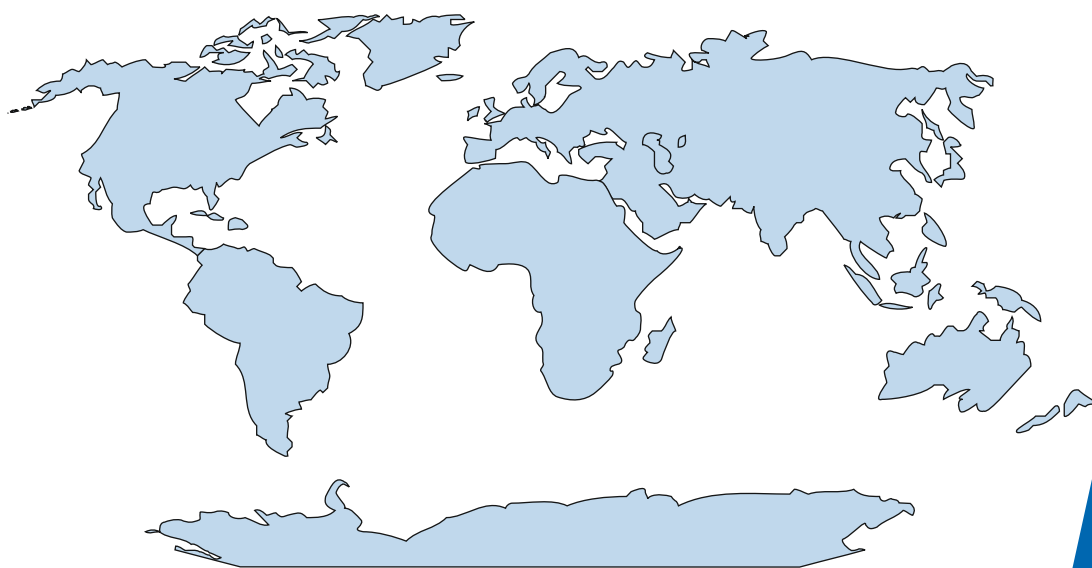


ISSN 2322 - 0899

# **INTERNATIONAL JOURNAL OF RESEARCH IN MANAGEMENT & SOCIAL SCIENCE**



**Empyreal Institute of Higher Education**  
**Guwahati**  
[www.empyreal.co.in](http://www.empyreal.co.in)

**Volume 3, Issue 1 (I)**  
January - March, 2015

# International Journal of Research in Management & Social Science

---

Volume 3, Issue 1 ( I ) : January - March 2015

---

Chief Patron

Shree Zahirul Alam Ahmed  
Director, Empyreal Institute of Higher Education.  
President , Bhramaputra Welfare Organization

Editor- In-Chief

Dr. Tazyn Rahman

## Members of Editorial Advisory Board

Dr. Alka Agarwal  
Director,  
Mewar Institute, Vasundhara, Ghaziabad

Mr. Nakibur Rahman  
Former General Manager ( Project )  
Bongaigoan Refinery, IOC Ltd, Assam

Dr. D. K. Pandey  
Director,  
Unique Institute of Management & Technology,  
Meerut

Dr. Anindita  
Associate Professor,  
Jaipuria Institute , Indirapuram,  
Ghaziabad

Dr. Namita Dixit  
Assistant Professor,  
ITS Institute of Management, Ghaziabad

Dr. Pranjal Sharma  
Associate Professor, Department of Management  
Mile Stone Institute of Higher Management, Ghaziabad

Dr. Neetu Singh  
HOD, Department of Biotechnology,  
Mewar Institute , Vasundhara, Ghaziabad

Dr. Sarmistha Sarma  
Associate Professor,  
Institute of Innovation in Technology and Management

Dr. V. Tulasi Das  
Assistant Professor,  
Acharya Nagarjuna University, Guntur, A.P.

Mr. Sukhvinder Singh  
Assistant Professor,  
Institute of Innovation in Technology and Management

Dr. Nurul Fadly Habidin  
Faculty of Management and Economics,  
Universiti Pendidikan Sultan Idris, Malaysia

Ms. Shivani Dixit  
Assistant Professor,  
Institute of Management Studies, Ghaziabad

Dr. Archana A. Ghatule  
Director,  
SKN Sinhgad Business School, Pandharpur

Dr. P.Malyadri  
Principal,  
Government Degree College, Hyderabad

Dr. Kavita Gidwani  
Associate Professor,  
Chanakya Technical Campus, Jaipur

Dr. Lalata K Pani  
Reader,  
Bhadrak Autonomous College, Bhadrak, Odisha

Copyright @ 2014 Empyreal Institute of Higher Education, Guwahati  
All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, or stored in any retrieval system of any nature without prior written permission. Application for permission for other use of copyright material including permission to reproduce extracts in other published works shall be made to the publishers. Full acknowledgment of author, publishers and source must be given.

The views expressed in the articles are those of the contributors and not necessarily of the Editorial Board or the Institute. Although every care has been taken to avoid errors or omissions, this publication is being published on the condition and understanding that information given in this journal is merely for reference and must not be taken as having authority of or binding in any way on the authors, editors and publishers, who do not owe any responsibility for any damage or loss to any person, for the result of any action taken on the basis of this work. All disputes are subject to Guwahati jurisdiction only.

## CONTENTS

---

### *Research Papers*

**SPAN OF CONTROL COSTS AND GROWTH OF EDIBLE OIL MANUFACTURERS IN KENYA** 1 – 10

Susan Khasenye Wasike, Dr. Luke Oyugi and Dr. Walter Okibo Bichanga

**SERVICE QUALITY AND CUSTOMER SATISFACTION IN THE CELLULAR TELECOMMUNICATION SERVICE PROVIDER IN INDIA** 11 - 19

Dr. Garima Malik and Ch. Abhinav Guptha

**AN EMPIRICAL ANALYSIS ON CONSUMER ATTITUDE TOWARDS ORGANIZED RETAILING AND UNORGANIZED RETAILING** 20 - 26

Sudeep B. Chandramana

**AN ANALYTICAL STUDY OF CONSUMER BEHAVIOR IN RELATION TO PURCHASE OF CAR (WITH SPECIAL REFERENCE TO JODHPUR CITY)** 27 - 31

Dr. Punita Soni

**DESIGN OF E-PROCUREMENT MODEL USING DATA ENVELOPMENT ANALYSIS** 32 - 38

Nagabhushan S. V, Dr. K. N. Subramanya and Dr. G. N. Srinivasan

**IMPACT OF ADVERTISING ON BUYING BEHAVIOUR OF CONSUMERS-A SPECIAL REFERENCE TO FAST FOOD RESTAURANTS** 39 - 51

Priyanka Choudhary and Sanjana Kohli

**FRIEND RECOMMENDATION ENGINE FOR SOCIAL NETWORKING APPLICATIONS** 52 - 57

R. Navaneethakrishnan, K. Kalyana Pragash, S. Pradeep and M. H. Mohamed Faizal

**DISASTER MANAGEMENT AND ROLE OF UNIVERSITY LIBRARIES** 58 - 63

Dr. Farzana Gulzar

**MESMERISM: EXPLORING THE ADVERTISING APPEAL PREFERENCES OF THE INDIAN AUDIENCE: EMOTIONAL OR RATIONAL** 64 - 67

Ragini Bhati

**A STUDY OF FINANCIAL INCLUSION GROWTH IN THE STATE OF HIMACHAL PRADESH** 68 - 73

Kuldeep Kumar

**RESTITUTION: THE BEST ALTERNATIVE TO PUNISHMENT** 74 - 77

Dr. Dhaneswar Das

<b>EMERGING BANKING CHALLENGES IN INDIA</b>	78 - 86
Dr. Suresh Chandra Bihari	
<b>RDA (RESOURCE DESCRIPTION AND ACCESS): REVOLUTION IN RESOURCE CATALOGUING</b>	87 - 99
Sanjukta Mondal and Dr. Kanchan Kamila	
<b>MEDICINAL INSECTS OF MANIPUR</b>	100 - 104
Dr. O. Lukhoi Singh	
<b>SMALL AND RETAIL INVESTOR PERCEPTION IN NORTH-EASTERN HILLY REGIONS ARE SIMILAR: A CASE STUDY ON BHUTAN, INDIA AND NEPAL</b>	105 - 111
Shubhro Michael Gomes	
<b>THE EFFECT OF HUMOR APPEAL ON CHANGE OF CONSUMERS' PREFERENCE TOWARDS FOOD JOINTS IN INDORE</b>	112 - 116
Dr. Archana Gaur and Neha Saxena	
<b>A STUDY ON EXPENDITURE PATTERN OF CONSUMERS AT BIG BAZAAR STORES, BANGALORE URBAN, INDIA</b>	117 - 123
Shylaja N and Suma C. V.	
<b>A CONCEPTUAL STUDY OF INGREDIENT BRANDING</b>	124 - 128
Dr. Dhananjay Awasarikar	
<b>READYMADE GARMENT INDUSTRY IN BANGALORE CITY – A STUDY WITH SPECIAL REFERENCE TO PROBLEMS ASSOCIATED WITH PRODUCTION</b>	129 - 133
Dr. M. Surat Kumari and Ravikumar B. Minajigi	
<b>AN EMPIRICAL STUDY ON E-BANKING IN INDIA</b>	134 - 140
Amrita Gupta and Dr. Parikshit Joshi	
<b>FIGHT FOR RIGHTS STILL A CORE AGENDA- WITH REFERENCE TO SOME ASIAN COUNTRIES-A CRITICAL STUDY</b>	141 - 145
Dr. C. K. Gupta	
<b>PROFITABILITY ANALYSIS OF CASHEW PROCESSING COOPERATIVE SOCIETY : A COMPARATIVE STUDY (SPECIAL REFFERENCE TO KAPRADA TALUKA IN VALSAD DIST)</b>	146 - 153
Patel Dilipkumar Chunilal	
<b>CONTRACT FARMING: ADVANTAGES AND PROBLEMS</b>	154 - 157
Harish. N	
<b>CAPITALIZING ON SIX DEGREE SEPARATION THEORY FOR SOCIAL MEDIA RECRUITMENT</b>	158 - 162
H. Kavitha and Dr. R. Prabhu	

**A STUDY OF LIVELIHOOD AND EDUCATIONAL STATUS OF SANITATION WORKERS IN AHMEDABAD, GUJARAT** 163 - 170

Neepa Gandhi

**LEADERSHIP, CONFLICT MANAGEMENT AND TEAM WORK: A CASE STUDY** 171 - 176

Dr. C. K. Gupta

**ASSESSMENT OF URBAN DRAINAGE CHARACTERISTICS OF JORHAT MUNICIPALITY, ASSAM** 177 - 183

Priti Gogoi and Narayan Chetry

**FACTORS AFFECTING CONSUMER INVOLVEMENT IN PURCHASE DECISIONS: AN EMPIRICAL APPROACH** 184 - 189

Richa Joshi and Rashmi Sharma

**NEW ESSENCE TO LIFE: ACHIEVING WORK LIFE BALANCE** 190 - 192

Divya Sharma

**ADVANTAGES OF MANAGEMENT INFORMATION SYSTEM** 193 – 194

S. Tephillah Vasantham

**DESIGNING STRATEGIES FOR REINFORCING VALUES IN EDUCATION** 195 - 198

Veenam Goyal

---

## SPAN OF CONTROL COSTS AND GROWTH OF EDIBLE OIL MANUFACTURERS IN KENYA

---

Susan Khasenye Wasike<sup>1</sup>, Dr. Luke Oyugi<sup>2</sup> and Dr. Walter Okibo Bichanga<sup>2</sup>

Assistant Lecturer<sup>1</sup>, Catholic University of Eastern Africa, Nairobi, Kenya

Senior Lecturer<sup>2</sup>, Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya

---

### ABSTRACT

*The concept of "span of control," also known as management ratio, refers to the number of subordinates controlled directly by a superior. It is a particularly important concept for small business owners to understand because small businesses often get into trouble when the founder ends up with too wide a span of control. Few entrepreneurs know the term or are willing to admit any limit to the number of people they directly oversee. When a business span of control becomes too large, it can limit the growth of his or her company. Even the best managers tend to lose their effectiveness when they spend all their time managing people and their issues and are unable to focus on long-term plans and competitive positioning for the business as a whole.*

*The concept of span of control was developed in the United Kingdom in 1922 by Sir Ian Hamilton. It arose from the assumption that managers have finite amounts of time, energy, and attention to devote to their jobs. In studies of British military leaders, Hamilton found that they could not effectively control more than three to six people directly. More than a decade later, A.V. Graicunas illustrated the concept of span of control mathematically. His research showed that the number of interactions between managers and their subordinates—and thus the amount of time managers spent on supervision—increased geometrically as the managers' span of control became larger.*

*It is important to note that all managers experience a decrease in effectiveness as their span of control exceeds the optimal level. In other words, the limitations implied by span of control are not shortcomings of certain individual managers but rather of managers in general. In addition, it is important to understand that span of control refers only to direct reports, rather than to an entire corporate hierarchy. Even though a CEO may technically control hundreds of employees, his or her span of control would only include the department heads or functional managers who reported to the CEO directly. "When given enough levels of hierarchy, any manager can control any number of people—albeit indirectly," Hendricks noted. "But when it comes to direct reports, the theory [of span of control] suggests entrepreneurs must respect managers' inborn limits."*

*Key Words:* Organization size Span of Control, organization structure, Types of organizations, Choice of span of control, Span of Control to growth of a Firm.

---

### 1. INTRODUCTION

Why do organizations in the same industry vary in their level of growth? Establishing the optimal span of control for managers is one of the most important tasks in structuring organizations to attain the growth they need. Finding the optimal span involves balancing the relative advantages and disadvantages of retaining responsibility for decisions and delegating those decisions. In general, studies have shown that the larger the organization, the fewer people should report to the top person. Managers should also have fewer direct reports if those subordinates interact with each other frequently. In this situation, the supervisor ends up managing both his or her relationship with the subordinates and the subordinates' relationships with one another. Considering the number of employees in manufacturing firms, span of control is key to maintain the balancing of relative advantages and disadvantages of retaining responsibility for decisions and delegating those decisions. If the decisions do not attain all the advantages that there is, then efficiency will be compromised which as a multiplier effect, will affect the growth of a firm.

Some other factors affecting the optimal span of control include whether workers perform tasks of a routine nature (which might permit a broader span of control) or of great variety and complexity (which might require a narrower span of control), and whether the overall business situation is stable (which would indicate a broader span) or dynamic (which would require a narrower span). Other situations in which a broader span of control might be possible include when the manager delegates effectively; when there are staff assistants to screen interactions between the manager and subordinates; when subordinates are competent, well-trained, and able to work independently; and when subordinates' goals are well-aligned with those of other workers and the organization.

There are advantages and disadvantages to different spans of control. A narrow span of control tends to give managers close control over operations and to facilitate fast communication between managers and employees. On the other hand, a narrow span of control can also create a situation where managers are too involved in their subordinates' work, which can reduce innovation and morale among employees. A wide span of control forces managers to develop clear goals and policies, delegate tasks effectively, and select and train employees carefully. Since employees get less supervision, they tend to take on more responsibility and have higher morale with a wide span of control. On the other hand, managers with a wide span of control might become overloaded with work, have trouble making decisions, and lose control over their subordinates.

With all of these factors to consider, business owners might become overwhelmed with the task of finding the optimal span of control. But Hendricks claimed that evaluating the situation and making a decision should not be too difficult. Hendricks wrote. "If the calculations are too much for you, just take a look at the amount of hours you're working. When workdays for the people at the top are twice what they are for others, span of control is out of whack."

Business owners who feel that they have too many direct reports and need to reduce their span of control, the solution may involve either hiring middle managers to take on a portion of the owner's responsibilities, or reorganizing the reporting structure of the company. In either case, small business owners must balance their own capabilities and workload against the need to control costs. After all, reducing the entrepreneur's span of control may involve the costs of paying additional salaries for new hires or training existing employees to take on supervisory responsibilities. Despite the potential costs involved, Hendricks argued that adjusting span of control toward the optimal level can lead to vast improvements for businesses. "There's the real possibility that paying attention to span of control could usher your business into a new era of rapid, sustained, profitable growth," he told entrepreneurs. "You could even find running your business easier and more fun."

### **1.1 WHAT IS SPAN OF CONTROL?**

The span of control refers to number of employees that directly report to a single manager. Span of control determines the structure of an organization, a narrow span of control results in hierarchical organization while broad span of control leads to flat structure. Since management represents the activities that do not directly result in productivity, they are rather overhead, span of control determines the additional operational cost. Quantitatively, Companywide overhead can be calculated by dividing the total number of management staff with the size of organization. The more the authority levels in the structure the higher the span of control costs. This means that the organization will spend so much on human resource salaries which will in turn affect profit retention ratio, debt ratio, return on investment and liquidity ratio. Any organization for investment purposes need to have high profit retention ratio, low debt ratio, high return on investment and high liquidity ratio. The measure was based on Human capital and technology (Benhabibi & Spiege, 2002).

### **2.1. ORGANIZATION STRUCTURE AND SPAN CONTROL COSTS**

#### **Organization Structure**

Organization structure is a key area in determining the span of control any organization will embrace in relation to the costs. The structure is determined by the size of the organization and the activities or transactions being undertaken. Span of control can is not exclusive and therefore discussion of organization structures is key. Organization's size is determined by number of its employees, the largeness of its operation, and its market reach and share. It also poses a very different challenge for the organization's leaders, while small organizations are build for innovation, large are meant for operational efficiency. The skills necessary for entrepreneurship are quite different from that of running a large and diverse organization, large organizations requires more concern for people, controlling specialized departments and a talent for sensing issues buried deep in the organization. Organizational size is characterized by:

**Technology required to produce the product is major determinant of size**, an airplane, space shuttles, communication satellites, cable bridges, a sport stadium etc require technology that requires a large number of people. Consequently a large organization must be producing something that cannot be produced efficiently with smaller size; otherwise it indicates excessive cost & overhead and needs to be corrected. Hence both technology and size are interrelated and influence the structure of the organization.

**Amount of task specialization increases with size**, the work design is focused and require individuals and teams to deliver a well-defined quality of task.

**Management hierarchy grows with size:** Increased size results in more specialization and decentralization of decision making, the tasks are delegated to teams and are managed by the lower level managers or supervisors. The span-of-control discussed later, makes it necessary to add more management layers for better control of resources and inter-organizational interactions.

When span of control influences the organizational structure the size increases, thus creating an impact of the cost of span of control. Job satisfaction decreases as the size increases, if the span of control is not managed effectively thus affecting the growth of an organization. More specialization and focused work design causes an increase in peer competition; thereby reduces the career growth opportunities, which as a multiplier effect reduces their productivity.

A firm's organization structure serves the important function of guiding where to intervene and by whom, in various ways. An organization structure provides the infrastructure for information processing, communication, and joint decision making within firms (Argres and Silverman, 2004). An organization structure assigns authority and decision rights to supervising units (Rue and Byars, 2005). They in turn coordinate the activities of their direct subordinate units. They set priorities when their subordinates have different opinions (Hart & Moore, 2005), and resolve conflicts when their subordinates have different expectations (Darrington and Brower, 2012). An organization structure groups multiple interdependent tasks into one division and internalizes the trade-offs between conflicting objectives within the same division (Cover and Permuter, 2007). With Multiple verification along the chain of command an organization structure also makes commitment from any individual manager more credible (Foss, 2003).

An organization structure may hinder some influencing activities by making the gains from such efforts a public good for employees in the same department (Inderst, Muller & Warneryd, 2005).

Organization structures are established to ease coordination complexity (Williamson, 2002). Hierarchy is an organization structure with many levels of supervisory units. Beggs, (2001), asserts that managerial hierarchy is a key characteristic of the contemporary business enterprise.

The hierarchical structure embraces different mechanisms for coordination as traditionally viewed by different organization economists. It has been viewed as a network for processing information (West & Markiewicz, 2004), a control and supervision system (Foss, 2000).

Organizational economic studies are now focusing on the most effective structure of hierarchies that can mitigate the trade-offs firms face with coordination. The theoretical models that are able to mitigate the trade-offs with coordination are the interdependencies between tasks that require joint processing. Communication, sharing of information and dividing the workload of information processing is essential to units for the purposes of decisions making (Pataconi, 2005). Information about costs, benefits of their investment projects can be shared so that corporate resources can be redistributed among them so that the most profitable projects are selected (Friebel & Raith, 2006); (Sole and Edmondson, 2002). Problem solving is jointly done because they own complementary knowledge, (Beggs, 2001; Rajan & Zingales, 2001). They have flexibility and adapting to their local demands and be able to accommodate changes in each other's environments which leads to different structural designs (Dessein, & Santos, 2006). The structures that will be discussed are hierarchy as an information processing system, hierarchy as a structured task system, hierarchy as a control mechanism, trade-offs in organization design and cross-functional structures

**Hierarchical structure** as viewed by team theorists is a system for processing information acquired by front units from their business surrounding. This structure assists in the transfer of partially processed information to top management for the purposes of decision making, and to relay top management's instruction to front office employees (Sole and Edmondson, 2002). The receiver may not pay attention if the information is in plenty, (Chipman and Schraagen, 2000). Managers are perceived as information analysts of limited cognitive capacity; their cognitive constraints limit firm size (Van Zandt, 1999). Different hierarchical structures have different levels of specialization in information processing, acquisition and decision making. The information structure and rules should be specified.

Their efficiency is measured by the costs of information processing, acquisition and communicating, and decision making speed (White, 2000). Dividing tasks of information acquisition and processing is easy but it



cannot apply in the decision making process. Decision making cannot be specialized especially when there is incomplete information because it will lead to error. Sole and Edmondson (2002) show that, managers can divide up the task of allocation of resource by referring to information activities under their direct supervision, but they can also obtain information that can cause potential synergistic cost-saving opportunity from any other activity.

A hierarchical structure reduces the channels of communication thus economizing on communication eliminating unmanageable tangle of interconnections that result from specialization (Langlois, 2002). Hierarchical structure enables many middle managers to compute individually and in parallel which lowers information processing cost (De Marneffe and MacCartney, 2006). Despite that, middle managers still have to share the burden of information processing and of bringing more information to give a basis in the decision-making process for the firm as a whole (Sole and Edmondson, 2002). The weakness of hierarchical structure is that it may lead to delay in decision making as communication and information processing becomes sequential along the vertical chain (Brandts and Cooper, 2006). The delay reduces the efficiency of the decisions since could be made basing on old information (Van Zandt, 2003). Given these trade-offs, organizations are often curtailed in their freedom to adjust organization structure and enhance their coordination capacity.

**Hierarchy as a Structured Task System** in a firm is a network that allocates/reallocates material, energy and information between tasks (Baldwin and Clark, 2006). The costs of counting, evaluating and standardizing, these transfers are obvious transaction costs.

Transfers of material and energy between highly interdependent tasks are not easy to standardize, evaluate and count. Instead of transfers, they should be grouped into the same unit or module and separated from the rest of the system. When a system is broken down into a number of subsystems, where interdependent parts are put in to subsystems, and there is minimization of between-subsystems interactions, then it can be referred to as modularization. Therefore, a modular structure, or a network of separated local systems with dense blocks and thin cross points, facilitates many transfers of material and energy without making all of them transactions (Langloise, 2002).

Product design and innovation is a one of the first tasks that the concept of modularity was applied (Baldwin & Clark, 2000). In an organization structure, divisionalization, outsourcing vertical disintegration gives a good basis for modularization. (Novak &Eppinger, 2001), or, (Jacobides, 2005). The main goal being to divide the organization structure according to the similarity/or decomposability of the tasks involved (Nickerson & Zenger, 2002). The partitioning of the organization structure should be moderately done in relation to the tasks so that a situation of over-under-modularizing does not arise. This often leads to poor performance for particular modules and the whole system (Ethiraj&Levinthal, 2004). A modular organization structure enables local exploration of information, it reduces overall system-wide exploration and innovation (Marengo &Dosi, 2005; Siggelkow&Rivkin, 2006).

**Hierarchy as a Control Mechanism:** Both the team and modularity literature view firms as systems of problems or activities to be carried out. To team theorists, managers' major responsibility is information processing to solve control problems in real time (Van Zandt, 2003). To modularity theorists, organizations are subdivided systems of interdependent tasks (Baldwin & Clark, 2006). But real firms are populated with individuals and decision makers with different goals, preferences, and expectations. Even without local incentives, managers do not necessarily converge in preferences or expectation due to coupled equilibriums that can be maintained in dynamic exchanges among groups. Therefore, organization structure provides coordination mechanisms by delegating authority and decision rights to various managers (Cooper and Wolfe, 2005). Management units coordinate the tasks of their direct subordinate units. They give instructions and priorities when subordinates have different opinions and resolve conflicts when they have different opinions (Darrington and Brower, 2012).

Hart & Moore (2005) explicitly assume that a hierarchical structure is something that is negotiated. Asset is a chain of command. Managers at different levels may have different opinion about how an asset should be used but the manager at the top most is the one who will command how that asset will be used, in as much as it may have a joint value that is greater than individual value. A manager whose responsibility is to coordinate should be given a greater authority and rank in the hierarchy so that he/she can control all the assets for the interrelated tasks. Coordination gains in a hierarchical structure will sustain the structure (Rajan and Zingels, 2001).

**Trade-offs in Organization Design:** In a recent paper Dessein and Santos (2006) simultaneously models the conflicting demands of specialization, coordination, and adaptation on organization design. The conflicting demands causes the difference between ex ante and ex post coordination confirms organization choices to adopt locally. Local adaptation seems to be less important when activities are interdependent; organizations tend to pursue specialization for the sake of eliminating the need to coordinate as they set rigid ex-ante rules, forgoing locally adaptation benefits. Local adaptivity could be important and therefore organizations should widen the responsibilities of branches/units to enable ex-post coordination and forgo the benefits from specialization. When potential benefits from adaptations and specialization are sacrificed, coordination costs shall be reflected

Structural contingency theory asserts that there is no best way of structuring. Only a balance between an organization's structural design and its environmental effects will lead to efficiency and effectiveness. External emergencies arise from diversity or a non predictability of the local environment (Poston, 2010), and internal emergencies are commonly caused by changes in technology or interdependence among activity components (Garben and Evert, 2005). External and internal emergencies determine organizations' information processing needs (De Marneffe and MacCartney, 2006). Different structures may provide different capability for information processing, organization performance rely on the balance between information processing demand and supply (Brandts and Cooper, 2006).

Organization structure design involves multiple trade-offs. Different demands on structure may be caused by the nature of a firm's technology and its external environment. These different forms of demands limit the firm's capability to adopt an optimal structure for effective coordination (Van Zandt, 2006). Organization theory and economics literature looks at numerous strands of organization structure; such as modularity theory, team, contingency and agency theories (Levinthal and Wu, 2004). These theories all agree that there is no an optimal organization structure. Instead, an organization can gain trade-offs in structural design for example gaining trade-offs between specialization and coordination; communication, information processing and decision-making, control and delegation.

## **2.2. CROSS FUNCTIONAL STRUCTURES**

The structure that exhibits characteristics of dual lines of authority, accountability, responsibility is widely known to be a matrix structure. It does not agree with the traditional one boss principle of management (Kuprenas, 2001). Diversified firms require a matrix management. A coordinative structural device is well provided by the matrix as it blends the project staffs orientation with orientation of functional staff that creates a synergetic relationship (Hall, 2008). Any task that requires temporary undertaking basis that involves two or separated organizational functional departments then a matrix is the most ideal. A matrix can be deemed as a solution to functional structure. Functional or product structures reduces coordination flow since each structure concentrates in their domain and as a result they reduce the staying with developments in their domain which can cause technological obsolesce. Matrix structure solves the dilemma of the structure chosen in that when one structure is chosen over the other, the benefits of the other structure are lost (Kuprenas, 2001). Proper project coordination and linkage with functional expertise is maintained through a matrix structure because it will combine the benefits of both structures.

**Effective Cross-Functional Organizations Model:** Implementing a matrix is a difficult process, it includes more than just changing the organizational structure, processes, culture, and values over time (Kuprenas, 2001). According to Hall (2008), selection of a matrix is a serious, top management decision that needs commitment to a thorough implementation. They state, "Matrix is an exceptionally complex form and it is not for everybody. It may serve the organization better but if the organization does not really need it, leave it alone". The advantages and disadvantage must be balanced and the process managed if the cross-functional structure is to work. Therefore, it is important for organizations to understand what factors enable or affect the adoption of a matrix before they select this complex organizational structure. This structure creates interrelated complexities of carrying out tasks thus rendering difficulties in coordination.

## **2.3 TYPES OF ORGANIZATIONS**

There are various types of organizations just to mention a few i.e. vertical organization, horizontal organization and portfolio organization.

**Vertical Organization:** Vertical organizational structure is a hierarchical structure that creates layers of agents within an organization. It can be applicable to a company as an entity, specific project and teams. Each layer

has progressively fewer people and more power all the way to the top. Decision-making is for the top people and they move from up to down through power structure, and the people at the bottom have not much autonomy. This structure enhances tight control and consistency within any organization (Beggs, 2001). When decision making is delegated to limited people, they tend to be consistent and can be made very quickly because they do not need consultation nor consensus. Clear guidance is enhanced in this type of structure.

The limiting approach of vertical organization is that it kills creativity as lower ranking employees expect to carry out what is delegated to them. Implementation of decisions created at the higher level may lag as the lower level feel they did not participate in the decision making thus they are not part of the action thus taking longer to implement changes( Donaldson, 2001).

**Horizontal Organization:** A horizontal organization is a more of model for the knowledge age and it has been found more effective by most companies (Anand and Daft, 2007). They assert that horizontal structure provides the need for people to understand the organization's core competencies. Horizontal structure is dominated by decentralization, downsizing, team-oriented organizations with empowered workers. Management by objective is core as opposed to bureaucracy.

The vertical/functional hierarchy has been the mainstay of business since the industrial revolution. But it has its problems. In fact, the vertical design all but guarantees fragmented tasks, overspecialization, freedoms, turf wars, the urge to control from the top-all the negatives that foster organizational paralysis. In horizontal organization, companies with the first truly viable alternative to the age-old alignment. The horizontal organization is the organization of the future (Sole and Edmondson, 2002).

Horizontal organization is the model corporation for the next few years and it is the real thing. The fundamental principles that guide horizontal organizations are: to organize around cross-functional core processes; to install process owners; to make teams and not individuals; to be the cornerstone of organizational design and performance; to integrate with customers and suppliers; to decrease hierarchy by eliminating non-value-added work by giving team members the authority to make decisions; and to build a corporate culture of openness, cooperation and collaboration, (Fan *et al.*, 2000). A culture that focuses on continuous performance improvement and values employee empowerment, responsibility, and well-being, empower people by giving them the tools, skills, motivation and authority they need, use information technology to help people reach performance objectives and deliver the value proposition to the customer, measure for end-of-process performance objectives as well as customer satisfaction, employee satisfaction, and financial contribution, redesign functional departments or areas to work as partners in process performance with core process groups, emphasize multiple competencies and train people to handle issues, and work productively in cross-functional areas and promote multi-skilling, the ability to think creatively and respond flexibly to challenges that arise in the work that teams do (Inderest, *et al.*, 2005).

**Portfolio Organization:** Portfolio organization can work very well in tiered organizational structures, based on hierarchy of portfolios or programs (Poston, 2010). A portfolio organizations and the tiered structure is as illustrated in table 2.3.

**Table 3.1: Portfolio Organization tiered Structure**

Role	Responsibilities
Executive Team	Decision –making and oversight group, composed of Senior executives. The group sets portfolio funding levels, approves project recommendations, and provides policy guidance.
Portfolio Management	The portfolio management and competency center, composed of the portfolio manager, administrator, and potentially impacted program managers. Responsible for the portfolio management process.
Portfolio Manager	Head of the portfolio management team, responsibilities include making project recommendations and reporting to the executive team.
Portfolio Administrator	Individual responsible for collecting project information, applying tools, and coordinating the day-to-day steps of the portfolio management process

---

Program managers	Persons responsible for managing groups of projects with similar characteristics or directed at specific goals (e.g. capital projects, maintenance projects, customer-support projects, etc.) Responsibilities include verifying project cost, value, and risk estimates for projects within their respective programs.
Project Managers	Persons responsible for day-to-day management of individual projects. Responsibilities include providing project proposal data and communicating project status to program managers and the portfolio manager.

---

Source: Poston, 2010

### 3. WHY ORGANIZATIONS STRIVE FOR GROWTH?

**Better customer service:** Organizations grow their revenue by increasing their customer base, as a consequence, the product and services need more changes and support. To serve the customer better, the organization has to employ more resources.

**Grow for survival:** Small organizations are more easily affected by the sudden changes in the external environment; hence the business leaders feel compelled to grow or perish.

**Control more resources:** Growth ensures that the organization has better control over the necessary external resources like raw material, skilled workers and technological advancement.

**Increase market share:** Growth also ensures that the organization can compete globally, can penetrate new markets and can provide good service and influence customer loyalty.

**Deter competition:** Big organization can invest in complex products, has means to control cost and can be aggressive in marketing strategies. All such measures result in stabilizing the market in long term and act as deterrent to new entrants.

**Diverse product lines:** Having several products and technologies provides better market intelligence for new products and changing customer preferences. It ensures that while older products lose market share and turn out to be obsolete, the newer are in queue to replace them.

**Exciting employee opportunities:** A growing organization provides exciting and vibrant work environment, better career growth opportunities and can attract best available brains. It should be noted that a growth is the stage of becoming large, once it has attained the large status, it may get stagnant and might only provide a long and stable career.

### 4. MODEL SPECIFICATION: PATH ANALYSIS

Path analysis' aim is to provide estimates of the magnitude and significance of hypothesized causal connections between sets of variables.

Path analysis indicates that variables are merely correlated; no causal relations are assumed. The independent (X) variables are called exogenous variables. The dependent (Y) variables are called endogenous variables. A *path coefficient* indicates the direct effect of a variable assumed to be a cause on another variable assumed to be an effect (Cyprien and Kumar, 2011).

Path analysis can be represented in two ways: as an equation or in diagrammatic form. For the purpose of this study, an equation was used referred to as a structured equation, which was typically stated in its standardized form as follows:

Growth = f (Span of control costs). This can be represented in an equation as follows.

$$Z = f(P_{41} Z_1)$$

#### 4.1 Data Transformation

To make the data linear, the researcher used logarithmic transformation method to change the raw data into logarithmic mode to allow further arithmetic calculations to be done. After the data was transformed into logarithmic mode, it was subjected to correlations analysis and multiple regressions.

#### 4.2 Hypothesis

**H<sub>0</sub> :-** Span of control costs do not affect organizational growth

Chi-square test done on hypothesis four shows the following outcomes presented in table 4.1.

**Table 4.1: Chi-square test between growth and span of control costs**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30.000 <sup>a</sup>	27	.031
Likelihood Ratio	23.871	27	.637
Linear-by-Linear Association	1.467	1	.226

The researcher conducted a chi-square to test the interdependence of growth and span of control costs. From the findings, the chi-square p= value was 0.031. This indicates that growth and span of control costs had significance statistical relationship. Thus, the researcher accepted the alternative hypothesis that span of control costs affect the organizational growth of a company. This shows that there is direct proportionality in that a given change in span of control will produce a corresponding change in firm growth. For that matter, there is linear association.

**Table 4.2: Goodness of Fit model**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.800 <sup>a</sup>	.640	.353	1.260E8

The value of R square for the study model was 0.64. This indicates that the independent variables of the model explain 64% of the variations in the growth of the companies. The rest 26% is explained by other variables.

The ANOVA test carried out on the study revealed the scenario as at table 4.3.

**Table 4.3: ANOVA**

	Sum of Squares	df	Mean Square	F	P Value Sig.
Regression	4.938	4	1.234	10.099	.003
Residual	.489	4	.122		
Total	5.427	8			

The value of the p in the table shows the level of significance of the independent variables on the dependent variable. According to table 4:3, the value of p was 0.003 (P<0.05) indicating that the predictors were statistically significant in influencing the behavior of the growth of the oil manufacturing companies.

## 5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Introduction

The study was motivated by the need to establish the relationship between coordination costs and the growth of the oil manufacturing companies. To achieve the main objective of the study, the researcher determined how span of control related costs affect the growth of edible oil manufacturing companies in Kenya.

### 5.2 Span of control costs and organizational growth

The objective of this study was to assess the span of control costs and their effects on organizational growth. According to the findings, the costs associated with span of control were very low because of low levels of authorities; there is high level of delegation of duties by the management, there are low numbers of managers in the companies which has reduced the points of commands and costs associated with them.

The span of control costs relates to the costs incurred due to the varying levels of authorities and processes and even areas which require control. The study found that span of control costs are inversely related with the growth of the oil companies. Therefore when such costs increase the profits of the companies declined. The span of control costs were directly related with decomposability costs ( $r=0.286$ ) and complexity costs. Thus, when the companies incurred high decomposability costs or complexity costs, the span of control costs were also increasing. However, the span of control costs was inversely related with inter-unit costs.

The span of control costs were found to be significant in affecting the growth of the oil manufacturing companies. The increase in span of control costs by one unit increase decreases the profits by 3.435 units. The chi square further shows that span of control costs and the growth of the oil manufacturing companies have got a significant relationship. This indicates that span of control costs are important components of costs which management should look into and address.

## 6.1 CONCLUSION

The span of control costs are low in most of the companies because they have low levels of authorities, high level of delegation and low number of managers which consume less financial obligations.

The study notes that span of control costs significantly reduce the profits of oil manufacturing companies. They have negative influence on the growth of such companies and should be well addressed to curb company financial stagnation.

## 6.2 SUGGESTIONS FOR FURTHER STUDIES

The study collected information on the growth and span of control costs in the three oil manufacturing companies for the period between 2003 and 2012. However, the findings could be different in other companies. It is recommended that a similar study be done in other companies to compare the results and get more knowledge on the span of control costs and growth of the companies.

The study collected information on span of control costs. However, there is little known about the effects of other costs on the growth of the oil manufacturing costs. It is recommended that other studies be done on other types of costs incurred by the companies in the course of their operations to know more on how they affect the growth of the companies.

## REFERENCES

1. Argyres, N. S., and Silverman, B. (2004). *R&D, Organization Structure, and the Development of Corporate Technological Knowledge*. Strategic Management Journal 25 (-8-9), Special Issue: The Global Acquisition, Leverage, and Protection of Technological Competencies, 929 – 958.
2. Beggs, A. W. (2001). *Queues and Hierarchies*. Journal of Economic Studies. Wiley Blackwell, 68(2), 297-322
3. Brandts, J., and Cooper, D. (2006). *A change would do you good. An Experimental Study on how to overcome Coordination Failures in Organizations*. American Economic Review, 96 (3), 669-693.
4. Balwin, C.Y., Clark, T.B. (2006). *Where do Transactions Come From? A network Design Perspective on the Theory of the Firm*, 45.HBS.
5. Chipman, S. F., Schraagen, J. M., and Shalin, V. L. (2000). *Introduction to Cognitive Task Analysis*. Mahwah, NJ. Lawrence Erlbaum Associates.
6. Cover, T., and Permitter, H. (2007). *Capacity of Coordinated actions*. In *IEEE international Symposium*. Theory, Nice.
7. Darrington, J., and Brower, N. (2012). *Effective communication Skills*. Messages and Beyond. Utah State University Extension.
8. Dessin, W., Santos, T. (2006). *Adaptive Organizations*. Journal of Political Economy, 114, 956-995
9. De Marneffe, M. C., MacCartney, B., and Manning C. D. (2006). *Generating Type dependency Parses from Phrase Structure Parses*. LREC
10. Friebe, G., and Raith, M. (2006). *Resource allocation and firm scope*. University of Rochester and University of Southern California.

11. Foss, N. (2003). *Selective Intervention and Internal Hybrids: interpreting and Learning from the Rise and Decline of the Oticon Spaghetti Organization*. Organization Science, 14, 331-349.
12. Hart, O., & Moore, J. (2005). *On the Design of Hierarchies: Coordination Versus Specialization*. Journal of Political Economy, 113, 675-702.
13. Harrison, Simon. "Is There a Right Span of Control?" *Business Review*. February 2004.
14. Hendricks, Mark. "Span Control." *Entrepreneur*. January 2001.
15. Inderst, R., Muller, H.M., Warneryd, K. (2005). *Influence Costs and Hierarchy*. Economics of Governance, 6(2), 177-197.
16. Jacobides, M .G. (2005). *Industry Change through Vertical Disintegration: How and why Markets Emerged in Mortgage Banking*. Academy of Management Journal, 48(3), 465-498.
17. Langlois, R. N. (2002). *Modularity in Technology and organization*. Journal of Economic Behaviour & Organization, 49, 19-37.
18. Novak, S., & Eppinger, S.D. (2001). *Sourcing by Design: Product Complexity and the Supply Chain*. Management Science, 47 (1), 189-204.
19. Nickerson, J. A., and Zenger, T.R (2002). *Being efficiently Fickle: A dynamic Theory of organizational Choice*. Organization science, 13(5), 547-566.
20. Pataconi A. (2005). *Optimal Coordination in Hierarchies*. University Oxford.
21. Rajan, R. G. Zingales L. (2001). *The firm as a dedicated Hierarchy: A theory of the origins and growth of firms*. The quarterly Journal of Economics 116 (3), 805-851.
22. Rue, L. W., and Byars, L.L. (2005). *Management skills and application*. 11<sup>th</sup> Edition. New York. McGraw-Hill/Irwin
23. Sole, D., and Edmondson, A. (2002). *Situated Knowledge and Learning in dispersed Teams*. British Journal of Management, 13, 517-534.
24. Van Zandt, T. (2003c). *Real-Time Hierarchical Resource Allocation* INSEAD.
25. West, M. A., and Markiewicz, L. (2004). *Building team-based working. A practical Guide to Organizational Transformation*. Oxford, Blackwell.
26. White, Steven, (2000) *Cooperation Costs, Governance Choice, and Alliance evolution*, Working paper – INSEAD Working paper series, INSEAD, Fontainebleau, France.
27. Visser, Bauke. "Organizational Communication Structure and Performance." *Journal of Economic Behavior and Organization*. June 2000.

---

## SERVICE QUALITY AND CUSTOMER SATISFACTION IN THE CELLULAR TELECOMMUNICATION SERVICE PROVIDER IN INDIA

**Dr. Garima Malik<sup>1</sup> and Ch. Abhinav Guptha<sup>2</sup>**

Assistant Professor<sup>1</sup>, Amity Business School, Noida

Assistant Manager<sup>2</sup>-Branding, National Payments Corporation of India

---

### ABSTRACT

*Tele-Communication industry has its roots since the industrial era but it has been under the constant change both in evolutionary and revolutionary pattern. Technological developments in the industry have undergone an evolutionary change with the modernization of the equipment which possesses the ability to function more with lower space requirements. Additional usages like internet, VPN and Wi-max have acted as catalyst to increase the importance of the telecommunication industry. A revolutionary change can be observed in business processes and management principles of the players in the industry as the customer experience and high end value services are generating positive cash flows for the existing players. Besides that low tariff levels, connectivity, signal strength, various data service and a host of innovative value-added services that are likely to determine the performance of the telecom players in future.*

*This paper provides insights about the Indian telecom environment in the customer's perspective by using the scales provided by the SERVQUAL model (designed by Zeithmal et al.) and various analytical tools like t-test, gap analysis etc. Results indicated that all 5 service quality dimensions positively influenced customer satisfaction in terms of loyalty and attitudes. In addition, t-test results showed that there was a significant gap between the perceived satisfaction and expectation (P-E) on all of the service quality dimensions. Findings of this paper would act as directives to the marketers in the Indian telecom industry to understand their customer better and formulate newer practices to increase customer retention through improved quality.*

*Keywords: Customer satisfaction, Telecom industry, User perspective, Service quality and Gap analysis.*

---

### INTRODUCTION

India's CTSP or cellular telecom service provider sector has been doing exceptionally well in past decade. Its structural and institutional reforms have provided tremendous growth opportunity to this sector. India has nearly 200 million telephone lines making it the third largest network in the world after China and USA. With a growth rate of 45%, Indian telecom industry has the highest growth rate in the world. The first reforms in Indian telecommunications sector began in 1980s when the private sector was allowed in telecommunications equipment manufacturing. In 1985, Department of Telecommunications (DOT) was established.

India has monstrous chances for telecom administrators and is one of the best markets for telecom business. The Indian cell telephone business is very focused with more than 150 gadget makers attempting to pull in the customers with their plans and offers. The vast majority of these makers center their exertions on the ease characteristic telephone market, which constitutes over 91 for every penny of general cell telephone deals, offering an enormous degree for development. India included 1.49 million GSM supporters in July 2013, taking the aggregate GSM client base in India to 672.63 million.

In addition, in June 2013 the GSM telecom administrators included 2.63 million new endorsers, to take the client base to 271.9 million at the end of the month, as stated by the information discharged by Cellular Operators Association of India (Coai).the GSM officeholders Bharti Airtel, Vodafone and Idea Cellular—have together crossed 70 for every penny in income piece of the pie and had a 99.7 for every penny offer of the incremental incomes throughout the June 2013 quarter, according to the most recent figures discharged by TRAI. The versatile worth included administrations (MVAS) business sector is relied upon to arrive at Us \$ 9.7 billion in 2015, from Us\$ 4.8 billion in 2012, according to a joint examination report by Wipro Technologies and the Internet and Mobile Association of India (IAMAI)

What added up to 9.4 million cell phones were dispatched into the nation, enrolling a development of 167.3 for every penny on a yearly foundation? India likewise saw 74.5 million portable handset shipments for the January-April 2013 period.



---

**ROLE OF TELECOM SECTOR IN INDIAN ECONOMY**

As stated by the UNCTAD, there is an immediate association between the development in portable tele-thickness and the development in GDP for every capita in creating nations, which have a tendency to have a high rate of rustic populace. The offer of the telecom administrations industry in the aggregate GDP has been climbing over the past few years (the telecom area commitment in GDP went up from 2.52% in Fy05 to 2.83% in Fy07).telecom division is anticipated to develop as the single biggest segment of India's economy, with a 15.4% offer (proportionate to Rs.865,031 crore) of GDP by 2014-15.

In India's change from an agrarian to an administrations economy, correspondence is distinguished as the quickest developing segment, developing by 25.7% throughout 2001-08. The correspondence segment will along these lines be one of the significant drivers of the Indian economy in the following five years. It's positioning as far as commitment to aggregate GDP has climbed from #17 in 1980-81 to #8 in 2007-08 and is further anticipated that will surpass all different segments by 2014-15, accepting that all different areas develop at the normal development rates saw throughout 2001-08. Telecommunication segment's offer of aggregate GDP has expanded from only 0.7% in the 1980s and 1.0% in the 1990s to 3.6% throughout 2001-08. In 2007-08, the division represented 5.7% of GDP. In this scenario customer satisfaction is the most important factor which is to be measured constantly to sustain the competition for the long time and generate positive cash flows for the company.

Dynamic market has compelled the service provider to measure the ever changing markets for the customer satisfaction. Quality becomes the primary element in achieving high degree of customer satisfaction and reducing the attrition of the consumer in addition to the reduction in the customer acquisition cost. Which on the long term provide a solid base for the expansion and diversification as the present market is slowly shifting from the voice usage to the data usage in the form of internet, 4G, LTE etc.

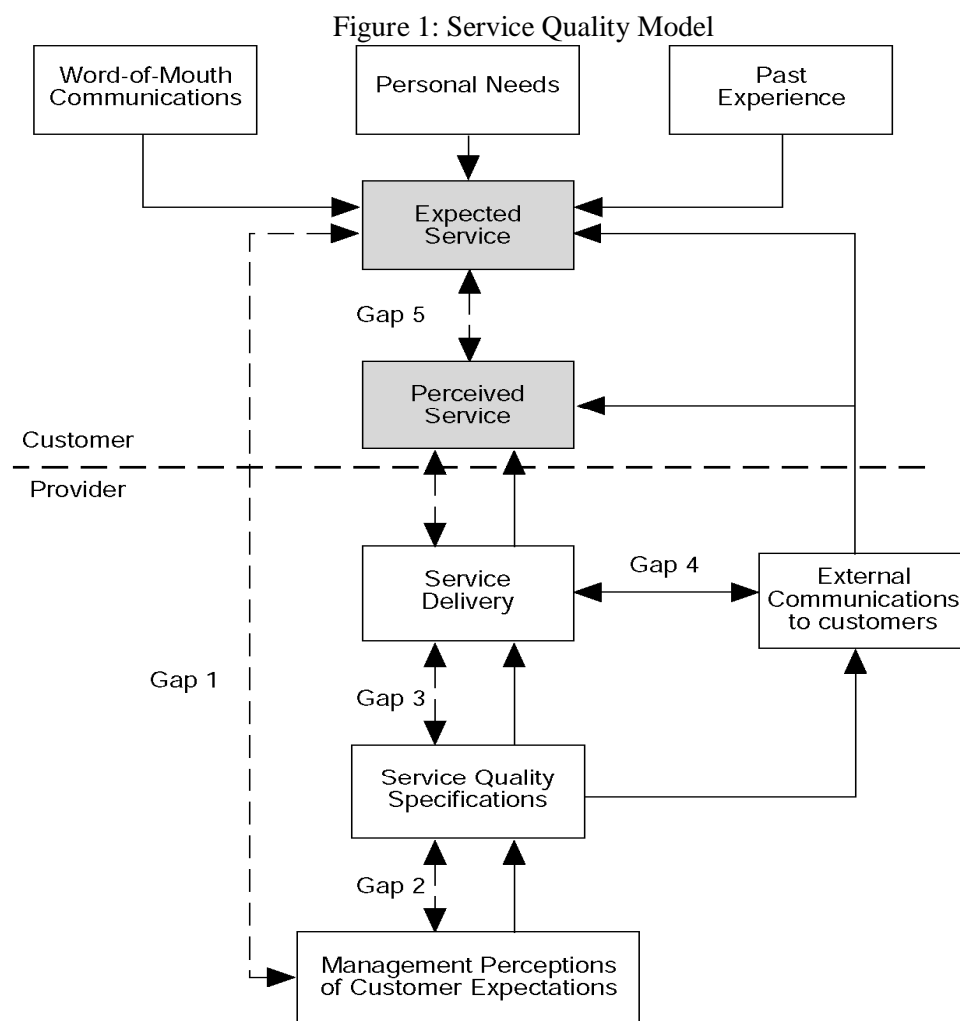
**LITERATURE REVIEW**

The Literature considered for the project is related to the services rendered by telecom companies and application of servqual model (Gap assessment) to assess it by analyzing the difference in expected and perceived value.

Parasuraman, Zeithaml & Berry (1985), in their research paper "*A Conceptual Model Of Service Quality And Its Implications For Future Research*" support that service quality is evaluated by comparing customer expectations with customer perceptions of the service delivered: "Perceived service quality is a form of attitude, related but not equivalent to satisfaction, and results from a comparison of expectations with perceptions of service performance" Looking at the definition above, Zeithaml et al. go further than saying that service quality is only a comparison of expectations and perceptions. They state that service quality is a form of attitude, meaning that customers can have a perception of a specific service even though they have never used it before.

Further, it indicates that service quality is an overall perception that is not transaction specific. Although a single interaction between customer and the service provider influence the service quality, service quality is not based on one specific interaction but merely is a compound of several exchanges. This means service quality is evaluated by the customers (users) who compare the expectations of the service with the perceived service performance experienced in a given service process. Service quality can thus be considered a form of attitude and consequently an overall perception made up by several transactions.

A widely used method of measuring service quality is the gap analysis model, Originally developed by Zeithaml, Berry, and Parasuraman in 1988, shown in Figure 1.07 (Grönroos,2000).refer to Figure 1



**Source:** Valarie A. Zeithaml, A. Parasuraman, Leonard L. Berry. Delivering Quality Service: Balancing Customer Perceptions and Expectations. New York: The Free Press, 1990

The model concentrates on five gaps which can impair the extent of service quality delivered. This study focused on Gap 5: the difference between the user's experiences and expectations of service. The result can be either positive (the experience was better than the user thought it would be) or negative (the experience was worse than expected). Although other four gaps are also important in service quality determination. Gap 5 is the only one that can also be observed from the figure that the other 4 gaps lie below the line of visibility and is lies in the service provider's end. Thus it becomes impossible to be able to analyze the gaps without the company's help itself. Hence we concentrate on the analysis of Gap 5 for the service provider found out to be the most popular i.e. Airtel. In order to measure Gap 5, which determines the difference between customer expectations and perceptions, the SERVQUAL instrument, developed by Parasuraman, Zeithaml and Berry in 1985 was adopted. It contains five determinants; they are Tangibles, Reliability, Responsiveness, Assurance and Empathy.

Parasuraman, Zeithaml & Berry (1988), discuss about a model developed which depicts various gaps in the service process may affect the customer's assessment of the quality of the service. They identified the following gaps that may occur in the service process:

- Consumer Expectation – Management Perception
- Management Perception – Service Quality Specification Gap
- Service Quality specification – Service delivery Gap
- Service Delivery – External Communications Gap

These four gaps emerge from a management outlook on a service organization's design, marketing and delivery of services. These gaps are located throughout the organization between frontline staff, customers and managers. These, in turn, contribute to another gap, i.e. gap 5, which is the discrepancy between customers' expected services and the perceived service actually delivered. This gap is a function of the other four gaps: i.e.  $\text{Gap 5} = f(\text{gaps 1, 2, 3, 4})$ . It is this gap that Parasuraman Zeithaml & Berry (1985) sought to measure using the SERVQUAL instrument. Zeithaml & Bitner (1996) explains that the quality of service is the excellence or superior service delivery process to those with consumer expectations. There are two main factors that affect the quality of services, namely: expected service and perceived service. If the service is received as expected then the service quality is good or satisfactory, but if the services received exceed the expectations the results will be a very satisfied customer and perceived service quality is very good or ideal. Conversely, if the service received is lower than expected then the perceived poor quality of services. Quality of service will depend on how much the service provider's ability to consistently meet the needs and desires of consumers.

(Rotchanakitumnuai, 2010) in their marketing researches have suggested that price is a critical factor which enhances the customer satisfaction because whenever customer evaluates the value of goods or services they often think of price. The price is what the customer sacrificed to obtain goods or services. However, unreasonable changes in price caused customers to perceive unfairness and unsatisfactory. Fairness can be defined as a belief of judgment of whether an outcome reaches to be reasonable, acceptable and just. Moreover, customers will not always know or remember the actual price of a good or service but they consider in a way of appropriateness for them. That means price fairness can be included the comparison of standard price, price perception and reference price.

(Chang & Lim, 2002) carried out comparative study of relevance of SERVQUAL and SERVPERF scales. In their opinion, SERVQUAL model is more appropriate than SERVPERF. (Jain, Sanjay., Gupta Garima, 2004) found in their research that whenever the research objective is to identify areas relating to service quality shortfalls for possible intervention by the managers, the SERVQUAL scale needs to be preferred because of its superior diagnostic power. It is the SERVQUAL scale which outperforms the SERVPERF scale by virtue of possessing higher diagnostic power to pinpoint areas for managerial interventions in the event of service quality shortfalls.

## RESEARCH OBJECTIVES

- To study the customer's perception towards quality of services of CTSP.
- To evaluate the level of satisfaction regarding the services offered by CTSP.
- To establish a relationship between service quality and customer loyalty.
- Understanding reasons for contacting customer service with respect to occupation.

## RESEARCH METHODOLOGY

The research is descriptive in nature because in this study assesses know how customers perceive the services of the CTSP under study and analyze the gap. Responses of 110 respondents have been collected to carry out the study. Convenient or opportunity sampling technique has been employed to choose the respondents and the data was collected through a self-administered questionnaire using the internet and telephone as medium along with personal interviews to maintain the right mix of geographic distribution in the sample. Special attention was given to make sure that every leading service provider's customer has been covered under the study.

To analyze the data SPSS (Statistical Package for Social Sciences) was used for the implementation of the analytical techniques like one-sample t test, Pearson correlation, cross-tabulation and for generating of various graphical outputs.

The model used primarily in the present research was SERVQUAL (Parasuraman et al., 1988, 1991). SERVQUAL is a survey instrument that purports to measure the quality of service rendered by an organization. The instrument is viewed as a basic skeleton that requires modification to fit telecom industry). The service quality can be measured on the following five dimensions:

**Reliability:** The ability to perform the promised service dependably and accurately.

**Assurance:** The knowledge and courtesy of employees and their ability to convey trust and confidence.

**Tangibles:** The appearance of physical facilities, equipment, personnel and communication materials.

**Responsiveness:** The willingness to help and provide promptness service.

**Empathy:** The caring, individualized attention provided to the customers

#### DATA ANALYSIS

The reliability and equivalence of the different items of the scales used was checked by analyzing Cronbach's alpha coefficient. Table 1 shows that all the scales used for study achieved a high Cronbach's alpha coefficient, suggesting a high reliability (greater than 0.6 recommended by Nunally and Bernstein) and internal consistency.

**Table 1: Reliability Statistics**

Cronbach's Alpha	N of Items
.609	25

#### Customer perception towards quality of services

To understand the perception of the customers towards the service quality of the CTSP, following parameters have been formulated:

- Network quality
- SMS rates
- New schemes
- Call rates
- Internet services
- Roaming facility
- Credit facility

Responses to above mentioned parameters have been subjected to one sample t-test and significance of the below hypotheses was tested.

Null Hypothesis (H0): Parameters has no significant influence on customer perceived quality.

Alternate Hypothesis (H1): Parameters has significant influence on customer perceived quality.

**Table 2: One-Sample Test**

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Network_quality	24.854	109	.000	2.30909	2.1250	2.4932
SMS_rates	21.834	109	.000	2.32727	2.1160	2.5385
New_schemes	24.281	109	.000	3.15455	2.8971	3.4120
Call_rates	25.952	109	.000	2.36364	2.1831	2.5441
Internet_services	18.666	109	.000	2.30909	2.0639	2.5543
Roaming_facility	25.952	109	.000	2.36364	2.1831	2.5441
Credit_facility	22.641	109	.000	2.79091	2.5466	3.0352

Sig. (2-tailed) value is which is also called p value is less than 0.05, i.e.  $p < 0.05$  for all parameters considered for the test. Hence, H0 (Null hypothesis) is rejected for all parameters. This result concurs with alternate hypothesis that, all considered parameters have significant influence on customer perceived quality.

#### PEARSON CORRELATION COEFFICIENT

Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. According to Sekaran (2003), in research studies that includes several variables, beyond knowing the means and standard deviations of the dependent and independent variables, the researcher would often like to know how one variable is related to another. While correlation could range between -1.0 and +1.0, the researcher need to

know if any correlation found between two variables is significant or not (i.e.; if it has occurred solely by chance or if there is a high probability of its actual existence). As for the information, a significance of  $p = 0.05$  is the generally accepted conventional level in social sciences research. This indicates that 95 times out of 100, the researcher can be sure that there is a true or significant correlation between the two variables, and there is only a 5% chance that the relationship does not truly exist. The correlation matrix between dependent variable and independent variables are exhibited in Table 3 below. The findings from this analysis are then compared against the hypotheses developed for this study. Table 3 shows the mean value depicting the overall customers' satisfaction. As far as this description analysis is concerned, customers' satisfaction on the cellular telecommunication service provided is above satisfactory level (with a mean value of 3.26 on a 5 point Likert type scale). As far as the mean values are concerned customers are satisfied on tangibles, reliability, responsiveness, empathy and assurance.

**Table 3: Summary of Means, Standard Deviations and Correlation Matrix**

Variables	Mean	SD	Customer Satisfaction	X1	X2	X3	X4	X5
Customer Satisfaction	4.13	1.03						
Empathy	3.47	0.732	0.288**					
Tangibles	3.35	0.724	0.166**	0.512**				
Reliability	3.41	0.882	0.195**	0.554**	0.482**			
Responsiveness	3.42	0.734	0.211**	0.571**	0.383**	0.497**		
Assurance	3.31	0.727	0.232**	0.632**	0.615**	0.564**	0.606**	

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

X1=Empathy, X2=Tangibles, X3=Reliability, X4=Responsiveness, X5=Assurance

As shown in Table 3, the correlation matrix indicates that service quality was positively correlated with customer satisfaction. The highest coefficient of correlation in this study between service quality variables and customer satisfaction however is 0.212, which is below the cutoff of 0.90 for the co-linearity problem. There was a significant positive relationship between assurance and customer satisfaction ( $r = .232$ ,  $p < 0.01$ ). The positively moderate correlation were responsiveness and customer satisfaction ( $r = .211$ ,  $p < 0.01$ ), reliability and customer satisfaction ( $r = .195$ ,  $p < 0.01$ ) and the strongest correlation were between empathy and customer satisfaction ( $r = .288$ ,  $p < 0.01$ ). The weakest correlation was for tangibles and customer satisfaction ( $r = .166$ ,  $p < 0.01$ ). In other words, the results indicate that the most important service quality dimension on customer satisfaction was empathy, which goes to prove that empathy was perceived as a dominant service quality; improvements in customer satisfaction levels were significant.

#### **Relationship between service quality and customer loyalty**

Pie chart in Figure 2 clearly indicates that there is direct relation between service quality and customer loyalty. 58.2% of respondents said that they would stick to same service provider if service gets better as they were strongly favor (agree) of it, while 36.4% of respondents agreed that they would stick to same service provider. However it has been observed that 5.4% of respondents were neutral regarding their loyalty towards the usage.

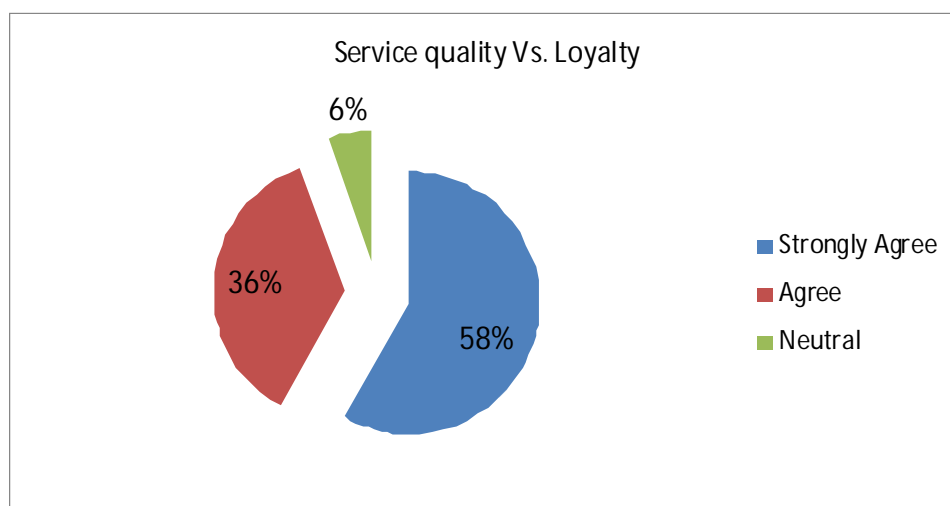


Figure 2: Service quality Vs. Loyalty

#### Gap analysis: comparison of expectations and perceptions on service quality

Based on t-test results, the comparison between expectations and perceptions rated by participants on all five service quality dimensions (tangibility, responsiveness, assurance, empathy and reliability) delivered by this CTSP indicated a significant gap ( $p < 0.01$ ). As shown in Table 4 below, the largest mean difference between expectations and perceptions of service were noted from the responsiveness perspective (mean difference = -0.31) followed by assurance perspective and the reliability perspective (mean difference = -0.28 and -0.27 respectively). On the other hand, the smallest mean difference between expectations and perceptions of the services were identified from the tangibility perspective (mean difference = -0.16).

Table 4: Gap Analysis Results

Service Quality Dimensions	Expectations		Perceptions		Mean Differences	Gap (P-E)		***Sig.
	Mean	S	Mean	S		S	T	
Empathy	4.76	0.56	4.51	0.66	-0.21	0.66	4.51	0.000
Tangibles	4.28	0.72	4.32	0.61	-0.16	0.74	2.84	0.000
Reliability	4.59	0.63	4.67	0.67	-0.27	0.68	5.85	0.000
Responsiveness	4.62	0.58	4.77	0.61	-0.31	0.65	6.87	0.000
Assurance	4.57	0.72	4.42	0.62	-0.28	0.73	5.10	0.000

#### Understanding reasons to call customer service with respect to occupation:

Cross-tabulation technique has been implemented to understand various reasons to call customer care of CTSPs by customers. Further occupation variable has been introduced to understand better.

Table 5: Cross-tabulation for occupation and reasons to call customer service

		Occupation				Total
		Student	Business	Housewife	Govt. Employee	
Reasons to call customer care	Value added services	9	7	1	6	23
	Information regarding new schemes	17	9	7	2	35
	Complain	21	8	6	6	41
	Other queries	3	6	2	0	11
Total		50	30	16	14	110

Table 5 showcases that customer service of CTSP are most frequently contacted to complain, then to obtain information regarding the new schemes. Customer service contact for value added services are less when compared to complains and information seeking. Calls regarding complain are higher across all occupation. However, percentage of students, housewives and business sector respondents contact customer service for new information is fairly higher. Govt. employees contact customer service for value added services frequently, but housewives in contrary contact less regarding value added services.

#### **Understanding the usage pattern of customer with respect to the age group**

Cross-tabulation technique has been implemented to understand usage pattern of CTSPs by customers with respect to the age group. Services considered here are Internet, SMS and value added services, as basic calling service is used by all respondents.

**Table 6: Cross-tabulation for understanding usage pattern of CTSPs by customers with respect to the age group**

		Age Group				Total
		16-20	21-25	26-30	Above 30	
Services used most	Internet	7	26	21	16	70
	SMS	4	11	4	3	22
	Value added services	1	7	7	3	18
	<b>Total</b>	<b>12</b>	<b>44</b>	<b>32</b>	<b>22</b>	<b>110</b>

From Table 6, it is evident that internet is most widely used service in all age groups. SMS stand next to the internet and then it is value added services. This pattern has been observed in all age groups.

#### **CONCLUSION AND RECOMMENDATIONS**

An evaluation of relative importance of CTSP service quality dimensions is essential to identify the effects of these dimensions on customer perception of cellular phone service quality. This would serve to identify the relevant parties concerned to identify and undertake necessary initiatives to improve those aspects that customers value the most. The results analysis in Table 4 indicate that empathy, responsiveness, assurance, tangibles and reliability are dimensions that have a positive and significant impact of customers' perceived service quality on CTSP. The results of this study concur with the outcome of other studies on traditional service quality setting (Bitner, 1990; Parasuraman et al., 1988).

Network quality, SMS rates, New schemes, Call rates, Internet services, Roaming facility, Credit facility are the parameters, which consumers perceive to be associated with service quality of CTSP. Internet usage is the most utilized service by the consumers after calling service, so CTSPs need to focus on their ability to provide wide internet compatible network to the consumer for enhancing customer satisfaction.

Calls regarding complain are higher across all occupation. Cross-tabulation has also showcased that customer service of CTSP are most frequently contacted to complain, then to obtain information regarding the new schemes. Hence it recommended to CTSPs to improvise the ability of staff to resolve complains to increase the service quality. In addition, a new insight has been discovered regarding Govt. employees contacting customer service for value added services is higher, but housewives in contrary contact less regarding value added services. All the results in the study have clearly indicated that customer satisfaction can be achieved through high service quality; in turn CTSPs can enjoy a better degree of customer loyalty.

#### **REFERENCES**

- Buttle F (1996). *SERVQUAL: Review, Critique, Research Agenda*, European.
- Chang, D., & Lim, S. (2002), "*Measuring Service Quality: SERVQUAL Or SERVPERF?*", Annual Meeting Proceedings
- Chadha, S.K., and Kapoor, D. (2009). *Effect of switching cost, service quality and customer satisfaction on customer loyalty of cellular service providers in Indian market*. The ICFAI University Journal of Marketing Management, 8 (1), 23-37.
- Daadlani, M., Shanker, R., Chopra, P. (2010). Benefits of implementing a CRM system in cellular telecom services, In Sheth, J. N., Parvatiyar, A. & Shainesh. G (Eds.) *Customer Relationship Management, Emerging Concepts, Tools And Applications*, Tata McGraw Hill Education Private Limited. pp 424-433.

- 
- Jain, Sanjay K. & Gupta, Garima (2004) “*Measuring Service Quality: SERVQUALVs. SERVPERF Scales*”. Vikalpa Vol. 29. No 2
  - Kim. M. K., Park M. C., Jeong D. H., (2004), *The effects of customer satisfaction and switching barrier on customer loyalty in Korean mobile telecommunication services*. Telecommunications Policy 28 (2004) 145–159.
  - Ling, C. E., Run, E.C. (2009). *Satisfaction and loyalty: Customer perception of Malaysian telecommunication*.
  - Onlaor W., Rotchanakitumnuai S (2010). *Enhancing Customer Loyalty towards Corporate Social Responsibility of Thai Mobile Service Providers*, World Academy of Science, Engineering and Technology - Vol 66.
  - Parasuraman, A., Berry, L.L., and Zeithaml V.A. (1988). *SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality*. Journal of Retailing, 4(1), 12-37.
  - Rajesh K Yadav and Nishant Dabhade (2013), *Impact of Service Quality on Customer Satisfaction of Mobile Users – A case study of Airtel*. International Journal of Innovative Research and Studies, Vol 2, Issue 5.
  - Sathish m. (2011), *A Study on Consumer Switching Behavior in Cellular Service Provider: A Study with reference to Chennai*, Far East Journal of Psychology and Business, Vol. 2 No 2, February 2011.
  - Thomson, B. (2004), *Successful CRM: Turning Customer Loyalty into Profitability*, In N.M Shanthi (Ed.), CRM, In Telecom: Concepts and Cases (72-83). Hyderabad, The ICFAI University press. pp 49-64.



## AN EMPIRICAL ANALYSIS ON CONSUMER ATTITUDE TOWARDS ORGANIZED RETAILING AND UNORGANIZED RETAILING

**Sudeep B. Chandramana**

Assistant Professor, Mar Athanasios College for Advanced Studies Tiruvalla, Thiruvalla, Kerala

### ABSTRACT

*The Retail Industry in India is one of the most dynamic and fast paced sector with many players entering the market. The overall concept and idea of shopping has undergone significant change in terms of format and buying behaviour of customers, leading to a revolution in shopping in India. Modern retailing today happens in shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. By 2018, the Indian retail sector is likely to grow at a CAGR of 13% to reach a size of US\$950 billion. The Indian retail sector is set to grow rapidly with a gradual shift toward organized retailing formats. Organized retail penetration is expected to increase from 7.5% in 2013 to 10% in 2018 at a robust CAGR of 19-20% during the same period. This will be driven by a combination of demand, supply and regulatory factors, which are expected to be the growth engines of the Indian consumer and retail market according to EY-RAI Retail Survey, 2014. This study aims to identify the factors influencing the attitude towards organized retail stores and unorganized retailers. The primary data was gathered by administering a structured questionnaire schedule containing close and open ended questions with 100 customers selected purposively from Ernakulam District in Kerala. Statistical software and MS Excel were used for analyzing the collected data.*

*Keywords: Retail Industry, Organized Retailing, Unorganized Retailing, Attitude, Ernakulam,*

### INTRODUCTION

Globally, India is among the top 10 retail markets. In 2012, the Indian retail sector accounted for over 20% of the country's gross domestic product (GDP) and contributes 8% to total employment (The Indian Kaleidoscope-Emerging trends in retail, PWC, 2012). In India, the growing middle class and its nearly untapped retail industry are the key attractive forces for global retail giants looking to enter into newer markets, which in turn will help the Indian retail Industry to grow at a faster rate. Increase in organized retail penetration will be driven by a combination of demand, supply and regulatory factors, which are expected to be the growth engines of the Indian consumer and retail market. In 2013, the Indian retail sector was estimated at US\$ 520 billion and was among the largest employers in the country. Food and grocery is the largest category within the retail sector with 60 per cent share followed by the apparel and mobile segment (IBEF, 2014). As per the McKinsey Report, "The rise of Indian Consumer Market", the Indian consumer market is expected to grow four fold by the year 2025. Organized retail penetration is expected to increase from 5% in 2010 to 21% in 2015. The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

Retail industry can be broadly classified into two categories namely- organised and unorganised retail.

- Organized retail - Organised traders/retailers, who are licensed for trading activities and registered to pay taxes to the Government.
- Unorganized retail – It consists of unauthorized small shops - conventional kirana shops, "Mom and Pop" stores, general stores, corner shops among various other small retail outlets - but remain as the main force of Indian retail industry.

**Table: 1 Comparison between Unorganized VS Organized Retail Formats**

Criteria	Unorganized Retailing	Organised Retailing
Ownership	Household business	Corporate business house
Size of operation	Small store	Comparatively large store
Selling price	MRP	Less than MRP

Nature of employment	Generally family members	Hired members
Store ambience	Poor	Excellent
Location	Located round the corner	Distantly located
Product availability	Selective range of branded and non branded products	Wide range of branded and non branded products
Promotions	Company Promotions only	Joint promotions
Tax payments	Evasion of taxes	Greater enforcement of taxation mechanism
Market experience	Long term	Short term
Supply Chain Efficiency	Inefficient	Efficient
Range of products	Limited products	Wide range of products

*(Source: Asian journal of management research (volume 2 Issue 1, 2011))*

Organized retailing comprises mainly of modern retailing with busy shopping malls, multi stored malls and huge complexes that offer a large variety of products in terms of quality, value for money and makes shopping a memorable experience. The Indian retail sector is highly fragmented and the unorganised sector has around 13 million retail outlets that account for around 95-96% of the total Indian retail industry. However, going forward, the organised sector's growth potential is expected to increase due to globalisation, high economic growth, and improved lifestyle (Dun & Bradstreet). The organized retail in India is at a very nascent stage. Organised retail, which constituted eight per cent of total retail in 2012 is estimated to grow at a CAGR of 24 per cent and attain 24 per cent share of total retail by 2020, according to the studies conducted by industrial bodies.

