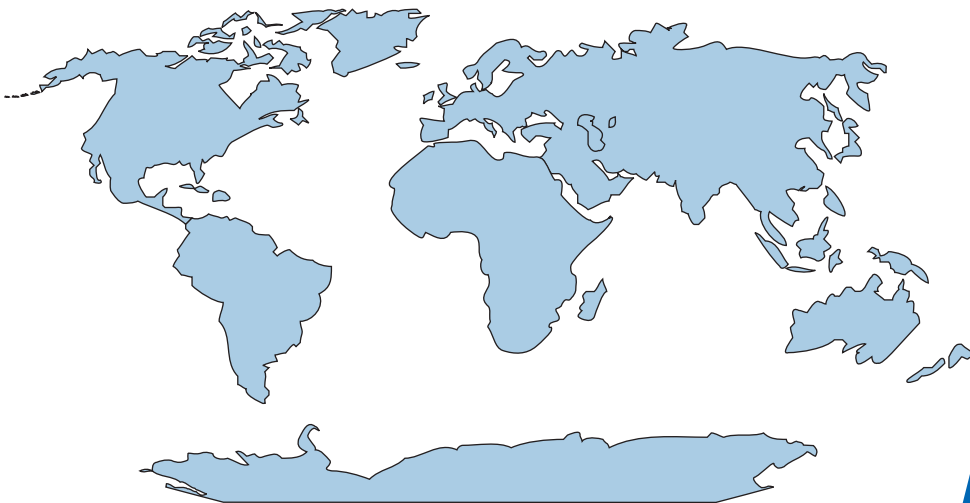


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A handwritten signature in black ink, appearing to read "Risto Wuyato".

Signature:

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## ROLE OF MERIT AND POLITICS IN INDIAN ORGANIZATIONS – A CRITICAL STUDY

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### ABSTRACT

*In the literature, readily available as on today, in the field of Personnel Management there are passed a number of comments on the topic of 'Office Politics' or 'Organizational Politics.' In order to test the validity, reality and reliability of these comments, the Researcher tried to correlate his observations with the comments. These Organizational Observations are the outcome of different visits, the researcher had, in a number of Organizations in India on several occasions in last thirty years.*

*In order to fulfill reasonable expectations of organizational members from each other, it is ideally advisable to treat the organizational members the way they like to and not the way any individual likes. Even if an employee willingly does not enter the Office Politics, sooner or later, he is dragged or pulled in the Office Politics. In the words of Gary P. Naftalis, "How you play the game is not important.... Winning has to be important."*

*An employee relying on Merit provides significance to his Educational and Technical Qualifications, Soft Skills, Experience, Personal Capabilities, Personality Traits, Work Efficiency and Effectiveness etc. On the other hand, an employee Political Talent gets reflected through his Organizational Actions like Networking, Grouping, Gossiping, Rumoring, Defaming (Image Tarnishing) and Organizational Decisions arrived at on the basis of Favoritism, Partiality, Personal Gain, Colleagues' Loss, to mention a few.*

*The Researcher has put forward four Observations followed by the Research Paper Inference and Researcher's Recommendation. In this Research Paper, the Researcher has attempted firstly to study the role of Politics and Merit in Organizations in India and thereafter he has tried to establish the interdependency or interrelationship between these two practical concepts in existence in Organizations in India.*

*Keywords: Political Talent, Office Politics, Meritorious Evaluation*

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### INTRODUCTION

In the literature, readily available as on today, in the field of Personnel Management there are passed a number of comments on the topic of 'Office Politics' or 'Organizational Politics.' If an employee would really rely solely either on his Merit or on his talent of playing Politics – can be called as '**Political Talent**,' in an Organization, in the present scenario of cut-throat competition, employee survival in itself, at times, may turn out to be a serious problem, forget achieving high level success and consequent growth within the organization.

The foregoing introduction of the present Research Topic broadly suggests the following two things.

- (a) A Meritorious and Good Employee also has to indulge in practicing special kind of Politics in organizations.
- (b) An employee lacking merit has no option open but to rely on his skills of playing Politics in organizations.

### RESEARCH PAPER OBJECTIVE

The following are the Objectives of this Research Paper.

1. To critically Study the Role of Merit and Politics in Corporate Organizations in India
2. To Establish Interdependency or Interrelationship between Merit and Politics in Corporate Organizations in India

### RESEARCH PAPER METHODOLOGY

**The Methodology adopted for writing the Research Paper is as follows.**

1. The Research Paper is exclusively based on Primary Data which is collected by the Researcher through adoption of Observation Methodology. These Organizational Observations are the outcome of different visits, the researcher had, to a number of Organizations in India on several occasions in last thirty years.
2. Several inferences were arrived at and personal views were formed by the Researcher after applying logical interpretations in different Organizational Observations.

### REVIEW OF LITERATURE

In organizations an employee, besides his immediate superior, comes across many other colleagues and subordinates having varying kinds of personal nature and features like Straight- forward, Reserved, Self-

centered, Cooperative, Conflicting, Destructive, Political, to mention a few. Such each and every person would always try to pretend that he himself is an honest and very close best friend who can comfortably be trusted as regards certain organizational confidential matters. However, at such times, an employee should really be highly cautious, because *one should be doubly careful to whom to open up to as only a few people actually care, the rest just want to have something to gossip about.* Furthermore, gossip does not die unless it hits a wise person's ears. In this connection, an inspiring and guiding practical principle of **Jonathan Lockwood Huie** is worth remembering. *"Forgive others, not because they deserve forgiveness, but because you deserve peace."* There is a very old Chinese Proverb, *"The two words namely 'Peace' and 'Tranquility,' are worth a thousand pieces of Gold."* Furthermore, it may necessarily not, at all, be out of place to quote **Ralph Waldo Emerson** over here that *"Nothing can bring you peace but yourself."*

At the same time, it is needed to be noted that gossip of any nature in organizations is simply a special kind of playing politics. Whenever and wherever it is suspected whether or not a specific piece of information is a fact or a mere gossip, it is ideally advisable to observe silence or to be patient and not to argue with the person indulging in gossip because there lies a danger that such a person may drag an employee down to his level and may beat with his experience. In such situations, it may not be a bad idea to play politics with such a person, in turn and instead to argue with him just to show that one has agreed with him.

Those employees, who get promoted within the organizations devoid of merit but simply because of political links, want to be respected as well as honored when, in fact, they do not deserve the both, respect as well as honor. However, they fail to follow that *Respect is not be demanded but it is to be commanded.* On the same lines, there is a famous quote of **Mark Twain**. *"It is better to deserve an honor and not have it than to have it and not to deserve."*

Moreover, while working in organizations, different members have certain expectations from each other. In general, there is noticed no Behavioral problem whatsoever in an organization, so far as such expectations are reasonably fulfilled. It is needless to point out that such expectations need not be fully fulfilled. Thus, the number of complicated problems related to the Organizational Behavior or Office Politics actually occur especially because of non fulfillment of even reasonable expectations of organizational members from each other. In order to evade this undesirable and unwarranted situation, *it is ideally advisable to treat the organizational members the way they like to and not the way any individual likes.*

Irrespective of the fact, whether or not a member of an Organization likes to indulge in Office Politics, now-a-days, he needs to get himself involved, quite actively. Even if he willingly does not enter the Office Politics, sooner or later, he is dragged or pulled in the Office Politics. In the words of **Gary P. Naftalis**, *"How you play the game is not important.... Winning has to be important."* At such juncture, it is to be remembered that Political Play should always be decent and it should exhibit ethicality and morality.

