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

SANKALPA

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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, SMJV's CKSVIM

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1915 - 2015

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Shri Mahavira Jaina Vidyalaya Education Foundation
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SMJV's CKSVIM Going Global
Education - Ethics - Enterprise

OBITUARY
THE GREAT PHILANTHROPIST

The Bhamasha

The Greatest donor used to donate 1 Crore everyday

Hon. Dr. Dipchandbhai Gardi

(25.4.1915 - 06.01.2014)

Chairman, SMJV Trust, Mumbai

It's almost impossible to compute how much he gave to Gujarat. But for all that he donated to the state; it would be no exaggeration to call Late Shri Dipchandbhai Gardi, a modern-day Daanveer. Dipchandbhai stubbornly preferred to remain a silent donor throughout his life even as the crores that he donated have seen a number of education institutes and hospitals come up and flourish since last many decades. Born in Padadhari village near Rajkot in 1915 in a poor family, Dipchandbhai donated crores of rupees for education, health and welfare of poorest of the poor. He started by donating Rs 1,000 every day and the amount increased progressively. With the motto of 'Live and let live', he ensured good education and healthcare for thousands in Gujarat. He was fondly called modern-day Daanveer Bhamasha, a legendary figure known for his social contribution.

MEMOIRS OF SHRI DIPCHANDBHAI GARDI

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

Vote for Education.

Hon. Dr. Dipchandbhai Gardi, Chairman, SMJV Trust left this world at 99 years young age. He is the only man we heard, who said, he did not want to go to the Heaven or Moksha, but wanted to take re-birth on this earth to serve the needy and poor for their education and healthcare. Read what many others have to say about this legendary man from Rajkot....

It is as exciting to think which political party shall win the 2014 Lok Sabha General Elections in India, as presenting this brand new issue of SANKALPA: Journal of Management and Research to the educated people of India. However, I feel nervous this time, looking at the disturbing picture of development of India during last 65 years.

India has the highest population of illiterate adults, 287 million, or 37% of the total population of such people across the world, according to UNESCO's Education for All (EFA) Global Monitoring Report. *(Ref. Mint, January 29, 2014, Amedabad, PP 11)*

If only our successive Governments at Central and State level could have done their job well, India would have been in G-8 or G-5... Never mind, as we can't afford to go back to the past. But India can certainly move forward faster by doubling its expenditure on education and healthcare every year for next 5 years, and raise resources from philanthropists, both old and young generation Indians living in India as well as the Indian Diaspora.

Secondly, you will see that this issue of SANKALPA has changed a little direction, for better. The research articles bear higher depth of thinking and analysis, and lesser in terms of number of articles included. This is on the pattern followed at leading Management Institutes like IIMs, XLRI and so on.

This year also highlights **leapfrogging** by CKSVIM in **getting ISO 9001:2008 Certification from BUREAU VERITAS, and Going Global...** with international visits and exchanges of faculty and students with German Universities, signing of Agreement with International Trade Centre, World Trade Organization (ITC-WTO), Geneva, Switzerland to offer special program on 'WTO and its impacts on Business & Industry', offering Advance Entrepreneurship Development Program for SME Owners and Managers in collaboration with International Centre for Entrepreneurship & Technology (icreate) and so on, and contributing to change the direction of Higher Education from Knowledge-only to Knowledge-Skill-Practice oriented system. Germany's Dual Education system, now being experimented by Mrs Irmel Marla and Dr Kamal Taori with Minisry of Labour in Kerala, is going to be a good Hope Model for India. Kerala is a 100% literate State of India. And still learning to do better...

So, if you want to cast your Vote in 2014, now you know who shall you Vote for?

Vote for Education.

Happy Independence Day !

Dr Rajesh Khajuria
Director
director@cksvim.edu.in
www.cksvim.edu.in

Going Global - Creating World Class Institution...

TRIBUTE TO SHRI DIPCHANDBHAI GARDI

PRATHANA SABHA : A Prathana Sabha was organized at SMJV's C K Shah Vijapurwala Institute of Management on 8th January, 2014 from 10.00 a.m. to 11.30 a.m. The Prathana Sabha was started with a prayer devoted to almighty by the students of CKSVIM. Various eminent people shared their experiences and feelings about the sad demise of Shri Gardi.

"Shri Dipchandbhai Gardi was the greatest among the people of his generation in the way he helped build a large number of careers through his educational institutions. I hope the Trusts, that he founded will continue to serve the nation and keep his memories alive."

- Dr. A. K. Agarwal, Hon. Vice Chancellor, Gujarat Technological University

"Dipchandbhai was a visionary, was able to foresee far beyond the present. His sudden absence cannot be filled by anyone including myself..."

- Shri. Kirtilal Doshi, President, SMJV, Mumbai and Chairman Emeritus, Shrenuj & Co. Ltd.

"Dipchandbhai's sad demise has left us without parents, we feel. Dipchandbhai has served the humanity without discrimination..."

- Shri. Subodhratna Gardi, Hon. Secretary, SMJV, Mumbai

"Dipchandbhai was the most respected Jain leader, who was popular among all Governments, communities and levels of people of India. A Great Era is over..."

- Shri. Shrikantbhai Vasa, Trustee, SMJV, Mumbai

"Our deep condolence, tribute and gratitude to Shri. Dipchandbhai for his exceptional contribution and help to education and healthcare institutions and people..."

- Shri. Arun Shah, Hon. Secretary, SMJV, Mumbai

"Shri Gardi was a believer of "Karma" and all the good and bad work done by an individual is reflected in his own life. Shri Gardi has done a tremendous work as "Jeevdaya" for the cattle in Saurashtra during the drought. Despite having a strong network and recognition among top businessmen, politicians and Trusts in the country he was a very humble & simple person. He was a frequent traveller till the age of ninety eight. He has donated to numerous schools, colleges, NGO's, hospitals which only the receiver of the donation is aware. He has donated to more than 2500 schools and 100 colleges in Saurashtra and also across India."

- Dr. Rajesh Khajuria, Director, CKSVIM

"He has anchored so very well our Institution and the Trust: Shri Mahavira Jaina Vidyalaya Education Foundation that his great name became the synonym to the Foundation of which we all are part. In his demise, we all will miss his benign presence which was a source of real inspiration to all of us in all our endeavours."

- Dr. Satendra Kumar, Prof. & Head, PhD Research Centre, CKSVIM

"His life has been truly inspirational and outstanding and I know that he will be missed not only by his family and friends but also by the larger circle of associates and beneficiaries of his many deeds of munificence. Even though I never had the privilege of meeting him, I consider it my good fortune to have seen and known of such an extraordinarily noble person."

- Prof. (Dr) Surendra Sundararajan, Professor of Finance, Faculty of Management Studies, M. S. University

TRIBUTE TO SHRI DIPCHANDBHAI GARDI

"He was a great donar and contributor to education. I lay my tribute to him."

- Dr. Madhukumar Mehta, Chief Mentor, icreate

"He pioneered in providing financial assistance to needy students for their education irrespective of their caste, race and religion. He was a strong believer of imparting education to girls. He unconditionally contributed for the underprivileged society."

- Shri Bipinbhai R Shah, Hon. Secretary, Local Management Committee, SMJV , Vadodara.

"Shri Gardi always insisted upon free education to girls, inspite of some inside opposition. He was awarded "Gujarat Gaurav Award" by Shri Narendra Modi, the Honorable Chief Minister of Gujarat. At the age of ninety nine, Shri Gardi was very active and young at heart."

Shri Shaileshbhai Shah, Hon. Secretary, Local Management Committee, SMJV, Vadodara.

"Shri Gardi was very humble, sober and ready to help with his doors open all the time. Hon. Dipchand Sir was so down to earth that he has never taken appointment to meet him. He has always kept his arm open to welcome the society in need."

- Shri Pratapbhai Shah, President, SMJV Alumni Federation

"Shri Gardi always believed that the best enjoyment in life is by giving. Hon. Dipchand Sir never donated for earning name but did the good deeds for the society and the people."

- Shri Nileshbhai Shah, Member, Local Management Committee, SMJV, Vadodara.

"His contribution to education was unparallel. He ensured good education and healthcare for the masses. May his soul rest in peace."

- Shri. Divyangbhai Shah, Member, Local Management Committee, SMJV, Vadodara.

"He was a visionary, a great inspirer and one of the greatest philanthropist of Western India."

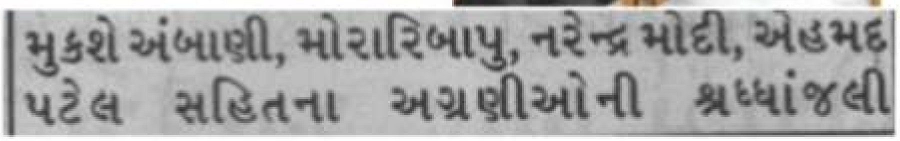
- Shri. Bhupendrabhai Makati, Member, Local Management Comittee, SMJV, Vadodara.

Notable persons like Shri Ajitbhai Jain from Manikchand Group, Shri Hemant Vadalia from VCCI shared their inner feelings about Hon. Dipchand Sir, during the Prathana Sabha. Many Jain notable persons, LMC members, Donors, students, staff and faculty members of CKSVIM were present to salute the Doyen of Jain Community, Gujarat and India. The Prathana Sabha was ended with "Shanti Path" narrated by Shri Divyangbhai Shah, Member, Local Management Committee (LMC), SMJV, Vadodara. It is indeed a great loss to the nation at large which cannot be easily filled in the coming years. The nation had lost one of its jewels and he will always be remembered by the thousands of people who have benefited directly or indirectly by his nobility.

May his Great Soul Rest In Peace...

SMJV's CKSV Institute of Management, Vadodara – Gujarat – INDIA
Director, Committee Members, Faculty, Staff and Students

TRIBUTE TO SHRI DIPCHANDBHAI GARDI



Seated among prominent Jain Leaders are: Shri Kirtilal Doshi, Shri Vallabh Bhanshali, Shri Shrikant Vasa, Shri Subodhratna Gardi, Shri Arun Shah etc.

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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 4, Issue 1) is the January-June 2014 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**

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BRIEF REPORT

CKSVIM Director Dr. Rajesh Khajuria

Returns after Academic Exchange and Cooperation with
(1) International Tour to University of Applied Sciences, Bielefeld, Germany
(2) DHBW Cooperative State University, Stuttgart, Germany, and
(3) ITC-WTO, United Nations, Geneva, Switzerland

University of Applied Sciences, Bielefeld, Germany

University of Applied Sciences, Bielefeld, Germany, invited **Dr. Rajesh Khajuria, Director of SMJV's CKSV Institute of Management and Chairman, GTU's Global MBA program Syllabus Committee** and **Mrs. Bela Khajuria** to participate in the **"International Week 2013"**. Dr. Khajuria was granted a scholarship from **DAAD, Germany Government's International Agency for Academic Promotion** to visit the German University from 18 – 22 November 2013.

The invitation was received from Prof. Dr. Roessler, Dean, Faculty of Management & Health Sciences, UAS, Bielefeld, who organised the entire event in Germany. Prof. Roessler had visited CKSVIM and GTU last year along with **Prof. Dr. Ramesh Shah,** in-charge of Cooperation with India.

Dr. Khajuria delivered a Lecture on **'Indian Higher Education System',** where he enlightened distinguished Professors about Innovation in Education, Open Mindset, Liberating Learning and Practical Summer School concepts. He briefed about how to increase Employability of students through appropriate education, Training, Networking, Goal Setting, Languages, Skills and Knowledge.

It was an excellent learning and networking opportunity with some 30 Professors, Deans and Vice Presidents of leading Business Schools / Management Institutes from Germany, France, Netherlands, Switzerland, USSR (Russia), Canada and The USA.

Dr. Khajuria threw light upon the ancient education of India which was more **student-centric** and modern education system in India which is more **teacher-centric**. He explained about the Higher Education System of India, its awarding bodies, and how it has taken a giant leap to be at par with global scenario during last 10 years, citing UGC data. He also briefed about the opportunities for Private and Foreign Universities in India higher education system.

Dr. and Mrs. Khajuria also attended special program on **Family Business Management** and learnt a lot about how and why Family Businesses in Germany and Switzerland grow to a size wherein some of them become the largest companies like ABB, Novartis and Dr. Oatker.

DHBW Cooperative State University, Stuttgart, Germany

Dr. and Mrs. Khajuria also visited **DHBW University, Stuttgart, Germany** and discussed with President, as well as Dean of Management Faculty **Dr. Augenstein** about Academic Cooperation with GTU and SMJV's CKSVIM, who had also visited CKSVIM and GTU last year. **Stuttgart is Head Quarter of Mercedes Benz Cars and Porshe Family of the expensive Proshe Cars lives in Stuttgart.**

Consequently, a **delegation of 17 German Students studying Business Management, along with Prof. Dr. Ramesh Shah shall be visiting CKSVIM Vadodara, GTU Ahmedabad and NICM Gandhinagar for two weeks from 3rd to 14th February 2014.** German students shall be taught by our Indian Professors in the subjects of Management, Finance, Marketing, HRM and Agri-Business, and undertake Projects.

ITC-WTO, United Nations, Geneva, Switzerland

As a part of the Agreement signed by **Dr. Khajuria** between **SMJV's CKSVIM Vadodara (India)** with **Director, ITC-WTO, Geneva, Switzerland, Dr. and Mrs. Khajuria** visited **United Nations office** and held well planned meetings with the Directors and High Officials of The **United Nations (UNCTAD), International Trade Centre (ITC) and World Trade Organization (WTO**) to offer their specialised program on **'WTO and its Impact on Business & Industry'** to the MBA Students, Faculty, and Entrepreneurs and Managers of SMEs and Corporates in India on low cost / subsidized basis.

(L to R: Mrs. Bela & Dr. Rajesh Khajuria; Ms. Chilala, Director, WTO Institute;
Mr. Vinod Rege, Author and Former Director of WTO and Mr. Thilen, WTO, Geneve in WTO office).

The course has been formulated based on the advice and Business Guide on the subject, authored by **Shri Vinod Rege, Former Director and Diplomat, and his team at WTO.** The course is submitted by Dr. Khajuria to **Gujarat Technological Universty (GTU),** Ahmedabad for approval as an **Elective Course with two Papers in MBA Semester III and IV from the next Academic Year 2014-15.** Dr. Khajuria chairs the GTU's Global MBA Program Syllabus Committee since 2011.

CKSVIM plans to organise a two-day Workshop for Entrepreneurs and Industry Managers, as well as faculty members of MBA Programs, on **'WTO and its Impact on Business & Industry'** in with the help of ITC-WTO, Geneva.

CKSVIM proposes to partner with industry associations to organise this program to benefit their member industries.

LEAD ARTICLE
Uttara Khand Enterprising: UKEN - YOU CAN

SMJV CENTENARY
1915 - 2015

Dr. Rajesh Khajuria : Director, C K Shah Vijapurwala Institute of Management, Vadodara, Email : director@cksvim.edu.in Web : www.cksvim.edu.in

Prologue

Swami Shri Chidanand Saraswati ji and Shri Ram Mahesh Mishra, Director, Parmarth Niketan (www.Parmarth.com), Rishikesh (Uttara Khand State), India, on 22nd December 2013, organized a Workshop of Heads of leading NGOs in the State to discuss the employability issues of estimated 70,000 youth, men and women, who feel helpless after the recent Kedar Valley Disaster. The author Dr. Rajesh Khajuria, Director SMJV's CKSV Institute of Management and a qualified Management Consultant for past 3 decades, was specially invited to participate, considering an Entrepreneurship Development (Udhyamita) Program that he and his wife Ms. Bela Khajuria, along with Dr. Kaman Taori, (IAS Retd.) and others conducted an year before for some 50 youth there. Dr. Khajuria suggested Strategic Action Plan to promote Entrepreneurship in the State through setting up of a Centre for Entrepreneurship Development of Uttara Khand, India (CED-UK-I), which is narrated in this Perspective Paper, and published with the intention of motivating readers, especially the Management Teachers and students, corporate sector, banks, business and industry of India and worldwide, to think, act and help the youth of Uttara Khand (UK of India!) become business entrepreneurs, social entrepreneurs, business persons or industrialists, thus 'Job- Givers and not just Job-Seekers'. Comments and suggestions are welcome!

Vidyoplaubdhau Dhanasyopyoga :

"O' God! Kindly Grant Me that Knowledge,

To Use Money and Resources for Society's Good."

(10th Upanishada, 4th Bhashya – by Acharya Sri Mandukacharya, Guru of Adi Sankaracharya)

Jai Gange!

At the outset, let me pay respect to **Swami Chidanand Saraswati ji** and **Shri Mishraji** for inviting me to participate in the **Gyan Goshthi** on the challenges and opportunities for promoting Entrepreneurship Development in Uttara Khand State (UK of India). I was amazed at seeing the manner in which teams of God's choicest and devoted Indians and foreigners are working relentlessly at **Parmarth Niketan.**

The day long deliberations on 22nd December 2013 in your revered presence throughout the day, and **Dr. Kamal Taori's** presence in the afternoon, has resulted into 7 (seven) focus areas for **Parmarth Niketan,** of which I shall focus on **"Promoting Entrepreneurship Development in Uttara Khand State (UK of India)"** to bring Prosperity and Peace to the people of UK.

Uttara Khand has the potential to become better than Switzerland in terms of tourism, high value enterprises, businesses and industries, and developing world-class infrastructure; in addition to the spirituality and Indian dharma in which the State is number 1 in India! What is needed is working systematically and relentlessly on these development for next 11 years (2014-2025).

The big idea is to change the socio-economic conditions of Uttara Khand from 'Dev Bhumi' to 'Wealth Bhumi' in terms of Spirituality, Enterprise, Prosperity and Happiness.

As deliberated with distinguished invited Heads of NGOs on 22.12.2013 and finalized the next morning, may I propose **4 (four) Action Points** for simultaneous working from all four directions (E-W-N-S) to which shall bless the 5th dimension (Earth – Ganga Ma) and 6th dimension (Ether – Space – Akash) through **Swami ji, the divine pipeline of Gods to Uttara Khand, INDIA..!**

MISSION:

Promoting Entrepreneurship Development in Uttara Khand State (UK of India), to benefit all Stakeholders – People, Business and Industry, Government, Banks and NGOs through Networking and Wealth Creation.

Entrepreneurship development framework

We shall use the **Entrepreneurship Development and Training framework* of the United Nations (UNCTAD), the International Trade Centre (ITC) and World Trade Organization (WTO), Geneve (Switzerland).**

(Me and my wife Bela recently had the opportunity to get briefing from ITC, WTO and United Nations (UNCTAD) and interact with them on one-to-one basis for 3 days in Geneve, Switzerland after our tour to Germany to address 30 University Heads from Europe, America and Canada).

We shall also **benchmark with Gujarat State, the most entrepreneurial State in India,** and learn from the private and public sector initiatives of Gujarat State on Entrepreneurship Development during last 40 years. Local people, environment, life on mountains and valleys, lack of road and port infrastructure and other limitations of business-mind shall be duly considered. *(*to be suitably modified to Uttara Khand's needs and challenges)*

Action points

There are four Action Points : (Strategic Actions)

- **Working with Uttara Khand State Government** for creating a **positive environment** for entrepreneurship and create **Uttara Khand Entrepreneurship Development Policy.**
- **Sensitizing the large and medium industries and businesses** to create entrepreneurs from within and outside the organization.
- **Developing Entrepreneur-Trainers by organizing a series of Trainer's Training Programs** to develop entrepreneurial motivation, mind set, skill-set and tool set including use of technology in small business.
- **Creating a Network of Entrepreneurs** in Uttara Khand by setting up **Project : UKEN. org (Uttara Khand Entrepreneurship Network)**

Let me elaborate each one of these below.

1. **Working with Uttara Khand (UK) State Government to create a positive environment for entrepreneurship and create Uttara Khand Entrepreneurship Development Policy:**

a. **Please Check** with the State Government (and Central Government also) if they have a clearly defined **Entrepreneurship Development Policy.**

b. If not, we can **help them do so with** UK State. Let the State become the first in India to have its own **Entrepreneurship Policy.**

c. Please Call a meeting with State Government: Hon. CM, Industries Minister, Industries Secretary, Centre for Entrepreneurship Development (CED, if any), MDs of leading banks in the State, and other concerned senior Government Officials. I can make a Power Point Presentation to them on What, Why, How and Who all are to work on drafting a powerful, effective **Entrepreneurship Development Policy.**

d. **Date of meeting :** As you may decide.

e. **Budget :** Travel cost for attending the meeting.

f. Create and promote **'Uttara Khand' brand**

g. Rope in Amitabh Bachhan as the Brand Ambassador of Uttara Khand. (Example: Gujarat's tourism traffic increased by 25% in one year after he was roped in by Shri Narendra Modi, Hon. CM of Gujarat. Gujarat Tourism also worked hard).

h. Every product or service made in Uttara Khand must be of Certified Best Quality.

i. Use **'Made in UK, India'** Brand with a tag line below **'Uttara Khand'**

j. **Time Frame :** 6 Months (January-June, 2014).

k. **Budget for Brand Creation:** Rs. 5 to 10 crore campaign by the State Government in Northern and Western India, to attract tourists, business persons and investors. Get sponsorships from large and medium industries and business organizations.

2. **Sensitizing large and medium industries and businesses to promote entrepreneurship**

a. Sensitize top industrialists and medium and small business owners on creating **Entrepreneurship Development Policy for Uttara Khand,** and involve them as one of the stakeholders.(I shall make a PPT presentation in CSR & Leadership Conference. See para '2 h.' below).

b. **Address the opportunities to invest in Social Enterprises** (NGOs and Business Enterprises with social angle to benefit large number of people at small cost). This has excellent scope in UK of India).

c. Also one of the fastest and surest strategy to promote some small business enterprises as a part of **Cluster of Small Businesses to Medium Industries ,** and SMEs to Large Industries including Government Organizations.

d. Meant for those already in Manufacturing and Service Business, as well successful NGOs.

e. **Organize EXPO 2014** with simultaneous Conferences and Seminars (Sector-wise). (Example : Vadodara Chamber of Commerce & Industries (VCCI) Expo 2013 cost Rs 5 Crore in organizing (50% sponsorships), and saw 5 times more business opportunities including ancillary development. Won the award of largest Expo in Gujarat in 5th Expo (once every two years).

f. Focus on what best the State has to offer to rest of India and the World: **'Gods, Goods and Ganga'.**

g. Give Responsibility of EXPO to **local Chamber of Commerce** or FICCI with other local associations support.

h. Parmarth to **host a CSR and Leadership Conference** for 2 days and Give 'CSR Awards' and 'Business Leadership Awards' under Large, Medium and Small Scale Industries, and NGOs. **Dates : 15 - 22 April 2014** and concurrent with International Meeting at Parmarth.

i. **Budget : Rs. 3 Lacs for the Conference.**
Budget : Rs 1 Crore for EXPO, which may be recovered through Stall Rentals and Central / State Support and Sponsorships from large Corporations like ONGC. The Expo UK 2014 shall be handled by the Chamber of Commerce / Industry Association of the State / Dehradun.

3. **Entrepreneurship development through training**

a. **Set up a Centre for Entrepreneurship Development (CED)** under Parmarth Niketan, or State Government, or PPP Model. The **CED, UK of India shall have a Budget of Rs 10 Lacs for 1st Year 2014,** and one Full Time Senior Director / Coordinator with a staff support of 1 and a car with driver on full time basis. The budget may be raised in partnership with State Government, to **Rs 100 Lacs p.a. to over all District Head Quarters over next 3 years.**

b. **CED shall identify about 1,000 Entrepreneurs.** Shortlist 100 of them through Response to Questionnaire. (We shall design and send the Questionnaire to Parmarth).

c. These short listed **100 Entrepreneurs** shall undergo **3 Days (24 Hours) Training at Parmarth Niketan.** The most regular, interested, willing, capable and devoted 40 Entrepreneurs shall be selected by us to form the first Batch of Entrepreneurship Trainers.

d. **Select 40 interested Entrepreneurs for undergoing extensive Training** on Entrepreneurship Development in the State. **The selection shall be rigorous to get the best of entrepreneurs breed to work on this CSR Project.** Later, they will be paid suitable Training honorarium, if selected to conduct Training Programs at other Centres. ***(See the selection process below).***

e. These 40 Entrepreneurs must attend at least 5 to 6 such Training Programs during one year (2014). Then they will have the right attitude, mindset, knowledge, skills and energy to train people of Uttara Khand to become Entrepreneurs. "Job Givers, not Job Seekers. Money-Spinners, not Money-Wasters. Richer, not Poorer. Famous, not Unknown. Strong, not Weak. Lions, not Jackals".

f. **Important Training Modules** shall focus on Changing Attitudes, Spotting Business Opportunities, Generating Resources, Managing Resources, Finance, marketing and Human Resource Management, Manufacturing Management, Service Business (IT, Technology etc), and Networking with Business, Government and NGO as stakeholders.

g. The Best of 40 (or less) shall be **Certified** as **'Entrepreneurship Trainers'.**

h. **CED Gujarat Director as well as Former Director** and their team of experts may be invited to inspire the Training Programs.

i. **UNCTAD, Geneve's** Entrepreneurship Development Program experts may be invited if budget permits.

j. The **CED, Uttara Khand** shall organize such Training Programs at selected potential locations with the help of these **'Certified Entrepreneurship Trainers'.**

k. CED shall introduce **'Entrepreneurship Development Course' to Schools and Colleges. (We shall help design the courses).**

4. **Project: UKEN.org (Uttara Khand Entrepreneurship Network)**

a. Create an online Portal to invite all entrepreneurs (new and existing businesses / industries / NGOs) to host their Page on a single powerful Portal.

b. Purpose is to create a large network of young and old entrepreneurs in Uttara Khand, who can do business with each-other, as well as create opportunities for funding and fund-raising, from Banks, Venture Capitals, Seed Money Investors etc on one hand, and young, budding entrepreneurs, techno-preneurs, social entrepreneurs, women entrepreneurs etc on the other, to create **Environmentally suitable and Sustainable Industry, Business as well as Social Enterprises.**

c. Invite rest of India and the world's entrepreneurs to do business with and within Uttara Khand, through this Portal.

d. Register a domain name, **ukien.org (UKEN - YOU CAN) – SLOGAN**

e. The network so created shall be the most powerful community of Entrepreneurs to help each-other, influence Government, and develop the State as one of the richest and most desirous states to work and live in India.

f. A team of **4 to 5 young techies,** boys and girls, shall be required on full-time basis to manage this Portal effectively and responsibly.

g. **Budget Rs 5 Lacs for first year.** This itself shall be the first Social Enterprise promoted by Parmarth. A small fee may be charged to enrol memberships to cover the costs.

It's perhaps very true that...."Man Proposes. God Reinforces."

SMJV CENTENARY
1915 - 2015

Customers' Preference towards Internet based Banking Technology (With Special Reference to Surat City, Gujarat)

Dr. Ranjan Jaykant Sabhaya : Asst. Prof., S R Luthra Institute of Management, Surat. E-mail : mrsrjsabhaya@yahoo.co.in
Dr. Falguni H. Pandya : Faculty, Centre for Management Studies, Dharmsinh Desai University, Nadiad. E-mail: fhpandya@gmail.com

Abstract

Research says that India's banking sector is on a high-growth trajectory with around 3.5 ATMs and less than seven bank branches per 100,000 people, according to a World Bank report. The statistics are going to improve in near future as the Government aims to have maximum financial inclusion in the country. Policymakers are making all the efforts to provide a facilitating policy framework and infrastructure support to ensure meaningful financial inclusion. Apart from that, financial institutions are collaborating with other service providers (in the fields of telecom, technology and consumer product providers) to create an enabling environment.

The Banking sector in India has experienced a rapid transformation. Just about a decade back this sector was limited to the nationalized and co-operative banks. Then came the multi-national banks, but these were confined to serving an elite few. Banking is not new service or new system in today's era. Now day's banks are applying many strategies and techniques to survive in the competitive world. One of the most favourable strategies is to provide banking with technology. The main objectives of the study are (1) To study the impact of technology on banking sector, (2) To study the customer preferences regarding banking technology, specially Online Banking. To achieve these objectives, primary and secondary data have been used. Sample size is 300; after gathering data, appropriate statistical tools are applied to analyze the data and to derive the findings and conclusion of the study.

Key words: Internet based Banking Technology, Customer Satisfaction

Introduction

Banking environment has become highly competitive today. To be able to survive and grow in the changing market environment banks are going for the latest technologies, which is being perceived as an 'enabling resource' that can help in developing learner and more flexible structure that can respond quickly to the dynamics of a fast changing market scenario. It is also viewed as an instrument of cost reduction and effective communication with people and institutions associated with the banking business.

Technology has continuously played on important role in the working of banking institutions and the services provided by them like safekeeping of public money, transfer of money, issuing drafts, exploring investment opportunities and lending drafts, exploring investment etc.

Information Technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. Internet has significantly influenced delivery channels of the banks. Internet has emerged as an important medium for delivery of banking products and services.

For years, financial institutions have used powerful computer networks to automate millions of daily transactions; today, often the only paper record is the customer's receipt at the point of sale. Now that its customers are connected to the internet via personal computers, banks envision similar economic advantages by adapting those same internal electronic processes to home use.

In short, online banking is doing banking business through home PC. The customer demands the necessary application form through the net and the bank sends a UPP (Unique Personal Password) for accession.

Literature Review

"The influence of internet banking" by Joseph (1999) investigated the influence of internet on the delivery of banking services. He found six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization.

"Technology based services and customer satisfaction" by Meuter & Gonroos (2000) have identified critical incidents of customer satisfaction and dissatisfaction with technology-based service encounters. Given that business-to-business transactions are the fastest growing segment of technology-driven services, Meuter and his colleague suggested investigating what drives business customer satisfaction or dissatisfaction with technology driven services.

"I-Banking" by Jun and Cai (2001) identified 17 service quality dimensions of i-banking service quality. These are reliability, responsiveness, competence, courtesy, credibility, access, communication, understanding the customer, collaboration, continuous improvement, content, accuracy, ease of use, timeliness, aesthetics, security and divers features.

"The Indian Internet Banking Journal In 2001" by **Reserve Bank of India** survey revealed that of 46 major banks operating in India, around 50% were either offering Internet banking services at various levels or planned to in the near future.

"Online Banking" by **IAMAI (Internet And Mobile Association of India) 2006** reported 43% of online banking user haven't started online financial transaction because of security reasons, 39% haven't started because they prefer face to face, 22% haven't started because they don't know how to use, for 10% sites are not user friendly.

Research Objectives

The Main objectives of the study are:

1. To analyze the impact of technology on banking sector.
2. To study the customer preferences regarding banking technology.

Hypothesis of the study

1. There is no association between two variables 'Frequency of Visiting Branch' and 'Demographic Factors'.
2. There is no association between two variables 'Awareness about banking technology' and 'Demographic Factors'.
3. There is no association between two variables 'Frequency of using internet for availing banking services' and 'Occupation'.
4. There is no association between two variables 'Customers' Preference for banking technology' and 'Demographic Factors'.

Research Methodology

- **Research Problem :** Research Problem is to study on the title "The Impact of Technology in Banking Sector and The Customer Preference". Banking technology mainly includes the online banking and many others like Tele banking, ATM, Demat Service, Credit Card etc. Banking sector includes all types of banks like Public Sector Bank, Private Sector Bank and Foreign Sector Banks. Customers are bank account holder in Surat City area.
- **Research Design :** Research design used for the study is Descriptive in nature.
- **Target Population** is Bank account holders of Surat city area.
- **Sampling method** is Non-probability convenience Sampling.
- **Sample size :** 300 bank account holders of Surat City area.
- **Instrumental data collection method :** Personal Contact with Surat City's Bank account holders to fill up the structural Questionnaire.

Testing of Hypothesis

1. H0: There is no association between two variables 'Frequency of Visiting Branch' and 'Age & Occupation'.

   H1: There is association between two variables 'Frequency of Visiting Branch' and 'Age & Occupation'.

Table 1: Chi-Square Test Statistics

Particulars	Age	Occupation	Frequency of visiting branch
Chi-Square(a,b)	52.160	221.660	311.520
Df	2	2	3
Asymp. Sig.	.000	.000	.000

From Table 1, at 2df & 3df, value of chi-square is 52.16 & 311.520 and alculated P value is 0.000 & 0.000 which is less than 0.05. So, null hypothesis is rejected and alternate hypothesis is accepted. So, it can be interpreted that there is an association between two variables 'Frequency of Visiting Branch' and 'Age & Occupation'.

2. H0: There is no association between two variables 'Awareness about banking technology' and 'Gender & Qualification'.

   H1: There is association between two variables 'Awareness about banking technology' and 'Gender & Qualification'.

Table 2: Chi-Square Test Statistics

Particulars	Awareness about banking technology	Qualification	Gender
Chi - Square(a)	284.213	72.740	18.253
Df	1	2	1
Asymp. Sig.	.000	.000	.000

From Table 2, at 1df, value of chi-square is 284.213 & 18.253 and calculated P value is 0.000 & 0.000 which is less than 0.05. So, null hypothesis is rejected and alternate hypothesis is accepted. So, it can be interpreted that there is an association between two variables 'Awareness about banking technology' and 'Gender & Qualification'.

3. H0: There is no association between two variables 'Frequency of using internet for availing banking services' and 'Occupation & Qualification'.

   H1: There is association between two variables 'Frequency of using internet for availing banking services' and 'Occupation & Qualification'.

Table 3 : Chi-Square Test Statistics

Particulars	Frequency of Using Internet Services for Availing Banking Services	Qualification	Occupation
Chi-Square (a,b)	404.500	72.740	221.660
Df	4	2	2
Asymp. Sig.	.000	.000	.000

From Table 3, at 4df & 2df, value of chi-square is 404.5 & 221.66 and calculated P value is 0.000 & 0.000 which is less than 0.05. So, null hypothesis is rejected and alternate hypothesis is accepted. So, it can be interpreted that there is an association between two variables 'Frequency of using internet for availing banking services' and 'Occupation Qualification'.

4. H0: There is no association between two variables 'Customer Preference' and 'Choice for bank change with amount of on-ine services provided'.

   H1: There is association between two variables 'Customer Preference' and 'Choice for bank change with amount of on-line services provided'

Table 4: Chi-Square Test Statistics

Particulars	Preference	Choice for Bank change with Amount of online services provided
Chi-Square (a,b)	34.640	33.267
df	2	4
Asymp. Sig.	.000	.000

From Table 4, at 2df & 4df, value of chi-square is 34.64 & 33.267 and calculated P value is 0.000 & 0.000 which is less than 0.05. So, null hypothesis is rejected and alternate hypothesis is accepted. So, it can be interpreted that there is an association between two variables 'Customer Preference' and 'Choice for bank change with amount of on-line services provided'.

Findings from the Survey

The study revealed that there is a need for banks to develop their services through utilizing technology and acknowledging people about its benefits. The area of banking technology needs some deep and serious studies. The major findings of the studies are as follows:

- The maximum amount of usage of technology is done by male and of age from 20 to 35 Years.
- Nearly 60% of the respondents do not wish to maintain their account with banks with less online services.
- The choice for a bank is affected by more than 20% with the amount of online services provided by banks.
- 25% of the respondents still prefer branch banking, the reason being their fear of transacting through internet.
- Half of the respondents were acknowledged by their friends or relatives whereas the rest half got such information through advertising and others.
- The frequency of internet usage for availing banking services is monthly i.e. by 63% of the total respondents.
- The respondents above age 50 and above use internet in banking to check either their savings or for unusual reasons.
- People prefer banking technology more for bill payment, account information & balance enquiry and they range from 16% and 15% respectively.
- The daily and weekly visits i.e. 23% are done by businessmen for their daily transactions.
- 50% of the total respondents prefer maintaining two bank accounts.

Conclusion

Thus from the present study it is clear that banking technology is one of the most advancing sector for banks as well as people who avail services. So it can be concluded that Information Technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets. It is also viewed as an instrument of cost reduction and effective communication with people and institutions associated with the banking business.

It is concluded that Technology has continuously played an important role in the working of banking institutions and for the services provided by them like safekeeping of public money, transfer of money, issuing drafts, exploring investment opportunities and lending drafts, exploring investment etc. Banking has come to be recognized as a virtual necessity to face the imminent challenge/ competition that it growingly felt in modern days, owing to globalization and liberalization of the Indian economy.