The key drivers of the growth of Indian retail sector are:

- Emergence of organized retail.
- Experience with formats and attractive store design.
- Growing liberalization of the FDI policy in the past decade
- Emergence of nuclear families
- An increase in the double-income households
- Large working population
- Increasing urbanisation
- Changing lifestyle and consumer behavior
- Reasonably affordable real estate prices
- Rising income and purchasing power
- Spending capacity of youth of India.
- Higher brand consciousness and aspirations
- Easy customer credit.
- Demand as well as increase in expenditure for luxury items

(Dun & Bradstreet, IBEF, RAI)

Fig. 1: Key drivers of Indian retail industry's growth



Source: Author's compilation

Organised retail penetration is expected to increase from 3.6 per cent in 2005 to 24 per cent in 2020 at a robust CAGR of more than 20 per cent during that period. Tier-II and Tier-III cities such as Jaipur, Nagpur, Kochi, Ludhiana, Vadodara, Aurangabad, etc., are emerging as the new 'hot spots' of consumption. Organised retailers are increasingly setting up stores in these smaller cities with increasing focus on profitable growth in the sector. E-commerce is also expected to be the next major area for retail growth in India. Along with this, achieving profitable growth and inventory management are also some major areas of focus in the times ahead for the retail companies in India (RAI, 2014).

## RESEARCH METHODOLOGY

### Objectives of the study

1. To study the attitude of customers towards organized and unorganized retail outlets across various age groups.
2. To analyse the factors influencing the consumers to buy from organized / unorganized retail outlets.

**Research Design:** Descriptive research

### Sample Design

**Sampling Frame:** Consumers who purchase from both organized as well as unorganized retailers in Ernakulam, Kerala

**Sampling Unit:** Consumers from different age groups, gender, locations, income levels and educational backgrounds

**Sample Size:** 100 customers

**Sampling Method:** Purposive sampling

### Data Collection:

**Primary Data:** Survey method using structured schedule with suitable scaling

**Secondary data:** Collected from journals and from previous studies related to the retailing industry by various agencies

**Statistical tool used:** Percentage and Chi square test

### Hypothesis framed for the study

1. There is no significant difference between the choice of retailers' format across different shopping articles.
2. There is no significant association between the choices of retailers' format across different shopping factors considered by respondents.
3. There is no significant difference between the choices of retailers' formats across the respondents' age level.

### DATA ANALYSIS

**Table 2: Type of retail store preferred for shopping needs**

Source of Purchases	No. of Respondents	Percentage
Unorganized Retailers	63	63
Organized Retailers	37	37
<b>TOTAL</b>	<b>100</b>	<b>100</b>
<i>Under the Unorganized Retail Outlets</i>		
Conventional Shops	10	16
Mom-and-Pop Shops	44	70
Others	9	14
<b>TOTAL</b>	<b>63</b>	<b>100</b>
<i>Under the Organized Retail Outlets</i>		
Supermarket	19	51
Hypermarket/Shopping malls	14	38
Departmental Stores	4	11
<b>TOTAL</b>	<b>37</b>	<b>100</b>

From the above table, it can be inferred that 63% of the respondents purchase from unorganized retailers and 37% of the respondents shop for essentials at organized retail stores. It further reveals that 51% of the respondents buy from Supermarkets, 38% from Hypermarkets/shopping malls and 11% from Departmental Stores. Around 16% of the respondents preferred to buy from conventional shops; 70% and 14% preferred to buy from Mom-and-Pop shops and other neighborhood kirana shops etc.

**H<sub>01</sub>: There is no significant difference between the choice of retailers' format across different shopping articles.**

Chi-square test used at 5% level of significance

**Table 3: Respondents' opinion of articles purchased from retailers**

Articles Purchased	From Unorganized Outlets	From Organized Outlets
Grocery, Vegetables, Fruits and Groceries	18	5
Home Appliances and Electrical & Electronics items	7	6
Apparels and Textiles	9	10
All of the above	29	16
<b>TOTAL</b>	<b>63</b>	<b>37</b>

$X^2_{\text{calculated}} = 4.8$

$X^2_{\text{tabulated}}(\text{at } 5\% \text{ degree of significant}) = 7.8$

**Inference:** The above analysis shows that there is no significant difference between the choice of retailers' format across the shopping articles while shopping and hence the null hypothesis is accepted. On the basis of the shopping articles, different retailer formats is not considered by the respondents.

**H<sub>02</sub>: There is no significant association between the choices of retailers' format across different shopping factors considered by respondents.**

Chi square test used at 5% level of significance.

**Table 4: Reasons for buying from unorganized retailers or from organized retailers**

Factors considered by respondents	No. of Respondents	
	From Unorganized Outlets	From Organized Outlets
Variety of Product	10	8
Good Quality	11	4
Attractive schemes & Discounts	9	5
Mode of Payment	3	3
For Grocery Items Only	10	0
Door delivery	4	3
Emergency Buying	6	0
Affordable price	7	0
Good relationship with store owner	1	0
Credit facility	2	1
Complaint Handling	0	5
Self service & satisfaction	0	8
<b>TOTAL</b>	<b>63</b>	<b>37</b>

$X^2$  calculated = 37.9

$X^2$  tabulated (at 5% degree of significant) = 19.7

**Inference:** As the null hypothesis is not accepted, we can infer that there is significant difference between the choices of retailers' format across different shopping factors considered by respondents. These factors play crucial role in respondents' decision to make purchases made across retailers' format.

**H<sub>03</sub>: There is no significant difference between the choices of retailers' formats across the respondents' age level.**

Chi square test used at 5% level of significance.

**Table 5: Purchase made by Respondents According to their Age**

Age	From Unorganized Outlets	From Organized Outlets
< 30 years	12	5
30-40 years	24	18
40-50 years	17	10
50-60 years	8	3
>60 years	2	1
<b>Total</b>	<b>63</b>	<b>37</b>

$X^2$  calculated = 1.5

$X^2$  tabulated (at 5% degree of significant) = 9.5

**Inference:** Based on the above values, the null hypothesis is accepted and we can infer that there is no significant difference between the choices of retailers' formats across age.

**Table 6: Reason for preferences of respondents towards organized retailers over traditional retailers**

Reasons for preference	Ratings					Weightage	Rank
	5	4	3	2	1		
Proximity to the shop	30	44	15	7	4	3.62	2
Comfortable Experience	12	52	26	9	1	3.16	5
Convenience of buy	35	41	18	4	2	3.70	1
Loyalty benefits & Value Added Services	36	30	25	7	2	3.44	3
Better service than traditional shops	14	34	42	4	6	2.65	6
Fun & Entertainment	11	22	30	29	8	2.42	7
Satisfied with Quality & Quantity	19	42	25	12	2	3.17	4

From the above table, it can be concluded that the consumers' attitude towards organized sectors was high because of the convenience of shopping a comfortable shopping experience. The unorganized retailers could give adequate importance to loyalty benefits and other value added services to create better relationship with their customers, which will in turn help them to retain the existing customers and also attract new buyers.

## FINDINGS AND CONCLUSIONS

Both modern and traditional retailers are likely to co-exist in India for some more time to come, as both of them have their own set of competitive advantages. Modern retail offers product width and depth and a better shopping experience whereas the *kirana shop* have a low- cost structure, convenient location, and customer intimacy whereas. One of the prime objectives of this study was to find the consumers' attitude towards unorganized and organized retailers across different age groups. The study revealed that convenience of buy and proximity to the shop were major comparative advantages of organized outlets. However, unorganized retailers are having advantage because of their ability to sell loose items, bargaining and home delivery facilities and provision of credit. The organized retailers are having a greater advantage because of the store image, variety of product availability, and discounts and offers.

On the basis of various shopping articles, different retailer formats is not considered by the respondents. There are certain factors like quality and variety of products, payment options, benefits and offers, etc. that play crucial role in respondents' decision to make purchases from organized or unorganized store. Further it can be concluded that there is no significant difference between the choices of retailers' formats across different age groups.

The retail sector is presently undergoing a transition in India. Today, organized retailing has become an experience characterized by comfort, style and speed. It is something that offers a customer more control, convenience and choice along with an experience. The retail industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. Driven by a combination of demand, supply and regulatory factors, the Indian retail sector is set to grow rapidly with a gradual shift toward organised retailing formats.

## REFERENCES

- Asian journal of management research, Volume 2 Issue 1, 2011
- Dun & Bradstreet (2009), 'Indian Retail Industry: Challenges, Opportunities and Outlook'
- EY-RAI Retail Survey (2014), Pulse of Indian Retail Market, Retrieved from [www.rai.net.in/EY-RAI\\_Pulse\\_of\\_Indian\\_retail\\_market\\_Final.pdf](http://www.rai.net.in/EY-RAI_Pulse_of_Indian_retail_market_Final.pdf)
- FICCI (2011), Sector Profile - Retail, Retrieved from [www.ficci.com/sector/33/Project\\_docs/Sector-prof.pdf](http://www.ficci.com/sector/33/Project_docs/Sector-prof.pdf)
- Hafiz Wasim Akram, Mohammad Anwar and M. Altaf Khan, (2014) Organized and Modern Retailing in India: A Bird's Eye View Business Dimensions, Vol.1, Issue 2, 30 April, 2014

- 
- IBEF (2014), Retrieved from <http://www.ibef.org/pages/retail-snapshot>
  - Mc Kinsey (2007), The 'bird of gold': The rise of India's consumer market, Retrieved from [http://www.mckinsey.com/~media/McKinsey/dotcom/Insights%20and%20pubs/MGI/Research/Urbanization/The%20Bird%20of%20Gold%20-%20Rise%20of%20Indian%20Consumer%20Market/MGI\\_Rise\\_of\\_Indian\\_Consumer\\_Market\\_full\\_report.ashx](http://www.mckinsey.com/~media/McKinsey/dotcom/Insights%20and%20pubs/MGI/Research/Urbanization/The%20Bird%20of%20Gold%20-%20Rise%20of%20Indian%20Consumer%20Market/MGI_Rise_of_Indian_Consumer_Market_full_report.ashx)
  - Monika Talreja and Dhiraj Jain (2013), Changing Consumer Perceptions Towards Organized Retailing From Unorganized Retailing – An Empirical Analysis, International Journal of Marketing, Financial Services & Management Research, Vol.2, No. 6
  - PWC (2012), The Indian Kaleidoscope - Emerging trends in retail, Retrieved from [https://www.pwc.in/en\\_IN/in/assets/.../retail.../retail-report-300812.pdf](https://www.pwc.in/en_IN/in/assets/.../retail.../retail-report-300812.pdf)
  - Retail (2013).India Brand Equity Foundation Report. Retrieved from <http://www.ibef.org/download/Retail-March-220313.pdf>

---

**AN ANALYTICAL STUDY OF CONSUMER BEHAVIOR IN RELATION TO PURCHASE OF CAR  
(WITH SPECIAL REFERENCE TO JODHPUR CITY)**

**Dr. Punita Soni**

Head and Associate Professor, Department of Management Studies, JIET Group of Institutions, Jodhpur

---

**ABSTRACT**

*The automobile industry today is the most lucrative industry. Due to the increase in disposable income in both rural and urban sector and easy finance being provided by all the financial institutes, the passenger car sales have increased.*

*The study of consumer behavior is concerned with decisions in purchasing goods or services. Understanding consumer behavior has become imperative for the survival and success of the marketers. Buyers decide the success or failure of a product. Thus, the focus of the marketer has shifted from product to consumer. Consumers exhibit complex buying behavior when they become highly involved in a purchase and perceive significant differences among brands. When the product is expensive and perceived as risky investment, consumer behavior is highly self-expressive. Growth of credit culture in India is one of the factors for the growth in demand for goods and services, particularly durables, cars and homes. Comprehending the patterns and understanding the unpredictability in consumer behavior is a challenge, particularly so when the consumers live in rural areas. This effort is often ignored by the passenger car companies due to excessive urban orientation and the perceived challenges prevailing in the remote rural markets. (and, 2012)The present study has focused on various factors which influence the decisions of buying car of customers. As well as it is an analytical study of consumer buying behavior while buying a car.*

*Followings are the objectives of this research study:*

- I. To analyze the factors which consumer feel are important in purchase of car.*
- II. To identify the factors which are favorable and unfavorable for car?*

*Questionnaire and interview methods were used to collect primary data while magazine, news papers and websites were used to collect information and secondary data.*

*Key words: Disposable Income, Financial Institutes, and consumer behavior*

---

**INTRODUCTION**

Today a car industry is leading automobile industry of India. There are many domestic and foreign players in four wheeler market in India. The automobile industry today is the most lucrative industry. Due to the increase in disposable income in both rural and urban sector and easy finance being provided by all the financial institutes, the passenger car sales have increased.

The study of consumer behavior is concerned with decisions in purchasing goods or services. Understanding consumer behavior has become imperative for the survival and success of the marketers. Buyers decide the success or failure of a product. Thus, the focus of the marketer has shifted from product to consumer. Consumers exhibit complex buying behavior when they become highly involved in a purchase and perceive significant differences among brands. When the product is expensive and perceived as risky investment, consumer behavior is highly self-expressive. Growth of credit culture in India is one of the factors for the growth in demand for goods and services, particularly durables, cars and homes. Comprehending the patterns and understanding the unpredictability in consumer behavior is a challenge, particularly so when the consumers live in rural areas. This effort is often ignored by the passenger car companies due to excessive urban orientation and the perceived challenges prevailing in the remote rural markets. (and, 2012)

The present study has focused on various factors which influence the decisions of buying car of customers. As well as it is an analytical study of consumer buying behavior while buying a car.

As we know that consumer behavior is affected by a host of variables ranging from personal, professional needs, attitudes and values, personality characteristics, social economic and cultural back ground, age gender professional status to social influences of various kinds exerted a family, friends, colleagues, and society as a whole. The combination of these factors help the consumer in decision making further psychological factors that as individual consumer needs, motivation, perceptions, attitudes, the learning process, personality characteristics are the similarities which operates across the different types of people and influence their behavior.



This personality sketching will help in knowing what a customer (or a potential customer) thinks about a given brand of Motorcycle and what are the possible factors guiding a possible purchase. Similarly, the idea of measuring the customer satisfaction will serve the same purpose of determining the customer perception. Thus, by measuring the "willingness of existing users of a car to recommend it to others" will help the car manufacturers to chalk out the entire Customer Buying Behavior. (Abbas, 2008)

If you are satisfied you recommended to others. Word of mouth and customer satisfaction play a very important role in determining market perception about an automobile. It is the market perception that determines the success of a company and so it is very important for the car manufacturers to measure the "willingness of exist in user's of a product to recommend it to others". The same is a lot of interest to customers as well for it helps them make the purchase decision. A car is one of the most significant purchases that an Indian household makes and this project addresses the most important question that perplexes car manufacturers: "What makes the perfect car that influence will willfully purchase?"The project highlights the factors that influence the buying decision of a consumer. The factor under consideration would be:

1. Price
2. Income of the consumer
3. Features in the car
4. Safety standard
5. Warranty scheme
6. Finance facility etc.

Which is the driving motive behind the effective demand of the car? How the coming of new models like swift does is going to effect the buying decision of consumer and especially the Tata 1 lakh car. In other words, from the spread of choices offered by various manufacturers under various segments, of which one the customer will finally turn the ignition on and drive.

### **RESEARCH OBJECTIVES**

Followings are the objectives of this research study:

- III. To analyze the factors which consumer feel are important in purchase of car.
- IV. To identify the factors which are favorable and unfavorable for car?

### **RESEARCH METHODOLOGY**

A survey was made of 100 respondents and data were analyzed statistically. The survey focused on different types of topics such as preferences (e.g., for a presidential candidate), opinions (e.g., why a particular brand?), behavior (choice of car), or factual information (e.g., income), depending on its purpose.

- Evaluated and analyzed the questions.
- The main source used is primary data.

The Indian Automobile industry includes two-wheelers, trucks, cars, buses and three-wheelers which play a crucial role in growth of the Indian economy. India has emerged as Asia's fourth largest exporter of automobiles, behind Japan, South Korea and Thailand. The country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads by 2050. The Economic progress of this industry is indicated by the amount of goods and services produced which give the capacity for transportation and boost the sale of vehicles. There is a huge increase in automobile production with a catalyst effect by indirectly increasing the demand for a number of raw materials like steel, rubber, plastics, glass, paint, electronics and services. (iND).

Consumer behavior is a blend of Economic, Technological, Political, Cultural, Demographic and natural factors as well as his own characteristics which is reflected by his attitude, motivation, perception, personality, knowledge and lifestyle. Marketers can rationalize their existence only when they are able to understand consumer behavior. From study it was envisaged to classify these behavior parameters under broad categories – Economic, Social, Demographic, Geographic, Psychological, and Product & Technology. (Shende\*, 2014)

### **PURCHASE DECISION PROCESS**

In order to assess the importance of the environmental awareness in the car purchase decision, it is necessary to get an insight into the process of purchasing itself. The consumer's decision to purchase a product is a multi staged process. Kotler (2006) identifies that the consumer will go through five stages. Vehicle purchase

behavior fairly complex, as car purchase implies a high level of social and / or psychological involvement. Therefore, the consumer will transit each stage of purchase decision making process as presented in

**Problem Recognition****Evaluation of Alternatives****Information Search****Purchase Decision****Post Purchase Behavior**

The Purchase Decision Making Process (Source – Kotler)

**SURVEY ANALYSIS**

All these conclusions are basically drawn from the questionnaires, which have been filled by the respondents. It was found that most of all the people give preference to stylish outlook, control, mileage, efficiency & brand image before buying car.

1. Family members and friends are main initiator and motivator, for purchasing a car.
2. These are the reasons for buying car:
  - a. Good mileage and convenience
  - b. Business purpose
  - c. Cost effective
  - d. Necessity
  - e. Comfort drive in crowd and easy parking
  - f. long distance travel in city
  - g. Affordable price
  - h. Personal vehicle
  - i. Availability of Loan facility
  - j. Status symbol

The survey analysis reflected the fact that about 36% respondents buy car as it is a status symbol and 33% respondent buy car due to their necessity.

3. Most of respondents accepted that they are satisfied with the performance of their car.
4. About 34% of respondents said that the main source of information to buy a particular car was their friends and relatives.
5. During analysis it was found that Fuel efficiency and durability are the basic factors that most influenced the brand decision while buying a car for people above 40 while young generation (below 40) more focuses on design, styles and trends.
6. As per the analysis of the questionnaire it was found that 53% respondents had availed finance facility to buy the car While 48% respondents purchased their car by cash. Car exchange offer and bank loan do not attract the customers to buy the car.
7. Free insurance is the most expected offer required by the people. Service network is another important expectation from dealer.
8. To demonstrate about product during analysis it was found that 58% of respondents believed that they will politely refuse when an unknown sales person approaches them by knowing their full details.
9. As per the analysis of the questionnaire it was found that 83% respondents have accepted that car expert is the right person to promote the car reason being he can promote in right way because he is technically very sound person as well as well informed person.

10. Most of respondent gave opinion that after five years one should go for change the car if budget allowed or if car starts to trouble frequently.
11. The scope of car market in Jodhpur is wide reason being its demand is increasing day by day. Large domestic market and availability of service network have increased its scope in Jodhpur.
12. The major opportunities for automobile industry is increased in jodhpur due to:-
  - Rising in rural demand
  - Increase in income level
  - Cut in exercise duty.
13. Indian automobile has lot of scope for both two wheelers and four wheelers.

## CONCLUSION

There cannot be a second opinion on the fact that the automobile vehicles have become the Unavoidable part of our life. Life without vehicle is just beyond imagination these days. It is not only an indicator of national economy; but an individual's progress graph can be measured on the grounds of the automobile vehicles used by him for day to day work and also for pleasures and treasures of happiness, prestige and style as well.

More than anything else, the survey highlighted that there are a wide range of approaches to collection-level description. But given that description at collection-level is applied in many different contexts and too many different classes of resource, this diversity is only to be expected.

There are exceptions to this picture of variation. The most significant is, of course, within the archival community where there are established standards for "multi-level" description which are now widely implemented. There was obvious interest in, and recognition of the value of, description at collection-level, particularly for purposes of resource disclosure/discovery.

The comments on the use of subject vocabularies perhaps reflect the fact that implementers see collection-level description playing a role both within specific domains or subject areas and in cross-domain activity.

There is a clear interest in the development of standardized approaches, particularly to facilitate resource disclosure/discovery across domains, but some comments also suggested the need for more support for domain-specific approaches to collection-level description.

Implementers require more information on the concepts and terminology of collection-level description and on approaches to, and standards and specifications for, collection-level description. Standards should be supported by flexible, easy to use tools for the creation of descriptions.

It was very encouraging to see that a number of respondents provided detailed information on their activities and to recognize that there is development activity in this area and an interest in sharing information on that activity. There were a number of detailed replies from the respondents which might usefully be pursued within the automobile industry Working Group.

By analyzing the current trend of Indian economy & automobile industry we can say that there is lot of scope for growth. (Shyam mohta)

There are various reasons for the growth of the Indian automobile (specially Car) market in Jodhpur such as -

1. The people have more disposable income as economy is growing.
2. Increase in the need of mobility due to urbanization and leisure travel.
3. Car Finance options available from Financial Institutes at reasonable rate of interest.
4. Availability of service centers and spare parts in near vicinity.
5. Improvement in highway infrastructure.

---

## **SUGGESTIONS**

Followings are the suggestions to improve the sales of automobile industry for cars-

1. Dealers should focus to provide maintenance services in all areas of Jodhpur.
2. Dealers should quick response to customers query.
3. If possible service facility may be provided at home.
4. Every car company should appoint one car dealer in every division of state.
5. Services facilities are directly connected with the sales of four wheelers so to increase the sales, company or dealers should focus to increase services facility in India. At the same time spares parts should also available in local market.
6. Mobile car services may be arranged by company.

## **LIMITATIONS**

- The references withdrawn from 100 respondents may not be applicable to masses.
- The scope of study is limited to Jodhpur city only.

## **REFERENCES AND BIBLIOGRAPHY**

1. [Online] / auth. Abbas Syed Arish// skyline business school. - Feb 8th, 2008. - november 11, 2014. - <http://www.blog.skylinecollege.com/blog/consumer-behavior-study/an-analytical-study-of-consumer-behavior-while-buying-motorcycle>.
2. [Online] / auth. Shyam mohta vishal,shubham maheswari, shubham khandelwal. - [http://www.slideshare.net/Jalaj\\_purohit/automobile-industry-in-india-20112](http://www.slideshare.net/Jalaj_purohit/automobile-industry-in-india-20112).
3. A study of consumer perception of Car market and buying Behaviour [Online] // Projectsformba.blogspot.com. - November 11, 2014. - <http://www.slideshare.net/hemanthcrpatna/a-study-of-consumer-perception-of-car-market-buying-behavior?related=1>.
4. Analysis of Research in Consumer Behavior of Automobile Passenger Car Customer [Journal] / auth. Shende\* Vikram. - Pune India : International Journal of Scientific and Research Publications, February 2014 1, 2014. - 2 : Vol. 4.
5. iNDIAN MIRROR [Online] // Renault India. - <http://www.indianmirror.com/indian-industries/automobile.html>.
6. Pre purchase information search behaviour of rural consumers towards preowned cars [Journal] / auth. and Dr. M.Uma Maheswari. - nagercoil : ijrcm, 2012. - 12 : Vol. 4.

## DESIGN OF E-PROCUREMENT MODEL USING DATA ENVELOPMENT ANALYSIS

Nagabhushan S.V<sup>1</sup>, Dr. K. N. Subramanya<sup>2</sup> and Dr. G. N. Srinivasan<sup>3</sup>

Assistant Professor<sup>1</sup>, Department of MCA, BMSIT, Bangalore

Professor<sup>2</sup>, Department of IEM, R.V. College of Engineering, Bangalore

Professor<sup>3</sup>, Department of ISE, R.V. College of Engineering, Bangalore

### ABSTRACT

*Data Envelopment Analysis is one of the statistical method that has been used by many organizations in supporting their decision making systems of supplier selection in E-procurement. This method involves deriving the efficiencies of suppliers for a specified set of input and output parameters. Through a numerical example in manufacturing sector, this paper depicts how DEA approach can be implemented and further extended to identify the best supplier in a scenario involving multiple attributes of evaluation. It is found that by identifying and evaluating the input and output parameters on an appropriate scale, relative efficiencies can be derived to a reasonably acceptable level, therefore, enabling better supplier selection. At last, numerical case study is presented to present feasibility of the method*

*Keywords: E-procurement, Supplier selection, Data Envelopment Analysis, MCDM, Efficiency evaluation of suppliers.*

### INTRODUCTION

Globalization and technological advancement has impacted various industries across the globe. Over a period of time, procurement has evolved as an independent and important function of the Supply Chain Management and technology has made only enabled it get better than ever before. With rapid development of internet technology, organizations realized the new opportunities of cost saving & efficiency improvement with E-procurement process. But many considered multi attribute bid evaluation in E-procurement as a complex problem in which, buyers preferences [1] and consequently the construction of an appropriate scoring function, are of primary importance. When online Auction systems evolved eliminating geographical restrictions [2], a need was identified for an efficient and effective supplier selection decision making system based on multiple attributes of evaluation, for a large supplier set. In Order to address this issue, many models, designs and methodologies were developed. One such statistical method is Data Envelopment Analysis. This analysis involves measuring the efficiency of suppliers in a scenario of varied inputs and outputs thus helping to make a logical decision. Since the method was first proposed, much theoretical and empirical work has been done. Many studies have been published dealing with applying DEA in real-world situations.

DEA, in its present form, was first developed by Charnes et al. in 1978. Researchers in a number of fields have quickly recognized that it is an excellent and widely used methodology for modelling operational processes for performance evaluations in a complex scenario of multi criteria decision making systems. DEA[3] is a non-parametric method in operations research and economics for the estimation of production frontiers. It is used to empirically measure productive efficiency of decision making units (or DMUs). Although DEA has a strong link to production theory in economics, this method is also used for benchmarking in operations management, where a set of measures is selected to benchmark the performance of manufacturing and service operations. DEA is a productivity analysis model for measuring the relative efficiencies of a homogenous set of DMUs based on their multiple inputs and outputs. The outcome of DEA can be further extended to identify the best supplier, from a supplier set, thus making it a supplier identification tool rather than decision supporting tool.

### I. METHODOLOGY

Data Envelopment Analysis (DEA)[4] is a methodology for analysing data used in the procurement. Specifically, DEA is used to identify best-option when multiple performance metrics or measures are required for evaluation by the organizations. The efficiency of the supplier is calculated by dividing weighted sum of output by weighted sum of input. The efficiency for the set of suppliers is calculated and then efficiency is divided by the maximum efficiency found to calculate the relative efficiency. The relative efficiency is calculated because it would be logical to compare the result with that of DEA, as relative efficiency is found in DEA. In the Weighted cost approach, same weight is applied to all suppliers.

**DEA Method involves the following steps:**

**1. Identification of inputs and outputs:**

Identify the inputs and outputs that are strategically important or critical to the buyer. The inputs and outputs are used as the selection criteria for the suppliers.

**2. Numerical data for inputs and outputs:**

The numerical data for inputs and outputs for all the decision making units (DMUs) is fed into the system. In the weighted cost approach algorithm, the buyer provides the weights by himself for the input and output factors to be considered. The administrator in the system is responsible for entering the numerical data inputs and outputs.

**3. Calculation of efficiency by weighted cost approach:**

This involves calculating the weighted sum of output and weighted sum of input and dividing the weighted sum of output and input. The input and output data is being normalized with respect to the maximum value of the factors entered by the user.

**4. Calculation of Efficiency by DEA:**

Calculate the relative efficiencies of each decision making unit by employing the Data Envelopment Analysis (DEA).

**II. CASE STUDY**

**Scenario:** A Manufacturing company intends to select suitable coil supplier from 5 suppliers. The component is brass metal sheet which is half hard width of the coil is 0.02 mm and thickness is 406.40 mm. the company intends to procure 200 components with a lead time of 30 days. 5 days can be considered under special circumstances. The minimum quality is accepted is 97% (3 defects can be accepted for every 100 components).

The supplier evaluation method used in this procurement process is DEA which is used to identify the relative efficiency of the supplier by comparing various inputs and outputs.

**Criteria:** Evaluation of efficiency of multiple suppliers based on same inputs & outputs.

1. Multiple Inputs - No of Men, Working Hours, Production Capacity, Distance, Certification.
2. Multiple Outputs – Metal, Lead Time (Days), Quantity (Kgs), Quality (No. of Defects).

**Certification** → ISO: 9001:2008 and ISO: 14696

**STEPS:**

1. Identify the input & output parameters of each supplier clearly.
2. Identify the related input & output parameters.
3. Calculate the efficiency of each output parameters based on each related input parameters.
4. Identify the benchmark value of each output parameters from the list of values derived in previous step.
5. Eliminate the suppliers who deviate maximum from the benchmarked values.
6. From the list of remaining suppliers, for each output parameter, rank the suppliers based on the deviation.
7. For each supplier, add up the rank against all output parameters. The supplier with highest rank is the preferred supplier.

**Notations**

$I_N$	No. of Men
$I_{WH}$	Working Hours
$I_{PC}$	Production capacity
$I_{Dist}$	Distance
$I_{Certf}$	Certification

<b>O<sub>M</sub></b>	Metal
<b>O<sub>Led</sub></b>	Lead Time(Days)
<b>O<sub>Quan</sub></b>	Quantity(Kgs)
<b>O<sub>Qual</sub></b>	Quality (No. of Defects)

The process flow is analysed as shown below:

**STEP 1:**Identify the input & output parameters for the suppliers' data.

	<b>Inputs</b>					<b>Outputs</b>		
<b>Suppliers</b>	<b>No of Men</b>	<b>Working Hours</b>	<b>Production Capacity</b>	<b>Distance</b>	<b>Certification</b>	<b>Lead Time(Days)</b>	<b>Quantity (Kgs)</b>	<b>Quality (Defects)</b>
<b>S1</b>	25	8	10000	100	1	35	500	0.5
<b>S2</b>	19	9	9000	101	0	30	700	0.5
<b>S3</b>	22	8.5	8000	130	1	35	500	0.2
<b>S4</b>	50	9.5	7000	85	1	30	200	0.2
<b>S5</b>	30	9	6000	100	1	33	800	0.1

**STEP 2:**Identify the related impacting input & output parameters.

**a. Comparing lead time with input parameters**

	<b>Output</b>	<b>Inputs</b>				
<b>Suppliers</b>	<b>Lead Time(Days)</b>	<b>No of Men</b>	<b>Working Hours</b>	<b>Production Capacity</b>	<b>Distance</b>	<b>Certification</b>
<b>S1</b>	35	0	8	10000	100	1
<b>S2</b>	30	0	9	9000	101	0
<b>S3</b>	35	0	8.5	8000	130	1
<b>S4</b>	30	0	9.5	7000	85	1
<b>S5</b>	33	0	9	6000	100	1

**b. Comparing Quantity with input Parameters**

	<b>Output</b>	<b>Inputs</b>				
<b>Suppliers</b>	<b>Quantity(Kgs)</b>	<b>No of Men</b>	<b>Working Hours</b>	<b>Production Capacity</b>	<b>Distance</b>	<b>Certification</b>
<b>S1</b>	500	25	8	10000	0	1
<b>S2</b>	700	19	9	9000	0	0
<b>S3</b>	500	22	8.5	8000	0	1
<b>S4</b>	200	50	9.5	7000	0	1
<b>S5</b>	800	30	9	6000	0	1

### c. Comparing Quality with input Parameters

Suppliers	Output	Inputs				
	Quality(No. of Defects)	No of Men	Working Hours	Production Capacity	Distance	Certification
S1	0.5	25	8	0	0	1
S2	0.5	19	9	0	0	0
S3	0.2	22	8.5	0	0	1
S4	0.2	50	9.5	0	0	1
S5	0.1	30	9	0	0	1

### d. Establishing correlation matrix - Quantifying uniformity for input and output in terms of very high, high, medium, low, very low scale

	No of Men	Working Hours	Production Capacity	Distance	Certification
Lead Time(Days)	Nil	Very High	Very High	Very High	Medium
Quantity(Kgs)	Low	Low	Nil	Nil	Very High
Quality(No. of Defects)	Low	Low	Nil	Nil	Very High

Scale	
Term	Value
Very High	4
High	3
Medium	2
Low	1
Nil	0

DM					
	No of Men	Working Hours	Production Capacity	Distance	Certification
Lead Time(Days)	0	4	4	4	2
Quantity(Kgs)	1	1	0	0	4
Quality(No. of Defects)	1	1	0	0	4

**STEP 3:** Calculate the efficiency of each output parameters based on each related input parameters.

### Example of Lead Time

Suppliers	Output	Inputs				
	Lead Time(Days)	No of Men	Working Hours	Production Capacity	Distance	Certification
	$O_{Ld}$	$I_N$	$I_{WH}$	$I_{PC}$	$I_{Dist}$	$I_{Certf}$
S1	35	0	8	10000	100	1
S2	30	0	9	9000	101	0
S3	35	0	8.5	8000	130	1
S4	30	0	9.5	7000	85	1
S5	33	0	9	6000	100	1

$$S_i = O_{Ld} / I_N, S_i = O_{Ld} / I_{WH}, S_i = O_{Ld} / I_{PC}, S_i = O_{Ld} / I_{Dist}, S_i = O_{Ld} / I_{Certf}$$



Suppliers	No of Men	Working Hours	Production Capacity	Distance	Certification
	$O_{Led} / I_N$	$O_{Led} / I_{WH}$	$O_{Led} / I_{PC}$	$O_{Led} / I_{Dist}$	$O_{Led} / I_{Certf}$
<b>S1</b>	0	4.375	0.0035	0.35	35
<b>S2</b>	0	3.333333333	0.003333333	0.297029703	0
<b>S3</b>	0	4.117647059	0.004375	0.269230769	35
<b>S4</b>	0	3.157894737	0.004285714	0.352941176	30
<b>S5</b>	0	3.666666667	0.0055	0.33	33

$$S_i = \sum (O_{Led} / I_N + O_{Led} / I_{WH} + O_{Led} / I_{PC} + O_{Led} / I_{Dist} + O_{Led} / I_{Certf})$$

Suppliers	Lead Time(Days)
<b>S1</b>	39.7285
<b>S2</b>	3.63369637
<b>S3</b>	39.3912528
<b>S4</b>	33.5151216
<b>S5</b>	37.0021667

#### Final table

Suppliers	Lead Time(Days)	Quantity(Kgs)	Quality(No. of Defects)
<b>S1</b>	39.729	582.55	0.583
<b>S2</b>	3.634	114.70	0.082
<b>S3</b>	39.391	581.61	0.233
<b>S4</b>	33.515	225.08	0.225
<b>S5</b>	37.002	915.69	0.114

**STEP 4:** Identify the benchmark value of each output parameters from the list of values derived in previous step.

Suppliers	Lead Time	Quantity	Quality
	$O_{Led}$	$O_{quan}$	$O_{qual}$
<b>S1</b>	39.73	582.55	0.58
<b>S2</b>	3.63	114.70	0.08
<b>S3</b>	39.39	581.61	0.23
<b>S4</b>	33.52	225.08	0.23
<b>S5</b>	37.00	915.69	0.11

**min = K**

**Lead Time= K( $O_{Led}$ ), Quantity = (As Per Buyer Requirement), Quality = K( $O_{Qual}$ )**

**STEP 5:** Eliminate the suppliers who deviate maximum from the benchmarked values.

Suppliers	Lead Time	Quantity	Quality
	$O_{Led}$	$O_{quan}$	$O_{qual}$
S1	10.93	0.64	7.11
S2	1.00	0.13	1.00
S3	10.84	0.64	2.84
S4	9.22	0.25	2.74
S5	10.18	1.00	1.39

Lead Time =  $O_{Led} / K$ , Quantity =  $O_{Qual} / K$ , Quality =  $O_{Qual} / K$

**STEP 6:** From the list of remaining suppliers, rank each of them for each parameter based on the deviation.

Suppliers	Lead Time	Quantity	Quality
S3	10.84	0.64	2.84
S4	9.22	0.25	2.74
S5	10.18	1.00	1.39

**STEP 7:** For each supplier, add up the rank against all output parameters. The supplier with highest rank is the preferred supplier.

Suppliers	Lead Time	Quantity	Quality	SUM	Ranking
S3	3.00	2.00	3.00	8.00	3.00
S4	1.00	3.00	2.00	6.00	2.00
S5	2.00	1.00	1.00	4.00	1.00

$S_i = \text{Lead Time} + \text{Quantity} + \text{Quality}$

Hence S5 is the preferred supplier.

The correctness of the model is established by the following facts:

1. Supplier 5 has the **least No. of Defect percentage**.
2. Supplier 5 has **highest supply Quantity**.
3. Supplier 5 has the average **Lead Time as per requirement**

### III. CONCLUSION

DEA is one of the preferred methods of supplier evaluation. It is found that DEA method can be useful in identifying the best supplier by use of proper analysis and ranking method, for low and medium number of inputs and output parameters.

The drawbacks observed in this approach are:

- a. Rounding errors – When suppliers have very close competing values for comparison entities, rounding can affect the output.
- b. When the number of input and output parameters are more, sufficient time is required for evaluation and outcome.
- c. Establishing correlation matrix requires very good understanding of the entities. Any discrepancies induced in this matrix can change the outcome of the approach.

While the rounding error issue can be overcome by ensuring use of correct and logical decimal numbers, based on the industry of implementation, the time consumption issue can be overcome by using advanced computing systems.

Further scope of work may include the following:

1. Extension of DEA approach when large number of input and output parameters are involved.

2. Developing a standard model for developing correlation matrix with minimal subjective involvement.

Extended DEA method is an effective way of understanding the inter dependencies of the evaluation criteria with each of the alternatives thus helping selecting the best supplier based on all alternatives with respect to buyers criteria's.

#### **V. REFERENCES**

1. ShengbaoYao Wanan Cui, Zhenqian Wang "A Model in Support of Bid Evaluation in Multi-attribute E-auction for Procurement ".
2. Chen Pei-you, Zhao Wen-mei "The Design of Interactive Multi-attribute Reverse Auction System".
3. Charnes, A., W. Cooper, & E., Rhodes (1978) "Data Envelopment Analysis".
4. Rajashekhar Govindarajan "Supplier Evaluation using Data Envelopment analysis".

---

## IMPACT OF ADVERTISING ON BUYING BEHAVIOUR OF CONSUMERS - A SPECIAL REFERENCE TO FAST FOOD RESTAURANTS

Priyanka Choudhary<sup>1</sup> and Sanjana Kohli<sup>2</sup>

Research Scholar<sup>1</sup>, Banasthali Vidyapeeth, Rajasthan

Student<sup>2</sup>, Amity University, Noida

---

### ABSTRACT

*Advertising is a very effective tool of communicating message to its target audience as it has the ability to combine visual & audio communication and thus this makes advertisements is an important medium to make people aware of any products. This paper presents the results of a study designed to test the Impact of Advertising on buying behaviour of Consumers with reference to the Fast Food Restaurants. In this research paper the purpose is to study whether advertisements affect the buying behaviour of consumers; if yes, then to what extent, and also which segment is the most influenced by such advertisements.*

*The Primary data has been collected from 100 respondents from Delhi NCR. Structured questionnaires were framed and were distributed to various consumers belonging to 5 different age groups. They were asked to fill in the questionnaire accordingly.*

*The secondary data has been collected from books, websites, articles, television etc. Finally some Findings, limitations, conclusions & suggestions have been written in this paper.*

*Results- Respondents do not believe only on the message of advertisements. Advertisements play an important role in inducing them to try out new products and variants. While an interesting advertising does play some part in inducing trial. For the regular purchases respondents tend to believe on feedback which they get from another people or it needs to be backed by a great product at a great price to consolidate regular purchase.*

---

### INTRODUCTION

Today **Advertisement** plays an important role in persuading customers to purchase products and services. It is at the front of delivering the proper message to customers and prospective customers. The purpose of advertising is to convince customers that a company's services or products are the best, enhance the image of the company, point out and create a need for products or services, demonstrate new uses for established products, announce new products and programs, reinforce the salespeople's individual messages, draw customers to the business, and to hold existing customers. In the present days every company wants to achieve the highest market share. For this purpose every company use different ways to attract customers of different segments of the market.

**Consumer Behaviour** is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It attempts to understand the decision-making processes of buyers, both individually and in groups such as how emotions affect buying behaviour. This paper basically sees how advertising impacts the buying behaviour of consumers with respect to the Fast Food Industry.

Consumer's commercial recall and product preferences confirm that advertising typically achieves its intended effects. A variety of studies using differing methodologies find that consumers recall content from the ads to which they've been exposed. Product preference has been shown to occur with as little as a single commercial exposure and to strengthen with repeated exposures.

Effective and ideal advertising is that which tries to produce the loyal customers, through the building of powerful brand image, strong persuasiveness and right celebrity endorsement in the advertisement. All these factors are the real contributors towards the impact of advertising on consumers buying behaviour. Of course in the presence of all this some other factors like price and quality of the product also affects the consumers buying behaviour to some extent.

### LITERATURE REVIEW

Consumer buying behaviour refers to the buying behaviour of the individuals and households who buy the goods and services for personal consumption. Consumers around the world are different in various factors such as age, income, education level and preferences, which may affect the way they avail of goods and services.

This behaviour affects how products and services are presented to the different consumer markets. There are many components, which influence consumer behaviour namely: cultural, social, personal and psychological (**Kotler & Armstrong, 2001**). The companies cannot control these characteristics; therefore, a need to assess these elements in order *to create an effective marketing plan*.

Consumers buying behaviour has always been given so much importance and space in the literature study of impact of advertising regarding its effectiveness (**Ajzen, 2002**). Most of the time *consumers buying behaviour is influenced by liking or disliking of consumer towards the advertisement of the product, advertised*(**Smith et al., 2002**).

Advertising is a non-personal paid form where ideas, concepts, products or services, and information, are promoted through media (visual, verbal, and text) by an identified sponsor to persuade or influence behaviour (**Ayanwale et al., 2005 and Bovee, et al. 1995**).

Advertising is considered as a major and important element for the economic growth of the marketers and different companies in competition (**Ryans, 1996**). Advertising is usually a paid form of publicity by some sponsor and reached through various traditional media such as television, commercial radio advertisement, outdoor advertising, newspaper, magazine mail or modern media such as blogs, websites and text messages. Furthermore the developments and *technological advancements have turned advertising to a more pervasive and powerful in its impact and affect* (**Leiss et al., 1986**)

The advertising has proved its effects and impact on consumers' buying behaviours and marketers needs all over the world. After 1920, advertising became a source of guidance for consumers, which was considering not only a source of guidance for buying but also in the matters of social roles, improvement in dressing sense, style and development of taste of good foods (**Bell, 1976; Marchand, 1985**).

The *major aim of advertising is to create positive attitude towards the ad and the brand until consumer purchases that product* and through this positive attitude create emotional response in the mind of consumer (**Goldsmith & Lafferty, 2002**). That is why basic aim of advertising *to encourage people to buy things and creates awareness*(**Bijmolt et al., 1998**). Consumer buying behaviour is based on the concept and idea that he/she simply decided to purchase a product or service at the spot (**Adelaar et al., 2003**).

Advertising is to create understanding, liking, and selection of product or services. The *most influencing theory in marketing and advertising research is attitude-towards-the-ad*. However, the attitude that is formed towards the ad help in influencing consumer's attitudes toward the brand until their purchase intent (**Goldsmith & Lafferty, 2002**).

When *consumer watches an advertisement about the brand and develops likeness for the brand and then eventually willing to purchase it*(**Goldsmith & Lafferty, 2002**).

*Positive attitude towards ads have more ability to recall the ads then those having negative attitude*(**Goldsmith & Lafferty, 2002**). Brand knowledge through advertisement helps in influencing brand salience in an away that the quantity and sparkle of the memories about the brand thought to be in buying situation that creates emotional response towards ads (**Holden & Lutz, 1992**).

*Emotional advertising is considered as the most effective tool*, so that consumer ultimately gives emotional response to that product (**Brassington & Pettitt, 2001**).

Normally, a positive relationship between visual, verbal and text intensity of media and emotional response has been found (**Bezjian et al., 2008**).

Likewise, **Allen. Et al., (1992)** argue that it is actually the emotional reaction which is developed after the advertising, for the product advertised, that influences the consumer behaviour. In the words of **Gorn, 1982**, *the consumer behaviour towards a product is totally depending on advertising*, without any assessment of the quality of the product.

The *major aim of advertising is to give something new, creative and useful to get long term benefits of brand loyalty and image building of the product and company* by establishing an emotional relationship and persuasion for buying that product. (**Barbara, J. 1997**)

With the success of advertising field, now it has been admitted as a universal factor that *advertising plays a very influencing role in the consumers' behaviours*(Beil& Bridgewater, 1990).

*For persuading and reaching to the consumer, advertising is considered the most effective and powerful source*(Siropolis, 1997). Hence, whether or not impact of advertising on consumers buying trends is a very important issue to investigate, from the consumers or buyers point of view. Furthermore from the advertiser point of view as it will alter the impact and effectiveness of their advertisements.

**Kotwal et al. (2008)** insists that television and advertising have proved a great combination together and are now considered as an essential part of modern world. Many research studies have proved that *advertising play an important role in the introduction of a new product* and help in the buying of a new product and further help in better choices of shopping of useful products. Majority of the viewers of television advertising say that advertising have always forces them to buy that particular product, about which they have watched in the advertisement.

There are a number of factors in advertising which contribute a lot in changing the consumers' buying behaviour. Like likeability, brand image, persuasiveness, celebrity endorsement, information about the product, entertainment etc.

Some consumers give importance to the quality of the product while some consumers are just persuaded by the proper communication techniques and some impactful factors. This *likeability which is created by the advertisers, through information and entertainment and involvement of the viewer is later becomes a solid reason of buying intention of the consumer*(Smith et al, 2006).

## **OBJECTIVES**

- To study whether Advertisement affects the Buying Behaviour of consumers in the Fast Food Industry
- To evaluate effectiveness of Advertising in inducing Trial of a product
- To evaluate whether advertising influences regular purchase

## **HYPOTHESIS**

- Advertising induces trial of a product
- People visit Fast food restaurants frequently
- Regular purchase is influenced by factors other than advertising

## **RESEARCH METHODOLOGY**

### **Research Design**

The type of research used in this study is Causal Research. Causal Research, as the name specifies, tries to determine the cause underlying a given behaviour. It finds the cause and effect relationship between variables. It seeks to determine how the dependent variable changes with variations in the independent variable.

This type of research can take two forms:

**Experimental** – The research performs structured experiments to vary one variable and find the effect on the behaviour/end result

**Simulation based** – This uses mathematical formulae to simulate real life scenarios.

In this particular research, experimental research has been used, wherein, cause and effect relationship between Advertisement and sales in the Fast Food Industry has been tried to find out.

Along with a questionnaire which has been given to respondents for the statistical representation of the findings in the study, interviews with the respondents were also conducted.

### **Sampling Method**

The research sampling method used in this study is Convenience sampling. It is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

The Sample Frame i.e.the list consisting of the units of the population to be examined was taken as Delhi NCR. The number of respondents who filled the questionnaire came out to be 100. The respondents included individuals of all age groups starting from 13 years to more than 50 years.

### Data Collection Method

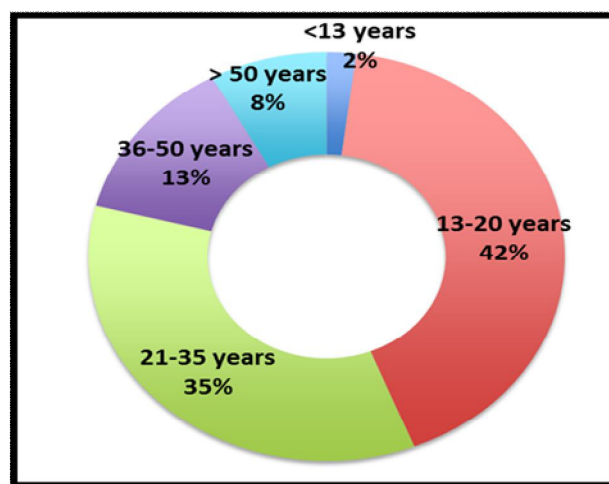
For collecting the data, survey method has been used, wherein, Questionnaires were distributed to 100 respondents which they had to fill and return. The questionnaire was Closed- Ended which consisted of Simple Dichotomy and Multiple choice Questions thereby making it easier for the respondent to answer the questions without them having to write much.

The questionnaire required information about the socio-economic and demographic background of the respondents. It also has questions related to their Media Habits, Liking of Advertisements, and Role of Advertising for Consumers, Association with various Fast Food Brands and the various factors for preferring a Brand.

## DATA ANALYSIS

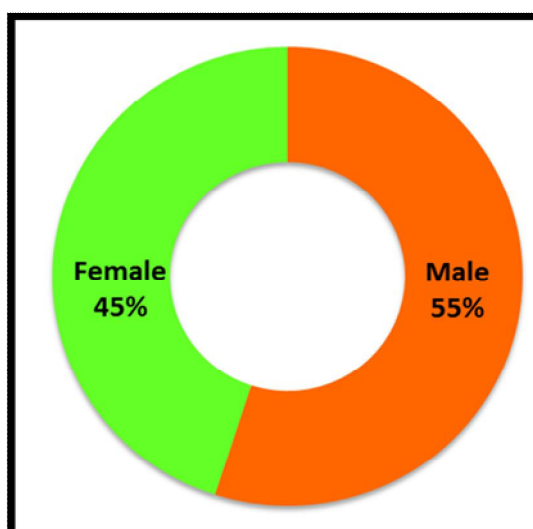
### Respondent Profile

Age Profile

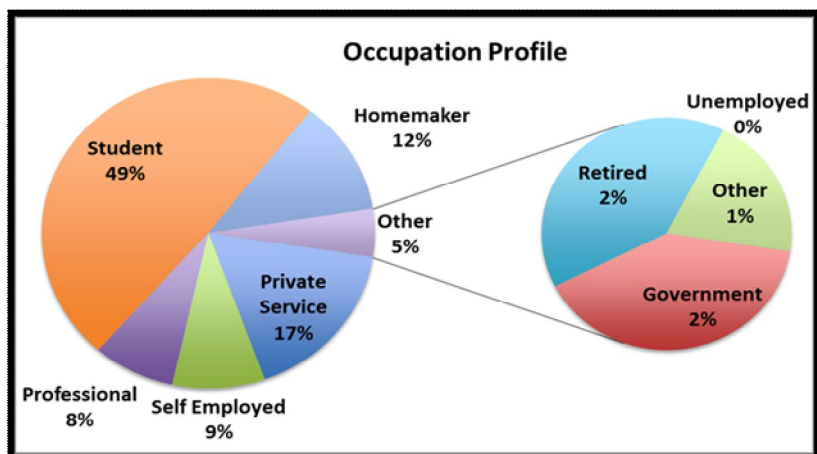


Majority of the respondents belong to the age group 13-20 years & 21-35 years which shows that the survey is dominated by the Teenagers and Young Adults

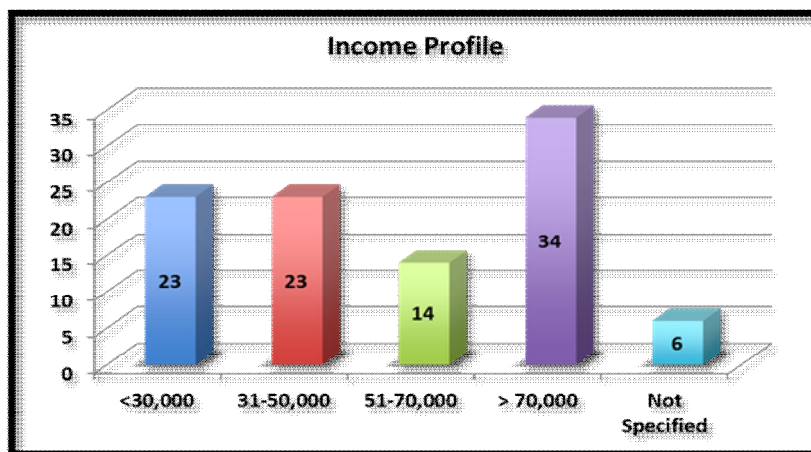
### Gender Profile



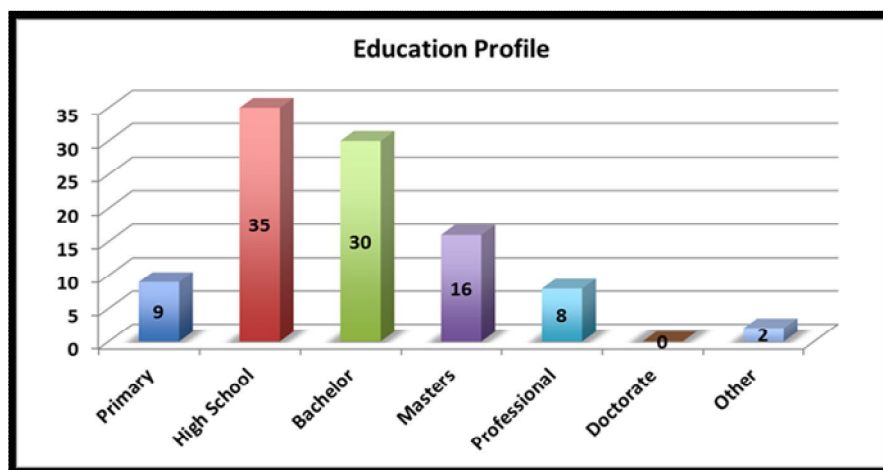
The gender mix doesn't vary much. 55% of the respondents were Male and 45% Female



49% of the respondents came out to be Students whereas the other 51% included individuals working in the Private Sector, Homemakers, Professionals, Self-Employed, Government Officials and Retired



Majority of the respondents have an Income of above 70,000. Equal number of individuals are placed in the <30000 and 31-50000 category

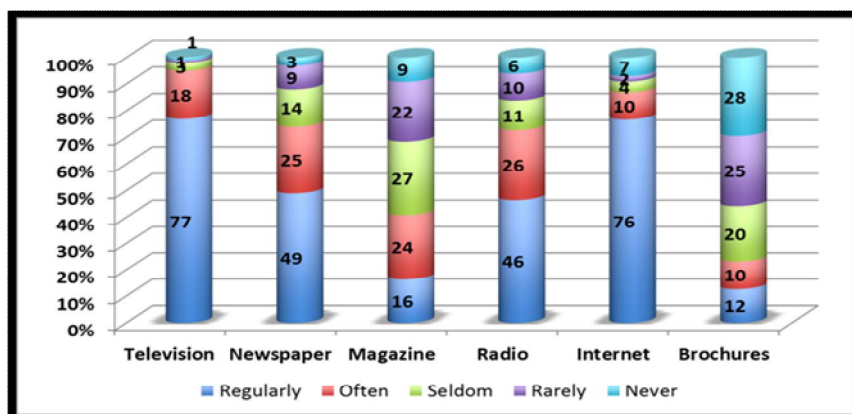


Around 65 respondents have completed their High School and done their Bachelors.



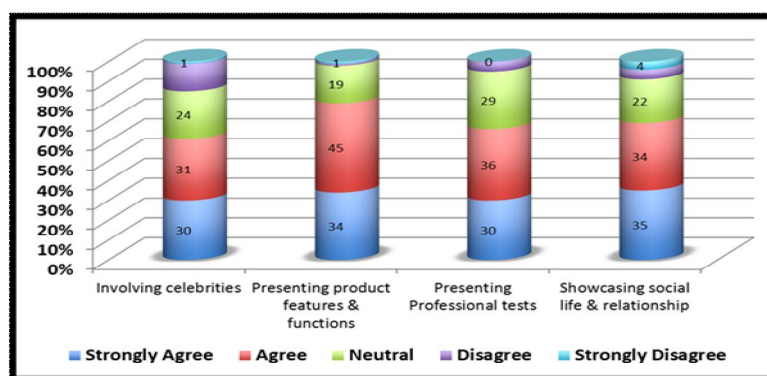
## Media and Advertising

### Exposure to Media



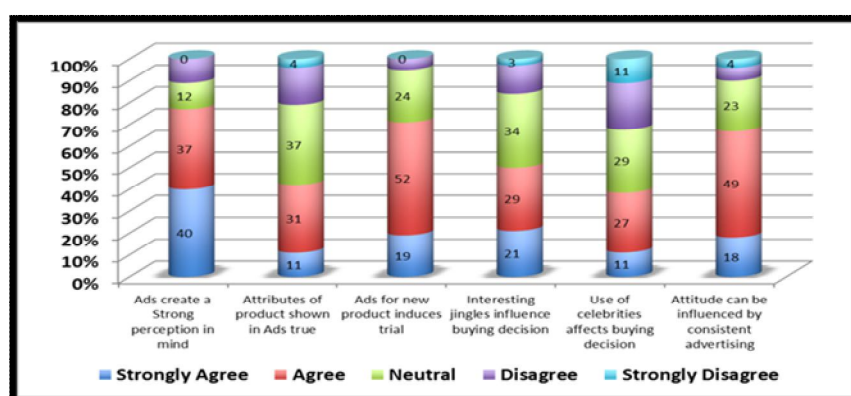
High Exposure to Media and its content can be observed in the respondents, Television and Internet being the predominant media with over 3/4<sup>th</sup> of the respondents using these mediums regularly

### Affinity to Advertising type



Advertisements presenting product features and functions can be seen as a favourite amongst respondents. Also, ads showcasing social life and relationships seem to have found an emotional connect with the customers

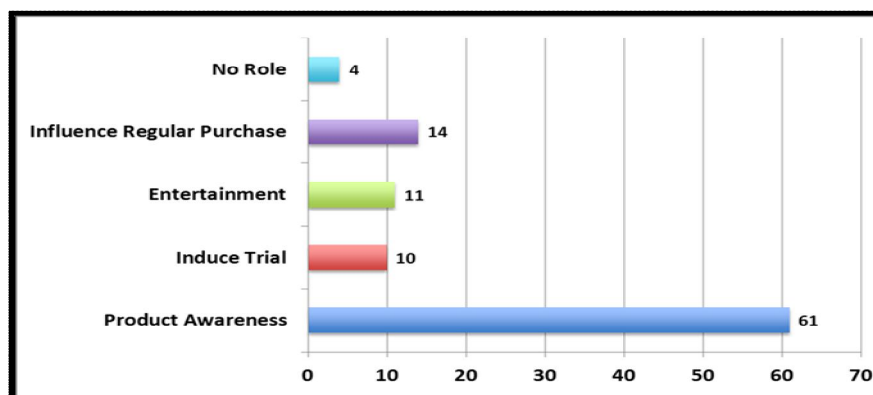
### Perceived Attitude towards Advertisement



It can be seen that there is a Strong belief that Advertisement shapes perception about products in the minds of the customers. Also, Respondents believe ads induce them to try out new products and influence their buying behavior.

However most believe the ads do not reflect a true picture of products and services that are being showcased and the Use of celebrities do not seem to have a major influence in the respondents buying decision

#### Role of Advertisement



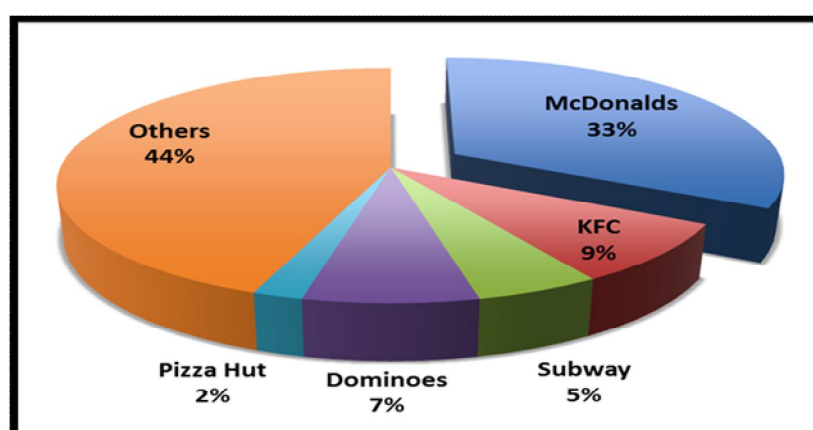
Majority believe that role of advertising is to create product awareness. Only a few think that Advertising can induce regular purchase.

#### Chi-Square Test

- It can be observed that 61 out of 100 respondents have said that Ads create awareness about a product, 14 said that Ads influence their Regular purchase, 10 said it induces trial
- **Null Hypothesis** : Advertisement doesn't create awareness about the Product
- **Alternative Hypothesis** : Advertisement creates awareness about the Product
- Now, taking the attributes as Awareness, Trial + Entertainment and Regular Purchase with respect to Males and Females, we get the **degree of freedom** as:
- $(3-1) * (2-1) = 2$
- Chi-square value for Degree of freedom=2 at **9% significance level** is **0.21**. The calculated value is 1.125, Since the calculated value is greater than the table value, **Null hypothesis is Rejected**
- *The above observation can be interpreted by the fact that most respondents feel that Advertisements do create an awareness about Products*

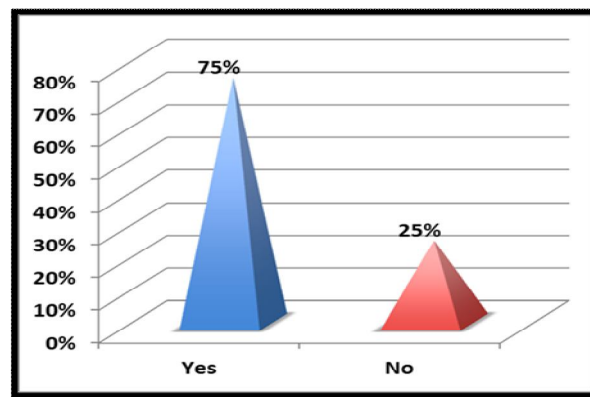
#### Fast Food Advertising

#### Top of the Mind Recall

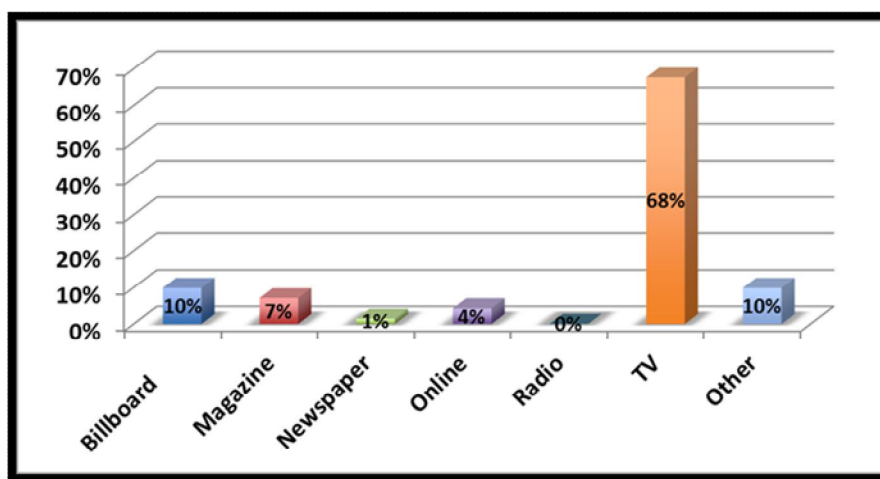


55% of the respondents came up with a brand name reflecting the power of advertising McDonald is the clear leader with one third of the respondents coming up with the brand

### Advertisement Recall

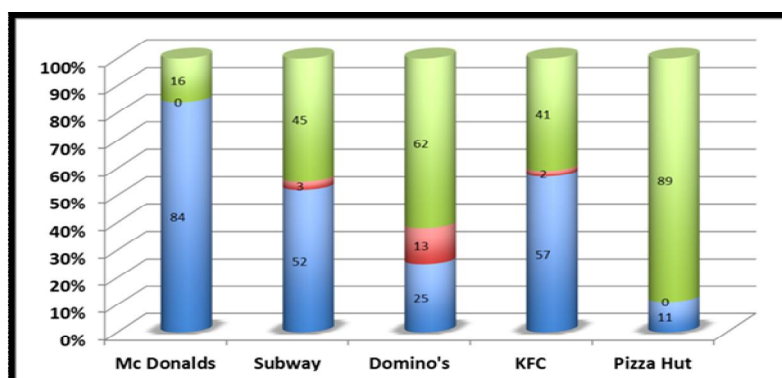


3/4<sup>th</sup> of the respondents were able to recall the advertisement of the brand chosen by them reflecting the power of advertising to create awareness



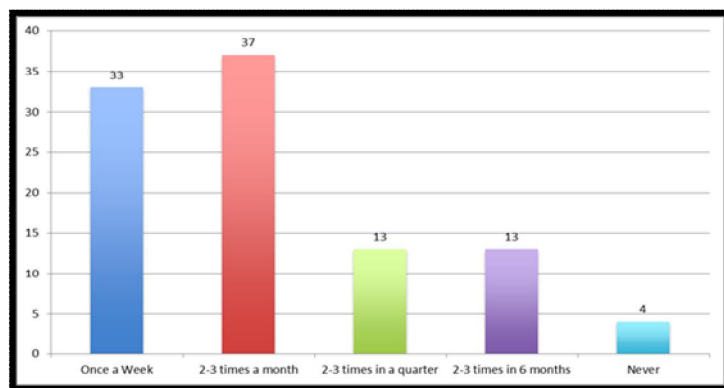
TV comes across as the predominant medium reflecting the effectiveness of this medium. Other mediums are not very popular with the respondents

### Brand Association



Over 84% of the respondents were able to identify the McDonalds tag line correctly. KFC and Subway followed in the 2<sup>nd</sup> and 3<sup>rd</sup> position with 50%-60% correct responses Surprisingly Pizza brands tag lines do not seem to register too well with the respondents

### Frequency of Usage

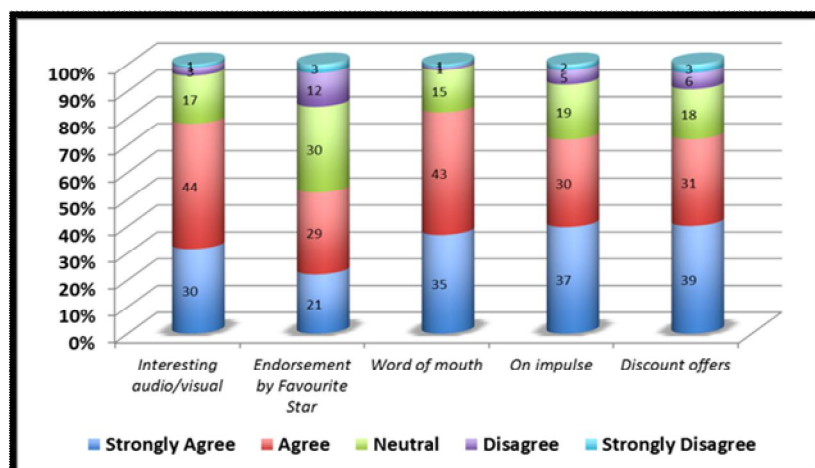


70% of respondents are frequent visitors reflecting popularity of Fast Food

### Chi- Square Test

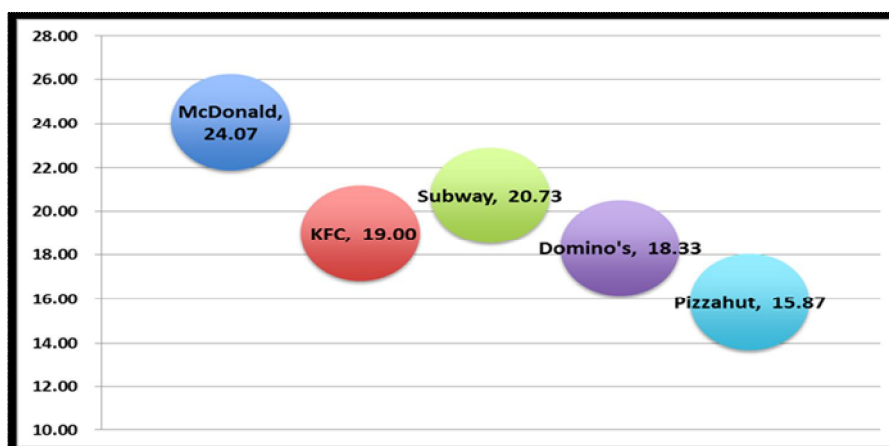
- It can be observed that 33 out of 100 respondents visit fast food restaurants once in a week, 37 visit 2-3 times a month. Only 4 out of 100 have said that they never visit fast food restaurants.
- Null Hypothesis** : People do not visit Fast food Restaurants frequently
- Alternative Hypothesis** : People visit fast food restaurant frequently
- Now, taking the attributes as Frequently (once a week + 2 to 3 times a month), Rarely ( 2 to 3 times a quarter + 2 to 3 times in six months) and Never, we get the **degree of freedom** as:  
 $(3-1) * (2-1) = 2$
- Chi-square value for Degree of freedom=4 at **9% significance level** is **1.06**. The calculated value is 26.079, Since the calculated value is greater than the table value, **Null hypothesis is Rejected**
- The above observation can be interpreted by the fact that most respondents visit Fast food restaurants Frequently*

### Factors affecting Trial



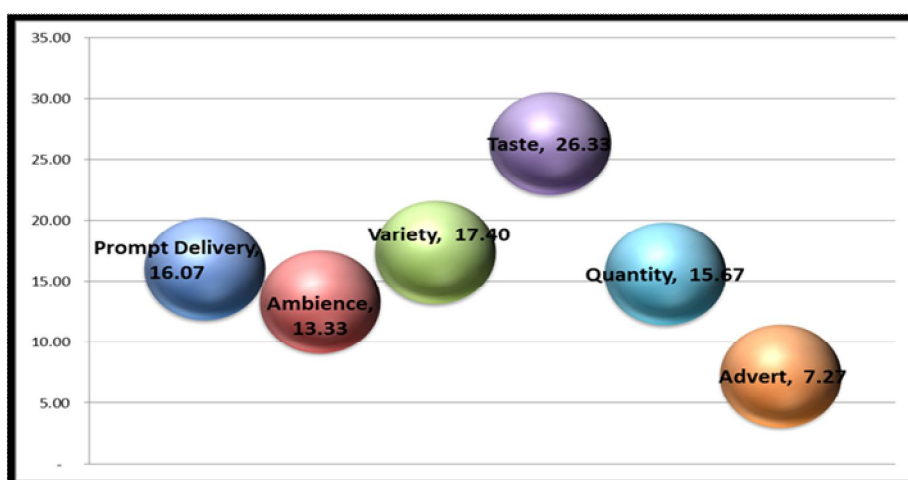
Discount offers motivate 40% of the respondents strongly in inducing trial. Considering positive responses (Agree + Strongly Agree) Word of mouth from the peer group is the single largest factor inducing trial

### Preferred Fast food Brand



Using the weighted average score of the ranking by respondents, McDonalds is the clear leader and the most preferred brand. Subway comes across as the second most preferred brand

### Conversion to Preferred Brand



Taste comes across as the most important factor in conversion of trial to regular purchase. Variety of Menu and Prompt delivery also find reasonable importance in deciding ongoing purchase. Advertising as a factor is ranked last and does not seem to have much of a role in determining regular usage

### Chi-Square Test

- It can be analysed that 26% respondents consider Taste as the most important factor in conversion of Trial into Regular purchase followed by Variety (17%), Prompt Delivery(16%), Quantity(15%) and Advertising with a minor 7%
- **Null Hypothesis:** Regular purchase is not influenced by factors other than Advertising
- **Alternative Hypothesis:** Regular purchase is influenced by factors other than Advertising
- Now, taking the attributes as Prompt Delivery + Ambience, Variety + Quantity, Taste and Advertisement with respect to the Age groups <20, 21-35 and >50, we get **the degree of freedom** as:  
 $(4-1) * (3-1) = 6$

- Chi-square value for Degree of freedom=6 at **9% significance level** is **2.2**. The calculated value is 11.78, Since the calculated value is greater than the table value, **Null hypothesis is Rejected**
- The above observation can be interpreted by the fact that most respondents say that their regular purchase is influenced by various other factors other than just advertising

## KEY FINDINGS

1

*Exposure to media is very high with Television and Internet vying for eyeballs*

High Exposure to Media and its content can be observed in the respondents, Television and Internet being the predominant media with over 3/4<sup>th</sup> of the respondents using these mediums regularly

2

*Ad plays an important role in disseminating information and inducing trial of new products*

Almost 3/4<sup>th</sup> of the respondents are induced to try by the Advertisement Discount offers and Word of mouth from the peer group is also a critical factor in inducing trial of a product

3

*High awareness and usage of fast food, especially branded chains*

55% of the respondents came up with a brand name reflecting the power of advertising, McDonalds being the most preferred

4

*Advertising has almost no role in converting trial to regular purchase*

Advertising as a factor is ranked last and does not seem to have much of a role in determining regular usage

5

*Taste is the single most important factor leading to choice in Fast food*

Taste comes across as the most important factor in conversion of trial to regular purchase  
Variety of Menu and Prompt delivery also find reasonable importance in deciding ongoing purchase

## CONCLUSION

Consumers in today's world are faced with choices in every segment of their life. They are bombarded with advertising and other communications across media platforms. In this scenario of information overload it is important to evaluate the role advertising plays in influencing buyer behaviour.

The current project intended to study the impact of advertising on buyer behaviour in the fast food industry. The study set out 2 primary objectives:

- Whether advertising plays a role in inducing trial
- Whether advertising plays a role in regular purchase

With the proliferation of Television and Internet, today's generation is far more exposed to messages communicated through various media. In spite of being bombarded with information overload, people are able to filter and internalise the messages which they find relevant and interesting.