## CONCEPTS OF MERIT AND POLITICS

Before proceeding with the Practical Observations as regards Merit and Politics, in the opinion of the Researcher, indeed, it is necessary to clarify these concepts, at the start.

### CONCEPT OF MERIT

An employee relying on Merit provides significance to his Educational and Technical Qualifications, Soft Skills, Experience, Personal Capabilities, Personality Traits, Work Efficiency (Doing Things Rightly) and Effectiveness (Doing Right Things), etc.

### CONCEPT OF POLITICS

An employee relying on Politics believes comparatively more on his Political Talent rather than his own Merit. This talent gets reflected through his Organizational Actions like Networking, Grouping, Gossiping, Rumoring, Defaming (Image Tarnishing) and Organizational Decisions arrived at on the basis of Favoritism, Partiality, Personal Gain, Colleagues' Loss, to mention a few.

## PRACTICAL OBSERVATIONS

After the visits to a number of Organizations in India on several occasions in last thirty years, the Researcher would like to put forward the following observations.

### OBSERVATION NO I

Whenever and wherever an employee has relied exclusively on his own Merit without indulging in Politics whatsoever within the Organization, his Personal Growth in an Organization is observed to be dependent upon the nature of the Superior.

Whenever the Superior was observed to be 'Good,' the Personal Growth of such an employee was observed to be taking place at a reasonably satisfactory speed after fair assessment of his performance at the hands of such a superior, strictly and exclusively depending upon his own real merit and not depending upon any other factor, whether important or otherwise. Such an employee could obtain all the Legal (Statutory) or Legitimate Benefits like Annual Notional Increments, Leaves, Concessions, Privileges, etc. well on time, that too, without demand.

On the other hand, whenever the Superior was not observed to be 'Good,' the Personal Growth of such an employee was observed to be taking place relatively at a very slow speed. He had to struggle a lot to obtain even Ordinary Concessions, Statutory Leaves, forget privileges.

It may not be out of place to highlight over here that in many organizations even statutorily fixed public holidays or statutorily sanctioned vacations are not given. In some organizations, it is also noticed that such holidays and vacations are given on certain terms and conditions or they are given subject to salary deduction. (Of course, this kind of deduction is undoubtedly unauthorized)

#### **OBSERVATION NO II**

Whenever and wherever an employee had relied on his own Merit while indulging in Politics within the Organization, his Personal Growth in an Organization was observed to be reasonably better as compared to his other colleagues, especially, when they had not indulged in Politics and relied solely on their merit. On the other hand, wherever and whenever the colleagues too behaved in the same way, that is, relied on both Merit and Politics, the organizational growth of that employee was observed better who got success in beating the other, either by '*Hook or by Crook.*'

Under such organizational circumstances the employee growth, to a certain extent, depends upon the nature as well as the personality of the superior. As a matter of fact, no all superiors are intelligent enough to distinguish between the employee achievements on the basis of his merit and political talent. It is noticed that those superiors who were very good in playing politics and had indulged in it for obtaining the said position, realized the difference. At the same time, those superiors who had obtained the said position on the basis of their own merit that too, without indulging in politics, may not realize the difference.

#### **OBSERVATION NO III**

Whenever and wherever an employee had relied more on his own Political Skills and less on Merit within the Organization, his Personal Growth in an Organization was observed to be dependent on the nature of the Superior.

Whenever the Superior also liked to indulge in Politics, moreover, who himself had obtained his position after relying on his Political Skills more as compared to Merit, the personal growth of such an employee was observed to be relatively good. In general, in practice, it is observed that *People of like thoughts come together and like to stay together.* The employees of such a nature got promotions very fast, sometimes, at the cost of meritorious employees, simply because of '*Blessings*' of their Superiors, who acted for the employees as a '*God Father*'. It is no exaggeration of a fact that such 'Political Employees' had stayed in the organization, years after years, unless and until, they were fully exposed or their '*God Fathers*' had withdrawn their blessings for one or the other reason.

On the contrary, whenever the Superior relied ruthlessly or relentlessly that is strictly and exclusively on the Merit of an employee and kept his Political Elevation and Humanitarian Consideration totally away while appraising his Performance, employees faced severe problems. On some occasions even they found 'Survival,' within the organization quite difficult as well as critical.

#### **OBSERVATION NO IV**

Whenever and wherever the employee lacked requisite Merit for performance of a specific Job and also he did not involve himself in playing politics within the organization, it was observed that such an employee was surviving in the organization simply either because of the sympathy or mercy of the Superior.

In order to elaborate this point further, it is necessary to give one practical example, over here. The wife of an employee got a job in one of the reputed private organizations after his sad demise in an unfortunate road accident. Of course, she was not deputed on the same position; the deceased employee was working because she lacked essential soft skills. She was deputed in a department for an altogether different organizational task, she was comfortable with. These kinds of appointments are generally done strictly on humanitarian grounds. It is crystal clear the ones an Organization pays all the legal dues like Provident Fund, Gratuity, Insurance, etc., to the employee, legally an Organization is neither bound to pay anything more nor to offer an employment to the survivors of the deceased.

### **RESEARCHER'S INFERENCES**

1. The employees belonging to all the four categories, referred to, above, no doubt, exist almost in all the organizations. However, their percentage does differ quite drastically and dramatically from organization to organization. A specific organization is represented or recognized by the majority of the employees belonging to a particular category. In other words, an organization in which majority of the employees rely heavily on their talent, is recognized as an organization of intellectual class. This does not mean that all the employees of that organization are intelligent, but, it simply means that the majority of the employees of that organization are intelligent.
2. For those employees, who believed on their merit and also played politics within the organization, survival was never ever a serious problem and their organizational growth was dependant on execution of both the Skills, Meritorious as well as Political, appropriately, as and when there was an opportunity for the same.
3. On the basis of these observations, it can comfortably be inferred that Merit and Politics are the sides of the same coin in the sense that they are Interdependent and Interrelated with each other and not, at all, independent of each other.

### **RESEARCHER'S RECOMMENDATION**

#### **On this background, the Researcher would like to recommend, as under**

Strictly and ethically, indulging in Organizational Politics is undoubtedly not good. No one would ever justify the same, at any time, for any organization. However, after taking into consideration current operational scenario in different organizations, it just cannot be wisely suggested that each and every employee of any organization should strictly stick to his own merit and should not indulge in playing politics, at all.

As a matter of fact, in majority of the organizations, maximum number of employees not only relies on their merit but simultaneously they also indulge in playing politics within the organization. Thus, the same is advisable to any employee, as on today, otherwise his organizational growth would surely get firstly hampered and slowed down, secondly.

### **RESEARCH PAPER LIMITATIONS**

1. As the Research study for this Paper is based on Human Views, that is, Views of the Researcher, all the limitations of Human Views have direct and deep impact on various views formed and inferences arrived at by the Researcher in this Research Paper. (At the same time, it may, necessarily, not, at all, be out of place to point out, over here that those views and inferences are based on fully considered, well balanced and sound judgment of past real situations in different Corporate Organizations in India.
2. Various views expressed in this Research Paper are based on Organizational Observations and Experiences of the Researcher himself. As a result, full Concurrence with all the personal views as well as personal opinions of the Researcher is certainly not possible, thus, not, at all, ideally expected in practice.