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MSME snag to finance and adherence by nationalized banks to RBI guidelines concerning providing financing to MSME with specific reference to Rajkot Zone.

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Abstract

Reserve Bank of India is a regulatory body for banks in India, issuing guidelines with respect to the functioning of banks on timely basis. Considering the economic condition of different section of the society and sectors of India several decision are taken by RBI and implemented through rules and issued guidelines. SME is one of the areas where there is concentration of RBI as approximately 70% of the industries fall under this category. This research paper is an attempt to analyze the effect of RBI guidelines on financing activities done by nationalized banks in the zone of Rajkot. As Rajkot accounts for nearly 10% of the total SME industries setup in Gujarat, diversified firms were available for the purpose of study. Primary survey was conducted of different clients of nationalized banks after considering the guidelines of RBI issued for various periods. Analytical tools used for the study were different charts and T test.

Key Words : SMEs, RBI Guidelines, Nationalized Banks.

Introduction

The small and medium enterprises today constitute a very important segment of the Indian economy. The development of this sector came primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop a core industry and have a supporting sector in the form of small scale enterprises. SMEs sector has emerged as a dynamic and vibrant sector of the economy. Today, it accounts for nearly 35% of the gross value of output in the manufacturing sector and over 40% of the total exports from the country. In terms of value added this sector accounts for about 40% of the value added in the manufacturing sector.

The contribution of the Small and Medium Enterprises (SME's) to the economic growth of a nation is well recognized. In developing countries, as some authors argue (Leutkenhorst, 2004) the contribution of SME's towards employment generation is significant because they

- Tend to use more labour intensive production processes than large enterprises, boosting employment and leading to more equitable income distribution
- Provide livelihood opportunities through simple, value adding processing activities in agriculturally based economies;
- Nurture Entrepreneurship; and
- Support the building up of systemic productive capacities and the creation of resilient economic systems, through linkages between small and large enterprises
- Reservation for Exclusive Purchase by Government
- Export Promotion
- Growth in demand in the domestic market size due to overall economic growth
- Increasing Export Potential for Indian products
- Growth in the Requirements for ancillary units due to the increase in the number of green-field units coming up in the large scale sector.

The sector's contribution to employment is second highest next to agriculture. The contribution of small and medium enterprises to the country's gross domestic product (GDP) is expected to increase to 22% by 2020, from the present 17%, a top official of the Department of Science and Technology in 2011.

The SMEs sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. When the performance of this sector is viewed against the growth in the manufacturing and the industry sector as a whole, it instills confidence in the resilience of the SMEs Sector.

Nationalized Bank Financing – SME

In India there are 27 Nationalised banks operating for the growth of economy. It was mentioned by our late Prime Minister Smt. Indira Gandhi that the main objective of nationalization of fourteen banks was to assure the below mentioned concerns:

(i) The removal of control by a few

(ii) Provision of adequate credit facilities to agriculture, small industry and exports

(iii) The giving of professional bent to bank management

(iv) The encouragement of new classes of entrepreneurs, and

(v) The provision of adequate training as well as reasonable terms of service for bank staff .

So from the above mentioned objectives we can say that small enterprise have been area of concern by economy since many years. Initially small enterprises were covered under the ambit of SSI Act and other legislations but now the governing legislation is MSMED Act 2006 which had broadened the scope for MSME enterprises in India.

Table 1: Funding Through Different Financial Institution to MSMEs in India (Amount in Billion)

Year	SCBs	% Change	SIDBI	% Change	SFCs	% Change	Total Funding	SCBs% of Total
2000-01	601.41		162.13		124.17		887.71	68%
2001-02	671.07	12%	154.64	-5%	126.32	2%	952.03	70%
2002-03	647.07	4%	152.72	-1%	120.68	-4%	920.47	70%
2003-04	712.09	10%	155.01	1%	110.84	-8%	977.94	73%
2004-05	834.98	17%	147.80	-5%	105.02	-5%	1087.80	77%
2005-06	1012.85	21%	172.80	17%	100.51	-4%	1286.16	79%
2006-07	4092.33	304%	181.02	5%	99.45	-1%	4372.80	94%
2007-08	4968.60	21%	226.64	25%	100.18	1%	5295.42	94%
2008-09	6152.52	24%	334.21	47%	105.35	5%	6592.08	93%
2009-10	7194.82	17%	401.22	20%	111.40	6%	7707.44	93%
2010-11	8764.51	22%	488.69	22%	120.32	8%	9373.52	94%
2011-12	9840.61	12%	566.26	16%			10406.87	95%

Source: Reserve Bank of India data on asset and liabilities of SCBs, SIDBI and SFCs

From Table 1 it can be observed that Scheduled Commercial bank has been contributing significantly towards financing to MSMEs in India. The contribution of SCBs has been increasing over the years. The main reason behind it is that RBI is enforcing higher responsibilities on banks for ensuring adequate advances to small and medium enterprises in India. Scheduled Commercial banks are given this conscientiousness due to its wide spread operation and network all over India and compared to all type of Financial institutions in India they are leading in dealing with all type of financial instruments. Nationalized banks in India holds around 70% of banking Assets and Liabilities, so obviously their contribution towards MSME is more compared to private, foreign and other types of banks.

RBI Initiatives

The Reserve Bank of India has, from time to time, issued a number of guidelines /Instruction/ directives to banks in the matter relating to lending to Micro, Small and Medium Enterprises Sectors. The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 on June 16, 2006 which was notified on October 2, 2006. With the enactment of MSMED Act 2006, the paradigm shift that has taken place is the inclusion of the services sector in the definition of Micro, Small & Medium enterprises, apart from extending the scope to medium enterprises. The MSMED Act, 2006 has modified the definition of micro, small and medium enterprises engaged in manufacturing or production and providing or rendering of services. The Reserve Bank has notified the changes to all scheduled commercial banks. Further, the definition, as per the Act, has been adopted for purposes of bank credit vide RBI circular ref. RPCD.PLNFS. BC.No.63/ 06.02.31/ 2006-07 dated April 4, 2007.

Glimpse of RBI Guidelines

Several guidelines issues by RBI to be considered by Banks are as follows. (The Guidelines are adopted from various RBI Circular issued on timely basis regarding financing to MSMEs by SCBs.)

a. **Overall Target for Domestic Commercial Bank:** The domestic commercial banks are expected to enlarge credit to priority sector and ensure that priority sector advances (which include the micro and small enterprises) constitute 40 per cent of Adjusted Net Bank Credit (ANBC) or credit equivalent amount of Off-Balance Sheet Exposure, whichever is higher.

b. **Recommendations of the Prime Minister's Task Force:** Banks are advised to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts.

c. **Micro Enterprise:** In order to ensure that sufficient credit is available to micro enterprises within the MSE sector, banks should ensure that:

(I) 40 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises having investment in plant and machinery up to Rs. 5 lakh and micro (service) enterprises having investment in equipment up to Rs. 2 lakh;

(ii) 20 per cent of the total advances to MSE sector should go to micro (manufacturing) enterprises with investment in plant and machinery above Rs. 5 lakh and up to Rs. 25 lakh, and micro (service) enterprises with investment in equipment above Rs. 2 lakh and up to Rs. 10 lakh. Thus, 60 per cent of MSE advances should go to the micro enterprises.

(iii) While banks are advised to achieve the 60% target as above, in terms of the recommendations of the Prime Minister's Task Force, the allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz. 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13.

d. **Disposal of Application:** All loan applications for MSE units up to a credit limit of Rs. 25,000/- should be disposed of within 2 weeks and those up to Rs. 5 lakh within 4 weeks provided , the loan applications are complete in all respects and accompanied by a "check list".

e. **Collateral:** Banks are mandated not to accept collateral security in the case of loans upto Rs.10 lakh extended to units in the MSE sector. Banks are also advised to extend collateral-free loans upto Rs. 10 lakh to all units financed under the Prime Minister Employment Generation Programme of KVIC. Banks may, on the basis of good track record and financial position of the MSE units, increase the limit of dispensation of collateral requirement for loans up to Rs.25 lakh (with the approval of the appropriate authority). Banks are advised to strongly encourage their branch level functionaries to avail of the Credit Guarantee Scheme cover, including making performance in this regard a criterion in the evaluation of their field staff.

f. **Composite Loan:** A composite loan limit of Rs.1 crore can be sanctioned by banks to enable the MSE entrepreneurs to avail of their working capital and term loan requirement through Single Window.

g. **Specialized MSME Branch:** Public sector banks have been advised to open at least one specialized branch in each district. Further, banks have been permitted to categories their MSME general banking branches having 60% or more of their advances to MSME sector in order to encourage them to open more specialized MSME branches for providing better service to this sector as a whole. As per the policy package announced by the Government of India for stepping up credit to MSME sector, the public sector banks will ensure specialized MSME branches in identified clusters/ centers with preponderance of small enterprises to enable the entrepreneurs to have easy access to the bank credit and to equip bank personnel to develop requisite expertise. The existing specialized SSI branches may also be converted as MSME branches. Though their core competence will be utilized for extending finance and other services to MSME sector, they will have operational flexibility to extend finance/render other services to other sectors/borrowers.

h. **Delayed Payment:** Under the Amendment Act, 1998 of Interest on Delayed Payment to Small Scale and Ancillary Industrial Undertakings, penal provisions have been incorporated to take care of delayed payments to MSME units. After the enactment of the Micro, Small and Medium Enterprises Development (MSMED), Act 2006, the existing provisions of the Interest on Delayed Payment Act, 1998 to Small Scale and Ancillary Industrial Undertakings, have been strengthened as under:

(i) In case the buyer to make payment on or before the date agreed on between him and the supplier in writing or, in case of no agreement before the appointed day. The agreement between seller and buyer shall not exceed more than 45 days.

(ii) In case the buyer fails to make payment of the amount to the supplier, he shall be liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank.

(iii) For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the interest as advised at (ii) above.

(iv) In case of dispute with regard to any amount due, a reference shall be made to the Micro and Small Enterprises Facilitation Council, constituted by the respective State Government. Further, banks have been advised to fix sub-limits within the overall working capital limits to the large borrowers specifically for meeting the payment obligation in respect of purchases from MSMEs.

RBI has issued many other guidelines in the area of rehabilitation of sick units, formation of state and central level committees to address the problem of MSMEs, Debt restructuring mechanism for MSMEs, Cluster approach of banks, credit grantee schemes for Micro and small enterprises.

Literature Review

Micro, small and medium enterprises comprises around 70% of the industrial setup in India and due to this reason it acquires a special privilege when it comes to financing through different sources. The 12th planning commission has also emphasized that there is a vast amount of credit gap to MSME in India and due to it there should be minimum growth of 22% y-o-y to MSME by Scheduled Commercial banks for three year and 25% for the remaining two years. Reserve Bank of India at the time of framing overall guidelines places due importance of MSMEs.

Several studies has been done at national and international level to study the problem of MSME in areas like marketing, distribution, entrepreneurship, human resource problem etc, but problem related to finance has been one of the major area where the concentration is high. As MSME are operating at smaller level, their exposure to finance is limited. In India major source of finance is through Nationalized banks and there after other sources comes. The capital market and venture capital are not that active in providing finance due to the risk level involved in it.

According to USAID, 2010 report, SMEs failed to get finance due to aspects related to the bank's interests – the financial status of the SME and how much of a risky they were, whereas aspects of the application that related to the SME's business skills were less important. Over indebtedness of the owner became more important to FI's in larger businesses as a reason for rejecting a finance application. It was also observed that SMEs are not good at documentation for procurement of loan, which is very essential to get finance from bank or any financial institution.

CIEM (2007): This study aimed at investigating the views of banks and SMEs, in the Asia – Pacific region, about access to formal finance of the latter. It was observed that SMEs are not good at preparing business plan. Banks were suggested to go for crediting of SME because of failure in payment of bank loans. So this may again create problem for SMEs.

Popli (2009) gave few suggestion to banks with respect to SME financing like proper training to be provided to the staff members for proper knowledge of the latest rules/ directives of RBI, right attitude and professional approach towards customer service. He suggested that more specialized branches should be opened for SMEs Entrepreneurs. Higher Authorities should ensure that Reserve Bank of India/ Government of India guidelines with respect to SMEs Sector is being implemented by all the branches in letter and spirit.

(Yost, 2011), Firms using international accounting standards have easier access to cheaper credit. This reflects these firms' advantage in competing for foreign bank loans. Likewise, firms with external auditors also encounter fewer financing obstacles. Moreover, firms with more foreign ownership benefit from informational advantages and have eased financing access.

(Sankar 2012), The responses collected from the micro, small and medium enterprises at the center reveal that Bank Officials take unduly long time in providing loans and involve lengthy and cumbersome paper work. Bank Officials seem, not enthusiastic of business growth and so lesser concern in business development. Banks follow highly collateral security oriented approach, seek too much information & data on piece meal queries and carry out frequent, unscheduled & untimely visits to residence / business sites of the entrepreneurs. Some bankers share loan information with others and very few demand money / favour for loan sanction. Some respondents have revealed that there is lesser transparency regarding interest rates & charges. The requisition frequent renewal data, stock statements, BCs, Revivals irritate the entrepreneurs.

Objectives of the study

Following are the objective of research work

1. To analyze whether the nationalized banks are adhering to the guidelines of Reserve Bank of India.
2. To unearth the further need of SME with respect to financing.
3. Identify the areas for further policy reforms to be implemented by RBI.

Hypothesis

H0: Reserve Bank of India's Guideline are generally adhered by the nationalized banks

H1: Reserve Bank of India's Guideline are generally not adhered by the nationalized banks

Methodology

Population and Sample: The population comprises of MSME units located in the periphery of Rajkot region who were client of nationalized banks. Rajkot accounts for approximately 10% of the MSME industries all over Gujarat. The primary data in the form of well-designed questionnaire has been collected from SME representative, consisting of population segments on judgmental sampling basis. The questionnaires have been collected from micro, small and medium enterprises representing major sectors and activities of SMEs.

Procedure for Data Collection: Relevant data is collected through 100 MSME firms belonging to different segments and size. The researcher facilitated the SMEs to give free and frank opinion and suggestion and ensure correct filling up forms to ensure the perfect outcome. The language was kept quite simple to facilitate the respondents.

Data Analysis tools and Interpretation

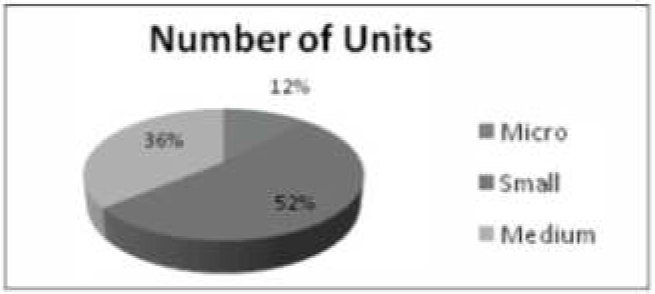
Data collected through primary survey was first of all tabulated. The tables/ schedules were drawn for various parameters of SME financing through nationalized banks in Rajkot. For the purpose of analysis tools like graph, pie charts etc. were used. Statistical tool T-test has been used to check the adherence of RBI guideline by nationalized banks. The outcome of such data was interpreted in relation to the stipulated objectives and thus conclusions is drawn which are systematically and scientifically drawn and commented to arrive at the conclusions and findings.

Result and Discussion

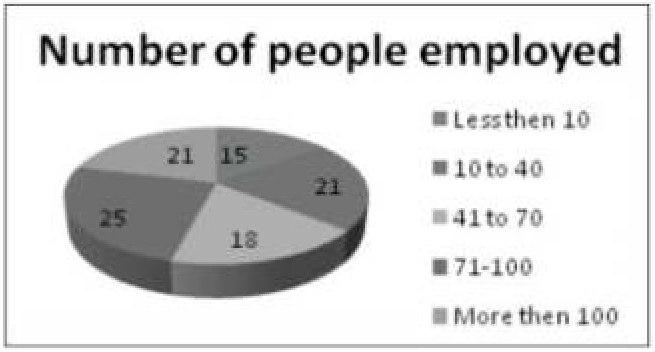
Basic Profile of Respondent

Rajkot zone is surrounded by many MSME enterprises belonging to varied industries, The sample chosen for the survey was based on the judgment of the author. A major emphasis was given on Small enterprises rather than Medium and Large enterprises because the population of the sample consist of more small enterprises. To make the survey more reflective of the population small enterprises were given more weightage. Graph 1 shows the number of different enterprises included of survey, 52% were belonging to Small scale enterprises. Graph 2 indicates that the firms taken for survey are almost equally distributed with respect to number of people employed by them in the range mentioned. Graph 3 shows the cluster belonged by the respondent, maximum are belonging to Diesel Engines, Wall clock and Electric motors, the reason is that in Rajkot there are maximum number of Diesel Engine manufacturer and Electric motor manufacturers and Morbi is well known for wall clock and Ceramic industries. Graph 4 shows that majority of the enterprises are having presence for more than 10 years.

Graph 1: Size of Enterprises

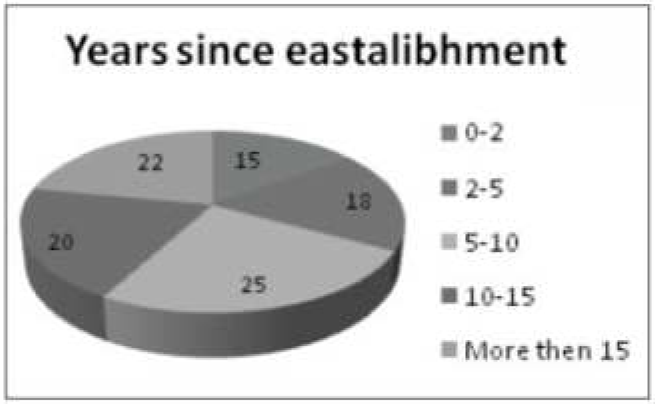


Graph 2: Number of people Employed



Graph 3: Cluster Belonged by SME

Graph 4: Years since establishments



Finance vicinity

Most crucial area for MSME is availability of adequate finance from least expensive source. Major initiatives are taken at central and state levels to eradicate this problems. But the literature review reveals that MSME faces hurdles with respect to raising adequate finance for capital investment and working capital need fulfillment. Problem also lies with respect to service quality of different banks. With regards to the above mentioned problem the information displayed in the Tables was gathered to get the idea about the current status of MSME financing need.

Table 2: Dependency on alternative sources of Finance

	Internal Source			External Source						
	Personal Savings	Retained Earning	Share Capital	Bank Loan	SFC	SIDBI	Venture Capital	Factoring	Leasing and Hire purchase	Other
Micro	20%	20%	-	40%	2%	12%	-	-	6%	
Small	15%	16%	-	39%	3%	13%	4%		9%	1%
Medium	12%	15%		42%	4%	14%	3%	1%	7%	2%

(Source: Computed from questionnaire)

From Table 2 we can see that major dependency is on the internal source of finance and bank finance. Though SIDBI is taking so much of initiatives to cater to the need of finance, dependence is more on the bank finance when it comes to external sources of finance. Innovative source of capital like Venture capital and Factoring are not widely used, problem might be with regards to awareness and cost of capital.

Table 3: Purpose for which finance is required

Type of Enterpriser	Working Capital	Capital Equipment	Buying Land and Equipment	Renovating Premises	R&D	Entering new Business	Marketing	Training Staff	Other
Micro	50%	16%	14%	5%		4%	5%	2%	4%
Small	36%	21%	18%	6%		5%	10%	2%	2%
Medium	38%	16%	17%	7%	1%	2%	15	2%	2%

(Source: Computed from questionnaire)

Majorly the requirement of finance is for working capital. As industries are flourishing in Gujarat there is also a need of finance for capital equipment and for acquisition of land and equipment. Least need is for Research and development as they are operating at small level, the investment in R&D is not affordable.

Table 4: Amount required in coming 2 years

Type of Enterprise	Up to 5 Lack	5 to 15 Lack	15 to 30 Lack	30 to 50 Lack	50 to 75 Lack	75 Lack to 1 crore	More than 1 crore
Micro	2	6	3	1	-	-	-
Small	8	6	15	8	7	6	2
Medium	4	7	10	6	2	3	4

(Source: Computed from questionnaire)

Within two years the maximum requirement will be in the range 15 to 30 lacks. There are few enterprises who requires more than 1 crore to expand their business.

Table 5: Firms facing problem in raising Finance

Type of Enterprise	Micro	Small	Medium
Long Term Finance	73	66	57
Short Term Finance	58	53	52

It can be seen from Table 5 that majority of the enterprises are facing problem in raising finance whether it relates to short term financing or long term financing.

Table 6: Problem faced due to inadequate finance

Particulars	Micro	Small	Medium
Unable to update technology	6	40	12
% of total	50%	77%	33%
Unable to purchase Land and building	4	20	10
% of total	33%	38%	28%
Unable to invest in marketing and advertising	5	30	20
% of total	42%	58%	56%
Unable to hire new employees	6	35	20
% of total	50%	67%	56%
Working capital and cash flow constraints	9	45	25
% of total	75%	87%	69%
Dependent on bank finance	10	47	30
% of total	83%	90%	83%
Unable to finance RD			1
% of total			3%

(Source: Computed from questionnaire)

It can be observed from Table 6 that major constraints which MSME faces is that they have to heavily rely on bank finance, because they have no other alternative source of finance available and if available their cost of capital is very high. Working capital is also a problem area for them because the Overdraft limit given to those by banks are insufficient to manage their requirement that is why the problem of cash crunch also arises. Other areas where the problem lie is that they are not able to upgrade to new advanced technology, which is very necessary for the survival of competition. Acquisition of land and hiring of new employees is also very necessary for further growth of the firm, but that has also been restricted because of financial availability.

RBI Guidelines Specific:

Table 7: Awareness of Guidelines of RBI

Type of Enterprise	Yes	No	Total
Micro	8	4	12
Small	45	7	52
Medium	34	2	36

Awareness of RBI issuing of guidelines is less amongst Micro enterprises but when it comes to small and medium enterprises the awareness level is more than 85%.

Table 8: Sources of RBI guidelines

Types of Enterprise	RBI Bulletin	News Paper	Banks	Magazines	Seminars	Other	Total
Micro		1	3	1	2	1	**8**
Small		8	21	3	7	6	**45**
Medium	1	3	16	4	5	5	**34**

Generally the firms are getting awareness of guidelines through banks directly or indirectly.

Table 9: Review of RBI guidelines by MSME

Type of Enterprise	Monthly	Semi Annually	Yearly	Never	% of Never	Total
Micro		1	1	10	83%	12
Small	4	6	15	27	52%	52
Medium	2	7	12	15	42%	36

The biggest constraint is that majority of the firms are not reviewing guidelines of RBI on timely basis and there are many enterprises who are not at all reviewing the guidelines. Due to it they have to rely on the information provided by the banks and have to take it as last judgment.

Table 10: Adhering to various Guidelines of RBI

Main aim of Table 10 is to examine adherence of RBI guidelines by nationalized banks. Overall respond of the different type of enterprises is as follows.

Sr No	RBI Guidelines	No. of MSME Respondent	Yes	No	% of yes
1	Loan applications for MSE units up to a credit limit of Rs. 25,000/-was sanctioned within 2 weeks, supported by all required document	16	8	8	0.50
2	Loan applications for MSE units up to a credit limit of Rs. 500000/- was sanctioned within 4 weeks, supported by all required document	63	22	41	0.35
3	Did Banks on the basis of good track record and financial position of the MSE units, increased the limit of dispensation of collateral requirement for loans up to Rs.25 lakh (with the approval of the appropriate authority).	72	32	40	0.44
4	Are the specialized MSME branch treating the enterprises on different footing compared to general banks?	18	10	8	0.56
5	Did banks approved composite loan of Rs.1 crore to avail of their working capital and term loan requirement	17	9	8	0.53
6	Are banks promoting continuation of the Credit Linked Capital Subsidy Scheme (CLSS) for Technology Up gradation of Micro and Small Enterprises from X Plan to XI Plan (2007-12) subject to the following terms and conditions: (i) Ceiling on the loan under the scheme is Rs. 1 crore. (ii) The rate of subsidy is 15% for all units of micro and small enterprises up to loan ceiling at Sr. No. (i) Above.	47	20	27	0.43
7	Do you feel that the banks are following the Banking Codes and Standard Board of India (BCSBI) strictly, or taking them lightly?	43	23	20	0.53

8	Are Banks promoting collateral-free loans up toRs. 10 lakh to all units financed under the Prime Minister Employment Generation Programme of KVIC?	8	3	5	0.38
9	Are banks promoting schemes of Small Enterprises Financial Centers?	9	5	4	0.56
10	Are the policies of the banks driven towards development of various cluster of Rajkot region?	100	57	43	0.57
11	Are banks considering Micro enterprises as priority sector enterprise and promoting funding to them?	12	9	3	0.75

(Source: Computed from questionnaire)

Last column represents the proportion of respondent who agrees about the guideline followed by the nationalized banks, it can be seen that in Question number 4, 5, 7,9,10 and 11 proportion of respondents who follows guidelines are greater 0.5, all the remaining proportion of respondents following guidelines are less in number. To be clearer t-test for proportion has been done for individual Question. Results are given in Table 11. The author have taken test value equal to 0.5 and not near to hundred percentage because there might be some cases in which banks looking at the financial condition of the MSME units or other parameters not feel feasible to follow the RBI guidelines equally in all cases.

Table-11 One-Sample Statistics

Questions	N	Mean	Std. Deviation	Std. Error Mean
Q1	16	.5000	51640	.12910
Q2	63	.3492	.48055	.06054
Q3	72	.4444	.50039	.05897
Q4	18	.5556	.51131	.12052
Q5	17	.5294	.51450	.12478
Q6	47	.4255	.49977	.07290
Q7	43	.5349	.50468	.07696
Q8	8	.3750	.51755	.18298
Q9	14	.6429	.49725	.13289
Q10	100	.5700	.49757	.04976
Q11	12	.7500	.45227	.13056

Table-12 t- test for proportion

	Test Value = 0.5					
					95% Confidence Interval of the Difference	
Questions	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Q1	.000	15	1.000	.00000	-.2752	.2752
Q2	-2.491	62	.015	-.15079	-.2718	.0298

Q3	-.942	71	.349	-.05556	-.1731	.0620
Q4	.461	17	.651	.05556	-.1987	.3098
Q5	.236	16	.817	.02941	-.2351	.2939
Q6	-1.022	46	.312	-.07447	-.2212	.0723
Q7	.453	42	.653	.03488	-.1204	.1902
Q8	-.683	7	.516	-.12500	-.5577	.3077
Q9	1.075	13	.302	.14286	-.1442	.4300
Q10	1.407	99	.163	.07000	-.0287	.1687
Q11	1.915	11	.082	.25000	-.0374	.5374

From Table-3 it can be seen that only question-2 has p-value < 0.5, all other questions has p-value greater than 0.5, which means that all others are non-significant. Since t-test for proportion has indicated most of the question as non-significant i.e. there is a mixed opinion with respect to RBI Guidelines being strictly followed by nationalized banks or not. Thorough conclusion cannot be made with the help of statistical outcome as majority question are statistically insignificant.

In majority of the question Null hypothesis is accepted as they are statistically insignificant

H0: Reserve Bank of India's Guideline are generally adhered by the nationalized banks

Then also it can be concluded from the table that at least fifty percentage of the respondent do not agree with the nationalized banks following the guidelines.

Note: Guideline concerning revival of sick units not considered as none of the units were falling under the category of sick unit.

Table 13: Opinion and Experience with respect to financing from nationalized banks

Sr No	Opinion/Experience	Yes	No	% of Yes
1	Range of different financial products offered by Nationalized banks for business has improved in the recent years	53	47	0.53
2	Out of the different financial product available you know which product is suitable for your business	42	58	0.42
3	On an average obtaining finance through your bank required lesser time compared to previous years	39	61	0.39
4	Do Banks provide adequate knowledge regarding the requirement of banks for providing finance	23	77	0.23
5	There has been positive change in the policy/attitude with regards to financing	41	59	0.41
6	There is no need of thinking of alternative sources of finance apart from finance from Nationalized banks.	23	77	0.23
7	Are you optimistic about meeting your financial requirement from Nationalized banks	43	57	0.43
8	Are the banks insisting to sanction loan without credit rating.	82	18	0.82

(Source: Computed from questionnaire)

From Table 13 it can be seen that for question 1 and question 8 majority of the firms are satisfied but for remaining the proportion of yes is less than 50%. Majority of the firms think that in upcoming days there will be requirement to think of alternative finance apart from bank financing.

Table 14: Suggestion for further policy reforms by Banks and RBI

Sr No	Suggestion	Yes	No
1	Should there be a strong policy regarding the launching of more Specialized MSME branches	82	18
2	Apart from Micro industries should Small and Medium enterprise be under the ambit of priority sector lending	61	39
3	Should the interest on financing by Nationalized banks to MSME be governed strictly by RBI	7	93
4	Should the limits for collateral free security lending to MSMEs be increased	67	33
5	Is there a requirement for separate mechanism to handle the grievance of MSME with regards to Financing?	16	94
6	Is there any further requirement of export / Import aided financing?	15	85
7	Is there any requirement of further increase in financial products to fulfill the needs?	51	49

(Source: Computed from questionnaire)

From Table 14 it can be seen that MSMEs are willing to have more number of specialized MSME branches to cater their requirement. According to the norms of RBI only micro are covered under priority sector lending but small and medium enterprise are not under the ambit of it. MSME are suggesting RBI to cover majority of them under Priority sector lending. Due to inflation the requirement of finance is increasing and due to it there is again a strong suggestion for increasing the limit for collateral free security. Dissatisfaction does not prevail with respect to interest rate being charged.

Conclusion and Remarks

1. The awareness regarding RBI issuing guidelines to bank for their operation with MSME is with majority of the enterprises but all of them are reluctant to review the guidelines on timely basis.
2. When we look at the proportion of respondent, majority of them are denying about nationalized banks strictly adhering to the guidelines of RBI.
3. Dependence of owner's finance and Scheduled commercial banks is very high compared to other alternative sources of finance.
4. Working capital financing is critical problem for MSME. Apart from it they are also facing problem to finance their long term investments.

Suggestion

Based on the close ended question asked to the respondents few of the needed suggestions are as under.

1. More number of specialized MSME branches should be established to cater the need of increasing MSME enterprises.
2. Apart from Micro enterprises, small and medium enterprises should also be included in priority sector.
3. The limit for Collateral free securities should be revised.

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Financial planning strategies based on life-cycle view of wealth accumulation- A case-study of individual investors

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Abstract

Financial planning is the process of solving financial problems and achieving financial goals by developing and implementing a personalized "game plan." A true financial plan does not focus one aspect or product, but instead seeks to take all areas of planning into consideration when making financial decisions. 360° Financial Planning is a unique software-based simulation that takes a holistic view of your life-long financial needs and charts a personalized investment strategy to help you meet them. Briefly, 360° Financial Planning comprises: Investment Planning, Tax planning, Insurance Planning, Children's future Planning, Retirement Planning. Still in India the concept of Financial Planning is at a nascent stage. People are doing their financial planning by relying on brokers or financial advisors.

This research is based upon the importance and awareness of personal financial planning amongst individual investors. 360 degree Financial Planning Approach and Modern Portfolio theory concepts were used to design the financial plan of investors. Different financial calculators are used to design the financial plan of an individual. A case study was prepared of individual investor's financial planning and as per the information given by investors, their actual plan/ portfolio is prepared and it is compared with ideal 360 degree financial planning approach and modern portfolio theory approach. After analyzing the shortcomings of the actual plan, new financial plan is recommended to the investors as per their risk appetite and return expectations.

The findings of the research reveal that awareness of personal financial planning is very less amongst the investors. Although being aware about financial planning people do not actually prepare their financial plan and everyone is satisfied with their own financial judgments. The recommendations given by the researcher would be immensely useful to the investors to design their own personal financial plan in a professional manner.

Key words: Personal Financial Planning, 360 degree financial Planning, Modern portfolio theory, Risk-Return Analysis.

Introduction about financial planning

Financial planning is the process of solving financial problems and achieving financial goals by developing and implementing a personalized "game plan." In order to be effective this "plan" must take into consideration an individual's overall picture. It must be:

- Coordinated
- Comprehensive
- Continuous

A true financial plan does not focus one aspect or product, but instead seeks to take all areas of planning into consideration when making financial decisions.

Figure 1: Approach I- 360 degree Financial Planning

(Source: Bajaj Capital)

360° Financial Planning is a unique software-based simulation that takes a holistic view of your life-long financial needs and charts a personalized investment strategy to help you meet them. Broadly, it involves:

- Identifying your current financial status listing and prioritizing your goals, creating a sound investment plan to achieve them
- Monitoring the plan to facilitate swift corrective action, if needed

360° Financial Planning is based on the premise that every individual has certain basic financial needs that are expressed at various stages of life (getting married, buying assets like homes, vehicles, or providing for your children's education and wedding). With the help of 360°Financial Planning, one can prepare well in time for all these goals.

Instead of investing in an ad-hoc manner, 360° Financial Planning helps to take a holistic, all-round view. Briefly, 360° Financial

Planning comprises:

- Investment Planning: To make your wealth grow
- Tax planning: To save on taxes and increase your income
- Insurance Planning: To protect yourself, your family and your assets
- Children's future Planning: To give your children a financially secure future
- Retirement Planning: Because retirement is a time to relax, not to get worried

Approach II: A wealth allocation framework for the individual investor as per modern portfolio theory

Three Dimensions of Risk

The three objectives of an "ideal portfolio" lead naturally to a framework with three very different dimensions of risk: personal, market, and aspirational.

- Personal Risk: You must protect yourself from personal risk. This means protecting yourself from anxiety regarding a dramatic decrease in your lifestyle (Chhabra and Zaharoff, 2001).
- Market Risk: You need to take on market risk (Markowitz, 1952a; Sharpe et al., 1998), in order to grow with your wealth segment and maintain your lifestyle.
- Aspirational Risk : You could take on aspirational risk if you desire to break away from your wealth segment and enhance your lifestyle.

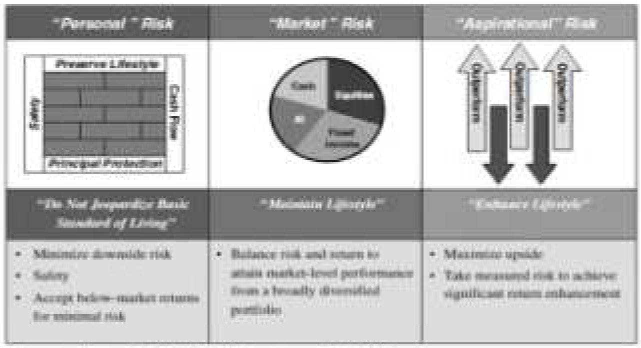
Modern Portfolio Theory only recognizes market risk and seeks to minimize it through optimal asset allocation.

In contrast, the wealth allocation framework identifies three very different risk dimensions and seeks to optimize all three of them simultaneously. We call this risk allocation. In the new framework risk allocation needs to precede asset allocation. Figure 2 illustrates each risk dimension with its corresponding objective and trade-offs.

Summary

- Allocations to the personal risk bucket will limit loss of wealth, but will yield below-market returns.
- Allocations to the market risk bucket will provide risk-adjusted market returns (this is the Markowitz Framework)
- Allocations to the aspirational risk bucket should yield higher-than-market returns, but with the risk of Substantial loss of capital. In the very simplest case this wealth allocation framework can be reduced to a standard diversified portfolio with downside protection and enhanced upside potential.