What comes out clearly is that while they may not believe everything that advertisements may tell them, they do tend to internalise the communication and it plays an important role in inducing them to try out new products and variants. Reflecting the nature of the target market for Fast food industry i.e. kids, teenagers and young adults, discount offers as well as peer recommendations play equally important role in determining their propensity to try new products.

*A key takeaway for the fast food advertising is to focus on social relationships as well as communicating discount offers to increase the acceptance of fast food among the target population.*

It also becomes very clear that while interesting advertising does play some part in inducing trial, it needs to be backed by a great product at a great price to consolidate regular purchase. Reflecting the Value for Money approach of the target segment fast food chains need to localise their tastes to suit Indian palate as well as to offer a greater variety of menu at a price point which makes it acceptable to the target population.

## REFERENCES

- **Adelaar, T., Chang, S., Lanchndorfer, K. M., Lee B. & Morimoto M. (2003).** Effects of Media Formats on Emotions & Impulse Buying Behaviour. Journal of Information Technology, 18, 247-266.
- **Ayanwale, A. B., Alimi, T. & Ayanbimipe, M. A. (2005).** The Influence of Advertising on Consumer Brand Preference. Journal of Social Science, 10(1), 9-16
- **Bezjian, A. A., Calder, B. & Iacobucci, D. (2008).** New Media Interactive Advertising vs. Traditional advertising. Journal of Advertising Research, 38(4), 23-32
- **Bovee, L. C., Thill, V. J., Dovel, G. P. & Wood, M. B. (1995).** Advertising Excellence. McGraw Hill
- **Brassington, F. & Pettitt, S. (2001).** Principles of Marketing, 3rd Edition, Pearson Education, Prentice Hall
- **Goldsmith, R. E. & Lafferty, B. A. (2002).** Consumer response to websites & their influence on advertising effectiveness. Internet research Journal of Electronic Networking Application and Policy, 12(4), 318-328.
- **Holden, S. J. S. & Lutz, R. J. (1992).** Ask Not What the Brand Can Evoke; Ask What Can Evoke the Brand. Journal of Advances in Consumer Research, 19, 101-107
- **Smith, R. E. & Swinyard W. R. (1983).** Attitude- Behaviour Consistency: The Impact of Product Trial versus Advertising. Journal of Marketing Research, 1, 257-267.

## BIBLIOGRAPHY

1. www.wikipedia.com
2. Marketing Management: A South Asian Perspective by Philip Kotler
3. www.salesandmarketing.com

4. [www.learnmarketing.net](http://www.learnmarketing.net)
5. [www.mbaskool.com](http://www.mbaskool.com)
6. Advertising and Sales Management by Mukesh Trehan
7. [www.ideasmakemarket.com](http://www.ideasmakemarket.com)
8. [www.iosrjournals.org](http://www.iosrjournals.org)
9. [www.academia.edu](http://www.academia.edu)
10. [www.education-portal.com](http://www.education-portal.com)



---

## FRIEND RECOMMENDATION ENGINE FOR SOCIAL NETWORKING APPLICATIONS

---

**R. Navaneethakrishnan<sup>1</sup>, K. Kalyana Pragash<sup>2</sup>, S. Pradeep<sup>2</sup> and M. H. Mohamed Faizal<sup>2</sup>**

Assistant Professor<sup>1</sup> Department of MCA, Assistant Professors<sup>2</sup> Department of ECE

Bharathiyar College of Engineering and Technology, India

---

### ABSTRACT

*The Recent Technological Advancement in Social Networking had led to global information exchange taking this into consideration understanding of complex networks as well as interpolation of these networks is very important. Thus the present paper focus on the use user data from social network and it tries to predict future changes based on data extracted from the network. It also aims at proposing an algorithm for friend recommendation from friends of friends and represent social network as a graph and from this we try to predict future friends.*

*Keywords—graph, interpolation, social network, DataMining*

---

### I INTRODUCTION

Recommendation engines in social networks have attracted a lot of interest. These are used for a variety of purposes like suggesting communities, advertisements and friend recommendation. Having the user instilling his faith in a recommendation engine can increase the probability of clicking on sponsor links.

With the boom of the Internet, the web space of an individual has undergone a significant transformation to reflect the social life and characteristics. Owing to such massive migration, the Web now boasts of a very important component: Social Networking. The degree of interaction in this space has given rise to a tremendous volume of raw data that needs to be analyzed so as to create a better system and provide improved services. The research methodology of social network analysis is developed to understand the relationship between the various actors involved by studying and analyzing their interaction. The term actor refers to a person, an organization, an event or an object [1]. Interaction can be in various forms depending on the networking service. In a social network, each actor is presented as a node and each pair of nodes can be connected by lines to show the relationships. The social network structure graph is a graph that formed by those lines and nodes, and social network analysis is therefore a methodology that used to analyse the graph, and better understand the relationships among the actors in the social network so as to provide better services. [2][3][4].

Different kinds of graph management and mining techniques are being studied, along with the corresponding applications. Note that the boundary between graph mining and management algorithms is often not very clear, since many kinds of algorithms can often be classified as both. Safaei et al [5] have proposed a way to analyze the relationship between a user and the communities it is a part of. This understanding equips us to recommend communities that might be of interest to the said user.

Provost et al [6] have evaluated the concept of brand proximity to propose privacy-friendly methods for extracting quasi-social networks from browser behavior on user-generated content sites, for the purpose of finding good audiences for brand advertising (as opposed to click maximizing, for example). Nepusz and Bazso [7] have focused on the application of the maximum likelihood estimation in the case of graphs by presenting two stochastic graph models and two algorithms to fit them to datasets arising from real applications.

Chen et al [8] have investigated the problem of mining frequent approximate patterns from a massive network by giving an approximation measure and show its impact on mining with the help of the gApprox algorithm. They have focused on how a pattern's support should be counted based on its approximate occurrences in the network. Zhang [4] et al have proposed a method for identifying key users, based on mining of online social networks for marketing purpose by graph analysis.

### II ALGORITHM

Here we define the rules for our social network graph. The users are represented as nodes and edges between them represent their interaction and friendship. If there is an edge from a to b we can automatically infer that there is an edge from b to a. The graph is a directed graph. The weight of edge from a to b is not necessarily equal to weight of edge from b to a. The weight of the edges describes the proximity of the users.

## A. Definitions

Here we define the rules and terms for our social network graph. The users are represented as nodes and edges between them represent their interaction and friendship. If there is an edge from a to b we can automatically infer that there is an edge from b to a. The graph is a directed graph. The weight of edge from a to b is not necessarily equal to weight of edge from b to a. The weight of the edges describes the proximity of the users. Thus any person appearing in the friend list is a friend. All the people who are friends with users friends but are not friends with the user are typically known as friends of friends but will be referred to as probable friends in the paper.

### 1) Interaction

It represents communication between users a and b done by a i.e. how much a has communicate with b. It is difficult to represent because many different and multifold methods of communication on a social networking website. If we consider Facebook which provides features such as comments likes tagging, blogs, messages and chatting interaction between a and b can be considered as a function of all of these features, where a's interaction with b will consist of tagging b, liking b's posts, blogs, pictures sending him messages, chatting with him etc. Its internal implementation and assigning weights to different elements is variable since it depends on the social network platform and also has security considerations. It is a good idea to represent user interaction with his friends in terms of percentage of his total interaction. We will use  $I(a,b)$  to represent interaction between a and b.

$$I(a,b)=\text{interaction score of a with b.} \quad (1)$$

### 2) Scaled Interaction

We scale the score of interaction obtained between the user and his friends by using an exponential function, depending upon the weight we want to give to the interaction. For scaling exponential function should be used. So if we select an exponent greater than one then we are amplifying the proximity. On the other hand if we are using an exponent less than one then we are suppressing the score. But a value greater than one is preferred for the exponent amplification because this ensures a higher preference to those friends whom the user interacts with the most. This also eliminates the noise. The function  $I_s(a,b)$  will be used to represent amplified interaction. Here we will use squaring to amplify interaction of the users.

$$I_s(a,b)=I(a,b)^2 \quad (2)$$

### 3) Topics of interest

This represents the topics which fascinates the user. The topics can be of very wide range and depth. This can be of a bigger scope like sports, politics, art, sciences or can be narrower and much more focused like basketball, Russian politics, modern European art and theory of relativity. The topics of interest can be extracted from mining the text of whatever the user writes on the network or from the communities he joins. For simplification the area of interest considered are high level. And it is also advisable to express the interest in topics in terms of percentage of his total score. For aesthetics we will represent it in this like a vector. Let there exist 3 topics sports (t1), politics (t2) and art (t3). So for example

TOI user= 10t1+ 37t2+53t3 will denote 10% interest in sport 37% in politics and 53% in art.

### 4) Difference of interest and Similarity index

It represents how aloof two users are in terms of different domains they are interested in. This is a highly abstract term and is not easily expressed. But moving further on terms in vector as representation of topic of interests we shall define DOI between 2 users as the vector difference of topics of

interests. Therefore:-

$$DOI(a,b)=\sqrt{(a_1-b_1)^2 + (a_2-b_2)^2 + \dots + (a_n-b_n)^2} \quad (3)$$

So, TOI of a=10t1+ 37t2+53t3 TOI of b=40t1+ 10t2+50t3

$$DOI(a,b)=\sqrt{(10-40)^2 + (37-10)^2 + (53-50)^2} \quad DOI(a,b)=40.47$$

Since DOI gives how aloof the users are from each other its reciprocal gives us

similarity of interests. So similarity index

$$SI(a,b)=\log(1+N/DOI(a,b))$$

(4)

Log is a natural compression function and hence is useful in suppressing major errors. There might be cases of users having low differences and its direct reciprocal giving extreme values hence log is used to prevent dominance.

Generally DOI will give values greater than one. Hence its reciprocal will be a number far less than one and generally will be of the order of  $10^{-2}$ . Its log will be a very small number which will result in requirement of use of high precision floating point variables. So N should be a number having order of  $10^2$  or higher. Thus to reduce the use of floating point numbers during calculations the use of  $N/DOI(a,b)$  will be better because rounding can be used to eliminate floating point calculations.

So, if  $N=1000$  in above example  $SI(a,b)=\log(1+1000/40.47)$   
 $=\log(25.709)$   
 $=1.41$

A higher score indicates more similarity in user preferences of data in social network.

### 5) Scaled Similarity index

On the lines of scaling scores of proximity we will scale the score of the Similarity index using an exponential function. Here the exponent used should be greater than one because we are already using log function on the reciprocal of DOI for calculating SI so further compression is not desirable. Moreover, amplification is necessary because log function itself will result in huge compression of the value. So, scaled similarity index will be given as

$$SI_s(a,b)=SI(a,b)^\beta \quad (5)$$

### 6) Determining Proximity

A social network is a medium of variety of types of data. Moreover each social networking website provides its own features. Hence, determining the proximity of two users is very complicated. However there are primarily two main aspects we will consider to determine user proximity. One is the topic of interest and other is interaction between the users.

So we can say that proximity of a and b or weight of the edge from a to b is directly proportional to interaction between a and b. The interaction between a and b is represented by the function  $I(a,b)$  and as stated earlier that since graph is directed  $I(a,b) \neq I(b,a)$ . Also proximity is inversely proportional to the difference of their behaviors. Difference of behaviors between a and b is represented by  $DOI(a,b)$ . Here we assume that DOI will represent a single quantification of magnitude of difference hence  $DOI(a,b)=DOI(b,a)$  Thus, we have

$$SI(a,b)=SI(b,a).$$

$$P(a,b) \propto I(a,b)$$

$$P(a,b) \propto 1/DOI(a,b)$$

$$P(a,b) \propto SI(a,b)$$

Thus,

$$P(a,b) \propto I(a,b)/DOI(a,b)$$

$$P(a,b) \propto I(a,b) \times SI(a,b)$$

$P(a,b)=k \times I(a,b) \times SI(a,b)$  This is the basic principal for formula obtained.

But the formula itself is too rudimentary hence we use the

scaled version of the terms involved.

$$P(a,b)=k \times I(a,b)^{\alpha} \times SI(a,b)^{\beta} \quad (7)$$

### 7) Bridged Proximity

It is the score of proximity between the user and friend of friend via a particular friend or the „Bridge“. It is inversely proportional to DOI between the user and his probable friend but is directly proportional to interaction between users particular friend and also the interaction between user and his friend. The function BP (a,b,c) represents bridged proximity where a is the user b is a particular friend who has

c as his friend.

So,  $BP(a,b,c) \propto I_s(a,c) \times I_s(b,c)/DOI(a,c)$

$BP(a,b,c) \propto I_s(a,c) \times I_s(b,c) \times SI_s(a,c)$

Thus  $BP(a,b,c) = k \times I_s(b,c) \times SI_s(a,c) \times I_s(a,c) \quad (8)$

### 8) Scaled Bridged Proximity

Simply having bridged proximity won't suffice. We also need to take into consideration the weights given from user point of view for final tweaking. So, elaborating that concept from (8) we have

$$BP_s(a,b,c) = k \times I_s(b,c)^{\gamma} \times SI_s(a,c)^{\lambda} \times I_s(a,b)^{\mu} \quad (9)$$

$\gamma$ - Its higher value gives preference to those probable friends who have high interaction with the user friends.  $\lambda$ - Its higher value gives preference to user and probable friend similarity index.

$\mu$ -Its higher value gives preference to those probable friends who are friends with those with which whom user frequently interacts.

## B. Data Structures

*Friend\_list* of a set of users contains all the members in the social network who are friends with a user.

*Ffof* is a set containing all the members who are not friends with our user but are friends with people in *Friend\_list*. Friendship matrix is a matrix for the user in consideration which is a cross between sets *Friend\_list* and *FOF* and its each cell contains the scaled bridged proximity score where the cells column represents the particular users friend and its row represents a friend of friend.

### e. Recommend Algorithm

Generate the set *friend list* for the user.

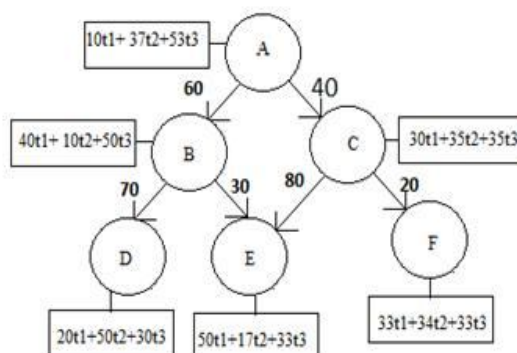
Generate the probable friends and store it FOF.

Create a friendship matrix which contains the cross

between the set FOF and *friend list*.

4. Calculate the scaled bridged proximity score for each probable friend.
5. Sum up the scaled bridged proximity score for each fof in the matrix.
6. Sort the scores in ascending order and recommend

#### D. Example



Edges denote interaction between users and rectangular boxes denote their behavior.

Friend\_list={B,C} FOF={D,E,F}

Here N=1000 and all scaling coefficient are set as 1 and also all constants of proportion i.e. k=1.

Friend ship matrix:-

	B	C	Total
D	6468	0	6468
E	2357	4191	6548
F	0	1200	1200

### III. ALGORITHM OPTIMIZATION

If users in the network have n friends on average the total n calculations are required to find user and friend proximity. To generate probable friends complexity becomes  $n^2$ . Thus to compute proximity between the user To calculate total points for each fof , n calculations are required i.e relation of each friend with fof. Thus, the resultant complexity comes out to be  $O(n^3)$ .

This high complexity is disadvantageous, thus lowering is required. Thus, during the process of set generation of friends we can only select those ones which have proximity above a certain threshold criteria. This would automatically eliminate those friends which are least likely to produce any significant scores. Similarly after generation of friend list during adding elements in the fof list the ones who have low proximity levels their corresponding friends could also be eliminated. This would significantly reduce the calculations involved but still yield sufficiently accurate results.

### IV. CONCLUSION

In this paper we have proposed an algorithm for recommending friends of friends. This algorithm can be optimized to a low cost and can give highly accurate results. Moreover the semantics of the algorithm give a stastical snapshot of human behavior in the social network. The snapshot of this behavior can be used by social networking platforms for giving better recommendations to the user and has commercial benefits for all stakeholders. Quantification of human behavior and recommendation engines are open ended fields with a lot of scope.

### V. REFERENCES

1. Borgatti, S. P., and Everett, M.G. "Ucinet for Windows: Software for Social Network Analysis", Harvard: Analytic Technologies. (2002)
2. Freeman, L., "Centrality in Social Networks: Conceptual Clarification," Social Networks, 1979

- 
3. Scott, J. (2000) "Social Network Analysis: A Hand Book (2nd ed.)", SAGE publication, 2000
  4. Wasserman, B., and Faust, K. "Social Network Analysis : Methods and Applications." New York: Cambridge University Press, 1994.
  5. Marjaneh Safaei, Merve Sahan, Mustafa Ilkan Social Graph Generation & Forecasting using Social Network Mining 33rd Annual IEEE International Computer Software and Applications Conference 2009.
  6. Foster Provost, Brian Dalessandro, Rod Hook, Xiaohan Zhang, Alan Murray Audience Selection for On-line Brand Advertising: Privacy-friendly Social Network Targeting ACM KDD 2009.
  7. Tamás Nepusz Maximum Likelihood Methods for Data Mining in Datasets Represented by Graphs 5th International Symposium on Intelligent Systems and Informatics • 24-25 August, 2007
  8. Chen Chen† Xifeng Yan‡ Feida Zhu† Jiawei Han† gApprox: Mining Frequent Approximate Patterns from a Massive Network
  9. Yu Zhang, Zhaoqing Wang, Chaolun Xia Identifying Key Users for Targeted Marketing by Mining Online Social Network IEEE 24th International Conference on Advanced Information Networking and Applications Workshops 2010.
  10. I-Hsien Ting, Hui-Ju Wu, Pei-Shan Chang Analyzing Multi-Source Social Data for Extracting And Mining Social Networks International Conference on Computational Science and Engineering 2009.

---

## DISASTER MANAGEMENT AND ROLE OF UNIVERSITY LIBRARIES

**Dr. Farzana Gulzar**

Sr. Assistant Professor, The Business School, University of Kashmir, Srinagar

---

### ABSTRACT

*Managing information is managing a disaster. Disaster Management is an applied science which seeks to improve measures related to prevention, preparedness, mitigation, response and recovery to reduce the damages to both life and property due to various disasters. And for effective disaster management the creation of a disaster plan that involves the cooperation of a number of entities within and without an organization is of paramount importance. It is also important in the early stages of planning to consider who in the organization is doing the planning. A DPT or Disaster Planning Team should consist of personnel from each area of the library or archive, so as to gain all available input, experience, and participation. To sum up role of libraries in disaster management is to identify, evaluate, organize and disseminate critical information needed for disaster preparedness and response. And hence this piece of research provides a philosophical framework to highlight the role of libraries in disaster management.*

*Keywords: information, Disaster Management ,library or archive, research.*

---

### INTRODUCTION

Disaster is a sudden, calamitous event bringing great damage, loss, and destruction to life and property. The damage caused by disasters is immeasurable and varies with the geographical location, climate and the type of the earth surface/degree of vulnerability. Generally, disaster has the following effects in the concerned areas,

- i. It completely disrupts the normal day to day life,
- ii It negatively influences the emergency systems,
- iii Normal needs and processes like food, shelter, health, etc. are affected and deteriorate depending on the intensity and severity of the disaster.

Event associated with normal geophysical and biological processes that cause death, injury or loss of home, property or income. The intensity of the disaster may be influenced by human modifications of the landscape (e.g. deforestation and urbanization influence flood frequency and magnitudes) or climate (e.g. heat waves in urban areas). From the preceding it follows that: Disasters are associated with extreme events in the normal operation of the planet's geological, hydrological and ecological systems. Natural Disasters are limited to inhabited areas (i.e. vulnerable settlements or economic infrastructure). Disaster is Sudden or great misfortune. It is a catastrophe, a calamitous event while hazards are a natural phenomenon. And these hazards occurring in a vulnerable area turn into Disasters. An event either natural or man-made, sudden or progressive, the impact of which is such that the affected community must respond through exceptional measures. (UNO Definition).

### IMPACTS OF DISASTERS

Disaster has following severe impacts:

- Physical (buildings, structures, physical property, industry, roads, bridges, etc.)
- Environmental (water, land/soil, land-use, landscape, crops, lake/rivers / estuaries, aquaculture, forests, animals/livestock, wildlife, atmosphere, energy, etc.).
- Social (life, health, employment, relations, security, peace, etc.)

### RISK EQUATION

**Risk = hazard x vulnerability**

Hazard = natural processes capable of causing death and/or destruction;

Vulnerability = social or economic sensitivity to the effects of hazards

### TYPES OF DISASTER

Generally, disasters are of two types – Natural and Human ( Induced).

<b>Major Natural Disasters:</b> <ul style="list-style-type: none"><li>• Flood</li><li>• Cyclone</li><li>• Drought</li><li>• Earthquake</li></ul>	<b>Minor Natural Disasters:</b> <ul style="list-style-type: none"><li>• Cold wave</li><li>• Thunderstorms</li><li>• Heat waves</li><li>• Mud slides</li><li>• Storm</li></ul>
<b>Major Human Induced Disasters:</b> <ul style="list-style-type: none"><li>• Setting of fires</li><li>• Epidemic</li><li>• Deforestation</li><li>• Chemical pollution.</li><li>• Wars</li></ul>	<b>Minor Human Induced Disasters:</b> <ul style="list-style-type: none"><li>• Road / train accidents, riots</li><li>• Food poisoning</li><li>• Industrial disaster/ crisis</li><li>• Environmental pollution</li></ul>

### **DISASTER PROFILE OF INDIA**

- Drought: 68% of Sown area vulnerable to Drought
- Flood: 40 million Ha. Prone to floods. Area affected annually 8 million Ha.
- Cyclones: Long Coastline 8000 Km. on an average 2-3 tropical cyclones hit India annually
- Earthquakes: 50-60% of the area vulnerable to seismic activities of varying intensity
- Tsunami: The Indian ocean Tsunami caused more than 10,000 human deaths and massive damages in Tamil Nadu, Andaman & Nicobar, Pondicherry, Andhra Pradesh, Kerela
- Land slides/ Avalanches: Snow Avalanches in Himalayan region.

### **DISASTER PROFILE OF JAMMU AND KASHMIR**

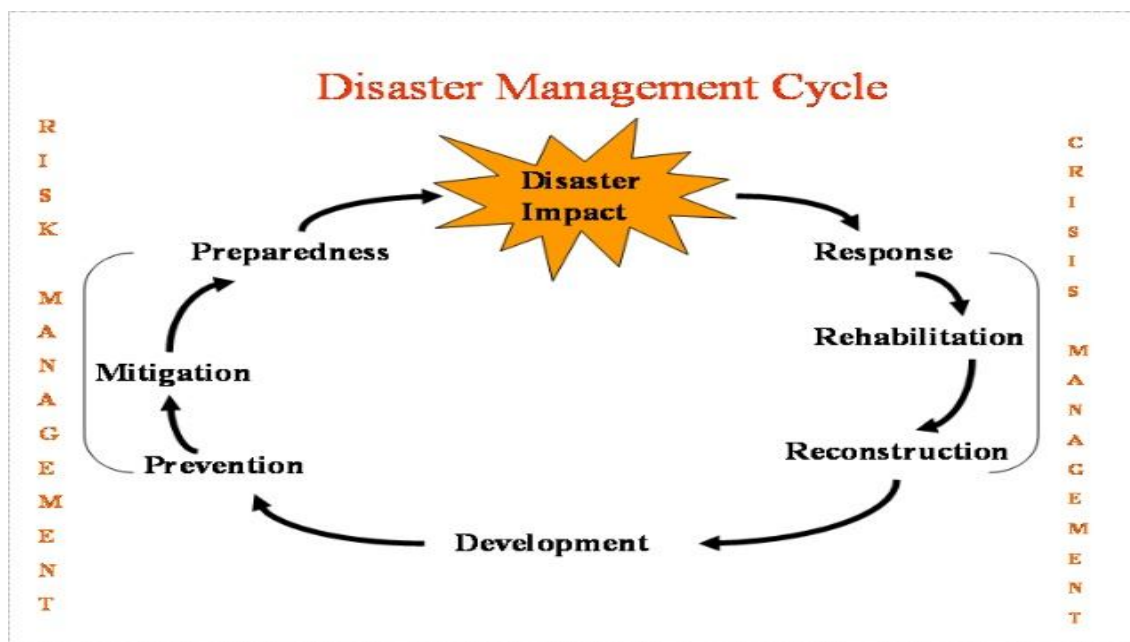
- Earth quakes : Whole state falls in seismic zone IV with most parts falling in seismic zone V
- Floods: 80000 hectares prone to floods out of which 32000 hectares is protectable and recent floods in September,2014.
- Windstorms in Ladakh
- Land slides and Avalanches in Hilly areas and along the National Highways
- Cloud Bursts and Forest fires
- Droughts now a recurring feature
- Pest attacks on Agriculture & Horticulture
- Man made Disasters the most challenging one in J&K
- Road accidents recurring human losses annual casualties more than the 8<sup>th</sup> Oct. 2005 Earthquake

### **DISASTER MANAGEMENT**

An applied science which seeks to improve measures related to prevention, preparedness, mitigation, response and recovery to reduce the damages to both life and property due to various disasters.

- Preparednes activities prior to a disaster.Examples: preparedness plans; emergency exercises/training; warning systems.
- Response activities during a disaster.Examples: public warning systems; emergency operations; search and rescue.
- Recovery -- activities following a disaster.Examples: temporary housing; claims processing and grants; long-term medical care and counseling.
- Mitigation - activities that reduce the effects of disasters.Examples: building codes and zoning; vulnerability analyses; public education.





## Disaster Preparedness Framework

COMPONENTS OF PREPAREDNESS		
Vulnerability Assessment	Planning	Institutional Framework
Information System	Resource Base	Warning Systems
Response Mechanisms	Public Education and Training	Rehearsals

### NODAL AGENCIES FOR DISASTER MANAGEMENT:

- Floods : Ministry of Water Resources,
- Cyclones : Indian Meteorological Department
- Epidemics : Ministry of Health and Family Welfare
- Avian Flu: Ministry of Health, Ministry of Environment, Ministry of Agriculture and Animal Husbandry
- Chemical Disasters : Ministry of Environment and Forests
- Industrial Disasters : Ministry of Labour
- Rail Accidents : Ministry of Railways
- Air Accidents : Ministry of Civil Aviation
- Fire : Ministry of Home Affairs
- Nuclear Incidents : Department of Atomic Energy
- Mine Disasters : Department of Mine

---

## **LITERATURE REVIEW:**

Disaster management in general terms is defined as the actions taken by an organization in response to unforeseen or unexpected events that adversely affect the environment and people in the area surrounding that organization. These events, examples of which include fire, flooding and earthquakes, could also threaten the continued operation of the organization. Disaster management is the combination of two major undertakings by an organization, the development of a disaster recovery plan and the implementation of those plans should the need arise (“Disaster management,” 2006). Adrienne Muir and Sarah Shenton’s article on the effectiveness of disaster plans in libraries (2002), posits that disaster management also encompasses “broader management issues such as finance, risk assessment and training” and should be considered a key area of library management” (p. 115).

Disaster management has moved to the forefront of library and archive concerns, due in part to the considerable increase of natural disasters in the past decade, but also because of the vast and varying collections of information in both physical and digital manifestations, that are the most valuable assets that many of these organizations possess. In Wellheiser and Scott’s extensive volume, *An Ounce of Prevention* (2002), the importance of integration in disaster management is emphasized. They recognize that “collections and records can only be responsibly protected within the context of the mandate goals and services of the entire organization” (p. 5). The planning and implementation of a disaster recovery plan must be understood by the entire organization that it is not a quick fix, “it is not possible to extinguish the fires or contain the floods and quickly return to normal operations” (p. 5). In the event of a disaster, there is a “ripple effect” that may require extraordinary efforts, resulting in suspended period before the status quo can be returned (p.5). A disaster management plan or disaster recovery plan is designed to prevent catastrophic damage from happening and ease the process of recovering from any damage that is incurred, “enabling] people to overcome the confusion and turmoil created by a disaster and providing] preplanned and rehearsed courses of action (p. 15).

The creation of a disaster plan is a process that involves the cooperation of a number of entities within and without an organization. Like many projects, such an undertaking begins with the drawing up of a proposal and the steps necessary to have that proposal approved. In the case of disaster plans, this approval is vital, in that it is the method by which initial and continued support for the plan is garnered by all levels of the organization (Fleischer & Heppner, 2009, p. 126). It is also important in the early stages of planning to consider who in the organization is doing the planning. A DPT or Disaster Planning Team should consist of personnel from each area of the library or archive, so as to gain all available input, experience, and participation (p. 128).

A disaster plan is comprised of an introduction and statement of purpose, a statement outlining the scope of the plan, specific statements on the personnel with authority in regards to producing, implementing and activating the plan as well as coordinating with external entities, documentation of the distribution, review and updating of the plan (Wellheiser & Scott, 2002, p. 27-28). It should also include sections devoted to actions taken during a disaster, emergency instructions, a contact list, preparations for disaster, instructions to be used if there is forewarning of a disaster, and outlines of disaster response, recovery and rehabilitation actions (p.28-29).

The keys to an effective disaster plan come down to the employees involved in creating and implementing it. Muir and Shenton (2002) stress the importance of employee participation, saying that the “staff need to know of [the plan’s] existence and be trained to prepare for the worst” (p. 117). One of the most commonly occurring reasons for a disaster plan’s failure is lack of awareness on the part of the staff (p. 117). This problem of awareness is, at its most basic level, a managerial responsibility and must be addressed by “management that is continuously committed to the disaster management process” and supported by well a trained staff (p.122). Because prevention and diligence is crucial, the staff should be prepared to report on maintenance problems that may arise in addition to keeping abreast of changes in procedure or contact lists. Training also “plays a pivotal role in managing stress reactions” of employees in a disaster situation (p. 118). A disaster plan can be useful in providing instructions on how to proceed safely and effectively to minimize stress and danger to employees, as human safety is the most important element to consider when entering a disaster area.

Disasters, as they are unpredictable in nature, are unique and therefore disaster plans are difficult to restrict to a certain template. The type of disaster for which a region is prone is one way in which plans can vary and can also fall short. Muir and Shenton (2002) have also identified other common problems to which disaster plans can be subject; they include inaccurate contact lists, failures of other or outside departments, inadequacy of disaster supplies and problems following health and safety guidelines (p. 121). Another factor that can contribute to the failure of a disaster plan is the size of the disaster itself, if the resulting damage is the total destruction of the library or archive building, there would be no implementation of a recovery plan (p. 117).

During the recovery process, after the occurrence of a disaster, the salvaging of damaged items and property as well as the speedy re-establishment of services are the most important elements of disaster plan implementation. Additionally, at this time a review of the disaster plan is recommended. Muir and Shenton (2002) advocate “a debriefing of all staff involved in disaster recovery...to obtain the views of participants” (p. 117). This information can then be used to improve upon the disaster recovery plan already in place.

Many of the methods mentioned above can easily be implemented by a large institution or by the library or archival departments of a larger organization, however, it is important to consider the options for smaller institutions that may not have the resources to create, maintain and execute their own disaster plan. Matthews, in his article “Disaster management: Sharing experience, working together across the sector,” notes, in the wake of recent disasters in south Asia and other regions of the world, “one way in which libraries have attempted to facilitate disaster planning to help prevent or mitigate the effects of disaster has been through cooperative activities or networks, both formal and informal” ( 2005, p. 63). He gives the example of REDS or Regional Emergencies Disaster Squad, in the east Midlands region of the United Kingdom as a service “with the aim of coordinating pre-planned response and specialist support to museums, libraries and archives” (p. 64). With this service, subscribers are able to call for immediate disaster response from trained emergency support staff members who have access to emergency stockpiles. Additionally the subscribers are provided with emergency manuals that enable each institution produce their own plan should they desire to do so (p. 64).

Regional organizations or co-operations such as this can be formal businesses or informal agreements between neighboring libraries and archives. The regional nature of these organizations is also beneficial due to the fact that they are able to “reflect the particular circumstances of their environment,” which would not necessarily be possible on a national or international scale (p. 67). Additionally, information systems have been used for many years in disaster management for natural disasters and recovery efforts. Shankar (2008) writes that “more recently, citizens have started using end-user technologies to connect and communicate during crisis situations” (p. 116). These end-user technologies, such as people-finder blogs or even twitter could be harnessed for communication between regional libraries or other organizations in the event of a disaster. Matthews (2005) expresses the need for “more formal collaboration to be explored” in order to maximize the impact of disaster management efforts (p. 70). This could be achieved through the increased use of such technologies not only in the event of disasters, but also in order to incite cooperation and new associations at any time.

#### **ROLE OF LIBRARY:**

Managing information is managing a disaster. And using library facilities and resources for response and recovery gives it a magical hand to mitigate disaster. A disaster brings not only devastation and human suffering but inevitable confusion as communication breaks down and the health aspects of the disaster become difficult and sometimes impossible to track. Battling that confusion is among the first steps toward disaster recovery, and one of the reasons the National Library of Medicine Disaster Information Management Research Center (DIMRC) was created in 2008 with the goal of providing health resources from librarians when critical information on topics such as radiation or hazardous materials exposure is urgently needed at a disaster site.

While disaster management is a complicated and seemingly overwhelming task for any library or archive to undertake, it is necessary for the safety of personnel and library resources should the worst happen. Through careful planning and diligence, catastrophic damage can be prevented or minimized and normal operations returned in the event of a disaster. There is a wealth of information written specifically in the field of library and archives that can aid managerial staff in the design and implementation of their own disaster management and recovery plan and, as mentioned above, some regional organizations are also available for further assistance. This vital organizational tool cannot and should not be ignored, lest the worst become the end of a library or archive, due to lack of preparation and planning.

#### **PROCESS TO MINIMIZE RISK THROUGH INFORMATION MANAGEMENT:**

- Activating an Early Warning System network and its close monitoring.
- Mechanisms for integrating the scientific, technological and administrative agencies for effective disaster management
- Terrestrial communication links which collapse in the event of a rapid onset disaster Vulnerability of critical infrastructures (power supply, communication, water supply, transport, etc.) to disaster events
- Funding : Primacy of relief as disaster response.
- Preparedness and Mitigation very often ignored.

- Lack of integrated efforts to collect and compile data, information and local knowledge on disaster history and traditional response patterns.
- Need for standardized efforts in compiling and interpreting geo-spatial data, satellite imagery and early warning signals.
- Weak areas continue to be forecasting, modeling, risk prediction, etc.
- Absence of a national level, state level, and district level directory of experts and inventory of resources.
- Absence of a National Disaster Management Plan, and State level and district level disaster management plans.
- Sustainability of efforts
- Effective Inter Agency Co-ordination and Standard Operating Procedures for stakeholder groups, especially critical first responder agencies.
- Emergency medicine, critical care medicine, triage, first aid

**FUTURE DIRECTIONS:**

- Encourage and consolidate knowledge networks.
- Mobilise and train disaster volunteers for more effective preparedness, mitigation and response (NSS, NCC, Scouts and Guides, Civil Defence, Homeguards).
- Increased capacity building leads to faster vulnerability reduction.
- Learn from best practices in disaster preparedness, mitigation and disaster response

To sum up role of libraries in disaster management is to identify, evaluate, organize and disseminate critical information needed for disaster preparedness and response.

**REFERENCES:**

1. Disaster management. (2006). In *BUSINESS: The Ultimate Resource – Dictionary of Business and Management*. Retrieved from [http://www.credoreference.com/entry/ultimatebusiness/disaster\\_management](http://www.credoreference.com/entry/ultimatebusiness/disaster_management).
2. Fleischer, S. V., & Heppner, M. J. (2009). Disaster planning for libraries and archives: What you need to know and how to do it. *Library & Archival Security*, 22(2), 125-140. Retrieved from <http://www.informaworld.com/openurl?genre=journal&issn=0196-0075>.
3. Matthews, G. (2005). Disaster management: Sharing experience, working together across the sector. *Journal of Librarianship and Information Science*, 37(2), 63-74. Retrieved from <https://sremote.pitt.edu/cgi/reprint/37/2/DanaInfo=lis.sagepub.com+63>.
4. Muir, A., & Shenton, S. (2002). If the worst happens: The use and effectiveness of disaster plans in libraries and archives. *Library Management*, 23(3), 115-123. Retrieved from [www.emeraldinsight.com/10.1108/01435120210697216](http://www.emeraldinsight.com/10.1108/01435120210697216).
5. Shankar, K. (2008). Wind, water, and wi-fi: New trends in community informatics and disaster management. *The Information Society*, 24(2), 116-120. Retrieved from [www.emeraldinsight.com/10.1108/01435120210697216](http://www.emeraldinsight.com/10.1108/01435120210697216).
6. Wellheiser, J. & Scott, J. (2002). *An ounce of prevention: Integrated disaster planning for archives, libraries, and record centers*. Lanham, Maryland: The Scarecrow Press, Inc.

---

## **MESMERISM: EXPLORING THE ADVERTISING APPEAL PREFERENCES OF THE INDIAN AUDIENCE: EMOTIONAL OR RATIONAL**

**Ragini Bhati**

Assistant Professor, SantHaridass College of Higher Education, Najafgarh ,New Delhi

---

### **ABSTRACT**

*This paper provides a framework for comparing the two biggest appeals used in advertisements. Advertising uses various media to communicate the intended message. Consumers are exposed to different advertisements all the time but they do not respond as they need something other than the tangible aspects. Advertising appeal gives them quite a reason to buy a product. A proper mix of colours, sounds and message coupled with a smart choice of advertising appeals can evoke feelings in the audiences to get up buy the product. The Indian audience listens to the heart first and therefore prefers the emotional appeal more.*

*Keywords: Tangible aspects, Advertising*

---

### **INTRODUCTION**

Advertising is the most pervasive form of communications used in today's world. Be it newspapers, radio television or internet all of them are busy conveying advertising messages to the consumers. Advertising is any paid form of non-personal presentation and promotion of Ideas, goods or services by an identified sponsor (American Marketing Association). These media include:

1. Television as a medium combines sight, sound and motion and reaches a very large number of audiences.
2. Newspapers provide good local market coverage.
3. Radio provides a Low cost, High geographic and demographic coverage medium.
4. Yellow Pages: A medium with high believability, low cost and a wide coverage
5. Magazines: A medium with credibility and prestige, a long lifemedium, provide the advantage of pass along readership
6. Telephone when used a medium can reach manyusers,it also provides an opportunity to give a personal touch
7. Internet: The internet when used as a medium proves to be medium providing highselectivity, interactive possibilities, low cost
8. Outdoor Advertising has a benefit of high repeat exposure, low cost
9. When using Direct Mail as a medium of advertising there is a scope of personalization.
10. Just as much important the medium is, so is important the advertisement itself. Advertising provides opportunities for dramatizing the company and its brands and products through the proper artful use of print, sound and colour. Advertisements use not only the message but also appeals so as to grab the attention of the consumer.

The common belief out there is that the ad should be appealing to the emotions. Some people support the idea that people buy emotionally first, then justify it rationally later. Some other people support the idea that people buy rationally first. Thus we can say that there are basically two advertising appeals:

Rational Appeal

Emotional Appeal.

These advertising appeals may be further divided into

Humor Appeal

Fear Appeal

Bandwagon Appeal

Sex appeal

Rational appeal: Rational appeal is also known as informal appeal or argument based appeal.

Rational appeal deals with focusing on the features of the product. For example does it have a competitive advantage over the other products or does it have a favorable price or the popularity of the product or service.

When the rational differentiation of 2 brands is difficult, Emotional Appeal is used. Based on the psychological states or feelings directed they may be Personal feelings or Social based feeling. Personal based feelings include Safety, Security, love affection, Nostalgia, Excitement, Joy and happiness. Social feelings include Recognition, Sorrow, grief pride, achievement, status, respect, self-esteem, rejection, involvement, embarrassment.

Self-respect and financial independence appeal example: HDFC life insurance: Saruthakejiyo.

Sex appeals can be seen in ads of deodorants, Fear appeal is used in ads of mosquito repellent liquids and mats.

Humour appeal can be seen in the ads of Amul Butter.

While making use of the fear appeal the makers keep in mind things like if the people are highly involved, they can be motivated by relatively small fear and if they are not that involved, a large amount of fear is required.

Usage of appeals captures the audience's attention and makes them wonder. Once the attention is grabbed the AIDA sequence starts:

Attention/Awareness: The appeal in the advertisement helps grab the audience's attention

Interest: Once the attention is grabbed, the consumer starts taking interest in getting to know the brand or the product more

Desire: Then the desire or want to buy the product arises

Action: Finally the consumer buys the product.

Usage of appeals is very vital for an ad.

Where commercial advertising is primarily used by businesses to persuade the audiences to come to the store and buy their products, social media advertising is yet another form of advertising which is done to make them aware of social issues. Some of the most popular social ad campaigns prevalent in India are:

Some of the most popular Social Awareness ad campaigns on the Indian Television are:

NACO's initiative of 'Donate Blood and feel good'

'School Chalein Hum'

'Bell Bajao' - Standing against domestic violence.

'AtithiDevoBhavah' by Ministry of Tourism

'Resignations' campaign on fighting HIV stigma etc.

The main aim behind Public Service Advertising is to spread social consciousness among the masses and promote important social issues which go unnoticed. Such advertisements may be-

a) Subtle

b) Direct

c) Practical or

d) Ironic and/or hypothetical.

Advertising has a formative influence on our culture we may not be able to quantify its effects but due to its persuasive character, it definitely has impact on society. The impact may not be positive or intended all the time. Outdoor advertising is yet another medium that creates impact on consumer behavior towards social cause.

Advertising affects our lives whether we can realize it or not. Therefore the usage of appeals in advertising can be a really good option which will make advertising effective.

## **RESEARCH OBJECTIVES**

To analyze which of the two message appeals do the consumers prefer-Rational appeals or Emotional appeal.

## **ANALYSIS**

*To analyze which advertising appeal does the Indian audience prefer?: Rational appeal or emotional appeal*

**H1o:**  $M1 \geq 3$  (Emotional Appeal preferred)

**H1a:**  $M1 < 3$  (Rational appeal preferred)

## **RESEARCH METHODOLOGY**

A structured questionnaire was distributed to a group of people and consumer responses were collected as on how much score they would give on a likert scale to an advertisement using Emotional appeal. Using SPSS and applying one sample T test.

S.No.	Preference Scores as given by the respondents on a lickert scale ranging from 1 to 5 (1=Emotional appeal strongly preferred to 5=Emotional appeal not preferred at all)
1	5
2	4
3	3
4	1
5	2
6	3
7	3
8	4
9	5
10	2
11	3
12	4
13	5
14	4
15	2
16	1
17	1
18	1
19	4
20	5

**One-Sample Statistics**

	N	Mean	Std. Deviation	Std. Error Mean
preference	20	3.1000	1.44732	.32363

**One-Sample Test**

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
preference	.309	19	.761	.10000	-.5774	.7774

**FINDINGS**

The computed t value lies within the range  $\pm 1.729$  so null hypothesis will be accepted. It means people prefer emotional appeal more.

---

## **CONCLUSION AND MANAGERIAL IMPLICATION**

Usage of emotional appeal among the Indian audience proves to be more eye catchy for them. Thus the products which use the emotional appeal in their advertisements get a more positive response from the audience. Along with the intangible aspects which satisfy our logical side of the brain, there should also be the intangible aspects or emotions which add value to the ad.

## **REFERENCES**

1. Londhe B.R., Kumbhoj K., Distorted Mirror Images in Social Advertising with special reference to AIDS awareness advertisements n.d.
2. Maheshwari R.P., Marketing Management “An Indian Perspective”, International Book House Pvt. Ltd., 2012
3. Kotler.P., Koshi.A., Jha.M., Marketing Management, Dorling Kindersley (*India*, 2013)
4. G.Kunal , M. Madhuri, Permission Marketing: A Shift from Interruption to Invitation, Marketing Mastermind, April 2007.
5. Online shopping touched new heights in India in 2012. Hindustan Times. 31 December 2012. Retrieved 31 December 2012.
6. Rouse, Margaret. (n.d.). Ecommerce (electronic commerce or EC). TechTarget. Retrieved November 13, 2014, from <http://searchcio.techtarget.com/definition/e-commerce>



---

**A STUDY OF FINANCIAL INCLUSION GROWTH IN THE STATE OF HIMACHAL PRADESH**

**Kuldeep Kumar**

Associate Professor, IIMT, School of Management, Gurgaon, Delhi

---

**ABSTRACT**

*The present study makes an attempt to examine the key initiatives of Govt. of India with respect to financial inclusion in the state of Himachal Pradesh. The study concludes that, though Himachal Pradesh was well placed in Financial Inclusion but many areas were still not covered due to geographical constraints. The banks should open new branches in these areas or look for Business Correspondents like Lok Mitra Kendras or Gramin Rozgar Sewaks engaged by Rural Development and Panchayati Raj Department in the State to reach every household.*

*Key Words: Lead Bank Scheme, State Level Banker's Committee, Sampooran Vittiyea Samaveshan (SVS).*

---

**INTRODUCTION**

The banking industry has shown tremendous growth in volume and complexity during the last few decades. Despite making significant improvements in all the area relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services. There are several factors affecting access to formal banking system in any country. They include culture, financial literacy, gender, income and assets, proof of identity, remoteness of residence, and so on. The Reserve Bank of India has taken several measures since independence to improve access to affordable financial services through financial education, leveraging technology, and generating awareness. The aim of financial inclusion is to promote sustainable development and generating employment for a vast majority of the population especially in the rural areas.

The Government of India has come out with a new holistic plan called "Sampoorna Vittiyea Samaveshan" (Comprehensive Financial Inclusion Plan) to not only give access to banking to 51% unbanked population in this country but also give access to insurance and pension product to all of them. Vakrangee, which has been successfully running more than 5,500 "Fixed BC Outlets" for various Banks in 15 states has the first mover advantage to leverage this move to the fullest.

Vakrangee Limited has been a leading player in the last mile banking since 2011-12 with its first mandate from various PSU Banks and its Regional Rural Banks (RRBs) as "Common BC" in the states of Maharashtra, Rajasthan and Delhi to set up and run "Fixed BC Outlets" in approximately 20,000 Sub-Service Areas. (A sub-service area of banking operation covers 1,000-1,500 households so that every habitation has access to banking services within 5 km distance.) Also, Vakrangee has tied up with various PSU Banks and their RRBs through "National BC" arrangement to set up and run another 30,000 "Fixed BC Outlets in 12 more states namely Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, Punjab, Haryana, UT Of Chandigarh, Himachal Pradesh, Uttarakhand, Goa & Gujarat. These outlets are equipped with Vakrangee in-house application as well as bank prescribed IT/Non-IT hardware including Micro-ATM with authentication through Aadhar as well as Card and V-SAT for real-time connectivity with respective Bank back end to run the day-to-day banking operation. These Outlets are integrated with the core banking solution (CBS) of these Banks so that the customers of the Bank can, on real time, do transaction like account opening, cash deposit, cash withdrawal, fund transfer, Direct benefit transfer (DBT) etc.

In addition Vakrangee also facilitates Loan disbursement, fixed deposit, Credit card issuance activities etc. to the customers of these Banks at these outlets. In a nutshell, these advanced feature of paper less banking, real time banking and inter-operable banking along with e-KYC enabling at these outlets are unique features of Vakrangee outlets and critical to success of last-mile banking. Vakrangee urban/semi urban branches are also furnished with full-fledged ATM after Vakrangee got the WLA license from reserve bank of India for setting up and running minimum 15,000 WLA ATMs across the country since January 2014.

This focused drive by the new central government along with unstinted support from other stake holders like PSU Banks, IBA, State governments, District Administration and other regulatory bodies like Reserve Bank of India, IRDA and PFDRDA shall help not only in executing the project speedily & successfully but also help attain significant CASA generation for the banks, holistic economic and financial growth of rural India as well as making the direct benefit transfer a great success in the country.

Himachal Pradesh has large financial inclusion as per capita income and literacy rate of the State is quite high as compared to other States. The deposits in various banks are over 50,000 crore in Himachal Pradesh, which is a small hilly State, speaks volume about its financial vibrancy. The SLBC had identified 878 villages for providing banking services through banking correspondents in the state in the first phase up to August 2015. In order to cover cent per cent target under SVS and to make it viable, the demand for banking transactions should be created both in rural and urban areas, and banks should explore mobile banking for low end phones to facilitate withdrawals, payments and transfer of money through banks. The recent report on SLBC indicates that "Banks should provide accessible and affordable financial services, including saving bank accounts, micro credit, financial literacy, micro insurance and social security pension in a phased manner through bank branches and banking correspondents for which a roadmap has been drawn up to 2018,"

In December 2005 the Reserve Bank of India (RBI) had issued a circular to all scheduled commercial banks and regional rural banks to make available a basic no-frills bank account (with nil or minimum balance) in order to make it accessible to greater sections of the population. Subsequently several banks announced that they have achieved 100 per cent financial inclusion in some districts. RBI has conducted an evaluation of such districts where 100% financial inclusion is reported to have taken place and presented the results.

The RBI is concerned about the slow progress in financial inclusion and has directed the banks to take several steps to step up the momentum on financial inclusion. There are two concerns here: one, to increase the number of people with bank accounts and two, to make the accounts so opened more operational. The steps suggested by RBI include providing banking services to account holders closer to their homes using a variety of channels including satellite offices, mobile offices, business correspondents, etc. Further RBI also suggests providing General Credit Card (GCC)/small overdrafts along with no-frills accounts to encourage them to actively operate the accounts.

Indian Bank also implemented an urban financial inclusion model in Mumbai (the Dharavi model) almost along similar lines as the Mangalam project i.e. by going to the doorsteps of the slum dwellers and opening bank accounts for them, handing over of passbooks, etc. Technology was used here as well in the form of smart cards which enabled doorstep banking at Dharavi. While commenting on lessons drawn from their financial inclusion experience, M.S. Sundara Rajan, CMD, Indian Bank, notes that for bringing about successful financial inclusion banks have to take proper measures to organise the people into groups for inculcating the habit of thrift which will ultimately enable them to avail of credit facilities (Sundar Rajan, 2007).

Another successful experiment of financial inclusion is the provision of solar energy lights by the Aryavart Gramin Bank through innovative financing in the remote villages and hamlets of Uttar Pradesh ([http://www.tatabpsolar.com/press\\_spotlight.html](http://www.tatabpsolar.com/press_spotlight.html)). The scheme not only helped light homes in the villages of UP but also provided employment to the literate youths in the villages as business facilitators who were trained by the company providing the solar lights for maintenance of the systems. Financial inclusion was successful in this case because it was tied to one of the basic needs of the people. The other instance of successful financial inclusion is in Andhra Pradesh where the Rural Development Department of Government of Andhra Pradesh launched a pilot project in six Mandals of Warangal district for payment of Social Security Pensions (SSP) and National Rural Employment Guarantee Scheme (NREGS) benefits to the beneficiaries. This project involved six banks and used the services of business correspondents for the purpose of making payments to the beneficiaries and other transactions that the beneficiaries might want to conduct with the bank.

The Kisan Mitra Scheme of the Punjab National Bank succeeded in bringing more than 40 villages under 100% inclusion (Chakrabarty, 2007). The Scheme has been helping farmers in formation of Kisan clubs, Self Help Groups and motivating them to undertake vermin compost units, orchard farming and other such activities. As each of these activities would require finance, it is not surprising that PNB has been able to achieve its target of 100% financial inclusion in the villages where the Scheme has been implemented. Drawing on the experience of the various banks, as illustrated above, the factors that have helped in making financial inclusion successful are: motivated bankers, use of technology to reach out to people at their homes (taking care of the distance

factor), using the services of business correspondents/business facilitators and tying finance with basic/livelihood needs.

Worldwide, mortgage lending to the marginal sections of the society has proven to be useful in mainstreaming the financially excluded in the formal financial system (RBI, 2008). This further lends support to the importance of linking basic/livelihood needs with finance. The micro-finance movement may not have got the kind of stupendous success that it has had it not helped tap the entrepreneurial skills of its clients. Therefore, linking finance to people's livelihood issues is very critical if banks want to financially include the vast population of our country.

### OBJECTIVES OF STUDY

The main objectives of the study include:

1. To study the need and significance of financial inclusion for social and economic upliftment.
2. To examine the current status and growth of financial inclusion in Himachal Pradesh.

### DATA AND METHODOLOGY

The present study is based on secondary data which have been collected from various sources to examine the financial inclusion status in the state of Himachal Pradesh. References of some articles have also been used to find out the need, scope, and achievement in this direction of financial inclusion in state.

### ANALYSIS AND INTREPRETATION

**Table 1: Select Indicators of Financial Inclusion, 2011**

S.No	Country	Number of Bank Branches	Number of ATMs	Number of Bank Branches	Number of ATMs	Bank Deposits	Bank Credit
		Per 1000 KM		Per 0.1 Million		as % to GDP	
1	India	30.43	25.43	10.64	8.9	68.43	51.75
2	China	1428.98	2975.05	23.81	49.56	433.96	287.89
3	Brazil	7.93	20.55	46.15	119.63	53.26	40.28
4	Indonesia	8.23	15.91	8.52	16.47	43.36	34.25
5	Korea	79.07	...	18.8	...	80.82	90.65
6	Mauritius	104.93	210.84	21.29	42.78	170.7	77.82
7	Mexico	6.15	18.94	14.86	45.77	22.65	18.81
8	Philippines	16.29	35.75	8.07	17.7	41.93	21.39
9	South Africa	3.08	17.26	10.71	60.01	45.86	74.45
10	Sri Lanka	41.81	35.72	16.73	14.29	45.72	42.64
11	Thailand	12.14	83.8	11.29	77.95	78.79	95.37
12	Malaysia	6.32	33.98	10.49	56.43	130.82	104.23
13	UK	52.87	260.97	24.87	122.77	406.54	445.86
14	USA	9.58	...	35.43	...	57.78	46.83
15	Switzerland	84.53	166.48	50.97	100.39	151.82	173.26
16	France	40.22	106.22	41.58	109.8	34.77	42.85

Source: Financial Access Survey, IMF; Figures in respect of UK are as on 2010

Table No.1 shows the country-wise financial inclusion indicator in terms of number of Bank Branches and ATMs per 1000 KM, Per 0.1 Million and Bank Deposits and Bank Credit as %age to GDP. India shows 30.43 and 25.43 number of Bank branches and Number of ATMs Per 1000 KM respectively.

**Table 2: Top Districts of Himachal Pradesh in Banking Access**

District	% Households with bank accounts (2011)	% Households with bank accounts (2001)	Change over a decade (%points)
Chamba	89.5	45	44.5
Kullu	89.5	55.9	33.6
Lahul & Spiti	91.2	67.9	23.3
Mandi	91.4	48.9	42.5
Hamirpur	92.2	76	16.1
Kangra	93.9	69.1	24.8

Source: slbchp.com

Table 2 indicates the top districts of Himachal Pradesh in banking access in terms of %age households with bank accounts in the year 2011 over 2001. Chamba district shows maximum change over a decade followed by Mandi and Kullu. The least change over a decade has been noticed with respect to Hamirpur district i.e. 16.1.

**Table3: Financial Inclusion Plan Position for villages having population 2000+ in the State of Himachal Pradesh as of March, 2012.**

S.No.	District	Name of Tehsil	Unbanked Village	Population as per 2001 Census	Bankwise Allocation of village
1	Bilaspur	Bilaspur Sadar	Khatehr	2049	PNB
2	Bilaspur	-do-	Dhar Tatoh	2895	PNB
3	Bilaspur	Jhanduta	Jhabola	2459	SBI
4	Bilaspur	Ghumarwin	Amarpur	2246	SBI
5	Bilaspur	-do-	Marhana	2315	SBOP
6	Bilaspur	-do-	Barota	2100	SBOP
7	Bilaspur	-do-	Lehri Sarail	2376	SBOP
8	Chamba	Chamba	Sarol	2212	PNB
9	Chamba	Dalhousie	Samleu Uperla	2185	PGB
10	Hamirpur	Hamirpur	Darogan	2084	PNB
11	Hamirpur	Bhoranj	Dhamrol	2396	PNB
12	Kangra	Indora	Mohtali	2503	PNB
13	Kangra	Jawali	Katholi	2311	PNB
14	Kangra	Indora	Bhapoo	2144	PNB
15	Kangra	Jawali	Sidhpur Ghad	2371	PNB
16	Kangra	Indora	Raja Khas	2030	CBI
17	Kangra	Palampur	Aima	2465	IDBI
18	Kangra	Baijnath	Aweri	2471	SBI
19	Mandi	Sundarnagar	Dugrain	2162	PNB
20	Mandi	Sundernagar	Bhaur	2196	PNB
21	Mandi	Mandi	Kumi	3525	PNB
22	Shimla	Rampur	Tyawal Manpur	2994	SBI
23	Sirmaur	Paonta Sahib	Manpur Dewrqa	2732	SBOP
24	Sirmaur	Paonta Sahib	Pataliyon	3606	SBI
25	Sirmaur	Paonta Sahib	Misarwala	4027	CBI
26	Sirmaur	Paonta Sahib	Shampur Gorkhuwala	4071	HPSCB
27	Sirmaur	Kamrau	Sharli Manpur	2103	SBI
28	Sirmaur	Kamrau	Kando Dugana	2615	HPSCB
29	Sirmaur	Shillai	Gundahan	3354	SBOP
30	Solan	Nalagarh	Thana	2031	SBOP
31	Solan	Solan	Basal	2196	PNB
32	Una	Una	Jakhera	2438	SBI
33	Una	Una	Malahat	2289	SBI
34	Una	Una	Raipur Sahoran	3954	SBI
35	Una	Una	Sanauli	2161	SBI

36	Una	Una	Chatra Khas	2195	SBI
37	Una	Una	Arniala	3779	SBOP
38	Una	Haroli	Badhera	3807	SBI
39	Una	Haroli	Baliwal	2813	SBI
40	Una	Haroli	Pahalkwah	4507	SBI
41	Una	Haroli	Pubowal	2807	SBI
42	Una	Haroli	Polian Beet	2163	SBI
43	Una	Haroli	Bitan	2548	SBI
44	Una	Haroli	Lalehri	3272	SBI
45	Una	Haroli	Nangal Khurd	2385	SBI
46	Una	Haroli	Nangal Kalan	2713	SBI
47	Una	Haroli	Bathri	2225	SBI
48	Una	Amb	Tatera	2077	SBOP

Source: slbchp.com

Table 3 shows that the maximum number of unbanked villages situated in district Una. There are seven unbanked villages in each district of Bilaspur and Kangra. The number of unbanked villages is reported less in case of Hamirpur, Chamba and Solan. The maximum number of unbanked villages has been allocated Punjab National Bank and State Bank of India under the Financial Inclusion plan.

**Table 4: Summary of District-Wise Villages With Population of 1000-2000 (As Per Census 2001) For Financial Inclusion Action Plan in Himachal Pradesh**

S No.	District	No. of Villages
1	Bilaspur	35
2	Chamba	40
3	Hamirpur	27
4	Kangra	167
5.	Kinnaur	10
6.	Kullu	62
7.	L&S	2
8	Mandi	65
9	Shimla	32
10	Sirmour	77
11	Solan	37
12	Una	106
	Total	660

Source: slbchp.com

Table 4 shows district –wise village summary with a population of 1000-2000 for financial inclusion in Himachal Pradesh. The maximum number of villages in district Kangra has been included in Action plan followed by Una and Sirmour district. The recent meeting of SLBC has identified 878 villages for providing banking services through Banking Correspondents in the State in the first phase up to August, 2015.

**Table 5: District-Wise/Bank-Wise Number of Villages with Population 1600+ Allocated under Under Swabhimaan, March, 2013 in Himachal Pradesh**

District	No. of Villages	PNB	SBI	UCO	SBOP	HPSCB	HGB	CB	CBI	OBC	P&SB
Bilaspur	6	1	1	4	0	0	0	0	0	0	0
Chamba	2	0	1	0	0	0	1	0	0	0	0
Hamirpur	3	2	1	0	0	0	0	0	0	0	0
Kangra	27	8	10	0	2	0	4	3	0	0	0
Kinnaur	0	0	0	0	0	0	0	0	0	0	0
Kullu	18	4	4	0	3	0	6	0	1	0	0
L&S	0	0	0	0	0	0	0	0	0	0	0
Mandi	4	1	1	0	0	0	1	0	1	0	0

Sirmour	14	0	5	1	4	3	0	0	0	1	0
Shimla	1	1	0	0	0	0	0	0	0	0	0
Solan	8	2	0	1	5	0	0	0	0	0	0
Una	24	14	1	1	2	0	0	2	2	0	2
Total	107	33	24	7	16	3	12	5	4	1	2

Source: <http://www.slbchp.com/financial%20inclusion.html>

From the above Table 5, it is observed that maximum number of villages with population 1600+ allocated under Swabhimaan are located in 4 Districts namely, Kangra, Una, Kullu and Sirmour. Out of the total number of villages 33 villages are allocated under PNB, 24 villages allocated under SBI, 16 villages allocated under SBOP and 12 under HGB followed by other banks.

## CONCLUSION

The state of Himachal Pradesh reported well placed in Financial Inclusion but many areas were still not covered due to geographical constraints. Banks may open new branches in these areas or look for Business Correspondents like Lok Mitra Kendras or Gramin Rozgar Sewaks engaged by Rural Development and Panchayati Raj Department in the State to reach every household. Further the study concludes, that in order to cover cent percent target under SVS and to make it viable, the demand for banking transactions should be created both in rural and urban areas. Banks should explore using mobile banking for low end phones to facilitate withdrawals, payments and transfer of money through banks. The banks should provide accessible and affordable financial services including Saving Bank Accounts, Micro Credit, Financial Literacy, Micro Insurance and Social Security Pension in a phased manner through Bank Branches and Banking Correspondents.

## REFERENCES

1. Chakrabarty K.C. (2007), 'Uplifting Rural Poor: A case of Punjab National Bank', CAB calling, July-September 2007, Vol 31, No.3
2. Sundara Rajan, M.S. (2007), 'Replication of Financial Inclusion: Opportunities and Challenges- Indian Bank Experience', CAB Calling, July-September 2007, Vol. 31, No.3
3. Reserve Bank of India Circular '100 per cent Financial Inclusion- Evaluation by external agencies-Broad findings' dated January 22, 2009
4. Reserve Bank of India (2008), 'Report on Currency and Finance 2006-08- Volume II', 2008.
5. [www.rbi.org](http://www.rbi.org)
6. <http://www.slbchp.com/financial%20inclusion.html>

---

## **RESTITUTION: THE BEST ALTERNATIVE TO PUNISHMENT**

**Dr. Dhaneswar Das**

Principal, Pravasa Manjari Law College, Keonjhar, Odisha.

---

### **INTRODUCTION**

After the advent of British rule in India, the country had a common and uniform penal code and procedural and evidence laws, starting from 1860. The main substantive criminal law of the country i.e, the Indian Penal Code 1860 defines various offences, describes the criminal liability and provides punishment for various offences. The Code of Criminal Procedure 1973 deals with the procedure to be observed in the trial and imposing punishment. The Indian Evidence Act 1892 deals with the rules of evidence to be observed in courts. Besides these, there are many special laws dealing with different specialized areas of criminal matters. But the main penal code which is more than a century old is offender oriented and does not say anything about the victim.

However the decade of 1980s has witnessed a far reaching change in the perspective of the criminal phenomenon. Efforts are being taken to provide victims of crime and abuse of power, a rightful and important place which they deserve to ameliorate the sufferings caused by the criminal victimization. But the work done in the field of victimology and the vociferous cause of advocacy for victims in India is much less in comparison to what is seen in some western countries. In the recent past there have been a few attempts to raise issues to advance the cause of victims of crime. The silent and productive work done by World Society of Victimology to provide a legal status to victims is embodied in the second Magna Charta of humanity i.e, United Nation Declaration on Basic Principles of Crime and Abuse of Power passed unanimously by the U.N. Congress on the Prevention of Crime and Treatment of offenders in September 1985 at Milan, Italy and subsequently approved by the General Assembly of the United Nations in November 1985. This declaration recommends measures to be taken at the international and national levels to improve access to justice and fair treatment, restitution compensation and social assistance for outlining the main steps to be taken to prevent victimization linked to abuses of power and to provide remedies for victims of such treatment.

### **CONCEPT OF RESTITUTION**

Restitution is the term applied to the offender who makes, amends to his victim in a criminal offence by paying sum of money or by service. Its benefits are twofold, the offender is made more responsible for the crime and the victim receives attention and benefit directly from the offender. It gives an opportunity to both the victim and the offender to feel that a wrong is being righted. When restitution involves service to the community, the whole society receives reparation from the offender. Since it is one of the alternatives in sentencing policy, it is a flexible means limited by judge's imagination, the offender's willingness to participate and the readiness of the victim to accommodate himself to the arrangement. Restitution is said to be punitive and rehabilitative. It is also said to serve the purposes of deterrence and criminal therapeutics.

Restitution refers to the responsibility that offenders bear to their victims. It is also intended to satisfy victim's thirst for vengeance as well as to reimburse them for their losses. Compensation refers to the financial obligations of governmental agencies to reimburse suffering citizens or third parties like Insurance companies to indemnify their customers. However Restitution and compensation are alternative methods of repaying losses. Restitution occurs whenever authorized officials of the criminal justice system impose sanctions that require offenders to either return stolen goods their owners, handover equivalent amounts of money to cover out pocket expenses or provide services to those they have harmed. There could be four possible combinations of restitutions arrangement (a) payment by the offender to the actual victim perhaps through an intermediary, (b) earning shared with some community agency or group serving as a substitute victim rather than a fine collected by the Government (c) personal services performed by the offender to benefit the victim and (d) labour donated by the offender for the good of the community.

Restitution is a positive measure and particularly appropriate for use in respect of juvenile offenders. It traces its origin to the Middle Ages and is more penal than compensation paid by the state since it does not merely offset the victim's losses but makes the offender pay for them. The rationale of the restitution programme is that the offender is made to recognize his responsibility to the victim, it maintains the dignity of the offender unlike imprisonment and also it saves the society and the offender from the deterring effect of incarceration. When restitution involves service to the community the whole society receives reparation from the offender.

It can be said to have a special advantage of the restitution when it is used against the while-collar criminals. It improves crime-reporting and helps in rehabilitation. It gives offender an opportunity to shorten the length of his own confinements for the harder he works, the faster he can make good the restitution payment. It reduces burden on the state exchequer.

Community service as a form of restitution represents a sentencing alternative for the offenders who are not dangerous, since it helps them to perform work, which is useful to the community and to themselves. All segments of population in the United States strongly support restitution as a method of crime prevention; many states in the U.S.A. have enacted legislation in this respect. For example in Georgia some offender may be diverted to the restitution programmes instead of being placed in prison. The offenders are allowed to work in the community during the day and return to the Restitution Centre in the evening. Their pay checks are forwarded to the Restitution Centre where appropriate sums are deducted for the restitution payment.

### **LEGAL PROVISIONS**

Although there is no separate law to improve the status of victims of crime, there are a few provisions, sections 357, and 359 in the Code of Criminal Procedure 1973 dealing with restitution. In all these provisions the term compensation is used to refer to restitution. The courts in India have also used the term, compensation both for restitution to victims of crime by the offenders and for compensation to victims by the state.

There are also a few important cases wherein the principles of restitution to victims of crime have been introduced or upheld by the counts in India but in all these cases, the word compensation has been used to refer to restitution which is the accepted terminology by the international scholars for payment made by offender to victims of crime. Thus the Indian Courts have used the term compensation and restitution interchangeably.

The relevant provisions relating to restitution under U.N. Declaration of Basic Principles of Justice for victims of Crime 1985 be taken into consideration.

“A Person may be considered as victim under this declaration regardless of whether the perpetrator is identified, apprehended, prosecuted or convicted and regardless of the familial relationship between the perpetrator and the victim. The term victim also includes where appropriate, the immediate family or dependents of the direct victim and person who have suffered harm in intervening to assist victims in distress or to prevent victimisation”

“Victim means persons who individually or collectively , have suffered harm including physical or mental injury, emotional suffering, economic loss or substantial impairment of their fundamental rights through acts or omissions that in violation of criminal laws operative within member states including those laws prescribing abuse of power.

“Offenders or third parties responsible for their behavior should where appropriate, make fair restitution to victims, their families or dependents. Such restitution should include the return of property or payment for the harm or loss suffered, reimbursement of expenses incurred as a result of the victimization, the provision of services and restoration of rights.

“Where Public official or their agents acting in an official or quasi official capacity have violated national criminal laws, the victims should receive restitution from the state whose official or agents were responsible for the harm inflicted. In cases where the Government under whose authority the victimizing act or omission occurred is no longer in existence, the state or Government successor in title should provide restitution to the victims”

Besides these provisions relating to restitution to victims under the Cr. P.C., Section 5 of the P.O. Act 1958 has also empowered the court to require released offenders to pay restitution and costs.

Although these provisions empower criminal courts in India to order restitution to victims of crime the trial courts in India have for a long time ignored these provisions and have not utilized these during their sentencing process. Perhaps the main reason for this due to the traditional outlook of criminal justice agencies which are totally offender and penalty oriented.



## **MEDIATION AND ARBITRATION PROCEDURE**

The procedure first proposed by the Canadian law reform commission as a pre-trial diversionary measure preceding the formal proceedings which involve the offender and the victim meeting face to face in an attempt to resolve their conflict themselves in an informal procedure under the supervision and mediation of a judge and assisted by the public prosecutor, the defence lawyer and in some cases by an expert.

Before conducting such procedure all parties involved must have given their consent as to it. The mediation and arbitration procedure ending with a binding judgment for all parties has been recommended as it strengthens the informal control by allowing the parties concerned to practice resolving conflicts on their own with the help of the criminal justice. The aim of such procedure is to resolve criminal conflicts between persons in close social proximity and to settle the terms of restitution between the offender and the victim and also to reach a binding agreement for all concerned. On the other hand such a procedure also attempts to control the criminal conflict in the future by organizing social workers to monitor and look after the family, so that a formal conviction of the offender to a term of imprisonment can be avoided. When the mediation and arbitration procedure is successful the formal proceedings can be suspended.

## **RESTITUTION IN THE COMMUNITY**

Occasionally an offender is released on probation under the condition that he will make reparation. This option is not used sufficiently in either the juvenile or the adult criminals. Furthermore the reparation of material damages usually is the only matter of any concern. Where immaterial damages are concern, one is content with a simple apology. Victim surveys have shown that even in case of property offences such as burglary, or fraud, the crime victim suffers substantial immaterial damages manifested in a fear of crime and a mistrust of the criminal justice system. In Canada with offender victim reconciliation projects, juvenile burglar on probation meets their victims under the supervision of Probation Officers acting as mediators with a great deal of sensitivity and psychological skill. By bringing the offender and the victim together not just one but for a series of meetings, the offender comes to realize the full extent of the social, material and psychological damage inflicted by him.

There are also many barriers and practical difficulties in working restitution programme. First of all the fact is that restitution would be available only in those cases in which the offender is apprehended and convicted. Even if the offender is apprehended, the chances for restitution programme are minimal in most of the cases. Alan Harland has noted that "The victim's claim to restitution must assume its place among the hierarchy of traditional (Criminal Justice) system, goals of deterrence, deserts, rehabilitation and incapacitation. If these goals are in conflict with restitution, experience with current restitution programme shows that the victim will usually dropout of the picture. The restitution programmes are also time-consuming. A lack of suitable type of work for Juveniles is seen. Many offenders lack the earning ability to make the restitution adequate and also often time's victim suspects the soundness of the programmes. Therefore several states in the U.S.A. have already enacted legislation bringing in to operation a mechanism by which the offender can compensate the victim for the loss caused by his crime. The regulation fall under three categories:-

- a) Restitution as a component in the normal sentencing of adult offenders.
- b) Restitution as a specific condition of dealing with Juvenile offenders and
- c) Restitution as a goal to be achieved through special programmes administered.

## **CONCLUSION**

Restitution is an important tool in criminal justice. It is therefore critical for victims and for the purposes of justice that effective models be developed to enable the numerous professionals involved in the judicial process to carry out their responsibilities effectively. Restitution attempts to establish a relationship between the victim and the offender in an effort to raise the offender's sense of responsibility to the victim and to society. Therefore the entire criminal justice system must be adapted to the concept of restitution, which extends the offender – oriented treatment approach to encompass victims and society. Restitution must be seen as an interactional process which resolves criminal conflict and creates harmony among the offender, victim and society. This does not simply involve a monetary payment; rather it is a creative process, a personal and a social achievement requiring a considerable psychological and social effort on the part of the offender towards confession and remorse and towards assuming responsibility for his offence to society and his victim. From this process, if it reaches a successful conclusion, the offender the victim and society will emerge changed and matured as a result. The offender repents his action by facing up to its harmful consequences and by being

---

forgiven by his victim; he is absolved without personal humiliation. He loses his criminal stigma and can take again his place in society as a member enjoying equal status and the victim receives restitution as far as possible

**REFERENCES**

1. Choklingam. Dr. K:-Victims of crime in the criminal Justice system a global perspective. 1995
2. Rajan V.N.-Victimology in India (1981) P.78. Allied Publishers Pvt. Ltd.
3. Karmen Andrew (1984). Crime victims. An Introduction to victimology, Books /Co/e publishing company, California.
4. Galaway, Burt (1979) "The uses of Restitution," crime and Delinquency. 23,1,57-67.
5. Provisions of U.N. Declaration of Basic principles of Justice for Victims of crime 1985 sec 1, 2, 8 and 12.
6. Law Reform Commission of Canada , Diversion, Ottawa 1975
7. Allan I. Harland – "compensating the victims of crime" criminal Law Bulletin 14 (May – June1978)216.