### **SCOPE FOR FUTURE RESEARCH**

During the course of the study of this Research Paper, the researcher found out that there is an ample scope and adequate potential for research in future for the following topic related to the real role of Merit and Politics in Organizations in India.

Impact of Organizational Politics on Employee Growth in Select Indian Organizations - An Empirical Study

### **FOOT NOTE**

The details, like Names, Addresses, Nature, etc. of the Organizations – some of which are highly reputed where the Observations were carried out by the Researcher, are not disclosed in the Research Paper in order to maintain confidentiality.

### **WEBSITES**

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2. [www.highered.mheducation.com](http://www.highered.mheducation.com)
3. [www.infomanagementcenter.com](http://www.infomanagementcenter.com)
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**HUMAN RESOURCE DEVELOPMENT PRACTICES: A DESCRIPTIVE STUDY AT HYUNDAI  
MOTOR INDIA LIMITED**

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**ABSTRACT**

*The Human Resource Development practices will promote employee satisfaction and the ability of the organization to attract and retain them. HRD practices as a theory; it is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement. It is the integrated use of training and development, Performance appraisal for career development, Interpersonal relationship for social interaction, Employee engagement for effective utilization of labor force and Welfare measures for the satisfaction of employees. This research study is descriptive in nature which was conducted among 350 sample selected from the total employees of HMIL, Chennai. Based on the nature of data collected both parametric and nonparametric statistical analyses have been used to validate the objectives of the study. The result of this study reveals that HRD practices are the key mechanism at HMIL for enhancement and effective utilization of intellectual technological and innovative skills of human resource which helps the company to sustain in the market and lead the organization to a better state.*

*Keywords: Human Resource Development (HRD), Hyundai Motor India Limited (HMIL), Training and Development, Performance Appraisal, Interpersonal Relationship.*

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**INTRODUCTION**

HRD practices play a critical role in the success of an organization. The Human Resource Development practices will promote employee satisfaction and ability to attract and retain the people in the organization. In India, a professional outlook to HRD began only in 1970's, even though the HRD processes might have existed to some extent in India earlier also. LARSEN and TURBO was the first company to design and implement an integrated HRD system. Later on the professional outlook to HRD spread to the other organization. The XLRI was the first academic institution to setup a full-fledged centre of HRD. A national HRD Network has also been established in 1985. Looking at the payoffs from HRD system, several leading companies have gone ahead in creating a separate HRD department to improve employer – employee relations. The main goal of HRD in the organizational level is normally to have competent and motivated employees to ensure managerial effectiveness and growth of organization. HRD would have the ability to attract and retain people and this would be the key to bring the macro changes. HRD is mainly concerned with developing the skills, knowledge and competencies of people and it is people oriented concept. HRD is concerned with the development of human resources in an organization. Development means improving the existing capabilities of the human resources in the organization and helping them to acquire new capabilities required for the achievement of the corporate as well as individual goals. This study is an attempt to critically analyze the HRD practices of HMIL, Chennai with the Training and Development, Performance Appraisal, Employee engagement, Interpersonal Relationship and Employee Welfare.

**CONTEMPORARY CHALLENGES IN HUMAN RESOURCE DEVELOPMENT**

Organization are confronted with challenges in improving productivity and in successfully meeting the intense level of international competition never seen before. At the same time organization are being asked to provide and increase quality of work life and to comply with an extremely intricate and complex set of less guidelines and core decision that governed the utilization of human resources. HRD has an opportunity to enable organization to survive and flourish which can be adhered by effectively utilizing the human resource of the organization. The most difficult challenges facing HRD today is its significance to the rest of the organization, its benefits to the individual and organization both, its role in the organization to ensure that human resources are being utilized effectively and what can HRD do in the organization that is not currently being done. In order to address these contemporary challenges it is essential to know what human resource department in organizations do. HRD is the recognition of the importance of an organization's work force as a vital human resource contributing to both the work force and the organization, also the utilization of several functions and activities that they are used effectively and fairly for the benefit of the individual, the organization and the society.

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## **REVIEW OF LITERATURE**

Kolekar B.D. (1987) in his Ph.D thesis "A Study of HRD In Selected Public Sector Undertakings In Maharashtra And Goa" suggested to impart long term training, appointing a director (T&D) as concrete step towards HRD, a reliable performance evaluation system and issuing appreciation letters to outstanding employees. Researcher had considered only recruitment, selection, training and development and performance appraisal. He focuses on employee counseling etc. and use of computer in functioning of HRD effectively. Bansal, M.P. (1991), has published his Ph.D. thesis in a book form with a title 'HRD IN Public Enterprises'. He made an in-depth study of HRD in SAIL. The study is based on field survey, personal interviews and a review of published material. The book contains conceptual study of HRD, its processes and scope, an overview of HRD in public sector undertakings in India, profile of Steel Authority of India Ltd, the components of HRD practiced in SAIL. Author has given detailed account of implementation of HRD tools like OD, Training & Development, Performance Appraisal, Career Advancement etc.

Singh, I.P. (1994), in his article, "The Need for a focus on HRD for Workers", has expressed that HRD for workers is quite different in content and process from HRD for the managerial staff. Similarly, different types of programmes may have to be designed for workers of different sectors. These programmes are training, counseling, participation, welfare, quality of work life, quality circle, and grievance mechanism. In the article, on the basis of survey he has taken, he observed that the organizations gave more importance to training of workers. But there were inadequate facilities for workers development. He concludes that the line managers should be sensitive to the problems of workers and should undertake a lot of HRD activities for workers. Gupta C.B. (1998) in his Book "Human Resource Management" has explained the various HRD practices such as, recruitment, selection, placement, induction, training and development, career planning, compensation, performance appraisal, employee welfare, grievance procedure and future role of managers.

Chavare D.T. (2001) in his Ph.D.Thesis "A Study of HRD in Vocational Education Institutions in Western Maharashtra" suggested a uniform policy for recruitment in Western Maharashtra. He suggested that, advertisement should be given in Marathi newspapers, vocational education staff selection commission should be formed and vocational education based training should be arranged. The Researcher had discussed some aspects of HRD such as recruitment, selection, training, development, organization development, reinforcement and career planning. Salokhe Vidya A (2003) in her book "Human Resource Development In Banks" strongly reported that, H.R. policies of each bank should be uniformly reoriented; there should be special training program for bank employees, transparent performance appraisal system and post appraisal interview, and separate career counseling and training information cell'. The bank may evolve appropriate modifications to the existing mechanisms of employee welfare and have HRD professionals appointed in the Banks.

Rao, P. Subba (2003) in his book entitled "Essentials Of Human Resource Management And Industrial Relations" Text, Cases and Games" throws light on all H.R.D. sub systems in the four parts of the book- role analysis, H.R.P. recruitment, selection, placement, induction, performance appraisal, training and development, career planning and development, employee counseling, Q.W.L, Q.C. organizational development and change, W.P.M., team work grievance procedure, compensation and rewards. M. Srimannarayana (2005) has carried out "Study to assess the extent of HRD climate prevailing in small trading units in Dubai". HRD climate consists of general HRD climate, OCTAPAC culture and HRD mechanisms. Category-wise analysis leads to the conclusion that OCTAPAC culture was more prevalent than HRD mechanisms and general HRD climate. Training and performance Appraisal appeared to be more mature practices rather than career planning, rewards and employee welfare. He concluded that average HRD climate was prevalent in the small trading units. The author suggested the units to introduce fair employee welfare programmes and reward systems to improve employee satisfaction levels and subsequently to gain advantage from the satisfied workers to increase sales.