Figure 2: Three Dimensions of Risk



(Source: Journal of Wealth Management, 2005)

Literature review

Researches worldwide have shown how an individual can plan his/her investment planning and retirement planning. Some of the important researches are as follows:

- **Arthur B. Kennickell, Martha-Starr-McCluer, & Annika E. Sunden (1978)** have found that there was fair amount of variation in the extent to which people had thought about reasons to save. Most of the respondents seemed familiar with basic recommendations of Financial Planning.
- **Kahneman and Tversky (1979)** note, investors experience losses far more intensely than gains. Additionally, this "loss aversion" is usually simultaneously operative with other behavioural propensities, such as mental accounting.
- **Rao and Abraham (1986)** found that people do their investment planning according to current situation in the market & for retirement planning, they usually take Insurance & Fixed Deposits.
- **Warshawsky and Ameriks (2000)** perform the experiment of imputing the current wealth holdings of U.S. households, as reported in the Survey of Consumer Finances (SCF), into one of the most popular financial planners: Quicken Financial Planner. According to the predictions of the planner, they find that about half of working middle class American households will not have fully funded retirements. Some will actually run out of resources very shortly after retirement. These findings are concentrated on specific groups of households, in particular those with little education and those close to retirement (age 50 or more as in the HRS sample).
- **Loewenstein et.al (2001)** proposed an alternative theoretical perspective, the risk as-feeling hypothesis. That highlights the role of affect experienced at the time of decision making. Drawing on research from clinical physiological and other subfields of psychology, they observed that emotional reactions to risky situations often diverge from cognitive assessments of those risks.

- **Rodrigues, Lewlyn L R, in (Apr-Jun 2004)** examined the views of company employees and their main finding was that the surveyed personal finance topics are important and working adults are not knowledgeable about them. First, the results show that retirement planning is very important. Additionally, many long-term financial planning issues such as setting goals and issues related to company benefit provisions are important.
- **Bernheim (1995, 1998)** was one of the first to emphasize that most individuals lack basic financial knowledge and numeracy. Several surveys covering the U.S. population or specific sub-groups have consistently documented very low levels of economic and financial literacy.
- **Lusardi and Mitchell (2006)** devised a special module on financial literacy for the 2004 HRS. Adding these types of questions to a large U.S. survey is important not only because it allows researchers to evaluate levels of financial knowledge but also and, most importantly, because it makes it possible to link financial literacy to a very rich set of information about household saving behaviour. The module measures basic financial knowledge related to the workings of interest rates, the effects of inflation, and the concept of risk diversification.
- **Das, Markowitz, Sheid, and Statman (2009)** studied goals-based investment in a mean- variance framework. They argued that their goals-based wealth management methodology does not introduce material inefficiency and showed that the optimal subpart folios it leads to are mean- variance efficient in an unconstrained setting and nearly efficient.

Research Methodology

Objective of the Research

The main objective of the research was to know the importance of personal financial planning to meet short and long term goals in the presence of various innovative and new investment instruments coming up in the market. It was even aimed at constructing sample financial plan for the investors based on their Net worth, future goals and aspirations.

Research was further aimed at analyzing the awareness of personal financial planning amongst the various age groups of earning people. The rationale behind conducting this study was critically examined how many actually plan their savings in the correct manner.

Type of Research

Exploratory type of research was conducted in which 15 people were interviewed of different age group. In interview questions were asked relating to awareness of personal financial planning and other financial details to prepare their financial plan. Out of the 15 people, 2 detailed financial plans were incorporated in the research paper that are prepared by using different approaches of financial planning (The names used in the paper are changed).

Data sources

Primary Data: Primary data was collected by interviewing the respondent.

Secondary Data: Secondary data was collected through books, magazines, newspapers and websites.

Sampling Plan: Targeted population was divided according to the age groups. People between the age groups of 30-45, 45-60 and 60 and above were surveyed. These individuals were financially independent and having long/short term financial requirements. Individuals of different occupations were selected to have more exposure in the field.

Sample size: Sample size was15 divided equally amongst the three age groups.

Sampling method: Stratified random sampling method was used and strata's identified were age groups of 30-45, 45-60 and Above 60. Out of that 5 individuals were randomly selected from each strata.

Limitations

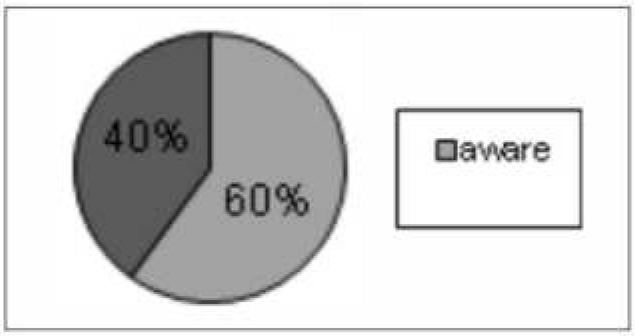
- Only 15 people were interviewed as preparing financial plan was lengthy.
- People were not more willing to give micro details of their financial plan.
- Interviewee might not trust anyone and depend on their own judgments for investments.

Financial Calculators Used: Different investment calculators were used for the analysis of the information.

Risk thermometer (analysis): Bajaj Capital.com

15 people were interviewed to know about the awareness of financial planning and the findings were:

Figure 3: Awareness graph



- Amongst those 15 people 9 were aware about personal financial planning concept while 6 were not aware about it.
- Instruments which are selected by investors are either not proper as their age, income and risk- return appetite o r either the proportion which is invested is not sufficient to meet the future requirement of the respective goals of investors.
- Awareness was good in the areas like Investment, Insurance and Tax Planning while it was not so good regarding Retirement, Children Future and Child Marriage Planning.
- Investors don't have visibility of savings for their long term goals like retirement, marriage of children etc.
- 70% of respondents are mostly doing financial planning by not keeping in mind their short term and long term goals.
- 65% of respondents are mostly relying on agent or friend's advice for their financial planning.
- Generally investors do investment for medium term i.e. for 1-3 years rather than going for long term.
- Investors from the annual income spend more amount and save less. So personal financial planning means just savings into different instruments that myth is prevailing in the minds of people.
- Gold is the best secured investment and Equity Market and Fixed Deposits are the best return giving investment tools.

Analysis

15 individual Investors were interviewed and out of that 2 detailed Financial Planning case studies were prepared to understand the depth of all financial planning strategies. (Names are changed for the purpose of the study)

CASE STUDY I: BASED ON 360 DEGREE FINANCIAL PLANNING

Wealth Accumulation Phase of Male Investor: Age Group: 30-45 years

Client Name: Mr. Avinash Vora

Age : 42 years

Education : Engineer

Occupation : Serving in an MNC company and enjoying Senior position

Family Details: Wife aged 40 years, Daughter Seema Age: 16 years, Mother Jaya: 70 years age.

Table 1: Expenditure and Investment Statement

Income Expenditure Statement		
Particulars	**Monthly**	**Annual**
Salary Income (Post Tax)	1,10,000/-	13,20,000/-
Expenses		
Household Expenses	40,000/-	4,80,000/-
Daughter's education expenses	8000/-	96,000/-
Home loan EMI	12,140/-	1,45,,680/-
Mutual Fund –SIP	30,000/-	3,60,000/-
Insurance Premiums	14,160/-	1,69,920/-
Surplus	5,700/-	68,400/-

Insurance Policies		
Type of Insurance Product	**Sum Assured (INR)**	**Annual Premium (INR)**
Life Insurance		
Endowment Policy (8 policies)	8,50,000/-	54670/-
Pension Plan (2 policy, 1 ULPP, Premium	NIL	90,000/-
Total A	8,50,000/-	1,44,670/-
General Insurance		
Mediclaim (sum assured each for self, spouse and child)	3,00,000/-	19,350/-
Car Insurance	2,00,000/-	5,900/-
Total B		25,240/-
Grand Total Premium (A+B)		**1,69,920/-**

Other Investments	
Type of Investment	Amount (INR)
Savings Bank	10,000/-
Fixed Deposits	6,35,000/-
PPF (Just started)	70,000/-
Direct Equity (mostly midcap stock)	3,45,000/-
Equity Mutual Fund (mostly thematic funds & NFO's)	10,60,000/-
Total Investments	21,20,000/-

(Source: Based on the data collected from interview)

Table 2: Life Goals (In Present Value terms)

Goals	Year	Amount (In INR)
Nisha's Education Goal (Medical Education)	2011	20 lacs
Nisha's Marriage Goal	2019	5 lacs
Retirement	2020	Same lifestyle as now

(Source: Based on the data collected from interview)

Contingency Funding

He had only Rs. 10,000/- in the bank A/c. This would not be enough to meet any urgent requirements. He needs to keep atleast 6 months household expenses to meet any critical needs. This works out to Rs. 40,000/- * 6 = Rs. 2, 40,000/- . This money can also be kept in ultra short term funds or liquid funds & shifted to savings bank every 3 months.

Insurance Planning

None of the policies were of any actual benefit to him. They did not give him any proper cover nor were they any good from the investment angle because of high charges & costs. Thus the advice was to surrender most of the policies (after payment of 3 years in case of endowment and 5 year in case of ULIP) & whatever premiums were allocated to them should be re-allocated first to a term cover of atleast Rs.59 lacs (need based amount of Rs. 63 lacs + Rs. 25 lacs commitment for children education & Marriage). This would anyways be cheaper than what annual premium he is paying now. The major balance left should be left towards his goals.

Seema's Education Goal

He wanted to commit Rs. 20 lakhs for Seema's education after 2 years for the next four years. Taking inflation in to account this will work out to a corpus of Rs. 23 lakhs. The planning recommended is as follows. He has to convert his Equity mutual funds, FD and direct equity to SIP which can give him the desired amount.

Table 3: Existing and recommended plans of investment

Existing Plans	Amount	Recommended Plan	Amount
Seema's Insurance Plan	2,00,000	Seema's Insurance Plan	2,00,000
Equity Mutual Funds	10,60,000	SIP which gives atleast 8% return post tax	85,000 p.m.
Direct equity	3,45,000		
Fixed Deposits	6,35,000		

Seema's Marriage Goal

He had planned his daughter's marriage after 10 years & wanted to commit Rs. 5 lacs for it (in PV terms). Taking 8% inflation into account, it worked out to be around 10 lacs. With 10 years for the goal we could keep an aggressive rate of return of 14 % in mind. Equity would form the backbone of the portfolio. For this he would require a lump sum of Rs. 2.65 lacs or SIP of Rs. 2500. He had to invest in equity funds & as when the goal was nearing he had to start shifting to debt and liquid avenues.

Retirement Planning

Currently he had household expenses of Rs. 4.8 lacs p.a. He wanted to retire at 60 years & after assuming a life expectancy of 75 years, he would require a corpus of Rs. 1.20 crores approx on retirement. He has made a big mistake of starting PPF account just last year. So now PPF (Public Provident Fund) would not be helpful to get him that corpus. With the PPF he has to start with SIP in mutual funds to reach that corpus.

Major Mistakes made by Client in Financial Planning

- Starting PPF very late
- Too many Life insurance policies
- Majority of savings in Equity

CASE STUDY II: BASED ON MODERN PORTFOLIO THEORY

Wealth Consolidation Phase of Male Investor: Age Group: 45-60 years

Mr. Shubham Sinha (name changed) is a currently retired bank employee and wants to live a comfortable life after retirement and does not want to take lot of risk. Mr. Shubham Sinha's age is 58 years.

Table 4: Current Net worth Statement of Mr. Shubham Sinha

Particulars	Amount (Rs.)
Assets	
Personal Assets	
Primary Residence	40,00,000
Investment Real Estate	25,80,000
Investment Assets	
Large cap company stock portfolio	35,00,000
Concentrated stock position	8,00,000
Corporate Bond Portfolio	24,00,000
Cash and Cash Equivalent	1,20,000
Other Assets	
ESOPS from Prior Employer	4,00,000
Total Assets (A)	**1,38,00,000**
Liabilities	
Mortgage on Primary Residence (9.5% Floating rate)	10,00,000
Mortgage on investment real Estate (10.5% floating rate)	8,00,000
Total Liabilities (B)	**18,00,000**
Total Net Worth	**1,20,00,000**

(Source: Based on the data collected from interview)

Table 5: Shubham's Risk Components

Personal Risk		Market Risk		Aspirational Risk	
Primary Residence	40,00,000	Indian large cap co. stock portfolio	35,00,000	Investment Real Estate (farm land)	25,80,000
Mortgage on primary residence (9.5% floating rate)	10,00,000	Corporate Bond Portfolio	24,00,000	Mortgage on investment Real Estate (10.5% floating rate)	8,00,000
Cash and Cash Equivalent	1,20,000			Concen trated stock portfolio	8,00,000

				ESOPS from prior Employer	4,00,000
Total	31,20,000	Total	59,00,000	Total	29,80,000
Component Allocation	**26%**	**Component Allocation**	**50%**	**Component Allocation**	**24%**

Observations: A simple analysis of Shubham's current risk allocation shows that he has 26%, 50% and 24% allocation across Personal, Market and Aspirational risk. Intuitively, for a person who is is recently retired, it seems that 24% is too high allocation to Aspirational risk assets. Also, the 26% allocation to personal risk assets is probably too low to adequately protect Shubham form personal risk factors.

The following analyzes Shubham's risk factors in depth.

Personal Risk Factors:

1. Floating rate Mortgage exposes Shubham to the risk of rising interest rates.
2. Cash reserves of Rs. 1,20,000 are too low and could lead to liquidity crisis.

Market risk Factors:

1. The stock allocation represents almost 2/3 of Shubham's Market risk assets and may be too high for someone in retirement. The overall asset allocation should be more conservative based on Shubham's risk tolerance.
2. The equity allocation should be diversified across different market sectors, style size and should also Include an international component.
3. The bond allocation should be diversified across maturities and Credit qualities.
4. The portfolio should include alternative assets such as commodities or structured products to achieve further diversification and superior risk adjusted returns.

Aspirational Risk Factors

1. Exposure to the concentrated stock positions and company stock option is too large.
2. Exposure to short term interest rate risk through floating rate mortgage on investment property.

After reviewing client's risk factors and overall situation, the recommended wealth

Allocation framework is shown in Figure 4.

Figure 4: Asset Classification for each risk factor

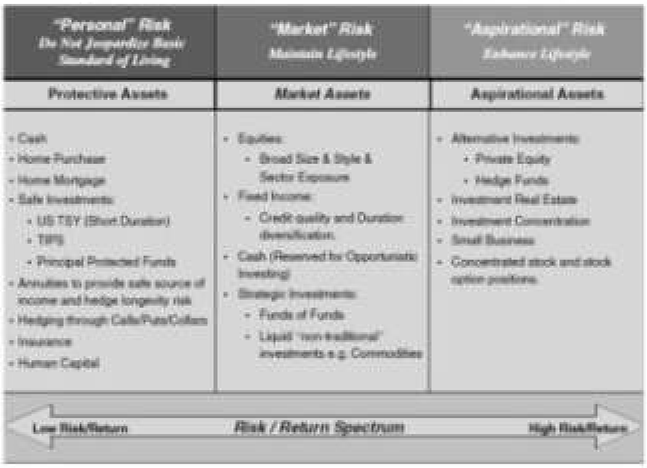


Table 6: Proposed Risk and Asset Allocation

Personal Risk		Market Risk		Aspirational Risk	
Primary Residence	40,00,000	Diversified direct equity portfolio	12,00,000	Concent rated stock portfolio	8,00,000
Mortgage on primary residence	10,00,000	ESOPS from prior Employer	18,00,000	Diversified equity Mutual Fund	4,00,000
(10.5% floating rate)		Long term debt fund	18,00,000		
Cash and Cash Equivalent	5,00,000	Commodities fund	4,80,000		
Money Market Mutual Fund	13,00,000	Private Equity/ Structured Products	7,20,000		
Total	48,00,000	Total	60,00,000	Total	12,00,000
Component Allocation	**40%**	**Component Allocation**	**50%**	**Component Allocation**	**10%**

Recommended changes

Personal risk recommended changes:

1. The overall amount of assets in personal risk factors increased to 40 % in order to align the investor's Portfolio with his conservative objectives.
2. More cash holding is recommended for emergency needs.
3. Allocation to MMMf is done for liquidity, safety and to earn risk free rate of interest.
4. Floating rate loan is switched to fixed rate of load to reduce investor's exposure to interest rate risk.

Market risk recommended changes:

1. The portfolio was diversified across asset classes and within asset classes according to modern Portfolio theory in an

order to maximize potential return for given amount of risk.

2. Structured products and private equity are added for their diversification benefits.

Aspirational Risk Recommended Changes:

1. The overall allocation to Aspirational risk assets was reduced because the client has excess risk exposure.
2. The farm land real estate investment was sold off, after paying loan and the balance was transferred to Personal risk Asset Components.

Conclusion

From the research undertaken the researchers have concluded that proper financial planning is important for meeting long term and short term goals. Different investment instruments can be selected according to the individuals risk appetite and return expectation. Proper financial planning can help a person to reduce their tax liability and increase their financial growth.

Findings also reveal that although being aware about financial planning people do not actually prepare their financial plan. Instead of consulting financial advisor everyone is satisfied with their own financial judgments. There is also less willingness to share financial details for financial plan preparation.

Retirement planning is an area where there is least awareness. From our survey of 15 individuals only one person had planned for his retirement. Children future planning is also not famous for planning investments. Awareness is good in Investment, Insurance and Tax Planning amongst interviewee.

Thus, it can be concluded that financial plan if prepared after understanding risk appetite and return expectations, can be really helpful and 360 degree financial plan can be the best possible approach to prepare the financial plan.

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A Study on Tax Avoidance with Special Reference to Vodafone Case

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Abstract

The recent verdict by Supreme Court on Vodafone case generates fresh debates on whether India needs to review her existing legal provisions particularly with respect to offshore tax laws. In this context, formal treatment and clear demarcations between tax evasion, tax avoidance and tax planning practices are imperative. The Standing Committee on Finance in its 49th Report on Direct Taxes Code bill, 2010 (submitted to Parliament on 9th March, 2012) recommended Controlled Foreign Corporations (CFC) rules, Advance Pricing Agreement (APA) along with General Anti- Avoidance Rules (GAAR) provision to replace the Income Tax Act, 1961 as per the International Taxation Standard and also in line with the recent Chinese Corporate Income Tax (CIT) Law introduced in 2008 to deal with offshore transactions via holding companies. Whereas introduction of GAAR is essential, given the limited applications of a specific or targeted anti-avoidance rule. The Committee also acknowledges the need for an appropriate Dispute Resolution Panel (DRP) as GAAR might result in a disproportionate discretionary power for the Income tax authority. The appropriate application of GAAR provision assumes a crucial role, in particular with countries lacking any Limitations of Benefit (LOB) clause (e.g. Mauritius) with India. Before entering into litigation, it might be beneficial to settle tax disputes through a bilateral negotiation in the form of Mutual Agreement Procedure (MAP), where tax authorities of the respective countries negotiate to settle disputes in a cordial manner. The present study aims to attempt how undue advantages are taken due to the loopholes in Indian Income Tax Act, 1961.

Introduction

The recent verdict by Supreme Court on Vodafone case generates fresh debates on whether India needs a review of her existing legal provisions particularly with respect to off-shore tax laws. Regarding this, serious discussions are essential for a clear distinction between tax evasion, tax avoidance and tax planning. Tax evasion is the illegal practice where individuals/firms escape paying taxes to the government through deliberate concealment or misrepresentation of their tax liability. On the other hand, when a taxpayer escapes his/her tax liability by exploiting legal ambiguities or in other words resort to non-compliance of tax payments being entirely within the framework of the law (i.e. not violating any laws), it amounts to tax avoidance (Sandmo 2004). Another way to make a distinction between tax evasion and avoidance is that while in case of evasion, transactions are mostly unreported due to the natural tendency of avoiding punitive actions, in tax avoidance details are not hidden by tax payer(s) i.e. transactions are usually on record. For instance, the Australian Ralph Review of Business Taxation has described tax avoidance as misuse of the law that is often driven by structural loopholes in the law (Garg and Mukerjee 2012). However, it is often difficult to distinguish between the two as both practices are harmful to society as they cause a drain on the exchequer through loss of public revenue. Both tax avoidance and evasion are forms of tax non-compliance describing a range of activities that are unfavourable to a nation's tax system. For instance, though tax avoidance is a legal practice, it is often very hostile as companies/ individuals seek to pay less than their tax liabilities. Such aggressive tax avoidance causes substantial public revenue loss. Hence, most literature on tax evasion discusses both tax evasion and avoidance as a collective way of escaping taxes (using terms like 'tax non-compliance' or 'tax dodging').

On the other hand, 'tax planning' may be justified where individuals/institutions or firms plan to minimize their tax payments through financial planning. A disturbing fact is that while tax evasion is an outright illegal way of non-payment of taxes (breaching the law) and from legal point of view is quite unambiguous, the distinction between tax avoidance and tax planning is often difficult to make. The ambiguity arises since both the tax planning and tax avoidance is related with the activity of non-payment of tax liability being within the framework of the law. For instance, a person may adopt different accounting methods for different sources of income/ invest in tax saving securities/ other tax-planning schemes — all these may reduce/ negate tax liability and do not violate laws. However, some strategies for tax avoidance (for instance transfer mispricing) are often intended for the sole purpose of non-payment of taxes and hence controversial. Therefore, tax avoidance is controversial and often treated as bizarre whereas tax planning is not. But the distinction between the two in practice is extremely difficult since both are legal. Therefore if a person/ company is accused of tax avoidance in its negative sense, that person/ company may claim that the intention is only 'tax planning' and not 'tax avoidance'. The debate then ultimately boils down towards identifying what transactions should be treated as legal.

Given the proliferation of sophisticated devices used by companies for non-compliance of legitimate tax payments fine-tuning the existing legal provisions has also become essential. Nobody would like to pay tax since it reduces disposable income. However, the approach towards non-compliance is crucial. For instance, an economic entity in India may engage in a 'tax planning' by investing in a judicious portfolio of tax saving instruments (e.g. National Savings Certificates, Equity Linked Savings Schemes etc.) to minimize her overall annual tax payments. On the other hand, a practice of routing back same amount of money via a number of tax haven countries (or the so called 'round tripping') to the origin country, or parking higher profits in lower tax jurisdictions and lower profits in higher tax jurisdictions via 'transfer mispricing' may be 'tax avoidance'.

Another way of looking into the difference between tax planning and tax avoidance is that while an economic entity tries to minimize the overall tax burden by utilizing the available options in case of tax planning (and does not try to escape from tax payments), in case of tax avoidance an entity tries to escape from tax burden by creating sophisticated methods for non-compliance of legitimate tax payments. However, it is difficult to treat the latter practice in a legal manner as it is done within the framework of the law, even in cases where the sole purpose is non-compliance of taxes and nothing else. Certain transfer pricing policies have been challenged on legal ground in some countries. For instance, global pharmaceutical company GlaxoSmithKline was accused of charging a transfer price for its marketing services to its US-based subsidiaries at rates much lower than the normal market price, which undermined Glaxo's US income. By understating its income, the company escaped around USD 5.2 billion in US taxes. Glaxo had to pay a penalty of USD 3.4 billion to the Internal Revenue Service (IRS) of the United States after a prolonged litigation. This case is remarkable in the sense that GSK's USD 3.4 billion payment to the IRS is the largest single payment made to the US tax authority to resolve a tax dispute. Again, Russia's biggest privatized energy company, Yukos, has allegedly been engaged in stripping of enormous amount of assets and of transfer pricing. The Russian government filed a case against Yukos and a number of shell companies helping the transfer pricing process by acting as legitimate financial institutions. The Russian government claimed that a subsidiary of Yukos sold crude oil at a price much below the market rate to some shell companies to escape its tax liability. The shell companies are unregistered companies and therefore not liable to pay tax to the Russian government. These companies are accused of reselling the crude oil at much higher prices than the transfer prices charged by Yukos to domestic and foreign buyers, and the revenues following the resale has in effect been appropriated by Yukos. Yukos has been able to escape the tax by officially reporting a much lower transfer price (below the taxable limit) while indirectly appropriating the revenue proceeds from the resale at the market price (not declared, as these prices were charged by shell companies not officially registered with the Russian government as being liable to pay tax).

The Supreme Court Verdict on Vodafone

In this context, the recent Supreme Court (SC) verdict regarding the Vodafone case is not only important for the Income Tax Department (I-T Department) of India but for the country as a whole, given the aspect of shrinking fiscal policy space with respect to resource mobilisation. It is crucial to understand the reasons for which SC gave the decision against Income tax Department of India, whereas the verdict of Bombay High Court was the opposite. Let us explore the following:

- The background of the case and Issues
- Reasons for rejecting the case in favour of Vodafone
- Some Concerns

The background of the Vodafone case and Issues

The entire transaction and subsequent acquisition of shares of CGP (a Holding Company Incorporated in Cayman Islands) by Vodafone is a complex process. Put simply, the claim by the Indian Tax Department is that Vodafone purchased USD 11.2 billion worth of assets (67 percent stake) of a Hong Kong-based company called Hutchison Whampoa Limited in 2007 indirectly through the purchase of shares (or being entered into a Share Purchase Agreement called SPA) of CGP Holding Private Limited. This deal by Vodafone is subject to a capital gains tax of USD 2.5 billion, as most of the assets acquired by it from Hutchison were based in India and under Indian law. These assets had been generated and held initially by Hutchison while doing its mobile business in India.

The rule of violation arises since the transaction involves a transfer of Indian assets (initially held by Hutchison, which Vodafone acquired in 2007 without deducting tax at source on them through the purchase of shares of CGP Holdings Limited; a company incorporated in Cayman Islands) which were supposed to generate public revenue in India. The defense argument by Vodafone is that Indian tax laws do not apply in this case since it is a Dutch company registered in the Netherlands, whereas CGP (through which the Hutchison shares had been acquired by Vodafone) is located in the Cayman Islands and the agreements were signed abroad (outside the Indian geographical territory) between two non-Indian entities. On the other hand, the acquisition of shares by Vodafone of Hutchison is on income/ revenue generated in India acquired initially by Hutchison via their mobile business in India. Therefore, the revenue is subject to Indian capital gains tax laws. The Income Tax Department of India sought to tax the capital gains arising from the sale of the share capital of CGP on the basis that CGP though not a tax resident in India, holds the underlying Indian assets which acted as an intermediary between Vodafone Group and Hutchison. The crux of the dispute had been whether or not the Indian Income Tax Department has jurisdiction over the transaction. Vodafone had maintained from the outset that it is not liable to pay tax in India, and even if tax were somehow payable, then it should be Hutchison to bear the tax liability which I-T Department is supposed to collect during Hutchison's business in India. The relevant Sections of the Income Tax Act (for instance Section 9), henceforth is not applicable for Vodafone as the contract had taken place in a different (offshore) jurisdiction.

Bombay High Court, in September 2010, dismissing the writ petition filed by Vodafone, held that share transfer had a significant nexus with India and the proceedings which have been initiated by the Income Tax Authorities cannot be held to lack jurisdiction. Accordingly, Bombay High Court has held that the share transfer by Cayman entity (CGP) is liable to tax in India.

Reasons for rejecting the case in favour of Vodafone

However, after an appeal by Vodafone to Supreme Court and further proceedings of the case, Supreme Court did not uphold the Bombay High Court ruling and rejected the case in favour of Vodafone. The important reasons that were cited for the rejection of the case in favour of Vodafone are as follows:

(1) The 'Situs' (the place where a thing/ right properly belongs) of CGP shares was outside India and not taxable under Sec 9 of the Income Tax Act of India. Transfer of a capital asset (in Hutch-Vodafone case, CGP share which is based in Cayman Island) situated outside India, falls outside the ambit of Sec 9(1) of the Income Tax Act. Moreover, it has been argued by the Supreme Court that "Acquisition of the CGP share which gave VIH an indirect control over three genres of companies evidences a straight forward share sale and not an asset sale."

(2) The actual acquisition by Vodafone of CGP shares was 51.96% and not 67%. The Supreme Court verdict stated that:

According to VIH, the price also included a control premium, use of Hutch brand in India, a non-compete agreement, loan obligations and an entitlement to acquire, subject to the Indian rules, a further 15% indirect interest in HEL. According to the said letter, the above elements together equated to 67% of the economic value of HEL. This sentence has been misconstrued by the High Court to say that the above elements equated to 67% of the equity capital. 67% of the economic value of HEL is not 67% of the equity capital. If VIH would have acquired 67% of the equity capital, as held by the High Court, the entire investment would have had breached the FDI norms which had imposed a sectoral cap of 74%.

(3) The entire structure cannot be looked at as an 'artificial tax avoidance scheme', (a'sham' transaction is solely for the purpose of non-compliance of legitimate tax payments without having genuine business purposes) in as much as CGP was not situated at the last minute, and existed since 1998 having economic and commercial substance and cannot be treated as 'shell' in its bizarre or pejorative interpretation. Therefore it cannot be said to be a 'pre-ordained' transaction for the sole purpose of avoiding tax only.

(4) The Supreme Court emphasized that a 'look at' (a holistic) approach is required instead of a 'look through' (or dissecting) approach. To quote:

'...High Court, in the present case, ought to have examined the entire transaction holistically. The transaction in question should be looked at as an entire package. The items mentioned hereinabove, like, control premium, non-compete agreement, consultancy support, customer base, brand licenses, operating licenses etc. were all an integral part of the Holding Subsidiary Structure which existed for almost 13 years, generating huge revenues, as indicated above. In this context, it may be worth mentioning that before the Ramsay case, the statue of Duke of Westminster was omnipotent which rested upon "Given that a document/ transaction is genuine, the court cannot go behind it to some supposed underlying substance." However, the relevance of the Ramsay principle had been understood in a later stage stating:

Companies that had made substantial capital gains had entered into complex and self-cancelling series of transactions that had generated artificial capital losses, for the purpose of avoiding capital gains tax. The House of Lords decided that where a transaction has prearranged artificial steps that serve no commercial purpose other than to save tax, the proper approach is to tax the effect of the transaction as a whole'. In this context, McDowell and Azadi Bachao cases were also referred. In the McDowell case, Justice Ranganath Mishra stated that tax planning might be legitimate provided it is within the framework of law. Colorable devices cannot be part of tax planning and it is wrong to encourage or entertain the belief that it is honorable to avoid the payment of tax by resorting to dubious methods.

Some Concerns

The Supreme Court verdict regarding the Vodafone issue is extremely important with respect to the current Income tax laws, potential revenue impact of the Government of India (GoI), future approach regarding offshore transactions as well as socio-economic implications for the common people. Among others (if any), the following issues required further discussions:

- The suggested 'look at' approach (or a holistic approach) instead of a 'look through' approach (or a dissected approach) provides scope for further debates and discussions. While, the need for a holistic approach can be recognized from the perspective of the distinction between 'genuine' and 'sham' transactions, it appears also that the treatment of taxes might be case sensitive and not a uniform approach. In the present Income Tax Act Section 9(1)(i) it is mentioned that the following incomes shall be deemed to accrue or arise in India "...all income accruing or arising, whether directly or indirectly, through or from any business connection in India, or through or from any property in India, or through or from any asset or source of income in India, or through the transfer of a capital asset situate in India."

Therefore the income that deemed to accrue in India is income generated through either from (a) a business connection in India; (b) a property in India; (c) any asset or source in India; and (d) transfer of a capital asset in India. It is difficult to believe that no income has generated through any of the four categories in this transaction. Vodafone has a business connection in India through CGP Holding and in turn Hutchison. Even if we consider that there is only a share sale and not an asset sale, it is clear there is a share sale which generated an amount of income from India. The important question is whether this is taxable, and if so who should pay the tax? Is it Hutchison or Vodafone? Since this is an acquisition (the purchase or obtaining of a controlling interest in a firm, usually via a tender offer for the target shares) by Vodafone (the acquirer or bidder) of Hutchison (the target company), it appears the proceedings from such acquisition or takeover should be included in the asset side of Vodafone in its balance sheet.

However, if we accept the definition of capital gains as 'The gain on sale of a capital asset is called capital gain' (Standing Committee on Finance 2012) then capital gains tax can be implemented only on capital assets. Hence, the issue is whether capital gains tax is applicable on income generated through purchase or sale of shares and whether shares can be treated as capital assets. As per the Income Tax Act Department, India: The incidence of tax on Capital Gains depends upon the length for which the capital asset transferred was held before the transfer. Ordinarily a capital asset held for 36 months or less is called a 'short-term capital asset' and the capital asset held for more than 36 months is called 'long-term capital asset'. However, shares of a Company, the units of Unit Trust of India or any specified Mutual Fund or any security listed in any recognized Stock Exchange are to be considered as short-term capital assets if held for twelve months or less and long term capital assets if held for more than twelve months.

In the 49th Parliamentary Standing Committee report, equity or preference shares, securities like debentures, listed government securities, units of mutual funds and UTI, zero Coupon bonds are defined as long term capital assets (Standing Committee on Finance 2012).

- Another crucial issue is to determine the benchmark of permissible amount of 'income transfer' (whether in form of assets or shares) or 'upper limit' of such transfer. However, Supreme Court stated that:

'This problem has arisen also because of the reason that this case deals with share sale and not asset sale. This case does not involve sale of assets on itemized basis...The High Court has failed to appreciate that the payment of $11.08 bn was for purchase of the entire investment made by HTIL in India.....Thus, it was not open to revenue to split the payment and consider a part of such payments for each of the above items.

In this context it can be mentioned that the practice of seeking non-compliance of tax can be contrary to the spirit of the law whilst attempting to comply with the letter of the law. To quote:

Aggressive tax avoidance is the practice of seeking to minimize a tax bill whilst attempting to comply with the letter of the law while avoiding its purpose or spirit. It usually entails setting up artificial transactions or entities to re-characterize the nature, recipient or timing of payments.

Where the entity is located or the transaction routed through another country, it is international avoidance. Special, complex schemes are often created purely for this purpose. Since avoidance often entails concealment of information and it is hard to prove intention or deliberate deception, the dividing line between avoidance and evasion is often unclear, and depends on the standards of responsibility of the professionals and specialist tax advisers. It has been argued also that the CGP Holding has not been created at the last moment and existed since 1998.

A disturbing fact is that there are a number of such tax haven corporations already in place which may be used to avoid paying taxes by a number of companies like Vodafone. This is a fully external factor and beyond the scope of Income Tax Authorities. Unless global pressure is created on 'tax haven' countries to amend their tax laws to impose certain taxes on offshore transactions and broaden tax bases on such transactions, it is difficult to tackle such tax avoidance practices. Though OECD has taken an initiative in this regard, still the tax rates and tax structure in a number of tax haven countries are highly and unnecessarily beneficial for business purposes. In this regard, the Standing

Committee Finance recommendation on Controlled Foreign Corporation (CFC) rule is crucial which would be applicable to Companies located in low tax jurisdictions. Law should be able to clearly reflect precisely: Whether Income Tax authorities are entitled to charge capital gains tax where mergers and acquisitions take place outside Indian Territory by foreign companies containing any relation to Indian assets Or whether companies (foreign/ domestic) have to pay a capital gains tax to Indian tax authority in case of a M&A held outside Indian jurisdictions containing any relation to Indian assets (and under what conditions). Laws should be clear and mostly inclusive to reflect how to tax direct and indirect offshore transactions arising from sale of assets. Moreover, what should be treated as assets for tax purposes and the related classification of such assets is crucial.

It can be mentioned in this context that the proposed Direct Tax Code (DTC) in India suggested that income from transactions in all investment assets will be computed under the head 'Capital gains.' However, more clarity is required whether capital gains tax would be generated on both assets and income since a major controversial area is whether the income generated from capital market transactions should be treated as business income or as capital gains. There is also a need of clear separation of different corporations/companies (for instance, 'offshore companies') to specifically categorize which types of taxes would be applicable on which types of companies and under what circumstances. For instance, in the revised discussion paper of DTC an explicit mention is provided whether capital gains tax would be applicable for Foreign Institutional Investors (FIIs) as "The capital gains arising to FIIs shall not be subjected to TDS and they will be required to pay tax by way of advance tax on such gains" (CBDT 2010).