---

## **EMERGING BANKING CHALLENGES IN INDIA**

**Dr. Suresh Chandra Bihari**

Professor (Banking & Finance), IBS, Hyderabad

---

### **ABSTRACT**

*India's banking sector has tremendous potential to grow considering India is one of the top economies in the world. The last decade, customers have exploited tremendously technology with the emergence of Automated Teller Machines (ATM), internet and mobile banking.*

*According to India Brand Equity Foundation (IBEF), in Financial Year (FY) the size of banking assets in India rose to USD 1.8 trillion. Also, the revenues stood close to USD 50 billion. The total bank deposits in the country have grown at a compound annual growth rate (CAGR) of 21.2 per cent over FY 2006-13. In FY 2013, total deposits were USD 1.2 trillion.*

*Indian banking has evolved over the years. With the help of technology, banking has reached masses and ease of communication makes it accessible virtually from anywhere.*

*But there are still many red flags which the sector as a whole faces. The Reserve Bank of India as well as the Government continuously endeavors to protect the banks from getting into any trouble but the banks still struggle to come on par with their international counterparts.*

*The report hereby covers the challenges which the sector faces and the factors that are deterring the sector from performing optimally. The report also puts light on reforms being planned for the sector and opinions on overcoming the challenges and way forward for the sector to make most out of most populous nation in the world.*

---

### **1. INTRODUCTION<sup>1</sup>**

The existing banking structure in India, evolved over several decades, is elaborate and has been serving the credit and banking services needs of the economy. There are multiple layers in today's banking structure to cater to the specific and varied requirements of different customers and borrowers. The banking structure played a major role in the mobilization of savings and promoting economic development. In the post financial sector reforms (1991) phase, the performance and strength of the banking structure improved perceptibly. Financial soundness of the Indian commercial banking system compares favorably with most of the advanced and emerging countries.

Since 1991, the size of the Indian economy in terms of GDP at market prices has increased by almost fifteen times, whereas the household financial savings have expanded by sixteen times and the gross domestic savings by almost seventeen times during the same period. The economic structure diversified substantially and the economy has been opening up and getting increasingly integrated with the global economy. As the real economy is dynamic, it is imperative that the banking system is flexible and competitive to cope with multiple objectives and demands made on it by various constituents of the economy. From the financial inclusion perspective too, there is a pressing need to extend the reach of financial services to the excluded segments of the society. Viewed from this perspective, today's banking structure in India has both the need and scope for further growth in size and strength.

Many jurisdictions, world over have taken up the task of reviewing their banking systems with a view to strengthen them based on the lessons from the global crisis. While the primary motivation for the current exercise of reviewing the Indian banking structure is to cater to the needs of a growing and globalizing economy as well as deepening financial inclusion, it is important to incorporate lessons from the global crisis, even when the Indian banking system has remained largely unaffected by the global crisis.

Much of the previous thinking regarding financial markets has been changed by the events during the global financial crisis, with the consequent need for a fresh assessment of financial and banking sectors, including institutional and regulatory structures. In addition, changes in regulatory requirements and approach envisaged

---

<sup>1</sup> <http://rbi.org.in/Scripts/PublicationReportDetails.aspx?ID=713>

by Basel III, requiring increased analytic and risk assessment capacity in banks, call for a fresh look at the desired and optimal contours of a dynamic banking sector.

Despite significant progress, one aspect of banking in India that requires deeper analysis is the still inadequate coverage of the banking and financial sectors. It is instructive that even with 157 [26 Public Sector Banks, 7 New Private Sector Banks, 13 Old Private Sector Banks, 43 Foreign Banks, 4 Local Area Banks (LABs), 64 RRBs] domestic banks operating in the country, just about 40 per cent of the adults have formal bank accounts. Deepening the engagement of formal banking for low income households and providing access to the unbanked will require increasingly innovative approaches (including channels, products, interface, etc.).

Since the Indian economy is dynamic, the banking system needs to be flexible and competitive in the emerging milieu. An approach that balances flexibility with effective oversight may be an unexceptionable principle to inform potential steps and requisite changes. Competition is the touchstone, which has increasingly informed the discussion on the future landscape of the financial sector. Competition can be effective in producing desired outcomes if accompanied by a level playing field for all participants; it diminishes the scope to price discriminate, whereas a level playing field reduces the ability to game the system, or both. Furthermore, some of the current mandated requirements might be supplemented with incentives if a sufficiently competitive financial sector were to emerge.

## **2. EMERGING BANKING CHALLENGES IN INDIA**

### **2.1 Interest Rates**

As a result of rate of interest liberation, the rate of interest structure of banks is competitively determined within the market, blackball a couple of exceptions. A serious issue that has influenced the trend in interest rates is that the sustained decline within the rate of inflation within the recent amount. Yet year-to-year fluctuations, there has been a definite downward drift within the rate of inflation throughout the last half of the Nineties, that is currently at around 0.5 the extent as compared with the primary 1/2 the Nineties. Each the popular measures of inflation - the Wholesale price level (WPI) and also the shopper price level (CPI) – have shown a certain fall within the recent amount. For instance, the WPI on a median basis has declined from a median of concerning ten.5 per cent each year between 1990-91 to 1995-96 to concerning five per cent each year over the last five years. An identical trend will be discovered with respect to the patron price level for industrial staff. Within the current year to date, inflation as measured by variations in WPI, has remained benign around three per cent despite the adverse impact of drought and uncertainty on account of oil costs. Because the rate of inflation has decelerated, it's conjointly had a positive impact on inflationary expectations. This can be clearly mirrored within the downward trend in nominal interest rates.

For instance, the nightlong decision cash rate has fallen sharply from concerning thirteen per cent in August 2000 to the present levels of 5.5 per cent. Similarly, the 91-day T-bill rate declined from 10.5 per cent 5.4 per cent and also the 364-day T-bill rate from ten.9 per cent to five.6 per cent over constant amount.

The long-run interest rates too have significantly gone down. 10- Year government securities are yielding less as the yield has 11.5 per cent in August 2000 to the present levels of concerning half dozen.3 per cent. Similarly, interest rates on company paper have fallen considerably. For instance, the rate of interest on 5-Year AAA rated company paper has declined from twelve per cent in August 2000 to concerning 12.7 per cent presently.

Together, the banks have brought down their deposit rates. As a matter of fact, the term deposit rates of public sector banks over 1 year maturity has declined from the range of 8-10 per cent in August 2000 to 6-8 per cent currently. This fall within the rate of interests within the recent amount has been in consonance with the financial policy stance of a soft and a versatile interest rate regime.

On the opposite hand, disposition rates of banks haven't come back down the maximum amount. whereas banks have reduced their prime disposition rates (PLRs) to some extent and are extending sub-PLR loans, effective disposition rates still stay high. It's calculable that the typical disposition rate of scheduled business banks has declined from a peak of concerning seventeen per cent in 1995-96 to concerning fourteen per cent by 2001-02. Hence, whereas nominal interest rates have come back down, they need not fallen the maximum amount because the rate of inflation. Consequently, the effective real disposition rate continues to stay high. This development has adverse general implications, particularly in a very country like Asian country wherever interest price as a proportion of sales of corporates square measure abundant higher as compared to several rising economies.

A cross country comparison of rate of interest trends throughout the 90s provides some attention-grabbing insights. The typical rate of inflation all told these countries have come back down throughout the second last half of that decade (1997-2001) as compared to the primary half. In line with this, the typical market interest rates and government securities yields have conjointly come back down in real terms in most of those countries. On the disposition facet, however, prime rates in some countries haven't shown similar falls in real interest rates (UK, Germany, Japan, Thailand and Hungary). Thus, the Indian expertise of sticky real disposition rates isn't distinctive. But, preliminary estimates do show a high correlation between government securities yields and real disposition rate in Japan, Asian country and European nation throughout the Nineties as a full. Hence, the downward rigidity in disposition rates in Asian country as compared with the government securities rates throughout the last half of the Nineties will appear additional shocking during this context. It'd appear that changes in inflationary expectations take a little longer to regulate than inflation rates themselves. It'd be rational for interest rates to be associated with inflationary expectations, and specifically long-run interest rates. Therefore, bank economists have a vital role of informing the management of applicable inflationary expectations so interest rates will be adjusted additional consistently.

Understandably, there sure rigidities within the overall rate of interest structure within the economy that constrain banks from reducing their disposition rates. These are well documented within the earlier financial and credit policy statements of the bank. Later on, interest rates on tiny savings have conjointly affected down and there's a commitment from the government to link these rates with market connected rates. The recovery surroundings have conjointly improved. A connected issue pertains to transparency in disposition rates. Particularly when the introduction of sub-PLR disposition by banks, the spreads between the minimum and most disposition rates appear to own widened. The bank is creating efforts to publish on its web site bank-wise info on the minimum and most disposition rates. Our own internal exercises reveal that the thought of PLR might have to be reviewed within the current context. Perhaps, bank economists could wish to study the international expertise and are available out with suggestions.

## **2.2 Reorientation of the Indian Banking Structure**

As the economy expands, a larger quantum of resources is required for supporting the expansion method. The Indian banking sector additionally has to catch up with the possible acceleration within the credit to GDP quantitative relation because of the expanding economy. To support the economic process as envisaged within the twelfth 5 Year set up, the banking business has to expand considerably to a tune of INR 288 trillion by 2020 from INR 115 trillion in 2012. Given this, there's a requirement for reorienting the banking structure to form it much more dynamic and versatile, whereas making sure certain safety and general stability. There's monumental scope for increasing the dimensions and capability of the banking structure. Consequently, the central bank came out with a collection of tips for licensing of latest banks within the personal sector in Feb 2013. The method of licensing culminated with the granting of "in-principle" approval to 2 candidates who would establish new banks within the within 18 months in private sector.

While asserting the choice to grant "in-principle" approval to the 2 candidates, the central bank indicated that going forward; it'd use the training expertise from this licensing exercise to revise the rules befittingly and on "tap" basis would issue more licenses regularly. Further, RBI would work on a policy of granting varied classes of "differentiated" bank licenses which can permit a wider pool of entrants into banking resulting in larger banking penetration and additional competitive atmosphere. RBI has, consequently, been performing on the relevant norms for licensing payment banks and tiny banks.

Eventually, over the years, the reoriented banking structure would comprise of four tiers. The primary tier could comprise 3 or 4 massive universal Indian banks such as State Bank of India, ICICI and HDFC with domestic and international presence along with branches of foreign banks in India. The second tier will probably going to comprise of many mid-sized banking establishments together with niche banks like Payment Banks with economy-wide presence. The third tier could include the usual private sector banks, RRBs, and cooperative banks with multi state presence. The fourth tier could embrace several little in camera in hand native banks and cooperative banks.

## **2.3 Competition**

W. Chan Kim & A. Renee Mauborgne in their "Blue Ocean Strategy" have shown that firms will succeed not by battling competitors, however rather by making Blue Oceans of uncontested market area. These strategic

moves produce value for the firms, its patrons and its workers, whereas unlocking new demand and creating the competition extraneous.

Unlike the Red Ocean Strategy, the traditional approach to business of beating competition, the “Blue Ocean Strategy” tries to align innovation with utility, value and value propositions. Similarly, money sector reforms have caused important structural changes and created many blue oceans. A manifestation of this development is mirrored within the increase in bank aggressiveness. The share of public sector banks (PSBs) in total banking assets, that was ninety per cent on the eve of reforms in 1991 has since declined to around seventy two per cent, a decline of roughly one percentage a year. In a move that's additionally expected to extend competition within the domestic banking system, RBI free the framework for putting in place Wholly Owned Subsidiaries (WOS) by foreign banks to India in Nov 2013, besides the framework for brand new universal banks and differentiated banks, such as, little banks and payment banks, that is within the offing. As it has been discussed above, new banks are gearing up to enter this lucrative sector. Further, banks face increasing competition from non-banks as well as NBFCs, MFIs and technical companies. Going forward there is also increasing competition within the non-bank connected finance activities through innovations like Peer-to-Peer (P2P) lending, direct client lending and social financing. With increasing competition, banks, need to be compelled to faucet into untapped business opportunities. This might additionally need harnessing resources at rock bottom of the pyramid. Small customers are also important both for business growth as well as business opportunities. The challenge before banks would be to ensure most effective use of technology and continual innovation to bring down intercession prices and protecting their bottom lines.

## **2.4 Basel III Implementation**

The implementation of Basel III framework can throw varied challenges for banks. Especially, the adoption of Basel III capital necessities by Indian banks would cut down their Return on Equity (ROE) to a certain extent. Investors will have a wider selection and therefore the stocks of the production sector will become much more lucrative as compared to the banking sector stocks and, as such, it should maybe troublesome to win over the capitalist community to speculate in Indian banks within the short term.

It is, however, expected that by viewing the advantages of implementation of Basel III capital necessities by means of skyrocketing resilience of the banking industry, investors can get adjusted to the new reality.

This issue conjointly must be seen in a very historical perspective to grasp the actual fact that Indian banks have successfully in past transited from the regime of no regulative demand for capital to more and more tighter capital necessities and it might be logical to expect that Indian banks would be able to navigate this part consequently. Withal, it must be recognized that whereas moderation of Return on Equity is inevitable, the key to cushion this impact is to optimise capital and augment potency.

On June 9, 2014, the bank issued guidelines for the implementation of the Liquidity Converge Ratio (LCR), which will be part of the Basel III framework on Liquidity Standards. In India, the LCR is going to be introduced in a very phased manner beginning with a minimum demand of sixty per cent from January 01, 2015 and reaching minimum one hundred per cent on January 01, 2019. Further, Government securities in far more than minimum SLR necessities and the Government securities among the mandated SLR demand to the extent will be allowed by the bank underneath Marginal Standing Facility (MSF) to be treated as Level one assets for the computation of LCR. Adoption of liquidity standards underneath Basel III will induce changes in funding preferences of the Indian banks which will be reflective of the actual fact that availableness of and access to quality assets could also be a challenge going forward once the LCR demand will increase incrementally.

## **2.5 Capital Mobilization**

In the method of phased adoption of Basel III capital norms, Indian banks generally have a comparatively comfy capital adequacy position to start with. Going forward, the increasing need for capital will be a challenged though. On May 2, 2012 the RBI issued the final guidelines on Basel III capital regulations. The rules became effective from April 1, 2013 in phases and can be totally enforced as by March 31, 2019. Although there are various measures estimating the concern in regard to the extra capital mobilization by the PSBs arising out of the phased implementation of Basel III capital necessities, one issue is evident that the desired magnitude of capital within the run up to the complete implementation are going to be substantial. Throughout the last four years, the government has infused INR 586 billion within the PSBs. The government

has created a provision of INR 112 billion within the interim budget 2014–15. PSBs hold substantial seventy per cent of the banking assets.

Therefore, capital infusion from the government of this order might not be sufficient. It's conjointly vital to notice that there has been over reliance on the government to infuse equity despite headroom on the market for the management of the banks to lift equity from markets.

There haven't been united efforts created by PSBs to raise their equity capital base from the markets, keeping in sight the Basel III capital adequacy necessities. Their internal generation of capital has suffered primarily because of sharp deterioration within the quality of capital presumably because of /adverse choice of assets. The growing pressure on asset quality of PSBs and therefore the threat of downgraded ratings can add more pressure on the equity of banks. Further, there would be more demand of capital requirements for superordinate review and analysis under Basel Pillar II framework.

With higher extra capital necessities, as mentioned above, recapitalization of PSBs might exert vital stress on the government's commercial enterprise position. There are, however, many potential choices on the market to fulfill the challenges of mobilization of extra capital. These would include:

i. Divestment of Government's shares in PSBs. Given the current level of presidency property in these banks that ranges from fifty eight per cent to eighty nine per cent, there's substantial ground for raising equity from the market while not diluting the general public sector character;

ii. The roles and responsibilities of the Boards of PSBs may be reviewed. The resultiveness of the Board and senior management incorporates a palliative effect on the danger profiles, and consequently, overall capital necessities in a public bank. The government, being the owner of the PSBs, might address the governance aspects regarding PSBs;

iii. Additionally to the general public and rights issues, banks have other routes in the market to lift equity by way of qualified institutions' placement (QIP) and stock purchase plan. Boards of PSBs have to be compelled to explore all the possible choices to equity capital.

iv. Providing tax incentive to investors' on investments in banks' Tier one capital such as tax exemption of interest income (in half or in full) with a motive to promote and deepen the marketplace for such capital could also be helpful at this stage;

v. PSBs could issue non-voting equity shares to the general public thereby the government will hold less than fifty one per cent of the whole equity shares, it will still maintain a minimum of fifty one per cent voting rights of the whole voting equity;

vi. Similarly, the choice of supplying of differential voting equity might even be thought of. These issuances can enable the government to take care of their voting rights at the required level even if there could also be a dilution within the economic interest, i.e., in terms financial gain through dividends to the Government;

vii. The Government's stake in PSBs will be diluted below fifty one per cent in conjunction with certain protecting rights given to the government by amending the individual statutes governing PSBs;

viii. During this affiliation, the proposals of the Committee to Review Governance of Boards of Banks in India (Nayak Committee) to transfer the Government's shares in PSBs to an investment company viz., Bank Investment Company (BIC), cut back Government stakes in PSBs to less than 50% and supply additional autonomy and expertise to PSBs that require expected return to boost the returns on equity and attract additional capital from the market except for reducing provision requirements, etc. are of serious concern; and

ix. As far as distressed banks in private sectors are concerned, Nayak Committee has conjointly suggested that non-public equity funds, together with sovereign wealth funds be allowable to acquire a dominant stake of 40%.

## **2.6 Asset Quality**

The asset quality of loans have deteriorating considerably indicated in the quarter ended December 2013 in which the banks collectively held loan provisions of about INR 1 Lakh crores, an increase of 13% over the year.

The trend of y-o-y growth in Gross Non-Performing Advances (GNPA) outstripped the y-o-y growth of advances, that started from the quarter over September 2011, continues through the gap within the growth rates is narrowed. The PSBs continued to register the top level of stressed advances at 11.3% of the total advances at

the end of March 2014, followed by older personal banks at 5.8%. Although agriculture sector showed the best GNPA magnitude but the trade sector showed clearly high level of restructured commonplace advances, leading to the stressed advances of the trade sector reaching 15.6 per cent followed by the services at 7.9 per cent as in December 2013. There are 5 sub-sectors, namely, infrastructure et al infrastructure}, iron and steel, textiles, mining (including coal) and aviation services had considerably higher level of stress and therefore these sub-sectors/segments were known as “stressed” sectors within the banks’ loaning portfolios. The share of those 5 stressed sub-sectors to the full advances of the SCBs is around twenty four per cent. Infrastructure has the highest share at 14.7 per cent within the total advances. Among the bank-groups, these 5 sub-sectors have the highest share at 27.3 per cent within the case of PSBs.

It is widely accepted that the economic delay has affected the asset quality of banks adversely although the impact isn't similar across bank groups. Sector wise and their size wise analysis of asset quality shows that the GNPA magnitude relation of PSBs across the sectors and their size square measure considerably beyond the opposite bank-groups. However can we confront to the challenge of deteriorating plus quality of banks? Although analysts have usually detected that the poor plus quality of the banks, to a good extent, may be attributed to the not thus encouraging macro-economic state of affairs, it's expected that the implementation of the new initiatives by the Central Government would address these problems effectively. Skeptics, although should imply at factors, such as, the threat of “El Nino” that may lead to poor monsoon, world developments, such as, quantitative easing, etc. and politics risks, may threaten the performance of banks in India. It's conjointly true that even once general economic outlook is healthy, the plus quality of banks may still suffer because of inadequacies in credit management. There are not any short cuts for correct credit appraisals and watching. Recognizing early warning signals and taking timely measures to require care of the weaknesses determined square measure vital.

The depository financial institution, on Gregorian calendar month thirty, 2014, has issued a “Framework to revitalize the Distressed Assets within the Economy”, whereby banks would recognize at associate degree early stage the strain in their assets and take prompt steps towards resolution/ recovery of distressed assets and elaborated pointers during this regard were issued on Feb twenty six, 2014. The Framework has known bound structural impediments within the approach of swish resolution/recovery of stressed assets of banks and recommended steps, such as, revamping the SARFAESI Act, reviving DRTs, etc. and rejuvenating plus Reconstruction firms, also are being mooted.

The depository financial institution of India has originated the Central Repository of data on giant Credits (CRILC) to gather, store and air information on all borrowers’ credit exposures as well as Special Mention Accounts (SMA zero, one & 2) with mixture fund-based and non-fund primarily based exposure of `50 million and on top of. The CRILC has started diffusing data on giant credit which can cut back credit data spatiality and improve knowing credit deciding by banks. Banks are ready to apprehend giant common exposures and build-up of leverage within the system. Banks can have access to plus classification of individual giant exposures by totally different banks. Banks square measure needed to activate the Joint Lenders Forum for initiating corrective actions once a loaner reports a recipient as SMA to CRILC. We’ve got engaged with banks to avoid delay in submission of knowledge and guarantee quality and integrity of knowledge. It's expected that when it stabilizes, the CRILC framework would exert ethical pressure/discipline on giant borrowers to repay dues in time lest their names seem in SMA report and bank managements would be higher equipped to assess the health of their high price credit portfolio for initiating timely action.

## **2.7 Governance**

As mentioned earlier, Nayak Committee has created some major observations relating to governance aspects of banks in Asian country, particularly that of PSBs. consistent with the Committee, there's a requirement to upgrade the standard of board deliberation in PSBs to produce bigger strategic focus. Further, there are seven themes that seem essential to their medium-term strengths comprising Business Strategy, monetary Reports and their Integrity, Risk, Compliance, client Protection, monetary Inclusion and Human Resources. All alternative things for discussion ought to be delivered to the Boards by exception and may generally be mentioned in committees of boards. It's side that, among these seven themes known for careful board scrutiny, predominant stress has to be provided to Business Strategy and Risk dimensions. Further, the Committee is of the read that because the quality of board deliberations is sensitive to the talents and independence of board members, it's imperative to upgrade these skills in boards of PSBs by reconfiguring the whole appointments method.

Otherwise it's unlikely that these boards are going to be authorized and effective. For this, the government should move towards establishing absolutely authorized boards in PSBs, exclusively entrusted with the



governance and oversight of the management of the banks. The planned BIC, that is anticipated to carry the shares of the government in PSBs, ought to begin the method of professionalising and empowering bank boards by reconstituting them and this successively would facilitate to enhance the company governance during a massive method. As per the recommendations of the Committee, eventually in phase III clinical trial, all possession functions would be transferred by BIC to the bank boards. The appointments of freelance bank administrators and whole-time administrators (including the CEO) would become the responsibility of bank boards.

Equally vital from PSBs purpose of read would be the standard of the highest management significantly from the points of read of expertise, experience & continuity. Whereas professionalisation and effectiveness of boards of PSBs emerged as a significant challenge, it's no less as issue with several non-public sector banks, say as an example, once there's domination of outstanding shareholders/CEOs. Non-public sector banks conjointly got to specialize in the skill-set and profile of their high management and therefore the board of administrators.

## **2.8 Risk Management System in Banks**

The size, complexity of business and the quality of MIS are the basis of risk management functions. The necessary skill set should be available with the banks or they have to develop through proper in-house capacity building. Therefore, it is needed for the banks to refine and re-orient their risk management skills for enterprise-wide risk management. Furthermore, as capital comes at a cost, banks need to have a differentiated and fair risk pricing of products and services.

This involves costing, a quantitative assessment of revenue streams from each product as well as the services and an efficient transfer-pricing mechanism that would determine capital allocation. In most cases, as observed, banks put the risk management architecture in place without using the risk inputs for taking business decisions to meet the regulatory requirements.

Risk Based Supervision is highly data intensive and over a period of time all banks will be covered by Reserve Bank of India. The risk profile of a bank, its ratings and the computation of supervisory capital, which is most important, are the outputs of RBS determined on the basis of data and other qualitative information furnished by the banks. A thing to be noted here is that supervisory findings go towards formulation of regulatory guidelines and other macroeconomic policies. Consequently, it is the responsibility of the Board of the bank or its top management to give this area their utmost attention.

## **2.9 Human Resource Management**

Most of the banks in India especially the PSBs are struggling in this area. In the eagerness of expansion, the core relevance of having human expertise which is essential for driving business in the right direction in a sustainable manner seems to have forgotten. In order to compete globally with significant role by IT, it is really important for banks to have human capital armed with sufficient knowledge deployed at right places. Increasing NPAs, poor decision making skills, untimely actions, increasing customer grievances etc. are the precursors to weak appraisal standards and inability to raise red flags at the right time which down the line is because of skill gaps in the human capital at the Indian banks.

There are major HR challenges which banks especially PSBs are facing and the same will multiply in near future:

- Retirement of senior management.
- Lack of professional expertise in the areas like risk management, IT, credit appraisal, operations, capacity building, marketing etc.
- PSBs will struggle to keep up with their private counterparts especially if new banking licenses are issued.

On the other hand, private sector banks struggle providing an employee friendly work culture. They have too much in the name of employee strength and have burdened them with unrealistic targets which they want employees to achieve by whatever means necessary. This in turn can actually have serious reputation risk implications in the long run for them.

## **2.10 Financial Inclusion through the Payments Route**

Leveraging technology enabled payment system for electronic transactions provides both challenges and opportunities to the banks by expanding outreach in terms of expanding customer base, achieving cost efficiency, offering multiple product choices, providing assurance in terms of standardization, and safety. Though the growth is impressive in volume and value of electronic transactions, it is mostly concentrated in big and metro cities thereby widening the digital divide. The deployment of ATMs, or the POS infrastructure, mobile banking services, etc., reflects this imbalance throughout the parameters.

Unless the rural and semi-urban areas find an equal footing in the policy horizon for banks, vision of financial inclusion, aided through payments paths, cannot be achieved.

The ultimate goal is to migrate most of the payments to electronic mode, the reality is that a large part of the population is still dependent on cash for everyday transactions. The above-mentioned lop-sided development is also a contributing factor to this problem. Therefore, from a perspective of achieving inclusive payment system, it is important to facilitate remittance and cash-handling requirements of a large segment of society, especially the migrant population. RBI has already put in place the policy framework under the Guidelines for Domestic Money Transfer (DMT) for the banks to take this forward. Experiments like “Cardless cash withdrawal” for the unbanked are gaining ground fast with two entities being given the in-principle approval for this service.

Active participation and promotion by banks would be imperative for this service to gain traction as the delivery channels envisaged in these models are the ATMs and Business Correspondents (BCs).

## **2.11 Standardization and Capacity Build-Up**

Stand-alone systems fragment the market to some extent and work in silos, so any development in offering electronic services is appreciated. Therefore, when the payments eco-system matures, inter-operability becomes important, making standardization in processes and procedures are a precondition. Not only this facilitates uniformity in transaction handling but also enables consistent customer experiences. An important point which needs to be ensured is that systems are not only adequate to meet present need but also cater to the growing future volumes.

Even though Reserve Bank of India is operating and building capacity of systems such as RTGS or NEFT, it is imperative for the banks to upgrade and review their infrastructure to be well in tune with their policies and expected business growth.

## **2.12 Partnerships with Non-Banks**

Although the model for financial inclusion has a bank-led one, opportunities for involvement in payments area have been given to non-banks as well through the BC, White Label ATMS (WLAs) or pre-paid card routes, to name a few. Close coordination is needed between banks and non-banks. Banks need to view this partnership as having the potential for synergic growth and a chance to leverage their strengths for reaping efficiency gains for both the entities involved in such partnership. Such a case in point is bank-MNO partnership for expanding mobile banking space. Such instances are not a new concept; they have been previously seen particularly with MNOs acting as BCs. Similar developments are needed in the other areas as well. Banks need to ensure that they do not abdicate the responsibility of ensuring safe and secure services to the customers, particularly when a large number of activities are outsourced. It has also been observed that few service providers and banks need to take cognition of this.

## **2.13 Safety and Security of Payment Transactions**

Safety and security of payment transactions goes a long way in influencing the choice of payment transactions by the consumers.

It is vital that the requirements mandated to strengthen security and enhance risk mitigation standards for the electronic transactions, by the Reserve Bank of India are implemented in spirit not only in print. The increased volume of transactions has made the Straight through Processing (STP) essential. As a result, to cater large volumes some procedural changes are to be made.

For instance, the credit is afforded to the beneficiary customer's account requirement under NEFT and RTGS solely on the basis of the account number given in the remittance request by the sender. The objective of this policy is facilitating easier handling of growing volumes in the banks through STP. Nonetheless, banks must not lose sight of risk based approach to handle customer grievances and proactive addressing of payee and redress of customer issues arising from such electronic transactions. To ensure acceptability of payment products and their safety and security, customer as well as frontline staff awareness and education is crucial.

## **CONCLUSION**

The challenges faced by a bank of an emerging economy are not less. While performing regular banking operations, such banks have to take into account the importance they have in the process of financial inclusion of the nation.

In times to come, India banks have a lot to look at:

- NPAs are a big issue and they are cropping up like domino's one after the other;
- Banks need to understand the dynamic and varied requirements of exhaustive list of clientele they have and the fancy customized products they sell;
- Cost effectiveness will also be a challenge even if the banks keep getting bigger;
- Attracting and retain skill power will also be a challenge ensuring leveraging on them both for risk mitigation and business growth; and
- Indian banks also need to explore technology advancement further to enable affordable, acceptable and accessible payment systems and reach to the actual masses of the nation.

It will be interesting to see India banks converting their challenges into opportunities and setting examples for their counterparts across the globe. The Reserve Bank of India, for its part will play a pivot role like it has always been ensuring an enabled regulatory framework acting as a catalyst in the entire process.

## **REFERENCES**

### **Books**

- Indian Institute of Banking and Finance, Bank Financial Management

### **Websites**

- [www.rbi.org](http://www.rbi.org)

---

## RDA (RESOURCE DESCRIPTION AND ACCESS): REVOLUTION IN RESOURCE CATALOGUING

---

Sanjukta Mondal<sup>1</sup> and Dr. Kanchan Kamila<sup>2</sup>

Junior Research Fellow<sup>1</sup>, Dept. of Library & Information Science, The University of Burdwan, Burdwan  
University Librarian<sup>2</sup>, The University of Burdwan, Burdwan

---

### ABSTRACT

*Highlights the historical perspectives of cataloguing starting from AACR1, causes of transition from AACR2 to RDA, factors for adopting the new standard, Joint Steering Committee for RDA specified objectives for the design of RDA, foundation of RDA, criticism of AACR2, changes from AACR2 to RDA, structure of RDA, comparison between AACR2 and RDA, RDA rules and data recording in eight bibliographical elements and other non-core elements and a sample cataloguing has shown to indicate the difference in cataloguing application of AACR2 and RDA and concludes that though there are some difficulties in initial level but it is very much useful for linked data and there is a freedom to use any rule as and when required if there is no such restriction. It is based on FRBR (Functional Requirement for Bibliographic Records) and available all characteristics of MARC21 so there is a creditable progress towards replacement of MARC21.*

**Keywords:** AACR1, AACR2, RDA, FRBR, JSC, Media Type, Carrier Type, Content Type

---

### HISTORICAL BACKGROUND

Drawing on the work of the 'Great Man of Cataloguing' Seymour Lubetzky, the Paris Principles or Paris Statement came out of an international conference in 1961. The discussions at this conference led to the first edition of the *Anglo-American Cataloguing Rules* (AACR), which was published in 1967. In 1969, a further set of meetings was held in Copenhagen, which led to the development of International Standard Bibliographic Description (ISBD).

ISBD covers a range of standards, the first being ISBD (M): *International Standard Bibliographic Description (for single volume and multi volume monographic publications)*, originally published in 1971. There have been many others, covering such resources as cartographic materials (ISBD (CM)), electronic resources (ISBD (ER)), and serials (ISBD (S)). ISBD is one of the codes that underpins the MARC format.

Since its publication in 1978, AACR2 has had three further incarnations: AACR2R (1988), which consolidated the three supplements to AACR2 issued in the 1980s; AACR2R (1998), which dealt with numerous amendments to the code; and AACR2R (2002), which as well as covering minor changes throughout, also incorporated substantial coverage of electronic resources.

The Joint Steering Committee (JSC) for the Revision of AACR, which wrote and administered the AACR, decided in 2005 that changes that it was making to AACR2 had sufficiently wide implications that the next edition would be better to be published under the new title *Resource Description and Access* (RDA).

Many of the cataloguers did not like to change these rules. On the other hand, many people were expecting a greater change in the cataloguing code. After reviewing the comments, the JS (Joint Steering) decided to change their approach. It was recommended that the term 'resource' to be used to express the materials in a library's collection or things that would be part of the greater bibliographic universe. They decided that a new standard designed for the digital environment was more appropriate. In April 2005, the JSC agreed to abandon the title *Anglo American Cataloguing Rules* and took a new working title for the code i.e., RDA.

Kiorgaard & Kartus<sup>7</sup>, Coyle & Hillman<sup>1</sup> have identified the following **factors for adopting the new standard**.

- Changes in information resources
- Changes in catalogue technology and scope
- Changes in information environment
- Changes in users, user activities and library collections

**The JSC has specified the following objectives for the design of RDA**

- Comprehensiveness
- Consistency

- Clarity
- Rationality
- Currency
- Compatibility
- Adaptability
- Ease and efficiency of use
- Format

### **FRBR as the Foundation of RDA**

We have departed from practical cataloguing into the realms of cataloguing theory. Viewed from one perspective, you might be right. However, to understand RDA and its application, we need to understand the principles behind it, and, if nothing else (as always in cataloguing), we need to learn the terminology.

Those who do not like RDA or FRBR (Functional Requirements for Bibliographic Records) often criticize the vocabulary that they use. One advantage of AACR2's structure consisting of chapters relating to particular formats is that the authors of the code could refer to something solid and tangible, and therefore easy for readers to visualize and understand. For example, in AACR2 Chapter 2 we read about monographs and printed books, while in AACR2 Chapter 6 we deal with sound recordings.

RDA is not structured according to format – in principle every rule can be applied to any format (unless a specific instruction is given within a rule exempting a particular format from it). This means that the authors have to use a more generic set of terms – which encompass everything from printed books through cartographic materials to websites. It even has to leave space for formats as yet unknown to us and still to be invented. The terms used in RDA are drawn directly from FRBR, and experience shows that cataloguers either love them or loathe them.

FRBR and RDA describe the units of bibliographic description as **entities**, and these entities are arranged in three groups:

Group 1 Entities: Work, Expression, manifestation, and Item

Group 2 Entities: Person, Corporate Body

Group 3 Entities: Concept, Object, Event, Place (IFLA Study Group on the Functional Requirements for Bibliographic Records, 2009)<sup>4</sup>

These entities can relate to each other in different ways, and some of our time as cataloguers will, under FRBR and RDA, be spent making these relationships explicit.

### **CRITICISM OF AACR2**

#### **Format First**

Many of the issues encountered in AACR2 stem from its being based upon pre-computer age principles (mainly to suit the card catalogue). Critics charge it with placing too much emphasis on publication format – and, indeed, following a general section that outlines general principles applicable to any and all formats (Part I-1), the rest Part – I is taken up with rules relating to specific formats:

- 1 General Rules for Description 1-1
- 2 Books, pamphlets, and Printed Sheets 2-1
- 3 Cartographic Materials 3-1
- 4 Manuscripts (including Manuscript Collections) 4-1
- 5 Music 5-1
- 6 Sound Recordings 6-1
- 7 Motion Pictures and Video recordings 7-1

- 8 Graphic Materials 8-1
- 9 Electronic Resources 9-1
- 10 Three Dimensional Artefacts and Realia 10-1
- 11 Microforms 11-1
- 12 Continuing Resources 12-1
- 13 Analysis 13-1

(Joint Steering Committee for the Revision of AACR, 2005)<sup>6</sup>

***Other criticisms leveled at AACR2's structure include:***

- Repetitiveness: if a rule is not general enough to be included in I-1, but applies to more than one format, the only option is to repeat the rule in each section to which it applies.
- Fragmentation: it has been possible for some cataloguers to specialize in one or two formats and be unaware of the rules for other formats. For example, the intricacies of 'I-12 'Continuing Resources' often remain a mystery to those without a current or previous role looking after serial publications.
- Privileging of the 'Book': most courses on basic cataloguing teach students how to catalogue books, partly because that is the format most commonly encountered by general cataloguers, and partly because it is easy to provide print-based examples from which students can work. As well as providing easily portable homework, authorized photocopies of title pages and their versos (backs) become an *aide memoire* for students, who can annotate their example packs based on work with the real books and further example items in class.
- By far the biggest criticism of AACR2's structure is that any list of publication formats is, by its nature, finite. It is argued that in the 21<sup>st</sup> century our cataloguing code should provide general rules that are infinitely extensible and can be applied not only to existing formats, but also to any new format that may arise in future.

*RDA is not structured in format-specific sections, but is based on the principle of providing general rules with exceptions and options for various circumstances, one of which, where relevant, is publication format.*

**CHANGE FROM AACR2 TO RDA**

Unsurprisingly, one of the frequently asked questions on the RDA website is 'Will I have to make changes to my cataloguing records?' The official answer given is:

The JSC (Joint Steering Committee) agreed early on that records by using RDA would be compatible with AACR2 records and that any instance where incompatibility might exist would be scrutinized very carefully before recommending a change. This commitment holds true today. But there will be a few instances where headings will require modification, such as the headings for 'Bible'. Using computers' abilities for global updating will make these changes considerably easier than in pre-online system days (Joint Steering Committee for the Development of RDA, 2010)<sup>5</sup>.

**STRUCTURE OF RDA**

In October 2007, the JSC approved a new structure of RDA. Part A and Part B of the earlier draft of RDA have been replaced by I O sections which focus firstly on recording attributes for FRBR entities. JSC claims that the new structure relates data elements more closely to both FRBR entities and user tasks. There are two main parts of RDA:

A series of sections defining the attributes that may be used to describe each of the FRBR entities (Section 1-4).

A series of sections defining the relationships that may be made among these entities (Sections 5-10).

Each section begins with a chapter of general instructions, followed by chapters for specific entities. At present, RDA consists of:

- 10 sections
- With 37 chapters

- And 12 appendices
- Glossary
- Index

Sections of RDA along with their chapters are enumerated below:

**Section 1: Recording attributes of manifestation and item**

Chapter 1: General guidelines on recording attributes of manifestations and items

Chapter 2: Identifying manifestations and items

Chapter 3: Describing carriers

Chapter 4: Providing acquisition and access information

**Section 2: Recording attributes of work and expression**

Chapter 5: General guidelines on recording attributes of works and expressions

Chapter 6: Identifying works and expressions

Chapter 7: Describing additional attributes of works and expressions

**Section 3: Recording attributes of person, family, and corporate body**

Chapter 8: General guidelines on recording attributes of persons, families, and corporate bodies

Chapter 9: Identifying persons

Chapter 10: Identifying families

Chapter 11: Identifying corporate bodies

**Section 4: Recording attributes of concept, object, event, and place**

Chapter 12: General guidelines on recording attributes of concepts, objects, events, and places

Chapter 13: Identifying concepts

Chapter 14: Identifying objects

Chapter 15: Identifying events

Chapter 16: Identifying places

**Section 5: Recording primary relationships between work, expression, manifestation, and item**

Chapter 17: General guidelines on recording primary relationships between a work, expression, manifestation, and item

**Section 6: Recording relationships to persons, families, and corporate bodies associated with a resource**

Chapter 18: General guidelines on recording relationships to persons, families, and corporate bodies associated with a resource

Chapter 19: Persons, families, and corporate bodies associated with a work

Chapter 20: Persons, families, and corporate bodies associated with an expression

Chapter 21: Persons, families, and corporate bodies associated with a manifestation

Chapter 22: Persons, families, and corporate bodies associated with an item

**Section 7: Recording subject relationships**

Chapter 23: General guidelines on recording the subject of a work

**Section 8: Recording relationships between works, expressions, manifestations, and items**

Chapter 24: General guidelines on recording relationships between works, expressions, manifestations, and items

Chapter 25: Related works

Chapter 26: Related expressions

Chapter 27: Related manifestations

Chapter 28: Related items

**Section 9: Recording relationships between persons, families, and corporate bodies**

Chapter 29: General guidelines on recording relationships between persons, families, and corporate bodies

Chapter 30: Related persons

Chapter 31: Related families

Chapter 32: Related corporate bodies

### Section 10: Recording relationships between concepts, objects, events, and places

Chapter 33: General guidelines on recording relationships between concepts, objects, events, and places

Chapter 34: Related concepts

Chapter 35: Related objects

Chapter 36: Related events

Chapter 37: Related places

### Appendices:

RDA will contain twelve appendices:

Appendix A: Capitalization

Appendix B: Abbreviations

Appendix C: Initial articles

Appendix D: Record syntaxes for descriptive data

Appendix E: Record syntaxes for access point control data

Appendix F: Additional instructions on names of persons

Appendix G: Titles of nobility, terms of rank, etc.

Appendix H: Conversion of dates to the Gregorian calendar

Appendix J: Relationship designators: Relationship between a resource and persons, families, and corporate bodies associated with the resource

Appendix K: Relationship designators: Relationships between works, expressions, manifestations, and items

Appendix L: Relationship designators: Relationships between persons, families, and corporate bodies

Appendix M: Relationship designators: Relationships between concepts, objects, events, and places

### AACR2 and RDA: Comparison

Kathy Glennan<sup>2</sup> of University of Maryland has compared AACR2 with the RDA. Some important points are enumerated below:

AACR2	RDA
Based on 1961 Paris Principle	Based on FRBR, FRAD and statement of International Cataloguing Principles
A mixture of principle and case-based rules	Goal to include only principle-based rules
Integrated with ISBD	ISBD optional; just one of display options
Created for card catalogues	Created for integrated library systems
Catalogue an "item"	Catalogue a "resource"
Heading	Access point
Uniform title	Preferred access point
Rule of three often invoked	Rule of three likely to be eliminated
Two parts <ul style="list-style-type: none"> <li>Description</li> <li>Headings, Uniform Titles, and References</li> </ul>	RDA has ten sections falling into two groups <ul style="list-style-type: none"> <li>Recording attributes</li> <li>Recording relationships</li> </ul>
Part I organized by class of material	Organized by data element
First cataloguing code to integrate all media	Potential to add general subject access rules as well
Used by library community	Goal to be used by various communities: library, metadata, publishers etc.

### RDA RULES AND DATA RECODING IN EIGHT BIBLIOGRAPHIC ELEMENTS AND OTHER NON-CORE ELEMENTS

International Standard Bibliographic Description (General) [ISBD (G)] specifies eight elements for bibliographic description, which identify a particular work and which differentiate it from other works:

1. Title and statement of responsibility area
2. Edition area
3. Material (or type of publication) specific area



4. Publication, distribution etc. area
5. Physical description area
6. Series area
7. Note area
8. Standard number (or alternative) and terms of availability  
(IFLA Committee on Cataloguing ISBD Review Committee Working Group, 1992)<sup>3</sup>

The following table shows the record of bibliographic elements in RDA Appendix M:

RDA Ref	RDA Element	Data Recorded
2.3.2	Title proper	The organization of information
2.4.2	Statement of responsibility relating to title	Arlene G. Taylor
2.5.2	Designation of edition	Second edition
2.8.2	Place of publication	Westport, Connecticut
2.8.2	Place of publication	London
2.8.4	Publisher's name	Libraries Unlimited, a member of the Greenwood Publishing Group
2.11	Copyright date	©2004
2.12.2	Title proper of series	Library and information science text series
2.13	Mode of issuance	Single unit
2.15	Identifier for the manifestation	ISBN 1-56308-976-9
2.15	Identifier for the manifestation	ISBN 1-56308-969-6 (paperback)
3.2	Media type	unmediated
3.3	Carrier type	volume
3.4	Extent of text	xxvii, 417 pages
3.5	Dimension	27 cm.
4.3	Contact information	<a href="http://www.lu.com">http://www.lu.com</a>
6.10	Content type	text
7.12	Language of the content	In English
7.16	Supplementary content	Includes bibliography and index
19.2	Creator	Taylor, Arlene G., 1941-
25.1	Related work	Library and information science text series

Table 1: Recording of Bibliographic Elements in RDA

*Now we shall discuss about the new inclusion of bibliographic element/separate type of rules in RDA:*

### MODE OF ISSUANCE

As set out in **RDA 2.13**, '**Mode of issuance** is a categorization reflecting whether a resource is issued in one or more parts, the way it is updated and its intended termination. **RDA 2.13.1.2** tells us that we can take information from any source if we cannot find what we need on the item itself.

There are four options:

- **Single unit** – self-explanatory and the most common in most collections. RDA gives us the examples of a single-volume monograph or a pdf.
- **Multipart monograph** – 'A resource issued in two or more parts (either simultaneously or successively) that is complete or intended to be completed within a finite number of parts (e.g. a dictionary in two volumes or three audiocassettes issued as a set.'
- **Serial** – RDA carries forward the standard definition of a serial as 'A resource issued in successive parts, usually bearing numbering, that has no predetermined conclusion (e.g. a periodical, a monographic series, or a newspaper)'. RDA further specifies that this mode of issuance 'Includes resources that exhibit characteristics of serials, such as successive issues, numbering, and frequency, but whose duration is limited (e.g. newsletter of events) and reproduction of serials'.

- **Integrating resource** – again, this is self-explanatory: a publication with updates that ‘are integrated into the whole’. RDA suggests the examples of a looseleaf or a website.

Mode of issuance is not a core element, and it will be interesting to find out how many cataloguing agencies decide to use it.

### IDENTIFIER FOR THE MANIFESTATION

This is identified as a core element, although older items, such as books published before the introduction of ISBNs, do not have such an identifier, which **RDA 2.15** defines as an alphanumeric string associated with a manifestation that serves to differentiate that manifestation from other manifestations’.

Essentially this maps neatly to MARC21 fields 020 and 022 so although we may be thrown at first by the vocabulary, recording this information is something that most cataloguing agencies have been doing as standard for a very long time indeed.

### MEDIA TYPE

Chapter 3 of RDA deals with describing carriers. This is a new piece of cataloguing jargon we have to learn. Essentially carrier information involves what we used to call the format of the item – whether it is a volume or an audio-cassette, for example, it also covers a more general form of media type, the general type of intermediation device required to view play, run etc. the content of a resource’ (**RDA 3.2.1.1**). Finally Chapter 3 deals with the physical description of the item. Putting all this together, we might say that Chapter 3 tells us how to describe the manifestation as a physical object.

**RDA 3.2.1.2** gives us a list of general terms that we should use to describe the media type:

1. *Audio* – fairly self-explanatory, can be digital or analogue, so media that can be played back on a turntable, cassette player, CD player, MP3 player and so on.
2. *Computer* – ‘media used to store electronic files, designed for use with a computer’, including files and discs and material held on a fileserver.
3. *Microfilm* – microform, microfilm, microfiche, microcard and so on.
4. *Microscopic* – media designed to be used with a microscope and so on, for example medical slides and films.
5. *Projected* – anything designed to be projected on a ‘picture film projector, slide projector, or overhead projector. Includes media designed to project both two-dimensional and three-dimensional images’.
6. *Stereographic* – ‘Media used to store pairs of still images, designed for use with a device such as a stereoscope or stereograph viewer to give the effect of three dimensions’.
7. *Unmediated* – the most common media type in most collections; anything that does not require the use of equipment to view it – so books, pictures and 3D objects such as sculptures and furniture fall into this type.
8. *Video* – self-explanatory; can be analogue or digital, so includes video cassettes, video discs and DVD videos
9. *Other* – after the list, we are instructed to use ‘other’ for anything that does not fall into types 1-8
10. *Unspecified* – if we don’t which category something falls into we should use unspecified. This caused some discussion among students in a record class as to the obstacles in determining media type. Arguably, if we are performing full cataloguing and are given adequate time by our employers to do so, we should be able to determine the media type for any item.

Media type is not a core element, and it will be interesting to see how many cataloguing agencies adopt it.

### CARRIER TYPE

**RDA 3.3** specifies that carrier type is a core element. While media type provides us with a general taxonomy based on the equipment we need to use the item we are cataloguing, carrier type specifies the format:

1. *Audio carriers* – audio cartridge; audio cylinder ('use for wax cylinders, wire cylinders, etc. '); audio disc; audio roll ('use for piano rolls, etc. '); audiocassette; audiotape reel; sound-track reel ('use for sound-track films, whether or not they are intended to accompany visual images on film')
2. *Computer carriers* – computer card; computer chip cartridge; computer disc; computer disc cartridge; computer tape cartridge; computer tape cassette; computer tape reel; online resource ('use for digital resources that are accessed remotely through a communications network')
3. *Microform carriers* – aperture card; microfiche; microfiche cassette; microfilm cartridge; microform cassette; microfilm reel; microform slip; micro-opaque
4. *Microscopic carriers* – microscope slide
5. *Projected image carriers* – film cartridge; film cassette; film reel; film strip; filmstrip cartridge; overhead transparency; slide ('use for photographic slides only; for slides designed to be used with a microscope, use 'microscope slide')
6. *Stereographic carriers* – stereograph card; stereograph disc
7. *Unmediated carriers* – card; flipchart; roll; sheet; volume (note, as in our example from Appendix M, that a book is entered as 'volume')
8. *Video carriers* – video cartridge; videocassette; videotape reel
9. *Other*- it is a media type, if the item does not fit one of these terms we should enter 'other'.
10. *Unspecified* – again, if we cannot identify the type we should enter 'unspecified'.

## EXTENT

**RDA 3.4** tells us that 'Extent is a core element only if the resource is complete or if the total extent is known. Record subunits only if readily ascertained and considered important for 'identification or selection'.

In the example (see Table 1), this is straightforward, since this is a single volume book with clear pagination sequences numbered xxvii and 417.

**RDA 3.4.1.1** defines extent in this way:

**Extent** reflects the number and type of units and/or subunits making up a resource.

A **unit** is a physical or logical constituent of a resource (e.g. volume, audiocassette, film reel, or a map or digital file).

A **subunit** is a physical or logical subdivision of a unit (e.g. a page of a volume, a frame of a microfiche, or a record in digital file). Examples given include:

- 100 slides
- 1 film reel
- 1 online resource
- 1 computer disc (8 audio files)
- 1 filmstrip (28 frames)

It is not made explicit why in the example in Table 1 (Appendix M) the entry is xvii, 417 pages, instead of I volume (xvii, 417 pages), so we are left to assume the standard convention that unless we are told otherwise, we assume the resource is a standard book.

There are separate instructions for cartographic resources (**RDA 3.4.2**), noted music (**RDA 3.4.3**), still images (**RDA 3.4.4**) and three dimensional forms (**RDA 3.4.6**). In our example, we are dealing with **RDA 3.4.5**, extent of text. The procedure is essentially the same as in AACR2, although it is important to note that we no longer use the abbreviation 'p' but write 'page' or 'pages' in full. This is a change that can be made using a global edit on most library management systems.

It is important to remember that in AACR2, 'p.' can stand for the singular or the plural, so if you carry out a global edit changing all instances of 'p.' to 'pages' you will have to run a second global edit changing all instances of '1 pages' to '1 page'.

Another change is from AACR2 2.5B4 in which misleading misnumbered pages could be entered in the form '48 [i.e. 96] p.'. As part of RDA's move away from the use of Latin, we are instructed in **RDA 3.4.5.5** to use the form '48, that is 96 pages'. Again, this is a change that can be made respectively using a global edit facility, if so desired.

## CONTACT INFORMATION

Chapter 4 deals with recording information for acquisitions such as availability (**RDA 4.2**) and restrictions on access (**RDA 4.4**). In our example from Appendix M, we can see the application of **RDA 4.3**, contact information.

The basic instruction at **RDA 4.3.1.3** is to 'Record contact information for a publisher or distributor if it is considered to be important for acquisition or access' and we can see in our example this is the publisher's website, [www.lu.com](http://www.lu.com).

## CONTENT TYPE

**RDA 6.10** identifies content type as a core element. We are given the following choices, and should use as many as apply.

1. *Cartographic dataset* – intended to be processed by a computer
2. *Cartographic image* – maps, views, atlases and so on
3. *Cartographic moving image* – including satellite images
4. *Cartographic tactile image* – 'intended to be perceived through touch as a still image in two dimensions'
5. *Cartographic tactile three-dimensional form* – 'intended to be perceived through touch as a three-dimensional form'
6. *Cartographic three-dimensional form* - globes, relief models and so on
7. *Computer dataset* – such as numeric data
8. *Computer program* – includes applications and operating systems
9. *Notated movement* – for 'movement intended to be perceived visually'
10. *Notated music* – 'all forms other than those intended to be perceived through touch'
11. *Performed music* – includes musical performances and computer generated music
12. *Sounds* – other than language or music – e.g. natural sounds, like birdsong
13. *Spoken word* – 'language in audible form' including readings and oral histories
14. *Still image* – drawings, paintings, photographs and so on
15. *Tactile image* – 'intended to be perceived through touch in two dimensions'
16. *Tactile music* – including Braille music
17. *Tactile notated movement* – for 'movement intended to be perceived through touch'
18. *Tactile text* – including Braille text
19. *Tactile three-dimensional form* – for 'forms intended to be perceived through touch'
20. *Text* – most common in most collections, all forms, other than those 'intended to be perceived through touch'
21. *Three-dimensional form* – including sculpture, models, objects and holograms
22. *Three-dimensional moving image* – including 3-D motion pictures
23. *Two-dimensional moving image* – including film and video
24. *Other* – where the content cannot be described by one of the terms at 1-23, we should enter 'other'
25. *Unspecified* – Where we cannot determine the content type, we should enter 'unspecified'.

For our example from Appendix M, the entry is straightforward: as a book, the content type is 'text'.

## LANGUAGE OF THE CONTENT

**RDA 7.12** sets out fairly straightforward instructions for recording the language of the content. In our example from Appendix M, it seems a bit over the top to record 'In English' since the normal assumption would be that items in a largely English-language collection were in English unless otherwise specified. MARC catalogue records would already be coded eng to denote their language.

However, **RDA 7.12.1.3** includes some useful examples of language notes, which are familiar from AACR2, such as

- Latin text parallel English translation
- Some items in English, some in French
- Latin with English marginalia
- Dubbed into English

### ILLUSTRATIVE CONTENT

Chapter 7 is also the section of RDA that deals with illustrations. As with the change from 'p' to 'pages'; 'ill' to 'illustration'; '1 illustrations' to '1 illustration'; '1 coats of arms' to '1 coat of arms'.

How items specified in **AACR2 2.5C2** are treated in **RDA 7.15.1.3** are shown below in Table 2:

<b>AACR2 2.5C2</b>		<b>RDA 7.15.1.3</b>
[not specified]		charts
coats of arms	remains	coats of arms
facsim.	now	facsimiles
forms	remains	forms
genealogical tables	remains	genealogical tables
[not specified]		graphs
[not specified]		illuminations
maps	remains	maps
music	remains	
[not specified]		photographs
plans	Remains	plans
ports.	now	portraits
[not specified]		samples

Table 2: Item specification in AACR2 and RDA

**RDA 7.15.1.3** and **7.15.1.4** instruct us: 'If none of the terms listed is appropriate or sufficiently specific' we should 'record details of the illustrative content if they are considered to be important for identification or selection'.

**RDA 7.17.1.3** allows us to record the colour of the content. Again abbreviations are out, as shown Table 3.

<b>AACR2 2.5C</b>		<b>RDA 7.17.1.3</b>
col.	now	colour
some col.	now	some colour
chiefly col.	now	chiefly colour

Table 3: Content colour (illustrative) specification in AACR2 and RDA

### SUPPLEMENTARY CONTENT

**RDA 7.16** deals with supplementary content such as an index, bibliography or appendix. As we can see in our example record, it is a case of making a note such as 'Includes bibliography and index'.

In the existing Library of Congress record, the cataloguer has chosen to express this as 'Includes bibliographical references (p. 385-405) and index'. This reflects a stylistic difference on the part of the cataloguer rather than a change between AACR2 and RDA.

### CREATOR

Chapter 19 deals with 'persons, families and corporate bodies associated with a work'.

Creator (**RDA 19.2**) is a core element. We are not instructed on those rare cases where the creator is not apparent and cannot be traced.

Fortunately, our example is straightforward: there is only one person associated with this book: its author, Arlene Taylor.

Whereas AACR2 required us to identify a main entry for the work, RDA requires as only to identify access points.

RDA 9.2 instructs us how to record personal names, including the preferred name for the person, which is a core element. Just as AACR2 sets out headings for person, RDA 9.2 tells us how to construct name headings.

**RELATED WORK**

One of the hopes for RDA is that it will allow us to create more links between records on our catalogues. RDA Chapter 25 sets out guidelines on how this can be done.

**RDA 25.1.1.1** tells us that ‘A **related work** is a work related to the work represented by a preferred access point (e.g. an adaptation, commentary, supplement, sequel, or part of a larger work)’. **RDA 25.1.1.2** tells us that we can ‘Take information on related works from any source’. Examples in **RDA 25.1.1.3** include:

Review of

Commentary in

Contains:

Finding aid:

Supplement to:

Continues:

AACR2 level 1, AACR2 level 2, RDA and MARC21 cataloguing on a specific problem are given below to understand specific rules of AACR2, RDA and MARC21.

**AACR2 level 1**

The Library of Babel, in and out of place/curated by Anna-catherina Gebbers as a result of her residency with 176 Zabłudowicz Collection. – Zabłudowicz, 2010. – 120 p. – edited by Ellen Mara de Wachter. – colophon. – 9780955662980

Added Entry: Gebbers, Anna-Catharina

Added Entry : De Wachter, Ellen Mara, 1977 –

Added Entry : Zabłudowicz Collection

**AACR2 level 2**

The Library of Babel, in and out of place: 25 February – 13 June 2010/curated by Anna-catherina Gebbers as a result of her residency with 176 Zabłudowicz Collection. – Zabłudowicz, 2010. – 120 p.: col. Ill.; 24 cm. – “Edited by Ellen Mara de Wachter.” – colophon. – “This publication has been produced in a limited edition of 500 to coincide with The Library of Babel/In and Out of Place, an exhibition presented at 176 Zabłudowicz Collection, London, between 25 February and 13 June 2010.” – colophon. – 9780955662980

Added Entry: Gebbers, Anna-Catharina

Added Entry : De Wachter, Ellen Mara, 1977 –

Added Entry : Zabłudowicz Collection

**RDA**

The Library of Babel, in and out of place: 25 February – 13 June 2010/curated by Anna-catherina Gebbers as a result of her residency with 176 Zabłudowicz Collection. – London: Zabłudowicz Art Projects, 2010. – 120 pages: colour Illustrations; 24 cm. – “Edited by Ellen Mara de Wachter.” – colophon. – “This publication has been produced in a limited edition of 500 to coincide with The Library of Babel/In and Out of Place, an exhibition presented at 176 Zabłudowicz Collection, London, between 25 February and 13 June 2010.” – colophon. – 9780955662980

Access Point: Gebbers, Anna-Catharina, curator

Access Point: De Wachter, Ellen Mara, 1977 –, editor

Access Point: Zabłudowicz Collection

**MARC21 (AACR2)**

020            \$a9780955662980

245      04        \$a The Library of Babel, in and out of place:  
                     \$b25 February – 13 June 2010/

                     \$c curated by Anna-catherina Gebbers as a result of her residency with 176  
                     Zabłudowicz Collection

260            \$a London:

                     \$b Zabłudowicz

                     \$c2010

300            \$a120p.

                     \$bcol. ill.;

300            \$c24 cm.

500            \$a“Edited by Ellen Mara de Wachter.” – colophon.

---

500		\$a“This publication has been produced in a limited edition of 500 to coincide with The Library of Babel/In and Out of Place, an exhibition presented at 176 Zabłudowicz Collection, London, between 25 February and 13 June 2010.” – colophon.
700	1	\$a Gebbers, Anna-Catharina
700	1	\$a De Wachter, Ellen Mara
		\$d 1977-
710	2	\$a Zabłudowicz Collection

---

## CONCLUSION

The Test Coordinating Committee recommended that ‘RDA should be implemented by LC (the Library of Congress), NAL (The National Agricultural Library), and NLM (the National Library of Medicine) no sooner than January 2013. The above three national libraries should commit resources to ensure progress is made on these activities that will require significant effort from many in and beyond the library community’. So libraries (in the USA, at least) should not feel they will be alone when the time comes to implement RDA. Outside the USA, the cataloguing community is already benefitting from the training materials published on the Library of Congress website, and expertise developed by testers such as Stanford University and University of Chicago is already being shared through presentations and articles.

The cataloguing community expressed relief at the recommendation that the JSC should ‘rewrite the RDA instructions in clear, unambiguous, plain English’. In particular, the following chapters were highlighted as being priorities for rewording:

- RDA 2 Recording Attributes of Manifestation and Item
- RDA 6 Identifying Works and Expressions
- RDA 9 Identifying Persons
- RDA 10 Identifying Families
- RDA 11 Identifying Corporate Bodies
- RDA 17 General Guidelines on Recording Primary Relationships

Another popular recommendation is that ALA Publishing should ‘improve the functionality of the RDA Toolkit’. Further usability testing was also recommended. ALA Publishing was also asked to ‘develop full RDA record examples in MARC and other encoding schemas...include example for special communities (e.g. serials, rare books, music)’. The other recommendations, as expressed in the executive summary, were to:

- Define process for updating RDA in the online environment
- Announce completion of the registered RDA element sets and vocabularies
- Ensure and facilitate community involvement
- Lead and co-ordinate RDA training
- Social demonstrations of prototype input and discovery systems that use the RDA element set (including relationships)

Each of the recommendations has a timeframe against it, which you can find in the full document and the executive summary.

Arguably the recommendation that brought the most joy to some parts of the cataloguing community and the most shock to others was the recommendation that within June 2013, they should ‘Demonstrate credible progress towards a replacement for MARC’.

## REFERENCES

1. Coyle, Karen & Hillman, Diane. (2007). Resource Description and Access (RDA): Cataloging rules for the 20<sup>th</sup> century. *D-Lib Magazine*, vol. 13, no. 1-2. Available at <http://www.dlib.org/january07/coyle/Olcoyle.html> (accessed on 15 Jan. 2008).
  2. Glennan, Kathy. (2006). *From AACR2 to RDA: An evolution*. University of Maryland MLA, BCC Program Meeting, Feb. 26, 2006. Available at: [www.musiclibraryassoc.org/BCC/Descriptive/RDA\\_Evolution/pdf](http://www.musiclibraryassoc.org/BCC/Descriptive/RDA_Evolution/pdf) (accessed on 29 May 2008).
  3. IFLA Committee on Cataloguing ISBD Review Committee Working Group (1992). *ISBD (G): General International Standard Bibliographic Description*, annotated text, rev. ed. Saur.
  4. Joint Steering Committee for the Development of RDA. (2010). *RDA: Resource Description and Access, frequently asked questions*, [www.rda-jsc.org/rdafaq.html](http://www.rda-jsc.org/rdafaq.html).
-

- 
5. IFLA Study Group on the Functional Requirements for Bibliographic Records. (2009). *Functional Requirement for Bibliographic Records: Final report*, last updated February 2009, [www.ifla.org/files/cataloguing/frbr/frbr\\_2008.pdf](http://www.ifla.org/files/cataloguing/frbr/frbr_2008.pdf).
  6. Joint Steering Committee for Revision of AACR (2005). Anglo-American cataloguing Rules, 2<sup>nd</sup> ed., American Library Association, Canadian Library Association and CILIP: the Chartered Institute of Library and Information Professionals.
  7. Kiorgaard, D. and Kartus, E. (2005). A rose by any other name: From ACCR2 to resource description and access. Paper presented at the 13<sup>th</sup> Victorian Association for Library Automation Biennial Conference, Melbourne, 8-10 February. Available at: [www.valaconf.org/vala2006/83\\_kartus\\_Final.pdf](http://www.valaconf.org/vala2006/83_kartus_Final.pdf) (accessed 15 Jan. 2008)



## MEDICINAL INSECTS OF MANIPUR

O. Lukhoi Singh

Associate Professor, Department of Zoology, Nambol L. Sanoi College, Nambol, Manipur

### ABSTRACT

The predominance of insect fauna is Insect order-Lepidoptera and the next predominant Insect fauna is order-Coleoptera so far the available relevant literatures concerned in Manipur. Insects give economic values in terms of food, medicine and balancing the environment to the inhabitants since time immemorial. Within the economic values of insects, the medicinal and food value are remarkable for the natives who are living apart of modern medical facilities. The insects under ethno-entomology includes Orthoptera, Hemiptera, Coleoptera, Lepidoptera, Hymenoptera, Diptera and Isoptera respectively. The natives used to consume insects as a food or as a sort of medicinal purpose with the advice of the local physicians and elder persons. For example, adults of *Lethocercus indicus* & *Hydrophilus olivaceus*, larvae of *Polistes annularis*, are used as food for relieved of lost of appetite; larvae and pupae of *Bombyx mori* as a food and for the relief of bronchitis or pneumonia; Bed bug (*Cimex* species) is used for relief of pain and inflammation happening to the leg fingers due to the nail inserting or other injuries; Mud from the inner part of white ants (termites) nest is used for curing of inflammation on the body; Honey, larvae and pupae of *Apis* species are used for various aspects of health like ailment of alimentary tract, relief of gastric trouble, mental relief and so on. Even though insects covered 90% of the whole animal population, the economic and medicinally valued insect species are to be conserved in order to meet the future requirements in terms of nutrition, medicinal and balancing of environment for the enormous increase population of human.

**Keywords:** Biodiversity Hotspot, Indo-Myanmar Boarder, Ethno-Entomology, Medicinal Valued, Insect conservation.

### INTRODUCTION

Manipur is a small state having an area 22,325 sq.km. It locates between 23.8° N to 25.7° N latitude and 93.5 E to 94.8 E longitudes. It has an altitude of 780m from the sea level in the valley area and above 1500m in the hilly areas. The Hilly area covers 90 % (20089 sq.km) of the total area (Fig.-1). Its climatic condition are 20°C to 35°C during summer and 4°C to 25°C during winter season respectively and its relative humidity is 60 to 90%. It has 32 communities inhabiting in both the valley and hilly area. These communities are using various insects traditionally for food and medicinal aspects since time immemorial.

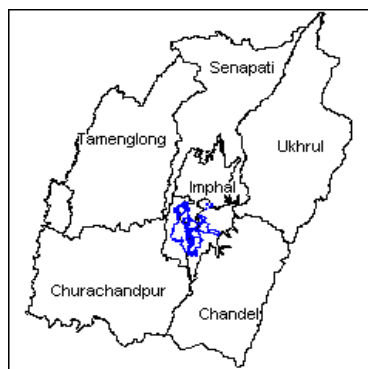


Fig.1 : Map of Manipur.

The treatment of varieties of illness with insects had already been reported (Aguirre, 1947 and Clavijero 1980, Sahagun, 1980) in the countries like America, Mexico, Africa, India, China, Thailand and others (Cheng and Feng 2009). These communities use these insects with the advice of local physicians and elders for the diseases like Kidney diseases, treatment of swelling, intestinal disorder, fortified blood, Post child birth aneamia, lung diseases like asthma & chronic cough, liver and stomach ailments, toothache, rheumatics and so on(Sharma et al. 2014). These insects are included under the orders Orthoptera, Hemiptera, Coleoptera, Lepidoptera, and Hymenoptera. For example, larvae and pupae of *Bombyx mori* for bronchitis or pneumonia; *Lethocercus indicus* and *Hydrophilous olivaceous* are used for relief of lost of appetite; Bed bug is used for relief of pain and inflammation happening to the leg fingers due to the nail inserting or other injuries; Mud from the white ants nest is used for curing of inflammation on the body; Honey, larvae and pupae of *Apis* species are used

for various aspects of health like ailment of alimentary tract, relief of gastric trouble, mental relief, healing of external wounds, Maggot therapy (Paul Chermiak, 2010) and so on. Insects e.g. Chinese Black Mountain Ant, *Polyrhachis vicina* are commonly incorporated as a part of herbal medicine component of Traditional Chinese Medicine (TCM) which is modern medical care throughout East Asia and some parts of South east Asia like Thailand. The therapeutics of insects and insect products in South Indian traditional medicine are also described in detail (Wilsanand et al. 2007). The scientific works on medicinal insects have not been taken up in the region of north east India so far the relevant literature concerned except some works on the Practices of entomophagy and entomo-therapy by members of Nyishi and Galo tribes two ethnic groups of the state of Arunachal Pradesh (Chakravorty et al. 2011).

Therefore the present works has been attempted in order to fill up the scientific gap. Even though insects covered 90% of the whole animal population, the economic and medicinally valued insect species are to be conserved in order to meet the future requirements in terms of nutritional security, medicinal and balancing of environment for the enormous increase population.



Fig.2: Map of North East India.








## MATERIALS & METHODS

An ethno-entomological Survey on the edible insects and medicinal value of insects has been carrying out from March 2013. Insects mentioned in the present works are collected from the five districts of Manipur namely Sanapati, Tamenglong, Bishnupur, Thoubal Churachandpur and Ukhrul respectively. The natives of the areas are having conversation with the researchers on the traditional use of insects in the remote areas where there are no hospital facilities. Moreover, the investigator surveyed on the medicinal valued insects, identification, preparation and usages of derived materials. So collected insects have been identified by comparing descriptions with insect specimens of entomological research laboratory, Nambol L.Sanoi College, Nambol, Manipur. For data on the traditional medicinal value of these insects have been collected from the local physician, senior people and personal experiences. The insects are used in raw, roasted or fried. And the derived of insects like honey from *Apis mellifera* is used by mixing with drinking water and herbals in appropriate proportion. The medicinal raw material samples were collected and deposited in the laboratory for further studies.

## RESULTS & DISCUSSIONS

11 species of medicinal insects were identified. These insects belong to six orders of insects namely Orthoptera, Hemiptera, Coleoptera, Lepidoptera, Hymenoptera & Isoptera respectively. The food and medicinal values of these insects are shown in the table -1. The natives used to consume these insects with the advice of the local physicians and elder persons (Table-1). *Gryllotalpa orientalis* (Photo-1) both larvae adult in raw or roasted after taken out the wings and legs are grinding properly and are used for Asthma, sprain and external infections by the communities like chhothe and Kukis in Manipur. The Adult *Locust migratoria* (photo-2) is used for nutritional supplement which is coincided with the publications of FAO-1973 and It has further, been used for blood fortification and relief of chronic cough. The adult *Lethocerus indicus* (Photo-3) and its bunching eggs are tasty. The smoked adult gives a sort of chili hot like due to the presence of capsaicin proteins when eat. The fried or smoke adults are mixed with a little amount common salt, chili, spices along with boiled tender banana pseudostm and the mixer has been taken. The bug *Prinosoma podopioides* (Photo-4) are used for external on the white patches of the skin. The abdomen part of the bug is rubbing slowly on the disease area two three time daily. After 4-5 day there will be positive results. Bed bug, *Cimex lecticularius* (Photo-5) is used for the relief of pain and inflammation happening to the leg fingers due to the nail inserting or other injuries. 2 or 3 matured bed bugs have been taken and crushed with hand or other devices. Immediately, the crushed sample of *Cimex* species is inserted or applied to the injured portion by forceps and keep at least 5-6 hours. The injured portion

will gradually change into whitish. Then, the portion becomes painless. Mud from the white ants, *Odontotermes formosanus* (Photo-11) nest is used for curing of external inflammation on the human body. A little amount of mud from the inner portion of termite is taken and homogenized with pure water properly. Such homogenized solution is coated on the inflamed portion. The inflamed portion is dry up in general because the portion has temperature in all time till cure. The coated mud mixture will also dry up due to the temperature but the coating will be continued when the portion is drying up till the portion becomes cure. The larvae and pupae of *Bombyx mori* or silk worms like Oak Tasar silk worm, *Antheraea proylei* (Photo-7) and *Samia Cynthia recini* (Photo-8) are used for relief of bronchitis and Pneumonia by the farmers and tribal natives. Meitei communities used *Hydrophilus olivaceous* (Photo-6) and *Cybister species* after proper smoking for relieve of lost of appetite. Honey, larvae and pupae of *Apis mellifera* (Photo-9) are used for various aspects of health like ailment of alimentary tract, relief of gastric trouble, mental relief and so on. And insect *Polistes annularis* (Photo-10) is used for recovery of nerve weakness. These observations on the medicinal values of Insects have been reported in different parts of the world ( Aguirre,1947, Clavijero,1980,Wilsanand et al.2007 & Paul Chermiak,E,2010).