Purang Pooja (2008) in the article titled as "Dimensions of HRD Climate Enhancing Organizational Commitment in Indian Organizations" measures the HRD climate in terms of various dimensions like participation, succession planning, training, performance appraisal and job enrichment and its relationship between the ten dimensions of HRD climate and organizational commitment. The study propounds that the positive perception which further enhances the performance of managers. S. Sundararajam (2009), in "Emerging Trends of HRD Practices in Cooperative Sector- Perspective Approach" has observed on the basis of survey of employees working in a few cooperative organizations located in the south west part of Tamilnadu, that overall HRD climate in the cooperative sector organizations appeared to be neither good nor bad. The senior employees perceived that the HRD climate should be improved in the present competitive environment. In general, the employees showed unfavorable attitude towards the HRD policies and practices. The author gives overall conclusion of his study that the development of human is a specialized operative function of



personnel department. Lastly he says that we cannot prepare the future for the next generation, but we can prepare the next generation for the future.

### **STATEMENT OF THE PROBLEM**

Human resources development would be useful when it faces the challenges in the external environment. It must be quite responsive and eminently proactive to the external as well as internal environment. HMIL success depends not only through up gradation of its operational activities but also the company can grow and develop when it uses its internal strengths to tap the external market potential or else they fail as the internal strengths will become weak or redundant. Though HMIL implements sophisticated HRD practices, still there are certain implications of implementing HRD sub-systems in the existing HRD-climate. This study intends to find out various dimensions of HRD practices which either tends to hinder or contribute for the effectiveness of the organization. An assessment of the HRD practices helps the organization to align these with the corporate objectives. The study also seeks to identify the limitations in the operation of the HRD-Sub systems and development of human resources.

### **OBJECTIVES OF THE STUDY**

1. To examine the Performance Appraisal procedures of Human Resource Development practices.
2. To identify the opinion on Training and Development with the experience of employee.
3. To identify the significance difference between Employee Engagement and Employee Welfare.
4. To analyze the relationship among Training and Development and performance Appraisal.
5. To examine the overall Level of Human Resource Development practices of HMIL, Chennai.
6. To analyze the interpersonal relationship among departments.
7. To test the significance relationship between dimensions of Human Resource Development practices.

### **HYPOTHESIS**

1. Opinions regarding Performance Appraisal procedures are equal to average level.
2. There is no significance difference between experience with regard to training and development.
3. There is no significance difference in mean score of employee engagement and employee welfare.
4. There is no significance difference in mean rank of training and development with regard to performance appraisal.
5. There is no association between category and level of human resource development.
6. There is no significance difference among mean rank of departments with regards to interpersonal relation
7. There is no relationship between Recruitment & Promotion, Performance Appraisal, Employee Engagement, Interpersonal Relationship, Training & Development, and Employee Welfare.

### **DATA AND RESEARCH METHODOLOGY**

The HRD practices of any organization could be analyzed through various dimensions of work place situation and various activities of Human Resource policies. There are number of studies which provide a witness of various dimensions of HRD in Indian organizational setup. In present scenario organizations have traveled a long way from their traditional personnel function of focusing either on firefighting or on reactive compliance with Labor Laws. To make a development of Human Resource in the entire organizational work life consisting of individual, group and inter-group relations essentially involves the creation of an environment in which flower of human knowledge, skills, capacities, capabilities, creativity blooms. It is thus obvious that Human Resource Development is not a single system or activity, but a package of system and processes through which knowledge, skill, information, insight, foresight, maturity and wisdom can be enhanced among the people to do the best for the organization. Keeping in this view the present study concentrate the following dimensions training and development, Performance Appraisal for Career Development, Interpersonal Relationship for social Interaction, Employee engagement for effective utilization of labor force, Welfare measures for satisfaction of employees to analyze the HRD practices of HMIL. A five point likert scale was used to assess the perceptions and expectations of the members of HMIL, Chennai about the HRD practices.

A total of 350 respondents were choosing on the basis of stratified random sampling. The total respondents are stratified into non overlapping group as Executives, Junior Executives, Diploma Trainees. The non-proportionate method was adopted to select the respondents by incorporating random selection. A structured

instrument (Questionnaire) was administered to collect the primary data for this study. The questionnaire has been circulated among the employees of the Hyundai Motor India Limited and the data were collected by the researcher. The mean experience of the sample was 7 years, whereas the average age was 35 years old. The sample category ranged from executives to Hyundai diploma trainee with 315 male and 35 female employee of HMIL, Chennai. The reliability of the collected data has been verified by Cronbach's Alpha estimation. The Cronbach's Alpha value for the collected 28 items is 0.956.

The perceived and expected HRD practices of HMIL was analyzed with the help of following statistical tools, One Sampled t-Test - To test whether the opinion regarding Performance Appraisal of Human Resource Development practices are above the average level. One-Way Anova - To test whether significance difference between Experience with regard to Training and Development. Paired t-Test - To test whether significance difference between Employee Engagement and Employee Welfare. Wilcoxon Sign Rank Test - To test whether significance difference between Training and Development with regard to Performance Appraisal. Chi-Square Test for Independence - To test whether significance association between Category and Level of Human Resource Development. Kruskal Wallis Test - To test whether significance difference among Departments with regard to Interpersonal Relationship. Correlation Co-efficient - To test whether significance relationship between dimensions of Human Resource Development practices.

## DATA ANALYSIS AND INTERPRETATION

### Level of HRD

**Table – 1: Level of HRD**

Level of HRD	No. of Respondent	Mean	Std. Deviation
Recruitment And Promotion	350	10.44	2.149
Performance Appraisal	350	17.82	3.502
Employee Engagement	350	17.92	3.134
Interpersonal Relationship	350	17.80	3.291
Training And Development	350	18.14	4.041
Employee Welfare	350	17.88	4.093
Total	350		

From the above table it is inferred that the Training and Development given by the organization is well satisfied by the employees in the level of HRD (mean value 18.14), the next preferences in the level of HRD is given to the Employee Engagement (mean value 17.92), followed Employee Welfare (mean value 17.88) and then by Interpersonal Relationship (SD value 3.291), here the SD value is taken into consideration because the two variable has some nearby same mean value. Most of the employees feel that they were not satisfied with the Recruitment & Promotion, and the level of HRD for Recruitment & Promotion should be improved by the organization.

### TOTAL LEVEL OF HRD IN HMIL

The total level of HRD in HMIL is divided into low, moderate, and high. The count and percentage of these distributions is given in the table.

**Table - 2 : Total Level of HRD in HMIL**

Total Level of HRD	Frequency	Percent
1	98	28.0
2	154	44.0
3	98	28.0
Total	350	100.0

From the analysis it is inferred that 44 per cent of the results are considered as that there is a moderate level of HRD is practiced in the organization and 28 per cent of the results are considered as there is high level of HRD is practiced within the organization and 28 per cent of the results are considered as there is low level of HRD is practiced within the organization.

### ONE-SAMPLE T TEST

One Sample t-test is executed to test the opinion regarding Performance Appraisal of Human Resource Development practices are above the average level.

$H_0$  - Opinion regarding Performance Appraisal are equal to average level.