General-Anti Avoidance Rules (GAAR)

The General-Anti Avoidance Rules (GAAR) in the proposed Direct tax Code in India has the potential to empower the Income Tax Department of India regarding taxing offshore transactions. Countries like UK, US, Mexico and Denmark have specific anti-abuse rules pertaining to taxation instead of a statutory GAAR, for instance, Controlled Foreign Corporation (CFC) regime to tax income parked in low tax jurisdictions, thin capitalization rules to rule out tax rebates for inflated and unjustified interest deduction etc. The positive side of such anti-abuse rules is that these are very clear-cut laws reducing possibilities for litigations. The Standing Committee on Finance has recommended GAAR should not override the Limitations of Benefit (LOB) Clauses already made with contracting countries (Standing Committee on Finance 2012). While this is important to avoid disputes, appropriate application of GAAR is crucial in case any tax disputes arises with countries lacking LOB clauses (e.g. Mauritius). India has included LOB with some countries, for instance with Singapore. The norm of 'residential status' is stricter in Double Tax Avoidance Agreement (DTAA) treaty with some other countries compared to Mauritius. For instance, there is a 'conduit/shell' test of Singapore- based companies selling Indian shares, whereas the company should either be a listed company on a recognized Singapore stock exchange or it must expend more than Singapore USD 200,000 (Indian Rs.5 million) on its operations in Singapore. Again, the Double Tax Avoidance Agreements or DTAA with United Arab Emirates (UAE) provides the definition of a resident company as:

A company is deemed to be a UAE resident if it is incorporated, managed and controlled wholly in the UAE. A strict interpretation of the word "wholly" by the Indian tax authorities might result in a UAE entity being denied the benefits of the treaty if even a small degree of control of the entity is exercised outside the UAE. By contrast, a Mauritius entity carrying out the same activities would not be liable to any tax on capital gains under the Mauritius-India DTAA, nor would it be subject to any 'primary purpose' test or such rigid controls regarding the management of its affairs (Xavier 2009).

It is not understood, why such Limitation of Benefit (LoB) clause cannot be included between India and Mauritius whereas such clause can be included in the DTAA treaty between India and Singapore. While GAAR may obviate the need for such fresh LOB clauses, appropriate application of GAAR is crucial. Moreover, it may be noted that the applicability of GAAR would be most useful in case of abusive 'tax avoidance', i.e. in cases where it is difficult to draw clear legal lines between genuine tax planning and abusive tax planning (or 'tax avoidance' in its bizarre interpretation).

Inputs may be sought from recent Chinese Corporate Income Tax (CIT) Law introduced in 2008. As per the old income tax system, corporations in China were taxed under two different legal provisions, one for domestic enterprises and one for foreign enterprises. With the introduction of the new CIT Law, these two classifications were merged. Circular 698 focuses on offshore transactions with regard to share transfers and specifically designed to treat abusive tax avoidance practices in cases offshore Special Purpose Vehicles (SPV) have been established for the only purpose to avoid capital gains tax in China. The Chinese tax authorities would have the right to disregard the existence of the offshore holding company (if found to be operative without substantial economic or commercial substance) and levy Corporate Income Tax (CIT) on the indirect equity transfer. Circular number 698 also requires non-resident companies to report their share transfer transactions with supporting documents in case the transfer is done via holding company in certain circumstances.

- Before entering into litigation, it might be beneficial to settle tax disputes through a bilateral negotiation in the form of Mutual Agreement Procedure (MAP), where tax authorities of the respective countries negotiate to settle disputes in a cordial manner and/or seeking advice from Supreme Court authorities. In the Vodafone issue, the Netherlands government was reported to have written to the Indian government on behalf of the Vodafone Dutch holding company (CGP) with a view to arranging an out of-court settlement, using mutual agreement procedures provided in the double taxation agreement between the two countries.
- There is a need for a formal treatment of tax evasion and tax avoidance. There should be clear legal guidelines distinguishing tax evasion, tax avoidance and tax planning and what type of strategies under what circumstances would be taxable or subject to penalty. In the Vodafone case it has been pointed that "Tax avoidance and tax evasion are two expressions which find no definition in the Indian Companies Act, 1956 or the Income Tax Act, 1961."

Conclusion

As concluding remarks it can be mentioned that in the era of globalization and liberalization, competition among multinational corporations has increased tremendously. It would be a natural tendency for such companies seeking reduction of their 'tax costs' by any affordable means. To prevent certain abusive tax avoidance practices, such practices should be made illegal. The challenge lies in framing appropriate legal provisions to tackle such practices in an unambiguous manner. Apart from this, global pressure should be created on 'tax haven' countries to amend their tax laws to impose certain taxes on offshore transactions and broaden tax bases on such transactions.

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Children's attitude towards TV advertisements : Test of Rossister scale

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Abstract

Today's children are the backbones of future market of India and will really be responsible for India shining. In today's fast-paced, high-tech age, children are showered with hundreds of advertisements in a day. These advertisements are playing an important role in consumer socialization process of children, by making them aware about brands and also making them aware about usage of the products. Nowadays children not only play a role of an influencer but also play an important role as decision maker in buying decision of the some products like toys, chocolates, ice cream, toothpaste etc. So in this scenario, it's interestingly very important to measure children's attitude towards television advertisements. This research paper was an attempt to explore children's attitude towards TV advertisements, their awareness about advertisements, and influence of these advertisements on their purchase behaviour in India. A scale developed by Rossiter (1979) was used to measure children's attitude towards TV advertisements and found that television advertisements have significant impact on purchasing behaviour of children.

Keywords : Children's attitude, Advertisements

Introduction

Advertising is a favourable representation of goods and services to make consumers, customers and general public aware of the product. It enables the potential buyers, general public and end users to be aware and familiar with the brands, their goods and services. In a successful business, advertising plays a vital role in the growth story of business. Though advertising does not mean selling of products and services but it helps in increasing your sales. Advertising increases profit of the companies by escalating its revenue.

Television is generally recognized as the most powerful advertising medium, having higher penetration in the mass market compared to other media types. Television, as a medium, can be an extremely effective medium, vividly demonstrating product attributes and persuasively explaining their corresponding consumer benefits. Also, it can dramatically portray user and usage imagery, brand personality and other intangibles. In today's fast-paced, high-tech age, consumers are exposed to a variety of information and communication technology (ICT) based sources and networks for consumption related information. Television, often called 'king' of the advertising media has been constantly facing challenges from not only the digital print media, but also from the internet ads and social networking sites.

Sandra (2008) found that children represent a huge yet vulnerable portion of the consumer market, having disposable incomes and a great influence on parental purchasing decisions.

Children are a key target for advertisers because sometimes, brand preferences often remain unchanged throughout their life. Having active role as being potential consumers, children have ever-larger allowances and have a significant influence on their parents' spending habits.

Children's segment is now being target by many consumers' product companies, because they are been considered as important potential customers as they not only decide about their own buying but also can influence the buying decisions of their parents. A greater percentage of parent's income is spent on purchase of products only because of children's influence (Shabbir et al., 2008).

Literature Review

Initially Rossiter (1979) suggested that attitudinal effects refer to the extent to which a child likes television advertising and views it favourably or unfavourably. Later on, several authors of marketing literature also have been in agreement that children tend to favour entertaining advertisements.

Austen, et al. (1977) also deduced that younger children tend to form an attitude toward the advertised product because message being diffused is not complex in nature and decision follows the exposure to the message in the advertisement.

Wartella et al. (1979) also found that young children usually prefer to make attitude towards advertised product and also taking purchase decision based upon this. Evra (1990) found that children can be categorized into two parts: positive and negative. Children with positive attitudes towards advertisement are having consistent behaviour matching with their attitudes and they are likely to purchase products whose advertisements they have seen. Adversely, children with negative attitude towards advertisement do not take any action towards advertised products.

It was found that in the survey of Nickelodeon conducted by John Power in 1999, almost 70% of children are involved in the automobile shopping process and 75% influence the actual automobile purchase decision.

Sabino (2002) found that Children give their views on family purchases and parents encourage them to participate and give ideas about purchase. Young children are more inclined towards funny and song or tune oriented advertisements, and while older children like and pay attention towards funny, meaningful and advertisements based on public service announcements. Younger children are more confident about the advertised product as compared to the older children. Older children do not rely on the quality of the advertised product. (Chan & McNeal, 2002).

Rossiter Scale (1977)

This scale developed by Rossiter (1977) was designed for the purpose of providing a short, standardized test of children's attitudes towards television commercials. A range of cognitions and affective reactions towards television commercials is reflected in the scale including perceived truthfulness, potential annoying qualities, objectivity in describing advertised products, overall likability, perceived persuasive power, believability of characters, and trustworthiness as guide to product purchase.

The scale consists of 7 items which represented seven components described above and four point agreement scale was used for each item. Since each item is scored 1 to 4, the range of the total scale is 7 to 28.

As mean score were not reported in the Rossiter (1977) article, person's r was used to assess item inter-correlations. All but 2 were in the range between 0.10 and 0.60 and all were positive. The item-to-total correlations ranged from 0.49 to 0.67, indicating an even set of item-test contributions. The coefficient alpha estimate of internal reliability was 0.69.

In a validation study, Bearden, Teel and Wright (1979) used two samples drawn from separate elementary schools. One sample was of medium to high income children (n=76) and the other was of low income children (n=62). Based upon replication sample, an alpha of 0.75 supported the internal consistency of the scale. The corrected item-test correlations ranged from 0.53 to 0.70 for the replication study which was comparable to Rossiter's (1977) study. Riecken and Samli (1981) also examined the reliability of the scale. A sample of 152 children with ages ranging from 8 to 12, from a variety of socio-economic background served as subjects. Also, the scale was extended to three specific product categories. In all cases, satisfactory internal consistency and moderate test-retest estimates were found. For example, Cronbach's alpha ranged from .69 to .76, and test retest ranged from 059 to 063 across three product categories.

Research Methodology

- To study children's attention towards television commercials
- To compare children's response to different types of television advertisements
- To check the validity of Rossiter's (1977) scale.

Sampling procedure

This survey includes 5 schools from different regions of Surat city of Gujarat state. The convenience sampling was used for collecting data for the survey. For better understanding of the children, questionnaire was translated into Gujarati language (mother tongue) also.

Preparation of measurement

Eight items were used to measure children's attitude towards television advertisement. Seven questions were adapted from Rossiter (1977) scale. A range of cognitions and affective reactions towards television commercials is reflected in the scale including perceived truthfulness, potential annoying qualities, objectivity in describing advertised products, overall likability, perceived persuasive power, believability of characters, and trustworthiness as guides to product purchase.

Table 1: Rossiter Scale (1977)

Q.1	Truth : Television commercials tell the truth.
Q.2	Annoy : Most TV commercials are in poor taste and very annoying
Q.3	Good only: Television commercials tell only the good things about a product
Q.4	Like : I like most television commercials
Q.5	Persuasive : Television commercials try to make people buy things they don't really need
Q.6	Believe: You can always believe what the people in commercials say or do
Q.7	Best : The products advertised the most on TV are always the best products to buy

Findings and discussion

The demographic characteristics of the sample of respondents who participated in this study are shown in Table 2 & Table 3.

Table 2: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Boy	103	58.9	58.9	58.9
	Girl	72	41.1	41.1	100.0
	Total	175	100.0	100.0	

Table 3: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10	25	14.3	14.3	14.3
	11	25	14.3	14.3	28.6
	12	25	14.3	14.3	42.9
	13	25	14.3	14.3	57.1
	14	25	14.3	14.3	71.4
	15	25	14.3	14.3	85.7
	16	25	14.3	14.3	100.0
	Total	175	100.0	100.0	

Measurement of Children's attitude towards television advertisements

In this study, children's attitude refers to the extent to which a child likes television advertising and views it favourably or unfavourably. Children's attitude was measured by Rossiter (1977) scale as shown in Table 4. The scale was designed for the purpose of providing a short, standardized test of children's attitudes towards television commercials.

Table 4: Children's Attitude Means and Standard Deviations (SD)

Ques.	Items	Mean	SD
Q.1	Television commercials tell the truth.	1.86	.667
Q.2	Most TV commercials are in poor taste and very annoying	2.87	.536
Q.3	Television commercials tell only the good things about a product	2.91	.506
Q.4	I like most television commercials	2.79	.785
Q.5	TV Ads try to make people buy things they don't really need	2.84	.614
Q.6	You can always believe what the people in commercials say or do	2.75	.867
Q.7	The products advertised, most on TV are always best products to buy	2.79	.814

The attitude measure used consisted of an inventory of 7 attitudinal statements with 4 points scale where 1 represented "Strongly Disagree", "4" meant "Strongly Agree". The average mean score across all 7 items was 2.68, indicating that children were neither positive nor negative towards television advertisements but it could be said that their degree was towards positive effect. The highest rating (2.91) was for statement No. 3, "Good only: Television commercials tell only the good things about a product", while lowest rating (1.86) was on item No. 1, "Truth: Television commercials tell the truth."

A reliability analysis was then conducted on 7-item scale and Cronbach alpha of 0.5830 (Table 5) was obtained suggesting moderate level of internal reliability of the scales of these items since this value was higher than 0.50. This compares very favourably with earlier tests of the scale that reported alphas ranging from 0.53 to 0.69.

Table 5: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.583	.578	7

Table 6: Inter-Item Correlation Matrix

	Que1 (Truth)	Que2 (Annoy)	Que3 (GoodOnly)	Que4 (Like)	Que5 (Persuasive)	Que6 (Believe)	Que7 (Best)
Que1	1.000						
Que2	.005	1.000					
Que3	.049	.125	1.000				
Que4	.185	.111	.226	1.000			
Que5	.036	.128	.452	.156	1.000		
Que6	.103	.151	.157	.394	.172	1.000	
Que7	.001	.081	.204	.344	.058	.299	1.000

According to Guilford (1973) guidelines, for a well constructed test, item inter-correlations should be between 0.10 and 0.60 (Rossiter, 1977). The present findings shows that Rossiter's (1977) scale can be applied usually among the Indian children while measuring their understanding of TV commercials as inter-item correlation among (truth, annoy), (truth, persuadable), (annoy, want), (good-only, persuadable), (good-only, best), (good-only, want), (annoy, like), (annoy, believe), (annoy, best), are not having significant inter-correlation as they are not in the range of 0.10 to 0.60

Limitations of the study

Although this research attempted to reach some conclusions representative of the general public, this study had a few limitations pertaining to the relatively small sample, reluctance or inability of some respondents to reveal their true feelings, perceptions and beliefs rather than just ticking the point on the scale that they believed most matched their opinion.

Conclusion

From data analysis, it is cleared that children are very much aware about television advertisements and interestingly, upto a certain extent advertisements has an impact on their purchase behaviours. Advertisement plays significant role to create brand image in the mind of children and an advertised brand has significant influence on children behaviour.

As children represent a huge market potential, marketers should emphasize a lot to understand the children psyche to advertise their products accordingly. Children can also differentiate what is truth or not so marketers should focus more on the content delivery of advertisements. It is also clear that advertisement can be an effective media to convey the required message in child segments if they are created professionally.

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Customer attitude towards D P Infoline directory advertisement

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Abstract

Today As We Know That The Growth Rate Of Advertisement Industry Is Too High And Due To The High Level Of Competition, Each And Every Company Has To Introduce New Media For Advertisement. To Do Something New In The Market Is Not An Easy Task, The Company Must Have To Understand The Attitude Of The Consumer. Attitudes Are Generally Positive Or Negative Views Of A Person, Place, Thing, Or Event This Is Often Referred To As The Attitude Object. There Are Mainly Three Model Developed To Know the Customer Attitude (1) The Rosenberg's Model, (2) The Attitude-Towards-Object Model, (3) The Sheth Model. In This Study Researcher Used Attitude Towards Object Model To Know The Customer Attitude Toward D.P.Infoline Directory Advertisement. With The Use Of Attitude-Towards-Object Model The Total Of Evaluation And Beliefs (Σ Biei) It Comes Out That Customers Attitude Towards Various Attributes Is +36.58 Out Of A Possible +43.24, Which Is 84.59%(36.58*100/43.24) Of The Total Possible Score. And Conclude That The Customer Has Positive And Favourable Attitude Toward D.P.Infoline Directory Advertisement.

Key Words: Advertisement, Attitude towards object model, Customer Attitude, Directory Advertisement.

Introduction

Definition of advertising

The American Marketing Association defines advertising as 'any paid form of non personal presentation and promotion of ideas, good, and services by an identified sponsor.' Advertising is non-personal as it is not directed to any single individual.

Brief description of the three attitude models

The Rosenberg's model of attitudes theorizes that an individual's positive or negative feelings toward an object or concept is a function of two cognitive factors: (a) the perceived instrumentality (PI) of that object to block or attain a set of valued states, goals or objectives, and (b) the relative importance (VI) of those valued states, goals or objectives to the individual. (http://www.acrwebsite.org/volumes/display.asp?id=5674, accessed 11/01/09.)

The attitude-towards-object model is especially suitable for measuring attitude towards the product (or service) category or specific brands. According to this model, the consumer's attitude toward a product or specific brands of a product is a function of the presence (or absence) and evaluation of certain product specific beliefs and/or attributes. In other words, consumers generally have favourable attitudes towards those brands that they believe have an adequate level of attributes that they evaluate as positive, and they have unfavourable attitude towards those brands that they feel do not have an adequate level of desired attributes or have too many negative attributes.

The Sheth model theorizes that attitude toward a brand is a function of perceived brand potential to satisfy consumer's needs, wants and desires related to the product consumption. The perceived brand potential is assessed by the consumer's evaluation of the brand on a set of criteria which link specific product attributes and the consumer's buying needs or motives. The profile of perceived brand potential is then reduced to a vector of evaluative beliefs (ebi) utilizing the rank reduction techniques in psychometrics. The vector of beliefs represents the consumer's assessment of the brand potential as a point in a multidimensional space of buying criteria. The number of dimensions is presumed to vary with product categories.

Attitude-towards-object Model

The attitude-towards-object model is especially suitable for measuring attitude towards the product (or service) category or specific brands.

Feshbein argue that there are some scales that appear to be related to the evaluative dimension under most circumstances. Among these measures are a subject's self rating of liking the object (e.g., like-dislike), of his favourability with respect to the object (e.g., favourable-unfavourable, approve-disapprove), and his evaluation of the object on a single good-bad scale. Furthermore, these scales may not always be perfect indicants of a person's attitude. Although many different scales may sometimes correlate with appropriate measures of attitude, they cannot be assumed to measure attitude under all conditions. The most influenced multiattribute attitude model in marketing has been the Feshbein model. Within the framework of the Feshbein model, a person's attitude toward an object is "a function of his beliefs about the object and the implicit evaluative responses associated with those beliefs." The basic formula for a multiattribute model is:

$$\text{Attitude} = \sum_{i=1}^{n} \text{biei}$$

Were Attitude separately assessed overall measures of affect for or against the attitude object; bi is the strength of the belief that the attitude object contains the ith attributes. ei is the evaluation dimension associated with the ith attribute and Σ indicates that there are n salient attributes over which the bi and ei combinations are summated.

Research Methodology

Research Objectives

1. To know the factors that highly affect on the customer attitude towards D.P. Infoline Directory Advertisement.
2. To know the satisfaction of customer who are giving the advertisement in D.P. Infoline Directory.
3. To determine brand image of D.P.Infoline.

Research Design

"It is an overall framework of project that indicates what information to be collected from which sources and by which procedure."

Exploratory stage: The first stage in research design is the exploration of current situation. In this stage clarification of the specific problem is defined. Exploratory stage gives the answer of question that how I came to know about the problem statement.

Descriptive studies: In this project, Descriptive and cross-sectional research design was used because it described the phenomena under study and recommendations / findings were specific under this study.

Descriptive studies can be divided into two broad categories cross-sectional and longitudinal.

Sampling Design

Here non-probability convenience sampling method has been used.

Sampling Size: Here the total sample size is 200 customers.

Sampling Element: The customers who giving advertisement in D.P. Infoline directory. In this research the areas of Surat, and Vadodara were covered by the researcher.

Sampling: Non-probability convenience sampling method has been used.

Pilot Testing: Pilot testing, was done for 25 respondents, and based on the feedback, the questionnaire was fine-tuned.

Choice of survey Method: Questionnaire was used for the purpose of the data collection as the research instrument.

Research Instrument

Questionnaire was used for the purpose of primary data collection as the research instrument.

- Close ended questions (many questions include use of the scale)
- Open ended question.

Source of Data Collection

- **Primary Data:** Primary Data are collected through direct contact with the customers with the help of questionnaire.
- **Secondary Data:** The secondary data like company profile, name and address of client are collected from D.P. Infoline. Internet and magazine was also the main sources of secondary data collection.

Statistical Tests Used: Paired-sample t-test, One sample t – test, Cross tabs, Frequency analysis, Reliability test were done.

Research limitation

Though utmost care was taken to see theses project serves its purpose and due diligence was taken while doing the same, this project is not free from limitations. As every coin have two sides one good and other bad. My study has some limitation. Some of the major limitations of my study are mentioned below.

- Non-Probability convenience sampling method was used and that is why the findings cannot be generalized.
- Biases can also enter into the study because of respondents' bias (misinterpretation of the questions).

Findings of the study

1. Reliability test

Cronbach's Alpha	N of Items
.742	26

Reliability Analysis addresses the issues of whether this instrument will produce the same result each time, it is administered to the person in the same setting. Here Alpha is 0.742. According to thumb rule of Alpha, here instrument validity is Acceptable.

2. Paired t-test:

Purpose: To compare the mean of the general beliefs and beliefs towards the specific brand (D.P.INFOLINE) for Different factors.

Null Hypothesis (Ho): There is no significant difference between means of two factors. I.e. Ho: X1 = X2.

Alternative Hypothesis (H1): There is significant difference between means of two factors. i.e. H1: X1 ≠ X2.

Table 1: Paired Samples Statistics

	Attributes	Mean	N
Pair 1	Low price	1.61	200
	Low price	2.23	200
Pair 2	Circulation	1.32	200
	Circulation	1.60	200
Pair 3	Offering various scope	1.16	200
	Offering various scope	1.63	200
Pair 4	Location for advertisement	1.35	200
	Location for advertisement	1.30	200
Pair 5	Printing quality	1.66	200
	Printing quality	1.96	200
Pair 6	Separate list for advertisers	1.18	200
	Separate list for advertisers	1.64	200
Pair 7	Embossing style	1.32	200
	Embossing style	2.75	200
Pair 8	Page styling	1.16	200
	Page styling	1.66	200
Pair 9	Help for brand awareness	1.29	200
	Help for brand awareness	1.72	200
Pair 10	Creative team	1.40	200
	Creative team	1.83	200
Pair 11	Reach to potential customer	1.77	200
	Reach to potential customer	1.64	200
Pair 12	Offer discount	1.41	200
	Offer discount	1.32	200
Pair 13	Reputation	1.62	200
	Reputation	1.70	200

Table 2: Paired Samples t- test

		Paired Differences					t	df	Sig. (2 tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Low price - Low price	-.620	.954	.067	-.753	-.487	-9.191	199	000
Pair 2	Circulation – Circulation	-.280	.957	.068	-.413	-.147	-4.229	199	.000
Pair 3	Offering various scope - Offering various scope	-.475	.802	.057	-.587	-.363	-8.380	199	.000
Pair 4	location for advertisement- location for advertisement	-.045	.852	.060	-.074	-.164	-0.747	199	.000

Pair 5	Printing quality-Printing quality	-.295	1.016	.072	-.437	-.153	-4.104	199	.000
Pair 6	Separate list for advertisers - Separate list for	-.465	.814	.058	-.578	-.352	-8.082	199	.000
Pair 7	Embossing style - Embossing style	-1.430	.842	.060	-1.547	-1.313	-24.024	199	.000
Pair 8	Page styling Page styling	-.500	.723	.051	-.601	-.399	-9.781	199	.000
Pair 9	Help for brand awareness - Help for brand awareness	-.430	.911	.064	-.557	-.303	-6.678	199	.000
Pair 10	Creative team - Creative team	-.430	.927	.066	-.559	-.301	-6.560	199	.000
Pair 11	Reach to potential customer -Reach to potential customer	.130	1.131	.080	-.028	.288	1.625	199	.106
Pair 12	Offer discount - Offer discount	.090	.834	.059	-.026	.206	1.526	199	.129
Pair 13	Reputation - Reputation	-.075	1.143	.081	-.234	.084	-0.928	199	.354

Interpretation

Here in the case of reach to potential customer, offer discount, Reputation the value are (.106, .129, .354) which is greater than the significance value 0.05. So, the Null Hypothesis is accepted and the Alternative Hypothesis is rejected. So, there is no difference between the mean of expectation and mean of satisfaction for these factors. In the above factors the customers are satisfied as compared to their expectations.

For remaining factors like low price, circulation area, scope, location, printing quality, separate list for advertisers, embossing style, styling pages, brand awareness, creative team, that significance value is less than 0.05, the Null Hypothesis is rejected and Alternative hypothesis is accepted. In other word there is difference between the expectation mean and satisfaction mean for the particular parameter.

From Table 2 it can be deduced that negative t value indicates that for customers the parameter less important than hypothesized importance or simply respondent tries towards neutral.

Table 3: Calculation of Attitude Towards Object Model

QUESTION FOR (ei)	VERY GOOD	GOOD	NEUTRAL	BAD	VERY BAD
A directory advertisement that has a low price is	+2	+1	0	-1	-2
QUESTION FOR (bi)	VERY LIKELY	LIKELY	NEUTRAL	UNLIKELY	VERY UNLIKELY
How likely is the D.P. INFOLINE directory advertisement to have a low price?	+2	+1	0	-1	-2

Table 4: Attributes tabulation

No.	Attributes	Evaluation(ei)	Beliefs(bi)	Evaluation*Beliefs(ei*bi)
1	Low Price	+1.39	+0.77	+1.07
2	Circulation	+1.69	+1.63	+2.75
3	Offering various scope	+1.67	+1.65	+2.76

4	Location for advertisement	+1.66	+1.70	+2.82
5	Printing quality	+1.05	+1.34	+1.41
6	Separate list for advertisers	+1.36	+1.83	+2.49
7	Embossing style	+1.68	+0.25	+0.42
8	Page styling	+1.85	+1.35	+2.50
9	Help for brand awareness	+1.71	+1.70	+2.91
10	Creative team	+1.61	+1.18	+1.90
11	Reach to potential customer	+1.23	+1.37	+1.69
12	Offer discount	+1.60	+1.69	+2.70
13	Reputation	+1.68	+1.64	+2.76
	Total ($\sum$eibi)			+36.58

Interpretation

Out of 200 customers interviewed, it is found that four attributes (Location for advertisement [1.66(ei), 1.70(bi)], Printing quality [1.05(ei),1.34(bi)], Separate list for advertisers [1.36(ei), 1.83(bi)], Offer discount [1.60(ei), 1.69(bi)]), Reach to potential customer [1.23(ei), 1.37(bi)] are very likely in D.P.INFOLINE advertisement in directory. On the bases of calculation displayed in Table 4 it was found that the beliefs (bi) value is greater than evaluation (ei) value. So, it can be concluded that in the five attributes mentioned in Table 4 customer shows highly positive attitude.

On the bases of Table 4 it was found that four attributes (circulation [1.69(ei), 1.63(bi)], offering various scope [1.67(ei),1.65(bi)], help for brand awareness [1.71(ei), 1.70(bi)], and reputation [1.68(ei), 1.64(bi)] beliefs (bi) value is near to evaluation (ei) value. So, on the basis of this condition it can be concluded that customer has positive attitude towards these four attributes.

It can also be concluded that many attributes have a huge difference between evaluation (ei) value and beliefs (bi) value. There are four attributes which has evaluation value (ei) is greater than beliefs (bi) value, which attributes are as Low price [+1.39(ei),+0.77(bi)], Embossing style [+1.68(ei),+0.25(bi)], Page styling [+1.85(ei),+1.35(bi)] and Creative team [+1.61(ei),+1.18(bi)]. Thus customers do not have favourable attitude towards these attributes.

In the study 200 customers were interviewed to ensure their attitude level towards the various attributes like low price, Circulation, Offering various scope, Location for advertisement, Printing quality, Separate list for advertisers, Embossing style, Page styling, Help for brand awareness, Creative team, Reach to potential customer, Offer discount and Reputation as to how they find these attributes in D.P.INFOLINE advertisement in directory in the scale of Very Likely to Very Unlikely. So from the total of evaluation and beliefs (Σ biei) it came out as the outcome of the study that the customers attitude towards various attributes is 36.58 out of a possible +43.24, which is 84.59% (36.58*100/43.24) of the total possible score.

Here we can conclude that the customer has positive and favourable attitude toward D.P. Infoline advertisement in directory.

Conclusion

From this research study it can be concluded that majority of the clients have positive and favourable attitude towards D.P. Infoline directory advertisement. Many customers have dissatisfaction or unfavourable attitude with Low price, embossing style, Page styling and Creative team. Thus it calls in for a need to change in these attributes and to concentrate more on this parameter so companies can change their attitude.

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Influence of Store Image on Customer Satisfaction & Customer Loyalty in Organized Retail

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Abstract

Store image has long been recognized as a determinant of business success and has been used as a positioning and differentiation tool. An image represents how a given retailer is perceived by consumer and others. A retailer may be seen as innovative or conservative, specialized or broad-based, discount-oriented or up-scale. There is some evidence that store loyalty may be (positively) related to store image. However, it has remained unclear as to what is the exact relationship between satisfaction, image and loyalty in a retail setting (Mazursky and Jacoby, 1986; Osman, 1993). The key to a successful image is that consumers view the retailer in the manner the retailer intends. This paper examines conceptually as to how the various characteristics of the organized retail environment with respect to image and the overall attitude towards a discount retail store influence consumers' satisfaction and how consumers' satisfaction, in turn, affects store loyalty and to know whether there is a direct relationship between store image and store loyalty or whether there is indirect relationship via store satisfaction.

Key words : Store image, Customer satisfaction, Customer Loyalty

Introduction

The Indian food and grocery retail sector is in a transformation mode for various reasons like strong macro-economic fundamentals and the changing socio-economic scene. These factors are driving what were once traditional and small scale retail outlets into organized retail formats aimed at catering to the evolving tastes and needs of the discerning consumers. Economic development is frequently characterized by greater use of large, multi-line food retail outlets including supermarkets and hypermarkets (Veeck and Veeck, 2000). A retailer needs a superior communications strategy to properly position itself in the customer's mind, as well as to nurture their shopping behaviour. To succeed, a retailer must communicate a distinctive, clear, and consistent image. Once its image is established in consumer's minds, a retailer is placed in a niche relative to competitors. A key goal for chain retailers, franchisors, and global retailers is to maintain a consistent image among all branches because of image influence on customer satisfaction & loyalty.

Importance of the study

Customer loyalty, followed by customer satisfaction brings success to any retail set-up, but, what is more important to know, is the source of this loyalty and satisfaction. Here the focus will be on the concept of store image as a source, and input for bringing customer satisfaction and loyalty, especially with reference to organized retail stores.

Objectives

The objectives of the paper are:

1. To know the importance of store image on customer satisfaction and loyalty.
2. To identify store image as a one factor of customer satisfaction and loyalty in organized retail.

Definition of Key Terms

Store Image

Martineau (1958) was the first researcher to define store image as 'it is the way in which the store is defined in the shopper's mind, partly by its functional qualities and partly by an aura of psychological attributes'.

Martineau (1958); Doyle and Fenwick (1974); Amirani and Gates (1993) concluded that the store possessing the most congruent attributes with the image desired by consumer will have better chance of being selected and patronized.

Lindquist (1974), in his study on the store image literature, combined models from 19 studies and came up with nine different elements: merchandise, service, clientele, physical facilities, comfort, promotion, store atmosphere, institutional and post-transaction satisfaction of the store image.

Ghosh (1990) concluded that the merchandise of a retailer is its most important retail mix element, These eight elements of retail mix are: location, merchandise, store atmosphere, customer service, price, advertising, personal selling and sales incentive programs. For each retail store a distinct image may exist within consumers' minds. This is based on the salient elements of the retail mix.

Engel, Blackwell and Miniard (1995) explained some environmental dimensions such as air quality, lighting, layout, carpeting and aisle width and placement as physical store attributes used to project store image and influence store choice.

Bloemer and Ruyter (1998) defined store image as the complex of a consumer's perceptions of a store on different (salient) attributes.

Rita Martenson (2007) defined corporate (store) image as the combined effect of how the retailer as a brand, manufacturer brands, and store brands are perceived. The reason for including store brands and manufacturer brands in this definition is that the image and equity of retailer brands depends on the product brands they carry and the equity of those product brands.

Customer Satisfaction

Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business. Satisfaction is the feeling of pleasure or disappointment attained from comparing a products perceived performance (outcome) in relation to his or her expectations.

Martenson (2007) defined customer satisfaction as 'Customer satisfaction in a retail store depends on need identification and brand image of the store and satisfied customers may be potentially loyal customers'.

Hackl and Westlund (2000); Reichheld (1996); Cheuing (1995) concluded that Customer satisfaction is an antecedent of customer retention and loyalty and a critical factor in achieving economic goals like profitability, winning market share and return on investment.

Spreng and Mackoy (1996) deduced that to gain customer satisfaction, organizations need to exceed predictive expectations of customers, rather than just satisfying expectations.

Customer Loyalty

The totality of feelings or attitudes that would encourage a customer to consider re-purchase of a particular product, service or brand or re-visit a particular company, shop or website is defined as customer loyalty. Customer loyalty has always been critical to the business success and profitability.

Hellier et al.**(2003)** defines it as an intention to repurchase an individual's judgment about re-buying a designated service, taking into account their current situation and likely circumstances.

Repurchase behaviour is seen as a form of loyalty, which according to **Law, Hui and Zhao (2004) and Oliver (1997)** is a deeply held commitment to consistently re- patronize a service in the future.

Hoffman et al.**(2003)** deduced that repurchase intentions have a powerful effect on potential business profit with some reports arguing as much as 95 percent of profit arises from repeat purchases.

Jacoby and Chestnut (1978) described loyalty as a psychological attachment related to commitment creating a positive mental disposition toward a particular brand or firm based on familiarity, trust and confidence.

Review of Literature

Josée Bloemer and Ko de Ruyter, (1998) tried to find out the relation between the store image, store satisfaction and store loyalty, and concluded that store image has a direct effect on the store satisfaction but not on the store loyalty. Store image does not have direct link on customer loyalty.

Josée Bloemer, Ko de Ruyter, Pascal Peeters, (1998), tried to investigate how image, perceived service quality and satisfaction determine loyalty in a retail bank setting at the global construct level, as well as the level of construct dimensions. In their study they concluded that, image is indirectly related to bank loyalty via perceived quality. Service quality is both directly and indirectly related to bank loyalty via satisfaction. The latter has a direct effect on bank loyalty. Reliability (a quality dimension) and position in the market (an image dimension) are relatively important drivers of retail bank loyalty.

Rita Martenson (2007) studied the impact of the corporate store image on customer satisfaction and store loyalty in grocery retailing. The study concluded that the most important factor for customer satisfaction is the store as a brand. Retailers must be good at retailing. Customers are satisfied when the store is neat and pleasant and when they feel that the store understands their needs. Only certain customer segments are interested in store brands. Satisfied customers are loyal.

Osman M. Z (2006) proposed a model of loyalty patronage behaviour based on the image of the store. It postulates customers' and management's perceived store image and positive past purchase experiences as determinants of loyalty patronage behaviour. The customer's perception of a particular store depends on what lifestyle and shopping orientations he or she adopts. In addition to these, a customer's attitude towards the store may result from his or her evaluation of the perceived important aspects of the store, moulded and re-moulded by his or her direct experience with the store.

Nha Nguyen, Gaston LeBlanc, (1998) investigated the effects of customer satisfaction, service quality, and value on perceptions of corporate image and customer loyalty towards the service firm. The results of their study indicate that satisfaction and service quality are positively related to value and that quality exerts a stronger influence on value than satisfaction. The findings also showed that customers receiving higher levels of service quality will form a favourable image of the banking institution. Value is found to positively impact on image, that the banking institution should have a strong image when customers believe they are getting high value.

Keith E. Thompson, Yat Ling Chen, (1998) concluded that retail store image plays an important role in store patronage, and it is widely accepted that psychological factors have a significant role in store image formation. In their study 'enjoyment and happiness' and 'quality of life' were found to be the terminal values most sought by consumers in association with store image. These were linked through the consequence 'nice feeling' to the tangible attributes of 'price', 'quality' and 'reputation'.

Image is expressed as a function of the salient attributes of a particular store that are evaluated and weighted against each other. Store image has been defined as the complex of a consumer's perceptions of a store on different (salient) attributes **(Bloemer & de Ruyter, 1998).**

Retail store image is an overall impression of a store as perceived by consumers (Keaveney & Hunt, 1992). One of the commonly accepted formal definition of retail store image is an individual's cognitions and emotions that are inferred from perceptions or memory inputs that are attached to a particular store and which represent what that store signifies to an individual (Baker, Grewal & Parasuraman, 1994; Mazursky & Jacoby, 1986).