Sl. No	Scientific name	Medicinal Valued	Orders & Family
1	<i>Gryllotalpa orientalis</i> Bunn	<p>➤ Recovery of sprains, dropsy &amp; anemia.</p> <p>Preparation: Take out wings, legs and Head portion; raw or roasted or fried, then crush it mixed with a little amount of water, applied to the illness.</p>	<p>Ord.: Orthoptera Fam.: Gryllotalpidae</p>  <p>Photo-1 : <i>G. orientalis</i></p>
2	<i>Locust migratoria</i> Linn	<p>➤ Dietary supplement to alleviate nutritional deficiencies (FAO-1973)</p> <p>➤ Fortified the blood. Asthma &amp; Chronic cough.</p> <p>Preparation: Take out wings, legs and Head portion; raw or roasted or fried, then eat or mix with a little common salt, chili and spices</p>	<p>Ord.: Orthoptera Fam.: Acrididae</p>  <p>Photo-2 : <i>L. migratoria</i></p>
3	<i>Lethocerus indicus</i> (Lep. & Ser)	<p>➤ Recovery of lost of appetite and nutritional supplementary</p> <p>Preparation: Take out wings, legs and Head portion; raw or roasted or fried, mix it with tender banana Pseudostem and spices; the eat. A warm hot taste like capsacin protom of chilli is obtained.</p>	<p>Ord.: Hemiptera Fam.: Belostomatidae</p>  <p>Photo-3a: Dorsal view of <i>L. indicus</i></p>  <p>Photo-3b: Ventral view of <i>L. indicus</i></p>
4	<i>Prionosoma podopoides</i> Uhler	<p>➤ Recovery of white patches on the body skin</p> <p>Preparation: Catch the insect and rubbing the abdominal portion slowly to the skin disease or taken out wings &amp; legs, grinding insect material with pure water and applied.</p>	<p>Ord.: Hemiptera Fam.: Pentatomidae</p>  <p>Photo-4: <i>P. podopoides</i></p>
5	<i>Cimex lectularius</i> Latreille	<p>➤ Relief of pain happening to the fingers of leg due to nail insertion or other injuries</p> <p>Preparation: Just take 2/3 mature bed bugs and crush collectively and apply to the pain area/spot.</p>	<p>Ord.: Hemiptera Fam.: Cimicidae</p>  <p>Photo-5: <i>C. lectularius</i></p>
6	<i>Hydrophilus olivaceous</i> Fab.	<p>➤ Dietary supplements, recovery of lost of appetite</p> <p>Preparation: Take out wings, legs and Head portion; raw or roasted or fried, mix it with salt &amp; a little amount of chili and eat.</p>	<p>Ord.: Coleoptera Fam.: Hydrophilidae</p>  <p>Photo-6: <i>H. olivaceous</i></p>










7	<i>Antheraea proylei</i> Jolly	<p>➤ Relief of bronchitis &amp; pneumonia.</p> <p>Preparation: the 3<sup>rd</sup> to 5<sup>th</sup> Instar directly may be taken for the illness &amp; pupa insect with cocoon boiled and taken out the boiled pupae and fried. And then consumed</p>	<p>Ord.: Lepidoptera Fam.: Saturniidae</p>  <p>Photo-7: Larvae of <i>A. proylei</i></p>
8	<i>Samia cynthia rescini</i> Dury	<p>➤ Boiled pupae were used for hemorrhages.</p> <p>➤ Relief of bronchitis &amp; pneumonia.</p> <p>Preparation: the 3<sup>rd</sup> to 5<sup>th</sup> Instar directly may be taken for the illness &amp; pupa insect with cocoon boiled and taken out the boiled pupae and fried. And then consumed</p>	<p>Ord.: Lepidoptera Fam.: Saturniidae</p>  <p>Photo-8: Larvae of <i>S. cynthia rescini</i></p>
9	<i>Apis mellifera</i> Esch	<p>➤ Memory is enhancing</p> <p>Preparation: Honey from <i>Apis mellifera</i> mix with fluid of grinded <i>Centella asiatica</i> (50%+50%) v/v drink in the morning makes backup of memory lost</p> <p>➤ Relief of any gastric troubles</p> <p>Preparation: Honey mix with grinded <i>Ocimum sanctum</i> (50%+50%) drink before meal. The solution will be diluted with drinking water and take a full of common glass.</p> <p>➤ Coated with pure honey on the External Wound makes good healing</p> <p>Preparation: Honey directly coated to the injured spot slowly, it gives quick healing and recovery.</p>	<p>Ord.: Hymenoptera Fam.: Apidae</p>  <p>Photo-9: Adult <i>A. mellifera</i></p>
10	<i>Polistes annularis</i> (Linn)	<p>➤ recovery of nerve weakness (Conconi 1982); recovery of lost of appetite.</p> <p>Preparation: Larvae and pupae from the comb taken out and mix with common salt, chili and spices, consumed or roasted the larvae and pupae with common salt, chili and spices, consumed. Good taste</p>	<p>Ord.: Hymenoptera Fam.: Vespidae</p>  <p>Photo-10a: Adult <i>P. annularis</i></p>  <p>Photo-10b: Adults on the nest of <i>P. annularis</i></p>
11	<i>Odontotermes formosanus</i> (Shiraki)	<p>➤ Recovery of External inflammations.</p> <p>Preparations: Mud from the inner part of nest mix with certain amount of filtered water homogenized and immediately applied to the inflamed area of the body till fully recovered the inflammation. When dry up the coated mud, again coated till the drying up is slowing.</p>	<p>Ord.: Isoptera Fam.: Termitidae</p>  <p>Photo-11a: <i>O. formosanus</i></p>  <p>Photo-11a: Nest of <i>O. formosanus</i></p>

Table-1: Showing Scientific Name, Medicinal Value, Insect Orders & family

**CONCLUSION**

It is concluded that the beneficial insects in terms of food, medicine and balancing of environment are required to make conserve and protected. Some therapeutic aspects from insects may be used directly and indirectly. From the relevant literatures and data collected from the natives of hilly area as well as valley, there will be huge scopes for varieties of medicines from insects. It is clear that the insects and their derivative alone and along with some herbs like *Centella asiatica*, *Ocimum santum*, *Musa species* mixed with appropriate proportion give good and positive results for health. Therefore, human beings require natural products from insects for future health.

**ACKNOWLEDGEMENT**

The author expresses grateful to the Principal, Nambol L.Sanoi College, Nambol, Manipur for providing laboratory facilities and moral support during the research works. The author shows grateful to the University Grants Commission, New Delhi for giving financial assistant as Major Research Project.

**REFERENCES**

1. Aguirre, B.G. 1947. La Medicina indigena, *America Indegina*. Vol.VII No2 p-107-127.
2. Chakravorty,J.,Ghosh,S. and V.B.Meyer-Rochow. 2011. Practices of entomophagy and entomotherapy by members of nyishi and Galo tribes two ethnic groups of the state of Arunachal Pradesh(North East India).*Journal of Ethnobiology and Ethnomedicine* 7(5).
3. Cheng,XM and Feng,Y. 2009. *An Introduction to Resource Entomology*. Science Press, Beijing.
4. Clavijero,F.J.1980. General History of things of New Spain. *Paris* p-320.
5. F.A.O. 1973. Energy & Protein requirements. FAO Nutritional Meetings, Report Series N0 52.*Food & Agricultural Organization, Rome*, p 12
6. Feng,Y et al. 2009. Research and Utilization of medicinal insects in China. *Entomological Research*, 39 : p 313-316
7. Gope B & Prasad B, 1983. Preliminary observation on the nutritional value of some edible insects of Manipur. *J.Adv.Zool*,4: p 55-61
8. Paul Chermiak,E,2010. Bugs as Drugs,part 1: Insects. The “new” Alternative Medicine for the 21st Century. *Alternative Medicine Review*.Vol.15(2), p124-135.
9. Sahagun,C.A. de 1980.Codice Florentino Ed. *Nacion, Libro XI*.p.221-261.
10. Sharma, P.C. et al. 2014 .Survey studies on Insect-Pests associated with important medicinal plants in Himachal Pradesh. *Indian J.Sci.Research and Tech*. 2(4) : 2-7.
11. Wilsanand V,Preema Varghese & Rajitha P 2007. Therapeutics of insects and insect products in South Indian Traditiona; medicine. *Indian J. of Traditional knowledge*. Vol 6(4), p 563-568.
12. Wossler, T.C. 2002. Pheromone mimicry by "Apis mellifera capensis" social parasites leads to reproductive anarchy in host "Apis mellifera scutellata" colonies. *Apidologie*. 33: 139-163.

---

## **SMALL AND RETAIL INVESTOR PERCEPTION IN NORTH-EASTERN HILLY REGIONS ARE SIMILAR: A CASE STUDY ON BHUTAN, INDIA AND NEPAL**

---

**Shubhro Michael Gomes**

Professor, Royal University of Bhutan, Gaeddu College of Business Studies, Gedu, Chukha, Bhutan

---

### **ABSTRACT**

*The small and retail investors form the largest segment in any financial system. The investment behaviour of such individuals seems to vary. The author relates a selected demographic characteristic of the residents to their investment behaviour. The demographic factor selected is hilly terrain and selected cities from Bhutan, India and Nepal have been chosen for the purpose of the study. The paper is an attempt to discover whether there are differences in perception of investors in Bhutan, India and Nepal. The author finds that the residents of the hilly terrains in the North-Eastern Himalayan Region have similar characteristics and have also similar investment behaviour. The author arrives at the conclusion that the basic small and retail investor behaviour are similar in Bhutan (Thimphu), India (Darjeeling, Gangtok and Shillong) and Nepal (Kathmandu) because all places are in hilly regions. The study brings to light that various strategies to capture the investors in these regions, even if international boundaries divide them should be similar.*

---

### **INTRODUCTION**

The investment decisions have been greatly influenced by the changes in finance. The investment behaviour of individuals differs from various perspectives. The small and retail investors by number have increased manifold. The investment opportunities have also multiplied over the last decade. The capital markets along with its various components have also undergone changes. The small and retail investor character and behaviour in hilly regions of North Eastern India are quite similar to that of the Bhutanese. The study is an attempt to discover whether there are differences in investment behaviour of residents in India and Bhutan. The commonality considered was the hilly nature of the place – North Eastern region of India – Darjeeling, Gangtok and Shillong were selected from India, which has similar characteristics with that of Thimphu in Bhutan and also Kathmandu in Nepal. The study is based on behavioural finance literature and relates whether the small and retail investors are rational, overconfident and conservative, affected by disposition and cognitive dissonance, and are regret investors.

### **OBJECTIVES OF THE STUDY**

The principal objective of the study is to find out whether there are differences in investment behaviour of small and retail investors residing in hilly regions of North Eastern Himalayas belonging to Bhutan (Thimphu), India (Darjeeling, Gangtok, Shillong) and Nepal (Kathmandu). The secondary objectives are to determine whether these small and retail investors are –

- (i) Rational, overconfident and conservative;
- (ii) Affected by disposition effect and cognitive dissonance; and
- (iii) Regret investors.

### **METHODOLOGY**

The study is based on primary data collected from individuals who are resident of the hilly regions of Bhutan, North Eastern India and Nepal. The important cities and towns were selected for the study – Thimphu from Bhutan, Darjeeling from West Bengal, Gangtok from Sikkim, Shillong from Meghalaya and Kathmandu from Nepal. The small and retail investor database from the places – Thimphu, Darjeeling, Gangtok, Shillong and Kathmandu are quite difficult to populate. The technique of snowball sampling was applied to draw a sample of 100 investors from each place. The study includes 500 respondents – 100 from Bhutan, 300 from India and 100 from Nepal. The respondents were served a questionnaire and were also interviewed. The response rate was maintained at 100% and there were no rejections for incompleteness of responses or any other reason.

The various tools and techniques used for the study include bar and column diagrams, percentage analysis, z-test and chi-square test.

The limitations of the present study are that it includes a comparatively small sample. The population includes only five places – one from Bhutan, three from India and one from Nepal. The author had no personal bias in selection of respondents and the distribution is an approximation to normal distribution, the sample being quite large.

## REVIEW OF LITERATURE

It has been identified from various reports and publications on the literature on small and retail investors that the following trends are noticeable as presented in the Table 1 as below.

<b>Table 1: SMALL AND RETAIL INVESTOR GLOBAL TRENDS - 2015</b>				
Expected Average Return: 9% p.a. above inflation				
75% of the investors prefer safety (risk) than performance (return)				
58% of the investors have no financial goals				
69% of the investors have no financial plans				
78% of the investors apply 'gut' feeling for investment decisions				
The common investor measure of success by				
<ul style="list-style-type: none"> <li>• 24 % of them consider if they gain and suffer no loss</li> <li>• 23% of them consider if they are able to keep the principal intact</li> </ul>				
The common investor of today –				
<ul style="list-style-type: none"> <li>• 67% have suffered an erosion in investor confidence</li> <li>• 18% of them possess strong investment knowledge</li> <li>• 66% of them now demand advanced tools of analysis</li> <li>• 48% of the investors measure risk of their portfolio</li> <li>• 55% of the use the services of an advisor (55%)</li> </ul>				
Views on Alternative investments				
<ul style="list-style-type: none"> <li>• 57% of them lack of knowledge about the products</li> <li>• 57% of them lack access to such products (57%)</li> <li>• 71% of them consider such products to be riskier</li> </ul>				
Adapted from: 2014 Global Survey of Individual Investors by				
NATIXIS	Global	Asset	Management	L.P.
[ <a href="http://www.ngam.natixis.com/global/.../2014+Individual+Investor+Survey+Results">http://www.ngam.natixis.com/global/.../2014+Individual+Investor+Survey+Results</a> ]				

The study of investment behaviour of small and retail investors is an area of behavioural finance. Behavioural finance attempts to explain and understand the reasoning patterns of investors, including the emotional processes involved and the degree to which they influence the investment decision-making process. Essentially, the behavioural finance attempts to explain from a human perspective 'what', 'why', and 'how' of finance and investment.

The two building blocks of behavioural finance are cognitive psychology and the limits to arbitrage (Ritter, 2003). Cognitive refers to how people think and the limit to arbitrage when market is inefficient. The basic theories of behavioural finance concern with a series of new concept under the general heading of 'bounded rationality,' which is a term associated with Herbert Simon (1947 and 1983) and it relates to cognitive limitations on decision-making. As a result of which humans behave on the basis of simplified procedures or heuristics (Tversky and Kahneman, 1974). It is consistent with the study conducted by Slovic (1972) on investment risk-taking behaviour where he found that man has limitations as a processor of information and show some judgmental biases which lead people to overweight information.

People also tend to be over-reacting to information (DeBondt and Thaler, 1985 and 1987). Shiller (1999) surveys some of the key ideas in behavioural finance, including Prospect theory, Regret theory, Anchoring and Market over-and under-reaction.

Prospect theory introduced by Khaneman and Tversky (1979, 1981, and 1986) suggests that people respond differently to equivalent situations depending on whether it is presented in the context of a loss or a gain. "Regret theory" (Larrick and Boles, 1995) is another theory that deals with people's emotional reaction to having made an error of judgment.

Anchoring (Yates, 1990), is a phenomenon in which, in the absence of better information, investors assume current prices are right.

Market over-or under-reaction (DeBondt and Thaler, 1985), is the consequence of investors putting too much weight on recent news at the expense of other data. People show overconfidence. They tend to become more optimistic when the market goes up and more pessimistic when the market goes down. Hence, prices fall too much on bad environment.

Ricciardi and Simon (2000) discussed some general principles of behavioural finance including the overconfidence, financial cognitive dissonance, the theory of regret, prospect theory and compare it with the efficient market hypothesis and modern portfolio theory.

Raiffa (1968) introduced three approaches for analyzing decision making of investors –

- i. The Normative Analysis which is the rational solution to the decision problem;
- ii. The Descriptive Analysis is the way in which real people actually make decisions; and
- iii. The Prescriptive Analysis is which is concerned with practical advice and help that people could use to make more rational decisions.

Kahneman (1998) explained the concept of beliefs, preferences and biases of investment which investment advisors should know about.

It has long been recognized that a source of judgment and decision biases, such as time, memory, and attention are limited, human information processing capacity is finite. Thus, there is a need for imperfect decision-making procedures, or heuristics (Simon, 1955, Tversky and Kahneman, 1974).

Hirshleifer (2001) argues that many or most familiar psychological biases can be viewed as outgrowths of heuristic simplification, self-deception, and emotion-based judgments.

A study conducted by Kent, Hirshleifer and Subrahmanyam (2001) had found the evidence for systematic cognitive errors made by investors and these biases affect market prices.

According to Kent, et al. (2001), the most common behaviour that most investors do when making investment decision are -

- i. Investors often do not participate in all asset and security categories;
- ii. Individual investors exhibit loss-averse behaviour;
- iii. Investors use past performance as an indicator of future performance in stock purchase decisions;
- iv. Investors trade too aggressively;
- v. Investors behave on status quo;
- vi. Investors do not always form efficient portfolios;
- vii. Investors behave parallel to each other; and
- viii. Investors are influenced by historical high or low trading stocks.

The present study concentrates on rationality, over confidence, conservatism, disposition effect, cognitive dissonance and regret. The above behavioural characteristics have been discussed as below.

### **Rationality**

A rational decision is one that is not just reasoned, but is also optimal for achieving a goal or solving a problem (Murthy et. al, 2012)

### **Overconfidence**

Overconfidence defines as “an overestimation of the probabilities for a set of events by Mahajan, J. (1992). Operationally, it is reflected by comparing whether the specific probability assigned is greater than the portion that is correct for all assessments assigned that given probability.” (Murthy et. al, 2012)

### **Conservatism**

Conservative is simply means traditional. Conservatism as psychological attitude means human being has some excess attachment to the things which they have already with them and something new offer to them then they are not ready to accept that new thing or slowly and gradually they are accept that new thing (Murthy et. al, 2012). Edward (1962) explains conservatism bias. It means “Investors are too slow (too conservative) in updating their beliefs in response to recent evidence. This means that they might initially under react to news about a firm, so that prices will fully reflect new information only gradually. Such a bias would give rise to momentum in stock market returns.”

### **Disposition Effect**

The common behaviour of investors to hold loser stocks too long and sell the winner stock too early is called disposition effect (Grinblatt and Han, 2002). Investors may rationally, or irrationally, believe that their current losers in future will outperform their current winners. They may sell winners to rebalance their portfolios or they may refrain from selling losers due to the higher transactions costs of trading at lower prices (Murthy et. al, 2012).

### **Cognitive Dissonance**

As individuals, we attempt to reduce our inner conflict (decrease our dissonance) in one of two ways –

- i. We change our past values, feelings, or opinions, or,
- ii. We attempt to justify or rationalize our choice.



This theory may apply to investors or traders in the stock market who attempt to rationalize contradictory behaviors, so that they seem to follow naturally from personal values or viewpoints. Goetzmann and Peles (1993) explain the cognitive dissonance. According to them, an individual try to reduce his/her inner conflict by changing their past values, feelings or opinion or he/she attempt to justify his/her choices. (Murthy et. al, 2012)

### Regret

According to Investopedia “simply regret theory deals with the emotional reaction people experience after realizing they've made an error in judgment. Faced with the prospect of selling a stock, investors become emotionally affected by the price at which they purchased the stock. So, they avoid selling it as a way to avoid the regret of having made a bad investment, as well as the embarrassment of reporting a loss.” (Murthy et. al, 2012)

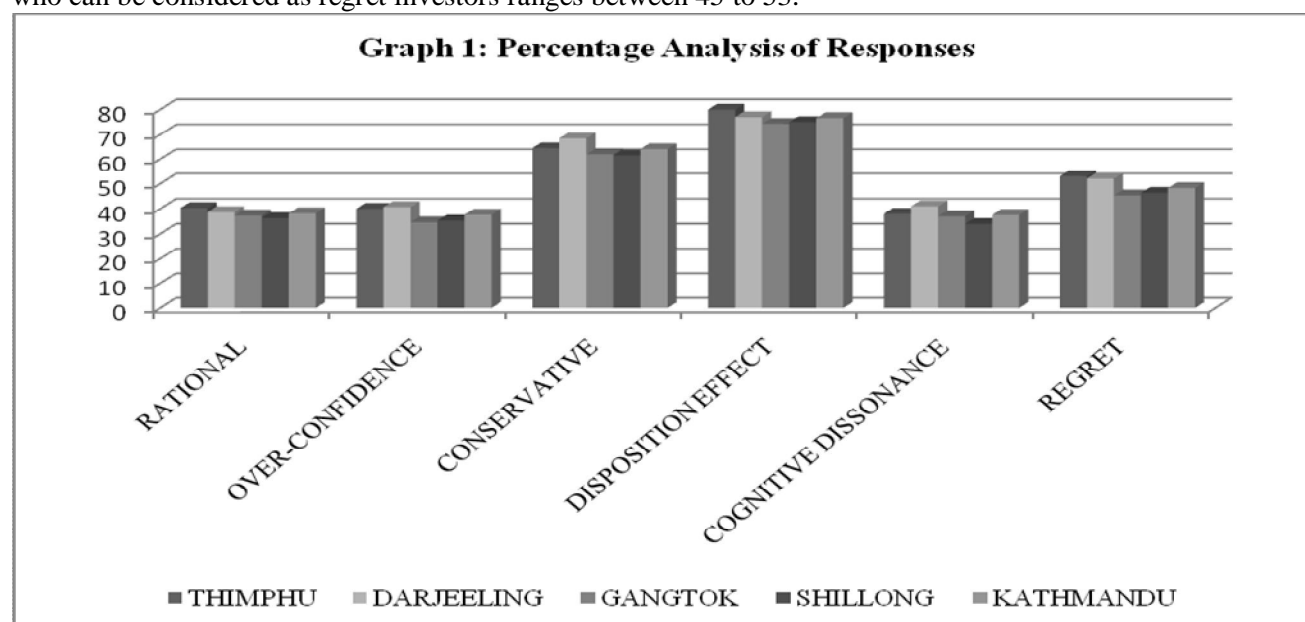
## RESULTS AND DISCUSSION

The percentage analysis of the responses has been presented in table 2 as below.

**Table 2: Percentage Analysis of Responses**

CATEGORY	THIMPHU	DARJEELING	GANGTOK	SHILLONG	KATHMANDU
RATIONAL	40	39	37	36	38
OVER-CONFIDENCE	40	41	35	35	38
CONSERVATIVE	65	69	62	62	64
DISPOSITION EFFECT	80	77	74	75	77
COGNITIVE DISSONANCE	38	41	37	34	38
REGRET	53	52	45	46	48

The table 1 reveals that the proportion of small and retail investors who are rational ranges between 36 to 40. The proportion of small and retail investors who are overconfident ranges between 35 to 41. The proportion of small and retail investors who are conservative ranges between 62 to 69. The proportion of small and retail investors who are affected by disposition ranges between 74 to 80. The proportion of small and retail investors who are affected by cognitive dissonance ranges between 34 to 41. The proportion of small and retail investors who can be considered as regret investors ranges between 45 to 53.



The graph 1 above reveals the similarities and marginal differences in response according to place considering the averages.

The null hypothesis framed for each category and respective place was: The proportion of respondents is not more than 51%, statistically,  $H_0: p \geq 0.51$

as against the alternate hypothesis of  $H_1: p < 0.51$

The results of the z-test conducted are presented in table 3 below.

**Table 3: Results of Z-test**

CATEGORY	THIMPHU	DARJEELING	GANGTOK	SHILLONG	KATHMANDU
<b>RATIONAL</b>					
$Z_{cal}$	-1.562	-1.7056	-1.9943	-2.1395	-1.8497
P value	0.05938	0.04313	0.0233	0.01618	0.03216
Significance	NS	S**	S**	S**	S**
Null Hypothesis	Fail to Reject	Reject	Reject	Reject	Reject
COMMENT	Rational	Not Rational	Not Rational	Not Rational	Not Rational
<b>OVER-CONFIDENCE</b>					
$Z_{cal}$	-1.562	-1.4188	-2.2852	-2.2852	-1.8497
P value	0.05938	0.0778	0.01101	0.01101	0.03216
Significance	NS	NS	S**	S**	S**
Null Hypothesis	Fail to Reject	Fail to Reject	Reject	Reject	Reject
COMMENT	Over-confident	Over-confident	Not Over-confident	Not Over-confident	Not Over-confident
<b>CONSERVATIVE</b>					
$Z_{cal}$	2.0057	2.5981	1.5689	1.5689	1.8595
P value	0.02222	0.00466	0.05821	0.05821	0.03144
Significance	S**	S*	NS	NS	S**
Null Hypothesis	Fail to Reject	Fail to Reject	Fail to Reject	Fail to Reject	Fail to Reject
COMMENT	Conservative	Conservative	Conservative	Conservative	Conservative
<b>DISPOSITION EFFECT</b>					
$Z_{cal}$	4.313	3.8302	3.3594	3.515	4.313
P value	0.0000	0.00006	0.00039	0.00022	0.0000
Significance	S*	S*	S*	S*	S*
Null Hypothesis	Fail to Reject	Fail to Reject	Fail to Reject	Fail to Reject	Fail to Reject
COMMENT	AFFECTED	AFFECTED	AFFECTED	AFFECTED	AFFECTED
<b>COGNITIVE DISSONANCE</b>					
$Z_{cal}$	-1.8497	-1.4188	-1.9943	-2.4317	-1.8497
P value	0.03216	0.0778	0.0233	0.00755	0.03216
Significance	S**	NS	S**	S*	S**
Null Hypothesis	Reject	Fail to Reject	Reject	Reject	Reject
COMMENT	NOT AFFECTED	AFFECTED	NOT AFFECTED	NOT AFFECTED	NOT AFFECTED
<b>REGRET</b>					
$Z_{cal}$	0.2831	0.1415	-0.8492	-0.7074	-0.4243
P value	0.38974	0.4433	0.002499	0.23885	0.33724
Significance	NS	NS	S*	NS	NS
Null Hypothesis	Fail to Reject	Fail to Reject	Reject	Fail to Reject	Fail to Reject
COMMENT	Regret	Regret	Do not Regret	Regret	Regret

Population proportion:  $p = 0.51$ ,  $Z_{tab} = 2.33$  for 1% level of significance and 1.64 for 5% level of significance; S denotes 'significant'; NS denotes 'not significant'; \*denotes significance at  $P \leq 0.01$ ; \*\* denotes significance at  $P \leq 0.01$ ;

The small and retail investors are not rational as compared against a population proportion of 51% but Thimphu reports that the difference is not significant, i.e. statistically, the investors are rational. The results quite similar when their confidence was tested and the results show that in all places they are not over confident, excepting Thimphu and Darjeeling. The results indicate that much more than 51% of the respondents are conservative. A similar result was obtained when testing whether they are affected by disposition effect was found out. In case of the cognitive dissonance, much less than 51% of the respondents are affected by it with the exception of Darjeeling. However, the small and retail investors seem to regret investors except in the case of Gangtok.

A chi-square ( $X^2$ ) test of independence was conducted. The null hypothesis was that variable A (each category - regret, over confidence, conservative, etc. taken individually) and variable B (place – Darjeeling, Gangtok, Shillong and Thimphu) are independent.

The results of the chi-square ( $X^2$ ) test reveal that variable A and B are independent [Calculated Value = 5.469; Critical Value = 13.2767 for 1% level of significance and 9.4877 for 5% level of significance when d.f. = 4 and P value = 0.2425] which means that the basic small and retail investor behaviour are similar as because all places are from north-eastern hilly regions.

### CONCLUSION

The small and retail investors of hilly regions of the Bhutan, North Eastern India and Nepal share similar investor behaviour. The investors are not rational in nature. They are found not to be over confident (perhaps less confident). They are basically very conservative minded. They are affected by disposition effect but not by cognitive dissonance. In general more than 51% of them are regret investors.

The study brings to light the basic nature of small and retail investors. The interview highlighted some interesting facts about their investment decisions – they is lack of awareness and investor education programmes, there is dearth of financial and investment consultants, they are unable to make best possible use if internet due to connectivity problems and there are problems in transacting investment business.

There is a lot of scope for future research in the related area. There can be more places included with in the study. A comparative study of hilly and non-hilly regions can be made. It is also possible to include more SAARC nations. The present study is just an effort to initiate alike studies.

### REFERENCES

1. Daniel Kahneman and Mark W. Riepe (1998). "Aspects of Investor Psychology." *Journal of Portfolio Management*, Vol. 24 No. 4, summer 1998
2. DeBondt F.M. W. and Thaler H.R. (1985), Does the stock market overreact?, *The Journal of Finance*, Vol. XI no. 3, 793-807
3. DeBondt F.M. W. and Thaler H.R. (1985), Does the stock market overreact?, *The Journal of Finance*, Vol. XI no. 3, 793-807
4. Edwards, W (1962) "Conservatism in human information processing" in: Kleimutz, B ed.: Representation of human judgment (John Wiley and Sons, New York, NY)
5. Goetzmann, W. N. and N. Peles (1993) "Cognitive Dissonance and Mutual Fund Investors." *The Journal of Financial Research*. Vol. 20, pp. 145-158
6. Kahneman D and Amos Tversky (1979), "Prospect Theory: An Analysis of Decision Under Risk", *Econometrica*, Vol. 47, No. 2, pp. 263-292
7. Kahneman, D and V. Smith (2002). "Foundations of Behavioral and Experimental Economics" The Royal Swedish Academy of Sciences Advanced Information on the Prize in Economic Sciences, 2002, pp.11
8. Kent, D., Hirshleifer, D. and Subrahmanyam, A., (2001). Overconfidence, Arbitrage, and Equilibrium asset pricing. *Journal of Finance* 56, 921-965
9. Larrick, R., and Boles, t (1995) Avoiding Regret in Decisions with Feedback: A Negotiation example; *Organizational Behaviour and Human Decision Processes*, 63, 87-97
10. Mahajan, J. (1992) "The Overconfidence Effect in Marketing Management Predictions."
11. Mark Grinblatt and Bing Han (2002). "The Disposition Effect and Momentum." NBER Working Paper No. 8734

- 
12. Murthy, P.G. K. and Joshi, Divyang (2012) A Study on Retail Investors' Behavior, International Journal of Contemporary Business Studies, Vol: 3, No: 6. June, 2012 ISSN 2156-7506
  13. Raiffa, Howard. Decision Analysis. Reading, MA: Addison-Wesley, 1968
  14. Ritter Jay, (2003), Behavioural finance, *Pacific-Basin Finance Journal* 11 p 429-437
  15. Tversky a. and Kahneman D., (1974). Judgment under uncertainty; Heuristics and biases. *Journal of Science* 185, 1124-1131
  16. Tversky a. and Kahneman D., (1974). Judgment under uncertainty; Heuristics and biases. *Journal of Science* 185, 1124-1131
  17. Tversky, A., and Kahneman, D (1986) Rational Choice and the Framing of Decisions. *Journal of Business*, 59, 251-294
  18. Victor Ricciardi and Helen K. Simon. "What is Behavioral Finance?" Business, Education and Technology Journal Fall 2000.
  19. Victor Ricciardi and Helen K. Simon. "What is Behavioral Finance?" Business, Education and Technology Journal Fall 2000
  20. Yates, J (1990) *Judgement and Decision Making*. Prentice Hall. P 118 – 127
  21. <http://www.ngam.natixis.com/global/.../2014+Individual+Investor+Survey+Results>

---

## **THE EFFECT OF HUMOR APPEAL ON CHANGE OF CONSUMERS' PREFERENCE TOWARDS FOOD JOINTS IN INDORE**

**Dr. Archana Gaur<sup>1</sup> and Neha Saxena<sup>2</sup>**

Professor<sup>1</sup>, Government Arts and Commerce College, Bhopal  
Sr. Lecturer<sup>2</sup>, Sanghvi Institute of Management and Science, Indore

---

### **ABSTRACT**

*What requires most is the need for food, clothing and shelter for any person surviving anywhere in the planet. Therefore need recognition or generation is not required for such basic services. However there are various products and services that provide comfort and change of life style and advertising endeavors to spawn demand for the similar products and their likes. Advertising uses appeals as a way of persuading people to buy certain products. This study will be beneficial for these organizations to know about their customer preferences & likes, & will also help organization to know about the advertisement appeal effect on their customer preferences. The study will help in understanding the importance of advertisement appeals & also in knowing whether humor appeal affects the customer or not.*

*Key Words: Advertising Appeal, Humor Appeal, International Food Joints, Promotion*

---

### **INTRODUCTION**

Advertising works openly, in the bare & pitiless sunlight.' (Reeves 1961).

The verity is that, now after more than 50 years we know a lot more than that. The fashion in advertising has changed by God's speed and so has the mindsets of consumers. Advertisers have started discovering more and more tools for advertising their products and have started widening new mediums for broadcasting their products. But still all the old mediums and strategies have stronger foundations in comparison and can magnify the scale of changes in the advertising world. One such tool is usage of advertising appeals.

Advertising appeals are used to craft an image of the consumers and their kinds who can endorse a product and enjoy it. Advertising organizations exercise advertising appeals to create an impact over the purchasing decisions of the target audiences. However, it is generalized that the most important types of advertising appeals include emotional and rational appeals.

As per Booker and his experiment, he condensed that mild humor and mild fear-arousing appeals are studied for two "new" products. Effects are compared for the humor, the fear, and a straightforward information message. Results on the humor appeals are similar to those of many other studies; they were not different than the straightforward information treatment. On some other researches, Weinberger & Galas acknowledged that the use of humor has become common practice in advertising; yet our knowledge about its impact has not been updated since the last major review almost twenty years ago. Their research clarifies only partially supports earlier conclusions and highlights the need to apply humor with care. Zhang did an empirical study investigating the effects of humor and need for cognition on an individual's response to print ads about cameras.

The advertising always creates an impact on its existing audiences and always inspires and gets its conclusions from previous research that has suggested that people form an unfavorable or favorable attitude toward a particular ad, which in turn affects their attitude toward what is being advertised and other measures of advertising effectiveness, including brand choice.

### **LITERATURE REVIEW**

Dana L. Alden, Ashesh Mukherjee & Wayne D. Hoyer discovered that few studies have tested that help explaining different levels of perceived humorousness in advertising (cf. Alden and Hoyer 1993; Speck 1991). In the first of two studies, an extended incongruity resolution model of humor perception in television advertising is proposed and tested. In that test, schema familiarity is found to moderate surprise resulting from ad content incongruity. Furthermore, playfulness of the ad, ease of resolution of the incongruity in the ad and warmth created by the ad moderate the effects of surprise on humor. Thus, surprise appears to be a necessary, but not sufficient, condition for humor in television advertising. In the second study, the role of surprise in generating humor is examined in more detail. Specifically, evidence supports the hypothesis that, following

exposure to incongruity, surprise can be transformed into diverse affective outcomes such as fear and humor depending on the presence of different contextual moderators. Implications of the overall model are discussed from both theoretic and applied perspectives and directions for future research are suggested.

J. Patrick Kelly & Solomon identify the use of humorous commercials is quite evident in television advertising today. This article reports the results of a content analysis of over 2,000 television commercials. Humorous advertisements were analyzed and compared to non-humorous commercials with respect to their use of animation, the number of models, product handling, humor placement, multi sense usage, and the direction of the humor.

Harlan E. Spotts , Marc G. Weinberger & Amy L. Parsons studied that every year billions of dollars are spent on advertising that uses humor to sell products. How is that spending decision made? Despite much research examining humor effects in advertising, many advertisers make the decision on faith. Many past studies lack a clear conceptual focus to guide the investigation of humor effects in advertising. The authors examine humor effectiveness by using a conceptual framework adapted from Speck along with a product-contingent focus. The resulting approach affords a clearer understanding of the appropriate use of humor through the examination of (1) the humor mechanisms employed, (2) the intentional relatedness of humor to the ad or product, and (3) the type of product advertised. The descriptive results of the study indicate that current practice for many advertisers is to employ incongruity-based humor in a humor-dominant context. That practice is contrasted with others to examine the influence of humor on the effectiveness of print advertisements for different product groups. Study results indicate that current advertising practices may not be the most effective in terms of advertisement performance.

Thomas J. Madden & Weinberger declares that it was the objective of this investigation to determine whether humor in advertising heightens attention levels and whether the potential heightening of attention is moderated by audience confounds. The study utilized Starch readership scores obtained for humorous liquor ads which appeared in magazine issues surveyed by Starch from 1976–1979. The results indicate that humorous ads tended to outperform magazine ad norms and that these effects are moderated by gender and racial audience composition differences

### **OBJECTIVE OF STUDY**

- ✓ To know the present marketing advertising criteria of foodstuff companies.
- ✓ To know the effects of Humor appeals on customer.
- ✓ To know the Perception of customer towards humorous advertisements.

### **RESEARCH METHODOLOGY**

All the findings and conclusions obtained are based on the survey done in the working area within the time limit. I tried to select the sample representative of the whole group during my Research. I have collected data from people linked with different profession at Indore.

The data for this research project has been collected through self administered questionnaire. Due to time limitation and other constraints direct personal interview method is used. A structured questionnaire was framed as it is less time consuming, generates specific and to the point information, easier to tabulate and interpret.

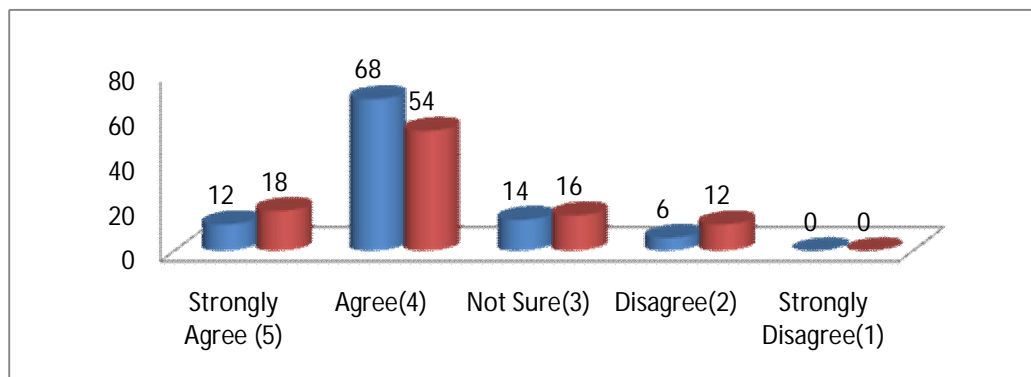
Since it is not possible to study whole universe, it becomes necessary to take sample from the universe to know about its characteristics.

- **Sample Units:** Different consumers who were using Pizza Hut and Domino's in Indore.
- **Sample Technique:** Random sampling.
- **Research Instrument:** Self structured questionnaire.
- **Contact Method:** Direct approach to customers.
- **Sample size:** My sample size for this project was 100 respondents. Since it was not possible to cover the whole universe in the available time period, it was necessary for me to take a sample size of 100 respondents.

## DATA ANALYSIS

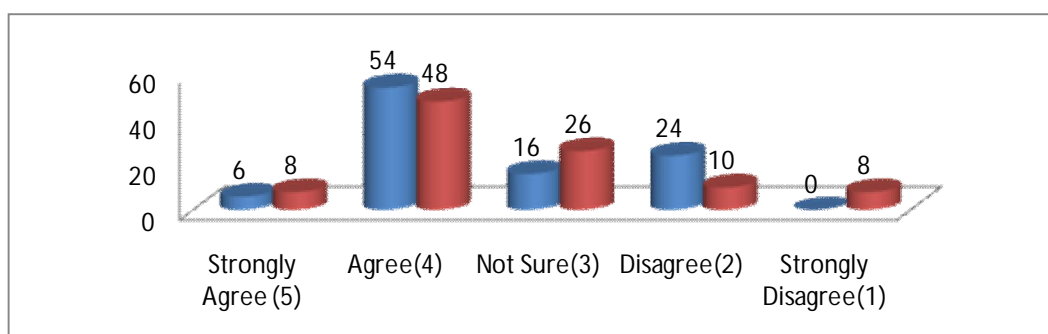
### Is the advertisement of the food feels the approachable and qualitative:

When the preference was asked from the respondents over the advertisements being qualitative or approachable , 68% of the respondents agreed for Dominos' and 54% of the respondents agreed on Pizza Hut.



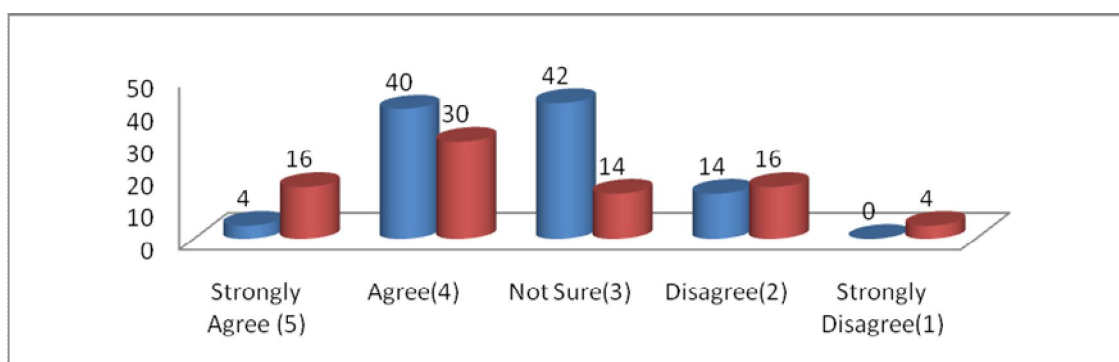
12% respondent are strongly agree to the statement that the advertisement of the food feels the humor able and qualitative in Domino's and 18% respondent are strongly agree that Pizza Hut, 68% respondent of Domino's are agree and 54% respondents of Pizza Hut are agree, while 14% respondent of Domino's are not sure and 16% respondent of Pizza Hut not sure, 6% respondent of Domino's are disagree and 12% respondents of Pizza Hut are disagree.

### Is it Humor Appeal behind which make them to buy the product:



Most of the respondents agreed (54% & 48%) over the fundamental that humor appeal helps in brand recall and helps in making product purchase. 6% respondent are strongly agree to the statement that Domino's is having product which they want to buy and 8% respondent are strongly agree that Pizza Hut, 54% respondent of Domino's are agree and 48% respondents of Pizza Hut are agree, while 16% respondent of Domino's are not sure and 26% respondent of Pizza Hut not sure, 24% respondent of Domino's are disagree and 10% respondents of Pizza Hut are disagree.

### Brand strategy made the brand best in market:



40% of the respondents of Dominos' agreed that brand strategy made for dominos' is better and 50% respondents agreed it for Pizza Hut. While 42% respondent of Domino's are not sure and 14% respondent of Pizza Hut not sure, 14% respondent of Domino's are disagree and 16% respondents of Pizza Hut are disagree.

FMCG Industry	Domino's	Pizza Hut
Mean	71.90	72.18
Standard Deviation	7.40877	9.2016
Standard Error	1.18135	
Z-Test	1.5176	

The hypothesis in the study was supported by the data. The hypothesis test results indicated that there is no difference between the above mentioned food joints industries of Indore. Pizza Hut mean is 72.18 and Domino's mean is 71.90 there is only 0.28 point difference between them and the standard deviation of. Pizza Hut is 9.20163 and Domino's is 7.40877. Pizza Hut has score 1.79286 greater than Domino's score. The standard error of industry is 1.18135. Because our sample size is more than 30 that's way we select z-test for calculation and the calculation value of  $z=1.5176$  is less than the table value of  $z=1.960$  at 5 % level of significance. Hence the null hypothesis will be accepted. Thus we conclude that there is no significant difference between the means of two industries. Both industries have positive effects.

## RESULT & FINDINGS

Every researcher work have some implication may it be positive or negative, as my research work was limited to the 100 respondent, so the result may be error prone, but the research would be helpful to the student consumer marketer and further researchers.

The research will be helpful to the consumer in understanding and getting brief over view regarding the strategy and facility provided by them. As my research work was carried on two companies Domino's and Pizza Hut it can give the comparative overview of these companies to the consumer so they can understand or make perception regarding these companies.

## CONCLUSION & SUGGESTIONS

As the research has shown the comparison between Domino's and Pizza Hut the consumer perception is the important factor to compare the above mentioned food joints industries in Indore. Yet customers were price sensitive, but the changing market trend and customers view and preference shown that customers are now quality sensitive. They want quality products, good services, easy availability of products and better performance by products. These days fast food purchasing has increased. Also the frequency to buy their food stuffs increased substantially. People are more brands conscious and they are satisfied with the range of products available there.

It can be concluded from the study that after putting the whole efforts and diligence on my survey report, I found that both Domino's and Pizza Hut are well known brands of Indore but in some aspects Domino's lagging behind the Pizza Hut On the other hand if we talk about features Pizza Hut again managed to have better features as compare to Domino's. Following suggestions can be deduced from the research:

- Companies should try to improve its post service.
- Quality should be brought up follow to the international food standards.
- Companies should also try to provide extra facilities without charging any extra cost.
- All companies should try to cut down their prices to reach the lower income group.

## REFERENCES

1. The Impact of Humor in Advertising: A Review by Marc G. Weinberger, et al. 4, 1992 (Volume 21)
2. Attitude-Toward-the-AD: Links to Humor and to Advertising Effectiveness by Betsy D. Gelb, et al. Issue 2, 1983 (Volume 12,)



- 
3. The Effects of Incongruity, Surprise and Positive Moderators on Perceived Humor in Television Advertising by Dana L. Alden, et al. Issue 2, 2000(Volume 29)
  4. Responses to Humorous Advertising: The Moderating Effect of Need for Cognition by Yong Zhang, Issue 1, 1996 (Volume 25)
  5. Assessing the Use and Impact of Humor on Advertising Effectiveness: A Contingency Approach by Harlan E. Spotts, et al., Issue 3, 1997 (Volume 26)
  6. Humor in Television Advertising by J. Patrick Kelly, et al., Issue 3, 1975(Volume 4)
  7. The Effects of Humor on Attention in Magazine Advertising by Thomas J. Madden & Professor Marc G. Weinberger Published online: 30 May 2013(pages 8-14)
  8. A Comparison of the Persuasive Effects of Mild Humor and Mild Fear Appeals by Dr. George Brooker Jr. Published online: 30 May 2013(pages 29-40).

---

**A STUDY ON EXPENDITURE PATTERN OF CONSUMERS AT BIG BAZAAR STORES,  
BANGALORE URBAN, INDIA**

**Shylaja N and Suma C. V.**

Assistant Professors, Surana College, Bangalore

---

**INTRODUCTION TO BIG BAZAAR**

Big Bazaar is a chain of shopping malls in India currently with 31 outlets, owned by the Pantaloon Group. The idea was pioneered by entrepreneur Kishore Biyani, the head of Pantaloon Retail India Ltd. The idea from the very beginning was to make Big Bazaar very comfortable shopping experience free from intimidating surroundings of big malls and value for money proposition for the Indian customers.

Apart from groceries and fresh produce, there are private labels, fashion and general merchandise including home furnishings, utensils, crockery, cutlery, sports goods and much more at prices that are affordable by the common man.

The minds responsible for the huge success of Big Bazaar have captured and understood the force of consumerism that is unfolding.

Big Bazaars all over India attract a few thousand customers on any regular day and a lot more if they are offering something extra on each buy including weekends, Wednesday Bazaar and festival offers.

**TARGET CUSTOMERS**

Big Bazaar targets middle class customers because there has been growth in Indian middle class that has so far been used to buying apparel and groceries from small and cluttered neighborhood market shops. It is fast realizing the joys of visiting malls that have redefined the freedom to shop and entertain. Such malls are the new temples of leisure and weekend entertainment. National Council for Applied Economic Research estimates that the nation's middle class population currently comprises about 17 million households' 90 million people with annual earnings ranging between Rs.2,70,000 and Rs.13,20,000. An additional 287 million could be termed as aspirers or those that hope to join the middle class in the near term. Rising incomes, particularly in the lower and middle-income households, are impacting retail growth in India as these groups tend to spend more on upgrading and diversifying their lifestyles, eating out and moving on to processed and convenience foods.

**TARGETING YOUNG WORKING CLASS**

The large and growing young working population is a preferred customer segment for Big Bazaar. These young people are early adopters of most modern product lines. The ongoing boom in sectors such as information technology and business process outsourcing has created a clientele with high disposable income and an increased demand for lifestyle merchandise such as watches, cosmetics and perfumes. This is a much-travelled and brand-savvy urban population. Eating out, mobile phones and accessories make up the other leading spending options. Big Bazaar specifically targets young, working professionals, home makers who are primary decision makers.

Nothing captures the spirit of Big Bazaar better than this one liner "Issesastauracchakahinnahin" which was the earlier tagline now replaced by 'Naye India Ka Bazaar'. It is a simple statement and yet it is positioned at the top of Indian customers' mind. It shows that Big Bazaar was built on the foundation of entrepreneurship and simplicity. They believe in service and value for the customers. They consider that it is their only duty to keep customer in mind at every step, they go that extra mile and buy directly from source in bulk so that they can get best rates by keeping the margin low.

Big Bazaar is constantly on the lookout for finding new ways and means to improve the current state of affairs. Thus, innovation is a very important aspect of their working strategy. The other very important philosophy is that of Indianness. All the concepts and formats as well as the way of doing things are very Indian.

**LOCATION**

Big Bazaar has 109 outlets in India. Big Bazaar locates its outlet near the commercial area and residential complexes so that they can cover all their target customers.

**SERVICES**

Big Bazaar provides a wide range of services to its customers like Trial rooms, elevators, car parking, security, baggage counter, trolleys so that one could shop easily. They even provide them with after sale

services in case of buying electronic items. One of the major service provided by them is one stop shop as one could get a whole range of items under one shop and at the most reasonable price.

## **BIG BAZAAR OFFERS**

### **Wednesday Bazaar**

The concept of Wednesday Bazaar was promoted as 'HaftaKaSabseSasta Din' (Cheapest Day of the Week). Initiated in January 2007, the idea behind this scheme was to draw customers to stores on Wednesdays, the day when consumer presence is usually less. According to the chain, the aim of the concept was 'to give homemakers the power to save the most.

### **MahaBachat**

The concept of 'MahaBachat' (Mega Saving) was introduced in the year 2006 as a single day campaign with promotional offers across the company outlets. Over the years, the concept has grown to become a six-day biannual campaign. During the campaign, offers are given in all the value formats including Big Bazaar, Food Bazaar, Electronic Bazaar, Furniture Bazaar, Fashion bazaar.

### **The Great Exchange Offer**

Introduced on 12 February 2009, 'The Great Exchange Offer' allows customers to exchange their old goods for Big Bazaar coupons. The coupons can be redeemed later for buying brand new goods from Big Bazaar outlets across the nation.

## **RESEARCH METHODOLOGY**

### **Concept of Big Bazaar**

Big bazaar was started by Kishore Biyani, an Indian entrepreneur with the concept of popularizing retailing in India. Though the concept of super markets was present earlier catering only upper classes, big bazaar made retailing popular with the middle and lower middle classes. . Where Big Bazaar scores over other stores is its value for money proposition for the Indian customers.

### **NEED FOR THE STUDY**

In Big Bazaar, various categories of products are available. Amongst them, the following are the major ones; clothing, personal grooming and accessories, disinfectants/soaps/detergents, groceries, fruits & vegetables, utensils, ready to eats/soft drinks, electronics/furniture and miscellaneous.

When customers shop at these stores, they have a tendency to buy on impulse and hence spend on planned and unplanned purchases. Impulsive purchases are generally in the category of clothes, ready to eats/soft drinks and personal grooming and accessories.

This research is undertaken to find out the nature of expenditure incurred by customers.

### **Title of the study**

“A study on expenditure pattern of consumers at big bazaar stores, Bangalore urban, India”

### **OBJECTIVES OF THE STUDY**

1. To understand the nature of business of Big Bazaar.
2. To study the expenditure pattern of customers and their behavior in urban areas towards Big Bazaar retail outlets.
3. To state necessary recommendations.

### **Scope of the study**

The study will include a general study on the concept of big bazaar, the major categories of products stocked, expenditure incurred by customers on these products. The study is conducted in three phases-normal days, MahaBachat offer days and Wednesday bazaar. Generally on a Wednesday bazaar, fruits and vegetables and other products are offered at discounts. MahaBachat offers generally come around festive seasons and expenditure pattern vary to a greater extent as customers spend more time shopping.

According to Kishore Biyani's 3-C theory, Change and Confidence among the population is leading to rise in Consumption, through better employment and income. Big Bazaar has divided India into three segments:

- India one: The Consuming class which includes upper middle and lower middle class (14% of India's population).
- India two: The Serving class which includes people like drivers, household helps, office persons, liftmen, and washer men (55% of India's population) and
- India three: The Struggling class (31% of India's population).

Our study is restricted to 3 outlets of Big Bazaar in Bangalore-Banashankari, Jayanagar and Shantinagar where the majority of customers belong to India One.

In big bazaar, various categories of products are available. We have classified them into the following; clothing, personal grooming and accessories, disinfectants/soaps/detergents, groceries, fruits & vegetables, utensils, ready to eat/soft drinks, electronics/furniture and miscellaneous.

The study is conducted over a period of three months: August-October 2014

### **Tools of study**

The data is analyzed using percentages, bar diagrams and pie charts.

### **Type of research**

The nature of research is descriptive in nature.

### **SOURCES OF DATA**

#### **Primary data**

The data is collected by collecting bills directly from the customers between August-October 2014.

Sample size-300 bills

Sampling technique-convenience sampling

Samples collected: normal days-100; MahaBachatoffer days-100; Wednesday Bazaar-100

#### **Secondary data**

Secondary data was collected from company website, various research articles on big bazaar, newspapers etc.

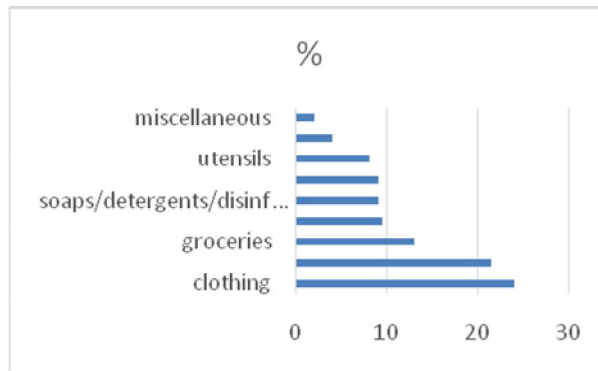
### **LIMITATIONS OF THE STUDY**

1. The study was confined to a period of 3 months i.e., August-October 2014.
2. The study is confined to India one: The Consuming class which includes upper middle and lower middle class (14% of India's population).
3. The study was limited to a sample size of only 50.
4. The samples were collected only from three outlets of big bazaar of Bangalore.
5. The conclusions drawn cannot be generalized.

### **ANALYSIS AND INTERPRETATION**

#### **1. Major item of expenditure**

<b>Particulars</b>	<b>%</b>
Clothing	24
Ready to eat/soft drinks	21.5
Groceries	13
Fruits and vegetables	9.5
Soaps/detergents/disinfectants	9
Personal grooming/accessories	9
Utensils	8
Electronics/furniture	4
Miscellaneous	2
Total	100



## 2. Break-up of expenditure on normal days

Particulars	%
Clothing	17
Ready to eat/soft drinks	15
Groceries	16
Fruits and vegetables	10
Soaps/detergents/disinfectants	7
Personal grooming/accessories	7
Utensils	1.5
Electronics/furniture	25
Miscellaneous	1.5
Total	100



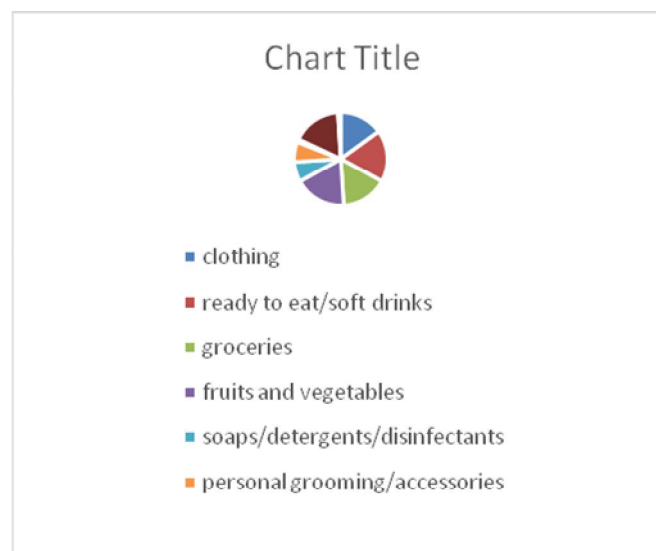
## 3. Break-up of expenditure on offer days

Particulars	%
Clothing	22
Ready to eat/soft drinks	15
Groceries	16
Fruits and vegetables	9.5
Soaps/detergents/disinfectants	8
Personal grooming/accessories	9
Utensils	1
Electronics/furniture	18.5
Miscellaneous	1
Total	100



#### 4. Break-up of expenditure on Wednesday Bazaar

Particulars	%
Clothing	15
Ready to eat/soft drinks	18
Groceries	16
Fruits and vegetables	18
Soaps/detergents/disinfectants	7
Personal grooming/accessories	7
Utensils	1
Electronics/furniture	17
Miscellaneous	1
Total	100



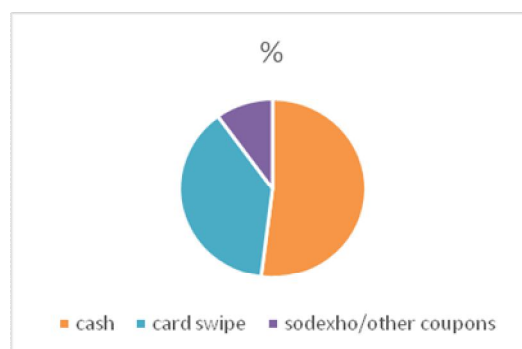
#### 5. Average billing

Particulars	Average Amount spent
Normal days	840
MahaBachat offer days	1106
Wednesday bazaar	584



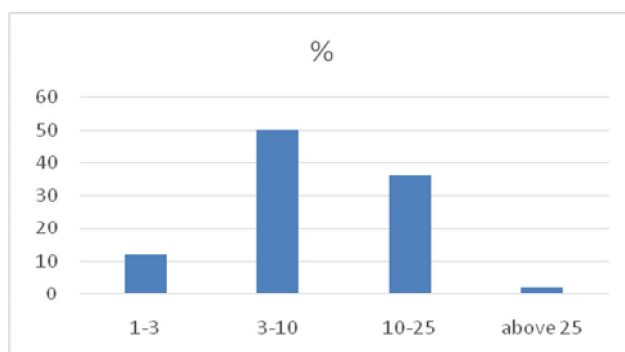
## 6. Mode of payment

Mode of Payment	Number	%
Cash	78	52
Card swipe	57	38
Sodexho/other coupons	15	10



## 7. Number of items per bill

Number of items per bill	Number	%
1-3	36	12
3-10	150	50
10-25	108	36
above 25	6	2



## FINDINGS

1. It is found that major item of expenditure is on clothing which is the highest at 24% followed by ready to eat/soft drink at 21.5% and groceries at 13%.
2. It is found that major item of expenditure on normal shopping days is also on clothing which is the highest at 17% followed by ready to eat/soft drink at 15% and groceries at 16%.

3. It is found that major item of expenditure on MahaBachat offer days is also on clothing which increases to 22% from 17%, whereas expenditure on ready to eat/soft drink and groceries remain the same.
4. It is found that major item of expenditure on Wednesday Bazaars is on vegetables and fruits and ready to eat/soft drink at 18% each, groceries at 16% and clothing reduces to 15%.
5. It is found that on MahaBachat offer days, the average billing is the highest at Rs. 1106.
6. It is found that the mode of payment is generally by cash at 52% followed by card at 38% and coupons constitute only 10%.
7. It is found that 3-10 items per bill constituted 50% of all the bills, while 10-25 items per bill constituted 36%.

### **SUGGESTIONS**

1. Future Group ventured into retailing by selling readymade garments which were affordable to common man. They understand Indian fashion trends and are considered to be trend setters. So, they should concentrate on their core competencies.
2. During Wednesday Bazaar, though Big Bazaar offers discounts on fruits and vegetables and sometimes sells below cost price, the sale of ready to eat/soft drinks which generally has higher margins compensates.
3. It is found that on MahaBachat offer days average billing was Rs. 1106. But the highest billing was Rs.54,548. So, in order to encourage high billings, they should reward the highest billing customers.

### **CONCLUSION**

Big Bazaar is a pioneer in retailing in India. They understand the Indian consumer better than any other retail format. Indian consumer expenditure pattern greatly differ when they shop in these stores as lot of impulsive purchases happen. Clothing, ready to eat/soft drink, groceries and fruits and vegetables form an important part of Big Bazaar sales. They popularized the concept of offers in India. True to their expectations, sales billing on offer days increases drastically. Through Wednesday Bazaar and MahaBachat offers, they have succeeded in bringing the average Indian consumer to their stores.

### **BIBLIOGRAPHY**

1. [http://en.wikipedia.org/wiki/Big\\_Bazaar](http://en.wikipedia.org/wiki/Big_Bazaar)
2. <http://mgmtfunda.com/retail-industry-big-bazaar>



## A CONCEPTUAL STUDY OF INGREDIENT BRANDING

Dr. Dhananjay Awasarikar

Professor, Suryadatta Institute of Management and Mass Communication, Pune

### ABSTRACT

*As the name implies, an Ingredient Brand is a component or an ingredient of a product which has its own, specialized and unique identity. It is a brand within a brand. It makes the invisible ingredients or components those are associated with a product quite visible in the minds of the consumers. It is a Management Tool utilized to achieve Product Differentiation and create sustainable Competitive Advantage. Brand Cooperation can be accomplished in many ways of Co-branding; in fact, Ingredient Branding is one of the forms of them. According to Philip Kotler and K. L. Keller Ingredient Branding is strategic Brand Management for materials, components, parts, services, etc. In the words of Baumgarth and Carsten, Ingredient Branding is the Brand Policy (Goals, Strategies and Instruments) concerning a branded object (Necessary condition) of materials, components or parts (Raw Materials, Component Materials or Component Parts) that represents a brand for the respective target group (Sufficient condition).*

*As compared to other core concepts of Marketing Management, this concept is of recent origin. Still, it has developed into a powerful concept for Ingredient Manufactures within a short time. However, its overall relative level of awareness among the Academicians, Field Experts, Manufactures and the Marketers is relatively low. In fact, Intense Competition, Globalization and Penetrated Consumer Preferences are some of the peculiar features of current market environment. Moreover, for the marketers, it is increasingly becoming more difficult to market to a specific consumer segment. On this background, Ingredient Branding undoubtedly provides a different and better way to increase the sale of the products.*

*Consumer Brands can use InBrands to enhance their Brand Recognition as consumer brand companies can create their own Self Ingredient Brands to communicate their advanced component offerings in the final stage, technically termed as Reverse Ingredient Branding. The consumer would surely accept InBrands whenever their functional features would provide them with augmented benefits for the usage and product enjoyment. Ingredient Branding appears to be one of the most promising ways for the companies to achieve firstly, desirable Product Differentiation and consequently, Product Preference.*

*This Paper is an honest attempt to develop better conceptual understanding about Ingredient Brands as a Marketing Concept.*

*Key Words : Reverse Ingredient Branding, Brand Extension, Brand Cooperation, Brand Recognition.*

### INTRODUCTION

As the name implies, an Ingredient Brand is a component or an ingredient of a product which has its own, specialized and unique identity. In marketing, Ingredient Branding means creation of a Brand for an ingredient or a component of a product in order to project high quality or performance of the specific ingredient. It enjoys a peculiar position in the field of marketing as it can not be clearly allocated to either industrial or consumer goods marketing. An Ingredient Brand is a well known brand with well known qualities. It includes a component or feature of another brand or product so as to enhance consumer perceptions and marketability of that brand or product.

In other words, an Ingredient Brand is a brand within a brand. It makes the invisible ingredients or components those are associated with a product quite visible in the minds of the consumers. For example, Tetra Pak, a Machine Builder became a household name in packaging. The unique Ingredient Brand was its tetrahedron shape of packaging and film quoted material to make it all weather proof requiring no refrigeration, whatsoever. In-Branding is, in fact, a Multi-Level Marketing method to be strictly distinguished against other Single-Level Marketing Methods. It is one of the significant Management tools which are utilized by the companies to achieve Product Differentiation and create sustainable Competitive Advantage. Furthermore, Brand Cooperation can certainly be accomplished in a number ways of Co-branding, in fact, Ingredient Branding is just one of the forms of them.

## **RELEVANCE OF THE TOPIC IN THE PRESENT MARKETING SCENARIO**

Although Ingredient Branding, as one of the Management Tools is in existence since last several years, especially as compared to other core concepts of Marketing Management

like New Product Development(N. P. D.), Product Life Cycle (P. L. C.),Marketing Mix, to mention a few, this concept is of recent origin. Still, it has developed into a powerful concept, particularly, for Ingredient or Component Manufactures within a very short span of time.

Therefore, its overall relative level of awareness among the academicians, other experts of the field, manufactures and the marketers is relatively low, at present. So also, the relevant or pertinent literature on this topic is not abundantly available. As a result, the Research work done on this topic is also less. On this background, the researcher is of the honest opinion that more research on this topic is of high relevance and significance, especially, right now. Thus, this Research Paper is the ideal or the pressing need of the hour as it is a positive step undertaken to bridge the necessary paucity, at an early date.

## **OBJECTIVE**

The following is the objective for this Paper.

1. To develop Conceptual Understanding of Ingredient Branding

## **METHODOLOGY**

For writing this Paper the following Methodology was followed.

1. Review of literature was done through several books and significant websites in order
  - (a) to develop a better conceptual understanding of Ingredient Branding
  - (b) to understand the difference between Brand Extension and Ingredient Branding.(All the details about these books and other websites are given in the section of 'Bibliography', at the end of the Paper.)
2. Various inferences were arrived at after applying logical interpretations based on different facts, learned through review of literature, as mentioned above.

## **SCOPE**

The scope of the Paper is strictly restricted to the development of Academic Conceptual knowledge of Ingredient Branding. The leading Case studies and inspiring Success Stories, pertaining to the Industries those have already applied the concept of Ingredient Branding in their Marketing Operations or Functions; have deliberately been kept beyond the scope of this Paper for want of length.

## **DEFINITIONS OF 'INGREDIENT BRANDING'**

At the start, in order to develop a better conceptual understanding regarding 'Ingredient Branding', indeed, it is quite imperative to study a few selected definitions of different terms used in the Research Paper.

*Pfoertsch, W., and Schmid, M.* have defined the word 'InBranding' as the making or labeling of components or other industrial goods.

According to *Philip Kotler and K. L. Keller* Ingredient Branding is strategic Brand Management for materials, components, parts, services, etc.

In the words of *Baumgarth and Carsten*, Ingredient Branding is the Brand Policy (Goals, Strategies and Instruments) concerning a branded object (Necessary condition) of materials, components or parts (Raw Materials, Component Materials or Component Parts) that represents a brand for the respective target group (Sufficient condition).

## **CONCEPT OF INGREDIENT BRANDING**

It is a well established fact over a period that consumers are always ready and willing to pay more for any Branded Product. The underlying philosophy for this universal phenomenon may either be Market Reputation as a Social Status Symbol or Superior Workmanship or Durable Quality, etc. e.g. Sony, Mercedes-Benz, to mention a few.

In general, in past, the manufactures, especially of consumer durables, proceeded with the hypothesis that a branded durable would definitely last relatively for very long in any market. However, of late, there is a tendency on the part of the consumer durable manufactures to brand the ingredients themselves, contained in the product itself. This implies that the manufactures believe that the product is indeed a bundle of ingredients.

Therefore, they not only advertise but also capitalize and enjoy adequate advantage of those product ingredients which are actually liked and desired by the consumers. As a result, Ingredient Branding is gaining a novel dimension, at present. Besides, Consumer Brands can use InBrands to enhance their **Brand Recognition** as consumer brand companies can create their own **Self Ingredient Brands** in order to communicate their advanced component offerings in the final stage. In technical terms, it is called as **Reverse Ingredient Branding**.

As a matter of fact, Intense Competition, Globalization and Penetrated Consumer Preferences are some of the peculiar features of current market environment. Moreover, for the marketers, it is increasingly becoming more difficult to market to a specific consumer segment. On this background, Ingredient Branding undoubtedly provides a different and better way to increase the sale of the products.

In the Research Paper titled 'The Effects of Ingredient Branding Strategies on Host Brand Extendibility' authored by Desai K. K. and Keller K. L., it is pointed out that educated customers appreciate products with branded ingredients. In another Research Study conducted by Havenstein M, it is shown that educated customers are willing to pay higher price for an ingredient Branded product.

However, there is an ideal requirement of fulfillment of certain conditions for Ingredient Branding to be effective. The ingredient or the component should be highly differentiated; also, it should create sustainable value for the customer. Furthermore, it should be central to the functional performance of the product. The product should seek a high-branded value in the contemplation of a customer. Moreover, the product should be complex assembled from different ingredients supplied from many firms which may sell the ingredients separately.

Ingredient Branding can also create consumer demand. When a company can demonstrate the superior performance of an ingredient or a component, the consumer is logically more likely to request the company for existence of the same ingredient or a component in the product, proper. The consumer would surely accept InBrands whenever their functional features would provide them with augmented benefits for the usage and enjoyment of the product. In practice, as an interesting observation, the two words, namely, Components and Ingredients are roughly used interchangeably as synonyms of each other. If a company does not listen to the inner voice of a consumer likewise or it insists on the alternative or the substitute for the desired ingredient or a component, there is, no doubt, a possibility of losing a good consumer because thereafter he is likely to approach another competing company which can provide the desired ingredient or the component in the product.

Moreover, it is observed that different companies have undertaken tremendous efforts to develop product preference in the eyes of the consumer through differentiation in the practical form of many Product Improvements and Innovations, Provision of Augmented Consumer Services, relatively more reliable Delivery, reduced Prices, to mention a few. In spite of undertaking such herculean efforts, the average level of Profitability has not registered substantial rise, over a last decade or so. Thus, at such a crucial and critical juncture, Ingredient Branding appears to be one of the most promising ways for the companies to achieve firstly, desirable Product Differentiation and consequently, Product Preference. Ever increasing branding efforts include besides components, manufactured parts and services also. Moreover, practical applications of Ingredient Branding lead to more sophisticated applications, but, they have gained more complexity.

## **RELATIONSHIP BETWEEN BRAND EXTENSION AND INGREDIENT BRANDING**

In order to understand the relationship between Brand Extension and Ingredient Branding, the researcher has done **Selected Literature Review**, the details of which are as follows.

The fundamental concept of Brand Extension is different from the concept of Ingredient Branding. Therefore, these two concepts of Brand Extension and Ingredient Branding need necessarily not, at all, be confused with each other, as they deserve different strategic attention.

In general, Brand Extension takes place for a number of obvious reasons. It helps in making a specific Brand a 'Super Brand' in the minds of the consumers, in acquiring instant Brand Recognition, in leverage the strength of the existing Brand to new additions. Also, it leads the benefits of Premium Brand. At the same time, it is an interesting to note that Brand Extension is another way to capitalize on the power of Ingredient Branding. *In a Research Paper titled, 'Ingredient Branding: A Strategy Option with Multiple Beneficiaries Strategies', authored by Rooney J. A, it is mentioned that the two Strategies namely, Ingredient Branding and Brand Extension are most commonly used in practice, in order to maximize Brand Potential.* Moreover, it would really be more appropriate to state that Ingredient Branding is a more recent strategy which fits more precisely under the umbrella of Co-branding. In simple words, *using Ingredient Brands as a Brand Extension Concept* for host brands *is the lone way to use the power of Ingredient Brands*, in practice.

In another Research Paper authored by Havenstein, McCarthy, M. S, and Norris, D. G., titled 'Improving Competitive Position using Branded Ingredients', it is illustrated exactly contrary to the earlier researches that Ingredient Branding offers a potential for successful Brand Management and increased profits for the companies along with product offerings that create added value for the customers. Furthermore, in the opinion of Desai and Keller, if a customer knows and understands the functions, features and the benefits of an Ingredient or a Component, he or she will pay more attention to this offering and if it creates a unique product offering, this can lead to loyal and profitable customer relationships.

### **SELECTED INDUSTRIES WHICH APPLIED INGREDIENT BRANDING**

The following is the list of those Industries which have already applied the concept of Ingredient Branding in their Marketing Operations or Functions.

1. Bitrex
2. Digital Light Processing
3. Dolby
4. Intel
5. Makrolon
6. Microban
7. Schott Ceran
8. Shimano
9. Teflon
10. Tetra Pak

### **LIMITATIONS**

Like each and every Paper, this Paper also proceeds with certain limitations which are as follows.

1. As this study is purely of academic orientation, some sort of adaptation to prevailing condition is ideally necessary before its application in practice.
2. As this Study is based on Secondary Data, all the limitations of Secondary Data have direct and deep impact on the inferences arrived at in this Paper.
3. The leading Case studies and inspiring Success Stories, pertaining to different Industries those have already applied the concept of Ingredient Branding in their Marketing Operations or Functions are not covered in this Paper for want of length.

### **SCOPE FOR FUTURE RESEARCH**

During the course of the study of this Paper, the Researcher observed that there is an ample scope and wide potential for the following subject for future research.

1. A Study of selected Industries which applied the concept of Ingredient Branding in their Marketing Operations and Functions.

---

---

**BIBLIOGRAPHY**

**Books**

1. Dr. Gupta S. L., 2009, Brand Management (An Indian Perspective), Himalaya Publishing House, Mumbai, India.
2. Kapferer Jean- Noel, 2000, Strategic Brand Management, Creating and Sustaining Brand Equity Long Term, Kogan Page India Pvt. Ltd., New Delhi, India.
3. Kotler Philip and Pfoertsch Waldermar, 2010, Ingredient Branding, Making the nvisible Visible, Springer, London.
4. Mathur U. C., 2007, Product and Brand Management, Excel Books, New Delhi, India.

**Websites**

1. [www.bitrex.com](http://www.bitrex.com)
2. [www.brandingstrategyinsider.com](http://www.brandingstrategyinsider.com)
3. [www.coatingsworld.com](http://www.coatingsworld.com)
4. [www.cycle.shimano-eu.com](http://www.cycle.shimano-eu.com)
5. [www.dlp.com](http://www.dlp.com)
6. [www.dolby.com](http://www.dolby.com)
7. [www.hbr.org](http://www.hbr.org)
8. [www.ingredientbrands.com](http://www.ingredientbrands.com)
9. [www.intel.com](http://www.intel.com)
10. [www.intel.in](http://www.intel.in)
11. [www.microban.com](http://www.microban.com)
12. [www.plastics.bayer.com](http://www.plastics.bayer.com)
13. [www.schott.crean.com](http://www.schott.crean.com)
14. [www.siegelgale.com](http://www.siegelgale.com)

.