$H_1$  - Opinion regarding Performance Appraisal are not equal to average level.

**Table No – 3: The opinion regarding Performance Appraisal.**

HRD Factor	Mean	Std. Deviation	t – Value	p – Value
Performance Appraisal	17.82	3.502	15.066	<0.01**

Note: \*\* Denotes Significance at 1 per cent level.

### INFERENCE

Since p value is less than 0.01 the Null Hypothesis ( $H_0$ ) is rejected at 1 per cent level of significance. Hence, concluded that the opinion regarding the performance appraisal is not equal to average level. Based on the mean score of 17.82 the opinion regarding performance appraisal are above the average level of mean score 15. Since the performance appraisal of employees are measured regularly in the Hyundai Motor India Ltd.

### ONE-WAY ANOVA

To test the significance difference between Experience with regard to Training and Development one way ANOVA was executed and the hypothesis for this test is developed as,

$H_0$  - There is no significance difference between experience with regard to training and development.

$H_1$  - There is significance difference between experience with regard to training and development.

**Table - 4: The Significance difference between Experience with regard to Training and Development.**

Experience	Mean	Std. Deviation	F - Value	p – Value
Below 1 year	15.00 <sup>a</sup>	.000	8.458	<0.01**
1-5 year	17.36 <sup>b</sup>	4.628		
5-9 year	19.13 <sup>b</sup>	4.149		
10 & above	17.46 <sup>b</sup>	2.994		

Note 1: \*\* Denotes Significance at 1 per cent level.

Note 2: Different alphabet between experience groups denotes significance at 1 per cent level using Duncan Multiple Range Test (DMRT).

### INFERENCE

Since p value is less than 0.01 the Null Hypothesis ( $H_0$ ) is rejected at 1 per cent level of significance. Hence, concluded that there is a significance difference between experience with regard to training and development. Based on Duncan Multiple Range Test (DMRT) the experience groups are significantly different with each at 1 per cent level. Since the training & development is differed based on the experience of employees in HMIL. The experience of the employees plays a vital role for the training & development given by the organization.

### PAIRED T-TEST

In order to test the significance difference between Employee Engagement and Employee Welfare of HMIL, Chennai paired t-test was employed and the hypothesis was framed as,

$H_0$  - There is no significance difference in mean score of employee engagement and employee welfare.

$H_1$  - There is a significance difference in mean score of employee engagement and employee welfare.

**Table- 5: The Significance difference between Employee Engagement and Employee Welfare.**

HRD Factor	Mean	Std. Deviation	t - Value	p – Value
Employee Engagement	17.92	3.134	.207	.836
Employee Welfare	17.88	4.093		

### INFERENCE

Since p value is greater than 0.05 the Null Hypothesis ( $H_0$ ) is accepted at per cent level of significance. Hence, concluded that there is no significance difference between the opinion of employee engagement and employee welfare. Based on mean score value and standard deviation employee engagement is better. Since the employee engagement and employee welfare has no significance difference in HMIL. In the organization employee are satisfied with the welfare facility is given to the employee, so there is a relationship between employee welfare and employee engagement. And these two factors are inter-related.

### WILCOXON SIGN RANK TEST

Wilcoxon Sign Rank test is executed to test the significance difference between Training and Development with regard to Performance Appraisal.

$H_0$  - There is no significance difference in mean rank of training and development with regard to performance appraisal.

$H_1$  - There is significance difference in mean rank of training and development with regard to performance appraisal.

**Table - 6: The Significance difference between Training and Development with regard to Performance Appraisal.**

Rank	Size	Mean Rank	z – Value	p - Value
Negative Ranks	112 <sup>a</sup>	141.59	1.518	.129
Positive Ranks	154 <sup>b</sup>	127.61		
Ties	84 <sup>c</sup>			

Note 1: Negative Rank : Training & Development < Performance Appraisal.  
2: Positive Rank : Training & Development > Performance Appraisal.  
3: Ties : Training & Development = Performance Appraisal.

### INFERENCE

Since p value is greater than 0.05 the Null Hypothesis ( $H_0$ ) is accepted at 5 per cent level of significance. Hence, concluded that there is no significance difference in training and development with regard to performance appraisal. Based on mean rank, performance appraisal is better than training and development but not significance at 5 per cent level. Since the training & development and performance appraisal has no significance difference in HMIL. In the organisation training & development is given to the employee, and based on this the performance appraisal is done to the employees, so there is a relationship between training & development and performance appraisal. And these two factors are inter-related.

### CHI-SQUARE TEST FOR INDEPENDENCE

Chi-Square test for independence is executed to test the significance association between Category and Level of Human Resource Development.

$H_0$  - There is no association between category and level of human resource development.

$H_1$  - There is association between category and level of human resource development.

**Table – 7: The Significance association between Category and Level of Human Resource Development.**

Category	Total Level Of HRD			Total	Chi - Square Value	p – Value
	L	M	H			
EXE	63 (28.1%) [64.3%]	84 (37.5%) [54.5%]	77 (34.4%) [78.6%]	224	21.115	<0.01**
JXE	35 (29.4%) [35.7%]	63 (52.9%) [40.9%]	21 (17.6%) [21.4%]	119		
HDT	0 (0.0%) [0.0%]	7 (100.0%) [4.5%]	0 (0.0%) [0.0%]	7		
Total	98	154	98	350		

Note 1: \*\* Denotes Significance at 1 per cent level.  
2: The value within ( ) refers to row percentage.  
3: The value within [ ] refers to column percentage.

### INFERENCE

Since p value is less than 0.01 the Null Hypothesis ( $H_0$ ) is rejected at 1 per cent level of significance. Hence, concluded that there is an association between category and level of Human Resource Development. Based on row percentage 28.1 per cent of executives has low level of HRD practices, 37.5 per cent have moderate level of HRD practices, 34.4 per cent have high level of HRD practices. Whereas junior executives have 29.4 per cent low level of HRD practices, 52.9 per cent moderate level of HRD practices, and 17.6 per cent have high level of HRD practices. Hyundai diploma trainees have moderate level of HRD practices. Since the level of Human Resource Development has an association between the category in HMIL. In the organization there is a relation between the level of Human Resource Development and category, and these two factors are inter-related.

### KRUSKAL WALLIS TEST

Kruskal Wallis test is executed to test the significance difference among Departments with regard to Interpersonal Relationship.

$H_0$  - There is no significance difference among mean rank of department with regard to interpersonal relationship of Human Resource Development Practices.

$H_1$  - There is a significance difference among mean rank of department with regard to interpersonal relationship of Human Resource Development Practices.

**Table - 8: The Significance difference among Departments with regard to Interpersonal Relationship.**

Department	Mean Rank	Chi - Square Value	p - value
Human Resources	176.67	77.512	<0.01**
General Supporting	188.72		
Taxation	203.89		
Employee Relations	177.60		
Exercise & Service Tax	163.25		
Finance	58.83		
IT Management	130.00		
VAT & Direct Tax	294.50		
Costing	177.83		
CSR	21.50		

Note: \*\* Denotes Significance at 1 per cent level.

### INFERENCE

Since p value is less than 0.01 the Null Hypothesis ( $H_0$ ) is rejected at 1 per cent level of significance. Hence concluded that there is a significance difference among the mean rank of departments with regard to interpersonal relationship. Based on mean value (294.50) the employees belong to VAT & Direct Tax department is better in interpersonal relationship. Since the interpersonal relationship has significance difference with regard to departments in HMIL. In the organization the interpersonal relationship between the various departments employees are differed. The relationship is low level between the various departments of employees.