Methodology

In this research, secondary data sources such as- published research papers, journals, and book have been used to collect information about the store image, customer loyalty and customer satisfaction in finding out the gaps and their linkage with each other.

Discussion - Importance of Store Image in Store Selection

Martineau (1958) claimed that store image includes its characteristic attributes and it makes customers feel the store different from others. Functional attributes are assortment of commodities, layout, location, price value relation, and service that consumers can objectively compare with other stores. Psychological attributes are attractiveness and luxuriousness that represent special attributes of that store. Arons (1961) defined store image as complex of meanings and relation that make consumers distinguish the store from others. Thus, store image is …An overall attitude of a consumer to the store, its attributes mean various things, and each store has a relative location in the consumer's mind. Bearden (1977) mentioned the influence of store image as 'consumers choose stores that they feel close to their self image,' and he tried to find out store image attributes that affect store selection.

Store choice and loyalty

Hansen and Deutscher (1978) showed that store image and its attributes make an important role in the choice of retail stores in their study on image attributes. In their model of the process of store choice, Engel, Blackwell, and Miniard (1990) claimed that purchasers distinguished acceptable stores from unacceptable stores in the process of comparing their evaluation standards with perceived image attributes, and that 'store image is a variable that consumers depend on in their choice of stores'. James, Durand and Dreves (1976) found that image attributes influence consumers' perception and attitudes and they are directly related to sales profits. Schiffman, Dash and Dillon (1977) focused on the description of image existing in the competing types of retailers and explained that store image attributes made an important role in the choice of store type. Hildebrandt (1988) said, '...A major success factor in retail industry is store image and measurement model of store image that conceptualizes the perception of store image attributes such as price level is used to forecast marketing performance as a business success measure'. He analyzed the relation between store image and store image attributes using causal relation model and found again that store image was a cause variable of store performance. Explaining the store image emphasizing design part, Levy and Weitz (1996) claimed, 'Store tell customers with all visible outside factors and real set- up structure of facilities make most of purchase possible.' His claim means that purchases are resulted from the stimulus of store image to customers. From the discussion it can be deduced that store image attributes can be an important explanatory variable in the choice of store.

According to Burt and Carralero-Encinas (2000), the retail store can be the key success factor, the competitive advantage of a retail company. The major source of competitive advantage for retailers can be found in the value added delivered to customers, through the performance of functions or activities. This added value must be firmly based on the customer needs and values, and may comprise both tangible or functional and intangible or symbolic elements. Therefore, it is fundamental that the stores understand the store image importance in their positioning statement. The success or failure of stores can often be attributed to under tested or under emphasized elements of their image. That is the reason why a number of chains are increasingly stressing customer service and the provision of a pleasant shopping experience, rather than focusing on price promotions. The process of monitoring the store image is, therefore, a tool that can either dictate immediate actions or direct longer-term marketing programs. For McGoldrick (1990), the accumulated image is also an indicator of the asset value of the 'retail brand', which represents the long-term results of the marketing activities. Many conceptualizations of store image have been advanced in the past (Doyle & Fenwick, 1974; James et al., 1976; Kunkel & Berry, 1968; Marks, 1976).

From the above discussion it can be concluded that.......

- Store image has a influence on the selection of store.
- Store selection depends on the factors store image , as a source of competitive advantage.

Link of Store Image and Customer Satisfaction

Store image and customer satisfaction are closely connected concepts. Bloemer & Ruyter (1998) stated that store image acts as a mediator of satisfaction and pointed out that high customer satisfaction will reflect positively on the store's image. The authors concluded that customer loyalty is directly related to satisfaction, and that satisfaction comes from the various attributes of the store's image. This conclusion leads to two points about store image. The first is that store image indirectly influences loyalty, through satisfaction. The second is that a store's image directly influences its customers' satisfaction level.

Theodoridis & Chatzipanagiotou (2009) conducted a similar study. Their aim was to discover the relationship between the image attributes and satisfaction of a Greek supermarket. First, based on the theory of image in retailing, the authors performed a factor analysis and detected six factors composing the store's image: service, atmosphere, products, price, merchandise presentation and in-store convenience. Then they performed multiple regression analysis to relate these factors with the questions involved in determining satisfaction. The results indicated that only four of the six factors had a significant impact on customer satisfaction: service, price, products and in-store convenience. Price and products were the key factors to determine customer satisfaction. Another result of their study was that store image attributes and satisfaction are strongly related. In other words, Greek shoppers evaluate store image as something important for their level of satisfaction.

Research indicates that store image and trust are among the most frequently accredited antecedents of satisfaction (Anderson & Sullivan, 1993; De Wulf et al., 2001). Store image has been found to significantly influence customer satisfaction, especially in the case of retailers such as supermarkets (Eskildsen, Kristensen, Juhl & Ostergaard 2004). For the grocery sector, the store image elements of service, variety, and price/value have been linked most often with satisfaction (Chang & Tu 2005). From the above discussion it can be concluded that.......

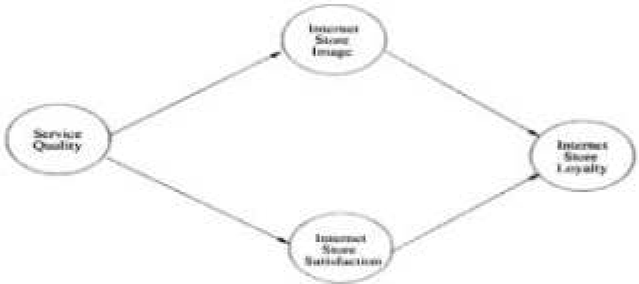
- Store image and Customer satisfaction are linked
- Good Store image brings customer satisfaction.

Store Image and Customer Loyalty are Linked

There have been two kinds of views on the relationship between store image and store loyalty. The first view is that store image attributes directly influences store loyalty. The other is that store image itself affects store loyalty. Matineau (1958) relates store image and store loyalty by arguing that store image has an influence on store loyalty. Singson (1975) focuses on the store image attributes and finds that price and quality are the most important store image attributes affecting store loyalty and assortment follows them. Lessig (1973) finds that the store image measured by store atmosphere, product, price, and promotion is correlated with store loyalty.

Euehun Lee and Dong-Il Lee (2005) concluded that in order for the e-business company to get customers' loyalty to the Internet store, managers should carefully examine their store's image and satisfaction level. By doing that, they can guarantee their stores' service quality and keep their customers loyal to the store.

FIGURE 1
Proposed Research Model



(Source : Euehun Lee and Dong-Il Lee (2005) ,"The Effect of Internet Service Quality on Internet Store Loyalty: Mediating Role of Internet Store Satisfaction and Internet Store Image", in AP - Asia Pacific Advances in Consumer Research Volume 6, eds. Yong-Uon Ha and Youjae Yi, Duluth, MN : Association for Consumer Research, Pages: 386-392.)

Lindquist (1974), in his study on the store image literature, has combined models from 19 studies and came up with nine different elements: merchandise, service, clientele, physical facilities, comfort, promotion, store atmosphere, institutional and post transaction satisfaction. Similarly, Bearden (1977) suggested the following characteristics: price, quality of the merchandise, assortment, atmosphere, location, parking facilities and friendly personnel. When the decision-making and evaluative processes are not explicit and are very limited, the consumer will not become committed to the store and cannot be store loyal (Bloemer & De Ruyter, 1998). Consumers whose patronage is not based on store loyalty may exhibit an attachment to store attributes and can easily be lured away by competitors through, for instance, pricing strategies. In contrast, Osman

(1993, p. 135) argues that 'a customer who is loyal to a certain retail establishment will give this store his or her priority visit in any shopping event'.

From the above discussion it can be concluded that.......

- Store image indirectly influences customer loyalty, through customer satisfaction.

Conclusion

From the literature review based discussions it can be concluded that:

- Store image has a positive link with the customer satisfaction and loyalty.
- Factors which creates good store image also creates situation for the customer satisfaction in the organized retail set-up, which can be turned to customer loyalty.
- One store needs to develop a good image, to be successful in the organized retail.

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Leadership Styles in Micro, Small and Medium Scale Enterprises

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Abstract

Leadership plays an important role for the success of the business. It's really a challenging task for the management. Leadership style is considered as a major subject for researchers because it is still an attractive attribute about leadership among academicians and managers. This paper is an attempt to analyze the leadership styles adopted by the owners-managers of MSMEs at micro level. It also attempts to find out whether the leadership styles vary with demographic characteristics. It also analyses whether there is a correlation between leadership styles of owners-managers and their demographic characteristics. The findings reveal that leadership is situational and the most of the owners-managers adopt benevolent autocratic style in all the business matters. Results also show that demographic characteristics influence the leadership styles. The analysis of factors and government policies affecting MSMEs shows that some key constraints prevent its growth and development.

Key words : Leadership styles, MSMEs, Owners-managers

Introduction

Leadership has always been the area of interest for the researchers. It is the only factor which is responsible for the success or failure of the business. Moreover, leaders in modern organizations have been confronting many situations rarely encountered by organizational leaders of the past. Leadership is always considered a challenging task for the owners, entrepreneurs, CEOs and managers. Ofcourse, it is the interpersonal relationship between the leader and followers. So, the followers related factors also affect to the style of leaders. Leadership styles are also dependent upon the situation. Leaders may be successful in one situation and may not be in another situation. The leadership styles can be classified according to the philosophy of the leaders or there are probably as many different styles of leadership as there are leaders. But leadership styles used for the present research work are as mentioned below:

Style I: Benevolent Autocrat

Under this style, the owner-manager gets required information from his subordinates and then, makes the decision without the involvement of the subordinates at any stage of decision making process. His motivation style is positive.

Style II: Strict Autocrat

Under this style, the owner-manager centralizes decision making power in himself. He structures the complete work situation for his employees and they do what they are told. His motivation style is negative.

Style III: Prior Consultation

Under this style, the owner manager shares the problem with his subordinates for their advice and suggestions and then, he makes the decision.

Style IV: Democratic Style

The owner-manager and his subordinates together analyze the problem, evaluate alternatives and come to a decision.

Style V: Delegation

Under this style, the owner-manager once determines policy programmes and limitations for action and the entire process is left to subordinates. He maintains contacts with outside persons and intervenes only in exceptional cases.

Growth of small-scale industries in Gujarat

From the industry point of view, Small Scale Industries of Gujarat has continued to witness impressive development in the small scale sector. There were only 2169 small scale industrial units in 1961. The number of SSIs increased to 15,849 in 1970; 43,712 in 1980; 1,15,384 in 1990; crossed a figure of 2,50,000 and were at 2,51,088 in 2000. The number of small scale industrial units have increased to 3,12,782 by September 2006. (Source: Industrial Handbook on Industries in Gujarat-2007) and in 2012, there were 3,70,000 MSMEs. After the implementation of MSMED Act, 2006, SSIs and SMEs are known as Micro, Small and Medium scale enterprises. In India, micro, small and medium scale enterprises as per the MSME Development Act, 2006 are defined based on their investment in plant and machinery for manufacturing enterprise and on equipments for enterprises providing or rendering services. It is explained with the help of following table:

Table 1: Classification of MSMEs as per MSMED Act, 2006

Enterprises	Investment in Plant & Machinery (Mfg.)	Investment in Equipment(Service)
Micro	Less than Rs. 25 lakhs	Less than Rs. 10 lakhs
Small	Rs. 25 lakhs - Rs. 5 crore	Rs. 10 lakhs - Rs. 2 crore
Medium	Rs. 5 crore - Rs. 10 crore	Rs. 2 crore - Rs. 5 crore

(Source: Industrial Handbook on Industries in Gujarat-2010)

Government has also announced some promotional schemes for the development of this sector. This sector also faces some key issues and one of the important key issues is lack of managerial skills and effective leadership. As a result, many units are closed or are not able to survive in this competitive global market. So in this context, the attempt has been made to analyze the leadership styles at micro level.

Review of literature

Leadership style is considered as a major subject for researchers because it is still an attractive attribute among academicians and managers. As a result, theories of leadership have been developed like The Trait Theory, The Behaviour Theory, Contingency Theory, The Path-Goal Theory, The Vroom-Yetton-Jago Model (1973 and 1988), The Hershey-Blanchard Life Cycle Theory of Leadership, The Situational Approach (1969), The Managerial Grid by Robert Blake and Jane Mouton (1978) etc. to name a few. Stogdill (1974) extensively studied relationship between successful leadership and traits and believed that, 'The pattern of leadership traits is different from situation to situation. A person who becomes a leader in one situation may not become in a different situation.' Research studies conducted at the University of Michigan by Katz, Maccoby and Morse (1957) suggested that, 'Leadership behaviour could be defined along employee-centered dimension and production-centered dimension, both complimenting each other'. The researcher (2007) also conducted a research on 'Leadership Styles in Dyeing and Printing Industry of Jetpur City' on 50 owners-managers of the sample units. It was found that on an average, more than 2/3rd of the owners-managers were adopting the autocratic style and 1/4th of the sample size were adopting participative and democratic approach while taking decisions about all the business matters.

Objectives

1. To study various leadership styles in Micro, Small and Medium scale Enterprises of Rajkot District of Gujarat state 150
2. To examine the influence of age, education, experience and family background on the leadership styles of the owners- managers.
3. To know the leadership styles used by the owners- managers.
4. To make suggestions in the improvement of various leadership styles used by the owners-managers.
5. To know the views of owners-managers of MSMEs regarding government policies for MSMEs.
6. To know the views of owners-managers of MSMEs regarding the factors affecting MSMEs.

Hypotheses

a. The different types of leadership styles adopted by the owner-managers do not depend on situations.

b. Leadership styles of owners- managers are independent of the type of decision.

c. Leadership styles adopted by owners - managers have no relation with age, education, experience and family background.

Methodology

Both primary and secondary data have been used for this research work. Primary data were randomly collected from 100 owners-managers of the MSMEs of Rajkot district of Gujarat. A structured schedule and questionnaire was prepared for this purpose in which 5 leadership styles and 21 situations and 11 statements regarding factors and government policy affecting MSMEs were incorporated. The secondary data were collected from magazines, journals, periodicals, news papers, reference books and websites. For the purpose of analysis, Average, Karl Pearson's Co-efficient of correlation, Spearman's Rank correlation and ANOVA technique have been used.

Limitations

1. The study has been restricted only to 100 owners-managers.
2. Though Leadership is an interpersonal relationship between the leaders- mangers and the followers , the study is focused on the former.

Leadership styles

Table 2: Leadership Styles of Owners-Managers in Percentage of times the styles used

Situation	Leadership Styles					Total
	I	II	III	IV	V	
Production						
1	45.0	39.0	13.0	2.0	1.0	100.0
2	41.0	21.0	16.0	22.0	0.0	100.0
3	40.0	20.0	15.0	11.0	14.0	100.0
4	43.0	12.0	36.0	3.0	6.0	100.0
5	32.0	36.0	20.0	11.0	1.0	100.0
Average	40.2	25.6	20.0	9.8	4.4	100.0
Technical						
1	31.0	26.0	32.0	11.0	0.0	100.0
2	57.0	17.0	15.0	11.0	0.0	100.0
3	44.0	14.0	11.0	25.0	6.0	100.0
4	41.0	26.0	14.0	18.0	1.0	100.0
Average	43.3	20.8	18.0	16.3	1.8	100.0
Financial						
1	63.0	15.0	13.0	8.0	1.0	100.0
2	48.0	10.0	10.0	30.0	2.0	100.0
3	42.0	34.0	7.0	13.0	4.0	100.0
Average	51.0	19.7	10.0	17.0	2.3	100.0
PersonnTheel						
1	37.0	16.0	35.0	12.0	0.0	100.0
2	62.0	7.0	23.0	8.0	0.0	100.0
3	46.0	7.0	12.0	034.	1.0	100.0
4	38.0	9.0	6.0	19.0	28.0	100.0
5	35.0	18.0	11.0	27.0	9.0	100.0
Average	43.6	11.4	17.4	20.0	7.6	100.0
Marketing						
1	44.0	24.0	22.0	10.0	0.0	100.0
2	42.0	13.0	34.0	5.0	6.0	100.0

3	42.0	19.0	13.0	10.0	16.0	100.0
4	46.0	12.0	11.0	14.0	17.0	100.0
Average	43.5	17.0	20.0	9.8	9.8	100.0
Mean	44.3	18.9	17.1	14.6	5.2	100.0

(Source: Data collected from sample industrial units)

From Table 2, it is observed that the Style 1 has been used more frequently by the owners-managers. Style I is used for maximum number of times in financial matters while it is used for less number of times in production matters. Similarly, style II is used for maximum number of times in Production matters while it is used for less number of times in personnel matters. Style III is used for maximum number of times in production and marketing matters both and it is used for less number of times in financial matters. Style IV is used for maximum number of times in personnel matters while it is used for less number of times in production and marketing matters both. Style V is used rarely in all matters.

Thus, style I is the popular leadership style used by owners-managers of the MSMEs of Rajkot district (44.3%), followed by style II (18.9%), style III (17.1), style IV (14.6%) and style V (5.2%). The mean percentage of style I and II put together comes to about 63%. Thus, about 2/3rd of the owners-managers are adopting autocratic style. Style III and IV put together comes to about 32% and thus, approximately 1/3rd of the sample owners-managers are adopting participative and democratic approach while taking decisions about all these business matters. But, style I is the most important style among the owners-managers of the MSMEs of Rajkot district. However, whether difference between mean score of leadership styles is significant or not is tested at 5% level of significance with the help of 'ANOVA'.

Table 3: Analysis of Variance

Situations	Source of Variation	Sum of Squares	D.F.	Mean Square	F	P-value
Production	Between Groups	5987.000	20	299.350	8.258	0.027
	Within Groups	145.000	4	36.250		
	Total	6132.000	24			
Technical	Between Groups	3607.333	14	257.667	8.330	0.014
	Within Groups	154.667	5	30.933		
	Total	3762.000	19			
Financial	Between Groups	4146.667	4	1036.667	12.292	0.001
	Within Groups	843.333	10	84.333		
	Total	4990.000	14			
Personnel	Between Groups	37.500	16	2.344	2.813	0.214
	Within Groups	2.500	3	0.833		
	Total	40.000	19			
Marketing	Between Groups	28.333	10	2.833	6.800	0.040
	Within Groups	1.667	4	0.417		
	Total	30.000	14			

(Source: Data collected from sample industrial units)

Table 3 shows the statistical analysis of respondents' views regarding leadership styles for the different situations of production, technical, financial, personnel and marketing matters. P-value of the production, technical, financial and marketing matters shows significant difference among the five leadership styles adopted by the owners-managers. P-value of personnel matters is greater than 0.05. Therefore, null hypothesis is accepted. It means there is no significant difference among the five leadership styles adopted by the owners-managers. From the whole analysis, it is observed that all the owners-managers are adopting different styles depending upon the situation. They do not use particular one type of leadership styles while taking all the business decisions. They act as the demand of the situation. Therefore, the formulated hypothesis that the owners-managers adopt different types of leadership styles depending upon the situations is accepted.

The above analysis also indicates that the leadership styles of owners-managers vary with the type of decision. Therefore, the formulated hypothesis that the leadership styles of owners-managers vary with the type of decision is also accepted.

Demographic characteristics and leadership styles

An analysis is made to know whether the relation between the leadership styles of owners-managers and their demographic characteristics such as age, education, experience and family background is significant or not. An attempt is also made to find out whether the leadership styles of owners-managers vary with their demographic characteristics. However, whether leadership styles vary with their demographic characteristics or not is tested at 5% level of significance using ANOVA.

Table 4: Demographic Characteristics and Leadership Styles

Sr. No.	Variables	Styles					Total
		I	II	III	IV	V	
		Times (%)	Times (%)	Times (%)	Times (%)	Times (%)	Times (%)
1	Age of owners-managers (in years)						
	<=30	107(34.0)	61(19.4)	80(25.4)	58(18.4)	9(2.9)	315(100)
	31-40	268(30.4)	202(22.9)	179(20.3)	167(18.9)	66(7.5)	882(100)
	41-50	231(55.0)	75(17.9)	60(14.3)	39(9.3)	15(3.6)	420(100)
	51-60	215(68.3)	32(10.2)	33(10.5)	22(7.0)	13(4.1)	315(100)
	61>=	98(58.3)	25(14.9)	17(10.1)	18(10.7)	10(6.0)	168(100)
	Total	919(43.8)	395(18.8)	369(17.6)	304(14.5)	113(5.4)	2100
2	Experience of owners-managers (in years)						
	<=5	109(32.4)	72(21.4)	79(23.5)	68(20.2)	8(2.4)	336(100)
	6-10	409(51.3)	134(16.8)	128(16.0)	95(11.9)	32(4.0)	798(100)
	11-15	166(35.9)	94(20.3)	91(19.7)	79(17.1)	32(6.9)	462(100)
	16-20	130(56.3)	41(17.7)	26(11.3)	21(9.1)	13(5.6)	231(100)
	21-25	76(51.7)	23(15.6)	17(11.6)	19(12.9)	12(8.2)	147(100)
	26-30	29(27.6)	23(21.9)	24(22.9)	16(15.2)	13(12.4)	105(100)
	>=31	0(0.0)	8(38.1)	4(19.0)	6(28.6)	3(14.3)	21(100)
	Total	919(43.8)	395(18.8)	369(17.6)	304(14.5)	113(5.4)	2100
3	Education levels						
	Below S.S.C.	121(44.3)	52(19.0)	44(16.1)	37(13.6)	19(7.0)	273(100)
	H.S.C.	345(49.8)	137(19.8)	90(13.0)	88(12.7)	33(4.8)	693(100)
	Graduate	298(35.5)	165(19.6)	189(22.5)	137(16.3)	51(6.1)	840(100)
	Post Graduate	138(50.5)	37(13.6)	46(16.8)	42(15.4)	10(3.7)	273(100)

	Any other	17(81.0)	4(19.0)	0(0)	0(0)	0(0.0)	21(100)
	Total	919(43.8)	395(18.8)	369(17.6)	304(14.5)	113(5.4)	2100
4	Family Background						
	Agriculture	385(48.2)	121(15.2)	134(16.8)	114(14.3)	44(5.5)	798(100)
	Business	281(34.3)	184(22.5)	166(20.3)	134(16.4)	54(6.6)	819(100)
	Labour	181(61.6)	48(16.3)	33(11.2)	23(7.8)	9(3.1)	294(100)
	Profession	60(40.8)	29(19.7)	28(19.0)	25(17.0)	5(3.4)	147(100)
	Other	12(28.6)	13(31.0)	8(19.0)	8(19.0)	1(2.4)	42(100)
	Total	919(43.8)	395(18.8)	369(17.6)	304(14.5)	113(5.4)	2100

Source: Data collected from sample industrial units
Note: figures in brackets indicates percentage to total

Table 5: Coefficient of Correlation between Demographic Characteristics and the number of times the styles used

Coefficient of Correlation	Styles				
	I	II	III	IV	V
Age	0.050	0.014	-0.159	-0.112	0.391(**)
Experience	0.058	0.044	-0.161	-0.108	0.251(*)
Education	-0.049	0.011	0.063	-0.003	-0.062
Family backgrounds	0.013	-0.034	-0.030	0.000	-0.097

Age and Leadership Styles

Table 4 gives details regarding the number of times a particular style is used in terms of percentages among different age groups of owners-managers. The highest percentage of times is used by the owners-managers who fall in the age group of 51-60 years in the case of style I constituting 68.3% of times, followed by 58.3% in case of more than 60 years, 55% in the case of 41-50 age group. The owners-managers, who are below 31 years, use style I for 34% times, followed by 31-40 age group for 30.4% times. The owners-managers who fall in the age group of 31-40 years use the style II for the highest percentage of times (22.9%). While in case of below 31 years, 41-50, more than 60 years and 51-60 age groups, the owners-managers have adopted it to an extent of 19.4%, 17.9%, 14.9% and 10.2% respectively. The owners-managers who are below 30 years use style III for maximum number of times (25.4%), followed by 20.3% in case of 31-40 age group and 14.3% in case of 41-50 age group, while it is adopted about to a same extent in case of 51-60 and more than 60 years age groups. Style IV is adopted about to a same extent in case of below 31 years and 31-40 age groups, followed by 10.7% in case of more than 60 years, 9.3% in case of 41-50 years, and 7% in case of 51-60 years. Style V is used by all the age groups to a negligible extent.

Table 4 also indicates that the old aged (more than 60 years) and middle aged (40-60) owners-managers are adopting style I for more number of times than the young (0-40) owners-managers. While in case of style II and III, there is a reverse situation. The young owners-managers are adopting style II, III and IV for more number of times as compared to middle and old aged owners-managers. Table 5 gives the coefficient of correlation between different age groups and various leadership styles. It shows that there is a low positive relationship between age and style I and II and a low negative relationship between age and style III and IV. While there is a significant relationship between age and style V.

Experience and Leadership Styles

Table 4 exhibits the experience of the owners-managers of MSMEs and their style of decision making in different situations. It indicates that the owners-managers with an experience of 16-20 years are using style I for more number of times (56.3%). While the owners-managers having experience of more than 30 years are not at all using the same style. The owners-managers having an experience of more than 30 years are using style II for more numbers of times (38.1%). While the owners-managers with an experience of 21-25 years adopt the same style for lesser number of times (15.6%). The owners-managers having an experience of less than 6 years adopt style III for more number of times. While the owners-managers having an experience of 16-20 and 21-25 years use the same style to for lesser number of times. The owners-managers with an experience of more than 30 years use style IV for the highest number of times and the owners-managers with an experience of 16-20 years adopt the same style IV to the lowest extent. Style V is used to a negligible extent by all the owners-managers except post graduate holders. There is a low positive relationship between experience and style I and II and there is a low negative relationship between experience and style III and IV. While there is a significant positive relationship between experience and style V.

Education and Leadership Styles

Table 4 shows the education level of the owners-managers and their leadership styles. It indicates that other qualification holders are adopting style I for maximum number of times (81%). It is followed by the post graduate owners-managers to the extent of 50.5%, and the owners-managers who have higher secondary education to the extent of 49.8%. In case of style II, it is adopted about to same extent by all the owners-managers. In case of style III, it is adopted for maximum number of times by the graduate owners-managers. While the owners-managers who have higher secondary education use the same style for lesser number of times. The same situation has taken place in case of style IV. Style V is used to a negligible extent by all the owners-managers. Style II, III and IV is not at all used by other qualification holders. On an average, it is found that all the owners-managers are flexible in using the leadership styles except other qualification holders. There is a low positive relationship between education and style II and III and there is a low negative relationship between education and style I, IV and V.

Family Background and Leadership Styles

Table 4 shows how the leadership styles of owners-managers vary with different family backgrounds. It shows that the style of owner-manager who hails from an agriculture background is quite different from that of owner-manager's with business, professional and labour background. The owners-managers with labour background are using style I for 61.6% followed by agriculture for 48.2%, profession for 40.8%, business for 34.3% and others for 28.6%. The highest percentage of times is used by the owners-managers having other family background in case of style II constituting 31% of times, followed by 22.5% in case of business background, 19.7% in case of professional background, 16.3% in case of labour back ground and 15.2% in case of agriculture background. The owners-managers with business background are using style III for maximum number of times, followed by profession and other background for 19%, agriculture for 16% and labour for 11.2%. The owners-managers with other background are adopting style IV for 19%, followed by profession for 17%, and business for 16.4%. Style V is used to a negligible extent by all the owners-managers. The analysis shows that the owners-managers with labour background are using style I and II, put together for a maximum number of times (77.9%), followed by agriculture background (63.4%). It shows that the owners-managers whose family background is labour are adopting autocratic style more than others in their decision making. There is a low positive relationship between family background and style I and there is a low negative relationship between family background and style II, III and V. while there is no correlation between family background and leadership style IV.

Table 6: Analysis of Variance

Demographic Characteristic	Source of variation	Sum of Squares	D.F.	Mean Square	F	Sig.
Age	Between Groups	71986.400	4	17996.600	4.626	0.008
	Within Groups	77807.600	20	3890.380		
	Total	149794.000	24			

Experience	Between Groups	51418.857	4	12854.714	2.685	0.050
	Within Groups	143645.143	30	4788.171		
	Total	195064.000	34			
Education	Between Groups	71986.400	4	17996.600	2.876	0.049
	Within Groups	125169.600	20	6258.480		
	Total	197156.000	24			
Family background	Between Groups	71986.400	4	17996.600	2.373	0.087
	Within Groups	151693.600	20	7584.680		
	Total	223680.000	24			

(Source: Data collected from sample industrial units)

Table 6 shows the statistical analysis of leadership styles with reference to demographic characteristics of respondents. P-value of the age group, education and experience show significant difference among the leadership styles. Therefore null hypotheses are rejected and conclude that there is significant difference among the leadership style of the owners-managers with respect to their age, education and experience. It indicates that age, experience and education influence the leadership styles of owners-managers. P-value of family background shows there is no significant difference among the leadership styles therefore the null hypothesis is accepted. It indicates that family background do not influence the leadership styles of owners-managers.

The above analysis relating to the leadership styles of owners-managers and their demographic characteristics such as age, experience, education and family background reveals that demographic characteristics influence the leadership styles of owners-managers. Therefore, the formulated hypothesis that the leadership styles of owners-managers vary with age, experience, and education is accepted. While leadership styles of owners-managers do not vary with family background.

Government Policy and factors affecting MSMEs

The factors- strengths coupled with opportunities - that work in favour of Indian SMEs include their high contribution to domestic production, significant export earnings, low investment requirements, operational flexibility, location-wise mobility, low intensive imports, capacities to develop appropriate indigenous technology, import substitution, contribution towards defense production and competitiveness in domestic and export markets. While we look into new approaches to strengthen them effectively, one has to understand the limitations of MSMEs, which include low capital base, concentration of management functions in one/ two persons, inadequate exposure to international environment, inability to face impact of WTO regime, inadequate R&D and lack of professionalism.

Table 7: Views of Owners-Managers regarding Factors affecting and Government Policy regarding MSMEs in Percentage of Times

Sr. No.	Statements	Disagree	Neutral	Agree
S.1	Government offers various promotional schemes like Capital Investment subsidy, sales tax benefits etc. to MSMEs. These are really helpful for the development of business.	19	10	71
S.2	National awards given by Ministry of MSMEs to recognize the efforts of entrepreneurs of MSMEs every year work as a Motivational tool.	6	14	80
S.3	International trade fairs and exhibitions are helpful to MSMEs as a part of Marketing Development Assistance Scheme for getting an exposure in international market.	6	18	76
S.4	Adequate and timely longer term financing is accessible on competitive terms.	9	38	53

S.5	Present global financial crisis and resultant liquidity constraints of Indian Financial System has restricted the overall growth and development of MSMEs.	18	17	65
S.6	The financial constraints faced by Gujarat MSMEs are because of policy, legal / regulatory framework, institutional weakness and lack of reliable credit information.	26	25	49
S.7	To assess risk premium of MSMEs properly is a difficult task for lenders.	15	34	51
S.8	Availability of skilled manpower, R & D facilities and marketing channels are limited.	15	17	68
S.9	Availability of skills for decision-making, good management and accounting practices and modern technology are limited.	20	13	67
S.10	Government regulations like high income tax rate, VAT and custom duty as compared to large industry have various implications on the success and survival of MSMEs.	31	15	54
S.11	Despite the efforts of Government , numbers of sick units in Gujarat are increasing every year . It is a failure of Government policy and need to change the existing policy.	16	13	71

(Source: Data collected from sample industrial units)

An attempt is also made to know the views of owners-managers regarding factors affecting MSMEs and Government policy regarding MSMEs. 71% of the owners-managers agreed that government's promotional schemes are helpful to MSMEs , 10% are neutral while the rest of the owners-managers disagreed (S.1). 80% of the owners-managers agreed that National awards given to entrepreneurs of MSMEs work as a motivational tool, 14% are neutral while the rest disagreed (S.2). 76% of the owners-managers agreed with the statement that international trade fairs and exhibitions give an exposure to MSMEs in an international market, 18% are neutral and 6% disagreed (S.3). 53% respondents agreed that adequate and timely longer term finance is accessible to MSMEs, 38% are neutral and 9% disagreed (S.4). 65% of the owners-managers agreed that present global financial crisis and resultant liquidity constraints of Indian Financial System has restricted the overall growth and development of MSMEs, 17% are neutral and 18% disagreed (S.5). 49% of the owners-managers agreed with the statement that Gujarat MSMEs face financial constraints because of policy, legal/regulatory framework, institutional weakness and lack of reliable credit information, 25% are neutral and 26% disagreed (S.6). 51% of the respondents say that assessment of risk premium of MSMEs property is a difficult task for lenders, 34% are neutral and the rest disagreed (S.7). 68% of the respondents agreed that MSMEs have limited availability of skilled manpower, R & D facilities and marketing channels, 17% are neutral and 15% disagreed (S.8). 67% owners-managers agreed that availability of skills for decision-making, good management and accounting practices and modern technology are limited, 13% are neutral and 20% disagreed (S.9). 54% owners-managers agreed that Government regulations as compared to large industry have various implications on the success and survival of MSMEs, 15% are neutral and 31% disagreed (S.10). 71% of the owners-managers agreed that 71% of the owners-managers agreed that Government policy should be changed to stop incidence of the units becoming sick in Gujarat, 13% are neutral and 16% disagreed (S.11).

From the above analysis, it can be said that government's promotional schemes and incentives motivate the owners-managers of MSMEs. But, key constraints like, global financial crisis, policy, legal and regulatory framework, institutional weakness, availability of skilled manpower, R & D facilities and marketing channels, skills for decision making , accounting practices and modern technology and implications of Government regulations prevents development and growth of MSMEs.

Findings

- It has been found that, about 2/3rd of the owners-managers adopt autocratic style and approximately 1/3rd of the owners-managers adopt participative and democratic approach while taking decisions about all the business matters. While style V is not popular among them. It shows that style I is the most popular style among the owners-managers of the MSMEs of Rajkot district.
- The old aged (more than 60 years) and middle aged (40-60) years owners-managers are adopting style I for more number of times than the young (below 40 years) owners-managers. There is a low positive relationship between age and style I and II and a low negative relationship between age and style III and IV. While there is a significant relationship between age and style V.
- Well experienced owners - managers adopt style IV and V for number of times as compared to less experienced owners - managers.

There is a low positive relationship between experience and style I and II and there is a low negative relationship between experience and style III and IV. While there is a significant positive relationship between experience and style V.

- All the owners-managers are flexible in using the leadership styles except other qualification holders. There is a low positive relationship between education and style II and III and there is a low negative relationship between education and style I, IV and V.
- The owners-managers whose family background is labour are adopting autocratic style more than others in their decision making. There is a low positive relationship between family background and style I and there is a low negative relationship between family background and style II, III and V. while there is no correlation between family background and leadership style IV.

Conclusion

The owners-managers of MSMEs are adopting different styles depending upon the situations even though they are free to adopt any style. The result of the study confirms that leadership is situational and an effective leader should be flexible to adopt it considering the differences among the followers and situations. It also confirms that demographic characteristics such as age, experience and education influence the leadership styles of owners-managers. It can also be concluded that despite of various promotional schemes, national awards and exposure in international market through international trade fairs and exhibitions, number of sick and closed units is increasing every year due to many negative factors. So, the existing policy of MSMEs needs to be changed.

Suggestions

The importance of Benevolent Autocratic style is to be replaced to some extent by prior consultation style and joint decision making style for sound management. This needs education of owners-managers relating to merits and demerits of all leadership styles. This is to be undertaken by the state and central Governments. Government should organize industrial clubs of owners-managers in which owners-managers exchange their views on different leadership styles and their applicability to different situations. Seminars and conferences may be organized by the Government to pass on to the owners-managers the latest developments relating to different leadership styles. This will beneficial to the owners-managers MSMEs.