---

**READYMADE GARMENT INDUSTRY IN BANGALORE CITY – A STUDY WITH SPECIAL  
REFERENCE TO PROBLEMS ASSOOCIATED WITH PRODUCTION**

**Dr. M. Surat Kumari<sup>1</sup> and Ravikumar B. Minajigi<sup>2</sup>**

Professor<sup>1</sup>, Dept. of Post - Graduate Studies and Research in Commerce, Gulbarga University, Gulbarga  
Researcher<sup>2</sup>, Gulbarga University and Associate Professor<sup>2</sup>, Govt. First Grade College, Bengaluru

---

**ABSTRACT**

*The present study is related to the study of Readymade Garment Industry (Apparel Industry) in Bangalore with reference to the problems associated with production process. For this, primary data has been collected through interview and information schedules and the same has been processed and presented in tabular form by using suitable statistical methods. Firstly, the problem relating to the production has been analysed and interpreted. From that, it has been noticed that the labour is causing the serious handicap. Further, the reason such labour force has been analysed through variables like labour turnover, absenteeism, inefficiency and so. In addition to that, the causes for such labour turnover and absenteeism are also considered to bring a complete meaning to the problem in question. In addition to this, the secondary data has been collected through VITC, AEPC study reports, articles, various websites, etc. Conclusions are drawn from the analysis and interpretation of the information and suitable suggestions are also given to overcome the resultant problems.*

*Key Words : Apparel, Garment Manufacture, Labour Intensive, Labour Turnover, Labour Absenteeism*

---

**INTRODUCTION**

Readymade Garment (RMG) Industry in India is a bread earner for more than 33 lakhs families. The manufacture of garments has emerged has a thriving business in India since 1970. Today, the Indian Garments Industry is truly a global one with intense competition for capturing the major consumption markets in America and Europe. Since the industry is labour intensive in nature and can be started with meagre investment, many countries are attempting to use this industry to boost their economic development. In addition to this, the reason for growth of the industry is because of a shift from tailor-made to readymade use of garments. In India there were about 1200 garment making units in India during 1970. But, now the total number of garment manufacturing units in 19 clusters of India are around 33,371. This figure excludes the entities with 10 and below sewing machines. Of these, 7% of the units are with more than 100 sewing machines, 15% of the units are of medium category with machines between 40 and 100 and the balance 78% are small units with less than 40 machines. Today RMG exports is contributing 4.48% to the India's GDP and the said industry is generating 17,21,700 direct employment and 33,41,700 indirect employment opportunities in the country.

**BANGALORE SCENARIO**

The Bangalore city, the silicon city of India and the capital city of Karnataka is known for many specialties like, education, culture, medicines, gems and jewellery, etc., in general and for software industry in particular. In the wake of this, we observe a lot of migration from different parts of the Karnataka, India and abroad too for many reasons. This, in turn, has made a lot of influence on production, productivity, socio-economic and social change in a very distinct order. Garment industry is one sector which has influenced the city's social and socio-economic scenario significantly, may be because of the magnitude of the industry.

The garment industry approximately has a four decade history in Bangalore for its settlement and growth. During this period, the industry has underwent many ups and downs for various reasons like technical problems, raw-material problems, economic problems, labour irregularities, economic problems, problems relating to non-meeting of the standards causing rejections and so. These are some of the areas where the quantification and analysis is needed.

Amidst all these, Bangalore city has emerged as one of the leading centres of RMG manufacturing units along with Tirupur, Kolkatta, Ludhiana and NCR region. The main products of the Bangalore cluster are Ladies' wear which includes Skirts, Blouses, Tops, Jackets, trousers, etc., Mens' wear, which includes Shirts, T-shirts, Trousers, Jeans, Shirts etc. and Kids' wear which includes shorts, Pants, Frocks, Shirts, skirts etc. The export market is mainly concentrated towards United States, EU, UAE in a significant way and also marginally the produce is being exported to Canada, South Africa, Hong Kong, Australia and Singapore. The following table shows the export performance of the Karnataka state in which Bangalore is contributing a lion's share.

**Statement showing % share of Readymade garments in total exports of Karnataka  
(Amount in Crore)**

Sl No.	Commodity	08-09	09-10	10-11	11-12	12-13	13-14
1	Readymade Garments	5395.00	5125.00	6865.70	8143.00	7670.00	8900.00
2	Total exports of Karnataka	134255.37	142871.41	165523.04	218837.00	258368.00	290418.00
3	% Share of Readymade Garments	4.02	3.59	4.15	3.72	2.97	3.06

Source: compiled from office records of VITC, Bangalore.

## REVIEW OF LITERATURE

- 1) Govind Kajol (50) said the Karnataka state accounts for nearly 20 per cent of the national garment production and 8 per cent of exports. The state already committed to the growth of the industry and implemented its textile policy from 2008 by making Rs.10,000 crore investment, envisaging jobs for five lakh people. The Government of Karnataka decided to set up textile parks at Koratagere, Belgaum and Bellary.
- 2) Anand Kumar, in his study identified that the biggest problem in Bangalore Garment Industry is that the workers lack organized unions to enforce their basic rights as human beings. Most of the managements are not adhering to the provisions in minimum wages, employment state insurance scheme and factories act. Employees are denied their gratuity and pensionary benefits as the managements are terminating their services at the end of the fifth year and asking them to rejoin in service after a short break. Worker are forced to work more than 9 to 10 hours in a day, denying over time wage besides regular harassment of women workers by make supervisors.
- 3) Dr. Y. Narayana Chetty, conducted a study of the sample survey of Garment workers in Bangalore city. Under this study, he focused on the aspect like rise in unorganized labour, social security and related legislations, caste composition of the labour force, marital status, etc. The study also highlights the absenteeism and labour turnover of the work force. He suggested the extension of fringe benefits like provision of paid leave, medical benefits and to strengthen the government departments relevant to labour.
- 4) Naiyya Saggi, CCS working paper no. 150, Conducted a study on “The Garment Industry in BangaloreA critical analysis of adherence to labour standards and solutions”. The focus of the study was to see the effect of the all encompassing phenomenons of globalization and supply chain mechanism on workers and on women in particular and to examine whether the advent of globalization has been benefited or detrimental to the rights of workers and the effectiveness of domestic legislature framework in safeguarding the women rights.
- 5) Shramana Ganguly Mehta referred that the Indian garment exporting industry came to the limelight in 2007 when child labour was first detected on GAP’s contracts in New Delhi. One year later, shutterbugs captured the child labour at Tirupur, the knit wear apparel cluster in south India, working on UK retailer Prinkmark’s orders. As a result, Indian status of exporter was reduced to the level of Argentina and Thailand countries which are lower in the ranks. Apparel Export Promotion Council stated that the information relied upon by the US Department of Labour was outdated and inaccurate and the Indian garment industry should not be included in TVPRA List and EOL.

## OBJECTIVES OF THE STUDY

The main objectives of the study are

- To understand the nature of RMG industry in Bangalore,
- To Study the problems associated with the Production, and
- To analyse the reasons for the problems associated with production.

### STATEMENT OF THE PROBLEM

Production is the key factor for every business activity if it is engaged in manufacturing of goods. Specially, for the Garment industry, which is production oriented in nature, the study of the problems associated with production process which are being faced by the garment unit operators is of utmost important. Keeping this in view, the present study is undertaken to understand the problems associated with production and the causes for such problems which are more related to labour turnover and unscheduled absenteeism which are the prime factors affecting the manufacturing.

### METHODOLOGY AND FIELD OF STUDY

The present study is based on both primary data and secondary data. The primary data has been collected with the help of interview and information schedules and transformed into quantitative form and used suitable statistical tools to analyse and interpret the data so collected. Out of 270 units operating in export business in Bangalore, 129 units have been selected as sample size and purposive sampling method is used to collect the information. The secondary data has been collected from AEPC cluster study report, VITC office records, various web sites, Books, etc.

### ANALYSIS AND INTERPRETATION

The key variables relating to the production related problems are grouped into labour, raw material, power, machine break down, faulty planning and strikes and lockouts. To understand the above, the primary data has been quantified and presented in the following table.

**Statement showing the factors affecting the production process**

Key parameters	Explanatory variables		1 <sup>st</sup> Rank		2 <sup>nd</sup> Rank		3 <sup>rd</sup> Rank		4 <sup>th</sup> Rank	
			No. of units	%	No. of units	%	No. of units	%	No. of units	%
Causes for labour un-productivity	1	Labour	82	63.57	18	22.23	13	36.12	1	14.29
	2	Raw material	19	14.73	23	28.40	8	22.22	1	14.29
	3	Power	17	13.18	17	20.99	3	8.33	1	14.29
	4	Machine Breakdown	6	4.65	21	25.92	8	22.22	3	42.85
	5	Faulty Planning	3	2.32	1	1.23	4	11.11	1	14.28
	6	Strikes and lockouts	2	1.55	1	1.23	-	-	-	-
	7	No problems	-	-	-	-	-	-	-	-
		<b>Total</b>	<b>129</b>	<b>100</b>	<b>81</b>	<b>100</b>	<b>36</b>	<b>100</b>	<b>7</b>	<b>100</b>

Source: Field investigation

It is evident from the above table that all the 129 unit holders have responded in ranking their first problem relating to production in which the labour is causing a major problem. 63.57% of the unit holders ranked the labour as the prime cause for production handicaps followed by raw material and power which are contributing to the extent of 14.73% and 13.18% respectively for the said problem. The share of the other variables is negligible.

In case of second rank, raw material is causing major problem. Getting raw material during the right time and in right quality specially colour matching (personal discussion with the unit holders) sometimes lands the industrialists in trouble. This problem is contributing to the tune of 28.40% followed by machine break down and labour the share of which are 25.92% and 22.23% respectively. In case of third rank, labour problem again is showing upward trend with 36.12% and in fourth rank machine break down is causing 44.85% of the problem.

From the above discussion it is clear that the major problem for production is the labour force. Therefore, researcher has attempted to understand the problems associated with labour force.



The Key factors relating to the appraisal of problems related to labour in garments industry are grouped broadly into 4 Parameters, viz., absenteeism, more labour turnover, inefficiency and others. The statistical data collected in the survey of 129 entities is classified, tabulated and presented in the following table.

**Statement showing the problems associated with labour force.**

Key parameters	Explanatory variables		1 <sup>st</sup> Rank		2 <sup>nd</sup> Rank		3 <sup>rd</sup> Rank		4 <sup>th</sup> Rank	
			No. of units	%	No. of units	%	No. of units	%	No. of units	%
Causes for labour un-productivity	1	Labour turnover	42	32.56	37	37.37	10	13.33	4	11.76
	2	Absenteeism	38	29.46	27	27.28	16	21.33	4	11.76
	3	Inefficiency	36	27.91	21	21.21	19	25.33	8	23.54
	4	Others (High cost & More access to labour unions)	13	10.07	14	14.14	30	30.01	18	52.94
		<b>Total</b>	<b>129</b>	<b>100</b>	<b>99</b>	<b>100</b>	<b>75</b>	<b>100</b>	<b>34</b>	<b>100</b>

Source : Field investigation

Among the key parameters of causes for labour force in 129 units, almost all the unit holders have given their opinion for the first cause. In this, 32.56% of the unit holders opined that the labour turnover as the prime factor followed by un-scheduled absenteeism with 29.46%. Inefficiency is also causing lot of problems with 27.91% and other variables which include high cost and more access to labour unions (10.07%) do not have much influence on productivity when compared to the other variables.

The opinion of the garment unit holders for the second rank causing labour un-productivity is given only by 99 unit holders. In this case also labour turn over and absenteeism are ranking ahead with the 37.32% and 27.28% respectively followed by inefficiency with 21.21%.

The opinion for the 3<sup>rd</sup> Rank causing labour un-productivity is given by only 75 unit holders in which other variables, which include high cost and more access to labour unions are contributing to the extent of to the extent of 30.01%. In case of fourth rank also the same problem has been highlighted.

To understand the above problems more clearly, researcher has attempted to know the reasons for labour turnover and unscheduled absenteeism of the labour, which are the major causes for hampering of the production process. For this, the variables like getting other jobs, marriage, inconvenience (distance), family problems, etc., have been considered. The following table shows the quantified values of such variables.

**Statement showing the reasons for labour turnover and absenteeism**

Key parameters	Explanatory variables		1 <sup>st</sup> Rank		2 <sup>nd</sup> Rank		3 <sup>rd</sup> Rank		4 <sup>th</sup> Rank	
			No. of units	%	No. of units	%	No. of units	%	No. of units	%
Causes for labour Turnover and absenteeism	1	Getting other jobs	59	45.74	25	20.33	8	6.40	14	17.28
	2	Marriage	17	13.18	22	17.89	32	25.6	15	18.52
	3	Inconvenience (distance)	15	11.63	15	12.20	22	17.6	16	19.75
	4	Family problems	15	11.63	15	12.20	14	11.2	9	11.11

	5	Higher education	14	10.85	23	18.66	15	12.0	10	12.35
	6	Others	9	6.88	23	18.71	34	32.20	17	21.00
		<b>Total</b>	<b>129</b>	<b>100</b>	<b>123</b>	<b>100</b>	<b>125</b>	<b>100</b>	<b>81</b>	<b>100</b>

Source : field investigation

Above table shows that all the respondent have given their opinion with respect to prime cause for labour turnover and absenteeism. Getting other jobs by the workers stands first with 45.74% followed by the marriage, which contributes 13.18% to the problem. In the said industry, since 80% of the workers are women, they may find it difficult to continue the job after their marriage. The rest of the variables like inconvenience (distance), family problems and higher education, that is, the labour, off the job for pursuing higher education without pre- intimation are contributing almost same percentage to the problem. Similarly, in second ranking for the said problem, getting other jobs by workers contributes 20.33% for the problem. 18.71% of the workers will quit the job for other reasons which include poor working conditions, harassment by co-workers and low wages.

In case of third opinion, first place goes to others which contributes to the extent of 32.20% to the said problem followed by marriage of the workers with 25.6%. The contribution to the problem by the other variables is marginal and negligible.

## CONCLUSION

It can be observed from the above discussion that the production is being hampered in majority of the cases because of labour problems in the Readymade Garment Industry contributing to the extent of 63.57%. The detailed analysis of the labour reveals that the labour turnover is 32.50% and unscheduled absenteeism is to the extent of 29.46% which are ranked as prime factors and the main contributors to the said problem. Further dig into the problem shows that getting other jobs by workers (45.74%), marriage (13.18%), inconvenience in terms of distance (11.63%) and family related issues are aggravating the handicap. Getting the other job and leaving the present job might be because of better prospects and higher wages in the other unit, which cannot be quantified by the present employer.

## SUGGESTIONS

For the above labour related problems, it can be suggested that the present employer should identify the genuine problems of the workers and try to solve them by giving higher wages, if possible and extending the feeling of security to the workers by creating better environment in the unit. Because, in the cases like absenteeism due to marriage and family problems, creating of good atmosphere i.e. "FEEL GOOD" factor at the work place may help the unit holders to retain the workers.

## BIBLIOGRAPHY

1. Dr. Y. Narayana Chetty, Sample survey Report of Garment Workers in Bangalore City.
2. Naiyya Saggi, CCS Working Paper No. 150, Summer Research Program, 2006, Centre for Civil Society.
3. Bangalore Garment Industry – Special Exploitation Zone – Anand Kumar, Socialistworld.net, dated 12<sup>th</sup> April 2011, page 1-2.
4. Blow for garment exporters as US highlights child labour – Sharmana Ganguly Mehta, The Economic Times, dated 24<sup>th</sup> July, 2010.
5. AEPC Study Report, 2009, Indian Apparel Clusters – An Assessment.
6. Managing Productivity in the Apparel Industry – RAJESH BHEDA, CBS Publishers and Distributors, 4819/XI, 24, Ansari Road, Darya Gunj, NEW DELHI – 110002.
7. Karnataka to set up new textile parks – Govind Karoj, The Economic Times, Dated 29<sup>th</sup> January, 2011.
8. www.vitcblr.org
9. www.aepcindia.in
10. Annual Reports of Ministry of textiles

## AN EMPIRICAL STUDY ON E-BANKING IN INDIA

Amrita Gupta<sup>1</sup> and Dr. Parikshit Joshi<sup>2</sup>

Research Scholar<sup>1</sup> & Ex. Assistant Professor<sup>2</sup>, IFTM University, Moradabad

### ABSTRACT

**Purpose:** The study aims at exploring Electronic banking in India and identify the key factors influencing EB. In this research paper, we will cover security issues and different impacts regarding the electronic banking method and measure the relationships between the factors (consumer demographic factors, internet banking characteristics, social influences) and the adoption of internet banking.

This study also seeks to measure the degree of usage of e-payment in India. Researcher is concerned about the issues presented because we think that these issues are very important and relevant today, a lot of people save money and really trust banks with their money. In addition, we want this research paper to be read by many students who are in no knowledge about certain issues about banking. Lastly, the group will provide and recommend different solutions about the issues regarding-Banking.

**Design/Methodology/Approach:** The literature on EB is reviewed and a model of consumers' EB behavior is developed. Based on that model a structured questionnaire was framed and for pilot testing questionnaire was circulated among 50 EB users of Delhi, NCR region of India using snowball sampling method. The response rate was good.

**Findings:** Just over half of the EB customers were making very simple use of EB services (such as balance enquiries and viewing statements), 8% of them were using online service for digital check, 12% digital cash, 10% smart cards, 38% EFT, 28% RTGS, 64% internal account fund transfer, 16% ordering cash, 10% wire transfer.

**Key Words:** Adoption of internet banking, Banking, Electronic Banking, Security issues, Usage of e-payment.

### INTRODUCTION

Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash. We can use electronic funds transfer to our paycheck deposited directly into our bank or credit union checking account, withdraw money from our checking account from an ATM machine with a personal identification number (PIN), at our convenience, day or night.

We instruct our bank or credit union to automatically pay certain monthly bills from our account, such as our auto loan or our mortgage payment and have the bank or credit union transfer funds each month from our checking account to our mutual fund account and our government social security benefits check or our tax refund deposited directly into our checking account. Buy groceries, gasoline and other purchases at the point-of-sale, using a check card rather than cash, credit or a personal check. Use a smart card with a prepaid amount of money embedded in it for use instead of cash at a pay phone, expressway road toll, or on college campuses at the library's photocopy machine or bookstores. Use our computer and personal finance software to coordinate our total personal financial management process, integrating data and activities related to our income, spending, saving, investing, recordkeeping, bill-paying and taxes, along with basic financial analysis and decision making.

### SIGNIFICANCE OF STUDY

The Internet has brought about a revolution, changing the way that companies will interact with their customers, business partners and suppliers in the future. Banks are competing to gain a larger share of India's on-line market. In India internet banking is a new industry. Consumer acceptance and the use of internet banking are still low and very little research has been conducted in India into factors influencing consumers to use internet banking. An understanding of how demographic characteristics, social influences and consumers' perceptions and attitudes toward internet banking influence the adoption of internet banking will enable banks to increase their market share by creating solutions and strategies that attract consumers to use this type of banking. Therefore there is a need for a study such as this.

### RESEARCH OBJECTIVES

- To identify the factors influencing the adoption of internet banking in India.

- This study also seeks to measure the degree of usage of e-payment in India.
- To measure the relationships between the factors (consumer demographic factors, internet banking characteristics, social influences) and the adoption of internet banking.
- To study the factors those discourage customers from using internet banking.

## **LITERATURE REVIEW**

The term “e-banking” has been used in literature in many different ways, partially because electronic banking refers to several types of services through which banks’ customers can request information and carry out most retail banking services via the internet, television or mobile phones. Generally speaking, E-banking means providing banking products and services directly to customers through electronic, interactive communication channels. However, a more comprehensive and common definition for e-banking comes from the Basel Committee Report on banking supervision. The Basel Committee defines e-banking as “The provision of retail and small value banking products and services through electronic channels , such products and services can include deposit taking, lending, account management ,the provision of financial advice, electronic bill payment products and services such as electronic money”.

**Laukkanen Tommi** in his research paper, "**Internet vs mobile banking: comparing customer value perceptions**", has given that customer value perceptions in banking actions differ between internet and mobile channels. The findings suggest that efficiency, convenience and safety are salient in determining the differences in customer value perceptions between internet and mobile banking. This paper provides enhanced information for business managers about both positive and negative customer value perceptions in internet and mobile banking. **Sylvie Laforet, Xiaoyan Li** in their research paper "Consumers’ attitudes towards online and mobile banking in China", have given that Chinese online and mobile bank users were predominantly males, not necessarily young and highly educated, in contrast with the electronic bank users in the West. The issue of security was found to be the most important factor that motivated Chinese consumer adoption of online banking.

**Gan Christopher, Clemes Mike, Limsombunchai Visit, Weng Amy** in their research paper "**A logit analysis of electronic banking in New Zealand**" have given that the output from the logistic regression indicates that the service quality, perceived risk factors, user input factors, employment, and education are the dominant variables that influence consumers' choice of electronic banking and non-electronic banking channels.

Review of literature shows that different researchers and experts in the fields of banking have discussed various aspects of the bank computerization like technology and Indian banking sector, channels of e-banking, technological revolution in banking sector, IT channels and customer service etc. It has been observed that none of the reviewed study addresses the issues such as technological developments (extent of computerization) of co-operative banks, different aspects affecting the development of co-operative banks, problems and prospects of bank computerizations, responses of the employees and customers on bank computerization, and different software solutions available for bank computerization. Therefore, this study is an attempt to address these issues.

## **HYPOTHESIS FORMULATION**

Based on the above discussed review of literature following set of hypothesis are formulated:

**H<sub>10</sub>**: Customer’s gender moderates the effect on the usage of e-banking in India.

**H<sub>11</sub>**: Customer’s gender doesn’t moderates the effect on the usage of e-banking in India.

**H<sub>20</sub>**: Customer’s age moderates the effect on the usage of e-banking in India.

**H<sub>21</sub>**: Customer’s age doesn’t moderates the effect on the usage of e-banking in India.

**H<sub>30</sub>**: Customer’s income moderates the effect of on the usage of e-banking in India.

**H<sub>31</sub>**: Customer’s income doesn’t moderates the effect on the usage of e-banking in India.

## **RESEARCH METHODOLOGY**

**Population**: The target population for the study comprises all individual customers of all the banks that provided e-banking in India. For the study we will take private and public bank’s customer.

**Population of interest:** The target population for the study comprises all individual customers of all the banks of Moradabad and Delhi that provided e-banking in India.

**Sample size:** The study focuses on e-banking in India and that offer only EB Services in India. For this study we take 50 EB users of public and private banks.

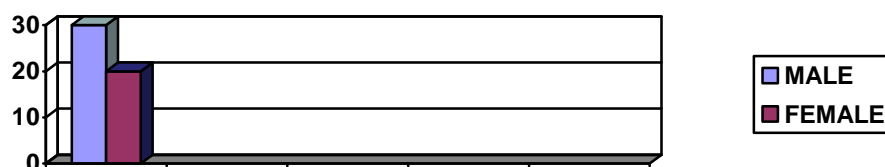
**Collection of sample:** We take 102 customers of different banks of Delhi and Moradabad and out of 102 customers only 50 customers are using EB services. We analyzed those 50 customers' responses in this pilot survey.

**Data collection-** We did the survey for collect the primary data. In our survey we collect data through structured questionnaire.

## FINDINGS

### Gender

Replies were received from 30 male respondents and 20 female respondents, which reflects, roughly 3:2 male to female ratio. 98% of them were employed.



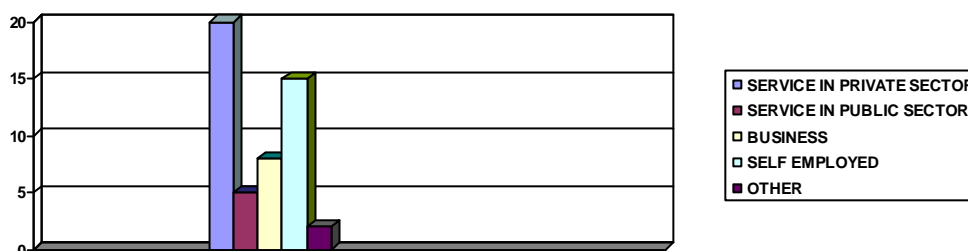
### Age

In this pilot survey 66 % of respondent of age group of 30 – 49 yrs. And their salaries are good and mostly working with private organization.



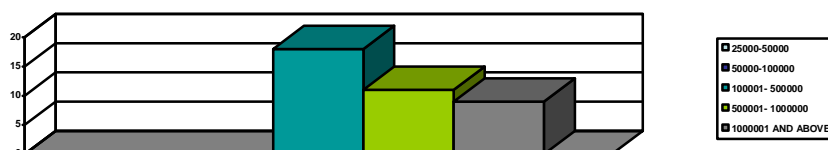
### Occupation of Participants (%age)

In this study 40 % respondent are working in private sector, 30% respondent are doing their own business, 16% self employed, 10% working in public sector, 2% unemployed and 2% students.



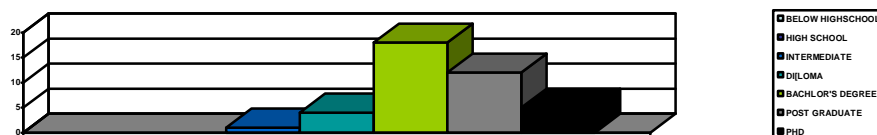
### Annual income

In this study 24% respondent are not attend this question. 36% respondent choose 100001- 500000, 22% choose 500001- 1000000 and 18% choose more than 1000000. These 18% participants either high age groups or working with private sector.



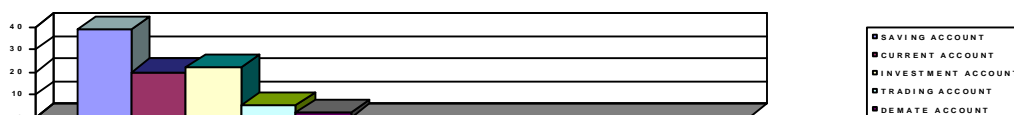
### Qualification

36% respondents have bachelor's degree, 24% are post graduate, 10% have doctorate degree, 8% did diploma and 2% did intermediate.



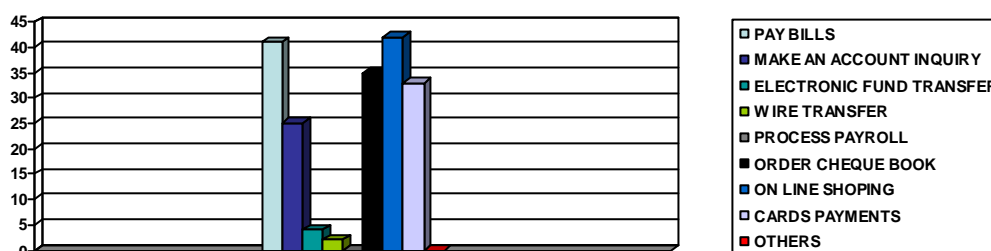
### Type of account

This question is multiple choices and maximum respondent used EB in *saving account*. Business class respondent used EB in *saving* and *current account* too.



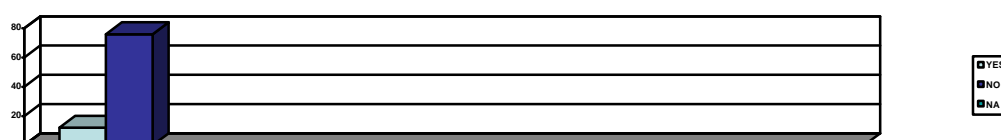
### Maximum used features

In this question respondent choose multiple options. It was noticed that just over half of the respondents used EB for making balance enquiries or viewing or asking for statements, and then many of them used online service for requesting checkbooks. Only few made a better use of EB such as funds transfer and wire transfer. Thus, nearly 70% of the people in our survey were using only the basic services provided by online banks. And below figure shows maximum respondents pay bills, online shopping, cards payments, ordering check books and account balance inquiry through EB.



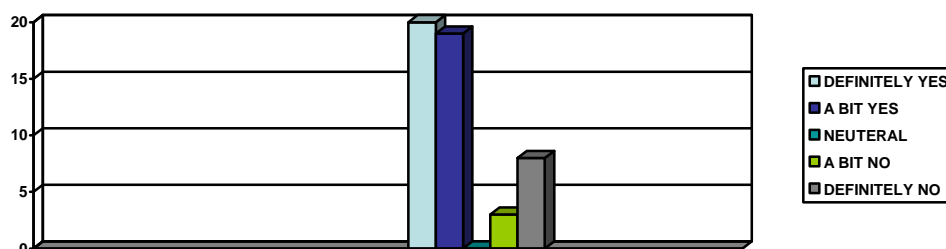
### Visiting bank personally after using EB services

76% respondent said *no* and 12% respondents said *yes*. Maximum participant doest not visit their bank after using EB services.



### EB Website Content, Presentation and Support

Online banks provide services through the use of their websites. It is important that web pages and scripts are well designed, easy to use and quick to respond. The questionnaire contained questions referring to this aspect of the website design. Nearly 40% of the respondents said that the content was useful and they rated it as *definitely yes* , 38% said *a bit yes*, 6% said *bit no* and 16% said *definitely no*.



### RATING OF EB FEATURES

Respondent give their response by using the scale of 1-5 for different EB features-

**Bill payment** 52% respondent said *better than expected* 36% said *equal to expectation* and 4% said *much better than expected*.

**E-alert** 44% respondent said *worse than expected*, 22% said *equal to expectation* and 32% said *better than expected*.

**Wire transfer** Only 12% rating this facility. In this 6% said *much better than expected* and 4% said *worse than expected*.

**Stop payment** 84 % respondent used this facility. 32% said *worse than expected* and 44% said *equal to expectation*.

**Balance inquiry** 72% rate this *much better than expected* and 20% rated *worse than expected*.

**Check image retrieval** 84 % not rated this feature. Only 8% respondent used this feature in their business accounts and they rated it *equal to expectation*.

**Ordering cash** Only 32% used this feature and 20% rated this *equal to expectation* and 8% rated *worse than expected*.

**Bank statement** Mostly used feature by respondents and they all are happy with this facility. 30% rate this *much better than expected*, 60% rate this *better than expected* and 10% rate this *equal to expectation*.

**Internal account fund transfer** 40% rated this *much better than expected*, 12% rated *equal to expectation*, 6% rated *worse than expected* and 36% not used this facility.

**RTGS** 28% used this feature of EB. 20% rated *better than expected*.

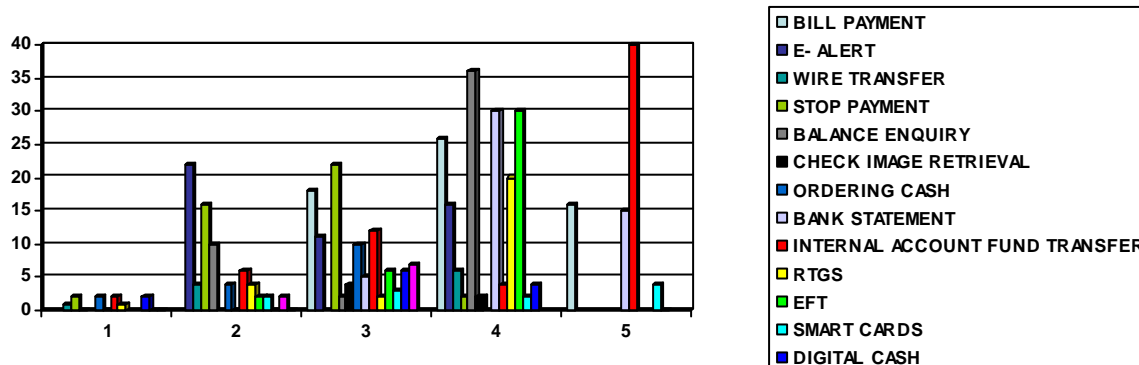
**EFT** 38% used this feature. 30% rated *better than expected*

**Smart cards** 10 % used this service. 4 % said *much better than expected*. 2% said *equal to expectation* and 2% and 2% said *worse than expected* and *better than expected*.

**Digital cash** 12% rated this. 6% said *equal to expectation* and 4 % said *better than expected*.

**Digital check** 8% used this facility. 6% said *equal to expectation* and 2% said *worse than expected*.

**Cash cards** No one used this service.



### EB WEBSITE CONTENT, PRESENTATION AND SUPPORT

Online banks provide services through the use of their websites. It is important that web pages and scripts are well designed, easy to use and quick to respond. The questionnaire contained questions referring to this aspect of the website design

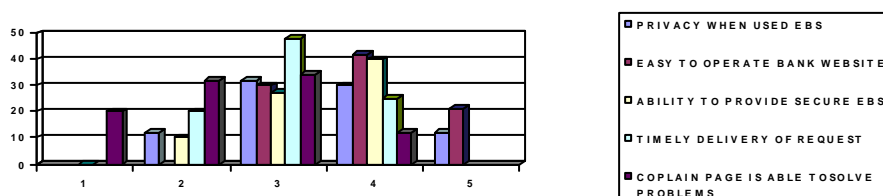
**Sincerity in privacy** 32% rated *equal to expectation*, 30 % rated *more than expected*, 12% rated *much better than expected* and 12% rated *worse than expected*. 14% not rated this.

**Ease to operate** 30% said *equal to expectation*, 42 % rated *more than expected* and 20% rated *much better than expected* 8% not attended.

**Security of e-banking** 30% said *worse than expected*, 26% said *equal to expectation*, 42% said *more than expected* and 4% not attended.

**Timely delivery of request** 20% said *worse than expected*, 48% said *equal to expectation*, 24% said *more than expected* and 8% not attended

**Effectiveness of complain page** 20% said *much worse than expected*, 32% said *worse than expected* 34% said *equal to expectation*, 2% said *more than expected* and 12% not attended.



### ANALYSIS AND CONCLUSIONS

This report presents result of a survey that was conducted in 2014. The aim was to gauge opinions of the general public about the provision and use of EB. It was a pilot survey and the sample size of this survey was 50 EB users, for these 50 EB users we met 102 bank customers. In 102 customers we found 50 EB users and 52 customers not use EB. 50 questionnaires were filled by personal interview and these 50 replies were used in the analysis. The survey reveals that just over half of the EB customers were making very simple use of EB services (such as balance enquiries and viewing statements), 8% of them were using online service for digital check, 12% digital cash, 10% smart cards, 38% EFT, 28% RTGS, 64% internal account fund transfer, 16% ordering cash, 10% wire transfer. Main reasons for using EB were convenience, availability and saving of time. More than half of the respondents found the EB website content to be excellent or good; however, the survey noted concerns regarding the ease of use of these websites. Help facility appears to be generally good or excellent. Security of information does not appear to be an issue, at least for those who use EB.

Although, our results cannot be generalized, this study suggests that approximately, half of the population is using EB, with time, their use of online services will increase and security is no longer a main issue.

In case of those not using EB (nearly 51%), the reasons given included: lack of social dimension and a lack of computing skills on their part. It also suggests that those who are not using EB due to lack of knowledge of current technologies and a reluctance to change and lack of confidence in the use of technology.



The aim of the survey was to gather some general opinions about the provision and use of EB. Hopefully, the results have given some initial insight into the use of EB. This was a pilot survey. A more detailed survey is being prepared, where some of the issues mentioned in this paper will be explored further; the results of the investigation will be published when available.

## REFERENCES

- Angur, M.G., Natarajan, R. and Jahera, J.S. (1999), "Service Quality in the Banking Industry: An assessment in a developing economy", *International Journal of Bank Marketing*, Vol. 17, No. 3, pp. 116-123.
- Arora R.S. (1992), "Marketing of Services: A Study of e-banking in Jalandhar Division", *Ph.D. Thesis, Department of Commerce and Business Management, Guru Nanak Dev University, Amritsar*.
- A. Parasuraman, V. Zeithaml, A. Malhotra E-S-QUAL A Multiple-Item Scale for Assessing Electronic Service Quality; *Journal of Service Research*, 7 (3) (2005), pp. 213-233
- Avinandan Mukherjee, Prithwiraj Nath, (2003) "A model of trust in online relationship banking", *International Journal of Bank Marketing*, Vol. 21 Iss: 1, pp.5 – 15
- Bady N.V. and NV. Bady, (2004), "Rural marketing" First Edition, *Himalaya Publishing House, Mumbai*.
- Balachandher Krishnan Guru, Santha Vaithilingam, Norhazlin Ismail, and Rajendra Prasad, "Electronic Banking in Malaysia: A Note on Evolution of Services and Consumer Reactions", 2001.
- Balasubramanya S. "IT wave breaks over banking", *THE CITY*, Aug – Sept 2002
- Bussakorn Jaruwachirathanakul, Dieter Fink, (2005) "Internet banking adoption strategies for a developing country: the case of Thailand", *Internet Research*, Vol. 15 Iss: 3, pp.295 – 311
- Christopher Gan, Mike Clemes, Visit Limsombunchai, Amy Weng, (2006) "A logit analysis of electronic banking in New Zealand", *International Journal of Bank Marketing*, Vol. 24 Iss: 6, pp.360 – 383
- Essam E. Ibrahim, Matthew Joseph, Kevin I.N. Ibeh, (2006) "Customers' perception of electronic service delivery in the UK retail banking sector", *International Journal of Bank Marketing*, Vol. 24 Iss: 7, pp.475 – 493
- Fisher M., Using E-Commerce to deliver High Productivity, *Journal of Work Study*, Vol. 49, Issue 2, 2000, p 59-62
- Milind Sathye, (1999) "Adoption of Internet banking by Australian consumers: an empirical investigation", *International Journal of Bank Marketing*, Vol. 17 Iss: 7, pp.324 – 334
- Mathew Joseph, Cindy McClure, Beatriz Joseph, (1999) "Service quality in the banking sector: the impact of technology on service delivery", *International Journal of Bank Marketing*, Vol. 17 Iss: 4, pp.182 – 193
- Sylvie Laforet (Management School, The University of Sheffield, Sheffield, UK), Xiaoyan Li (Management School, The University of Sheffield, Sheffield, UK) Citation: Sylvie Laforet, Xiaoyan Li, "Consumers' attitudes towards online and mobile banking in China", *Emerald* 23, (2005)
- Tommi Laukkanen, "Internet vs mobile banking: comparing customer value perceptions", *Emerald* 13, (2007)
- Uppal R. K., "Customer Perception of E-Banking Services of Indian Banks: Some Survey Evidence", *The ICFAI University Journal of Bank Management*, Volume-VII Issue-1 (Feb. 2008) Pages 63-78
- Williamson, Kirsty, and Lichtenstein, Sharman, "Understanding Consumer Adoption of Internet Banking: An Interpretive Study in the Australian Banking Context", *Journal of Electronic Commerce Research*, January 2006

## Websites

- [http://new.egg.com/visitor/0,,3\\_11078--View\\_146,00.html](http://new.egg.com/visitor/0,,3_11078--View_146,00.html)
- <http://www.firstdirect.com/>
- <http://www.computerweekly.com/Articles/2008/07/24/231613/online-banking-fraudfalls-by-a-third.htm>

---

## **FIGHT FOR RIGHTS STILL A CORE AGENDA- WITH REFERENCE TO SOME ASIAN COUNTRIES - A CRITICAL STUDY**

**Dr. C. K. Gupta**

General Manager – HR, Indian Steel Corporation Limited, Gujarat

---

### **ABSTRACT**

*The story of the growth of the Human Resource Management is in many ways connected to the gradually fading significance, in the public eye, of the Industrial Relations discipline. With the shift of economy from manufacturing sector to service to sector, in most developed economies as well as several developing economies , the newer discipline of HRM got significantly more traction in terms of being more aligned with business objectives and competitiveness. The older discipline of HR was somewhat relegated to the function of providing employees with a collective voice and unions with the means to establish standardized terms and conditions of employment within organizations and across industries.*

*Industrial relations in China, Japan , South Korea and Malaysia has undergone dramatic changes ; a look at major events that alerted the labour equations. The history of growth of the Human Resource Management is in many ways connected to the gradually fading significance, in the public eye, of the Industrial Relations discipline. With the shift of economy from the manufacturing sector to the services sector, most developed as well as several developing economies, the newer discipline of HRM got significantly more traction in terms of being more aligned with business objectives and competitiveness. The older discipline of IR was somewhat relegated to the function of providing employees with a collective voice and unions with the means to establish standardized terms and conditions of employment within organizations and across industries.*

---

### **INTRODUCTION**

The story of the growth of the Human Resource Management is in many ways connected to the gradually fading significance, in the public eye , of the Industrial Relations discipline. With the shift of economy from the manufacturing sector to the service sector, in most developed as well as several developing economies , the newer discipline of HRM got significantly more attraction in terms of being more aligned with business objectives and competitiveness. The older discipline of HR was somewhat relegated to the function of providing employees with a collective voice and unions with the means to establish standardized terms and conditions of employment with in organizational and across industries. organizations and

The First World War witnessed the rise of a mass labour movement and spread of trade unionism, majority in initial militancy rocked the complacency of the old leadership. The most salient constraint facing the Industrial Relations in Asia shifted from maintaining labour peace and stability to increasing both numerical and functional flexibility during the 1980s and 1990s. the trend is evident in seven 'representatives' Asian IR systems – India, China, South Korea, Japan, Malaysia and the Philippines.

### **MAIN INFLUENCES ON ASIAN IR STRUCTURE**

The IR systems in Asian countries have emerged from circumstances similar to those that have influenced countries in other developing regions. Western models of IR do not adequately explain and help us understand the shape of Asian IR. The distinguishing features of a developing country's IR systems have been explained as “---a dualistic economic structure, where a pre-capitalist economic system mainly dominates the scene, a small industrial sector and the related small numerical size of the working class, a segmented labour market, where a sharp dualism both, between modern and traditional manufacturing sectors and between small and large firms exists, the dominance of the state in the industrial sector , weak trade unions , and thus the absence of collective bargaining between employers and employees.”<sup>(1)</sup>

On the whole, western industrialization did not take place under State direction or patronage, but in a laissez-faire setting in which an entrepreneurial middle class. Due to its relative homogeneity, this working class found it possible to organize itself collectively into trade unions to protect and further its interests. Western governments did not 'create' unions.

On the other hand, majority of Asian and other developing were subject to foreign occupation during which no indigenous entrepreneur of any significance emerged, who could spearhead the industrialization process in the post-colonial period. During the colonial period, governments assumed a dominant role, which they did not have in their home, countries.

It was only after the industrialization process that an entrepreneurial class emerged to take over some part of the governments' role in economic activity. In some East Asian Countries the government nurtured and assisted in the development of this class. Governments' determination of the economic direction of developing countries was a critical factor in shaping the IR systems. This led to emergence of the government as the largest employer.<sup>(2)</sup>

IR and HR Policies have played an important role in the economically successful Asian countries and if they have failed to promote economic development in South Asian Countries, the fundamental problem lies in the economic direction that did not adapt to changing circumstances. Unions in some South Asian Countries have been demanding nationalization of industries and enterprises. Acceding to their demands led to a substantial loss of investments and opportunities to modernize national economies.<sup>(3)</sup>

## **CHINA**

The IR structure in China can be categorized into four phases: First phase (1860-1920): China's IR system must be understood in terms of its economic and political organization. The All China Federation of Trade Unions (ACFTU) was set up in 1925 and its incorporation into the Chinese communist party defined the labour movements.

Second phase (1920-1940): Formation of transmission belt ostensibly contributed to development of the state's industrial, employment and welfare goals. The main characteristics included state ownership of industrial enterprises, implicit guarantee of employment and an administrated allocation of labour irrespective of the price mechanism.

Third phase (1940-1960): Centralized state planning of production and distribution, centralized wage setting and HR policy determination, a rigid labour market with little inter-enterprise or inter-regional mobility and absence of price-or efficiency-driven controls over industry were the key characteristics.

Fourth phase (1960-2009): The broad industrial policy was a mixture of heavy industrialization. China pursued three inter-related labour policies: first, it introduced contract labour systems; second, the wage system was changed that brought disparities. This was done to link the performance with enterprise productivity and individual performance. Third, the government marketised the social security system by transferring the responsibility of social welfare from work units to individuals.<sup>(4)</sup>

## **Trade Unions in China**

Since the 1990s, the trade unions in China have experienced three key phases of transformation, namely a period gradual decline from 1993 to 1999, a period of rapid growth from 1999 to 2002, and a period of growth and consolidation since 2003. From the early 1990s, China started to take decisive measures to strengthen its post -1978 economic reforms, with the gradual introduction of privatization, corporation and restructuring of public sector, increasing use of contract management systems, and growing numbers of troubled state-owned enterprises (SOEs) pushed into bankruptcy. The late 1990s were indeed the most difficult period both for the government and for the trade unions. The Asian financial crisis of 1997-98 caused a serious economic downturn, with an increasing number of private enterprises closing down due to lack of export markets. At the same time there was subsequent restructuring of public sector firms. The economic downturn also increased the incidence of labour disputes over delayed or unpaid wages, weak labour-contract protection for workers and lack of compensation for injury. Consequently , many 'grass roots workers' protection groups' emerged that were independent from the ACFTU. In June 2000, the apex body of the ACFTU established a new policy that aimed at developing new enterprise-based unions as 'an urgent task'.<sup>(5)</sup>

Since the 1978 reforms, China has achieved high economic growth rates with the economy growing by 11.9 % in the first three months of 2010. But such progress has been at the cost of social inequality and environmental degradation. Chinese exports has been hit by the global recession with 67,000 companies going bankrupt in the first half of 2008 and 20 million workers losing their jobs. There were also reports that over 2000 shoe factories in the Pearl River Delta have faced bankruptcy and approximately 20 % of small and medium-sized enterprises in Zhejiang had been similarly affected. Consequently, factory closures sparked labour unrest in a country where a Communist government came to power on a political platform guaranteeing full employment. In 2010, there was evidence of increased militancy , among the workforce in a number of manufacturing sectors, as the economy bounced back. The strikes at Foxconn's and Honda's plants, amongst others in Southern China resulted in major pay rises being conceded and a wave of disputes.<sup>(6)</sup>

**National Labour Law**

In 1994, the standing committee of the National People's Congress passed the first national labour law of the People's Republic of China.<sup>(7)</sup> The Labour Contract Law was subsequently implemented in 2008.

It must be added, however , that law in China has been conceived of as an instrument of government policy , there still being no independent judiciary.<sup>(8)</sup>

**Major Strikes**

The Honda plant in Guangdong (China) witnessed clashes between workers and government-backed trade union staff in 2010. The staff were demanding their pay be raised to between 1700 Yuan and 2500 Yuan a month. The scuffle broke out after some union staff tried to video the workers and the latter tried to snatch the camera. The situation deteriorated. The embarrassing incident –one of the largest industrial actions at a JV company in recent years- broke as Premier Wen Jiabao met Japanese PM Yukio Hatoyama in Tokyo. The two sides endeavoured to strike a cordial note following a series of tense naval incidents.

In May, 2012, around 1000 shoe factory workers in Dongguan walked out in protest at management plans to cut their monthly bonus from the usual 500 Yuan to just 100 Yuan. When the management refused to talk, a worker posted the grievances on his micro blog. When journalists sought to know what was going on, they were refused entry but the next day the management, under pressure from local government officials, agreed to increase the bonus and the strikers returned to work.

Strikes in China have increased over the past six months and these disputes have expanded across different sectors. In March 2012, a sudden increase in the price of fuel led to an upsurge in strikes by bus and taxi drivers. The following month, the manufacturing sector once again took centre stage as workers protested low pay and plans by their employer to relocate , merge or downsize. The growing number of strikes has promoted a lively debate on the key issues currently plaguing labour relations in China. The journal *Collective Bargaining Research*, for example, focused on a particularly emblematic dispute at the Korean-owned LG factory in Nanjing. The large-scale strike illustrated all the problems inherent in the current ad hoc model for resolving labour disputes in China.

**SOUTH KOREA**

The south Korean case shows the globalization trend in the 1990s and the 1997-98 financial crisis had two contrasting effects on labour rights. On the one hand , these developments resulted in negative labour market outcomes –increased unemployment , greater use of contingent workers , and widened income inequalities and on the other hand , they led international organizations such as the Organization for Economic Co-operation and development ( OECD) and the International Labour Organization ( ILO) to play important roles in improving labour standards in Korea. Contrary to the common belief, the Korean case shows globalization and intensified competition resulted in stronger , strategic responses from labour by stimulating employees' interest in and reliance on trade unionism.

Recently, decentralization of IR appears to be a common issue around the world. The main concerns are individualization and flexibility and decentralized IR is often demanded as assign of a globe standard. But things are not that simple in South Korea, where the need of the hour is centralized bargaining systems to decide working conditions. In South Korea, the traditional social- economic influence of a trade union has not been decisive with co-operative enterprise-level unions being the typical type of labour organization. But since the democratization in the 1980s, labour unions have played key roles and have become more active in improving working conditions and also making their voice heard when it comes to devising labour laws and policies.

Since 1998, there have been two major union federations, whose guaranteed legal status has given them influential power in creation of social policies by participating in the Tripartite Commission. In general , industrial –level unions tend to be supported as they may lead to a strong bargaining power and other employee representation systems may appear to stand at the crossroads.

**Decline in Union Density**

Union density has been declining for 15 years after hitting a peak in 1989 at 19.8 %. For example, the average for the years 1997 to 2001 was 12 % and for 2002 to 2003 it recorded 11 %. Comparing 2004 with 2003 union

density as a whole is declining. The number of salaried workers is increasing , but the number of union members has not changed significantly.

Hundreds of armour –clad thugs from a private strikebreaking firm raided the site of a peaceful protest against a management-imposed lock-out at the SJM car parts factory in Ansan, South Korea, July 2012. S Nearly 34 workers were injured and many hospitalized. At the same time, workers of another auto part manufacturer, Manado Corp, were also locked out by management. The workers were members of unions of affiliated with the Korean Metal Workers Union (KMWU). Both the incidents took place after workers at the companies were involved in collective bargaining.

In May 2011, workers at Yoosung factory in Asan( contracted to supply bearings to Hundai) were in a similar situation. Lockouts and use of hired goons have become trademark methods of union busting in South Korea.

### **Hyundai Motor Strike**

The union at South Korea's top automaker Hyundai Motor went on a partial strike recently, sparking fears of vehicle shortage. The company's 44,000 strong union put down for two hours, demanding higher wages and an end to night shifts. On August 1, 2012 the union staged its first strike in past four years. Hyundai called for a speedy settlement of the disputes, stating the company and union should join forces to ride out an unpredictable business environment. The labour action came as Hyundai and its affiliate Kia Motors, which together form the fifth largest automaker by sales posted robust sales in the first half of this year.

### **JAPAN**

Unlike South Korea labour unions in Japan are more prominent than they were in the past. According to an essay by Sadahiko Inoue published on the international Institute for Labour Studies website, the Japanese trade union movement was unified in 1989 when Rengo ( the Japanese Trade Union Confederation ) was formed as a national centre of trade unions , representing the overwhelming majority of unionized workers. Rengo has been seeking to promote a flexible trade union movement which still draws on the traditions and historical evolution of Japanese trade unionism. In the course of social and political developments during the 1990s trade unions have become more influential than in plant.

Japan's long-term economic stagnation since the burst of the bubble economy in 1991 put much pressure on labour unions, creating new dilemma for them with respect to mobilizing workers. On the one hand, the rising number of contingent workers and the working poor reaffirms the necessity of labour unions as a defender of the interests of the working class and on the other hand the diversification of employment experiences makes it harder for unions to establish solidarity among workers, and the low unionization rate further deprives them of legitimacy as representatives of workers. Consequently, while the weaknesses and limitations of the labour movements continue to be exposed, numbers of individual-level labour disputes have skyrocketed in recent years, indicating the dysfunctional state of union activities.

Taming the labour movement or pacifying the state of industrial relations has always been a priority for managers. There are various ways to achieve to achieve this end, but in the post-war period "the politics of productivity" constituted a common strategy for managers in advanced industrialized countries, albeit varying degrees. The politics of consumption in Japan takes place at two levels. First workers are treated as consumers or clients which results in existing labour laws and employment protection becoming outmoded and irrelevant. Second , majority of the public consume politics passively instead of actively engaging in politics through civil society organizations, thus becoming an attractive target for the mobilization efforts of populist politicians.

### **1995: A Turning Point**

In retrospect , 1995 was a critical year for the labour movement in Japan, which witnessed three key incidents. Two of those were declarations describing a new Japanese management model made by Nikkeiren ( Japan Federation of Employers' Associations ). The third was creation of a government organization called 'the deregulation subcommittee'. As a combined result, 1995 paved the way for a paradigm shift in Japanese management such that low-wage contingent workers became an integral part of the Japanese economy.

### **MALAYSIA**

The decline in union density worldwide signifies weakening of their influence ( Aminuddin 2008, Bramble 2001, Benson and Zhu 2008, Heery 2002 ). Membership decline, structural changes in employment,

management practices, membership participation and democracy, the legislative frame work and the political influence have been under scrutiny in the developed countries. ( Waddington & Whitson1993 ).

In addition, trade unions are confronted by economic factors, generally beyond their control , such as threat of capital flight and overseas competition. The Malaysian trade union movement is in such a predicament and it can be argued that the movements is faced with a number of challenges from changing labour market structure and neo-liberal policies. Todd and Peetz ( 2001) argue that overall Malaysian Industrial Relations remain firmly within the ‘ control’ rather than the ‘commitment’ framework. The state interventions remain pervasive, managerial control in the workplace continues to dominate and labour’s ability to bargain collectively remains restricted. The provisions in legislations such as the Trade Unions Act 1959 and the Industrial Relations Act 1967 have made it very difficult for workers to organize themselves.

After independence , the government embarked on programmes aiming at rapid industrialization. To prevent unions from imposing limitations on these policies, government introduced a series of labour laws. IR practices have changed since the general unionism from the 1920s to the defeat of the Communist trade union movement in 1947-48 , and industrial unionism from 1948 until the 80s-when it now faces the prospect of being replaced by enterprise unionism.

### **CONCLUSION**

The debate on Industrial Relation must include employer-employee relations and mutual understanding and implement more effective negotiation skills and find out the better solution of every conflict to create the working amicable and cordial environment in the industry. The history of Industrial Relations in Asian countries dates back to pre –independence and since then, it has gone through stages of evolution , both good and bad.

### **REFERENCES**

1. S.A. Siddique “Industrial Relations in A Third World Setting: A Possible Model” in 1989 ( vol. 31) The Journal of Industrial Relations ( Australia).
2. S.A. Siddique “Industrial Relations in A Third World Setting: A Possible Model” op.cit.at 393.
3. S. Hill and K. Thurley “Sociology and Industrial Relations” in 1974 British Journal of Industrial Relations 147-170.
4. The Journal of Sri Krishna Research & Education Consortium, Asia Pacific Journal of Research in Business Management, International Indexed & listed Referred e-Journal, Industrial Relations in BRIC Nations-A Study by Sona Vikash, Ansal Institute of Management .
5. Ziang, Y.M. 2003, “Lishan Yu Chongtu: Zhongguo Gonghul Yu Dang-Guojia De Gunaxi” ( Cooperation and Conflict: The Relationship between Chinese trade unions and the Party/State.
6. Quinn, N., 2010, Interesting Times as Firms look east, Sunday Times, 11 July.
7. Legislating harmony: Labour Law reform in contemporary China; Mary E. Gallagher, Department of Political Science & Baohua Dong, East China University of Politics and Law, Shanghai.
8. Asia Pacific Business Review, Oct 2011.
9. Employee representation system in South Korea –By Choi Sukhwan Ph.D. candidate of Law , Seoul National university , Post-graduate International Research Student, University of Tokyo.
10. Labour History , volume 49 no. 2, May 2008, 161-176, Labour Politics in Japan during “ The last 15 years ‘from the Policies of productivity to politics of consumption –Maria –Miura, Sophie University , Tokyo.
11. Trade in unions in Malaysia: Perspective of Employers & Employees of Unionized Companies , Raduan Che Rose , Naresh Kumar & Nagiah Ramaswamy.

**PROFITABILITY ANALYSIS OF CASHEW PROCESSING COOPERATIVE SOCIETY : A  
COMPARATIVE STUDY (SPECIAL REFERENCE TO KAPRADA TALUKA IN VALSAD DIST)**

**Patel Dilipkumar Chunilal**

Research Scholar, Pacific University, Udaipur ( Rajasthan)

**ABSTRACT**

*Financial Profitability is the process of identifying the financial strengths and weakness of the firm or business unit from the available accounting data and financial statements. This study aims at analyzing the financial profitability efficiency of the Mandava Cashew processing Cooperative society And Dixal Cashew processing Cooperative Society in Valsad District in Gujrat state in India both selected Cooperative society has working same activity. by Researcher's using various tools. Like average, standard deviation, T test and Co relation used on data analysis. The study has been undertaken for the period of 5 years from to 2013-14. In order to analyze financial health in terms of Profitability.*

*Key word : Ratio analysis, Profitability, average, t test , net profit , operating ratio*

**INTRODUCTION**

Profitability ratios measure a company's or Business ability to generate earnings related to sales, assets and equity. This ratios assess the ability of a business firm to generate earnings, profits relative to some metric, often the amount of money investment. They show how effectively the profitability of a company or business firm is being managed. Common examples of profitability ratios include return on sales, return on investment, return on equity, return on capital employed (ROCE), cash return on capital invested (CROCI), gross profit margin and net profit margin. All of these ratios indicate how well a company or any business firm is performance at generating profits or revenues relative to a certain metric calculation. Different profitability ratios provide different useful sight into the financial health , stability and performance of a company or any business firm.

For most of this ratio, a higher value is desirable. A higher value show means that the company or business firm is doing well and it is good at generating profits, revenues and cash flows. Profitability ratios are of little value in isolation. They give meaningful information only when they are analyzed in comparison to competitors or compared to the ratios in previous periods.

**ABOUT KAPRADA TALUAK**

Different education level of five talukas of dist Valsad of Gujarat can be seen .Base on the education level of



the people, a variety can be seen in their languages, culture, living standard etc has undergone a huge changes in last two decades to go. One can not ignore the opportunity in term of trade, religion, heritage, and industry in these areas under study. Even today one can see the presence of traditional as well as modernization touch in the business of these local areas. The areas are surrounded by lush green natural beauty covering the areas by hill. Even till date, many areas are

under developed. Due to bad economic condition, many people are still living below poverty line. We find good presence to traditional system of "HAAT" bazaar catching the heart of local peoples. People prefer to visit such bazaar for buying their basic requirement .The political benefits has not reached this areas and that is also responsible for underdevelopment of this areas. Considering all the above mention factors.



**LITERATUTRE REVIEW**

**Mr. R.V. Keshwara ( 2009)<sup>1</sup>** in the article name : **A Study of Financial Performance of Aluminium Industry in India** .The present study deals with the analysis of financial performance of alluminium industry in India, which are mainly engaged in production of Alluminium Products, This study is aimed at exploring t financial performance of alluminium industry in India. The Indian aluminium industry is blessed with an

abundant supply of quality bauxite, the key raw material, at a very low cost. The industry has a ready domestic and overseas market for the finished product. India has the fifth largest bauxite deposits, accounting for 7.5% of the global deposits. But its installed capacity is only 3% of the global capacity. The per capita consumption of Aluminium in India is relatively poor at 0.6 kg as against 16-35 in Developed countries like UK, Japan, USA, Germany and France. Hence, there is enough scope for India to become a favorite location for building alumina refineries and smelters. As the government continues to give a thrust to the electrification process, estimated to cost Rs 900 billion over the next decade, the aluminium industry stands to gain the maximum because 31% of the demand for aluminium comes from this sector.

**Prof. Mr.D. Nidhyananth And Ms.C.Aarthi (2010)<sup>2</sup>** The present study of the research entitled “ **A Study on Financial Performance Using Ratio Analysis at Sakthi Sugar Ltd Sivagangai Unit** The study was based on secondary data from records, reports and profile of the organization. The validity of any research is based on the systematic method of data collection analysis. The Ratio analysis is the process of identifying the financial soundness and cost effectiveness of the firm by establishing relationship between the items of balance sheet and profit and loss a/c. The present study has thrown major concentration in ratio analysis, from the 5years balance sheet and profit and loss a/c. An objective of the study includes the profitability, cost of goods sold and other experience company overall financial performance of the company. Short term-long term position of the company. Based on the five years balance sheet and profit and loss a/c suitable suggestion were given by the researcher for a better soundness and cost effectiveness of the company.

**T Venkatesan And Dr. S.k. Nagrajan (2012)<sup>3</sup>** In title of research “ **An Emperical Study of Profitability Analysis of Selected Steel Company in India.** India is among the top producers of all forms of steel in the world. Easy availability of low cost manpower and preference of abundant referrers make India competitive in the global set up. Finance is needed for day to day operation. I can be considered as a life blood for business. Profitability is the profit earning capacity which is a crucial factor contributing for the survival of the firms. The profitability level should maintain at increasing level in order to overcome this problem. The data is purely based on secondary Profitability position is major determined by the direct and indirect expenses and two way ANOVAs of ROI of selected steel company was, there is a significant different on the selected steel company viz, they are maintaining different level of returns on their investment and correlation of sail to tata of Net Profit and bhushan to jsu of OP was positive it tells, they are maintaining similar level in the Net Profit a of sail to tata and jsu to bhushan of OP. finally tata, sail has got better first better performer in the area of earning power. Bhushan and jsu have got second better performer in the area of overall earning power. Visa’s financial position has a negative result of the study period. It is the drawback to get lost position in their analysis.

**Mital Menapara1 and Dr. Vijay Pithadia (000)<sup>4</sup>** A study on Financial Perfomance Selected Companies During Prepost Merger and Acqusition ” As per current scenario corporate restructuring is one of the most widely used strategic tools. In daily news we come across frequently with the headlines of merger, acquisitions, takeover, joint venture, demerger and so on. Since last two decades as especially after, the liberalization and consequent globalization and privatization have resulted into tough competition not only in Indian business but globally as well. The present study is mainly based on secondary data. In order to evaluate financial performance, Ratio analysis, Standard Deviation and ‘t’ test have been used as tools of analysis.

**Robert Hogerwerf ( 2010)<sup>5</sup>** Title “ **A financial health test for Dutch Hospital** ” A literature review identified a list of A financial ratio to assess the financial performance of hospitals in addition banks were interwed . researcher applied statistical tools Analysis of variance ( Anova ) to test the hypothesis the data for research were obtained from the cbg and Included Hospitals. Following position of the hospitals Liquidity : the liquidity ratio are indicate that for most hospitals current liability exceed the current Assets the low liquidity is mainly due to late clouser of DBC’s and late invoice. The recovery to large repayment obligance to health care insures the implications for hospitals.



#### **OBJECTIVES OF THE PROPOSED STUDY**

- ✎ To study the financial Profitability of selected Cashew processing Co-operative Societies.
- ✎ To make comparative study of the selected Cashew Processing Co-operative Societies.
- ✎ To make suggestions for the betterment of the Selected Co-operative Societies.



#### **HYPOTHESES**

**Ho :** There is no Correlation in the Gross profit ratio, Net profit ratio , Operating ratio , of mandava and Dixal Cooperative society.



**H1 :** There is Correlation in the Gross profit ratio, Net profit ratio And Operating ratio, of mandava And Dixal Cooperative society.



### IMPORTANCE OF THE STUDY

Today's world had become very competitive. In each field thousand's of competitors has entered the market. In the changing market scenario equipped with science and technology, they re struggling to survive in the market, whether it is a field of knowledge, business or any other Profession. Even the Indian economy is not free from the air of liberalization, privatization and globalization. The public sector has to become more active and should also take necessary measures to fit them in the changing economic scenario. A study on the problem faced and its relevant solution, so that the people of these areas get good service from this co-operative society. This co-operative society can act as a role model to be followed by other society of the Kaparada Taluka. Other co-operative society can follow the management system for improving the financial position of the society.



### STATESTICAL TOOLS USED

MEAN, STANDARD DEVIATION, AND VARIATIONS:

used to find out the average position of accounting ratios related to Profitability analysis.

CORRELATION ANALYSIS : used for to identify the relationship between short term Profitability analyses of the cooperative Society.



### SOURCE OF INFORMATION

- Personal talk with the chairman of the selected co-operative society.
- Personal talk with the accountant of the selected co-operative society.
- Visit to the district industry center of Valsad district.
- Members of the co-operative society
- Other documents related to the study will be used:
  - ✓ Monthly Magazine
  - ✓ Books/literature/research papers/articles etc
  - ✓ Internet
  - ✓ Research conducted by other state co-operative society



### LIMITATION OF THE STUDY

1. The study has been conducted over a limited period of five years only.
2. The study is mainly based on secondary data.
3. The study is limited to a two Selected Cooperative society only.
4. The study is based on consolidated financial statement, which may lead to some errors and assumptions.
5. Researcher take study area only Kaparad taluka in valsad district

### ❖ Gross profit ratio

Gross profit ratio (GP ratio) is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is a highly popular tool to evaluation the operational performance of the business .

The ratio is computed by dividing the gross profit figure by net sales. The basic components of the formula of gross profit ratio (GP ratio) are gross profit and net sales. Gross profit is equal to net sales minus cost of goods sold. Net sales are equal to total gross sales less returns inwards and discount allowed. The information about gross profit and net sales is normally available from income statement of the company or any business firm.

**Table : 1 Gross Profit Ratio of Cashew Processing Cooperative Society**

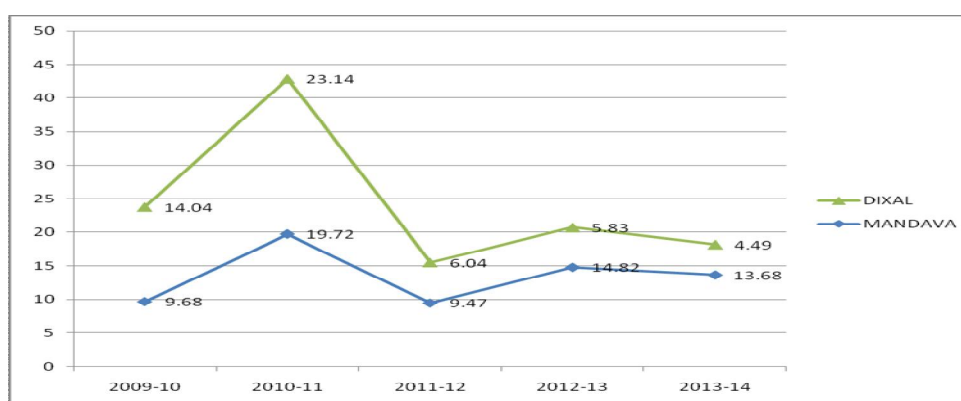
YEAR	MANDAVA	DIXAL
2009-10	9.68	14.04
2010-11	19.72	23.14
2011-12	9.47	6.04
2012-13	14.82	5.83

2013-14	13.68	4.49
Mean	13.474	10.708
S.D.	4.221762665	7.904199517
Variance	17.82328	62.47637

**Source :** Compiled calculated data

### Interpretation

Gross profit ratio shows the margin of profit. It is clear from the table that the gross profit ratio is falling year by year. Mandava society For the year 2009-10 the Gross Profit ratio was 6.68 . where as it was increased to 19.72 for the year 2010-11, and discreased The GP Ratio was to 9.47, for the year 2011-12 , and it has increased to 14.82 in the year 2012-13. Again discreased in the year 2013-14 on 13.68. The Mandava Cooperative society Mean Value was 13.47, Standard Deviation was 4.22 and Variance Value was 17.82. Hence it was found that the Gross profit Profit Ratio was Medium average also found. The Gross Profit ratio Dixal Cooperative society was 14.04 in the year : 2009-10, where as it was Increased 23.14 was 2010-11. And every year was discreased ratio in study period. And Mean Value was 10.70 , standard deviation 7.90 and Variance was 62.47. It is Concluded that Gross profit ratio was Mandava Cooperative society good average per year to compare with dixal cooperative society.



### ❖ Net profit ratio

Net profit ratio (NP ratio) is a famous profitability ratio that shows relationship between net profit after tax and net sales. It is calculate by dividing the net profit (after tax) by net sales.

For the purpose of this ratio, net profit is equal to gross profit minus operating expenses and income tax. All non-operating revenues and expenses are not taken into account because the purpose of this ratio is to evaluate the profitability of the business or company from its primary operations. Examples of non-operating revenues include interest on investments and income from sale of fixed assets. Examples of non-operating expenses include interest on loan and loss on sale of assets.

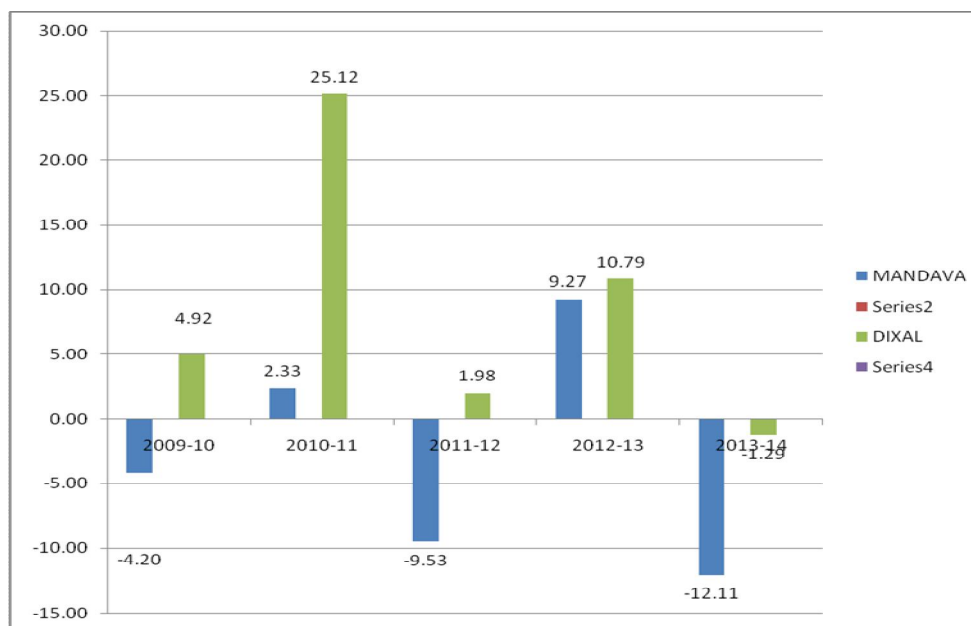
**Table : 2 Net Profit Ratio of Cashew Processing Cooperative society**

YEAR	MANDAVA	DIXAL
2009-10	-4.20	4.92
2010-11	2.33	25.12
2011-12	-9.53	1.98
2012-13	9.27	10.79
2013-14	-12.11	-1.29
Mean	-2.848	8.304
S.D.	8.745274152	10.39768388
Variance	76.47982	108.11183

**Source :** Compiled calculated data

### Interpretation

Net profit ratio determines overall efficiency of the business firm. It indicates the extent to which management has been effective in reducing the operational expenses. Higher the net profit ratio, better it is for the business. It is clear from the above table that the net profit ratio is just 2.33 for the year 2010-11. And 9.27 for the year 2012-13. it was discred -12.11 in the year 2013-14. During the year 2009-110 it was very low profit ratio -- 12.11. Average value was -2.848, Standard deviation 8.74 and Variance was 76.47. Dixal Cooperative society was 4.92 in the year 2009-10. Again increase ratio 25.12 in the year 2010-11 the ratio was Increased Vry High to 2010-11. DIXal Cooperative society Mean Value was 8.304 and standard deviation was 10.39 and Variance was selected society 108.11.



### ❖ Operating ratio

The operating ratio is the ratio of production and administrative expenses to net sales. The measure excludes financing costs, non-operating expenses, and taxes. Essentially, it is the cost per sales dollar of operating a business. A lower operating ratio is a good indicator of operational efficiency, especially when the ratio is low in comparison to the same ratio for competitors and benchmark firms.

The operating ratio is only useful for seeing if the core business is able to generate a profit. Since several potentially significant expenses are not included, it is not a good indicator of the overall performance of a business, and so can be misleading when used without any other performance metrics. For example, a company may be highly leveraged and must therefore make massive interest payments that are not considered part of the operating ratio.

**Table : 3 Operating ratio of Cashew Processing Cooperative society**

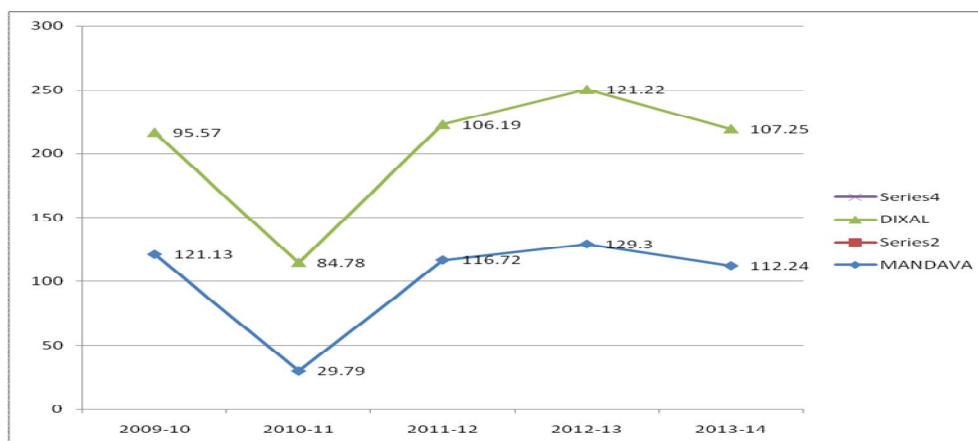
YEAR	MANDAVA	DIXAL
2009-10	121.13	95.57
2010-11	29.79	84.78
2011-12	116.72	106.19
2012-13	129.3	121.22
2013-14	112.24	107.25
Mean	101.836	103.002
S.D.	40.76436103	13.66912836
Variance	1661.73313	186.84507

Source : Compiled calculated data

### Interpretation

Operating ratio determines overall working management efficiency of the business firm. It indicates the extent to which management has been effective in reducing the operational expenses. Higher the operating ratio not satisfied it is for the business. It is clear from Mandava Cooperative society the above table that the Operating ratio is just for the year 2012-13 on highest 129.3. And lowest ratio was 2010-11 on 29.79. Mean Value was 101.836 and standard deviation was 40.76.

Dixal Cooperative society Clear that Highest operating ratio was 2012-13 in 121.22 and Lowest ratio was 2010-11 in 84.78 and all study period was average position of dixal cooperative society. Mean value was 103.02, Standard deviation 13.66. and Variance was 186.84.