### CORRELATION CO-EFFICIENT

Correlation Co-efficient is executed to test the significance relationship between dimensions of Human Resource Development practices.

$H_0$  - There is no relationship between Recruitment & Promotion, Performance Appraisal, Employee Engagement, Interpersonal Relationship, Training & Development, and Employee Welfare.

$H_1$  - There is a relationship between Recruitment & Promotion, Performance Appraisal, Employee Engagement, Interpersonal Relationship, Training & Development, and Employee Welfare.

### INFERENCE

The correlation co-efficient between Recruitment & Promotion and Performance Appraisal is 0.695. Which indicate strong positive relationship between Recruitment & Promotion and Performance Appraisal and its significance at 1 per cent level. The correlation co-efficient between Recruitment & Promotion and Employee Engagement is 0.645. Which indicate strong positive relationship between Recruitment & Promotion and Employee Engagement, and its significance at 1 per cent level. The correlation co-efficient between Recruitment & Promotion and Interpersonal Relationship is 0.580. Which indicate strong positive relationship between Recruitment & Promotion and Interpersonal Relationship, and its significance at 1 per cent level. The correlation co-efficient between Recruitment & Promotion and Training & Development is 0.346. Which indicate weak positive relationship between Recruitment & Promotion and Training & Development, and its significance at 1 per cent level. The correlation co-efficient between Recruitment & Promotion and Employee Welfare is 0.389. Which indicate weak positive relationship between Recruitment & Promotion and Employee Welfare, and its significance at 1 per cent level.

**Table – 9: The Significance relationship between dimensions of Human Resource Development practices.**

Factors of HRD	Recruitment & Promotion	Performance Appraisal	Employee Engagement	Interpersonal Relational	Training & Development	Employee Welfare
Recruitment & Promotion	1	.695**	.645**	.580**	.346**	.389**
Performance Appraisal	-	1	.737**	.660**	.531**	.586**

Employee Engagement	-	-	1	.837**	.630**	.526**
Interpersonal Relational	-	-	-	1	.488**	.577**
Training & Development	-	-	-	-	1	.576**
Employee Welfare	-	-	-	-	-	1

Note: \*\* Denotes Significance at 1 per cent level.

The correlation co-efficient between Performance Appraisal and Recruitment & Promotion is 0.695. Which indicate strong positive relationship between Performance Appraisal and Recruitment & Promotion and its significance at 1 per cent level. The correlation co-efficient between Performance Appraisal and Employee Engagement is 0.737. Which indicate strong positive relationship between Performance Appraisal and Employee Engagement, and its significance at 1 per cent level. The correlation co-efficient between Performance Appraisal and Interpersonal Relationship is 0.660. Which indicate strong positive relationship between Performance Appraisal and Interpersonal Relationship, and its significance at 1 per cent level. The correlation co-efficient between Performance Appraisal and Training & Development is 0.531. Which indicate strong positive relationship between Performance Appraisal and Training & Development, and its significance at 1 per cent level. The correlation co-efficient between Performance Appraisal and Employee Welfare is 0.586. Which indicate strong positive relationship between Performance Appraisal and Employee Welfare, and its significance at 1 per cent level.

The correlation co-efficient between Employee Engagement and Recruitment & Promotion is 0.645. Which indicate strong positive relationship between Employee Engagement and Recruitment & Promotion and its significance at 1 per cent level. The correlation co-efficient between Employee Engagement and Performance Appraisal is 0.737. Which indicate strong positive relationship between Employee Engagement and Performance Appraisal, and its significance at 1 per cent level. The correlation co-efficient between Employee Engagement and Interpersonal Relationship is 0.837. Which indicate strong positive relationship between Employee Engagement and Interpersonal Relationship, and its significance at 1 per cent level. The correlation co-efficient between Employee Engagement and Training & Development is 0.630. Which indicate strong positive relationship between Employee Engagement and Training & Development, and its significance at 1 per cent level. The correlation co-efficient between Employee Engagement and Employee Welfare is 0.526. Which indicate strong positive relationship between Employee Engagement and Employee Welfare, and its significance at 1 per cent level.

The correlation co-efficient between Interpersonal Relationship and Recruitment & Promotion is 0.580. Which indicate strong positive relationship between Interpersonal Relationship and Recruitment & Promotion and its significance at 1 per cent level. The correlation co-efficient between Interpersonal Relationship and Performance Appraisal is 0.660. Which indicate strong positive relationship between Interpersonal Relationship and Performance Appraisal, and its significance at 1 per cent level. The correlation co-efficient between Interpersonal Relationship and Employee Engagement is 0.837. Which indicate strong positive relationship between Interpersonal Relationship and Employee Engagement, and its significance at 1 per cent level. The correlation co-efficient between Interpersonal Relationship and Training & Development is 0.488. Which indicate weak positive relationship between Interpersonal Relationship and Training & Development, and its significance at 1 per cent level. The correlation co-efficient between Interpersonal Relationship and Employee Welfare is 0.577. Which indicate strong positive relationship between Interpersonal Relationship and Employee Welfare, and its significance at 1 per cent level.

The correlation co-efficient between Training & Development and Recruitment & Promotion is 0.346. Which indicate weak positive relationship between Training & Development and Recruitment & Promotion and its significance at 1 per cent level. The correlation co-efficient between Training & Development and Performance Appraisal is 0.531. Which indicate strong positive relationship between Training & Development and Performance Appraisal, and its significance at 1 per cent level. The correlation co-efficient between Training & Development and Employee Engagement is 0.630. Which indicate strong positive relationship between Training & Development and Employee Engagement, and its significance at 1 per cent level. The correlation co-efficient between Training & Development and Interpersonal Relationship is 0.488. Which indicate weak positive relationship between Training & Development and Interpersonal Relationship, and its significance at 1 per cent level. The correlation co-efficient between Training & Development and Employee Welfare is 0.576.



Which indicate strong positive relationship between Training & Development and Employee Welfare, and its significance at 1 per cent level.

The correlation co-efficient between Employee Welfare and Recruitment & Promotion is 0.389. Which indicate weak positive relationship between Employee Welfare and Recruitment & Promotion and its significance at 1 per cent level. The correlation co-efficient between Employee Welfare and Performance Appraisal is 0.586. Which indicate strong positive relationship between Employee Welfare and Performance Appraisal, and its significance at 1 per cent level. The correlation co-efficient between Employee Welfare and Employee Engagement is 0.526. Which indicate strong positive relationship between Employee Welfare and Employee Engagement, and its significance at 1 per cent level. The correlation co-efficient between Employee Welfare and Interpersonal Relationship is 0.577. Which indicate strong positive relationship between Employee Welfare and Interpersonal Relationship, and its significance at 1 per cent level. The correlation co-efficient between Employee Welfare and Training & Development is 0.576. Which indicate strong positive relationship between Employee Welfare and Training & Development, and its significance at 1 per cent level.