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Factors Explaining Job Satisfaction of Academicians

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Abstract

The attitude of employees decides the altitude of the organization. The satisfaction level of employees is crucial for every organization whether they are private or public, manufacturing or service, profession or academic. It is important to the administrator for determining teacher's satisfaction to fulfill the varied expectations of modern students which creates lot of stress on teaching faculty. The purpose of this study is to identify impact of various factors on the job satisfaction and amount of variance in academicians overall level of job satisfaction explained by these factors in Surat city with reference to affiliated colleges. A self designed questionnaire was used to collect the data of various colleges including government & self financed of Surat city. Factor analysis was performed to identify the factors affecting job satisfaction of academicians. The six factors identified and used for measuring impact on college staff satisfaction. Reliability test also performed to measure the consistency of these factors. There is no difference in job satisfaction of male & female. The job satisfaction level is independent between job categories.

Keywords: Academician, Factor Analysis, Job Satisfaction, Reliability

Introduction

The concepts of job satisfaction have been given by Maslow's Hierarchy of Need (Maslow, 1943) and Herzberg's Motivation Hygiene Theory (Herzberg, 1959). A successful educational institute requires a good quality of staff. The role of teacher is important for teaching, guiding and shaping career of students. The teachers' job satisfaction is crucial not only for students and institute but also for better civilization. Hence it is an essential pre-requisite to the academic institute to maintain the satisfaction level of teachers.

The quality of staff is very essential for academic institutes for providing better & quality teaching to their students through practical life experience. Job satisfaction is broadly defined as how people feel about their jobs and its related different aspects. According to Robbins and Sanghi (2006), job satisfaction is collection of feelings that an individual hold towards his or her job. The level of job satisfaction is directly affected to the performance. There is a direct relationship between job satisfaction and performance of an individual. Hence job satisfaction decides commitment and involvement towards the job. There are number of factors which affect positively and negatively to the job satisfaction of academicians.

Numbers of researchers have found that positive relationship between job satisfaction with employee motivation, self esteem, retention, leadership, performance for achieving success of the organization (Alavi & Askaripur, 2003; Pietersen, 2005; Rad & Yarmohammadian, 2006; Roos & Eeden, 2008). Ellickson (2002) found that job satisfaction can improve productivity, commitment, reduce absenteeism and staff turnover which ultimately increases effectiveness of the organization.

The frustrated and dissatisfied employees negatively affect their job performance. Dissatisfied employees are less committed and involved in the job. Hence it directly affects their performance as well as the performance of the organization.

It is a fundamental requirement of academic institutes to satisfy their teachers because the role of teacher is to build career of students. The satisfied teacher can better perform two roles, first they are highly involved with students to judge the level of students to impart better education and second, he or she is committed to plan their teaching and learning.

Literature review

Irum Saba (2011) studied the job satisfaction level of academic staff in Bahawalpur. He found that academic staff of the colleges is more satisfied with the work itself, pay, working conditions, job security and co-workers and less satisfied with the promotion opportunities.

Jai Prakash Sharma & Naval Bajpai (2011) have studied on Salary Satisfaction as an 'Antecedent of Job Satisfaction: Development of a Regression Model to Determine the Linearity between Salary Satisfaction and Job Satisfaction in a Public and a Private Organization'. They found that employees in public sector organization have greater degree of salary satisfaction in comparison to private sector employees. In addition job satisfaction increases or decreases with increase or decrease in salary satisfaction.

Habib Ahmad, Khursheed Ahmad, and Idrees Ali Shah, (2010) have tested interdependency of job satisfaction and job performance, effect of organizational commitment and attitude towards work on job satisfaction and impact of organizational commitment and attitude towards work on performance. They found that a weak relation exists between job satisfaction and performance whereas organizational commitment has a strong positive relation with performance, and attitude towards work has a strong positive relation with job satisfaction.

Nadeem Malik (2009), in "A Study on Job Satisfaction Factors of Faculty Members at the University of Balochistan", has determined overall job satisfaction on independent variable (i.e. Work itself, Advancement). They found that work itself accounted for 63% of the variance in the level of overall job satisfaction. When advancement was added to the regression equation, it explained 64% of the variance in overall job satisfaction.

Rotenberry & Moberg (2007) indicated that employees that were more involved in their job were good performers as compared to the employees whose attitude towards work is not good.

Rotenberry & Moberg (2007) indicated that employees that were more involved in their job were good performers as compared to the employees whose attitude towards work is not good. In other words better attitude towards work resulted in enhanced performance.

Taskina Ali & Ireen Akhtar (2006) studied the determinants of job satisfaction among female teachers of government run primary schools in Bangladesh. Her findings showed that perception of job satisfaction differed among male and females. Female were willing to enter into this profession while few male want to adopt the teachers profession.

Zembylas M. & Papanastasiou E. (2004), undertook a research on "Teacher Job Satisfaction In Cyprus: The Results Of A Mixed-Methods Approach", using regression model. The independent variables included in this model were those of age, position, always wanting to be a teacher, becoming a teacher because of pressure from family, and having a realistic view about teaching before beginning their training. The overall model was significant ($F=10.383$, $p=0.000$) although it explained 11.3% of the variance of teacher satisfaction. The other regression model examined, whether the satisfaction of the teachers depended on factors that might have motivated them to choose the teaching profession or not.

Jaime X. Castillo & Jamie Cano (2004) studied the amount of variance in faculty member's overall level of job satisfaction explained by Herzberg, Mausner, and Snyderman's (1959) job motivator and hygiene factors. Their findings show that female faculty members were less satisfied than male faculty members. The factor "work itself" was the most motivating aspect for faculty. The least motivating aspect was "working conditions". The factors "recognition," "supervision," and "relationships" explained the variability among faculty members' overall level of job satisfaction.

Colgan (2004) reported 14% of the teachers new to the profession leave after one year, and the cumulative rate of teachers leaving the profession after five years is 46% (National Education Association, 2004).

Crossman & Zaki (2003) argued that satisfaction is not independent in all job facets and that satisfaction with one facet might lead to satisfaction with another. He concluded that female employees were more satisfied than their male counterparts with their pay and those with lower educational level were least satisfied. But when the gender descriptor was studied in USA totally different results were obtained. Result showed that females were least satisfied with their pay than male participants (Graham & Messner, 1998).

Yousaf (1998) indicated a significant positive correlation not only between job satisfaction and job performance but also among job satisfaction and organizational commitment and concluded that more the employees are satisfied with their job greater will be there organizational commitment and better will be their job performance.

Bishay (1996) postulates that if employees are satisfied with their work they will show greater commitment. Conversely, dissatisfied workers with negative attitudes will ultimately leave the organisation.

Harris (1995) surveyed a national sample of over 1000 American teachers and found only seven percent very satisfied with the profession, compared to 38% who were somewhat satisfied or very dissatisfied and indicated they would change careers in the near future.

Khalid Latif, Dr. Nadeem Sohail and Muhammad Shahbaz, has studied on Job Satisfaction among Public and Private College Teachers. They found that there were significant differences in job satisfaction between public and private college teachers. The Public college teaches are more satisfied with the six components (educational qualifications, nature of work, pay, job security, promotional opportunities and family & work life balance) of job satisfaction while private college teachers were not satisfied.

Objectives

1. To identify impact of various factors on the job satisfaction and amount of variance in academicians overall level of job satisfaction explained by these factors.
2. To estimate the overall job satisfaction of academicians

based on certain important extracted factors.

3. To measure effect of gender and employees category on satisfaction level of academician.

Research Methodology

- **Method of data collection :** Primary data is collected through structured question naire and personal interview method in Surat city. Respondents were asked to complete twenty seven statements of Likert scale from 1 (Strongly Agree) to 5 (Strongly Disagree) along with personal information.
- **Sampling Technique :** Convenient sampling was used to select the sample.
- **Sample Size :** 100 academician
- **Analysis of Data :** Factor Analysis was performed to identify the factors affecting job satisfaction of academicians. Reliability test was also measured to check the consistency of extracted seven factors. Multiple Regressions was used to estimate the job satisfaction of academician based seven factors. Independent T test was used to measure gender effect on job satisfaction. Chi square test was used to test the difference in job satisfaction level of self-financed & government institutes staff.
- **Limitations :** The study is limited to Surat city only. For further this topic can be extended to other cities or state level or considering other factors which may not be covered in this work.

Data analysis

Factor analysis

The result of Table 1 shows that KMO (0.801) and Bartlett's test of Sphericity (Chi square 1212.077 and Significance value 0.000) indicate that factor analysis done with 27 variable is effective.

There were six factor extracted by using the method of principle component analysis and rotation method of varimax with Kaiser Normalization criteria Eigen value more than one. The results of factor analysis are shown in Table 2 and Table 3.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.801
Bartlett's Test of Sphericity	Approx. Chi-Square	1212.077
	Df	351
	Sig.	.000

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.176	30.281	30.281	8.176	30.281	30.281	4.349	16.106	16.106
2	2.461	9.114	39.395	2.461	9.114	39.395	3.243	12.010	28.116
3	1.811	6.708	46.103	1.811	6.708	46.103	2.790	10.334	38.451
4	1.440	5.332	51.435	1.440	5.332	51.435	2.161	8.004	46.455
5	1.308	4.845	56.280	1.308	4.845	56.280	2.075	7.686	54.140
6	1.138	4.215	60.494	1.138	4.215	60.494	1.716	6.354	60.494
7	1.020	3.778	64.272						
8	.929	3.440	67.712						
9	.901	3.336	71.048						

10	.868	3.215	74.263						
11	.802	2.972	77.234						
12	.728	2.697	79.932						
13	.646	2.392	82.324						
14	.580	2.147	84.471						
15	.550	2.038	86.510						
16	.523	1.936	88.446						
17	.440	1.629	90.075						
18	.412	1.528	91.603						
19	.377	1.398	93.001						
20	.365	1.353	94.353						
21	.329	1.220	95.573						
22	.261	.965	96.538						
23	.241	.894	97.432						
24	.224	.828	98.260						
25	.202	.747	99.007						
26	.164	.608	99.615						
27	.104	.385	100.000						

(Source: Author; based on data collected)

It can be concluded that these six factors extracted from the 27 variables are explaining about 60% of variance.

Table 3: Rotated Component Matrix

	Component					
Variables	**1**	**2**	**3**	**4**	**5**	**6**
Rewarded for good performance	.766					
Senior management treats employee fairly	.721					
Clear policy	.719					
Satisfaction of job	.654					
Salary is fair and sufficient	.637					
Principal suggest to improve my teaching	.558					
Routine activity		.692				
Receive recognition for my teaching		.680				
Principal give me assistance when i need		.673				
Freedom to take my own decision		.598				
Receive recognition from principal		.589				
Colleagues stimulate me to do better work			.735			
Colleagues are friendly and trustworthy			.691			
Friendship among my colleagues			.685			

Like the people with whom i work			.549			
Frequently think of quitting this job				.821		
Proud to say i am part of this institute				.712		
Equally treat employees					.706	
Seeks employee's opinion					.553	
My work does not make me stressed						.754
Provide adequate facilities		.517				.550

Extraction Method : Principal Component Analysis.
Rotation Method : Varimax with Kaiser Normalization.

(Source: Author; based on data collected)

It can be concluded that factor 1 has variable related to the reward and supportive environment, factor 2 has a variable related to principal's approach, factor 3 has a variable related to peer relationship, factor 4 has a variable related to loyalty towards organization, factor 5 has a variable related to equality in treatment and factor 6 has a variable related to stress level.

Reliability analysis

The reliability test is used to measure the reliability of factors extracted from factor analysis. The result are shown in Table 4. To measure the reliability of items loading into six factors, Cronbach's Alpha was calculated. The value of six factors were more than 0.05, which indicates that the factors are consistent and reliable.

Table 4: Reliability Test

Factors	Cronbach's Alpha	No. of items
1	0.825	6
2	0.805	6
3	0.698	4
4	0.646	2
5	0.581	2
6	0.646	2

Regression analysis

Multiple Regressions was used to perform analysis of factor score for six factors as an independent variable. The dependent variable was the satisfaction level. The regression analysis is to find out for the prediction of job satisfaction of college staff.

Hypothesis

H0: There is no significant effect of six factors on job satisfaction of college staff.

The following regression model was used to measure the effect of six factors on job satisfaction level.

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + e$$

Where

Y = Relative changes in job satisfaction level

X1 = Reward and supportive environment, X2 = Principle's approach, X3 = Peer relationship, X4 = Loyalty towards organization, X5 = Equality in treatment, X6 = Stress level, E = Error term

Table 5: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	.794[a]	.631	.608	.444	1.734

a. Predictors: (Constant), Stress level, Equality in treatment, Loyalty towards organization, Peer relationship, Principal's approach, reward and supportive environment

b. Dependent Variable: satisfaction of current job

Table 6: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.746	6	5.291	26.809	.000[a]
	Residual	18.551	94	.197		
	Total	50.297	100			

a. Predictors: (Constant), Stress level, Equality in treatment, Loyalty towards organization, Peer relationship, Principal's approach, reward and supportive environment

b. Dependent Variable: satisfaction of current job

Table 7: Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.238	.044		95.865	.000
	Reward and supportive environment	.453	.044	.638	10.193	.000
	Principal's approach	-.021	.044	-.029	-.468	.641
	Peer relationship	.117	.044	.165	2.639	.010
	Loyalty towards organization	.210	.044	.296	4.726	.000
	Equality in treatment	.192	.044	.270	4.314	.000
	Stress level	.132	.044	.186	2.971	.004

a. Dependent Variable: satisfaction of current job

(Source: Author)

The analysis of model summary in Table 5 shows that job satisfaction of college staff is very well explained by the regression model as evident from d R^2 value of 0.631. The model shows 63% of the variations in job satisfaction level can be explained using six factors. The value of Durbin Watson shows 1.734 (less than 2) indicated that there is no presence of autocorrelation.

The ANOVA Table 6 shows validity for linear equation/model. The p-value is less than 0.05 which shows that the model is valid for using linear regression. The p-value is less than 0.05 which means that we fail to accept null hypothesis and there exist the relationship between job satisfaction and six factors.

The regression coefficient in Table 7 shows whether six factors are having capacity to predict the job satisfaction of college staff and the extent of the contribution power. All the factors are statistically significant with p-value less than 0.05 except principal's approach which means that we fail to accept null hypothesis and there is a relationship between six factors and job satisfaction level of college staff.

Job satisfaction = 4.238 + .453 Reward and supportive environment – 0.021 Principal's approach + 0.117 Peer relationship + 0.210 Loyalty towards organization + 0.192 Equality in treatment + 0.132 Stress level.

Independent T test

Here the researcher would like to test the mean difference between gender and job satisfaction level of academician. Hence, independent t – test was used to test whether mean of job satisfaction level were statistically different from each other or not. To use independent t – test, the researcher has tested the normality of data by using Kolmogorov Smirnov test. The significant value was greater than 0.05, which shows that the data were normally distributed. The researcher has proposed the following hypothesis.

H0 : There is no difference in mean of job satisfaction level between male & female.

H1 : There is a difference in mean of job satisfaction level between male & female.

The following table shows value of independent t – test and significant value.

Table 8 : T-test for Equality of Means

						95% Confidence Interval of the Difference	
	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Equal variances assumed	1.233	99	.221	.178	.145	-.109	.465

From Table 8, it can be concluded that there is no difference between job satisfaction level of male & female. The researcher thus fail to reject the null hypothesis because the significant value is more than 0.05. The mean difference between male & female is statistically insignificant. Hence male & female are same in satisfaction of their job. There is no problem and difficulty to educational institute in developing common plan for male & female.

Chi-square Test

Table 9 shows the relationship between job satisfaction level and staff of self-financed & government institutes. Chi square test was used to test whether the job satisfaction level differs in staff of self finance & government institutes. The researcher has proposed the following hypothesis.

H0 : The job satisfaction level and employees category are independent.

H1 : The job satisfaction level and employees category are dependent.

Table 9: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.482[a]	2	.786
Likelihood Ratio	.497	2	.780
Linear-by-Linear	.001	1	.982
Association N of Valid Cases	100		

From Table 9, it can be concluded that the job satisfaction level and employees category are independent. The researcher failed to reject null hypothesis because the significant value is more than 0.05.

Conclusion

From the study it has been found that the six factors of reward and supportive environment, Principal's approach, Peer relationship, Loyalty towards organization, Equality in treatment, and Stress level were important for job satisfaction of college staff from factor analysis. These six factors explained about 60% of variance. The six factors found were reliable and consistent also. The regression analysis explained about 63% prediction power by using six factors and all were statistically significant except "Principal's approach". Gender is independent from job satisfaction. There is no difference in the satisfaction level of self-financed & government institute staff.

Implications & Conclusion

This study is important for educational institutions to frame various policies for the satisfaction, retention and development of their staff.

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HR & OD needs and practices in MSMEs

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Abstract

Gujarat is known for its enterprising spirit. Gujarat being one of the most industrialised states in India envisages holistic industrial growth through MSME competitiveness. As on December 2012, Gujarat has about 4,00,000 registered MSME units employing more than 18,00,000 people. It is important that these MSMEs remain healthy for sustainable growth of this sector from a long term horizon.

With this concern in mind, an attempt has been made to research and look at what issues are serving as bottle necks to their growth and what are the possible interventions and initiatives that must be taken to help these SMEs overcome their problems so that they may grow their desired path and make an attempt to realise their expected contribution to the economy, be it at the National, State, or District level.

Based on the results of study of 30 MSMEs of Bharuch district, it was found that MSMEs are facing many people and HR processes related issues thereby not being able to compete in the market.

They need to change the way MSMEs work in order to meet the current market demands. Many companies are ready to apply various OD interventions to solve the problems and achieve organizational effectiveness.

Key Words: People based issues, HR sub-systems, OD Interventions.

Introduction

Bharuch district has approximately 45,000 people employed is MSMEs in various sectors namely, agro-based, food and soda water, cotton textiles, woollen, silk and artificial thread based clothes, wooden based, leather based, paper and paper products, chemical based, rubber plastic and petro based, mineral and metal based, engineering units, electrical machinery and transport equipments, etc, all put together about 10,600 units. In order that these units perform at expected levels, they must have right inputs to production and also the right processes of managing them. An attempt has been made to study the various people and production related processes with a view to appreciate the good practices and also to identify the areas that pose as challenges to the consistent performance and growth of these industries. The idea is to look at possible solutions in the form of OD interventions that could save or revive them as the case may be. An attempt has also been made to study in detail the internal as well as external conditions that prevent these MSMEs from adopting good HR practices and organizational changes for better growth.I take this opportunity to appreciate the good work done by my student Ms Disha Vin in helping me collect data for this study.

Introduction to MSMEs

The Indian industrial economy is largely characterized by a dynamic and versatile set of entrepreneurs, who though are small and medium in terms of scale of operations, make huge contributions of varied kind to the economy.

The MSME sector has the ability to make available cost effective, low-volume customized products and also enjoys flexibility in its working to deliver as per the specific requirements. The other typical behaviour of these MSMEs is that in most of the cases, depending upon their specialization, they have evolved as clusters.

While their importance is well established, with the changing focus from economic growth to inclusive growth, MSME sector's role in the socio economic development of India now needs to be understood, explored and facilitated further.

Currently, MSMEs share in national GDP is about 20%. This is due to the fact that over 55% of MSMEs are aggressively upgrading themselves technologically to reduce their input costs and increase production and exports. MSMEs had been growing at the rate of 35% over the last two years and now onwards are expected to register a 40% growth rate which will be technology driven and contribute 46% share to the country's manufacturing output.

MSMEs' share of national exports currently is estimated at around 38%, which will surge to 44% in the next five years. Currently, this sector accounts for 95% of industrial units and is contributing about 40% in terms of value addition in the manufacturing sector. More than 13 million MSMEs are spread over the country producing about 7,500 items and providing employment to more than 40 million people.

Small enterprise promotion has continued to remain an important integral part of Indian development strategy much before the First Five-Year Plan, even dating back to 1938 when the National Planning Committee documents were being prepared. The concerted policy emphasis upon small firms as a vital vehicle of progress draws upon this sector's crucial historical role in generating substantial employment and income at the regional level and acting as a shock-absorber during periods of economic crisis.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the MSMEs are classified in two classes:

a. Manufacturing enterprises: The enterprises engaged in the manufacturing or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation Act, 1951). The manufacturing enterprise is defined in terms of investment in plant & machinery.

b. Service enterprises - The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

Within the enterprises engaged in the manufacture/ production, processing or preservation of goods, a micro enterprise is one where the investment in plant and machinery does not exceed Rs. 25 lakh, a small enterprise is one where the investment in plant and machinery can be upto Rs. 5 crore, a medium enterprise is where the investment in plant and machinery can be more than Rs.5 crore but should not exceed Rs.10 crores.

For service enterprises, a micro enterprise is one where the investment in equipment does not exceed Rs.10 lakhs, small enterprise is one where the investment in equipment is more than Rs.10 lakhs but does not exceed Rs.2 crore, a medium enterprise is that where the investment in equipment is more than Rs. 2 crore but does not exceed Rs. 5 crore.

Challenges faced by the MSME sector

The MSME sector is faced by a number of challenges.

- Financial assistance/ Risk Capital: MSMEs, particularly the tiny segment of the small enterprises have inadequate access to finance due to a lack of financial information and non-formal business practices. MSMEs also lack access to private equity, venture capital and have a very limited access to secondary market instruments. With deregulations of the financial sector, the ability of the banks to service the credit requirements of the MSME sector depends on the underlying transaction costs, efficient recovery processes and available security.
- Credit issue: The main constraint which the MSMEs still face is the availability and high rate of credit. This is likely to get accelerated.
- Market orientation: MSMEs face fragmented markets in respect of their inputs as well as products and are vulnerable to market fluctuations.
- Accessibility to markets & technology: MSMEs lack easy access to inter-state and international markets. The access of MSMEs to technology and product innovations is limited. There is also a lack of awareness of global best practices among MSMEs.
- Delays in compensation: MSMEs face considerable delays in the settlement of dues/ payment of bills by the large scale buyers.
- Operation costs: Rising global cost of commodities continues to haunt the local manufacturers. In addition to rising inflation, the MSME sector has, in many ways become a 'talent pool' from which skilled labour and professionals are often fished to fill higher paying jobs in large domestic and international companies. As a result, MSMEs face higher recruitment and training costs while dealing with high employee attrition rates.

Special HR challenges in MSMEs

When big organizations go on a rampage, small ones have to think smart. It becomes very important for the MSMEs to benchmark various processes in order to remain competitive within the marketplace and ensure they can benefit from what their competitors are doing to stay one step ahead of the game.

Human resources are one of the most essential growth indicators for these organizations. The employees that surround the entrepreneur are mostly a tight group that communicates informally. There is a lack of formalization, structure and clarity when thinking of performance, training or reward management. More specifically, employees report a need for a transparent training and compensation policy and a standardized induction procedure for new employees.

The lack of "in place and streamlined" HR functions in these organizations come as a weakness when all the efforts invested in building a team become fruitless because of high attrition rates. There can be several reasons to this such as dissatisfaction with pay, HR policies and practices, lack of hygiene factors, employee loyalty issues, and the like.

External Conditions Affecting Organizational Development in the HR Arena

Munificence of Resources

A critical consideration in the external environment for Human resources is the munificence of resources in the environment. Scarcity of resources, human or otherwise, means that organizations cannot freely set productivity goals, work schedules, or economic goals.

Labour Availability

The scarcity of labour as in today's economy, should encourage programs to attract and retain labour. In a labour surplus, organizations may be drawn into programs that seek to increase the quality of the labour force that it employs and capitalize on employee involvement.

Competitive Environment

The way an organization competes and where it competes is based on skills that the competition does not possess in the same abundance as that of the organization. The development of these skills may lead to further genuine business opportunities that increase the organization's success in managing its relationship with the external environment.

Internal Conditions Affecting Organization Development in Human resources Arena

Developmental Stage of the Organization

The developmental stage or life cycle of the organization should be considered in creating development programs in Human resources. Whether the organization is new, growing functionally, in a state of controlled growth, functionally integrated, or strategically integrated, should affect the nature of the change contemplated and how the change will be implemented. This directly affects how processes are done and how human resources need to be trained to cope and master future developmental stages of organizational growth or decline.

Organization Size

Organization size directly affects the way the organization is structured, as well as the developmental needs of the organization and the processes they adapt. Size can create economies of scale or be a juggernaut to the organization's ability to interact with the environment. Organizational size can even dictate the services offered by Human resources and the processes by which people are evaluated in the workplace.

Organizational Structure and Complexity

Organizational structure and complexity can affect the information flow in the organization and create mismatches between the effective use of human resources and the demands of the environment. It needs to be determined as to what emphasis should be placed in regard to specialization, independence, standardization as also the nature of team structure, which essentially should be matched to the task, the technology, the environment, the managerial style and the degree of differentiation.

Organizational Climate/ Work Setting Characteristics

There are as many as 14 dimensions that constitute and describe the organizational climate. They include the dimensions of constraining conformity and propriety, responsibility, reward and feedback, task identity, emphasis on effectiveness, emphasis on change management, emphasis on crisis management, communication, formalization of job roles, standardization of tasks, role specialization, management control, centralization of authority, and technology.

Technology

Technology may be considered both an external and internal factor that affects Organizational Development in human resources arena. In one sense technology is an external pressure that affects the organization's development of skills to meet new environmental demands. From an internal viewpoint, technology will facilitate and affect the knowledge, information and skills necessary to complete tasks. Planned development of the workforce assures the organization of its ability to meet the technology demands and sustain competitive advantage.

The Perceived Role of human resources in Organizational Development

How the organization perceives human resources will also affect organizational development in this area. This would indicate also recognition of human resources' role in Organizational Development.

The Education/ Developmental Level of the Human resources Staff

The success of the planned intervention in either human resource development or processes is also dependent on the developmental level of the Human resources staff itself.

Why OD in MSME's

The following are the reasons why OD interventions are required in the MSME's:

- Concentration of functions as one/two member teams- typically a one man army in HR/ complete absence of HR function
- Lack of empathy or professionalism in dealing with people issues
- Nascent stage of people practices/ Labor intensive people practices
- Autocratic/ bureaucratic organizational design
- Reactive methods to solve people issues

OD Results

Below are listed some anticipated key benefits of OD interventions :

- Higher levels of motivation and increased performance
- People and process acceptance
- Positivism in the system
- Better organizational design
- Increase in value creation skills like emotional maturity, openness to receive feedback, "perception – prevention", data relevance
- Socialization skills in employees

Literature review

In his article on "Human resources Management Practices in Small and Medium Industries – an Indian Experience", Dr. K Sundar (2012) has tried to: i) explore the practices pursued in various dimensions of human resources management in the study units, and ii) suggest suitable measures to tone up the functioning of human resources management in the sample units located in Ambattur industrial estate, Chennai.

The author concluded that the absence of HR policy in MSMEs is the root cause of most of anomalies in HR spectrum. He suggested that a tie up with business schools, management training institutes and technical educational institutes and seeking HR expertise from HR consultants on critical issues could help to streamline the functioning of MSMEs. In his article, "Talent Management: The special challenges of small and medium-sized enterprises", David Creelman states that SMEs face some particular constraints; constraints that are more pronounced, the smaller the firm. These constraints are: lack of specialized expertise, fewer economies of scale, criticality of each hire and criticality of turnover. SMES also have important advantages that can make them the envy of larger firms namely case-by-case insight, few layers and a sense of belonging. He concluded that the talent-management challenges a company faces change over time. In the article: "Knowledge Management issues in knowledge-intensive SMEs", Miguel Baptista Nunes, Fenio Annansingh, Barry Eaglestone and Richard Wakefield state that while MSMEs, including knowledge intensive ones, acknowledge that adequately capturing, storing, sharing and disseminating knowledge can lead to greater innovation and productivity, their managers are not prepared to invest the relatively high effort on long term knowledge management goals for which they have difficulty in establishing the added value. Thus, knowledge management activities within MSMEs tend to happen in an informal way, rarely supported by purposely designed ICT systems. The study suggests that in order to implement an appropriate knowledge management strategy in MSMEs, cultural, behavioural, and organisational issues need to be tackled before even considering technical issues.

In their article: "The background and challenges faced by the small medium enterprises: a human resource development perspective", Siti Sarah Omar & Lawrence Arokia Samy, concluded that more management competencies are required for growth in small organizations compared to larger organizations. In this situation, small organizations failed to develop skills, knowledge and competencies among workers. This is mainly because of financial constraints and insufficient training.

Research Methodology

Problem Statement

Establishing the need for HR and OD interventions in MSMEs and how they will lead to organizational effectiveness.

Objectives of the Study

1. To learn the HR practices that are currently practiced in MSMEs
2. To identify major challenges as well as people related issues faced by MSMEs in relation to the lack of organizational effectiveness as compared to large scale enterprises.
3. To know the entrepreneurs' own satisfaction level with one's own business and reasons thereof
4. To identify which OD interventions would apply to help the organizations to increase effectiveness.

Research Design

The research design being used is Exploratory research.

Sources of Data

Only primary data has been used during the research.

Data Collection Message

Quantitative data collection method through the use of a structured questionnaire has been used.

Sampling Method

For the purpose of the research Non-probability convenience sampling has been used.

Sample size

The sample size used is 30 MSMEs.

Sampling Frame

Sample frame for research was the MSMEs in Bharuch and Ankleshwar

Findings

A. HR practices existing in these organizations

a) Recruitment

- They advertise/communicate their manpower requirements by putting advertisements in newspapers/on website/on a company gate/through employee reference/ employee exchange /through letters/ private placement bureau/ Jilla rojgar vinamra kacheri

- They also keep an inventory of applications and use them where need arises.
- They reach the market through consultants/ fixed clients

The issues or problems that get resolved therefore are:

- Issues related to locating suitable candidates as per requirements
- Availability / ease of locating the best fit HR/ personnel
- Saving of time in getting replacement/ new employees

b) Practices on Salary-wages structure/perquisites

- They pay minimum wages
- All employees are covered under ESI scheme
- They provide accident insurance / health insurance / life insurance to their employees
- They give uniform and woolen garments etc. to their employees
- They give bonus to the employees and teach the method of calculation
- They give various allowances: DA/ HRA / Production incentives / presence allowance / tea allowance

c) Reward

- They follow time wage system.
- They acknowledge & praise in front of others
- They also give a consolidated reward package

The results therefore are:

- Good productivity
- Better efficiency

d) Training & development

- They impart functional training

e) Performance evaluation

- Employees are explained what is required to be done and how in the beginning of every day
- They discuss what went wrong and what went good at the end of the day with each employee before they leave
- They walk up to the employees' work station and mentor their performance frequently/ at times/ not at all
- They discuss the problems employees face during their work

f) Engagement/ Welfare activities

- They give safety gadgets to all employees
- They conduct health check up program
- They provide hospital facilities

g) GMP (Good manufacturing practices)

- The equipments / machines are always in good working condition and without any safety hazards
- They give satisfactory guidance/ problem solutions whenever the employees require the same
- They assure adequate light and ventilation to employees at their work station
- They give adequate safety gadgets to provide safety at work
- Adequate measures are taken to ensure workplace safety and safe working condition
- They motivate employees to learn more about their functions
- Positive feedback is given in case of good work done

h) Retention

- When employees talk about leaving the company they are counseled and asked not to leave
- They behave not only like a good team but like a family and are sensitive to the smallest need of each employee and hence are proactive in case of retention
- Additional non-monetary benefits are extended in order to retain the good employees

i) Quality Management

- Preventive maintenance is done regularly as per schedule
- Zero accident situations are created

j) Value system

- There is two-way communication in the organizations
- Employees' suggestions and feedback are treated very seriously
- They are very transparent in their workplace decisions

k) Production planning & control

- They review each job before and after it is completed
- They have a well laid system of recording production variations/ resource problems/ unanticipated troubles/ lack of skills etc so that improvements/ corrections may be made
- Advance planning is a habit and so no material crunch is faced

B : The main 'people related' issues which are faced by MSMEs

- The proportion of unskilled and semi- skilled to skilled labour is very high
- Absenteeism is not only high but is also without prior information
- Due to lack of availability of manpower/exodus of manpower /the remaining less manpower is over stressed leading to inefficiency and reduced output /productivity.
- Inspite of uninformed absenteeism, no disciplinary actions can be taken due to fear of losing them leading to care freeness & disobedience among workers.
- Employees have reluctance to hard work and they leave because of availability of good opportunities with extra benefits in large scale
- The local labourers are not ready to work at the wages offered
- In absence of local labour, outstation labour has become mandatory & it has its associated costs & liabilities.
- Employees are not educated on health related issues, leading to employees having unhealthy habits leading to absenteeism, etc.
- They have not been able to instill in them an understanding that the cost of rejection is too high and that it impacts upon the profitability of the firm.
- They are not providing skills training to their employees (as regards ability of trouble shooting etc) due to some financial constraints.

C: Level of Satisfaction with one's own achievement at business and reasons there of

More than 50% of the industries feel that they have not been able to reach to their expected levels of business/ match their vision. The reasons may be interpreted from the following analysis:

1) For the industries that have achieved their vision/ expected levels of growth the reasons were:

a) They could optimally utilise their production capacity due to following reasons:

- Use of latest technology
- Skilled workforce
- Market growth and hence increase in Market Demand
- Business expansion
- Increased scope of business
- Improved financial conditions
- Good infrastructure
- Visionary leadership
- Increase in plants and equipments
- Expansion & redesign of plant area
- Frequent audit of corporate customer and statutory body
- Enhanced experience with time

b) They could realize a better sales turnover due to:

- Market growth and growth in demand
- Diversification from ethical marketing to franchisee marketing
- Increased production capacity
- Cost advantage on account of availability of cheaper inputs
- Good marketing efforts
- Seasonal effects
- Increase in permanent customers

c) The meantime between failures

- Most companies have very high meantime between failures due to timely maintenance of equipment which is the sign of good productivity and efficiency.

d) Evaluation of their own delivery periods:

- Almost all companies are delivering as per their supply schedule. Very few companies get staggered schedule.
- 50% of the companies often try to make early delivery to retain their customers.
- 30% companies almost manage early delivery.
- Only 20% of companies however, rarely meet their delivery schedules.
- Most companies maintain stocks to cope up with situation of excess demand and in order to make early delivery.

e) Quality of Supplies

Overall, the quality of supply is good as they are very consistent and meeting their quality norms. They also try to reduce the repetitive defects by proper maintenance and even visit their customers' site to know their demand for quality, quantity or product design if needed.

2) However, the remaining 50% of companies could not achieve desired results because of :

a) Under Utilisation of Production Capacity due to:

- Market recession
- Labor problem
- Lack of machinery

b) Manpower turnover due to:

- Decreased production
- Good opportunities in industries in Dahej
- High wages with extra benefits offered industries in Dahej
- Competitive industrial environment
- Non- adaptability to automation / technological advancement
- Increase in work load
- Low income in comparison to the high cost of living/ basic requirements
- Lack of opportunities / challenging jobs
- They do not want to do hard work
- Personal reasons

c) Procurement of raw materials / spares:

- Non-availability in turn makes their procurement costly
- Frequent changes in suppliers as a result of looking for cheaper systems leads to variation in quality and also interpersonal relations with suppliers

d) Trouble shooting skills :

- 75% of the companies have problems in trouble shooting in case of breakdowns, leading them to engaging external sources thereby adding to their costs

e) Market Characteristics :

- Most companies feel that the markets are very fluctuating and inconsistent leading to financial crises

f) The major reasons of dissatisfaction as regards their business are:

- Market driven failure relating to demand fluctuations
- Stiff competition and lack of growth opportunities
- Lack of investment capacity in technology
- Lack of financial resources
- High cost of sources of fund
- Lack of motivation/incentives to the manpower
- Non availability of right labour

3. Satisfaction with one's ROI:

50% of the MSME owners are not satisfied with the return on their investments but still they keep themselves going. The reasons for the same are:

- There are no other alternative job opportunities
- They are dreaming to associate as an ancillary to some big organizations
- They have an intension to make both ends meet

4. Expectations of customers as regards product offerings:

Almost all companies are aware of generally what the customers expect from them in exchange of their spending i.e. quality packaging, technological upgraded products, on time delivery, cost and good manufacturing processes. However, only around 60% of them invest in technological upgradation and only 40% of them observe good manufacturing practices. Only about 60% of them care to have trained manpower so that they may satisfy their concern for quality supplies to customers.

5. Areas of conflicts between:

- Business owners and suppliers/ customers: price and quality
- Business owners and government offices: legal procedures
- Business owners and Employees: leave and salary of employees and Transportation facilities which are absent or inadequate.