### Hypothesis Testing Student's ' T ' Test And Testing Correlation ( Gross Profit ratio, Net profit ratio and Operating Ratio )

Particular	Gross Profit Mandava & Dixal	Net Profit Mandava & Dixal	Operating ratio Mandava & Dixal
Correlation	0.56827	0.69528	0.79027
Calculated Value of T test	0.39584	0.030782	0.93723
Table Value of T test	2.77644	2.77644	2.77644
Significance	No Correlation	No Correlation	No Correlation
	(H0 is Accepted)	(H0 is Accepted)	(H0 is Accepted)
Level	5%	5%	5%

### Interpretation

The table indicates the correlation and student's T test value to Mandava and Dixal Cashew Cooperative Society in Kaprada taluka. The Highest Correlation between 0.79 operating ratio and Lowest Correlation was gross Profit ratio between Mandava and Dixal Cashew Processing Cooperative society.

When all selected ratio students ' T ' test was applied at 5% of significant level, calculated value was less than table value for Mandava and Dixal Cashew processing Cooperative society i.e., so, alternative hypothesis rejected and Null Hypothesis was accepted.

### ❖ FINDINGS

- Gross Profit ratio the Mandava Cooperative society was highest was 2010-11. And Lowest ratio was 2011-12. Mean Value was 13.4. and Standard Devition 4.22, and Variance 17.82. Every year average ratio maintain in study period. Wherever Dixal Cashew Processing Cooperative society gross profit highest

ratio was 2010-11. And lowest ratio was 2013-14. first two year ratio was good but last all year ratio was very low. So it concluded that Mandava cooperative society gross profit good to compare Dixal cooperative society.

- Net profit ratio Mandava Cashew Processing Cooperative Society. Highest ratio was 2012-13 and Mean value -2.84. and all study period position was not Satisfied. Dixal cooperative society highest ratio was 25.12 for year 2010-11. And lowest ratio was 2013-14. Mean value 8.30 and Variance 108.11. Dixal cooperative society Net profit satisfied compare to Mandava cooperative society.
- The operating ratio is showing negative results Mandava society was in the year 2010-11. And Dixal Cooperative society was 2009-10 and 2010-11. Hence, the expenses the both Cooperative society, was average position, but no more satisfied. because every year was no regular maintain ratio.

#### ❖ CORRELATION FINDINGS

The table indicates the correlation and student's T test value to Mandava and Dixal Cashew Cooperative Society in Kaprada taluka. The Highest Correlation between 0.79 operating ratio and Lowest Correlation was gross Profit ratio between Mandava and Dixal Cashew Processing Cooperative society. all ratio are maintaining positive Correlation.

#### ❖ THE FINDINGS FROM ' T ' TEST

- Student's t test at 5% significant level showed significance in Gross Profit , Net profit and Operating Ratio.
- The calculated value of t in Gross Profit ratio mandava and dixal was 0.39 which is less than table value of 2.77. Hence null hypothesis accepted i.e., no Correlation between Gross profit ratio of Mandava and Dixal.
- The calculated value of t in Net Profit ratio Mandava and Dixal was 0.03 which is less than table value of 2.77. Hence null hypothesis accepted i.e., no Correlation between Net profit ratio of Mandava and Dixal.
- The calculated value of t in Operating ratio Mandava and Dixal was 0.93 which is less than table value of 2.77. Hence null hypothesis accepted i.e., no Correlation between Operating ratio of Mandava and Dixal.

#### ✎ SUGGESTION

1. Management should take steps to increase the Gross profit ratio. The cost of the goods sold appears to be at Medium side and the sales also needs to be increased with more margin to keep the Gross profit ratio at higher end.
2. The Cooperative society has to sale be increased and the management has to reduce its operational expenses.
3. The Cooperative society should Make strong market Strategies and increase to sales.
4. Management should control to get the operating profit. If the firm is not in a position to maintain very good percentage which shall be positive, then the firm has to face several problem for profits and as well as margin. The management has to take several steps to bring back the selected Co operative society on the rail.

#### ❖ CONCLUSION

After the analysis of various data, related to selected Cashew Processing Cooperative societies in Kaprada taluka founded in secondary financial statements, it clear that profitability more or less , reduce expenses and good quality of working management in the Cashew, . It is worthwhile to increase capacity and use advance technology to cut down cost of Cashew Processing and wage cost in order to increase profitability, not only against the investment. These research study are helpful to increase profitability of selected Cooperative society in future prospects. the correlation of Mandava and Dixal all selected ratio was positive. Gross profit , Net profit and Operating ratio conclude by ' T ' test, all selected ratio, there is no Correlation Between Mandava and Dixal Cooperative society.

#### BIBLIOGRAPHY

1. Mr. R.V. Keshwara ( 2009) Thesis Doctor of Philosophy Saurashtra University. Author is Lecturer of Business Management Shree K.H. Madhwani college , Porbandar( Gujarat)

2. T Venkatesan And Dr. S.k. Nagrajan(2012) \*Research Scholar, Bharathaiar University, Coimbatore, Tamilnadu, India. \*\*Assistant Professor, Department of Business Administration, Annamalai University, Tamilnadu, India. International Journal of Marketing, Financial Services & Management Research Vol.1 Issue 10, October 2012, ISSN 2277 3622
3. Mital Menapara1 and Dr. Vijay Pithadia (000) 1 Research Scholar of Karpagam University Abhinav Journal .Com monthly reffered journal Vol.1 Issue 11
4. Robert Hogerwerf ( 2010) Faculty : Management and Governance Finance and Accounting A thesis of University of Twente
5. Agrawal N.P. ( 1981) in the book "Analysis of Financial statements" In publication National publishing House,New Delhi
6. Chaudhari S.B. ( 1964) in book " Analysis of company financial statement on published throgh Asia publishing House,London
7. Gupta R.L.(1980)in the book " Financial Statement Analysis" in publishedthrogh Sultan chand And sons,New Delhi
8. Jain P.K ( 1988) in the book ".management of State enterprise in india" published through National Publishing House,Jaypur
9. Guthmanan H.G. (1968) in their book " Analysis of Financial Statement " in published through Prentiese Hall of india Pvt.Ltd,New Delhi
10. Khan And Jain ( 1987) 7<sup>th</sup> Edison their Book name : Financial Management by publish Tata Mechgrow Hill publishing. Delhi.

**Magazine**

- Arth Sankalan
- Gram Swaraj
- Gujrat Samachar
- Indian Co.Operative Review
- Rachna-Monthly
- Sandesh Gujrat Daily
- Sahkar-Weekly
- Vikal Quarterly
- Yojna Monthlhy

---

## **CONTRACT FARMING: ADVANTAGES AND PROBLEMS**

**Harish. N**

Research Scholar, Department of Studies & Research in Economics, Tumkur University, Tumkur, Karnataka

---

### **ABSTRACT**

*Contract farming is a contractual agreement between the two parties- one is farmer and other is any private firm. It includes the main features such as pre-determined price, quality and quantity of finished product at the time of delivery. Contract farming provides a true relationship between the farmer and firm. Firms guide and monitor the farmers throughout the duration of contract. Present research paper made an attempt to study the cost-benefit analysis of contract farming in India and advantages and disadvantages of contract farming for farmers and sponsors. Keeping in view the objectives of the paper an appropriate methodology is adopted. As far as methodology is concerned, paper is totally based on secondary data.*

*Key Words: Agriculture, Contract Farming, Infrastructure. Farmer's, Sponsors.*

---

### **INTRODUCTION**

The structure of Indian agriculture has undergone rapid changes during the nineties due to the pressure of commercialization and increased dependence on trade. One of the important characteristics of Indian agriculture is the small size of land holdings and the inability of the Indian farmers to compete with the large scale farming of the developed countries. One of the ways to deal with this system is to bring small and marginal farmers together to deal with a particular agriculture product.

### **CONTRACT FARMING**

The concept of contract farming in rural India is not very old. Contract farming is agricultural production carried out according to an agreement between unequal parties: companies, government bodies or individual entrepreneurs on one side and economically weaker farmers on the other, which establishes conditions for the production and marketing of farm products. In this process the farmer agrees to provide established quantities of a specific agricultural product, meeting the quality standards and delivery schedule set by the purchaser. In turn, the buyer commits to purchase the product, often at a pre-determined price. In some cases the buyer also commits to support production through supplying farm inputs, land preparation, providing technical advice and arranging transport of produce to the buyer's premises. When contract farming is managed efficiently it reduces risk and uncertainty for both as compared to buying and selling crops in the open market.

In India, the contract farming concept was prevalent in the sugar industry where farmers agreed to grow sugarcane at a pre-notified price for decades. Later on established business houses like PepsiCo, Reliance, ITC, Hindustan Uni-Lever and McDonalds have entered into agricultural production and introduced a number of horticultural crops and now their products have a high demand in the international markets. As with any form of contractual relationship, contract farming has both advantages and disadvantages. If any party does not follow the terms of the contract, then the affected party stands to lose. Despite the problems, contract farming is gaining popularity in rural India. This study reviews the major advantages and disadvantages of contract farming in India.

### **ADVANTAGES FOR FARMERS**

Contracting is fundamentally a way of allocating risks between a company and the farmers. The main advantage of contract farming for farmers is that the buyer (sponsor) undertakes to purchase all produce grown, within specified quality and quantity parameters. Contracts also provide access to a wide range of managerial, technical and extension services to farmers. By the contractual arrangements farmers can arrange credit from a commercial bank to fulfill their fund requirements. The government of India should encourage farmers to form grass-root level associations or informal cooperatives owned and managed by farmers themselves or producer companies. For farmers, production and marketing risks are reduced because of the following advantages:

- Contract farming involves considerable production support in addition to the supply of basic inputs such as seed and fertilizer, thereby reducing the uncertainties associated with input availability, quality and costs. Services such as land preparation, field cultivation and harvesting as well as free training and extension can be provided by agribusiness firms. Input quality and adequacy to the agricultural production activity contracted is ensured and translated into higher productivity and higher returns.

- In India small and marginal farmers face difficulties in obtaining credit for production inputs. Under contract farming, working capital credit is typically supplied by the sponsor. However, financial arrangements can be made with the banking system or government agencies to offer investment credit for the acquisition of machinery, buildings, etc. In this situation the sponsor can give guarantee to the banks.
- The latest production techniques are necessary for farmers to increase productivity as well as to meet the demand of high quality standards. The small-scale farmers are frequently reluctant to adopt new technologies because of high costs involved. Because agribusiness firms have a direct economic interest in improving farmers' production so most of the larger sponsors prefer to provide new technology to the farmers.
- Contract farming makes a farmer skillful by the means of efficient use of farm resources, improved methods of applying fertilizers and chemicals, knowledge to maintain quality, record keeping and the supply and demands of national as well as international markets. Farming contracts also make a farmer follow strictly the timetable of ridging, fertilizing, transplanting and pest control, etc.
- The sum that a farmer receives for his crops in the open market depends on the prevailing market prices as well as on their ability to negotiate with buyers. Contract farming can overcome such kinds of uncertainties. In contract farming guaranteed and fixed pricing structures often reduce the uncertainty about sales price of agri-crops.
- Small and marginal farmers hesitate in making diversification into new crops because they have limited marketing opportunities. The sponsors offer a solution to this problem by providing market guarantees to the farmers and assuring supply to the purchasers.

#### **DISADVANTAGES FOR FARMERS**

Indian farmers are still not aware enough to understand the concept and benefits of contract farming. In fact in India contract farming has not benefited the farmers as much as was expected. To protect the interests of farmer's appropriate institutional arrangements, government intervention and legal provisions are needed. The risks associated with farming can be reduced by contracting but the contracts themselves generate a risk source, thus leading to many disadvantages for farmers. The potential disadvantages associated with contract farming are:

- Sometimes the farmers have to face risks when the agribusiness venture is introducing a new crop to the area. Such risks may be related to production and market. Since prices fixed in contracts are based on future market expectations, substantial variations in production and market conditions can lead firms to force renegotiation or to engage in contractual hold-up. Such conditions may include a change in government policy, an ample supply depressing market prices and a variation in exchange rates that significantly raises input prices, etc.
- Competition for scarce labor resources at the time of farming activities may create problems for the farmers. In fact the farming activities such as transplanting and weed control, traditional cultivation methods of ten produce more effective results than mechanical methods. When the farmers become dependent on a prescribed technology, it makes them vulnerable to output and productivity manipulation by agribusiness firms.
- If the farming contract is made only for a single crop then this monopoly of the sponsor can show a negative effect in the future. Also if the contract is for long term, it might lead to gradually decreasing real prices received by farmers.
- By the continuous use of different technologies farmers may abandon traditional cultivation methods and products. Contract farming can disrupt decades old farming patterns of cultivation and animal rearing. In the case of termination of contract, it might be difficult for farmers to re establish the traditional ways.
- In contract farming the farmers easily get the credit provided either directly by the company or through a third party. However, the risk of indebtedness for farmers grows, if the company provides poor technical advice, there are significant changes in market conditions or the company fails to honor the contract.
- The staff representing the sponsor may exploit farmers in issuing contracts and buying crops. In many cases the sponsors can themselves be dishonest or corrupt. In such cases farmers run the risk of losing everything for their investments in production and primary processing facilities.



---

**ADVANTAGES FOR SPONSORS**

Sponsors have many options to obtain raw materials for their production and marketing activities. In contract farming sponsors follow the strategy to minimize transaction costs, primarily the ones related to asset specificity and uncertainty. The main potential advantages for sponsors are as follows:

- Sponsors in contract farming are ensured about greater regularity of agricultural product supplies to the firm. The firms can schedule the deliveries to match the timing of the demands from their own clients. Poor weather, crop disease and other causes of production failure enables sponsors to share the risk with contracted farmers.
- The rapid industrialization process has created shortage of farmland in India. Land Ceilings Act was also one of the reasons for contract farming coming into existence in India which stipulated that “agribusiness firms cannot own and cultivate land for their raw materials requirements. Therefore, contract farming was the only option for agribusiness firms.
- Sometimes it is difficult to purchase distinct varieties of produce in the desired quality and quantities in the open market. Contract farming makes quantity and quality controls more manageable. For example, a multinational company PepsiCo, engaged in manufacturing tomato Ketchup in Hoshiarpur district of Punjab found that the local varieties of tomatoes were unsuitable for processing into paste. Because of this factor it decided to go into contract farming.
- Labor costs tend to be lower under contract farming since administrative responsibilities are to be managed by the farmers instead of sponsors. Farmers can appoint farm labor and they may not be bound to the same labor laws as agribusiness firms.
- When the size of agricultural land is big, input costs per unit are reduced. Firms that acquire large quantities of farm inputs can attain economies of scale in purchasing for agricultural production. Lower input costs play an important role in maximizing the profit of farmers as well as of sponsors.

**DISADVANTAGES FOR SPONSORS**

Like farmers agribusiness firms also have to face risks in contract farming. For example, in the late 1990s, the opposition to the role of multinational corporations by the farmers in India had a negative effect on investment in contract farming by foreign agribusiness sponsors. The main disadvantages faced by sponsors are:

- Farmers can involve themselves in extra-contractual sales and it is difficult to control when alternative markets exist. This is also problematic when non-contracted farmers get higher prices by an established sponsor. It creates a mental pressure on contracted farmers to sell their crop to the third party. Contractual hold-up by farmers is one of the main reasons for the failure of contract farming in India.
- Farming contract should be made with such farmers whose land is suitable to cultivate contracted crops. If the sponsor contracts with landless farmers and traditional landowners for farming, there a danger can arise for the sponsor's investment being wasted as a result of farmer and landlord disputes.
- Sponsors have to face the frequent risk of misuse or deviation of inputs supplied under contract for purposes other than those for which they were intended. It is a big disadvantage for the sponsor, as the contracted crop's yields will be reduced and the quality affected. A part of the total production may also be consumed by the farmers for their own purpose. If inputs or outputs are deviated sponsors have to bear the loss.
- In India agriculture is a culture in itself. Sometimes farmers are unable to follow the strict timetables of farming because of their social obligations. So many times tradition and custom values in India play the role of barriers for farmers in contract farming.
- Firms with good brand image are particularly affected by risk of undermining the corporate image. For agribusiness firms conflicts with farmers may arise or negative impacts of the contract farming on the environment might exist.

**CONCLUSION**

Despite certain disadvantages, a clear priority has been given to the development of contract farming by the government. A working group set up by the National Development Council has made a set of proposals to promote contract farming in India, i.e., greater liberalization of rules and regulations, tax rebates for food

processing, duty-free imports of machinery and equipment and liberalized imports of seed varieties. National Agriculture Policy of India envisages that “Private sector participation will be promoted through contract farming and land leasing arrangements to allow accelerated technology transfer, capital inflow and assured market for crop production, especially of oilseeds, cotton and horticultural crops” Contract farming can certainly lead to sustainable cultivation practices. However, appropriate institutional arrangements, government intervention and legal provisions are needed for this.

## REFERENCES

- Channaveere Gowda B N (2012). Economics of Contract Farming in Indian Agriculture. *Serials Publication New Delhi*.
- Glover, D. & Kusterer, K. (1990). Small Farmers, Big Business: Contract Farming and Rural Development. *London, Macmillan*.
- Harish N (2014). Contract Farming for Agricultural Development in India. *International Research Journal of Marketing And Economics*, Vol(1), Issue-4, July 2014. pp: 13-26.
- Harish N (2014). The Role of Contract Farming in Employment & Income Generation of Farmers & Rural Development in India. *International Research Journal of Commerce, Business and Social Sciences*, Vol.II, Issue 11(I), Feb – 2014, page no 01-06.
- Harish N (2014). Contract Farming in Karnataka- A Study. *International Journal of Research in Management & Social Science*, Vol.II, Issue 3, July-September 2014, page no 35-39.
- MRK Murthy .S. Bindu Madhuri. (2013). A Case study on suguna poultry production through contract farming in Andhra Pradesh. *Asia Pacific Journal of Marketing & Management Review*, 2 (5): 58-68.
- R. S. Deshpande. (2008). Contract farming and tenancy reforms- Entangled without tether. *Concept publishing company, New Delhi*.
- Singh, Sukpal. (2000).Contract Farming and Agricultural Diversification in the Indian Punjab: A Study of Performance and Problems, *Indian Journal of Agricultural Economics*, 55(3), July-September, 283-294.
- Singh Sukhpal. (2000). Theory and Practice of Contract Farming: A Review, *Journal of Socio -Economic Development*. 2(1): 228-246.

---

## CAPITALIZING ON SIX DEGREE SEPARATION THEORY FOR SOCIAL MEDIA RECRUITMENT

---

H. Kavitha<sup>1</sup> and Dr. R. Prabhu<sup>2</sup>

Research Scholar<sup>1</sup>, Karpagam University, Coimbatore, Tamilnadu

Head<sup>2</sup>, Department of Business Administration, Government Arts College for Men, Krishnagiri, Tamilnadu.

---

### ABSTRACT

*Six degrees of separation is a theory that anyone on the planet can be connected to any other person on the planet through a chain of acquaintances that has no more than five intermediaries. With the rapid growth in the use of computer technology, it is believed that the gap between people may be closing with increasingly popular programs such as Facebook. Many Web 2.0 websites are based on the idea that the users would greatly increase their social capital simply because they would be able to know almost everyone on this planet within six steps of hops. However, the connection pattern among online society members does not need to be exactly the same as the real world. Some experiments have been conducted on the popular Facebook platform by collecting the profile information of volunteer members provided they are willing to download and install an application. The results seem to indicate the correctness of the theory with an average of 5.73 hops. The Internet provides many tools to help in job search. Effective job seekers often first turn to the job boards, but quickly find that the internet provides powerful tools to identify potential employers, research these organizations, and identify contacts to create a competitive advantage, whether or not current job listings have been posted. Social networking tools allow you to make new contacts without the time expenditure incurred attending mixers or scheduling lunches. Based upon the six degrees of separation theory, social networks have become an extremely helpful resource tool for job hunters and employers alike. When a job opportunity comes along these people will be in top of the employer's mind. Every contact may not have job to offer, but can share valuable information to help one develop, to expand their network, and land a great job. The knowledge obtained through this type of networking will transform job search and build an amazing network of contacts in the field.*

*Key Words: Job Search, Job Seeker, Six Degree of Separation, Social Media Recruitment, Social Networking sites*

---

### INTRODUCTION

Due to technological advances in communications and travel, friendship networks could grow larger and span greater distances. The modern world was 'shrinking' due to this ever-increasing connectedness of human beings. He posited that despite great physical distances between the globe's individuals, the growing density of human networks made the actual social distance far smaller.

Six degrees of separation is a theory that anyone on the planet can be connected to any other person on the planet through a chain of acquaintances that has no more than five intermediaries. The theory was first proposed in 1929 by the Hungarian writer FrigyesKarinthy. In 1967, American sociologist Stanley Milgram devised a new way to test the theory, which he called "the small-world problem" (Zhang and Tu, 2005). Pool and Kochen (1978) attempted a mathematical solution to this problem in the late 1950s and hypothesized that no more than three or four degrees of separation would be required to connect any two people (Cho, 2003). Milgram's (1967) work has been criticized in terms of reliability and validity, as the research methods were not considered to be sound. In fact Gewolb (2001) argues that less than thirty percent of the letters within each chain reached their target in the original 'small-world study', and only five percent were delivered in the pilot study. Kleinfeld (2001) contends that by not counting the uncompleted chains, Milgram skewed the results. Nevertheless, more recent studies have found merit in Milgram's (1967) theory. In June 2008, Microsoft Researcher's assessed all of the instant messages sent within the database. They discovered that any two people were linked by seven people or less, averaging 6.6 people to connect people in the database, consequently validating Milgram's theory. Researchers at Ohio State are attempting to create a social map of the Internet via both random recruitment and chain-referral sampling, where one participant has provided the email address of others (Moody, 2003). Data from these projects is still being analyzed, however early results are proving, not disproving, Milgram's theory (Mayfield, 2002; Moody, 2003). Six degrees of separation is intriguing because it suggests that, despite our society's enormous size, it can easily be navigated by following social links from one

person to another—a network of six billion nodes in which any pair of nodes are on average six links from each other. Zhang and Tu (2008) affirmed that the well-known theory of six degrees of separation in the context of online society is proved positively both through mathematical analysis and empirical measurements.

### **SOCIAL NETWORKING SITES PROVING SIX DEGREES**

With the rapid growth in the use of computer technology, it is believed that the gap between people may be closing with increasingly popular programs such as Facebook. Facebook has a group known as Six Degrees of Separation which has over 5.8 million members (2.5 million more than January last year) and now claims to be the largest group on Facebook (Mandel and Micha, (2000). As the theory is widely accepted by more and more people, it is also considered as the motivation of online Social Network Services (SNS). Many Web 2.0 websites are based on the idea that the users would greatly increase their social capital simply because they would be able to know almost everyone on this planet within six steps of hops. However, the connection pattern among online society members does not need to be exactly the same as the real world. Some experiments have been conducted on the popular Facebook platform by collecting the profile information of volunteer members provided they are willing to download and install an application. The results seem to indicate the correctness of the theory with an average of 5.73 hops.

It's continually amazing to witness how small the world has seemingly become, especially when there is a social networking program on the Internet such as Facebook, Twitter and Linked In. Since its arrival on the cyberspace scene, Facebook has become the social networking venue for people all over the world and has reconnected people who had lost touch years, maybe even decades, ago. And, it may be proof that the six degrees of separation theory truly exists. An application has actually been added to Facebook which puts the six degrees of separation theory to the test. When used, the application will count the number of connections it takes for the user to get back to the application's developer. Perhaps this is just further proof of the way Facebook is making the small world theory more of a reality (Watts and Strogatz, 1998).

The Internet provides many tools to help in job search. Effective job seekers often first turn to the job boards, but quickly find that the internet provides powerful tools to identify potential employers, research these organizations, and identify contacts to create a competitive advantage, whether or not current job listings have been posted. The advent of powerful professional networking tools like LinkedIn has also created the opportunity to develop the contacts to get the "inside line" on which employers may have needs to hire someone with your talents. More people are hired by referrals than all Internet sources combined. Social networking tools allow you to make new contacts without the time expenditure incurred attending mixers or scheduling lunches. Based upon the six degrees of separation theory, social networks have become an extremely helpful resource tool for job hunters and employers alike.

### **SIX DEGREE OF SEPARATION AND THE JOB SEEKER**

Today, social media makes the job of identifying these ties much easier. Indeed, it's the premise that LinkedIn is built upon. Facebook and LinkedIn not only suggest people you may know through weaker connections, the social platforms also provide information on educational, professional, and personal interests—data essential to constructing tailored introductions and conversations. Although LinkedIn has yet to do a study of the magnitude of Facebook or Twitter, LinkedIn, perhaps more than any other social network, was set-up about the idea of degrees of separation. In LinkedIn case, it's 3 degrees of separation. Scientists at Facebook and the University of Milan reported the average number of acquaintances separating any two people in the world was not six but 4.74. On average, about 50% of people on Twitter are only four steps away from each other, while nearly everyone is five steps away (Petersen, 2012). Granovetter analyzed the role of social contacts in getting a job. Similarly, job seekers should look beyond their strong ties and reach out to people they are associated with four or five degrees out.

Not surprisingly, it was discovered that many job seekers find their new job with help of their social contacts. But, surprisingly, when Granovetter asked about the strength of the relation of these social contacts, he discovered that job seekers are more likely to hear about a suitable vacancy from weak ties (her acquaintances) than from strong ties (family or close friends). Granovetter formulated an explanation for his surprising finding. He hypothesized that close friends are likely to cluster in cliques, in which everyone knows everyone else. This social behavior has a disadvantage, because close friends are likely to have similar information and knowledge as the job seeker himself, while it is more important for a job seeker to obtain new information. Weak ties, that is, one's acquaintances, are more likely to provide such information, because weak ties are less clustered and, consequently, they often provide a 'bridge' to sources that are very different from one's own. Therefore, Granovetter hypothesizes that weak ties are more likely to reduce network distances between individuals than

strong ties do. Social networks are particularly important for job seekers. It is empirically well established that many job seekers, around 50 percent, find a job Holzer (1988). In the analysis of the role of social networks in the labor market a distinction can be made between the use of job contacts by employers and the use of job contacts by job seekers.

Networking has become the job seeker's first and best tool for locating a job in this competitive climate. Knowing that the connections are potential keys to finding the right job; including those just a degree or two away, makes forging new connections a little easier and more profitable (Lin and Nan, 1998). The newest experiment used a sampling of the 721 million Facebook users to determine the average number of connections between random individuals. The results showed that instead of six degrees separating one randomly selected individual in the world from another, it's closer to 4.74 degrees. In the United States, that number is even smaller—just 4.37 degrees. What does this mean for the job seeker? For one thing, the result of the experiment underscores the importance of maintaining and building on network, whether an individual is currently looking for work or not. For another, it proves that those connections critical to one's job search are closer than they think. For each connection that a person makes in their network, the closer they are to be connected with someone who may have the job the person is looking for.

### **SIX DEGREE OF SEPARATION AND THE RECRUITER**

Employers often use the social contacts of their employees by asking them for referrals. The reason to rely on employee referrals to fill a vacancy is the difficulty to obtain useful information about applicants by formal means. Particularly in the case of job starters a C.V. does not give enough information about an applicant's specific job abilities, skills, motivation and mentality, and also interviews cannot provide complete information. Employers would like to be certain that a potential worker is indeed a good match for the firm. Furthermore, the applicants that are referred by good employees are often more reliable than applicants that directly apply without a referral. This perspective on the role of networks in the labor market is analyzed by Montgomery (1991). He notes that employers' reliance on employee referrals creates an adverse selection problem in the regular job market, since only bad workers are left.

Therefore, employers are inclined to offer high wages to referred applicants and low wages to non-referred applicants. The issue is different when we look at the role of networks from the job seekers' perspective. Job seekers do not seem to be too concerned about a lack of information on the right type of employer. According to Devine and Kiefer (1991) workers tend to search in markets where almost any job is acceptable, and they tend to accept any offer they receive directly. Instead, from the job seekers' perspective the main action is in the arrival rates of job offers. Since job contacts are very important to get information about job offers, it is plausible that the arrival rates of job offers are shaped by the job seekers' position in the social network and the structure of the social network as a whole. Calvo-Armengol and Jackson (2004) provide an analysis on the role of social networks from the job seekers' perspective. They consider a dynamic process in which individuals randomly lose their jobs and obtain information about new jobs. In each period, individuals hear about job vacancies by chance. These job vacancies offer identical wages and can be filled by anyone. If an individual is unemployed, then she applies for the job. On the other hand, if the individual is employed, then she passes the job information on to one of her unemployed friends. Granovetter provides some evidence in support of his theory. He finds that in a survey of recent job changers living in a Boston suburb 27.8 percent of the respondents who found their new job through a contact said they rarely saw this contact, while only 16.7 percent of the respondents who found their new job through a contact indicated that they frequently saw their contact. Thus job seekers mainly receive information on job openings through weak ties (Granovetter, 1995). However, this result does not seem to be robust. For example, in many East Asian countries it is found that job seekers depend heavily on strong ties in their job search (Duncun, 2002).

Social media has completely refined "networking". Every time when a friend is accepted, follower, or connection, the "net worth" in an individual's network increases dramatically. One just needs to activate their network. Employers want to hire people who will add value to the company. Individuals have to seek out ways to maintain interaction with their contacts and ask for opportunities to demonstrate their qualifications. When a job opportunity comes along these people will be in top of the employer's mind. Every contact may not have job to offer, but can share valuable information to help one develop, to expand their network, and land a great job. The knowledge obtained through this type of networking will transform job search and build an amazing network of contacts in the field. Networking is a life-long skill that is the pinnacle of career success and will lead to every job in your future (Jackson, 2014).

The idea is that a person may be no more than two or three people, or degrees from networking to get connected with an employee at the company they are targeting. LinkedIn, Facebook, Twitter, BranchOut, and a gazillion other social media sites build on this premise Poole (2014). Email and Skype have certainly made it a small world. Instead of blindly sending resume to a company (or recruiter), one has to try to find a reference that they can leverage to get to them. Online resources are sure to yield positive results. When a network is found, one has a reference to network through the back door. Another great strategy is to have best references sent in letters of recommendation to the hiring manager during the interview process. This act will likely be perceived as the kind of proactive determination that a prospective employee will show on the job.

Further supporting the need to build and nurture extended connections through networking, the employment situation over the last few years has become increasingly competitive. Traditional means of gaining employment—answering employment ads and contacting staffing companies—have become less effective, mainly because the competition for jobs has elevated to such levels that candidates need an edge, such as a recommendation from a former co-worker or friend of a friend just to get an interview. Devine (2011) claimed that up to 80 percent of job openings are not published anywhere, and one can see the benefit of knowing someone who just happens to know someone else. Networking might seem intimidating to those new to the game. If one takes a hint from the Facebook experiment, making a new connection in job search could be as easy as sending a friend request to a friend of one of the friends on Facebook or connecting with someone in the 2nd level circle of an individual's connections on LinkedIn. Additionally, joining a special interest group or signing up for a mailing list focused on the area of expertise are other great ways to make new connections.

Recruiters are increasingly using social media to identify and engage potential candidates for their opportunities, and LinkedIn, in particular, has expanded quickly as a professional networking site. Dodds (2003) asserted that the Career Center has created a group in LinkedIn: Cal State Fullerton Career Center (CSUF) that has well over 4,700 students, alumni and recruiters, and over 90,000 alumni have LAs the theory is widely accepted by more and more people; it is also considered as the motivation of online Social Network Services (SNS). Many Web 2.0 websites are based on the idea that the users would greatly increase their social capital simply because they would be able to know almost everyone on this planet within six steps of hops.

## CONCLUSION

Six degrees is the product of our modern society, a result of our insistence on keeping in touch. The number of social links an individual can actively maintain has increased dramatically, bringing down the degrees of separation. Milgram estimated six. Karinthy stated five. We could be much closer these days to three. Social networks are an important channel of information transmission in the labor market. Social media substantially changes the way of communication between organizations, communities, as well as individuals. By taking advantage of this new development, the chances of getting a great job from one or more of one's connections are better than ever. New hires can benefit greatly from creating connections within their new employer's company. The simple act of introducing ourselves to others who work outside one's immediate department or group could set the stage for getting information about other opportunities within the company. Consistent with these arguments, empirical accounts show that referrals display a lower turnover rate and stay longer in the firm. Some companies even give bonuses to their current employees to induce them to propose applicants. Recent estimates evaluate the savings on hiring, screening and training costs associated to hiring referrals to be equivalent to a 66.6% rate of return to referral bonuses.

## REFERENCES

- Calvo-Armengol, A. and Jackson, M. O., (2004), 'The effects of social networks on employment and inequality', *American Economic Review*, 94(3):426-454.
- Cho, D., (2003). 'Email study corroborates six degrees of separation'. Retrieved from: <http://www.sciam.com/article.cfm?articleID=0001297C-C5F8-1F32-9AD380A84189> (accessed 5<sup>th</sup> November 2014)
- Devine, T.J., and Kiefer, N. M., (2011), *Empirical Labor Economics: The Search Approach*, New York: Oxford University Press.
- Dodds, P.S., Muhamad, R., & Watts, D.J. (2003). 'An experimental study of search in global social networks'. *Science*, 301, 827-829.
- Duncan J. Watts, Peter Sheridan Dodds, M. E. J. Newman, (2002), 'Identity and Search in Social Networks', *Science* 296 (5571):1302 – 1305.

- 
- Galeotti, A., (2005), *Consumer networks and search equilibria*, mimeo, California Institute of Technology.
  - Gewold, J., (2001). 'Six degrees of uncertainty', *Science*, 294 (5543): 777-778.
  - Granovetter, M., (1995), *Getting a Job: A Study of Contacts and Careers*, 2nd edition, Chicago: University of Chicago Press.
  - Holzer, H.J., (1988), 'Search methods used by unemployed youth', *Journal of Labor Economics*, 6 (1):21.
  - Jackson, M.O., (2004), A Survey of Models of Network Formation: Stability and Efficiency," in *Group Formation in Economics; Networks, Clubs and Coalitions*, edited by Gabrielle Demange and Myrna Wooders, Cambridge University Press: Cambridge U.K.
  - Jackson, M.O., and Wolinsky, A., (1996), 'A strategic model of economic and social networks', *Journal of Economic Theory*, 71(44):74.
  - Lin and Nan., (1999), 'Building a Network Theory of Social Capital'. *Connections* 22(1):28-51.
  - Mandel and Micha, (2000), 'Measuring Tendency Towards Mutuality in a Social Network'. *Social Networks*, 22(2): 85-98.
  - Mayfield, K., (2002). 'Kevin Bacon: You've got mail'. Retrived from: <http://www.wired.com/news/culture/0,1284,49343,00.html> (accessed 26<sup>th</sup> October 2014)
  - Milgram, S. (1967), 'The small world problem', *Psychology Today*, 2: 60-67.
  - Pool, I. de Sola, & Kochen, M., (1978). 'Contacts and Influences'. *Social Networks*, 1(1): 5-51.
  - Watts, D.J., and Strogatz, S.H., (1998), 'Collective dynamics of 'small-world networks'. *Nature*, 393: 44 0-442.
  - Zhang, L., and Tu, W., (2005), ' Six Degrees of Separation in Online Society', Retrived from: [http://journal.webscience.org/147/2/websci09\\_submission\\_49.pdf](http://journal.webscience.org/147/2/websci09_submission_49.pdf) (accessed 11th November 2014)

---

## **A STUDY OF LIVELIHOOD AND EDUCATIONAL STATUS OF SANITATION WORKERS IN AHMEDABAD, GUJARAT**

**Neepa Gandhi**

Ph. D Scholar, Department of Social Science & Humanities, Pacific University, Udaipur

---

### **ABSTRACT**

*Dalits are a mixed population, consisting of numerous social groups from all over India. There are many different names proposed for defining this group of people, including Panchamas ("fifth Varna"), and Asprushya ("untouchables"). The proportion of Dalit population was 24.4 % of India's total population. The Dalit population is broadly distributed across Indian states and districts. There are approximately 3.6 million members of Scheduled Castes in Gujarat, which represents 7.1% of the state's total population. Dalits engaged in manual scavenging constitute more than half a million population in India. In spite of a strong provision like the "The Employment of Manual Scavenging and Construction of Dry Latrines (Prohibition) Act, 1993", which prohibits manual scavenging, the practice is widespread in India and the task of eradicating it has not been easy. In the city of Ahmedabad there are two types of sewerage workers: manhole workers and municipality road sweepers. While maintenance of the manhole is usually managed by men alone, both men and women from the Valmiki community are engaged as municipal sweepers and cleaners of public toilets and roadside open latrines. This article specifically looks at some of the problems faced by the Dalit manhole and sanitation workers in Ahmedabad, one of the oldest cities in India. This research paper specifically looks the livelihood and educational status of sanitation workers (Dalits) in Ahmedabad, one of the oldest cities in India. This study was conducted in Naranpura & Sabarmati 2 zones of the AMC (Ahmedabad Municipal Corporation). A total 70 sanitation workers were interviewed and through them we sought to understand the condition of their family as well their educational status.*

*Key Words: Sanitation, Sanitation Worker, Education, Lively hood*

---

### **INTRODUCTION**

It is widely acknowledged that traditional Indian society was based on varna and jati. This system is very ancient in origin and through the passage of time it has undergone profound changes, but caste still a very powerful institution in our socio-economic, religious and political organization. The most disquietening and disturbing feature connected with the caste system has been the concept of untouchability. Those who were engaged in unclean occupation were considered as polluted persons and had to go with this stigma in the prevailing reality and had to accept for themselves the status of untouchables.

The word "Dalit" may be derived from Sanskrit, and means "ground", "suppressed", "crushed", or "broken to pieces". In the context of traditional Hindu society, Dalit status has often been historically associated with occupations regarded as ritually impure, such as any involving leatherwork, butchering, or removal of rubbish, animal carcasses, and waste. Dalits worked as manual laborers cleaning streets, latrines, and sewers. Engaging in these activities was considered to be polluting to the individual, and this pollution was considered contagious. As a result, Dalits were commonly segregated, and banned from full participation in Hindu social life. Today, Dalit make up 24.4% of the total Indian population. If compared to states like Punjab, Himachal Pradesh or West Bengal where Dalits constitute more than 20 per cent of the population, Gujarat counts a fairly low proportion of Dalits. There are approximately 3.6 million members of Scheduled Castes in Gujarat, which represents 7.1% of the state's total population. Within the Dalit community, there are many divisions into sub-castes. Dalits are divided into leather workers, street sweepers, cobblers, agricultural workers, and manual "scavengers". The latter group considered the lowest of the low and officially estimated at one million, traditionally are responsible for digging village graves, disposing of dead animals, and cleaning human excreta. Approximately three-quarters of the Dalit workforce are in the agricultural sector of the economy. A majority of the country's forty million people who are bonded laborers are Dalits. These jobs rarely provide enough income for Dalits to feed their families or to send their children to school. As a result, many Dalits are impoverished, uneducated, and illiterate.

In Ahmedabad more than 80 thousand Valmiki (Dalit) families are involved in cleaning sewage drains and manually removing human excreta, besides sweeping roads. Needless to say, that the majority of sanitation workers belong to the Valmiki community. Sanitation workers can be categorized as permanent, temporary,



daily waged workers & rag pickers. Workers who complete 3 years/720 working days under the AMC are registered as permanent workers. Those who do not fulfill such criteria but are registered with local authorities are slotted as temporary workers. Workers who are not even registered are daily wage workers, hired for drainage cleaning through contractors that have been authorized by the local authorities. Daily wage workers are especially vulnerable to exploitation, much more so than other types of sanitation workers.

This study was conducted in 2 zones of the AMC (Ahmedabad Municipal Corporation). A total of 70 sanitation workers were interviewed and through them we sought to understand their family's condition. What was immediately notable was that there is a high incidence of death among men due to work place related injuries that has led to a rise in the number of widows and therefore a raise in women headed households. Also notable was that their source of revenue was very poor on that condition they were not able to send their child to school for better education. Out of 70 sanitation workers studied, only 30 sanitation workers are employed by the AMC (Ahmedabad Municipal Corporation) as permanent worker; 15 are women sweepers and 7 are male sweepers and 8 of these are drainage workers. 35 sanitation workers work as private sweepers. And 5 sanitation workers work as private drainage workers.

## OBJECTIVES

Objectives are variously referred to as purposes, missions, goal or targets. Objectives must be identified in such a way that ultimate success can be determined. Here selecting certain objectives for this paper, those are as follows:

1. To understand the living condition of sanitation worker
2. To know the education status of sanitation worker.

## METHODOLOGY

The research study made use of questionnaires, interviews with key informers and observation.

## DATA COLLECTION

The data were collected from 2 zones (Naranpura & Sabarmati) of the Ahmedabad Municipal Corporation (AMC). The first data were collected through the secondary data, and the second part was collected through questionnaires.

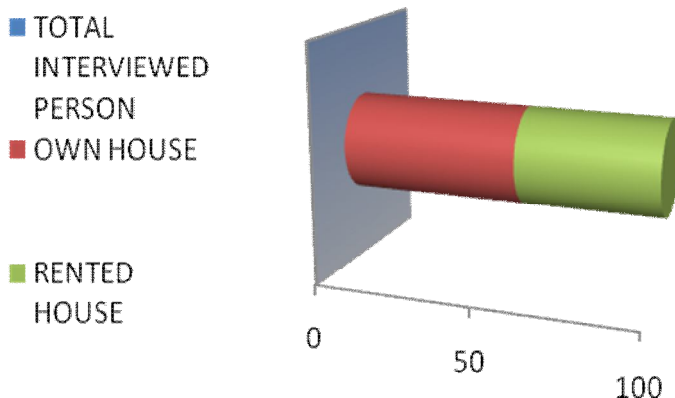
## SAMPLE SIZE

Total 70 sanitation workers were interviewed from 2 zones of the AMC.

## FINDINGS

### HOUSING

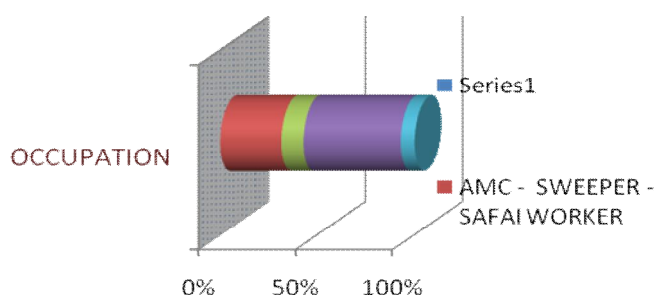
TOTAL INTERVIEWED PERSON	OWN HOUSE	RENTED HOUSE
70	39	31
%	56 %	44 %



Our study covers two zones of the Ahmedabad. In both zones Valmiki or Dalit residing in the slum areas. As per our study only 56% have their own house and 44% living in rented house. Who worked as AMC employed they have their own house and only 12% worker who work as private employed have their own houses. Remain worker living in rented house.

## OCCUPATION

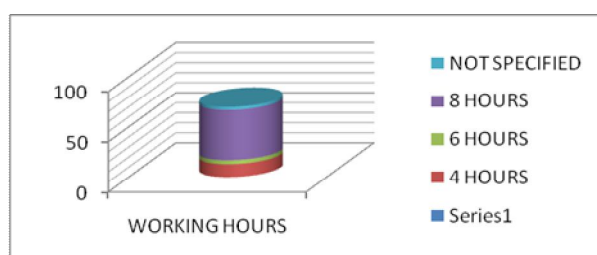
OCCUPATION	FEMALE	MALE	TOTAL COUNT	PERCENT
AMC - SWEEPER - SAFAI WORKER	15	7	22	31.42 %
AMC- DRAINAGE WORKER	0	8	8	11.44 %
TOTAL AMC EMPLOYED			30	
PRIVTE - SWEEPER- SAFAI WORKER	10	25	35	50.00 %
PRIVATE- DRAINAGE WORKER	0	5	5	7.14 %
TOTAL PRIVATE EMPLOYED			40	
<b>TOTAL NUMBER OF WORKER INTERVIEWED</b>			<b>70</b>	



Out of 70 sanitation workers studied, 31.42% of the workers doing work as AMC–sweeper work and 11.44% workers doing work as AMC- Drainage worker. 50.00% workers doing work as private sweepers & 7.14% sanitation worker doing works as private drainage workers.

## WORKING HOURS, FACILITIES, BENEFITS, SAVINGS

WORKING HOURS	TOTAL COUNT	PERCENT
4 HOURS	13	18.57 %
6 HOURS	4	5.71 %
8 HOURS	50	71.42 %
NOT SPECIFIED	3	4.28 %
<b>TOTAL NUMBER OF WORKER INTERVIEWED</b>	<b>70</b>	<b>100%</b>

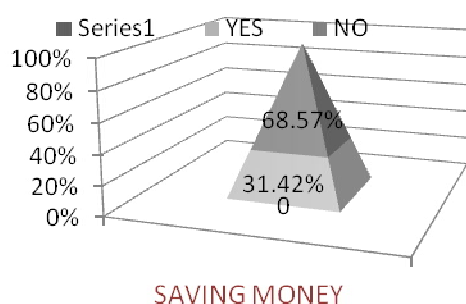


Total number of interviewed 70 sanitation worker; 71.42% sanitation workers doing work daily 8 hours , 18.57% sanitation workers doing work daily only 4 hours, 5.71% sanitation workers doing work daily 6 hours and 4.28% sanitation workers has not specified working hours.

FACILITIES / BENEFITS	YES	PERCENT	NO	PERCENT
SAFETY EQUIPMENTS	25	35.71 %	45	64.28 %
GETTING FULL PAYMENT	39	55.71 %	31	44.28 %
PROVIDENT FUND	30	42.85 %	40	57.14 %
GRATUITY	30	42.85 %	40	57.14 %
MEDICAL FACILITY	30	42.85 %	40	57.14 %
INSURANCE	30	42.85 %	40	57.14 %

Most of the contract or private sanitation workers are relatively inexperienced and untrained and enter the sewer for emergency cleaning work, as compared with permanent AMC staff. It was found however 44.28% of all the workers interviewed do not receive full payment. Additionally, it has been found that widows who offered work as compensation after the death of a husband, in most cases do not receive full payment.

SAVING MONEY	TOTAL COUNT	PERCENT
YES	22	31.42%
NO	48	68.57%
<b>PLACE OF SAVING MONEY</b>		
BANK	15	68.18%
CREDIT SOCIETY	5	22.72%
MONEY SENT TO VILLAGE	2	9.10%
<b>NO OF WORKERS SAVING MONEY</b>	<b>22</b>	<b>100%</b>



57.14% of the workers do not get provident fund, gratuity, medical facilities and insurance facilities. Without sufficient income 68.57% of the sanitation worker's families are not saving money in a bank or any other saving schemes. Of the 70 sanitation worker's family only 22 families save money; (15 families save money in bank, 5 families save money in credit society & only 2 families send money to their villages).

BORROW MONEY	TOTAL COUNT	PERCENT
YES	55	78.57%
NO	15	21.42%
<b>SOURCE OF BORROWING MONEY</b>		
NIGAM	0	0.00%
BANK	8	14.54%
RELATIVE	6	10.90%
OFFICE	12	21.81%
PF	7	12.72%
CONTRACTOR	10	18.18%
MONEY LENDER	11	20.00%
<b>NO OF WORKERS BORROW MONEY</b>	<b>55</b>	<b>100%</b>

More than half of the sanitation workers at some point or another have been forced to borrow money. Of this 14.54% workers borrowed money from bank; 10.90% workers from their relatives, 21.81% from their office; 12.725 from provident fund; 18.18% from contractors and 20.00% from money lenders. Loan that families take a longer time to repay have a higher interest rate which means that approximately 25% of their income goes into repaying loans.

## EDUCATION

Education is an essential factor for the development of any community. If people are educated, their living standard also improves. Out of 70 sanitation workers family 70 % families had completed primary level schooling but most dropped out soon after. 7.14% have completed high school education, 8.57% have completed higher secondary level school education, and only 4.28% have completed college education. Yet 10% of the families or workers remain without education. Data indicated that most of the families aware about government schemes that provided “scholarship to the children of this community of Rs. 650 to all students studying from std. I to X. Only 45.71% families send their children to school. The rest 54.28% family’s children support their family or eventually drop out. Out of 70 sanitation workers families 35.29% families children going to Municipal or Government School, 30.00% families children going to Private school or Institute, 21.00 % families children going to Missionary school and only 9.00% families children going to college. The study shows that only 47.14% of families provide education to girl child. While this by no means is a high number, nevertheless, despite all the hardships/discriminations that the Valmiki community has to endure, almost half of them do view schooling and education of girls as important. This data therefore underscores a positive trend and one that the state government can use to further promote education for girls in the Valmiki community.

	YES	PERCENT	NO	PERCENT	TOTAL COUNT
CHILD ATTENDING SCHOOL	32	45.71%	38	54.28%	70
GIRL CHILD GOING TO SCHOOL	33	47.14%	37	52.85%	70

TYPE OF SCHOOL	TOTAL COUNT	PERCENT
MUNICIPAL / GOVERNMENT SCHOOL	12	35.29%
PRIVATE SCHOOL	10	30.00%
MISSIONARY SCHOOL	7	21.00%
COLLEGE	3	9.00%
NO OF ATTENDING SCHOOL	32	

REASON FOR NOT ATTENDING SCHOOL	TOTAL COUNT	PERCENT
HELPING OUT IN EARNING	15	39.47%
NOT LIKE STUDY	6	15.78%
HELPING MOTHER	5	13.15%
HUMILIATED BY TEACHER	2	5.26%
ADMISSION NOT AVAILABLE	1	2.63%
NO NEED TO EDUCATION	9	23.68%
TOTAL NO OF NOT ATTENDING SCHOOL	38	

REASON FOR NOT PROVIDING EDUCATION TO GIRL CHILD	TOTAL COUNT	PERCENT
GIRLS DO NOT STUDY IN OUR SOCIETY	19	51.35%
GIRLS NOT SAFE OUT SIDE HOME	5	13.51%
EDUCATION CREATE PROBLEM IN MARRIAGE	9	24.32%
SHOULD LEARN TO COOK AND MAINTAIN HOUSE	3	8.10%
NOT SPECIFIED	1	2.70%
TOTAL NO OF NOT PROVIDING EDUCATION TO GIRL CHILD	37	

## **HEALTH**

The job of a sanitation worker is one of the most hazardous jobs. The sewer contains many toxic gases and poisonous substances. The sewer gas is a complex mixture of toxic gases that contain methane, carbon dioxide, sulfur dioxide, and nitrous oxides. Besides, the sewer also contains chlorine bleaches, household waste, human excreta, and industrial wastes. The sewerage workers or manhole workers are at high risk when they are exposed to dangerous gases for a prolonged time. In the city of Ahmedabad, the manhole workers are not provided with any safety equipment to protect them from dangerous gases and other toxic wastes.

Several manhole workers have died as soon as they went down into the sewer, and their dead bodies had to be pulled out. Over the last three decades, in the city of Ahmedabad alone, several hundred manhole workers have died due to gas poisoning. They often fall prey to occupational hazards like exposure to harmful gases, drowning, muscular-skeletal disorders, serious skin infections, respiratory disorders and cardiovascular ailments. During the last ten years, the official number of manhole workers who died in Ahmedabad is reported to be about 106. In Ahmedabad, many trade unions and organizations have been spearheading movements for the rights and dignity of the manual scavengers and manhole and sanitation workers.

The major cause of death was suffocation from poisonous gases inside the manhole that also caused blindness in others. Nine persons died of poisonous gases, two during accident, one because of TB, one due to Heart attack. Study showing that the type of compensation they received included four dependents getting job in the AMC, three receiving job and cash compensation, two dependents getting only cash compensation and two families did not receive any compensation.

<b>TYPE</b>	<b>TOTAL COUNT</b>	<b>PERCENT</b>
DEATH	10	14.28%
BLINDNESS	2	2.85%
NO MORBIDITY / FATALITY	58	82.85%
<b>TYPE OF EFFECT</b>	<b>TOTAL COUNT</b>	<b>PERCENT</b>
POISONOUS GAS WHILE CLEANING DRAINAGE	8	66.66%
ACCIDENT	2	16.66%
TB	1	8.33%
HEART ATTACK	1	8.33%
<b>TYPE OF COMPENSATION</b>	<b>TOTAL COUNT</b>	<b>PERCENT</b>
PROVIDE SERVICE	4	33.33%
SERVICE AND CASH	3	25.00%
ONLY CASH	3	25.00%
NO COMPENSATION	2	16.66%
<b>COMPENSATION UTILIZED</b>	<b>TOTAL COUNT</b>	<b>PERCENT</b>
FIX DEPOSIT	6	50.00%
LOAN REPAYMENT	4	33.33%
NOT SPECIFIED	2	16.66%

Since sanitation workers and particularly manhole workers are exposed to highly toxic and poisonous substances and gases, they are prone to health hazards and diseases. They spend about 25% of their income on medical expenses. Since their work includes sweeping and cleaning, they are prone to various diseases such as TB, asthma, cough, backache and infections of the respiratory tract. In some cases women workers were also expected to remove human excreta without taking any precautions and suffered from various types of illnesses.

In 2006, the Gujarat High Court directed the government to form a Safety Committee to monitor the use of safety equipment and implement the High Court directives, but study shows that 64.28% of workers are not getting safety equipment till date. An RTI application was filed to gather information about the committee being formed at the state, district and municipal or Nagar Palika level. On analysis of the meeting report, it was found that manhole workers were not even involved as members of the safety committee and the focus of the discussions, between District Authorities and Municipal Corporation, was on equipment for drainage cleaning.

## **CONCLUSION**

Modernity and urbanization have brought many changes in Gujarat and around the world. But in a country like India, the complexities of the caste system often prevent the lowest in the social hierarchy from enjoying a dignified life. Despite strong constitutional provisions and judicial interventions, the government agencies have been terribly negligent in uplifting the downtrodden in society.

The installation of a sewer system has not brought much change in the social status and the cultural engagements of the Valmiki community. Marginalization and exclusion have kept them on the periphery of the society. Lack of opportunities to develop other skills compels them to continue the traditional profession, and children when grow up often join their parents' profession to lend support to the family.

Most of the sanitation workers families were not aware about the various illnesses that they could contract because of their work. Additionally, not aware availability and access to basic facilities at the work place such as clean drink water and toilet is mandatory and something that they can demand from the government. They were also not aware about such central & state government schemes as the Public Distribution System (PDS), as well as Gujarat Safai Kamdar Vikas Nigam (GSKVN). Neither were the sanitation workers families aware of benefits that they have a right to avail from the Social Welfare Department.

In a 2003 report by the Comptroller and Auditor-General, which was among the documents before the Gujarat High Court, it was observed that the National Scheme of Liberation and Rehabilitation of Scavengers and their dependents launched in 1992 had failed to achieve its objectives even after 10 years of its implementation involving investments of more than Rs. 600 crores. The CAG found that much of the allotted fund was either unspent or underutilized.

In January 2007, the 'Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)' was launched with the objective of rehabilitating 3.42 lakh manual scavengers and their dependents by March, 2009. Despite these two schemes, workers who still clean up black soil as well as their dependents (irrespective of their income) are yet to be provided assistance for rehabilitation under any central government or state government scheme. The main components of the scheme are skill training and financial assistance (loan and subsidy) for self-employment.

The manhole workers and manual scavengers have benefited immensely from their organized struggle for better wages, better working conditions, dignity and status in a society that is steeped in caste hierarchy. But the outsourced contractors who exploit the manhole and sanitation workers should be brought within the ambit of labour laws. The contracted manhole workers also should be paid equal wages and other benefits at par with workers in the organised sector. Trade unions and organizations should work towards these goals. Until then, the Dalit workers' struggle for equal rights, equal opportunity and a dignified life will continue for a long time to come.

## **REFERENCES**

1. Ahmadabad (Ahmedabad) District: Census 2011 Data
2. Advani, M. and Akram, M. (2007). "Health concerns in India", In Akram, M. (ed.) Health Dynamics and Marginalised Communities, Jaipur: Rawat Publications
3. Akram, M. (2012), "Looking beyond the universal health coverage: health inequality, medicalism and dehealthism in India", Public Health Research, Vol. 2 No. 6, 2012, pp. 221- 228. doi: 10.5923/j.phr.20120206.08.
4. Conant, Jeff (2005), "Sanitation and cleanliness for a healthy environment", Hesperian Foundation, USA
5. Desai, M. (2007). "Judicial responses to health care", In Akram, M. (ed.) Health Dynamics and Marginalised Communities, Jaipur: Rawat Publication

- 
6. Eleanor Zelliot, 'Gandhi and Ambedkar, in J Michael Mahar(ed.), The untouchables in Contemporary India, University of Arizona Press, Arizona, 1972. p. 95.
  7. Kumar, Ganesh S., Kar, Sitanshu Sekhar and Jain, Animesh (2011), "Health and environmental sanitation in India: Issues for prioritizing control strategies", Indian J Occup Environ Med. Sep-Dec; 15(3): 93–96.doi:10.4103/0019-5278.93196.
  8. Kothandaraman P, Vishwanathan V. Sulabh international: A movement to liberate scavengers by implementing a low-cost, safe sanitation system, 2007
  9. M.N. Srinivas, Caste in Modern India and Other Essays, Asia Publication house, New Delhi., 1977, p. 42.
  10. S.K. Chatterjee, The Scheduled Castes in India, Vol. I, GyanPublishing House, New Delhi,1996, p. 11.
  11. Tooher R, Griffin T, Shute E, Maddern G. Vaccinations for waste-handling workers: A review of the literature. Waste Manag Res. 2005;23:79–86.
  12. Zuskin E, Mustajbegovic J, Schachter EN. Respiratory function in sewage workers. Am J Ind Med. 1993;23:751–61

---

## **LEADERSHIP, CONFLICT MANAGEMENT AND TEAM WORK: A CASE STUDY**

**Dr. C. K. Gupta**

General Manager – HR, Indian Steel Corporation Limited, Gujarat

---

### **ABSTRACT**

*Leadership, conflict management and team work are the basic elements in an organization working environment. All the three elements are inter-related. Every organization sometimes faces imbalance in some situations. But the top management take a lead to resolve such type of issues. Leadership and teamwork are the most wanted elements, acts and behavior. Some times to create a balance in these two (leadership and teamwork) managerial styles conflict generates. So in that situation top management has to take a lead to resolve these issues. This case study also deals with such type of situations. The explanatory research methodology is used in this Case Study. No data collection is made during this Case Study and only the selected nine respondents from a team of organization called ELITE Insurance Company ( name changed ) working for different insurance products in India had three transaction offices at Hyderabad, Mumbai and Gawahati with headquarter in New Delhi.*

---

### **INTRODUCTION**

Rudolph maintained a hectic schedule always travelling from one end of the globe to another while working with the Insurance Company. The flight attendant learned towards him with a comforting smile and asked “May I offer you a drink ,sir?” “Yes, I will have a can of apple juice , please ,” replied Rudolph Martin. He sipped the juice ...just cold enough, the way he liked it. The week had been hectic. Hoping from one meeting to another, from one of face to another, thousands of miles apart, was taking its toll. Lately, his neck had been giving him some trouble. “Must tell Sally to fix an appointment with the physiotherapist tomorrow...” Rudolph loved his job . pace thrilled him . he would have Executive that he pursued for the first two years of his working life. But everything changed ever since he joined the Elite Insurance Co., a fast expanding Insurance Company headquartered in New Delhi. Even 12 years in the business had not blurred his passion for his profession. With every growth up the career ladder , he had discovered new challenges. And now , as VP-Operation of the Northern region, There was not much else an ambitious go-getter in his mid-thirties could have asked for.

### **REVIEW OF LITERATURE**

The rules of the business game are changing , unexpected competition is coming from many places , and “ Current leaders represent what ...business needed in the past , not in the present or future”. The most important priority for organizations is to discover new leadership potential, develop it, and find the best way to grow it. In this article the authors argue that firms need to develop “ Authority Visionary Leaders” by using leadership style Inventory ( LSI ) and matching the results with specific job requirements.

“It takes all the running you can do to keep in the same place.” Lewis Carroll’s words in through the Looking Glass, have never been more applicable than today. The workplace is changing . today ‘s managers are competing for skilled workers, facing high turnover , and coping with technology changes that occur wrap speed. Effective managers must be less productive-oriented and more people-oriented.

“ A teacher affects eternity. He can never tell where his influence stops.” Henry Brooks Adams gets to the hearts of what dynamic senior executives are doing to develop the managers who drive front –line performance. Teaching with influence is the key. Trained managers are more than the systems and processes supervisors. They lead and develop others. You and your managers will know precisely what to expect from one another. You will identify methods to make your managers change –ready, global thinkers. You will gain a better understanding of ways to apply these principles in your own work environment.

Albert Einstein said, “ The bitter and the sweet come from the outside , the hard from within , from one’s own efforts.” Are you a person who can drive a project on the outside , and hold yourself responsible from within? Can you be the force, the influence , and the point person who holds the keys to ultimate success? That’s what it takes to be a project champion. This is not a course about the technical skills associated with project management. It ‘s course about what motivates people to deliver on well-defined project objectives. To lead a champion effort , you must become an effective project champion.

“you are either part of the solution or part of the problem.” That assertion from Eldridge Cleaver is a perspective that you must impart to each and every employee you supervises. There are many effective ways to



get them to see this valuable viewpoint. And that 's what you will learn this course. As a manager you are on the line when things go wrong. This course is designed to enhance your ability to communicate a philosophy of continuous improvement, what you expect of your staff, and what they must expect themselves. This is a primer on multiple approaches to performance appraisal. It's much easier to hold people accountable for their work if they know exactly what's expected, more importantly, why it's expected. Acting on the lessons in this course will pay off in increased employee commitment, not to mention increased profitability.

Author and founding chairman of the Leadership Institute at the University of Southern California Warren Bennis believes true leaders are made, not born. In his book, *WHY Leaders Can't Lead*, he points that many leadership development programs do not produce better results because leadership potential is not evaluated before training begins.

According to Arthur Kornhauser, ( 1954 ), "it signifies a conditions where employee and management work together harmoniously towards their socially desirable goals."

"organizational peace cannot be achieved on lasting basis unless those with in whose hands power lies realize that power implies responsibility, that the rights cannot be divorced from the duties and that domination in modern times must be exercised on the basis of trusteeship rather than domination" as said by Kirkaldy, H.S. ( 1958 ).

As described by Ross, A.M. & Hartman P.T. ( 1960 ) " The political movement in the country built a tradition of abstaining from work as a sign of protest and in quite a few cases disputes or conflicts started for economic and working environmental reason, acquired a political colour and were guided by political leader,".

#### **The study completed in seven phases as mentioned below:**

**FIRST PHASE:** For five years, Rudolph had been able to achieve consistently a growth rates of 25 % for the region. Elite Ins. Co. had three transaction processing offices, one each in Hyderabad, Mumbai and Guwahati, with staff strengths varying between 100 and 300. Rudolph's recent visit to Mumbai office had left him more than satisfied. It was the fastest growing office in the organization. Revenue had shot up three times over the last two years and Mr. Rakesh was pushing for higher numbers. Judging from the way things were shaping up in the western business environment, he could bet that the best was yet to come. Mr. Kamal Rathore, the head of the Mumbai operations knew his job. His sound marketing experience, first in the cosmetics business and then in hotel segment, made him a good choice for his role. E I Co. processing business was all about customer management and Kamal brought with him a wealth of insight into this area. He was adept at handling people too, and luckily, attrition in the unit was much lower than Rakesh was expecting it to be.

Within two years of joining E I Co. Kamal 's core competencies had come shining through his unit's performance. Give him more responsibility, and he will deliver, Rakesh convinced Tarik Sobhaei, President at the New Delhi Headquarters. And Kamal soon found himself flying down to Delhi to be awarded with a letter of appreciation and a promotion. He was to take over charge as Elite's Operations Director from the next month. Mumbai and Guwahati offices would also report to him.

The decision also synchronized perfectly with E I Co. recent global restructuring exercise. It had been decided that the staff in Guwahati would not add to the current numbers. Instead, new jobs would be added in Mumbai, where costs were considerably lower. Jagdeep Singh, head of HR had shared some fantastic figures highlighting the contrasting overheads for both offices, Mumbai and Guwahati. For an additional 4000 pounds a month, 100 fresh customer service executives could hop board! They would recover those costs in less than a year! It would be a terrific idea to concentrate on expanding Mumbai operations, everyone agreed unanimously.

The success of the restructuring was evident. Performance graphs were on the upswing. Market reports were improving. Everything seemed to be under control. Until six months later, when Rakesh's flight landed at Guwahati Airport.

**SECOND PHASE:** The Hyderabad Business Manager, Rupal Kumar was in a rebellious mood. "Rakesh, there is something important that I have to say to you. I would have spoken my mind earlier, but this is not a matter that can be resolved over a telephone or email exchange. Things have changed during the last six months. I will be unable to continue to work for E I Co., if I am expected to continue reporting to Kamal.

This was not something Rakesh was expecting. He knew that Rupal Kumar and Kamal were poles apart. Casual Coffee table conversation, or business strategy meetings, it was a rare sight to see their thoughts converge. They always had completely different approaches to the same issue. But he had assumed that things would change after the restructuring. After all, Kamal was Rakesh 's boss now, and unlike before , they shared a common business goal. Kamal 's newly acquired accountability for Gawahati office performance targets ought to have paved the way for both of them to align their perspectives.

Why was Rupal Kumar taking it so hard ? why could not they resolve their differences? And where were the differences coming from ,anyway?

“ Cool down, Rupal Kumar ,Let's go out for a coffee,” Rakesh believed it was okay to get informal once in a while. Most of his people issues got cleared at the Starbucks café down the block from their Madras office building. If it can work here , he braced himself.

As they stirred their coffee in silence, Rakesh stretched his neck again. Ouch, that hurt. “ E I co. has been doing well. Tarik is extremely pleased with E I Co. performance. He's inviting all the business heads to his vacation home in Lucknow next month for a weekend gateway. You are I too.

Rupal 's expression softened . “That sounds great. Is it only us men or are families invited too.”

Rakesh could see the ice breaking . “The complete package . Rupal. Tell Maitri to pack her vacation stuff.”

**THIRD PHASE:** Maître had been complaining that Rupal was not spending any time with her these days. This could be a good break for us. He could already see that twinkle in her green eyes. She would say... Rakesh 's voice interrupted his wandering thoughts. “Back at the office, you seemed upset about something.”

“Yes, of course. it's a very important matter, concerning my reporting relationship with Kamal. I am finding it difficult to work with him. Every other day, there is some small incident that happens to bother me. I cannot concentrate on my work if I continue to get distracted in this fashion. I am not used to it.”

“Where do you think the real problem lies?” Rakesh had a knack with people. His easy, approachable style and good listening skills gave him an edge when it came to resolving people problems. Rupal needed to pour out all his deepest concerns to the point where his jumbled thoughts reached a natural clarity. That itself would serve as a soothing balm.

Rakesh needed no cajoling. He had been waiting for this opportunity to voice his grievances since the last two months. Things were getting intolerable for him.

“I have been with E I Co. since three years now, and by now I think I understand the organizational well. The restructuring was a necessary part of our business plan, I see it was important to have Gawahati office report in to Mumbai office. I have myself seen revenues rising dramatically, and agree that the decision has made good business sense for us.”

“I am a firm believer that professional and personal matters should never be allowed to cross into each other's zones. This is the reason why Gawahati office is continuing on a steady path, even though, I as a business head, am far from comfortable on the personal front.”

“I do not understand Kamal 's way of working. Invariably, he calls me on my cellphone after office hours, even though I have mentioned to him, that I do not like to be distributed during my personal time. Most of the time , there is nothing critical that he discusses. Yesterday , he called me late at night to ask me whether I could spare someone from my team to supervise a team of trainees who are coming from Mumbai to Gawahati four days later. He could have just dropped me an email or called the next morning in office.”

**FOURTH PHASE:** “Go on !”Rakesh could see where the conversation was going. Interestingly, Kamal seemed to be blissfully unaware of the impact his personal style was having on Rupal. He had not mentioned any such problems during Rakesh recent trip. Perhaps, Rupal was too guarded in his reactions, for Kamal to notice that anything was amiss.

“Many times, he does not inform me of the problems in advance and I find that while planning , he assumes that I will agree to all decisions. Only last month, he sent me a memo to send him Gawahati' s budgetary revisions

at an absurd two day's notice. How is that ever possible? And the month before that , he emailed me a business plan for the quarter, putting down his own projections for our office. What does he knew about Gawahati? What makes him think I can agree with his plan blindly?

“And that’s not all. in every email , he seeks ideas and wants to discuss matters which are of not immediate concern to me. I am unable to understand why I should contribute to these discussions which are strictly not my area of expertise. Why am I expected to provide inputs on designing a flexi pay basket for employees in Mumbai ? Or give suggestions on how to implement telecommuting? Once ,he even asked my opinion on preparing a ‘step-by-step’ guide to handle customers’. If I am expected to work on areas like these, what is Kamal ‘s responsibility as the Director Operations? I am finding it hard to understand where our respective roles begin and end. There is too much confusion. I need to be clear about my area of operations and once the boundaries are laid down clearly. I would prefer that no unplanned changes are made without my being prepared for them.”

“And if things continue like this...” Rakesh promoted Rupal to complete the unfinished sentence. “I may have no choice but to leave E I Co.” said Rupal with a slight pause. it would be a painful step for me to take. The organization means a lot to me. The people mean lot to me. The work means a lot to me. The appreciation means a lot top me. But, the tension is getting too much now.”

Kamal and Rupal did come completely contrasting back-grounds, but Rakesh was now wondering whether this was more than just the fallout of a culture clash. He could not recall any incident where Jerry Mathew, the Hyderabad head and Kamal had been at loggerheads with each other, Rupal , on other hand , was not too comfortable with the team Delhi either. He remembered Arun and Sunil, the two ERP team members who had abruptly cut short their three week long stint in Gawahati last year. “Rupal needs to look beyond plans and presentations. He needs to understand how things move here” they had complained. Perhaps he never really got the chance to find his own bearings, ever since he joined E I Co. Rupal’s successor had resigned without notice, and Rakesh had loaded him with deadlines from day one. The induction program never took off at all ! But could that have anything to do with crisis?

“Rupal, you have been a great asset to the organization and you have some unique qualities which E I Co. values tremendously. Kamal, too, is a great performer and has proven his mettle in a short period of time. I think it would be a good idea to thrash it out face to face with him. Many be he just does not know him so well too. After all, you both have been interacting purely on a professional level. And until six months back, you had only met him twice. Tarik’s weekend getaway could be the perfect opportunity. I suggest you give it another chance before you give up on E I Co. altogether.”

**FIFTH PHASE:** “ I guess that ‘s not such a bad idea,” admitted Rupal . “ may be I need to think it over with afresh. And next month is not too far away. Thanks, Rakesh, that talk over a cup of coffee really helped clear my mind.”

Coffee, coffee, coffee...Mumbai or Delhi , it works the same everywhere chuckled Rakesh to himself. Hope Tarik serves some fresh strong brew in Kolkata.

After reaching back, Rakesh decided to mull over the whole exchange of words all over again. Coffee is always a great attraction and there are many ways of brewing coffee! Likewise , people are people and any interaction between two or more people is likely to be a complex transaction. Add to it the complexity of the organization dynamics , a multi cultural environment and the structural issues and one has the makings of a “latte” par excellence. Coffee aside, the situation has a whole lot of implications and issues for HR managers worldwide. The whole thing can be looked at from a culture building perspective , a cultural perspective and a temperamental perspective, Rakesh thought.

If one immerses oneself into the situation, one can visualize a set of flavors that emanate from certain individuals. There seems to be a sharp difference in the operating styles of Rupal who is primarily a Traditional kind of manager and Kamal , who comes across strongly as a Rationalist. So Rupal , the Traditional Manager , , operates primarily on clearly structured environments, with sharply demarcated personal and professional lines. He appears to like to adhere to a defined outline of what his deliverables need to be and has a strong idea of what is right for the organization. Given that , he is very loyal and logical in his approach. His weak institution does not really seem to prepare him for the sudden change in reporting styles and as such managers tend to

work best in singlehanded environments, this sudden change is a bit startling to him. Also. like true Traditionalists, it means a change for him ;this is not something that the Traditional take kindly to.

**SIXTH PHASE:** Kamal , on the other hand , seems to be operating at a purely “Rationalist” plane. He has an outcome and a mission and going by the descriptions of his personality , he operates out of a sense of gut feel supplemented by logical analysis. This imminent danger with people of this type is that they operates solely from the perspective of doing what needs to be done for the broader outcomes, with little actions, and particularly with little time to come to communicate their thought process. I see a classic case of a tussle between two styles that are vastly different that have not had enough time to acclimatize with each other. Given a situation such as one that this organization is currently going through, one may need to closely examine whether enough importance is being paid to human elements in such structural change. What is perception and what is reality? Outcomes of human interactions are largely a result of perception. From the perspective of human interactions , this is an interesting study. Here are two people , who seem very aligned to the goals of the organization and very driven to perform who have fundamental differences in their understanding of the same situation. Perception plays a great role in shaping the results of such interactions and somehow, Rupal apparently has a strong preconceived opinion about Kamal based on a few interactions with him , that are not strongly supplemented by anything other than an overall feeling of discomfort due to certain personal tensions.

**SEVENTH PHASE:** Kamal , on the other hand , seems to come across a enthusiastic most ‘overeager to please’ pro file. Given the background that he from , there is a strong urge to connect and emotionally bond with the people that he works with. One also gets a strong sense of his wanting to create a feeling of inclusion in his direct reports by “irrelevant things”. Such behavior would be numerous ego issues at the top if they were left out of decisions that influenced any part of the organization.

Having tasted success, it is only natural that Kamal would try and work his way through every territory in a similar manner that brought him great success in home terrain.