### **FINDINGS**

1. The Training and Development given by HMIL is well satisfied by the employees in the level of HRD.
2. Most of the employees feel that they were not satisfied with the Recruitment & Promotion.
3. The total level of HRD in HMIL is divided into low, moderate, and high. 44 per cent of the employees feel that there is moderate level of HRD practiced in the organization and 28 per cent of the employees in the opinion that there is high level of HRD practiced in the organization and 28 per cent of the employees feel there is low level of HRD practiced in the organization.
4. The opinion regarding the performance appraisal is not equal to average level. Based on the mean score of 17.82 the opinion regarding performance appraisal are above the average level.
5. There is a significance difference between experience with regard to training and development. The experience groups are significantly different.
6. There is no significance difference between the opinion of employee engagement and employee welfare. The employee engagement is better.
7. There is a significance difference among the mean rank of departments with regard to interpersonal relationship. The employees belong to VAT & Direct Tax department is better in interpersonal relationship.
8. There is an association between category and level of Human Resource Development. The 28.1 per cent of executives has low level of HRD practices, 37.5 per cent have moderate level of HRD practices, 34.4 per cent have high level of HRD practices. Whereas junior executives have 29.4 per cent has low level of HRD practices, 52.9 per cent have moderate level of HRD practices, and 17.6 per cent have high level of HRD practices. Hyundai diploma trainees have moderate level of HRD practices.

### **SUGGESTIONS**

1. 360 degree feedback system must be implemented at all level of employees for appraising the employee's performance.
2. The HMIL should concentrate more in Recruitment & Promotion of the employees in which the employees were not satisfied with the organization.
3. Participative management is to be enhanced in which employees are invited to share in the decision-making process of the firm by participating in activities such as setting goals, determining work schedules, and making suggestions.
4. Off the Job training and the technical skill training can be conducted for the employees to improve their efficiency towards their work.

### **CONCLUSION**

This study has been undertaken to understand the Human Resource Development Practices by analysing descriptively the HRD practice variables Recruitment & Promotion, Performance Appraisal, Employee Engagement, Interpersonal Relationship, Training & Development and Employee Welfare. The selected variables help the HMIL to face the future challenges on human resource management and also help the organization to develop the human resource. The methodology and its validity measures adapted for this study shows the aforesaid variables were confirmed with the HRD practices of HMIL. Specifically the study has provided the inferences with evidences that the Human Resource Development is very essential for the

organization growth and development. Finally, it is concluded that Human Resource Development practices is the key to enhancing and effective utilization of intellectual technological and innovative skills of the HMIL human resource which helps HMIL to sustain in the market and to lead the organization to better state.

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## INDIA-CHINA RIVALRY: POTTENTIAL CLASHES IN INDO- PACIFIC REGION

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### ABSTRACT

*While the world has focused on North Korea, the globe's two biggest emerging economies are squaring off over their shared border. China and India's borderlands, though geographically desolate and inhospitable, have been a hot spot for increasing military tension in recent months. The two giants are wrestling more broadly for hegemony in Asia, and given that both are equipped with nuclear weapons, the situation could escalate. China and India may have ended a tense border standoff for now, but their longstanding rivalry raises questions about peace and stability in India-Pacific region, yet there is no mistaking a sense of exasperation in New Delhi with China's maritime practices in East Asia, which many officials privately regard as being arbitrary and unreasonable. India is deeply unsettled over China's growing presence in the Indian Ocean, a scenario some analysts call the "string of pearls" strategy linking China's interests in the countries surrounding India - Sri Lanka, Myanmar, Bangladesh and Pakistan. Besides this, India's main objection to the OBOR plan is that a segment of it, the China-Pakistan Economic Corridor, passes through parts of the erstwhile Jammu and Kashmir state that India claims as its territory. The aggressiveness with which China has sought to protect its turf in the South China Sea has led Indian strategists to believe that, unless sustained pressure is brought to bear upon China, a negotiated solution to the dispute is unattainable.*

*Keywords: North Korea China-Pakistan Economic Corridor, Historical Records, Conflicts*

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### INTRODUCTION

While the world has focused on North Korea, the globe's two biggest emerging economies are squaring off over their shared border. China and India's borderlands, though geographically desolate and inhospitable, have been a hot spot for increasing military tension in recent months. The two giants are wrestling more broadly for hegemony in Asia, and given that both are equipped with nuclear weapons, the situation could escalate<sup>1</sup>. China and India may have ended a tense border standoff for now, but their longstanding rivalry raises questions about peace and stability in India-Pacific region<sup>2</sup>. **Apart from this China-India relations**, also called **Sino-Indian relations** or **Indo-China relations**, refers to the bilateral relationship between the People's Republic of China (PRC) and the Republic of India<sup>3</sup>. The modern relationship began in 1950 when India was among the first countries to end formal ties with the Republic of China (Taiwan) and recognize the PRC as the legitimate government of Mainland China. China and India are the two most populous countries and fastest growing major economies in the world. Growth in diplomatic and economic influence has increased the significance of their bilateral relationship. Currently, ties between the two nuclear armed countries have severely deteriorated due to a military standoff in Bhutan<sup>4</sup>.

### HISTORICAL BACKGROUND

India and China had a glorious history of cultural and material exchanges, which developed into friendship and subsequently into camaraderie during first half of the twentieth century when both India and China fought western imperialism. Owing to serious misconceptions and misjudgments the relations remained under the shadow of animosities and mutual distrust for over three decades until Rajiv Gandhi's China visit in 1988<sup>5</sup>. India and China, the two giants of Asia are two of the oldest and living civilizations of the world. Being neighbors India and China had established trade and cultural relations since time immemorial. Indian as well as Chinese historical records reveal that India-China interaction was a two-way traffic, and the two elements of

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<sup>1</sup> Justina Crabtree "Forget North Korea — here's the other Asia flashpoint that has analysts worried" [www.cnbc.com/2017/08/16/china-vs-india-border-confrontation-in-the-himalayas-gets-serious.html](http://www.cnbc.com/2017/08/16/china-vs-india-border-confrontation-in-the-himalayas-gets-serious.html) accessed on Oct 1, 2017

<sup>2</sup> JEFFREY GETTLEMAN and JAVIER C. HERNÁNDEZ "China and India Agree to Ease Tensions in Border Dispute" <https://www.nytimes.com/2017/08/28/world/asia/china-india-standoff-withdrawal.html> accessed on Oct 1, 2017

<sup>3</sup> M. L. Sali "India-China Border Dispute: A Case Study of the Eastern Sector" (1998) p. 69

<sup>4</sup> "China-India relations" [en.wikipedia.org/wiki/China%E2%80%93India\\_relations](http://en.wikipedia.org/wiki/China%E2%80%93India_relations) accessed on Oct 1, 2017

<sup>5</sup> Devi Prasad Tripathi, B. R. Deepak "India China Relations: Future Perspectives" Vij Books India, 2012

this exchange were material and spiritual or cultural linkages. The exchange was facilitated by the four routes of communications namely, the Central Asian Route or the so-called Silk Route; Assam- Burma and Yunnan Route or the famous Southern Silk Route; Tibet Nepal Route; and the Sea Route or the so-called Maritime Silk Route<sup>6</sup>.