6. Overall Satisfaction level as an entrepreneur:

Approximately 65% entrepreneurs are highly satisfied with their success whereas 35% have medium satisfaction due to stiff competition, non availability of right labourers and lack of growth opportunities.

Conclusion

- MSMEs are facing many people related issues and they are not able to compete the market due to lack of proper HR practices.
- They need to change the way MSMEs work in order to meet the current market demands. Many companies are ready to apply various OD interventions to solve the problems and achieve organizational effectiveness.

Recommendations

The following OD interventions may be exercised to attain organizational effectiveness:

a) Goal congruence under MBO

- Each employee should be explained how important his / her role is for organizational growth.
- One should be made to understand what one will gain if they perform well & the organization grows.
- A team meeting should be held frequently to discuss any innovative/ creative measures taken by any single employee in the direction of achieving organizational goal.

b) Team building

- The employees should be trained to support each other in case of difficulty at work and not be indifferent to each other's needs, shortcomings.

c) Process consultation

- The employees should be motivated to brainstorm among themselves and identify what went wrong and also identify what corrective actions need to be taken.
- Expertise should be developed in-house for effective trouble-shooting so as to diagnose problems easily.

d) Quality control

- Regular training should be imparted to all employees on quality matters.
- Each process and each task should be standardized to assure quality always.
- An ISO 9000/ ISO 14001/ 8000 certification process should be undertaken.
- Quality achievement should be appropriately rewarded.

e) Goal setting

- Each one when he/ she joins the organization should be appraised about the organization, its structure, functions, culture and practices, market/ Customers etc. So that each one sees a role for themselves in the organization.
- Adequate modifications in systems and structure as well as policies should be made from time to time to create a suitable work platform and work environment to suit the changed / modified goals of the organization.

f) Survey research & feedback

- An ongoing feedback should be taken informally from all employees regarding their satisfaction with the various organization systems and practices.
- The employees should be given feedback about the organizational practices of better/good performing industries / competitors.

h) Leadership style

- A teamwork style should be adopted as that is the only way to sustain and grow the nature and size of business that they are in.

i) High performing work systems

- A typical/ unique achievement of any one employee should be shared and discussed with the others in order to motivate others to perform to high standards
- Employees meeting high standards of performance should be favourably rewarded thus building a culture of high performance.
- The work systems should be well designed, minutely standardized to give high performance by most.

k) Transactional analysis:

- Irrespective of position, age, experience no one should be allowed to use unofficial language.
- Every employee should be required to participate in the work/ system/ organization related discussion with a high amount of self-esteem without the fear of being ridiculed.

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Are Indian leaders culturally Adaptable?

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Abstract

Individuals are embedded into cultures since childhood through the habits evolved by their elders and their notions. A notion as to which system is better for their family and organization. A nation's culture is based on its natural resources, religions, history and the geographical boundaries.

The author in the present paper intends to discuss a few of the cultural dimensions and their leadership styles/impact in the organizations in India based on a study of the literature review.

Key words: Cultural dimensions, leadership, power distance, masculinity, femininity, Gen X and Gen Y

Are Indian leaders culturally adaptable?

'...You need to become cultural literate – not by reading about different cultures but by traveling more and visiting more different occupational groups....it's by travelling, but travelling not just physically but psychologically ..'

- Edgar Schein, a senior Professor at MIT, Nov 29, 2011.

Objectives of the paper

The objectives of the paper are:

1. To bring out the various dimensions globally as well as in India related to the cultural dimensions and leadership styles through a study of literature.
2. To understand whether Indian leaders are culturally adaptable.

Culture- Its concept and dimensions

Culture can be conceptualized as 'shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations' (House et al., 2004, p. 15). Geert Hofstede (1980), defined culture as, 'Culture is not a characteristic of individuals; it encompasses a number of people who were conditioned by the same education and life experience. When we speak of the culture of a group, a tribe, a geographical region, a national minority, or a nation, culture refers to the collective mental programming that is different from that of other groups, tribes, regions, minorities or majorities, or Nations (p. 12).' Or rather a 'collective programming of the mind.' (Hofstede).

Culture is a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems. (Edgar Schein).

Donal Carbaugh defines culture as 'a system of expressive practices fraught with feelings, a system of symbols, premises, rules, forms, and the domains and dimensions of mutual meanings associated with these.'

Culture is the patterned ways of thinking, feeling and reacting and the total life way of a people, the social legacy the individual acquires from his group (Kluckhohn 1964). Employees' expectations, behaviour and performance may differ between various cultural groups (Redding, 1990).

In each of these definition, culture is linked to communication and a wide range of human experience including feelings, identity, and meaning-making.

Cultural shift or change occurs whenever there is a change in the political, socio-economic changes, technology, natural calamities or with the upcoming newer generations. Cultures are not static; they are dynamic and continually evolving. Organizational culture also changes with cultural shift. With the changes in technological complexity, the leadership task has changed. Leadership in a networked organization is a fundamentally different thing from leadership in a traditional hierarchy. (Edgar Schein)

Adler (2008) questions whether organizations are becoming similar or maintaining their cultural dissimilarities as a result of globalization when organizations are becoming more similar, the behaviour of people remains culturally different.

Schein (1990) believese that organisational culture, more than any other factor, dictate an organisation's ability to survive and succeed. Organisational culture is referred to as company, workplace, or corporate culture (Linstead and Grafton-Small 1992).

House, Wright and Aditya (1997) adopted a more specific definition of culture as 'distinctive normative systems consisting of modal patterns of shared psychological properties among members of collectivities that result in compelling common affective, attitudinal, and behavioural orientations that are transmitted across generations and that differentiate collectivities from each other.'

Organizational culture

Organizational culture has been described as 'a riddle wrapped in a mystery wrapped in an enigma' (Pettigrew 1990). Then what constitutes an organizational culture?

Today the workplace is no longer dominated by the few developing nations, in fact it is the other way round and more importantly it is the BRIC nations which will rule the roost in the coming years in terms of technology, leadership and culture. While the world has become a small workplace, it is but important to know what in the culture makes people work? Kotter and Heskett (1992) have rightly identified the adaptive culture as the 'optimal' organizational culture and stated 'only cultures that can help organizations anticipate and adapt to environmental change will be associated with superior performance over long periods of time'.

The various above definition, statements by the different authors, all constitute culture.

Leadership, organization structure, power distance, innovation, risk taking, teams, teamwork, leadership, structure, innovation, job performance, planning, communication, environment, humanistic workplace, development of the individual, aggressiveness, etc.. all are the dimensions of culture.

Jung et al., in their working paper 'Instruments for the Exploration of Organisational Culture', have suggested that there are more than 150 dimensions of orgnisational culture . It is important to understand these dimensions for an organisation when it is planning to enter into a new territory (country) so as to know which dimension can have a greater impact.

Global Leadership and culture

While talking of global leadership, can culture be far behind?

Global leadership has been defined as- being capable of operating effectively in a global environment while being respectful of cultural diversity.

The only thing of real importance that leaders do is to create and manage culture (Schein, 1990 & 1992). Bass and Avolio (1993) assert that leadership and culture are so well inter-connected that it is possible to describe an organisational culture characterized by transformational qualities.

Hodgetts (2003) states that leadership behaviour influence the cultures among organization. He concludes leadership behaviour and organizational culture as an important issue for the whole business world in the recently year.

Leaders that are required to work in this globalized world are effective only if they are capable of understanding cultural differences and behave in ways that are appropriate in each experienced culture. An effective global leader must be culturally aware and adaptable. This means that they need to be grounded in how different cultures operate and accomplish organizational objectives. (Fulkerson, J. R. (1999).

Leadership (Williams and Hazer, 1986) and organisational culture (Trice and Beyer, 1993) were shown to have significant impact on both job satisfaction and organizational commitment. (Lok and Crawford, 1999, 2001). Leadership behaviour effect a change of organizational culture in working environment. Ruvolo (2004) indicated that leader's abilities and knowledge of organizational culture could achieve organizational goals.

Research indicates that cultural dimensions have a significant influence on transformational leadership behaviour; managers need to learn culture and modify their behaviour to lead their subordinates effectively. As education and technology have reached greater heights, it is but necessary that leaders be aware and change according to the necessities of the followers.

Lok and Crawford (2004) state that national culture and leadership have an influence on organisational leadership styles, organisational culture and their subsequent effects on employee's job satisfaction and commitment.

Pettigrew (1997) argues that most prominent link between leadership and cultural development can be found in new companies that have an entrepreneur at the helm.

Schein (1992) advance that organisational culture, more than any other factor, dictate an organisation's ability to survive and succeed.

As subordinates become more diverse, leaders must enhance appreciation for human diversity. By communicating with diverse individuals, leaders can understand opinions of their followers, and establish a good relationship with followers (Weng Kun Liu). This age of rapid change, calls for a new kind of leadership to enable organizations to transform and cope with the changes (Tichy and Ulrich, 1984). This new brand of leaders must have the ability to help the organization develop a vision of what it can be, to mobilize the organization to accept and work towards achieving the new vision, and to institutionalize the changes that must last over time. These new leaders are called transformational leaders. (House et. al., 2004).

Organisational culture instruments and dimensions

Culture is largely dependent on and influenced by temporal and socio-cultural contexts. (Jung et.al 2007). Organisational culture instruments were developed to measure the various dimensions and these (e.g. FOCUS, GLOBE, Perceived Cultural Compatibility Index), have helped organisations in knowing which particular dimension underplays or works with a particular organization or nation. Geert Hofstede while working at the IBM, was the first to work on organisational culture. He conducted a survey on the employees at the IBM (all were employees from more than over 40 countries). He identified 4 dimensions from over 117,000 IBM employees - 1. Individualism-Collectivism, 2. Masculinity-Femininity, 3. Uncertainty – Avoidance and 4. Power Distance. Later he added 2 more dimensions to his work - the Long and Short Term orientation (Confucian dynamism) and the Indulgence- Restraint, which has not been of major interest among scholars as were the other four dimensions.

Another important work in cultural dimensions is that Robert House's GLOBE - Global Leadership and Organisational Behaviour Effectiveness, although , developed in the US, the project is international; it measures cultural variables and their effects on leadership, and the organisational processes. It was conducted in the Food industry, Health and Manufacturing industries in over 61 countries with the help of management scholars and social scientists. The major constructs investigated in the GLOBE research program are nine attributes of cultures, which are operationalized as quantitative dimensions: (1) Uncertainty Avoidance, (2) Power Distance, (3) Collectivism I: Societal Emphasis on Collectivism, (4) Collectivism II: Family Collectivisitic Practices, (5) Gender Egalitarianism, (6) Assertiveness, (7) Future Orientation, (8) Performance Orientation, and (9) Humane Orientation.

Cultural dimensions and their leadership styles/impact in the organizations in India

The researcher would like to discuss a few of the cultural dimensions and their leadership styles/impact in the organizations in India.

India, the second most populous country in the world, a developing country, and a country where the local dialect changes every 400 kms, is one of the world's largest English speaking countries, thanks to the colonial rule for over a century. The major religions of the Indians is Hinduism, Christianity and Muslim and other religions like Buddhism, Sikhism, Jainism are region specific. After the Liberalisation policy of the Indian Government in 1992, trade with foreign countries has been made easier. Foreign countries have always found India, as a country of unique blend of religions, languages, even highly proficient English speaking, highly educated masses in their local language, computer -savvy, unemployed, cheap labour, and a nation majoring in youth population and their ability to adapt to new languages and the circumstances, situations. Hence, India is a perfect hub for the IT and the ITES companies, the major places being Chennai, Pune, Hyderabad, Noida, Gurgoan, Bangalore, etc . Women are an important constituent of the workforce; recent times have seen many women CEOs and women entrepreneurs.

The multiplicity of languages, religions, the geographical distinctions and the states and Union Territory of the Indian Union and difference in the education levels in the country makes it an ideal setting to have the study of cultural dimensions in India as a separate project.

Whether it is the Gender Egalitarianism of House's GLOBE or the Masculinity-Femininity of Hofstede's Cultural Dimensions, both look into the same perspective of a particular dimension. This dimension gives the impression that how the leader should act. Agreed that the workforce today is educated, technology- savvy and very individualistic in their outlook, but which tactics should be used to elucidate the work from the employee...is a major question asked by many.

Masculinity versus femininity dimension of organizational culture

Looking at culture from a gender perspective, Adler (1997) says that there should be feminization of global leadership, not only because of the increasing number of women in leadership positions but also because of the relevance and wide expansion of leadership traits and qualities that have traditionally been predicted as femininity - such as cooperation, participation, and relational styles. The global leadership cannot be defined any more in terms of the masculine ideal or the American ethos. Self-leadership needs also to be reconsidered, particularly in light of two dimensions of culture proposed by Hofstede: individualism/collectivism and masculinity/femininity.

Masculinity pertains to societies in which social gender roles are clearly distinct (i.e., men are supposed to be assertive, tough, and focused on material success whereas women are supposed to be more modest, tender, and concerned with the quality of life. Femininity pertains to societies in which social gender roles overlap i.e., both men and women are supposed to be modest, tender, and concerned with the quality of life.

Masculinity versus femininity refers to the 'division of emotional roles between men and women' (Hofstede, 2001, p. 29). Managers who displayed masculine traits were objective, authoritative and favoured more (Wajcman, 1998) than those who displayed 'feminine' traits as collaboration and supportiveness (Schein, 1973, 1975).

Masculinity and femininity results from socialization. Masculinity refers to societies that value assertiveness, toughness, material and economic aspects of life. Femininity represents cultures that emphasize nurturing, care for others, social relationships, and quality of life. In other words, masculinity gives emphasis to tasks whereas femininity emphasizes on relations. In masculine cultures, men and women tend to have different roles; men are expected to focus on performance while women are expected to focus on relationships. High masculine countries are differentiated by the higher job stress, belief in individual decisions, challenge and recognition at work place and working for bigger organizations, rather than small companies.

Hofstede (1980) mentions that in masculine societies, business organizations tend to have masculine goals and promote men, whereas hospitals tend to have feminine goals and promote more women to nurturing-type positions. In feminine societies men and women are expected to have similar roles, promotion is merit-based, quality of life and people are important, and both men and women are expected to care about job performance and relationships. Furthermore, in feminine cultures, women have less resistance in accessing jobs, getting promotions, and balancing career and family life (Hofstede, 2001).

Due to competition, the survival at work place has become the survival of the fittest. Women develop a leadership style which is typically masculine and fits better in the hierarchical and social structures, often referred to as male-dominated (Acker, 1989). There is an understanding that females are showing change in feminine and masculine characteristics over different generations (Kamlesh Singh and Priyanka Agrawal, 2007). The formation of social identities, masculine and feminine, and their reflection on group behaviour within organizations has a direct impact on the exercise of leadership (Eagly & Chin, 2010).

The nature of role played by males and females brings to the fore differences in personalities and temperaments developed from social practices which recognize people as different in a socially significant manner. Geber (1987) found that gender socialization played a significant role in associating masculine traits with leadership.

Masculinity can be performed by women who are in positions of power and have achieved success (Billing & Alvesson, 2000). Kanter (1993) acknowledges that as women move up the ladder of success, they abandon their feminine traits and adopt a more masculine mode of operation which is in consonance with the role expected from them which is 'a set of behaviours, attitudes, and motivations culturally associated with each sex'.

Men have been attributed to employ hard influence tactics considerably more than women.

As per the Hofstede Centre, India scores a 56 on the Masculinity versus femininity dimension of organizational culture, meaning that India is very masculine in terms of visual display of success and power. As a concept developed in the USA, masculine society emphasizes self-leadership and the enhancement of personal effectiveness that is mostly based on tasks. Eagly, et al. (1995) described gender congeniality as 'fit between gender roles and particular leadership roles' (p. 129). Task-oriented leadership has been associated with men (Eagly & Karau, 1991 and Eagly & Johnson, 1990). Cleveland, Vescio, & Barnes-Farrell (2005) argue that women are given jobs which require less technical skills. It was found that in a male-dominated environment, such as the military, men are more task-oriented and in a female-dominated environment, as nursing, females are more task-oriented (Eagly, et al., 1995).

Indian managers, adopt a soft, subtle and informal style of influencing their team members (Singh & Singh, 1994). Women have been found to use a more participative style of leadership while men, a more task oriented style (Eagly & Karau, 1991; Eagly & Johnson, 1990). Based on the relational aspect of leadership and urgency of the task, both these styles are essential for leaders. One falls under the interpersonal category and the other, under authoritarian. Most of the organizations, in the Indian context, are moving from authoritarian to democratic and participative style of leadership (Singh & Singh, 1994). It has also been found that in India , the nurturing style of leadership greatly impacts organizational commitment (Ansari, 1986) and HR effectiveness. Women can then be escalated to positions which require a mindset typical of the job and not gender.

Power distance as a cultural dimension

Power distance is another cultural dimension which affects the leadership practices and in turn- the organization. Hofstede describes power-distance as 'the degree to which less powerful members of institutions and organizations accept that power is distributed unequally.' In very high power distance cultures, the lower level person will unfailingly defer to the higher level person, and feel relatively ok with that as it is the natural order. The higher level person accepts this truth as well - or metes out consequences for failure to comply. In low power distance cultures, everyone expects to be listened to regardless of rank or background, and they will reject leaders whom they perceive as autocratic or patronizing.

Job level is less strongly related to job satisfaction in a low power distance context than in a high power distance context (Robie, Ryan, Schnieder, Parra & Smith, 1998). Subordinates in high (rather than low) power distance societies are more reluctant to challenge their supervisors and more fearful in expressing disagreement with their managers (Adsit, London, Crom, & Jones, 1997).

In developing countries, mostly in the Asian culture, it is expected that an unequal distribution of power and status is legitimate and expected. The higher the power distance, the greater inequalities of power and wealth are accepted in the culture. Employees comply with commands and information without questioning them. The higher the power distance, greater is the inequalities of power. Communication is mostly one-way, the flow is only downward. Managers are expected to know more than subordinates, and input from subordinates is neither solicited nor appreciated (Javidan & House, 2001). Importance is given to work titles and is often displayed on doors of the employees. Offices, office spaces, and privileges at work reflect one's status in the organization and the society. Eating places for workers and managers are often situated in different places. Rights and privileges differ with one's status in the organisation and the society.

Personal relationship could command a high employees' commitment and the paternalistic approach would generate greater job satisfaction. Walder (1995) observed that Asian firms, time and again, are ruled by person rather than ruled by law whereby top bosses dominate organisations. Leaders are representatives of the higher classes of society who are charged with looking after the interests of their (lower caste) subordinates. A leader is trusted to get on with the job on behalf of (usually) his subordinates. Based on Stogdill's (1970) leadership style inventory differentiating the types of leadership in 'structure' and 'consideration', it is anticipated that a more 'initiating structure' leadership style would provide greater commitment and job satisfaction in Asian firms. Also, a more 'consideration' leadership style would provide greater commitment and job satisfaction in a western firm. Dorfman (2003) reverberates the concern expressed by Triandis (1994) that, 'although cultures may be characterized correctly as being high or low on a specific dimension (e.g., power distance), this orientation will not likely be characteristic for all issues or situations.'

In contrast, people in egalitarian cultures view each other as moral equals. Employees typically have their say in decisions affecting them and share in goal-setting activities (Den Hartog & Dickson; Sagiv & Schwartz, 2000).

India's GenX and GenY and India Inc.

The leaders also have to take into consideration the generation they are going to meet. A study on more than 80 leaders says that the majority of the corporate leaders in India are pursuing 'coercive' leadership style which is demotivating for employees besides impacting overall organisational performance, says a Hay Group survey. ("The Economic Times" Apr 4, 2013)

Gen Xers, who started their careers at the time of the LPG (Liberalization, Privatisation and Globalization), are the sort who require a little coaxing on the one hand, and pampering on the other, are class conscious, hence would have a high power distance and for whom the Masculinity would work rather than Femininity Dimension. They are more traditional and also gender conscious. They are high on power distance. In fact, the present day leaders, the Gen X have learnt the art of leadership from their superiors, their counterparts worldwide and technology which has made them realize that they have arrived at a right kind of their style of leadership.

Almost 35% of Gen X workforce considered job position as the most important deciding factor followed by job profile (22%), salary (18%), brand value and flexibility (11%). (http:// content.timesjobs.com/managing-generation-x-y.) . This generation of employees demands creative freedom and authority to perform their job.

On the other hand, the Gen Y, is a generation whose life started with mobile phones, smart phones computers and the internet. They are risk-savvy and techno-savvy and are workaholics, if the work is in their interest, otherwise they are always in the search of other jobs. They are a unisex workforce and do not bother much about the religious beliefs. They do not mind questioning their bosses if they feel that s/he is wrong. They are more of innovators at workplace and more of technopreneurs and intrapreneurs. Gen Y want attractive salary package and flexible working hours and schedules, so that they can maintain a healthy work-life balance. (http:// content.timesjobs.com/managing-generation-x-y.) Many of them are earn while learn types. They are low on power distance.

Both the workforce are to be dealt differently, are hard to motivate and even hard to retain. Given such a workforce, it is but inevitable that the leaders have to change their style of leadership to cater to their audience.

Cultural adaptability of Indian leaders- A perspective

India is the home to world leaders like Mahatma Gandhi, Mother Teresa, Swami Vivekananda (spiritual , soft,) as well as Bhagat Singh and Subhash Chandra Bose (antagonistic).

Leadership in India is difficult and quite difficult to be summarized. The Indian workforce is rather very fragile. An Indian leader has to take different avatars or incarnation depending on the group of employees s/he is going to meet, the situation and the timing.

The essence of the relationship between organizational culture and leadership, especially in a country like India has managerial implications. Strong culture enhance employees' and organizational effectiveness because they perceive that their actions are freely chosen (O'Reilly, 1989). Organizational culture exhibiting characteristics of accountability, collaboration, decentralized leadership, alignment and adaptability hold the key to successful survival. (Sanjeev K. Sharma and Aditi Sharma).

In recent years, India has become a fore-runner in the IT and ITES sector, but it has not seen a surge in the entrepreneurship. The organizations which were started much earlier have shifted their operations to countries abroad where people from those countries are being employed. Hence, leadership is being followed in those countries as per their cultural dimension.

Another aspect which cannot be ignored , is the fact that in recent times, many CEOs of MNCs are from India whether it is Indira Nooyi, Vikram Pandit, Shantanu Narayen of the Adobe Systems, Quest Diagnostics, Head, Surya Mohapatra and many of the techno-academicians from the various top Universities across the globe are leaders in their own right. These are again the Gen Xers, having good education and having a multi-cultural work background. And leaders following the various styles used by the leaders of other countries and it is a trial and error type of learning to choose from, to render the right results.

To add a dimension to a type of leadership style that is being followed in India , is going to be very difficult. As the ICICI Bank Chief Executive, K. V. Kamath, has rightly summed up the difference voiced by many fellow executives in India: 'Time and again it has been proved that the Western model of doing business would not be a success here.'

Conclusion

Pasa (2000) found in his study that leaders in cultures, which are high on collectivism and power-distance value dimension, use the more directive forms of influencing tactics. These behaviours are predominant in countries where the leaders expected followers to comply rather than act on their own.

It can be concluded to say that leader power or potential to influence others is expected to vary depending upon cultural values such as power distance, with cultures considered high on power-distance showing higher levels of leader power.

Organizational leadership has changed from emphasizing on task orientation, listening to the manager, and management control to acknowledging to build participative workplace that empowers employees, giving more importance on their development, and fosters teamwork. Technology has helped in quicker and faster communication via voice mail, email, and text messaging which isolates employees and builds introverted, friendly-less work environment. It is the relationship that the leader builds with the employee that can play a significant role in developing the employee's skills, abilities and competencies and ultimately improving organizational outcomes through increased loyalty, commitment and engagement. It is this leadership that is required by the organizations in India.

The present paper is a theoretical paper and had tried to bring out the various dimensions globally as well as in India related to the cultural dimensions and leadership styles through a study of literature. It can be conclusively said that there is no one best-fit or strategy for all cases but the strategy-cultural fit has to be tailor-made, depending on the context, situation, environment (external and internal), and value-system, time-frame and leadership styles.

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Ethical considerations and leadership characteristics in Business: A conceptual study from Indian Epics

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Abstract

Epics like the Bhagavad-Gita, Mahabharata and others they are the custodians of unique knowledge that can be used to tackle difficult situations in the corporate world as well. Ramayana and Mahabharata clearly depicts and evidences with the different situations to manage with various complex situations. Eventually, righteous and virtuous people can conquer anything in the world. Indian mythology and epics affords the examples that to manage stipulations in an effective way by managing the people, elucidate the importance of communication, the key to success and leadership qualities and skills for an entrepreneur should have.

This article deals with the importance of ancient Indian culture and the role of Indian epics in the making of a leader. The bottom line of this article is that ethical organizations always acquire trust from employees and customers.

Introduction

India is a great country having strong roots of ethical values. Epics, Vedic Culture paved the way to manage the organization, family, social relations successfully. Indeed, if a person can deeply inculcate the teachings of Indian Vedic and Epics, he can thrive in his chosen field. This article deals with the importance of ancient Indian culture and the role of Indian epics in the making of a leader. Contemporaneously, it also discusses the lessons for a Leader by quotes of Swami Vivekananda & Kautilya. Further, the significance of the linkage quotes with Management encapsulates the teachings of the great seers in the way of dealing with the situations, in the way of transforming distress to eu stress and managing with change. It also elucidates the importance of communication for a successful organization and to work for a clear vision from Ramayana. Further, work culture, the key for success, utilization of available resources, crisis management can also be internalized. A successful entrepreneur or a leader cannot make a song and dance to all situations he should be mentally stable, hence for this teaching from Mahabharata has been taken for future leader to endow with great values. Eventually it concludes with a person or a manager or an entrepreneur or a leader, if they inculcate the mentioned qualities, certainly they can be an astute and sagacious statesman.

'Our life becomes beautiful not because we are perfect Our life becomes beautiful because we put our heart into what we are doing'

- Sadguru Jaggi Vasudev at TiE Chennai

Management is culture specific. Sharma (2001) argues that for a management system, to be effective, it has to be rooted in the cultural soil of the country, where it is practiced. Many communities and countries in the world are now trying to discover and explore their own system of management. Japanese management was famous for a long time and in the contemporary era it loses its glow. The Chinese management is also growing in recent years especially based on the literatures on Confucianism and Sun Tzu Art of War. Today, the Sun Tzu's Art of War and the teaching of Confucius and is used widely in the management and several studies have been conducted to integrate Confucianism in human resource management and the war strategies of Sun Tzu in the context of strategic management. Besides China, a large part of tradition in Japan, Korea, Taiwan, Vietnam and Singapore derive from Confucian heritage. Similarly the Indian management also has a strong tradition which continues to sustain the interpersonal world in Indian organizations (Chatterjee, 2007). At present, the whole world is turning towards Indian Management Style and is focusing on to know the way of Indian Management.

The effective Management skills of an entrepreneur leads to the success of an enterprise. Organizations are all about people, so it is necessary to know the efficacious way to manage. If an entrepreneur with effective skills, can be able to tackle the impediments and turbulences by this the employees or workers are able to work without consternation. Indian mythology and Epics affords the examples that to manage stipulations in an effective way by managing the people, elucidate the importance of communication, the key to success and leadership qualities and skills for an entrepreneur should have.

Characteristics and abilities of entrepreneurs that contribute to the business success

The personality characteristics of entrepreneurs that contribute to their business success are typically risk tolerance, perseverance, leadership, planning & direction, control, human relation ability, communication ability, Team Management, good governance, crisis management, mental ability, utilization of available resources, business secrecy, profit generation, change management, conceptual ability are some of the significant abilities. These abilities were depicted in Indian epics too. The connectivity of Indian epics with the contemporary entrepreneur abilities are as follows.

"An entrepreneur need not necessarily mean one who is running a commercial business, but also one who is adventurous".

-Sad guru Jaggi Vasudev, Founder of the Isha Foundation

Sadguru Jaggi Vasudev (2013), elucidates that the three essential qualities of an entrepreneur: Integrity – Where there is no trust, there is no room for success whatever the situation, if you do not compromise on entrepreneur's integrity, there will be trust and once there is trust it will be easy to operate. Inspiration- The next essential quality is an infectious level of inspiration. If an entrepreneur does not have that, he cannot keep people fired up. In the presence of an inspiring entrepreneurial everybody is on. People won't go to sleep when he is around. Insight: He adds "If there is no insight, what is there to follow, what is there to toil for?" Insight essentially means that entrepreneurs are able to see something that others are not able to see. Once they do this, people will naturally place them in a position of leadership. A position of leadership means one climbs a perch. If one sits on a perch and do not see any better than the others, they will become an object of ridicule.

Perseverance

Although an ass is tired, it continues to carry its burden. It is unmindful of cold and heat, and it is always contended. These three things should be learned from the ass. - Kautilya

The primary quality of an entrepreneur is to be patient and work relentlessly to reach the targets. Owing to the reason that entrepreneurial activities are dynamic but not static, an entrepreneur is supposed to update himself day-to-day. On the entrepreneurial journey many times he needs to move like one-man army. Here is an illustration from Mahabharata. In Mahabharata, Ekalavya desires to learn archery under Dhrona's guidance but all his trials were in vain and he was refused to become a disciple. But his strong notion motivated him to move forward. He made a clay statue of Dhrona and started believing that the statue is his master and imagined that he is getting guidance. He toiled day and night to gain prowess in archery and worked relentlessly. Eventually, he became a master in archery. Likewise, an entrepreneur may not get all supportive stipulations but his relentless work definitely makes him to reach the target.

Leadership

A leader is one who understands his fellow workers and the relationship of their individual goals to the group goal that he must carry out. It is the process of committing a group of people to specific goals. Leadership is one of the key entrepreneurial skills; without leadership, an enterprise would be what the sage Valmiki wrote in Ramayana is,

"Like a herd of cattle without a keeper. Like an army without a general. Like a night without moon. Like a group of cows without a bull. Such would be the country where the king is not seen"

Leadership is absolutely crucial. As the oft-repeated saying has it: "everything rises or falls on leadership". Failures or lack of leadership can be found near the root of all problems. Entrepreneur should be a leader too. An enterprise should have clear vision and mission.

Rama's haphazard assortment of different kinds group of men and monkeys were no match for the evil Ravana's forces and weaponry. Vibhishana had raised his doubt that how Rama defeated that huge army with limited resources.

Rama recipes the way of a leader that the person listened with rapt attention, they must ensure that they have a clear vision and a cause worth fighting for. In the case of the Ramayana, the cause was to save his beloved Sita and the vision was to defeat the forces of evil. The answer appears as Rama depicts the quality of a visionary leader should know who they are and what they stand for and the main aspect is walking the talk.An authentic leader is a servant of the people and is aligned with and serving something greater than himself or herself.

In the case of another epic Bagavad Geeta Arjuna was in a dilemma. In neither case could he see a good outcome. Either he fought and won, in which case he would be killing his family members, the family tradition is destroyed and society is irreparably damaged, or else he is killed, with the same destruction of the family tradition. These are all characteristic sentiments of an authentic leader.

Intentions notwithstanding, without alignment with universal principles, admirable sentiments are insufficient to empower a leader to do what is right. It is practically impossible to calculate the possible outcomes in any situation. Leaders must provide clarity in uncertain circumstances. Krishna enlightened Arjuna the fundamental principles that illuminated the way forward for him, and empowered him to be an authentic leader, acting in knowledge selflessly in the service of the people.

As an entrepreneur he should be a visionary leader with clear objectives and prospective panorama. Also he should have the ability to manage with the dilemmas and sentiments.

Risk Tolerance

Entering any venture is full of risks and uncertainties. In order to deal with various kinds of risks and uncertainties efficiently, the entrepreneur should have willingness and necessary foresightedness to assume risks. The quantity and quality of risk taking would determine the quality of business decisions.

'As soon as the fear approaches near, attack and destroy it'.- Kautilya

When an entrepreneur starts an enterprise, he has to exhibit patience, caution and extreme ambition and when he did that, he should not be afraid to fall. Once he starts to work on something, they shouldn't be afraid of failure and should not abandon it. People who work sincerely are the happiest.

The best way to become an entrepreneur is to jump into the water and get your feet wet, said several successful businessmen at the Harvard Business School Entrepreneurship Conference.

This can be clearer with illustration from Ramayana, Khara, Dhushana & Trisiras were very strong monsters and they decided to fight with Rama. Hence they were ready with their mighty army. Rama insisted Lakshmana to look after Sita and he did not require any help to destroy the opponents, further he killed Khara, Dhushana ,Trisiras and their mighty army with single hand in Dandaka forest. This is an ample instance that love towards dependents is a supreme quality which according to situation evidences itself his heroic forms such as courage and self-sacrifice. Here, in order to fulfill his promise and to save his beloved ones, Rama's limitless power comes into action.

Similarly in the organization, employees have good relations, trust, affection towards each other. They should not only work for themselves but also for others. It means that loyalty towards organization and love on the work is a key to success & can do miracles by limitless power bring into action. Jump in, take risks, challenge yourself, trust your instincts, and learn from both experience and the experienced.

Planning & Direction

'Before you start some work, always ask yourself three questions - Why am I doing it? What the results might be? And will I be successful? Only when you think deeply and find satisfactory answers to these questions, go ahead'. - Kautilya

As an entrepreneur he should get work done effectively from employees by fruitfully engaging them. For this purpose he has to direct them rightly towards the accomplishment of the goals. Moreover an entrepreneur is not a pusher; he/she pulls rather than push. Also direction is the degree to which the organization creates clear objectives and performance expectations.

Control

'As a single withered tree, if set aflame, causes a whole forest to burn, so does a rascal son destroy a whole family'. -Kautilya

It involves that the number of rules and regulations and the amount of direct supervision that is used to oversee and control employee behaviour.

Dhrutharasta is a King of Kaurava's Groovy Kingdom; he has hundred sons as great warriors too. But one evil thought by his son Duryodhana that he wants the share of Kingdom belonging to Pandavas leads to the war K urukshetra. As a King, Dhrutharasta has all the rights to control but he could not. His over affection, pamper towards his sons made him a helpless person. Among the plethora of reasons he is not able to control one single son, eventually this lack in controlling ruins the Kaurava's dynasty. For every organization entrepreneur is a king, if he fails to control his mischievous workers/ employees by counting their talent, potential, eventually it surely ruins the whole enterprise.

Human Relations Ability

In Kautilya's Artha Shastra, it mentions that how the king (entrepreneur) should be and who can be employed as the ministers (chief advisers and employees). It taught in the life of king that he should perfect in three elements namely

Triple Vedas: Learn righteousness and unrighteousness. Also samaveda (Chanting), rig Veda (praising the lord), yajurveda (performinig scarifies)

Varta: Entrepreneur should be aware of the Financial status ie., wealth as well as poverty in all the areas his enterprise is performing the activities.

Danda niti: It involves the science of governance and Usage of entrepreneur power and non power in an effective manner.

Anvishaki: It means that the king (entrepreneur) should have mental power. In that context mental power developed with the characteristics named Sankhya (dualist philosophy of self and matter), yoga, lokayata (logical debate)

'Most successful enterprises owe to entrepreneurs' ability to work in team work to achieve various goals in spite of ups and downs.' - Kautilya

Selecting and managing team members are very crucial in the process of achievement. The members should be cohesive towards the team.

In Ramayana, The Leader Rama depicts the exact way of choosing team members. Hanuman- eminence in all areas, Sugriva, Vibhishana, Jambavantha etc., are the righteous people clearly aware of the code of law. Hence the team became a virtuous team. On the contrary, in Ravana's teams all were ruffian in nature, uncultured, rude and troublesome people. Even though, they were excellent warriors, they were unable to win against Rama and his team's virtuousness.

Rama also manifests the behaviour of team leader, after winning in the war he modestly gave all credits to his team members and their service which brought success in the war.

This is really an excellent example that every enterprise needs to follow for select team members.

Perhaps the effective people follow the same concepts as mentioned in Geeta, abd Krishna prophesies the same...

'If the result of sincere effort is success, the entire credit should not be appropriated by the doer alone. If the result of sincere effort is a failure, then also the entire blame does not accrue to the doer.'

The importance of selecting team members can be understood in the case of Mahabharata too.