Given these facts then what is the way forward? Specially speaking , what about Rakesh’s operating style? While he is people oriented , he does not seem to take care of cultural background of multicultural workforce, is it causing the problem then? And what about role clarity as far as Kamal and Rupal are concerned? What should Rakesh do about it? Are the conflict being mentioned here more an outcome of different cultural ethos of the players involved?

## **CONCLUSION**

There are no benefit to create management conflict due to imbalance in leadership and team work. It hinders the actual performance of an employee and as well as affects the organizational working. If any employee have any conflict, he should in 1<sup>st</sup> attempt approach direct to the concerned employee and if it does not get resolved than proceed to the next senior one. It is the duty of evry senior or top executive to resolve the matter as soon as possible otherwise it will become a severe problem for the organization. However, at the core of an effective work environment it is mandatory that the systems must be so fool proof and there would not be any ambiguity regarding roles and responsibility of every executive so it will ban on conflict and create harmonious and cordial work environment.

At work you can create your own friendly working environment by making sure you not only perform well , but also reflect the joy of the job and the joy of life , every day.

## **REFERENCE**

1. Publication of Interview with Maigread Eichten, ( San Franscisco: September 13, 2008 ).
2. Just style .com, US: Mansell to Replace Montgomery as Kohl’s CEO.
3. “The Power of Stevewagh” Fortune, ( November 22, 2007 ).
4. Forbes .com , Bio: John Bridge.
5. Warren Bennis, Why Leaders Can’t Lead: The Unconscious Conspiracy Continues ,( San Francisco: Jossey –Bass,1989 ).
6. Robert M. Fulmer and Jared L. Bleak, “Development” Graziadio Business Report , 11, no. 2 ( 2007 ).
7. About .com , flagging down Mark Shapiro.

- 
8. Alan J. Rowe and James D. Boulgarides, Managerial Decision Making,( New York , Macmillan ,1992 ).
  9. Warren Bennis and Burt Nanus, Leadership: The Strategic for Taking Charge ,( New York ; Harper and Row , 1985).
  10. Kornhauser , Arthur ( ed.) Industrial Conflict ( McGraw Hill ), 1954 ,pp. 328-29.
  11. Laski , H.J., cited by Knowles In strikes : A study in Industrial Conflict , pp. 293-294.
  12. Ross , A.M. & P.T. :Changing Pattern of Industrial Conflict , 1960 , p. 132.

## ASSESSMENT OF URBAN DRAINAGE CHARACTERISTICS OF JORHAT MUNICIPALITY, ASSAM

Priti Gogoi<sup>1</sup> and Narayan Chetry<sup>2</sup>

Research Scholar<sup>1</sup>, Department of Geography, Gauhati University, Guwahati  
Associate Professor<sup>2</sup>, Department of Geography, Cotton College, Guwahati

### ABSTRACT

Urban drainage presents a classic set of modern environmental challenges, which essentially requires the need for cost effective and socially acceptable technical improvements in existing systems (Saravanan. P. , 2011), the need for assessments of the impact of those systems, and the need to search for sustainable solutions. Moreover, urban drainage replaces one part of the natural water cycle and as with any artificial system that takes the place of a natural one (Butler. D. and Davies. J.W. 2011). So, it is important that the effects are understood. Being an emergent urban centre, Jorhat municipality area has expanded in a haphazard manner complemented by rapid population growth, low circulation of existing facility in drainage. So, the present study is a concise attempt to assess the present condition and problems of drainage including surface runoff and its interrelationship with population pressure. It is found that the artificial drainage nearly follow the hydraulic geometry of natural drainage system. There is no significant relationship between population density and drainage in all the wards of the city. But the relationship between these two variables is very strong in selected wards where the drainage system is developed fairly well.

**Keywords:** Environmental Assessment, Population Density, Drainage Density, Surface runoff, Urban Drainage

### INTRODUCTION

Urban drainage is concerned with the collection and conveyance of wastewater and storm water from urban areas (Saravanan. P. , 2011). Jorhat, which is bounded between northern latitudes 26° 43' 10" N - 26° 46' 50" N and 94° 09' 28" E - 94° 14' 50" E, covered by the Survey of India topographical sheet Nos. 83 J/1, 83 J/2 and 83 J/5 (Fig. 1) and being one of the principal urban centres of Assam, is not contiguous with the level of urban services.

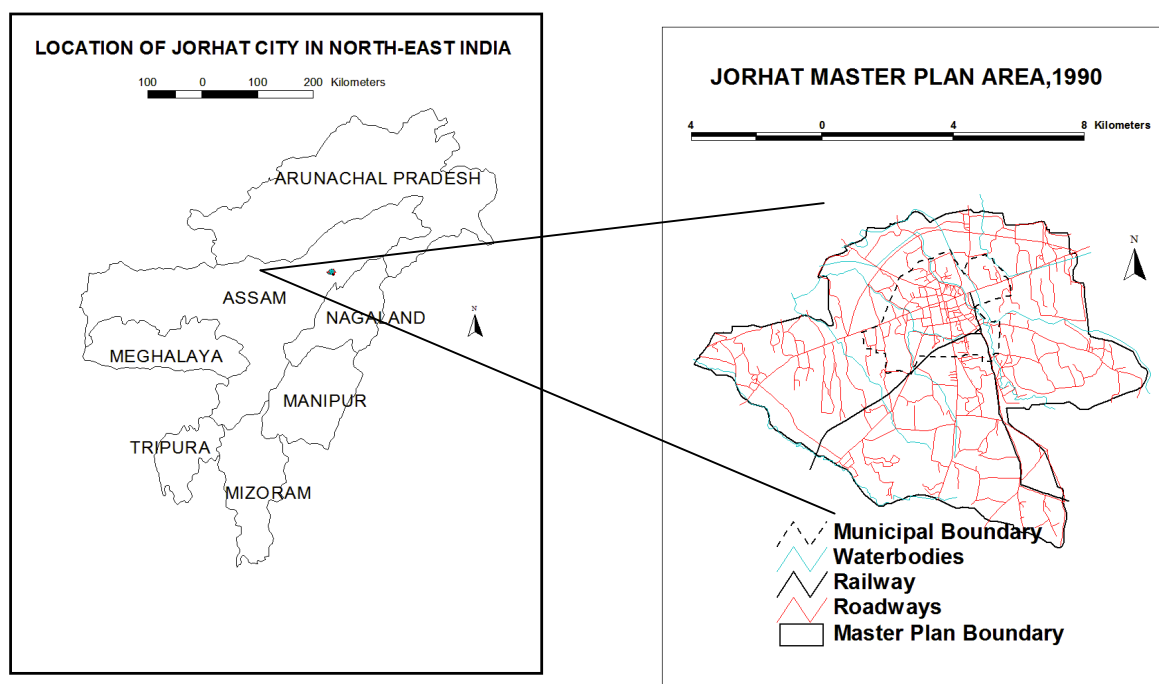


Fig 1: Location Map of Jorhat City

### OBJECTIVES

The main objectives of this paper are – i) to assess the present condition and problem of drainage including the surface runoff pattern of the drains in relation to their hydraulic geometry. ii) to analyze the relationship between ward wise population pressure and drainage density.

## DATABASE AND METHODOLOGY

The kinds of dataset used in this study – (a) Spatial data / map data from various authentic sources, Map data has been collected from Survey of India (Topographical sheet Nos 83J/1, 83J/2 and 83J/5) and their various attributes (b) attribute data like population, area, drainage lengths etc. for this study is mainly from the Census reports of Census of India (from 1901 to 2011) and available literature, records of Jorhat Municipal Board, Jorhat Development Authority and Town and Country Planning department of Jorhat district. (c) The data for width, depth, velocity are collected at specific locations within the Municipality for the purpose of determining the hydraulic characteristics which are represented through Graphs / charts and maps. The statistical techniques of the power function regression model is adopted for analyzing width versus discharge, depth versus discharge and velocity versus discharge by using Microsoft Excel 2007. Digital Image Processing tools like ERDAS imagine 8.4 are used for georeferencing the scanned maps acquired from the sources out stated above. The dataset for GIS mapping is prepared using the earth model and datum of World Geodetic Survey, 1984 (WGS84) and employing the Universal Transverse Mercator Projection (UTM) for 46 North Zone. Subsequently, Arc View GIS and Ilwis 3.6 have been used to create digital database for the point, line and polygon features to represent the boundaries of municipal and master plan area, drainage and the wards respectively. Further, the computation of drainage density, population density, drainage discharge etc have been done based on the data collected from the field and the analysis based on maps for computation of discharge the following relationship is used :

$$Q = w \cdot d \cdot v$$

Where, w= width of the drain, d= depth of the drain and v= average velocity. These empirical data are collected from field.

## RESULTS AND DISCUSSIONS

### 1. To assess the surface run off and the hydraulic geometry characteristics of drains

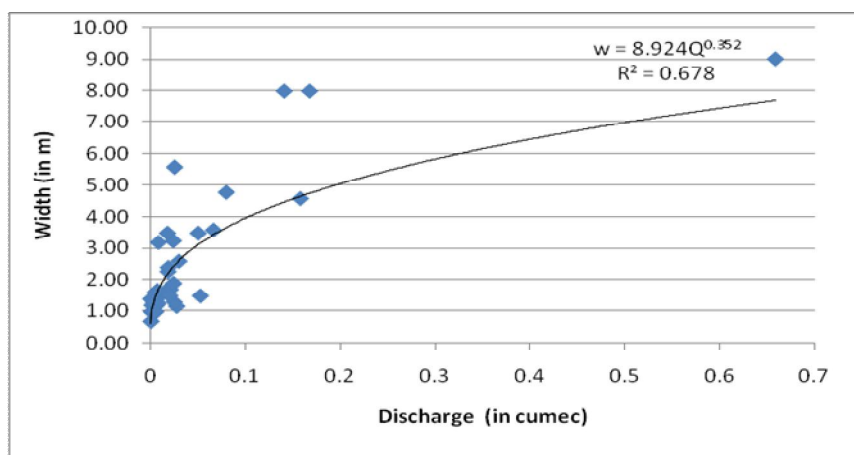
The hydraulic geometry of the drains is assessed in terms of interrelationships of width, depth and velocity to discharge using the models (*Luna B. Leopold. and Thomas Maddock, 1953*)

$$w = a Q^b \text{ ----- (1)}$$

$$d = c Q^f \text{ ----- (2)}$$

$$v = k Q^m \text{ ---- (3)}$$

where w, d, v and Q are width, depth, velocity and discharge respectively and a, b, c, f, k and m are constants. In understanding the flow characteristics and run off pattern of natural channels, the hydraulic geometry parameters adopted in the equations (1), (2) and (3) (Leopold et al, 1953) is applied here to understand the hydraulic geometry of the drains of Jorhat city with the help of empirical data collected within the 19 wards of Jorhat Municipality at 45 locations on width, depth, velocity and discharge for two seasons i.e. pre and post monsoon periods are shown by the Fig. 2 (for pre-monsoon) and Fig. 3 (for post- monsoon), depicting the hydraulic geometry characteristics in relation to flow of the stated periods.



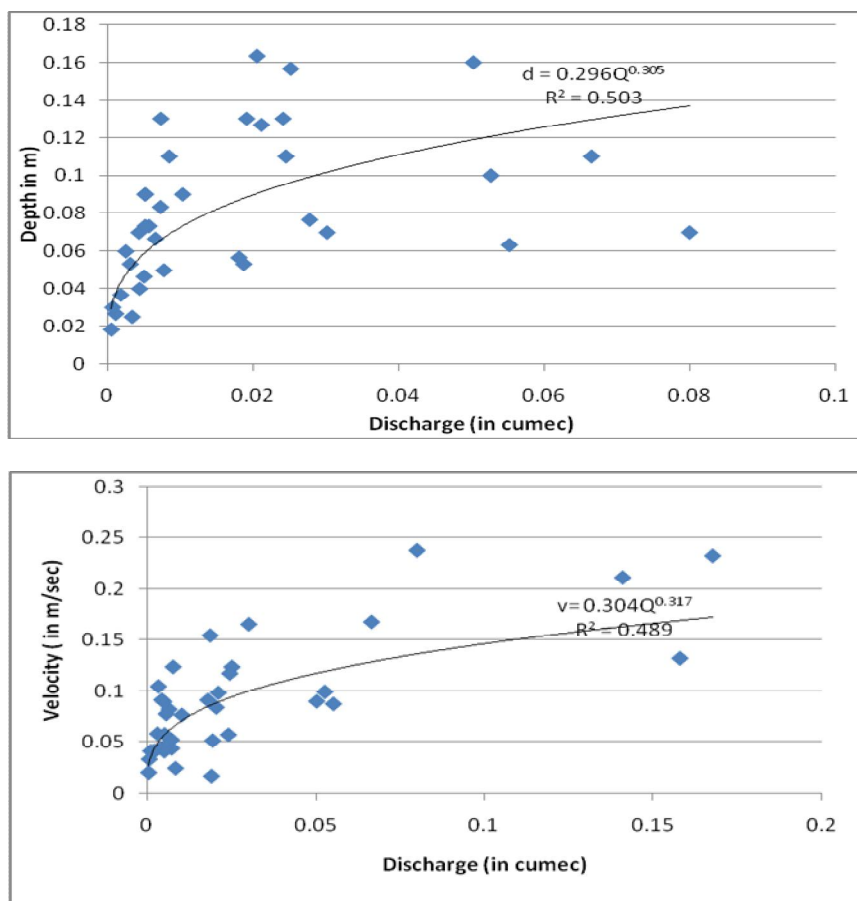
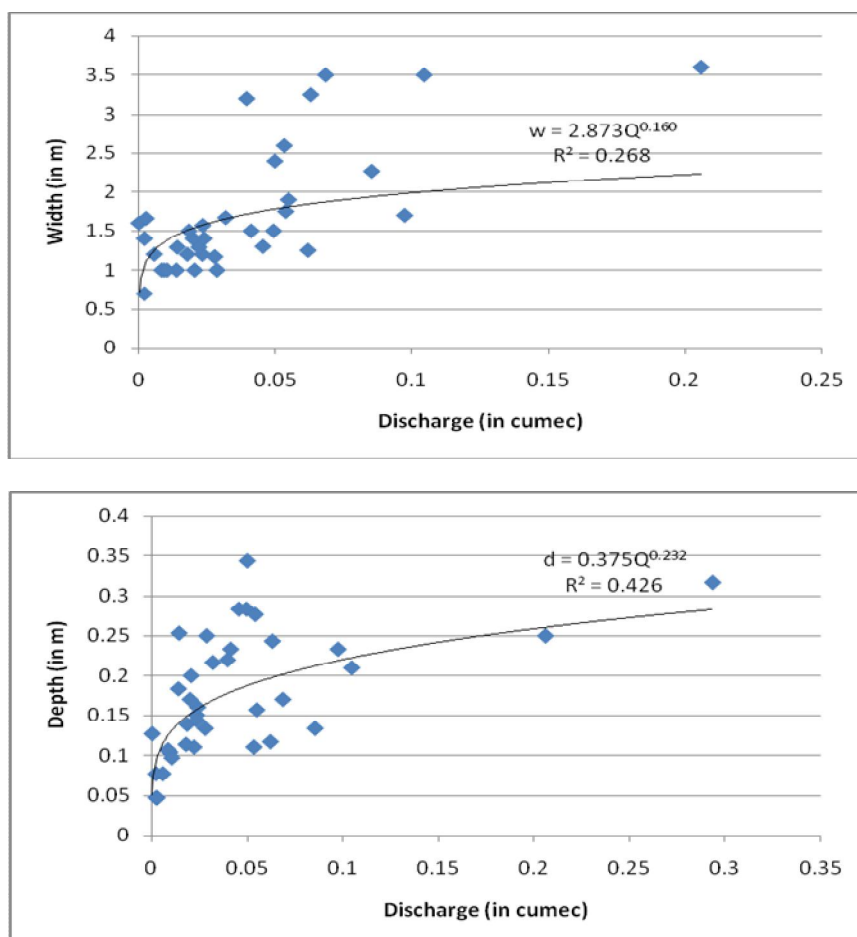


Fig. 2: Relation of Depth, Width and Velocity to Discharge of Pre-Monsoon Period of Jorhat city





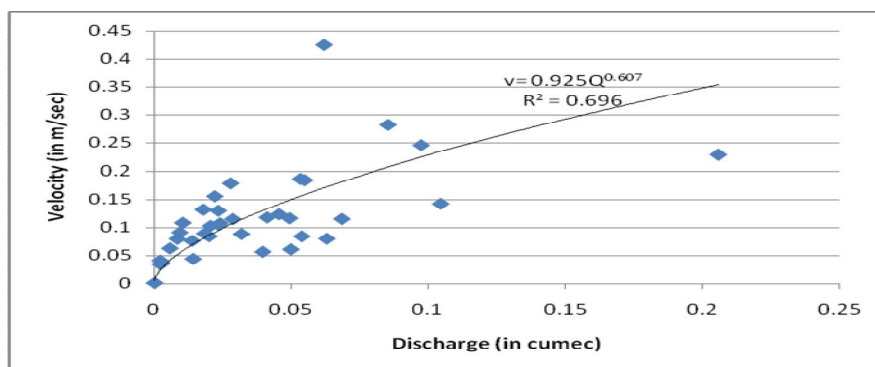


Fig.3: Relationship of Depth, Width and Velocity to Discharge of Post-Monsoon Period of Jorhat city

The relation of discharge to width, depth, velocity factors can be approximated by simple power functions as outlined above in equations (1), (2) and (3). Accordingly the result of which are given in the graph along with the co efficient of determination ( $R^2$  ). From these result it is observed that the width and discharge of pre monsoon exhibit better relationship than the other pairs and in the post monsoon period velocity and discharge are stronger .

Further by multiplying the equations (1), (2) and (3) given above, we have

$$w.d.v = a Q^b \cdot c Q^f \cdot k Q^m$$

$$\text{or, } w. d. v = a c k Q^{b+f+m}, \text{----- (4)}$$

But we know that  $w.d.v = Q$

$$\text{Hence, } a c k = 1 \text{ and } b + f + m = 1 \text{ -----(5).}$$

As per the calculations the values of a, b, c, f, k and m are 8.924, 0.352, 0.296, 0.305, 0.304, and 0.317 respectively in the case of premonsoon season. Hence,  $a.c.g = 8.924 * 0.296 * 0.304 = 0.8028$  and  $b+ f+ m = 0.352+ 0.305+0.317 = 0.974$ , and the these values of post monsoon seasons are  $a.c.g = 2.873 * 0.375 * 0.925 = 0.9965$  and  $b+ f+ m = 0.160+0.232+0.607 = 0.999$  respectively which implies a slight discrepancy in the results which may be attributed to the congestion of drains by various kinds of waste materials and leading to the blockage of drains in some parts of the city. It indicates that natural flow of the drain is restricted which may result in the water logging of low lying areas in the city. Hence it can be concluded that the artificial drainage nearly follow the hydraulic geometry principle of the natural drainage system. The flow in the drains in pre monsoon season is due to the accumulation of the domestic use of water. But the same in the post monsoon is contributed from rains as well as domestic use of water. Therefore, the hydraulic geometry relationship for post monsoon data is quite like the natural system.

## 2. Interrelationship of population pressure and drainage density

While examining the relationship between ward wise population density (persons/ hectare) and drainage density (m/hectare). It is found that there is no significant relationship between these two variables by taking all the wards of the city as shown in Fig.4 (a). This is due to some wards like 9, 15, 16 are not having the drainage system while some others are in the process of development of drains by Jorhat Municipality Board. Barring these wards when these two variables are plotted for the wards 1,2,5,11,17,18,19 it shows very good relationship ( $R^2 = 0.801$  i.e. 80% of drainage density is being explain by population density for 2011 and  $R^2 = 0.836$  i.e. 84% of drainage density is being explain by population density for 2001) and the pattern of relationship is shown in Fig.4 (b) and Fig.4 (c)

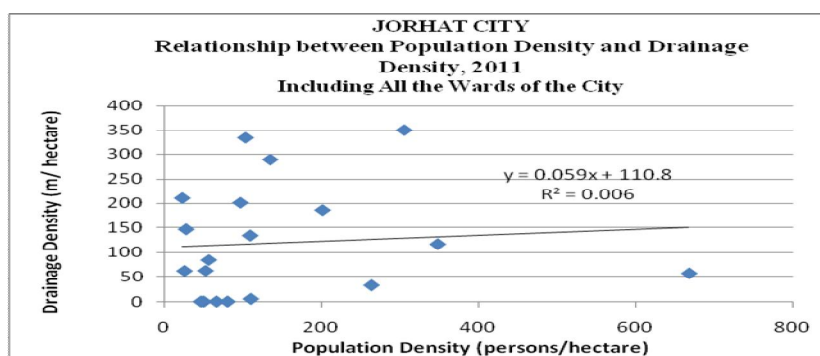


Fig. 4(a): Relationship between Population Density and Drainage Density

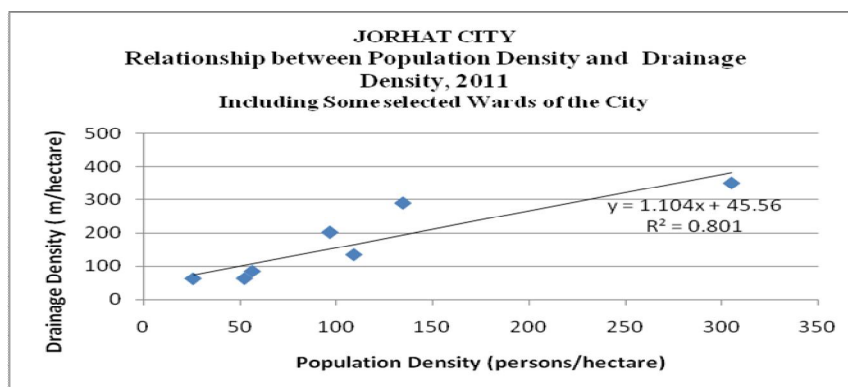


Fig. 4(b): Relationship between Population Density and Drainage Density

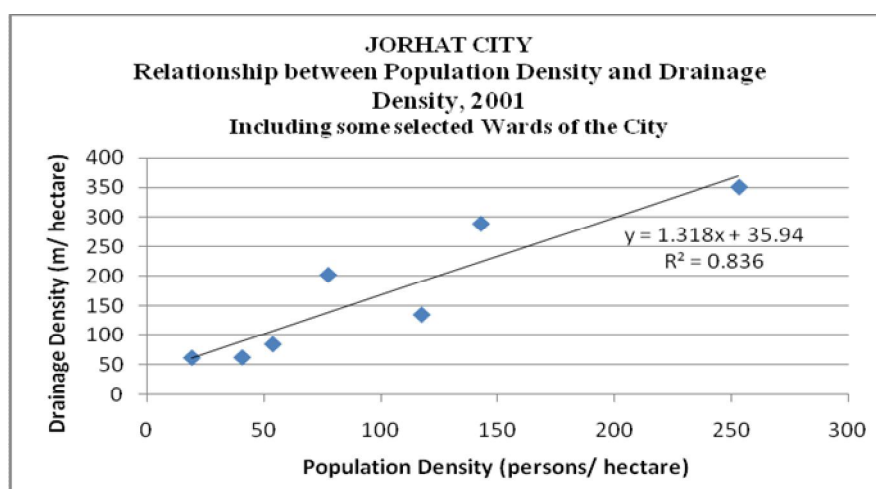


Fig. 4(c): Relationship between Population Density and Drainage Density

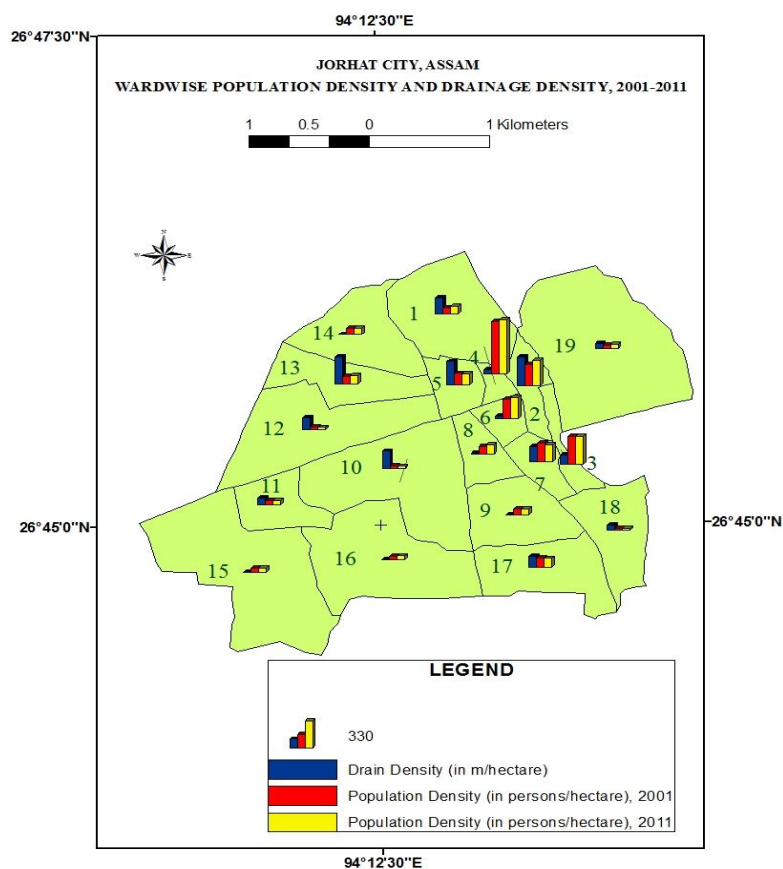


Fig5: Showing the Variation between ward wise drainage density and population pressure of 2001-2011

Analyzing the data collected from the field and mapping the attributes – drainage density and population density in Fig. 5, we have found the following significant facts-

1. It is observed that the Wards (3, 4, 6) has experienced rapid population growth from 2001-2011 with an increase in density which is not accelerated by increased in drain network sufficiently. The wards which have high population density, exhibit a very low density of drains which clearly depicts that they does not have sufficient surface drains to release wastewater which eventually aggravates water logging in monsoon period.
2. By analyzing the data, it is found that 38% of the total area of the city in wards 1,2,5,11,17,18,19 are developed, while 35% of the drains in the wards 3,4,6,7,8,10,12,13,14 are poorly developed and 27% of the drains in the wards 9,15,16 are devoid of drains as shown in the Fig. 6(a).

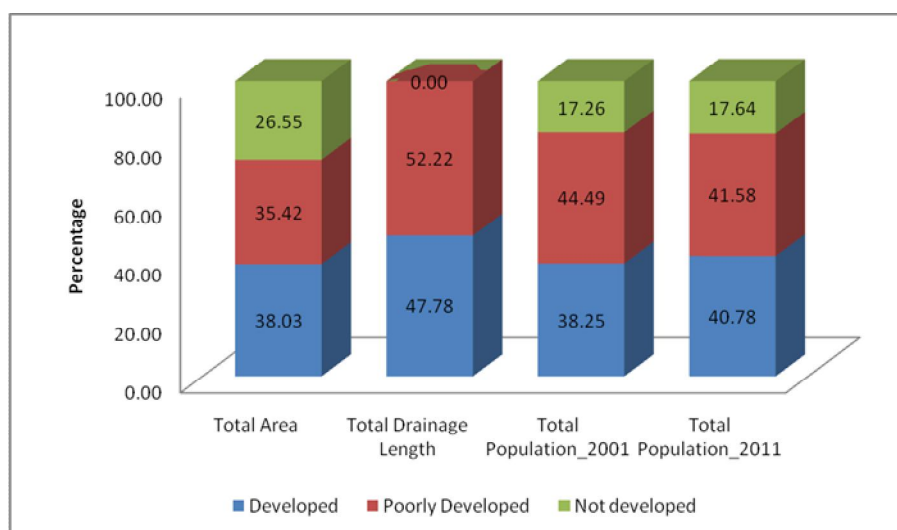


Fig. 6(a): Proportion of Total Area, Drainage Lengths, Population 2001 and 2011 in Jorhat Municipality

Table 1: Proportion of area, drainage lengths and population according to the status of drains

Sl. No.	Nature of drains	No. of wards	Percentage of Area	Percentage of total drainage lengths	Percentage of total population, 2001	Percentage of total population, 2011
1	Developed	7	38.03	47.78	38.25	40.78
2	Poorly Developed	9	35.42	52.22	44.49	41.58
3	Not Developed	3	26.55	0.00	17.26	17.64

## CONCLUSION

Present day urbanization of most of the Indian cities and towns is not well associated with the rapid improvement of urban socio-economic facility and urban governance (*Ghosh. S and Maji.T. , 2011*). From field survey, data analysis and experiences, it is observed regarding the drainage characteristics in context to its width, depth, velocity and discharge that there is a slight discrepancy in the results of pre- monsoon period data in maintaining hydraulic characteristics like the natural streams indicating restriction in the natural flow of the drain. But the same in the case of post monsoon period is nearly like the natural drainage, because in this season the contribution of runoff is obtained from rain as well as domestic use of water following the hydraulic geometry relationship like that of the natural system. Hence it can be concluded that the artificial drainage nearly follow the hydraulic geometry principle of the natural drainage system with adequate surface runoff. Besides, it is also clearly understood from the analyses that all the wards do not have well developed drain and as such the ward that have large potentiality of producing surface runoff volume do not have dense network of surface drains to release excess water which will ultimately aggravates the risk of flash flood in the stated ward in the time of heavy rainfall of short period, if the drain density is not increased sufficiently. Further, it is a real

---

fact that ward-wise condition of drains is far from satisfying and so there is an urgent need to improve urban sewage condition.

**REFERENCE**

1. Anonymous (2011) : Disaster Management branch of D. C's office, Jorhat, District Disaster Management of Jorhat.
2. Ghosh. S and Maji.T.(2011): An Environmental Assessment of urban Drainage, Sewage and Solid Waste Management in Bardhaman Municipality, West Bengal, International Journal of Environmental Science, Vol.2, No 1; pp 92-95.
3. Luna B. Leopold. and Thomas Maddock.(1953): "The Hydraulic Geometry of Stream Channels and Some Physiographic Implications, Geological Survey professional paper 252, Washington.
4. Roy Tamal Basu and Saha Sanjoy (2011) : A study on factors related to urban growth of a municipal corporation and emerging challenges: A case of Siliguri Municipal Corporation, West Bengal, India; Journal of Geography and Regional Planning Vol. 4(14), pp. 683-694, 18 November.
5. Saravanan. P. (2011): An Assessment of Environmental Degradation : Case Study of Avaniyapuram Town, Madurai, International Journal of Environmental Sciences, Vol. 1, N0-7.
6. Butler.D. and Davies.J.W. ed. 2011, Book Title: Urban Drainage, published by Spoon Press, 2 park square, Milton park, Abingdon, Oxon, OX 14 4RN, pp 1-3.

---

## FACTORS AFFECTING CONSUMER INVOLVEMENT IN PURCHASE DECISIONS: AN EMPIRICAL APPROACH

Richa Joshi<sup>1</sup> and Rashmi Sharma<sup>2</sup>

Research Scholar<sup>1</sup>, Delhi Technological University and Assistant Professor<sup>1</sup>, DIRD, Delhi

Research Scholar<sup>2</sup>, CCS University, Meerut

---

### ABSTRACT

*Consumer purchase decision process have been a topic of research for about several decades. Various models are constructed to understand the process of decision making however consumer decision making is affected by various factors which in turn determines the involvement of consumer with the product and impacts his decision making. Hence involvement forms a major aspect to determine the purchase. In this paper we have done an empirical study of different variables on the involvement with the product the extent of correlation between the variables and estimating the degree of the impact caused by such variables.*

**Purpose:** Purpose of this paper is to determine various factors which affect the consumer involvement during the purchase.

**Design/methodology/approach:** Paper is an empirical approach to understand the factors concerning consumer involvement, it is a research based on primary data with a sample size of 40 people & convenience sampling technique has been administered. SPSS 20.0 software is used for implementing correlation & regression techniques for data analysis.

**Findings:** Findings indicate that price of product and the type of product are the most important variables which categorize the products in to high involvement and low involvement.

**Key Words:** High involvement, Low involvement, Products, customers, decisions

---

### INTRODUCTION

“Involvement is a heightened state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase” (schiffmann & kanuk, 2010) Consumer involvement is defined as a state of mind that motivates consumers to identify with product/service offerings, their consumption patterns and consumption behavior. Involvement creates within consumers an urge to look for and think about the product/service category and the varying options before making decisions on brand preferences and the final act of purchase. It is the amount of physical and mental effort that a consumer puts into a purchase decision. It creates within a person a level of relevance or personal importance to the product/service offering and this leads to an urge within the former to collect and interpret information for present/future decision making and use. Involvement affects the consumer decision process and the sub processes of information search, information processing, and information transmission.

Consumer involvement Theory is one way to understand the psychology and behavior of the target audience. Involvement refers to how much time, thought, energy and other resources people devote to the purchase process. Depending on whether the involvement is short term or long term i.e. time period, consumer involvement could be of two types, viz., situational and enduring.

**1. Situational involvement:** This is a state of arousal directed towards attaching relevance to a person/object/situation for a short term. As an affective state, it creates a level of involvement when a person thinks about a particular person/object/situation. It is specific to a situation and is thus temporary in nature. It could vary from low to high, depending upon the situational factors. For example, a middle aged lady suddenly decides to gift a laptop to her son on his birthday. She is not techno savvy and has little interest with the product category. She goes to the electronics mall and visits the various stores that sell computers and laptops. She collects information on the product features, prices, etc and finally takes the help of her middle aged neighbor to reach a final decision. Her involvement with the purchase activity would be regarded as a situational involvement.

**2. Enduring involvement:** When the level of involvement towards the product/service category extends over a period of time across situations, it is referred to as enduring involvement. The person shows a high-level of

interest in the product category and spends time collecting and processing information and integrating it within his memory. For example, a person desires to buy a bike for his son to be gifted to him when he goes to college, which would be three years later. The father plans well in advance, tries to collect information through advertisements, brochures, trade journals, visits to dealers, and word of mouth from peers and colleagues. Within this period he gets involved with the product category and after three years is in a position to take a decision based on the facts that he has collected. This is referred to as enduring involvement.

### **HIGH INVOLVEMENT AND LOW INVOLVEMENT PRODUCTS**

Consumer level of involvement depends upon the degree of personal relevance that the product holds for that consumer. According to this premise, high- involvement products are those that are very important to the consumer (in terms of perceived risk) and thus provoke extensive problem solving (information processing). An automobile and a dandruff shampoo both may represent high involvement products under this scenario the automobile because of high perceived financial risk, the shampoo because of high perceived social risk. High involvement typically signifies higher level of rationality. Products that fall into this category are high involvement products, where decision making involves a lot of thinking. Because of the nature of product/service offerings that fall in this category, consumers have a high need for information. Also, consumer decision making is driven by economic motives. Examples of products that would fall into this quadrant include cars, laptops, real estate etc as well as innovative products.

Low involvement products are those products that are inexpensive or maybe moderately priced; they are low in value and risk; and, are frequently purchased. Often, they are purchased as a matter of routine. Such kind of products are possessed to have very less perceived risk and thus provoke very limited information processing .Example, toothpaste, soap, bread etc. For such products, the consumer gives little thought, and feelings may not be formed for the product until after the purchase has been made. So the tri-component, cognition, attitude and behavior are arranged in a manner such that cognition leads to behavior that finally leads finally to attitude.

### **FACTORS AFFECTING PRODUCT INVOLVEMENT**

Asael (2004), states that in every purchase scenario, many characteristics exist which affect on decision making process and involvement.

- Physical surroundings , such as designing and shop decoration
- Social surrounding of persons in consuming a product
- Time of consuming the product
- Purchase intention, purchase for ourselves or purchasing a gift.

There are four general categories which defines product involvement.

- **High involvement / emotional**
- **High involvement / rational**
- **Low involvement / emotional**
- **Low involvement / rational**

High Involvement	Examples: Financial Services or a car for a utilitarian car purchase	Examples: Jewelry, travel or a car for an auto- enthusiast
	Examples: Routine purchases such as Toothpaste or Cola	Examples: Impulse/less routine purchases such as cinema tickets or candy
Low Involvement	Rational	Emotional

Figure 1

#### **High involvement / emotional**

High involvement summed up with emotional aspect reflect such kind of products for which customers are ready to process more information but also they feel themselves to be emotionally linked to that product .i.e. the overall purchase is of great value to them psychologically. Business purchases that fall into this category might include such things as office design, advertising, and perhaps the hiring of certain employees. For individuals, high involvement / emotional purchases can include jewelry, weddings, and holiday travel plans.

#### **High involvement / rational**

Sometimes consumer are highly rational in taking decisions they give a thought to information processing just because of the fact that they believe the product is highly priced. In this category we find expensive business purchases: anything relating to the technological infrastructure, the office location and lease, as well as the

company health insurance plan. On the consumer side, high involvement / rational purchases tend to be linked to high cost. This category can include financial services and products, the purchase of a home or car, as well as major appliances and electronics. High involvement consumer purchases can vary significantly on the rational / emotional scale from individual to individual.

### Low involvement / emotional

Low involvement products are those for which customer do a limited problem solving or the information search is either lacking or very less. However such products bear an emotional appeal for customers, the gratification we get from these products is sensual. But such kind of satisfaction is transitory i.e. it doesn't last a long time. So we don't spend a lot of time thinking about the purchase. Movies, candy, an entertaining magazine, or a birthday card.

### Low involvement / rational

Such kind of products are categorizes themselves into low involvement category but customer is highly rational about the purchase. These are the things we buy out of habit, without much thought. This category includes most of the things you put into your basket at the drug store or market.

### Data Analysis Methods

This study used statistical analysis software—SPSS 20.0 for Windows. In SPSS 20.0, correlation and regression analysis is done by construction checking the correlation between the variables and then constructing a regression model to find the impact of independent variables on dependent variable.

### Sample Description

SPSS 20.0 statistical software was used to analyze the 40 questionnaires which were filled out basic personal information. The study is aimed to find out the impact of certain different variables on the involvement behavior of the customer. Sampling technique is convenience sampling classified under non probability sampling which is based on the premise that respondents happen to be present at the right time in the right place. The respondents comprised of people of age group ranging from 18 to 55 and above years.

### CORRELATION ANALYSIS

TABLE 1.1: Correlations

		Involvement of the product	Age of the Respondent	Price of the Product	Type of the Product
Involvement of the product	Pearson Correlation	1	-.163	.403*	.124
	Sig. (2-tailed)		.315	.010	.446
	N	40	40	40	40
Age of the Respondent	Pearson Correlation	-.163	1	-.113	.100
	Sig. (2-tailed)	.315		.486	.540
	N	40	40	40	40
Price of the Product	Pearson Correlation	.403*	-.113	1	.850**
	Sig. (2-tailed)	.010	.486		.000
	N	40	40	40	40
Type of the Product	Pearson Correlation	.124	.100	.850**	1
	Sig. (2-tailed)	.446	.540	.000	
	N	40	40	40	40

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

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

The correlation table is shown in Table 1.1. The values in correlation table are standardized and range from zero to one, positive and negative. Looking at the table we can say all the variables are highly correlated to involvement and age of the respondent is negatively correlated.

## REGRESSION ANALYSIS

A regression model is built to determine the impact of three different variables on the degree of involvement for the product.

### Dependent Variable

Y= Involvement of the product

### Independent Variables

1. Age of the respondent
2. Price of the product
3. Type of the Product

**TABLE 1.2**

#### Variables Entered/Removed<sup>a</sup>

Model	Variables Entered	Variables Removed	Method
1	Type of the Product, Age of the Respondent, Price of the Product <sup>b</sup>	.	Enter

a. Dependent Variable: Involvement of the product

b. All requested variables entered.

We will first run the regression model of the following form by entering all the three variables in the model.

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3$$

**TABLE 1.3**  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.354	.283		1.252	.219
Age of the Respondent	.002	.005	.043	.292	.772
Price of the Product	.846	.214	1.100	3.952	.000
Type of the Product	-.097	.033	-.815	-2.933	.006

a. Dependent Variable: Involvement of the product

Table 1.3 shows the significance value of price of product is .000 and value for type of product is .006 which is less than .05 which indicates that these two variables are very important in determining the involvement of the product.

The values of the variables are a=.354

b1= .002

b2=.846

b3=-.097

These values can be substituted in the above equation and the equation can be written as follows:

$$Y = .354 + .002 (\text{Age of the respondent}) + .846 (\text{Price of the product}) - .097 (\text{Type of the product})$$

We are now using backward stepwise regression method to try and eliminate the insignificant variable from full regression model containing all the three independent variables.



**TABLE 1.4**  
**Variables Entered/Removed<sup>a</sup>**

Model	Variables Entered	Variables Removed	Method
1	Type of the Product, Age of the Respondent, Price of the Product <sup>b</sup>		Enter
2		Age of the Respondent	Backward (criterion: Probability of F-to-remove >= .100).

a. Dependent Variable: Involvement of the product

b. All requested variables entered.

Table 1.4 shows one variable i.e. age of the respondent is excluded in backward step regression which shows that this variable does not have any impact on the dependent variable i.e. Involvement of the product.

**TABLE 1.5**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	.354	.283	1.252	.219
	Age of the Respondent	.002	.005	.292	.772
	Price of the Product	.846	.214	3.952	.000
	Type of the Product	-.097	.033	-2.933	.006
2	(Constant)	.416	.187	2.228	.032
	Price of the Product	.822	.196	4.201	.000
	Type of the Product	-.093	.030	-3.083	.004

a. Dependent Variable: Involvement of the product

Table 1.5 shows the output for the backward stepwise regression. The result shows only price of product and type of product remain in the model.

Now the resultant equation can be formed as  $Y = .416 + .822 (\text{price of the product}) - .093 (\text{type of the product})$ .

**TABLE 1.6**  
**Excluded Variables<sup>a</sup>**

Model	Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
					Tolerance
2 Age of the Respondent	.043 <sup>b</sup>	.292	.772	.049	.849

a. Dependent Variable: Involvement of the product

b. Predictors in the Model: (Constant), Type of the Product, Price of the Product

## FINDINGS

The study was an extension to the consumer decision making in order to understand the association of certain independent variables on involvement with the product. Though there can be large number of variables which effects consumer decision making but we have examined three important factors according to the relevance given by respondents and out of these three factors/variables two factors i.e. type of product and price of product were given utmost importance. Study revealed that involvement is highly associated with type of product and also price is an important aspect while processing information. Highly price products generally enjoys more information processing hence high involvement however low price products are purchased without much information processing. Though this research we are implicitly seeking to increase understanding in a particular behavioral area (product evaluation) by being more specific about what determines the purchase behavior of the customer.

---

**REFERENCES**

- Andrews, J, etal.( 1990). “A framework for conceptualizing and measuring the involvement construct in advertising research”. *Journal of Advertising*, 19(4).27-40,.
- Bezenc, on, v., Blili, s., (2010). “Ethical products and consumer involvement: what’s new?” *European Journal of Marketing*, Vol. 44 No. 9/10, 1305-1321,
- Ghafelehbash S., Asadollahi A. & Nikfar F. (2011). “Acquaintance with All Types of Involvement in Consumer Behavior”, *interdisciplinary journal of contemporary research in business*, vol 3, No 5.
- Leon G Schiffman; Leslie Lazar Kanuk; Joseph Wisenblit. (2010). *consumer Behavior*, Pearson Prentice Hall
- Michaelidou, Nina and Dibb, Sally (2008). “Consumer involvement: a new perspective”, *Marketing Review*, 8(1), pp. 83–99.
- Zaichkowsky, J., (1985).”Measuring the Involvement Construct”, *Journal of Consumer Research*, Vol. 12

---

**NEW ESSENCE TO LIFE: ACHIEVING WORK LIFE BALANCE**

---

**Divya Sharma**

Assistant Professor, Department of Management Studies, JIET Group of Institutions, Jodhpur

---

**ABSTRACT**

*The concept of Work life balance is becoming more and more relevant in a ever-dynamic working environment. The role played by the individual is as important as that of the organization in managing this tumultuous see saw. One of the novel approaches to this is by the use of one's emotional intelligence.*

*This will help people realize what they want to do, which in turn will lead to stronger organizations based on stronger values, orientations and ethics.*

*The core essence of work life lies in two key concepts that are relevant to each of us. They are daily Achievement and Enjoyment which leads to a positive Work-Life*

*Achievement and Enjoyment answer the big question "Why?" Why do one want a better income...a new house...their kids through college...to do a good job today...to come to work at all?*

*We are well versed with the meaning of Achievement. But let us explore the concept of Enjoyment. As part of a relevant Work-Life Balance definition, enjoyment does not just mean "Ha-Ha" happiness. It means Pride, Satisfaction,*

*Happiness, Celebration, Love, A Sense of Well Being ....all the Joys of Living.*

---

**INTRODUCTION**

Achievement and Enjoyment are the front and back of the coin of value in life. Individual can't have one without the other as no one can have a coin with only one side. Trying to live a one sided life is why so many "Successful" people are not happy, or not nearly as happy as they should be.

One cannot get the full value from life without BOTH Achievement and Enjoyment. Focusing on Achievement and Enjoyment every day in life helps us avoid the "As Soon As Trap", the life dulling habit of planning on getting around to the joys of life and accomplishment "as soon as...."

The goal of an individual should be that I just want to *achieve something today and I want to enjoy something today*. This application will bring on kind of integration between achievement and enjoyment and the individual concerned will find enjoyment only in achieving something and will achieve in enjoying something. If I do both of those things today, I'm going to have a pretty good day. And if I do both of those things *every day*, for the rest of my life... I'm going to have a pretty good life."

Life will deliver the value and balance we desire ...when we are achieving and enjoying something every single day...in *all* the important areas that make up our lives.

As a result, a good working definition of Work-Life Balance is:

Meaningful daily Achievement *and* Enjoyment in each of my four life quadrants: Work, Family, Friends and Self.

Ask yourself now, when was the last time you Achieved AND Enjoyed something at work? What about Achieved AND Enjoyed with your family; your friends? And how recently have you Achieved AND Enjoyed something just for you?

At work you can create your own best Work-Life Balance by making sure you not only Achieve, but also reflect the joy of the job, and the joy of life, every day. If nobody pats you on the back today, pat yourself on the back. And help others to do the same. When you do, when you are a person that not only gets things done, but also enjoys the doing, it attracts people to you. They want you on their team and they want to be on your team.

Achievement and enjoyment are simple concepts. And once one focuses on them as key components of their day, they are not that hard to implement. So, make it happen, for our self, our family and all the important individuals we care about...*every day* for the rest of our life... Achieve and Enjoy.

The idea of achieving work/life balance is a modern-day knockoff of the American Dream, rooted in the minds of ambitious yet overworked professionals who want to “have it all” -- work and play, career and family.

### **HOW TECHNOLOGY SKEWS OUR PRIORITIES**

The reason work seems to be encroaching more and more on our personal time is that every day, we unknowingly hand over precious power to alerts and notifications -- distractions ironically set up to ensure we don't miss a thing.

The morning begins with the notifications from Google, business blogs, email, productivity apps, airfare alerts, investment firm, and son's school. When we're constantly bombarded with these bits of information, priorities and distractions start to run together, and we have a hard time knowing what to focus on. And that struggle is about to get worse.

### **IT'S NOT ALL TECHNOLOGY'S FAULT**

How do we know when our priorities have truly gone wrong? I believe it's when we've reached a point where the urgency to react to something is disproportionate to its priority. Although technology enables every notification or alert to seem urgent, technology itself isn't the true culprit. Rather, it's our relationship with technology that throws us off-balance.

Do we delay a scheduled workout because we feel compelled to reply to an email first? Do our kids ask us to step away from Face book? Do unread emails cause us the stress even after a 12-hour workday? Do we check your phone at dinner? These are all signs that we have an imbalanced relationship with technology.

### **4 WAYS TO BALANCE OUR LIFE**

Below are a few simple ways to begin building a more balanced life -- one where you have room for hobbies, health, relationships, and personal priorities.

#### **1. TAKE 30 MINUTES EACH MORNING BEFORE CHECKING YOUR EMAIL OR PHONE**

We are used to wake up every morning and immediately look at our phone to see if there was anything urgent in our inbox or something interesting on Face book. It always started with you telling yourself, “I'm just going to check,” but that quick check turned into 30 minutes of working, mentally prioritizing my to-do list, and looking for a problem to react to. The most defining moment of our day is when we first wake up. We have a choice about the first information, we expose to our brain. By meditating, exercising, journaling, or doing something reflective for those first 30 minutes instead of opening the digital floodgates, we can allow our self to start your day recharged and aware of our priorities. Learning to control which information we pay attention to -- and when -- is crucial to achieving balance.

#### **2. IDENTIFY OUR PERSONAL “CRITICAL PATH” PRIORITIES**

Every year, the company holds a meeting for our executive team to discuss our “critical path” for the coming year. What are our most important priorities? Our departments then align their goals along that path. Professionals can benefit from going through this same process with their personal lives. Can we identify our five most important personal goals and values? Do we want to be more connected to your kids, be physically fit, or be on the road to a funded retirement? These priorities are part of our personal “critical path”; if we don't define them now and give them the necessary attention, something less important (but louder) is bound to take their place.

#### **3. FIND A NON-WORK-RELATED PASSION**

Without any interests or hobbies outside work, we run the risk of becoming resentful and isolated. While it sounds dedicated and noble to focus on work 24/7, everyone knows this isn't a realistic or sustainable lifestyle. This lifestyle can stifle creativity, impair judgment, and diminish focus. Many companies show outward signs of rewarding this behavior, but most people secretly have little respect for individuals with no boundaries.

Learn a language, join a gym, or volunteer at your child's school. Most importantly, do something that makes one step away from our computer and smart phone. Non-work-related, tech-free passions expand our universe and make us a more interesting person.

#### **4. BUILD A COMMUNITY OF SUPPORT**

Finding a non-work-related passion also involves building supportive, nurturing relationships outside of work. Money and jobs will come and go, but trusted friends who have our personal interests at heart can help us handle difficult Personal/professional decisions with less stress and more confidence.

When we take a look at why it's so hard to achieve balance between work and our personal lives, technology designed to serve us lies very close to the root of the problem. However, the root itself has to do with our tendency to permit outside forces to drive our priorities.

Being dedicated and ambitious is admirable, but allowing work to define your self-worth and identity is dangerous. By re-evaluating priorities and taking the necessary steps to unplug from work and technology, one can achieve real balance -- improving our health, happiness, and life as a whole.

#### **CONCLUSION**

Technology can offer a concrete solution to help employees and executives to maintain the continuum of work and life. Psychologists recommend social collaboration solutions to reduce the hassles and burdens of never-ending email chains and long meetings, and to give workers quick access to relevant information or to the chain-of-command as well as the ability to interact within a "virtual workspace" rather than a physical office.

Combined, technology, management buy-in and positive examples and a focus on business results can all lead to effective time and work management, thus leaving more time to spend attending to personal life matters.

#### **REFERENCES AND BIBLIOGRAPHY**

1. Critchley, R. K. (2002). *Rewired, rehired, or retired?: A global guide for the experienced worker*. San Francisco, CA: Jossey-Bass/Pfeiffer.
2. Duxbury, L., Higgins, C., & Coghill, D. (2003). *Voices of Canadians: Seeking work-life balance*. Ottawa, ON: Human Resources Development Canada.
3. Fletcher, W. (2002). *Beating the 24/7: How business leaders achieve a successful work/life balance*. Etobicoke, ON: John Wiley & Sons Canada.
4. Guest, D. (2002). Perspectives on the study of work-life balance. *Social Science Information*, 41, 255-279.
5. Matchan, L. (2003, February 20). Architect re-channels his creative energies. *Boston Globe*, p. H2.
6. Scase, R. (2002). *Living in the corporate zoo*. Oxford, England: Capstone Publishing.
7. Boles J. Howard, W. And Donofrio H. 2001, An investigation in to interrelationships of work Journal of managerial issues.
8. Burton, C 1997, Gender equity in staffing, Evaluation and investigation.
9. Decieri, H, Holmes, B. Abott J, and Petit 2005, Achievements and Challenges for
10. work- life balance strategies , International Journal of HRM.
11. Greenhaus, J.H. and Beutell, N. J. 1985, Sources of Conflicts between Work and
12. Family Roles, Academy of Management review.
13. [www.timesofindia.com](http://www.timesofindia.com)
14. [www.wikipedia.com](http://www.wikipedia.com)
15. [www.ask.com](http://www.ask.com)
16. [www.cnn.com](http://www.cnn.com)

---

## **ADVANTAGES OF MANAGEMENT INFORMATION SYSTEM**

**S. Tephillah Vasantham**

Research Scholar, Mother Teresa University, Kodaikanal

---

### **ABSTRACT**

*The system provides information on the past, present and project future and on relevant events inside and outside the organization. It may be defined as a planned and integrated system for gathering relevant data, converting it in to right information and supplying the same to the concerned executives. The main purpose of MIS is to provide the right information to the right people at the right time.*

*Keywords: Management Information system, computer applications, planning and control*

---

### **INTRODUCTION**

The Concept of management information systems originated in the 1960s and become the byword of almost all attempts to relate computer technology and systems to data processing in business. During the early 1960s, it became evident that the computer was being applied to the solution of business problem in a piecemeal fashion, focusing almost entirely on the computerization of clerical and record – keeping tasks. The concept of management information systems was developed to counteract such in efficient development and in effective use of the computer.

### **ADVANTAGES OF USING MANAGEMENT INFORMATION SYSTEM**

It serves as a systems framework for organizing business computer applications. Business applications of computers should be viewed as interrelated and integrated computer – based information systems and not as independent data processing job. In emphasizes the management orientation of electronics information processing in business. The primary goal of computer based information systems should be the processing of data generated by business operations. A management information system is an integrated man – machine systems that provides information to support the planning and control function of manager in an organization. The output of an MIS is information that subs serves managerial functions. When a system provides information to persons who are not managers, then it will not be considered as part of an MIS. For .example, an organization often processes a lot of data which it is required by law to furnish to various government regulatory agencies. Such a system, while it may have interfaces with an MIS, would not be a part of it, Instances of such systems is salary disclosures and excise duty statements. By the same token to sophisticated computer – aided design system for engineering purposes would also not be a part of an MIS.

MIS deals with information that is systematically and routinely collected in accordance with a well-defined set of rules. Thus, and MIS is a part of the formal information network in an organization. Information that has major managerial planning significance is sometimes collected at golf courses. Such information is not part of MIS; however, one- shot market research data collected to gauge the potential of a new product does not come within the scope of an MIS by our definition because although such information may be very systematically collected it is not collected on a regular basis.

The information provided by an MIS helps the managers to make planning and control decisions. Now, we will see, what is planning and control. Every organization in order to function must perform certain operations. For Example, a car manufacturer has to perform certain manufacturing activities, a wholesaler has o provide water to its area of jurisdiction. All these are operations that need to be done. Besides, these operations, an organization must make plans for them. In other words it must decide on how many and what type of cars to make next month or what commissions to offer retailers or what pumping stations to install in the next five years. Also an organization must control the operations in the light of the plans and targets developed in the planning process. The car manufacturer must know if manufacturing operations are in line with the targets and if not, he must make decisions to correct the deviation or revise his plans. Similarly the wholesaler will want to know the impacts that his commissions have had on sales and make decisions to correct adverse trends. The municipal corporation will need to control the tendering process and contractors who will execute the pumping station plans.

### **ADVANTAGES OF MIS IN PLANNING AND CONTROL**

- In Minimizes information overload: MIS change the larger amount of data in to summarize form and there by avoids the confusion which may arise when managers are flooded with detailed facts.

- 
- It Facilitates planning: MIS improves the quality of plans by providing relevant information for sound decision - making. Due to increase in the size and complexity of organizations, managers have lost personal contact with the scene of operations.
  - MIS Encourages Decentralization: Decentralization of authority is possible when there is a system for monitoring operations at lower levels. MIS is successfully used for measuring performance and making necessary change in the organizational plans and procedures.
  - It brings Coordination: MIS facilitates integration of specialized activities by keeping each department aware of the problem and requirements of other departments. It connects all decision centers in the organization.
  - It makes control easier: MIS serves as a link between managerial planning and control. It improves the ability of management to evaluate and improve performance. The use of computers has increased the data processing and storage capabilities and reduced the cost.
  - MIS assembles, processes, stores, retrieves, evaluates and disseminates the information.

### **CONCLUSION**

Thus Management information system plays a very important role in Management and in the field of computer science. Management information system has got a lot of advantages and it's one of the very important useful topics in this 21<sup>st</sup> century.

### **REFERENCES**

1. [smallbusiness.chron.com](http://smallbusiness.chron.com) › Managing Employees › Management Systems
2. [www.bcanotes.com/Info%20About%20Mis.html](http://www.bcanotes.com/Info%20About%20Mis.html)
3. [www.ehow.com](http://www.ehow.com) › Business
4. [www.ccsenet.org/journal/index.php/ijbm/article/download/8940/7938](http://www.ccsenet.org/journal/index.php/ijbm/article/download/8940/7938)
5. [www.fao.org/docrep/w5830e/w5830e0k.htm](http://www.fao.org/docrep/w5830e/w5830e0k.htm)

---

## DESIGNING STRATEGIES FOR REINFORCING VALUES IN EDUCATION

---

Veenam Goyal

Assistant Professor, Jaipuria Institute, Indirapuram, Ghaziabad

---

### ABSTRACT

*“The role of teacher is to create opportunities for invention rather than provide ready-made knowledge.”*

*Today, Role of teacher is not merely of an instructors but he/she has to acquire the ethical as well as professional characteristics. The teacher's role and responsibility towards the national development is immense and to fulfill his/her obligations effectively towards the society. It is true that value based teaching is the need of the day. But this will become a reality only if teachers are value-oriented.*

*Teaching emerged as an occupation when the life and society became complicated and when the quantum of knowledge increased to such an extent that a particular group of people called **Teachers** had to assume the role and responsibility of transmitting the same from the generation to another. Teaching is the epitome of all professions. Teacher should bear some qualities such as, tactfulness, eagerness, accountability, honesty, efficiency, responsibility and above all the code of ethics.*

*'A teacher in real sense is one who himself practices values and he should walk his talk to leave an everlasting impression in the minds of students.'*

*At present there are so many disturbances in the social values, global values, environmental values, cultural values, aesthetic values and recreational values of the people in the country. This is because values are missing from the very beginning in our youth. This paper describes what value education can inculcate, and raises the question whether values can be taught or they should be caught. It takes the position that teachers must be entrusted with the role and responsibilities of inculcating values in the youths. The purpose of this paper is to highlight the role of teachers on upbringing of values in today's Generation Next by designing the strategies for reinforcing values in education.*

*Keywords: Education, Values, Values Education, Teacher*

---

### INTRODUCTION

**Sri Aurobindo** says, "Education which will offer the tools whereby one can live for the divine, for the country, for oneself and for others and this must be the ideal of every school which calls itself national".

**According to Gandhi**, "By Education, I mean an all-round drawing out of the best in the Child and man body, mind and spirit."

Education is closely allied to practical life. Education becomes a social process by means of which society molds children according to its need and approved pattern of life. The revival of our society and the world depends upon a wide spread renewal of individual commitment to an active value based life. The need of the hour is not to change the superstructure of the educational system but to change its very foundation.

**“Value is worthy, utility, desirability and qualities on which these depend.”**

Values relate to the aims of human life. Values exert major influence on the behavior of an individual and serve as broad guidelines in all situations. To say, that *our conduct is motivated by our value*. Values indicate ideals of men. They are the part of the philosophy of a nation and of its educational system. They serve as guiding principles of life. Therefore when we are striving for inculcating human values in education, an aim is to culture and manifest those values which would bring happiness to society and making as well.

**John Dewey (1948)** explained the term values as – to prize to esteem, to appraise, to estimate according to him values serve as a means to cherish something, holding it dear and also the act of passing judgment upon the nature.

**Cortes and Manalang, (1983)**, Like all beliefs, values have cognitive, effective, and behavioral components i.e., a person knows the correct way to behave, he feel for or against a mode of conduct and acts in a manner and direction that conforms with a particular value.



Education in general and value education in particular occupies a prestigious place in the modern context of the contemporary society. The world-wide resurgence of interest in value education has been explained as the natural response of the modern societies to the serious erosion of moral values in all aspects of life. Value education is at the root of this process, as values incorporate, digested in the system will enable people to achieve these goals. In a very explicit connection between the goals of values education and the centrality of a teaching perspective, the National Framework for Values Education tells us that: "Values education reflects good practice pedagogy." So it is true that value based teaching is the need of the day.

*As the saying goes "values are not taught but caught."*

### **TEACHING AND VALUE EDUCATION**

Teaching can be both rewarding and frustrating. Rewarding in the sense that the teachers have the greatest opportunity of touching the lives of the people, of engaging in a variety of activities, and of contributing to the well being of society. Frustrating- because on the top of the heavy work load in school. Even then, Teaching emerged as an occupation when the life and society became complex & complicated and when the quantum of knowledge increased to such an extent that a particular group of people called **Teachers** had to assume the role and responsibility of transmitting the same from one generation to another. Teaching is the epitome of all profession. Teaching has alerted the educational community to the greater potential of teaching, including in such areas as personal and social values inculcation. As such, it has huge relevance for the world inhabited by a comprehensive and exhaustive values education.

These are the underpinning philosophies of teaching which must be understood in order for the modern values education pursuit to be truly saturating of our schooling systems, religious, independent and public. Especially in relation to the public system, it is only through these linkages with the most updated educational theory and teaching philosophy that the words of the Adelaide Declaration on the National Goals for schooling in the Twenty-first Century, and the even sharper words of the 2003 Federal Government Values Education Study and the 2005 National Framework for Values Education, will truly capture the hearts and minds of the average teacher.

The teacher is not merely one who deals with students' intellectual capacities but one who relates to the whole person and the whole person's need and development. He is one of the pillars of the society and the country. He influences the immature minds of the youth. Teachers through their perseverance, love and sacrifices have shown us the right path in which great men have built our nation. While the role of knowledge and a skilled society with vision and aspirations in the success of a nation cannot be stressed enough, it should also be remembered that knowledge cannot be acquired if it is not sought and received through the help of the teacher. NCTE (1998), recommends that a teacher must be having: Commitment to the learner, Commitment to the Society, Commitment to the Profession, Commitment to achieve excellence and Commitment to basic human values. Teacher should bear many qualities and each letter of the word **TEACHER** itself carries a meaning in the light of the future of the nation:

**T** = Tactfulness, Trust, Team-work,

**E** = Eagerness, Energetic, Enthusiastic,

**A** = Accountability, Alertness, Adaptability,

**C** = Code of Ethics, Commitment, Critical Thinking,

**H** = Honesty, Helpfulness, Humour,

**E** = Efficiency, Empathy, Emotional Intelligence,

**R** = Responsibility, Readiness, Resourcefulness,

### **ROLE OF TEACHER IN VALUE EDUCATION**

**"The role of teacher is to create opportunities for inventions rather than inculcating ready-made knowledge."**

Today, the role of teacher is not merely of an instructor but he/she has to acquire the ethical as well as professional characteristics. The teacher's role and responsibilities towards the national development is immense and have to fulfill his/her obligations effectively towards the society. This will become a reality only if teachers are value-oriented. Teachers are the ideals to their pupils. An educational institute should not be just

---

confined to teaching and learning but it should be considered as a place where values is aroused and illumined and seeds of discipline, devotion & commitment are planted and fostered with deliberate efforts. In a nutshell, ***“A teacher in real sense is one who himself practices values and he should walk his talk to leave an everlasting impression in the minds of students.”***

The role of teacher is the most crucial input in the field of education. The functions of the teacher are those of a philosopher, a guide and a friend. Our nation needs a regiment of qualified and dedicated teachers with adequate potentiality for developing new generations with strong values and wisdom. Therefore, teachers should be aware of the fact that their role is of vital significance for society development and change. They must make an effort to light a candle instead of cursing the darkness and sow the seeds of value education with a great hope that they would disseminate their fragrance towards the creation of a just and new society as they spurt and blossom. Teachers have always been entrusted with the responsibilities of imparting value education. He/she cannot excuse for not helping the students under one's charge to imbibe values that are essential for living a successful life in modern times. A teacher teaching contents of any subject can easily locate the values inherent in it. Once having located the value, the teacher needs to relate it to the day-to-day life experiences of the students. They may be asked to react regarding the applicability of these values in their thought and actions. Once they are convinced about it, the teacher should see that the behavior of the student is being shaped and modified accordingly. Illustrating with examples, a few situations of value education, while teaching different subjects in schools or colleges, might help in making value education tangible to respective content aspiration.

Today's knowledge economy demands a new kind of learning environment. For teachers-schools, community organizations and parents- our responsibility is to shape opportunities for youth that help build the skills, ideas and attitudes to help them success in work and life. Teacher has to be a facilitator of knowledge in present days, as students have many other channels of getting information, knowledge about content. This made teacher to employ innovative ways of teaching than using traditional lecture methods. Teacher has to use different approaches where student will come to know about different channels of getting information related to content. This also caters to the needs of individual differences existing in the classroom. The students of this generation are changing the face of teaching and learning. Teachers must meet the learning styles of the students. The content of lessons will not change, but the route which teachers take to accomplish the goal will. It is the responsibility of teachers to foster these values in your students.

### **STRATEGIES FOR PROMOTING VALUE**

We have already stated that value education is not to be looked upon as one more course of study. For the concept of value education is located within the overall concept of education itself, all education itself being a kind of value education. When we relate value education and education, we can identify several sources of value education – the regular curriculum the co-curriculum, the student and the overall institutional atmosphere, operating both through its overt and hidden curriculum. All these sources are to be judiciously used in the value education of an individual. The methods and strategies of value education are many and varied the selection of which depends much upon the values chosen, sources of development of these values and many other limiting factors.

The teachers' comprehension should not extend only to transmitting information from a prescribed textbook. A variety of teaching strategies can be used to provoke active learning in our youth. In developing some strategies, the criticality of the need for value inculcation and emphasis on ethical and moral education should form an integral part of each and every unit and activity. Small stories from epics, mythologies and history suitable to the stage and linked to the value inculcation, would generate interest amongst the young learners, and could familiarize them with the cultural revolution and heritage. This would also lead to understanding of the culture and heritage of different communities and gradually help in developing respect for religions, languages and culture practices which may be different from that being practiced and evolved in the learners' home surroundings. These are the times not only of universalizing elementary education but also of universalizing science education.

**“Every teacher should have a set of values that are inculcated in the classroom. The values play a part in creating a positive environment where both the students and teacher feel comfortable. Teachers should turn the values into a set of rules that explain appropriate behavior to students”**

Teachers, therefore, have an important role to play in scaffolding group work for their Pupils by modeling strategies and coaching their pupils in the art of skilful and successful collaborations.

These teachers believe that teacher leadership is a potentially powerful strategy to promote effective, collaborative teaching practices in schools that lead to increased student achievement, improved decision making at the school and district level, and create a dynamic teaching profession for the 21st century. The teacher leader model standards can be used to guide the preparation of experienced teachers to assume leadership roles such as resource providers, instructional specialists, curriculum specialists, classroom supporters, learning facilitators, mentors, school team leaders, and data coaches (Harrison & Killion, 2007).

**According to Hayward & Cairns**, the goal of teachers should be to "...prepare students to become competent clinicians, clinical thinkers, critical thinkers, problem-solvers and collaborators, team players, self-directed learners and effective communicators".

The point emphasized is that the entire process of value education is a highly comprehensive and complex one that involves a wide range and variety of learning experiences. In order to achieve the objectives of value education the school and the student should draw from a variety of learning resources either independently or in combination. A very basic purpose of value education is to develop the moral autonomy of the learner and also sensitivities of value content of school and classroom activities. These strategies should be free from attempt to indoctrinate the learner. Capacity for value judgment and internalization are to be achieved by exposing students to a variety of experiences and activities. This may includes reading, listening, discussions, narration, direct presentation of ideas by the student and other strategies.

## **CONCLUSION**

In the case of value education, the belief is around the teacher's capacity to make a difference by engaging students in the sophisticated and life-shaping learning of personal moral development. I know it is challenging thought for many who, rightly or wrongly, were trained to think differently about the role of the teacher and the social agency of the school. However, value education or no value education, we live in a society that is shouting out a new charter to us. Value Education is one powerful means by which we might realize this charter.

Guru Rabindranath Tagore conveys an important message to the teachers through a small earthen lamp. He told, ***"A teacher can never truly teach unless he is still learning himself. A lamp can never light another lamp unless it continues to burn its own flame."***

Briefly, we can say that values are the guiding principles of life which are conducive to all round development. They give direction of life and bring joy satisfaction and peace of life. So values and the role of Teacher play a very important role in the overall development of society and help in achieving the socialistic pattern of the society. In a nutshell it can be concluded that education without vision is waste, education without values is crime and education without mission is life burden. Therefore, for the sustainable human development as well as for the social growth, there is a need of values education as well as need based education.

**According to a Japanese saying,**

*a poor teacher tells,  
an average teacher teaches,  
a good teacher explains,  
an excellent teacher demonstrates  
and a great teacher inspires.*

## **REFERENCES**

- Allport, G.W.Vernon, P.E. and Lindsey, G. (1960) A Study of Values, Houghton Mifflin
- Rajput, J.S. (1995) 'Trust the Teacher for Value Inculcation'. University News
- UNESCO (1998), World Conference on Higher Education in the 21<sup>st</sup> Century, Paris 5-9 Oct.
- Verma, A. (2002) 'Teacher in the Twenty-First Century'. University News, Vol. 40, Dec.
- Pritam Singh, (2004), 'Architect of the Future of the Country, University News, Vol. 42, Nov.
- Veenam (2012), 'Value Education and Teachers' Work: A Review of Quality Teaching, IJTBA, Vol. 1, June.

## ABOUT THE JOURNAL

International Journal of Research in Management & Social Science is a quarterly double blind reviewed research journal of Empyreal Institute of Higher Education, Guwahati, India. It seeks to provide a platform to research scholars, practicing managers, and academicians in business management, commerce and allied fields, to present their research findings and share their views and experiences. Its aim is to promote research education worldwide and to establish acquaintances between management and Information Technology. The journal focuses on issues related to the development and implementation of new methodologies and technologies, which improve the operational objectives of an organization. These include, Project management, logistics, production management, e-commerce, quality management, financial planning, risk management, General Management, Banking, Insurance, International Business, Health Care Administration, Human Resource Management , Non-Profit Organizations, Operations Research/Statistics, Operations Management, Organizational Behavior and Theory, Organizational Development, Organizational Management, Production/Operations, Public Administration, Purchasing/Materials Management, Entrepreneurship, Strategic Management Policy, Technology/Innovation, Tourism and Hospitality, Supply Chain Management, Rural Management, Public Management, Knowledge Management, Business Ethics, Corporate Social Responsibility , Negotiations and Competitive Decision Making, Data Analysis, Hotel Management and emerging trends in allied subjects. The journal provides a forum for researchers and practitioners for the publication of innovative scholarly research, which contributes to the adoption of a new holistic managerial approach that ensures a technologically, economically, socially and ecologically acceptable deployment of new technologies in today's business practices.

# Guidelines for Contributors

1. Manuscripts should be submitted preferably through email and the research article / paper should preferably not exceed 8 – 10 pages in all.
2. Book review must contain the name of the author and the book reviewed, the place of publication and publisher, date of publication, number of pages and price.
3. Manuscripts should be typed in 12 font-size, Times New Roman, single spaced with 1” margin on a standard A4 size paper. Manuscripts should be organized in the following order: title, name(s) of author(s) and his/her (their) complete affiliation(s) including zip code(s), Abstract (not exceeding 350 words), Introduction, Main body of paper, Conclusion and References.
4. The title of the paper should be in capital letters, bold, size 16” and centered at the top of the first page. The author(s) and affiliations(s) should be centered, bold, size 14” and single-spaced, beginning from the second line below the title.

## **First Author Name1, Second Author Name2, Third Author Name3**

1Author Designation, Department, Organization, City, email id

2Author Designation, Department, Organization, City, email id

3Author Designation, Department, Organization, City, email id

5. The abstract should summarize the context, content and conclusions of the paper in less than 350 words in 12 points italic Times New Roman. The abstract should have about five key words in alphabetical order separated by comma of 12 points italic Times New Roman.

## **Examples of References**

All references must be arranged first alphabetically and then it may be further sorted chronologically also.

- Abrams, F. W., (1951), ‘Managements Responsibilities in a Complex World’, Harvard Business Review, 29(3): 29 – 34.
- Bateson, C. D.,(2006), ‘Doing Business after the Fall: The Virtue of Moral Hypocrisy’, Journal of Business Ethics, 66: 321 – 335
- French, P. A. (1984), “Collective and Corporate Responsibility”, Colombia University Press, New York.
- Morris, C. (1999) *Quantitative Approaches to Business Studies* (5th edn), London, Financial Times Pitman Publishing.
- Khushalani, Lakhan and Kulkarni, Prasad (2007), “Network Security”, Presented at the National Conference on Emerging Technologies in Control and Instrumentation, October 19-20 2007, Mumbai: TSEC, 53 – 55.
- Dees, J.G. (2001), “The Meaning of Social Entrepreneurship”, Retrieved from: [http://www.caseatduke.org/documents/dees\\_sedef.pdf](http://www.caseatduke.org/documents/dees_sedef.pdf) (accessed 10th December 2010).
- K. Mae Heussner (2008). Jeff Ooi - from digital to political clout? Accessed 15 May 2008 from <http://www.Malaysiakini.com.news/78757>.

# **Empyreal | Institute of Higher Education**

Parag Academy Complex, 1<sup>st</sup> Floor, Opposite DDK, AIDC,  
R.G. Baruah Road, Guwahati, Assam  
email : [info@empyreal.co.in](mailto:info@empyreal.co.in), Ph : 09999817591 / 08133857745