code: Challenges & issues

The moderator director, governance risk and compliance services, KPMG India, sets the ball, by establishing that while the corporate governance norms in India are at par with the best in the world, ensuring that these norms are always implemented is where the trouble comes in. Commenting on the difficulty of implementing these norms, that it was important to have all the corporate governance codes together to ensure better implementation rather than have the implementation governed by multiple bodies.

Unified approach needed from Companies, regulators on governance: KPMG

With corporate governance practices of Indian companies coming under scanner, global consultancy KPMG believes industry bodies such as Nasscom, CII and regulators such as SEBI should have a more unified approach for developing benchmarks in good governance practices.

"The industry bodies such as CII, Nasscom and regulators such as SEBI should look at a more unified approach towards handling corporate mis-governance and at developing benchmarks in good governance practices," KPMG Director (Governance Risk and Compliance Services), Mr. Ganesh Ramamurthy said.

According to a survey of KPMG on the state of corporate governance in India, majority of respondents believe that while corporate governance should be practiced through principle-based standards and moderate regulations, there is a need for stronger regulatory review and exemplary enforcement.

The survey said that Indian companies believe that the spirit and practice of governance regulations and practices need to be intertwined.

One of the key concerns related to corporate governance is risk management, with nearly three-fourth survey respondents saying these practices need to be improved.

"Indian companies have some way to go when it comes to risk management measures. Also important to consider is impact of changes to strategies and priorities on risk profile."

Conclusion

The ethical temperature of any business or capital market depends on three factors.

1. The first is the individual's sense of values.
2. The second is the social values accepted by the business and industry.
 - Let us not forget that when Harshad Mehta Scam took place, it was claimed that the manner in which the bank receipts were being treated was the prevailing norm.
 - Perhaps a similar argument would have been given in the Ketan Parekh Scam. In other words, practices which were later on found to be highly objectionable become acceptable because that was the prevailing market practice. Social values will depend upon the standards set up by professional bodies like the Association of Chartered Accountants or Cost Accounts of India and so on.
3. The third and perhaps the most decisive factor is the system. It is here we face the main challenge. Our system encourages lack of corporate governance. Some of the specific steps that should be taken to improve corporate governance are the following:
 - The Sick Industries Companies Act (SICA) has become so convenient for the unscrupulous managements that we find in our country industries become sick, the industrialist do not become sick. BIFR has also been called the Bureau of Industrial Funeral Rites !
 - The entire banking system and the Banking Secrecy Act call for a review. Our banking system is such that if you borrow one lakh of rupees, you are afraid of the bank but if you borrow ten crores of rupees, the bank is afraid of you. With the amount of NPA going beyond 58000 crores, it is high time that we amend the Banking Secrecy Act to reveal those who are willful defaulters.
 - Laws like the Benami Transactions Prohibition Act and the Prevention of Money Laundering Act should be implemented effectively

and vigorously. In India today we have a system where the level of public governance is very poor. There is no fear of punishment at all. In such a situation it is only a saint who will be observing strictly the rules of corporate governance.

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