The right team is made by selecting the right individuals. Getting the right man for the right job is also a key factor for entrepreneurial success. For instance in Mahabharata, except Duryodhana no one seeks war. Moreover the main four generals had strong bond with Pandavas (Bhishma-does not kill Pandavas and only likes to kill soldiers, Dhrona- he was a Guru for Pandavas, so he does not kill but captures them. Shalya – loved the Pandavas and acted as covert by humiliating Karna. Karna-promised not to kill Pandavas who saved Arjuna). Here the team was mismatched with target. Where as in case of Pandavas every one had their individual goal which lead towards their target. Dhratadyuman targeted to kill Dhrona, Shikhandi targeted Bhishma, Arjuna Vs Karna, Bhima targeted Duryodhana and his brothers, Nakula Sahadeva targeted Karna sons and Shakuni respectively. It means that the team management plays a key role for an entrepreneurial success. Also the interest of the individual should never exceed the team spirit. The best man for a job is with best capabilities and great commitment.

Communications Ability

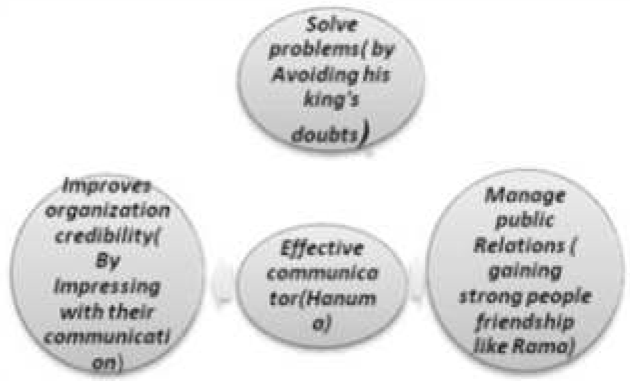
Communication is a very important factor in employee satisfaction and engagement, making sure the right information is communicated effectively is very important for an entrepreneur. Communication is the process by which people create and share information and ideas with one another to reach mutual understanding and get things done. Effective communication is the foundation of positive and cooperative working relationship, effective communication benefits the workplace in the ways likes,

- Solving problems
- Serving as the basis of effective teamwork.
- Leading to better quality because mistakes and misunderstandings are avoided.
- Improves win-win approach

In Ramayana, when Sugriva spotted that Rama and Lakshmana roaming in the forests, Sugriva frightened that they were his enemies and came in order to kill him. Hanuman was Sugriva's chief minister; he was a good communicator and good in terms of knowledge. He changed to Brahman form, approached Rama and Lakshmana; straight away he started speaking out confidently. Listening to Hanuman's courteous words Rama got impressed and gave complements to Hanuman for his beauty of language, correct and rhythmic enunciation, also for his master in the concept, the science of grammar. Also he had added that the king was fortunate to have such a good messenger.

The above incident depicts that good communicator can deal any situation in an effective manner. People with this quality are great assets to the organization and they are able to maintain social relations by impressing the strong people (like Rama impressed by Hanuman) with magic of their way of communication. Communication can vanish or improve organizations credibility. In Ramayana, Humana was an eloquent speaker Effective communicator can also impress opponents and receive compliments from critics. Hence, Communication plays a key factor for an entrepreneur success.

Figure 1: Effective communicator



Good Governance

'Sukhasya mulam dharma, dharmasya mulam artha
Arthasya mulam rajyam, rajyasya mulam indriyajayah'
-Kautilya

Dharma without wealth according to Kautilya is toothless, and wealth without dharma is useless because a poor person cannot support the entire society. Wealth does not lead directly to happiness. Happiness for self and others results through ethical behaviour: wealth or resources make ethical behaviour possible. This also means that one must strive to generate wealth – resources, money – share it equitably to create happiness for oneself and others. To generate wealth you require an enterprise or an organization or an asset. He then stated the support for organization is the organs, the functions, processes, activities, etc

Conceptual Ability

Shri Krishna elaborates on two types of Work Ethic viz. *daivi sampat* or divine work culture and *asuri sampat* or demonic work culture.

Daivi work culture - means fearlessness, purity, self-control, sacrifice, straightforwardness, self-denial, calmness, absence of fault-finding, absence of greed, gentleness, modesty, absence of envy and pride.

Asuri work culture - means egoism, delusion, desire-centric, improper performance, work which is not oriented towards service. It is to be noted that mere work ethic is not enough in as much as a hardened criminal has also a very good work culture. What is needed is a work ethic conditioned by ethics in work.

It means that an entrepreneur should be understood by the means of skills or technique of work which is an indispensable component of work ethic. The skill in performance of one's duty consists in maintaining the evenness of mind in success and failure because the calm mind in failure will lead him to deeper introspection and see clearly where the process went wrong so that corrective steps could be taken to avoid such shortcomings in future.

Change Management

Entrepreneurship involves managing with change. The reality of yesterday proves wrong today, and nobody really knows what will be the truth tomorrow. Change is uncomfortable, and adapting to change is messy. But change is vital - it defines happening, like a river winding its way to the ocean; it never ceases. Continuous and overlapping life itself, it shows the importance of change management for individual as well as organization. Managing change is a major problem that every employee, every individual have to confront.

In Ramayana, Rama was an embodiment of managing change and to overcome all the problems. For instance, at the time of Rama coronation, everyone overwhelmed in joy and within an hour the prince Rama was to become king of Ayodhya. An abrupt change in the weather that Rama was moved to exile for 14 years and he got ready for that. Rama's cheerful renunciation of his coronation not only depicts the role of a virtuous individual's tenacity to keep his promise but also paved the way to manage change. Change is always uncertain, even sometime pre-eminent persons cannot predict change, but how to manage and the way the people responds to change differentiates the ordinary and the extraordinary.

Likewise, as an entrepreneur managing with the change is inevitable. But the way to respond with the change differ from each other. He should also acts as a change agent.

Business Secrecy

The biggest guru-mantra is: 'Never share your secrets with anybody. It will destroy you. If you cannot keep your secrets with you then how can you trust others to keep them secret?' - Kautilya

An entrepreneur should have an ability to maintain business secrecy; he/she should be very alert in all the times and never share his personal or professional secrets with any others.

Utilisation of available resources

For every successful entrepreneur, utilization of resources has been the first lesson. To choose wisely and utilise optimally the scarce resources if one has to succeed in his venture. During the curtain raiser before the Mahabharata War Duryodhana chose Sri Krishna's large army for his help while Arjuna selected Shri Krishna's wisdom for his support. This episode gives a clue of effective management with the resources.

Mental Ability

The ideas mentioned above have a close bearing on the end-state of a manager which is his mental health. Sound mental health is a very important goal of any human activity more so of management as well. The driving forces in today's rat-race are speed and greed as well as ambition and competition. The natural fallout from these forces is erosion of one's ethic-moral fibre which replaces the value system as a means in the entrepreneurial path like tax evasion, undercutting, spreading canards against the competitors, entrepreneurial spying, instigating industrial strife in the business rivals' establishments etc. Although these practices are taken as normal business hazards for achieving progress, they always end up as a pursuit of mirage - the more the needs the more the disappointments.

Some of the impediments to sound mental health are

- Greed - for power, position, prestige and money
- Envy - regarding others' achievements, success, rewards.
- Egotism - about one's own accomplishments
- Suspicion, anger and frustration
- Anguish through comparisons.

Crisis Management

Adversity management is indeed a difficult task. At the time of crisis an entrepreneur needs to know the techniques to subdue. Indian Mythology Ramayana, Mahabharata depicts the way to manage the crisis. The Life of Rama itself was a moral for crisis management and also the Krishna guidance for Pandavas to manage *"Vanavasa"* i.e., dwelling in the forest and *"agnathavasa"* i.e., without discovering them taught the key factors for crisis management.

Conclusion

Enterprises play a key role for economic growth. Entrepreneur is a king for an enterprise, his skills and management qualities impact enterprise development. Further, dealing with many tasks, challenges, tough competition to overcome and to cross many hardships and hurdles to reach the targets are the important activities of a manager. Hence, communicating in an effective manner, talented employees and to manage them, knowing that dedication, initiation, love towards work and honesty are the key factors for success. Indian epics and mythology offers solutions to many day to day problems being faced by people. Epics like the Bhagavad-Gita, Mahabharata and others they are the custodians of unique knowledge that can be used to tackle difficult situations in the corporate world as well. Ramayana and Mahabharata clearly depicts and evidences with the different situations to manage with the situations mentioned above. Eventually, righteous and virtuous people can conquer anything in the world. The bottom line of this article is also that, ethical organizations always acquire trust from employees and customers.

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Case study- Make Way Mobile Point of Sale is here to stay

SMJV CENTENARY
1915 - 2015

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Abstract

In today's competitive scenario the most important challenge that most retailers face is to efficiently serve and satisfy a highly informed and demanding set of customers. Customers today are inundated with options and are thus less inclined to wait at checkout counters, resulting in loss of sales for retailers and difficulty in retaining customer loyalty. MPOS (Mobile Point of Sale) can provide a unique solution that extends point of sale services to anywhere in the store; along with providing other benefits like inventory check, customer care offered anywhere in the store, stronger sales, easy and secure payment collection, on-the-spot suggestive selling and so on. This tool helps in infusing sales along with intimacy, insight and interaction. Helping sales associates to win and instantly solve customer queries using intelligent handheld device.

Keywords : Payments, Operations, Mobile POS, Tablets, Motion Computing

Introduction

It's no secret that customers today are demanding, and that retailers need to offer, a multi-channel experience in order to simply survive. While thriving and winning the customer loyalty game- is an infinitely more daunting task. With the rapid surge of use of mobile phones and tablets retailers need to cash in on this opportunity to create a niche for themselves. Consumers, who are empowered by their own mobile technology, have shown their preference towards using mobile solutions while in the stores. This is the reason why more and more retailers are turning to mobile point of sale, so that they can deliver multi-channel shopping experience to consumers more efficiently, thus satisfying what consumers demand.

Key opportunities for retailers

The opportunities for retailers using mobile POS are vast, from reducing the checkout line to directly interacting and assisting customers on the floor thus enabling associates to provide better service. Mobile POS offers variety of benefits to retailers deploying the service, notably capturing of more sales, improving operations, increasing store capacity among other benefits. However, the most critical benefit in the converged retailing world is improving customer satisfaction and loyalty. This interaction through mobile must feel like a simple and seamless extension of all other mediums being offered by the retailer. A key takeaway here for the retailer is that although mobile POS offers significant benefits it is not a complete or one-size-fits all solution. In certain cases, few implementations or functions of mobile POS can even work against you. For example, mobile POS application, queue busting, in which an order is pre-scanned and suspended before finalizing at the traditional POS. This might not be fruitful for every retailer. For retailers who depend on upselling at the checkout counters through warranties, promotions or impulse buying, might lose out on revenue with this application. The retailers must begin with understanding the complexity of the unique opportunities and challenges they face in their business. In order to ensure success, the retailer must target for the area which shall have the greatest impact for the business and the consumers.

How does MPOS work?

The basic purpose of a mobile POS system is either entirely replacing a traditional Point of Sale System stack at checkout or to supplement it. A mobile POS system comes in several variants. These may include an extremely expensive but sturdy mobile POS device, a consumer grade device with professional features that may cost lesser or with simpler features that may be purchased fewer than one hundred dollars. In essence, a mobile POS is a portable computer that may allow employees to enter data of a transaction from anywhere. Traditionally, this is supposed to be a dedicated computer of a sturdy built. However, these days most organizations are favouring devices like tablets, smart phones or even an internet- enabled handheld music player like the iPod touch. Whatever the kind of gadget, they all need software applications to work. The type of hardware and software finally chosen depends on a few factors.

Figure 1

(Source: FTG Development)

Exhibit 1 Deployment Scenario

The basic design of mobile POS is extremely simple. A mobile point of sale tool should ideally consist of at least a barcode scanner, a keypad to enter data and a screen to view the data. It should also contain a wireless connection to connect it to the main POS system. This shall allow the wireless device to have almost all the features of the main system.

For instance, a check-out stand may replace a cash register by ringing up customers. Similarly, a portable point of sale can also come in extremely handy while trying to scan heavy objects which may not be easily placed on the scanner. Also, these devices are extremely useful to eliminate long queues by ringing up items before the customers even check out.

These mobile points of sale devices can also help in tracking and scanning incoming and outgoing inventory which ensures that your computer is updated in real time. Further these devices can also be programmed to help store assistants in directing customers towards the item sought by them or an alternative if the required item is not available.

CrossView Mobile Point of Sale transforms in-store shopping – both for shoppers and retailers. This in-store mobility technology closes the physical gap between retailers and shoppers in-store and empowers sales associates with tools that can deliver superior customer service. With its open architecture and service based components it can be easily integrated into existing point of sale solutions, e-commerce and enterprise systems. Some of the leading MPoS providers currently are Square, iZettle, SumUp, Swiff, Ezetap, CrossView and software companies like Accenture, Infosys etc. These providers collaborate with payment solution providers like VISA and MasterCard to provide these services to retailers at a very nominal rate per transaction (around 2.75% per transaction). For example, CrossView Mobile Point of Sale puts major impetus in its sales associates via add-ons to devices such as the Linea Pro Cradle that contains a magnetic strip reader and a bar code scanner and can be used with an Apple iPod Touch.

Thus, MPOS rules because:

- Sales transactions can be completed easily via scan, swipe and sign
- Checking of local and enterprise inventory is now a breeze
- Seemingly endless aisle assortments are visible and available for transactions
- Product information can be accessed to increase conversions
- Payments are faster and more secure
- On-the-spot suggestive selling is now possible
- Cost per device is much lower than traditional terminals

These devices allow the sales team to interact more closely with the customers while not having to bother with the cash wrap. The customer's need for a quick transaction is also satisfied as these are now executed in a much faster manner across several locations within the store. Also, by being more attentive and easily available and eliminating long queues, the retailers can augment their sales values as the customer now doesn't get the time to stand in a lone and re-think some of their high value purchases.

Figure 2

(Source:http://pointofsale.com/images/stories/Square_SwipingHands.jpg)

Exhibit 2: Square MPOS

(Source: http://techielobang.com/blog/wp-content/uploads/2012/01/swiff_process.jpg)

Exhibit 3: MPOS through Swiff

Case of Giorgio Ristorante

Figure 3

(Source: http://mobilepointofsale.org/wp-content/uploads/2012/07/point-of-sale.jpg)

Exhibit 4: MPOS in a Restaurant

Chasing an Elusive Goal: Like several other restaurateurs, Andrew's business goal is to increase profitability while maintaining and delivering high quality food and service. While he ponders over newer ways to achieve this goal, the solution remains ever- elusive.

Keep the servers on the floor: While handling tables himself, Andrew has come to realize why his staff needs to leave the floor. The reasons are:

1. To enter orders.
2. To run orders.
3. To return wrong orders.
4. To handle other roles during slow periods.

As all of the above were extremely crucial to the smooth operation of the restaurant, Andrew mistakenly thought that none of these could be eliminated.

The Move to Mobile POS

As Giorgio Ristorante had been using Maître POS for two years, Andrew asked them what POS can offer to keep the staff on the floor. During the course of the discussion, the idea of tablets running the mobile version of the POS came up. As most servers left the floor to log in orders to the fixed POS station. A tablet minimizes these trips to almost nil. This saves about 15% of a server's time which translates to approx two tables per hour per server i.e. almost ten minutes per hour.

A Few Concerns

While theoretically the idea sounded like the perfect solution. Andrew was however extremely uncertain of its practical use. For instance, he was worried that since they serve Italian food, a splash of hot sauce shall destroy these tablets. Amongst the plethora of options available for the hospitality sector, Andrew narrowed down on the Motorola ET1. Weighing same as an iPad it is suitable for the enterprise. It can endure being roughed up in a restaurant and also comes with a full three year "no matter what you do to it" warranty. The most worrying issue for Andrew was training the staff. Although the staff already knew how to use the tablet, Andrew noticed that staff got nervous once they hit the floor, they did not want to commit mistakes in front of the diners. It took some days for them to get used to the tablet. In order to tackle this problem the owners, who were planning to deploy these tablets in three other restaurants, added a little role play in their training process-where, each server will serve a few dummy tables in order to get comfortable with the tablets.

The Big Payoff

First of all, staff devoted around 15% more time on the floor: Hence, servers delivered quality service more efficiently. Since each server was able to handle more tables now, payrolls decreased almost immediately. However, no one's income was affected: in fact, servers were able to achieve their weekly income targets earlier, thus, they required less hours.

Further, there was an increase in average order by $2.00. Being a restaurant that does not serve alcohol, the increase was entirely on food items. This was a surprise benefit of having more servers on the floor and for longer. If the customer wanted to order something but could not find the server, he/she often lost interest by the time server returned to the floor. Therefore, this extra time on the floor ensured greater satisfaction on the part of the diner and more tips for the servers. Since the erroneous orders also decreased, the servers did not need to make repeated visits to the kitchen and could spend more time on the floor. While Andrew was planning to break even on his investment in six to eight months, he might be reaching their sooner. The owners are so happy with the implementation of mobile POS that they are now planning to implement it in their other restaurants.

Case study: Moosejaw scales new heights with Mobile Point of Sale

Figure 4

(Source:http://www.crossview.com/crossview/us/galleries/images/MobilePOS_moosejaw.png)

Exhibit 5: CrossView MPOS

Moosejaw is an outdoor gear retailer and is famous for their innovation and forward thinking. It has deployed CrossView MPOS service in all its stores in USA. It is one of the first few retailers of its size to adapt the technology. According to Eoin Comerford their sales associates now simply have the entire store in their pocket as they interact with customers. This has made this technology popular among the associates. Even the customers are impressed by the technology, signing the terminal with their finger is surely fascinating to the customers. However, the most impressive part of MPOS according to Moosejaw management is the impact on sales and revenue. The company has experienced sharp increase in in-store conversion rates as associates are able to convert queries into sales more quickly by engaging customers completely. For example, if an item is out of stock, associates can quickly check inventory on the spot and can order from either other store or from warehouse and can get it shipped to customers in no time. Instead of traditional point of sale the retailer has created customer engagement areas; this has resulted in improving service to customers by increasing interaction and has also freed expensive floor space for merchandising. Moosejaw offers around 528 varieties of tents, thus it is impossible to display or stock all of them in a single store. Mobile POS enables sales associate to have all the information about every product practically in their palms. Thus, enabling them to quickly attend to customer queries, help customers in identifying the right product and then shipping them directly. These are some of the reasons Moosejaw and other retailers are embracing Mobile POS. The value created is clear: improved service, visibility, empowered sales associate and consequently stronger sales revenue streams.

Some concerns:

- **Training and Education**

Training and education are essential to ensure effective use of the technology and widespread adoption. Employees will continue to depend on the traditional POS for information (to the extent that they can, that is) unless they understand the capabilities associated with mobile point of sale and experience the benefits of the device – e.g., ability to sell more across all channels, more efficient and positive customer interactions.

- **Speed and Reliability**

The infrastructure must be in place to support reliable use, fast communications and speedy transactions. If sales associates perceive that the technology is slow or inaccurate they will not trust the device and will not use it, instead depending on more traditional in-store technology. Moreover, if information accuracy is challenged, brand is damaged – that is, customers lose faith in faith in the retailer.

- **Access to the Tool**

Access among sales associates should be widespread enough to make a meaningful difference in customer experience and ensure that they are empowered with the information they need to sell more effectively. If all associates are not enabled with the tool, consider workarounds or ways to identify those who can provide differentiated assistance via the mobile point of sale.

Exhibit 6: Alex and Ani Bangles

Alex and Ani is a lifestyle brand with 28 retail locations across the U.S., over 1,000 domestic wholesale accounts, and international retail partners in Japan, Spain, Portugal, Ireland and the Caribbean. The company strives to create products that are unsurpassed in quality and pragmatic and environmentally conscious in design. Their founder and creative designer, Carolyn Rafaelian creates pieces that are made of materials locally sourced in the US and from recycled material to promote the company's mission.

Their Challenge

The company wanted to get rid of checkout lines that work against positive thoughts and energy which company strongly promotes. They wanted theirs bangle bartenders to directly interact with customers to enhance their in-store customer experience, provide better customer service, improve brand image and thereby increase revenue.

The Solution

Mobile POS provider Mobiquity in conjunction with Alex and Ani, use Daily Systems' iAPS™ sled for iPod touch. Sale associates can swipe credit cards, scan bar codes and print receipts enabling customers to pay, sign and receive credit card receipt at the time of purchase- that too in aisles and not at checkout counter.

They accomplished this by:

- Constructing a native iOS wrapper to host the Alex and Ani Web application that runs remotely from a company server
- Using a third-party hardware solution and Daily Systems iAPS DS247i All-in-one Device (iAPS) for the credit-card swiping, scanning and printing functions
- Seamlessly integrating with Alex and Ani's VIOPSYS point of sale system
- Deploying the application via Apperian EASE

Further, mobile checkout allowed customers to browse through products, which often resulted in additional purchases. Alex and Ani CTO Joseph Lezon lauded the results saying, "Working with Mobiquity to develop our Mobile POS system gave us the opportunity to increase our points of checkout from four to 10 in most stores and in one location, from five to 25. This allowed us to hire more sales staff to interact with the customer in a more personal way and being able to assist them from the beginning to the end of their visit. The use of the Mobile POS devices gave the store environment a more intimate feel and improved the flow of customer traffic while almost eliminating lines. The combination of amazing collections and the new Mobile POS devices resulted in our comparable year-over-year sales increasing 318%."

India: Leading the Way in MPOS

(Source:http://www.medianama.com/wp-content/uploads/EZEtap_Mobile_POS.jpg)

Exhibit 7- Ezetap

MPOS has found favour in India too with several new platforms launched in the last year alone. According to Abhijit Bose, CEO of Ezetap (an mPOS provider), 'This may also be due to the fact that we have over 300 million plastic cards with just 600,000 point-of-sales terminals. And as the major banks in India have now begun to allow everyone with an Aadhar card (unique identification number issued by the Government) to open bank accounts, the number of card holders is only poised to increase further'.

Ezetap has set out to take advantage of this imbalance between POS and plastic cards by developing mPOS hardware that allows several mobile devices, across operating platforms like Android, Windows Mobile and iOS, to accept plastic cards. They further developed a mobile app which may be used by third party developers to create value- added features for merchants and consumers.

Ezetap is becoming increasingly successful in India by securing US $3.5 million in Series A funding last year. While they are the only company operating in this sector in India, several others such as London-based mPOWA, Mumbai-based Mswipe, CircleItUp etc. have now emerged in India.

Few points to consider

1. **Fertile Ground:** There are a number of situations working in favour of mPOS in India. Firstly, India has around 900 million mobile users. Even if we discount for around 25% of the number, it is still massive. However most of the mobile phones in use are lower end models. But, smart phones are slowly gaining market share.

Also, credit card spending has increased in the past two years at around 25%, while use of debit card has expanded by 42%. This number is expected to continue increasing as more and more people are adapting to cashless way of trading.

There is a huge untapped market potential in India, which has around 30 million individual merchants, many of whom carry small to midsize businesses. This untapped market exists because Indian acquirers do not pursue smaller merchants since the acquirers provide POS terminals for free. Given the capital cost, growth and penetration in this sector have been abysmal. Further, efforts by RBI to make India less cash dependent also supports growth of mPOS.

2. **Need to address high equipment costs:** For mPOS to be successful in India; it needs to be well adapted by small and midsized merchants. For merchants to accept mPOS terminals, cost is going to play a major role. However, battle is half won since merchants will be able to purchase a multipurpose vehicle as compared to regular terminal. For effective use of mPOS, smart phones are a must and given that most of the global efforts are being focused on relatively few, high end smart phones, progress in India will require development of under $250 smart phones. Herein lies the problem. All mPOS dongles don not work on phone by same maker even if they have same operating system. However, mobile makers are making serious efforts to launch cheaper phones compatible with dongle.

3. **For mPOS to be success, the mPOS application on phone must be rich in features.** Apart from payment services, it can provide accounting functions, flexibility to be us used in multiple smart phones even of different operating systems etc.

Conclusion

1. Integrating mPOS platforms into existing payment systems is a logical step for many retailers. For small and medium-sized businesses that previously operated on a "cash-only" basis due to high card-processing fees, mPOS platforms open an affordable channel to accept alternate forms of payment, from cards to mobile. For large retailers, mPOS systems offer value-added features beyond tradition point-of-sale hardware, such as mobile-based inventory management and loyalty programs.

Given the widespread availability and affordability of mobile phones and tablets, mPOS platforms require less up-front investment and are far more affordable to repair or replace than traditional POS systems.

2. As more players enter the mPOS space, confusion grows and a few challenges come to light. Merchants, for instance, must sift through the influx of mPOS players to identify which platform best suits their specific business objectives, how to use it, which features are important and how to integrate the platform within their existing payment infrastructure. Consumers, who may face a different mPOS at each of their favourite retailers, must decide which apps to download (if any), and if they should trust the platform with their private financial information.

3. To become successful, mPOS platforms will need to be capable of accepting a range of different credit and debit cards, as well as other emerging payment methods. Therefore, the platforms must ensure compliance with security standards set by governments and card companies.

4. The success of mPOS platforms such as Square and iZettle in developed countries has largely resulted from a "perfect storm" of factors. These include: a strong credit and debit card network, increasing consumer interest in using electronic payments, and a proliferation of smart phones and tablets. According to a recent CGAP blog post, Square arrived at the right time and place in the US: "a neat idea at the confluence of these trends."

But in many emerging markets, these enabling factors are not present, which could prevent the nascent technology from taking off in the same way as their developed market counterparts. Unlike the US, Europe and other developed contexts, cash is still king in many emerging markets, and the debit/credit card infrastructure is relatively weak. Until electronic value storage becomes commonplace in these contexts, argues the CGAP post, widespread use of electronic payments at the point-of-sale is unlikely

5. Where the conditions are right for mPOS platforms to succeed, however, their introduction can hold broad benefits for merchants, consumers and long-term economic development – contributing to a broader shift from cash to electronic payments. For instance, the rise of mPOS systems could enable previously "cash-preferred," small-scale merchants to accept payments via a new channel, keep electronic financial records, and introduce loyalty or location-based marketing schemes.

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A study of Indian and Western views on Education

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Abstract

Education is a mean by which we can identify the roots and fruits of any country. Indian ancient education system is the result of experience, vision and realization of the great saints and sages. Indian education system believes in life time education i.e. it is the three tier education system. The ancient education system of India was working at three levels. First, the children took the primary informal education from their family and society. Then they passed on to Tapovan for taking the formal education for twenty five years. Finally, after completing their formal education, they engaged themselves in public education (Lok-Sikshan) in form of Swadhyaya (Adhyan & Adhyapan).This paper attempts to find some of the important guiding principles of education from Indian and Western scholars which can lead us to path of truth, light and eternality. The present article throws light on various axiological concepts of education in ancient India and in Western.

The article in its first part assesses the fundamental principles of education in ancient India (from the point of view of Upanishads, Geeta, Darshans etc.) and in Western (from the point of view of Greek Philosophers). Second part of the paper discusses the views of some Indian well-known thinkers on education i.e. Aurbindoo, Rabindranath Tagore, Vinoba Bhave, J Krishnamurthy and Upanishads. The article examines some fundamentals of educations i.e. sources of knowledge; means of knowledge; objects of knowledge; and objectives of knowledge etc. The article concludes with some emerging issues and challenges in current education system and their remedies from the ancient Indian education system.

Keywords: *Tapovan, Swadhyay, Lok-Sikshan,* Formal & Informal Education

Introduction

J Krishnamurthy rightly said that education is not merely acquiring knowledge, gathering and correlating facts; it is to see the significance of life as a whole. One of the dictionary meaning of education is "to draw out". So, education is rightly described as to draw out the hidden qualities of the students. Current education system becomes totally bread oriented. From every corner of the world, everyone talks about the economic and technical development of a nation. Today, a man can become the best professor or doctor but he may be failing to become a good father or husband. So in the name of technical and job-oriented education, we are neglecting the importance of life-oriented education. Without an integrated understating of life, our individual and collective problems will only deepen and extend. For the integrated development of man, both spirituality and science must go hand in hand. Human virtues such as love, gratefulness, reverence which only spirituality give are as much necessary for life as the material goods given by science. In his "Aims of Education" A. N. Whitehead writes: mere technical and scientific education is not enough, spiritual education must be given to the youngsters.

The principle objective of this paper is to share diverse views on education conceived by Indian and Western scholars. The paper also gives the useful insights about the importance of value education for the integrated development of the students. Education is a life-long process and therefore we have to emphasise the place of values in education and life. An attempt is made to throw light on the Indian conception of values and value-education.

Approach to Education

Western approach towards education is analytical in nature. Western education is more focused towards the technicalities. They have the science of earning money but do not have the science of morally spending of wealth. While, ancient Indian education system is inter-disciplinary in nature. In Indian scriptures we can find philosophy, history, physics, and logic in a single scripture i.e. Mahabharata. It was multidisciplinary in nature so the disciples coming out of the Tapovan were adorned with all the knowledge and qualities that were needed for their personal, social and professional development. The function of education should be to create human beings who are integrated and therefore intelligent. The voids in current education system needs to be understood and how it can be filled up by the application of ancient Indian conception on education, needs to be answered.

Sources of Knowledge/ Power

Flow of education in western is from outside to inside while in Indian education system it was inside to outside. Our Vedic scripture repetitively stresses: "we are potentially Divine and manifest from the Divine" (Aham Brahmasmi, Amrutasya Putraha etc.).The role of education is to manifest the potential divinity of disciples from within. Right education comes with the transformation of ourselves.

Subject Matter of Education

Subject matter for western education is self and non-self (Spirit and Matter) while Indian ancient system focuses to think above the self and Non-Self. It the spiritual aspects of the human being i.e. higher self. So, Western education is limited to understanding (things which can be sensed i.e. Physics) and thinking (things which cannot be sensed but can think on it i.e. Metaphysics). On the contrary the ultimate aims of Indian education was to realize the ultimate truth of the life and nature i.e. Spirituality *(Ishavasyam Idam Sarvam)*.

From Psychology field western area of study is limited to Normal, Abnormal, and Para/Meta Psychology at conscious, subconscious and unconscious state of mind. While, Indian education extends it to supernormal Psychology *(Purushotamyog of Geeta)* at super-conscious state of mind.

Idealism

Plato divides the Universe into two Worlds i.e. World of Ideas and World of Things. According to him there is a separate World of Ideas and a World of Things for various human aspects, such as for beauty, happiness, fear etc. Based on it the idea of beauty is more beautiful than the beautiful things and fear of death is more fearful than the fearful things. So, they have the Pure and Ideal Idealism. While the Idealism of Geeta and Upanishads is progressive in nature. *(Neti -Neti in Taittiriya Upanishad& Eti-Etiin Purushshuktam)*. Education is a synchronic process and it progressively leads to the ultimate goal of a human being.

Views on Education by Some of Indian Scholars

Aurbindo

Aurbindo stresses the importance of integral education for the growth of the soul. In a letter to his brother, he describes the fundamental problem of the education in India i.e. people who are willing to think are not able to think while who are able to think are not willing to think. According to him the aim of education is to find out the sources noble things from all directions *(Aum Aano Bhadra)* and means to get it from those sources. Noble things are like power, knowledge, beauty & happiness etc.

Rabindranath Tagore

He believed that the real education lies in harmony with whole creation of the God i.e. Harmony for Man vs. Man, Man vs. Nature, and Man vs. Society. Happiness lies within the human being so education helps students to be sensitive towards their nature and experience the harmony with it. He states that there should be strong relationship between education, nature and society. He rightly said that the highest education is that which does not merely give us information but makes our life in harmony with all existence.

Vinoba Bhave

Vinoba Bhave stresses upon the self-reliance in education. Self-reliance for him is the ability or power to acquire new knowledge from himself and freedom from dependence on others for bread or knowledge. According to him real education is to cultivate in students the power to control the object, sense, mind and intellect. They must learn the discipline of things (right things at right place like bags, shoes, books etc.), discipline of body (body language, gestures and etiquettes), discipline of mind (emotional intelligence i.e. know and managing own and others emotion) and discipline of intellect (Intellectual honest while getting and giving the knowledge).

J Krishnamurthy

According to him truth is pathless land and the essence of education lies in art of asking right questions to self. He gives importance of attention and listening for real education. According to him teacher and student function at the same level, communicating through questioning and counter questioning till the depths of the problems are exposed and understanding is revealed illuminating the mind of both. Teaching and learning is a simultaneous process where the educator and educated are both participating in the act of learning.

Upanishads

Upanishads, which constitute the concluding remarks of the Vedas, identify and describe sixteen different mental faculties, powers and dimensions. According to the Upanishads, the names of the different faculties of mind are: *Sanjnaanam, Aajnanam, Vijnaanam, Prajnaanam, Medha, Drishti, Mati, Maneeshaa, Juti, Smriti, Sankalpa, Kratu, Asu, Kaam and Vasha. Taittiriya Upanishad* defines education (Shiksha) as it is the study of *Varna-Swara* (Speaking and writing of Alphabets), *Matra-Balam* (Pronunciation i.e. *Para, Pasyanti, Madhyama, Vaikhari*), *Sam-Santanam* (Recitation of it at constant intensity).

Conclusion

History of both Indian and Western Philosophy shows that several philosophers have played the role of public teachers or enlighteners, social reformers. For the true education teacher and management have to play an important role in translating aims of education into action. For a kid, the thinking, feelings and behaviour of teacher influences more than the other elements of education. It is fairly clear that the current competitive education is very destructive for the original development and growth of the students. As a teacher we have to help them for flowering their mind and intellect instead of just to capture them in the social systems, individual desires, ambition and ego. Role of parent is also important for imparting right education to the student. Therefore, first they have to relearn from the history instead of e-learn. Merely the technical and economical competitive education will make students a machine or a mechanical instrument. We all together need to understand the importance of character building in education. It is rightly said that knowledge without character is dangerous and man of knowledge without character is more dangerous that a wild beast. Hence we say "*Sheelam Param Bhushanam, Vidya Vinayena Shobhate*". The function of education is also to acquaint the individual with the cultural of the country i.e. cultural Character (ten incarnation of God, saints, sages, deities etc.), cultural Instruments (*Yagna, Tirth-Yatra*, Temple etc.), and cultural Values (Four *Purusarth*, Four Ashram, *Vasudhaiv Kutumbakam* etc.).

Thus, the paper tried to give some useful insights about the importance of value education for the integrated development of the students. Many Universities have realized the essence of value-education in business schools and higher education institutions as well and have thus initiated allied courses to instil those qualities in the future managers and leaders.

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Category	1 issue (in Rs.)	1 year (2 issues)	3 years (in Rs.)
Individuals , students & SMJV's / CKSVIM Alumni	200/-	300/-	750/-
Academic Institutes SME, Corporate & other	300/-	500/-	1200/-
Overseas (by Airmail)	US$ 35	US$ 50	US$ 125

(2) NAME (Individual/ College/ Company): ______________________________

(3) ADDRESS : ______________________________

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Landmark: ______________________ City ______________

State : ______________________ Pin: ______________

Country: ______________ Email: ______________________

Mob. No.: ______________ Res. No. (with code): ______________

Signature: ______________

BUREAU VERITAS
Certification

C K SHAH VIJAPURWALA INSTITUTE OF MANAGEMENT

(Managed by Shri Mahavira Jaina Vidyalaya Education Foundation)

R. V. Desai Road, Pratapnagar, Vadodara – 390 004. (Gujarat), **INDIA**.
Ph: +91-265-2418328, Website : **www.cksvim.edu.in**

Bureau Veritas Certification certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standard detailed below

Standard

ISO 9001:2008

Scope of certification

"Imparting Education in the Field of Management"

Certification cycle start date: **28 November 2013**

Subject to the continued satisfactory operation of the organisation's Management System, this certificate expires on: **27 November 2016**

Original certification date: **28 November 2013**

Certificate No. **IND13.5817N** Version : 1 Revision date: **28 November 2013**

Certification Authority
RAMESH KOREGAVE
General Manager

NABCB
QM 003

Local office: *"Marwah Centre" 6th Floor, Krishanlal Marwah Marg, Opp. Ansa Industrial Estate, Off Saki Vihar Road, Andheri (East), Mumbai – 400 072, India.*

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organization. To check this certificate validity please call **+91 22 6695 6300**.