The first credible information about the India-China interactions is provided by **Si Maqian (BC 145 – BC 90?), the great Chinese historian in his masterpiece *Records of a Historian: Foreigners in southwest***. The record narrates that when Zhang Qian, a Han envoy in the western regions returned to the court in 122 BC, he reported to Han Emperor Wu Di (BC 140 – BC 87) that while in Bactria or Bactriana in Central Asia (later variedly called as Tukharistan, Tokharistan, and Tocharistan), he saw Sichuan silk and bamboo walking sticks there; he came to know from the local merchants that they were procuring these and other Chinese products from the Indian markets, thus establishing the fact that India and China were already having trade relations in the second century BC. Later Ban Gu (32 AD – 92 AD), another Chinese historian writes in his book *Early Han Annals* about the state of affairs in Kashmir and its products like pearls, corals and lapis lazuli etc. These were the primary products India traded with China, whereas silk appears to be the major item transported from China to India. Ban Gu's book also mentions about the sea route connecting southern India and China, and certain states such as Huangzhi (identified as Kanchipuram) having brisk diplomatic and trade relations with China.

**Trade relations further developed during Tang (618-907), Song (960-1279) and Yuan (1279-1368) dynasties.** By this time maritime activities were intense and it is reported in various sources that in Canton there were ships of Indians, Persians and Sri Lankan merchants. Meanwhile, Indian astronomy, calendar, medicine, music and dance, sugar manufacturing technology etc. made their way to China. During Ming Dynasty (1368-1644), Calicut and Cochin in India rose to prominence as the new ports. References of other sea ports such as Mahabalipuram, Goa, Nagapattam, Quilon, Nicobar, Mumbai, Malabar, Calcutta and many more could be found in various Chinese literary sources.

Beside material exchanges, it was perhaps the spiritual linkage that transformed this relationship completely and took it to a new high. When exactly Buddhism disseminated into China, is a debatable proposition, however, most prevalent version is the famous dream of “golden Buddha” by Han Emperor Ming Di (58AD-75AD). It was an outcome of this dream that the Chinese emperor dispatched a search team to India, whereby two highly proficient Buddhist scholar monks Kashyapa Matanga and Dharmaraksha were taken to China. The monastery, White Horse Monastery, which was built to accommodate them in Luoyang, attracts thousands of devotees and tourists even today. In May 2010 during her visit to China, the Indian President Pratibha Patil inaugurated a Buddhist complex built with an Indian investment of 4 million US dollars next to this monastery. The first wave of the Indian scholar-monks going to China lasted until 3<sup>rd</sup> century AD. The second wave stretched between 4<sup>th</sup> and the 5<sup>th</sup> century, and the third between 6<sup>th</sup> and 7<sup>th</sup> centuries, the influence of Buddhism in China broadened, and many scholar monks from China to India and from India to China in thousands visited either country<sup>7</sup>.

It is difficult to list all of them here however, mention must be made of **Kumarajiva (343-413) who established a great feat in the history of Sino-Indian cultural exchange. His contribution to Buddhism exceeds all other Indian monk and rivals that of Xuanzang**, the Chinese monk who visited India during 7<sup>th</sup> century. Kumarajiva, apart from being reduced to war booty for his brilliance and impeccable memory by the Chinese monarchs, was also accorded the highest honor of *Rajyaguru* by emperor Yao Xing of Later Qin dynasty. Between 2<sup>nd</sup> century and 13<sup>th</sup> century some 6000-7000 fascicles of the sutras were disseminated to China and translated into Chinese; Kumarajiva alone translated 74 scriptures in 384 fascicles. Another Indian who was high on popularity in China was Bodhidharma. Bodhidharma went to China in 6<sup>th</sup> century AD, and is believed to be the founder of Shaolin martial art in China. Shaolin monastery in Luoyang still reminds us of this great Indian cultural ambassador to China.

On the Chinese side, Faxian (342-424), Xuanzang (600-664) and Yijing (635-713) shine bright among the Chinese scholar-monks to India. Faxian was the first Chinese to travel to India in search of Buddhist sutras with reliable literary sources. Faxian left Chang'an for India in 399 AD. He took the central Asian route, visited

<sup>6</sup>Dr. B R Deepak “India-China Relations: A Historical and Civilizational Perspective” <http://www.c3sindia.org/archives/india-china-relations-a-historical-and-civilizational-perspective/> accessed on Oct 1, 2017

<sup>7</sup>Dr. B R Deepak “India-China Relations: A Historical and Civilizational Perspective” <http://www.c3sindia.org/archives/india-china-relations-a-historical-and-civilizational-perspective/> accessed on Oct 1, 2017

northern, central, western, eastern and southern India and returned to China by sea route in 412 AD. In 414 he completed his monumental work *Accounts of a Buddhist Country*. Xuanzang and Yijing had certain advantages over Faxian, as Tang Emperor Taizong (626-649) and Empress Wu Zetian (690-704) patronized them respectively. Xuanzang started to western regions in 628 AD at a young age of 29. He crossed many cities along Xinjiang, former Soviet Union, Afghanistan, and Pakistan and finally reached Kashmir. Xuanzang and Yi Jing both studied at Nalanda and became proficient in Sanskrit. It is indeed heartening that the University where the Chinese monks once studies is being rebuilt jointly by India, China, Japan and Singapore, and will offer courses in Buddhist studies besides other disciplines<sup>8</sup>.

Xuanzang also acted as a bridge between India and China for strengthening diplomatic relations between the two. Harshavardhana, the Indian King was so impressed by his narratives about China that he dispatched an embassy to the Chinese capital Chang'an in 641 AD. The Chinese emperor Taizong responded positively and sent his envoy Wang Xuanze to India thrice. Upon his return to China, Xuanzang penned down his India journey in his classic *The Journey to West during Great Tang*<sup>9</sup>.

Along with Buddhist linkage, Hinduism also made inroads to China. This could be established from the discoveries of Hindu cultural relics at the sites such as Lopnor in Xinjiang, Kizil and Dunhuang grottoes in Gansu, Dali in Yunnan and Quanzhou in Guangdong provinces of China. Frescoes of Kizil and Dunhuang houses the portraits of many Hindu deities like Hanuman, Ganesha, Vinayaka, Laxmi and Shakti. Statues of Lord Krishna and Shiva have been unearthed from Quanzhou and Dali in China pointing to large settlements of the Indians in China. Owing to these cultural and material linkages, both India and China benefited immensely in the field of literature as also science and technology. Indian stories, fables, art, drama and medicine reached China. During Tang Dynasty, Chinese literary forms like *Chuanqiwen* and *bianwen* were greatly influenced by Indian literary style manifested in *Panchatantra* and *Jataka* stories. Above all, the cultural ambassadors from India to China and from China to India enhanced and strengthened mutual understanding, which acted as a catalyst in modern history of India and China for rendering mutual support and sympathy by the Indians and Chinese during their national freedom struggle.

From Yuan and Ming dynasties onward until India and China launched their freedom struggles, the cross cultural currents between them virtually went unnoticed. The interactions were interrupted by the drastic domestic changes and more importantly by the gradual eastward expansion of western colonialism. Following this India was completely colonized by the British and China gradually transformed into a semi-feudal and semi-colonial society. The anti-imperialist efflorescence of the Indian and Chinese people manifested in a major way as a challenge to the colonial order for the first time during the First War of Indian Independence (1857-59) in India and the Taiping Uprising (1850-1864) in China, as for the first time Indian soldiers stationed in China switched over to the Taipings and fought shoulder to shoulder against the imperialists and the Qing government. This rapprochement continued when more organized struggle for national independence was launched by the Indian and Chinese people. The reports of Indian soldiers joining the Taiping could be found in the memorials of the Qing army generals or other officials of the throne and with the foreigners who were directly involved in this peasant uprising<sup>10</sup>.

It was due to the synergy between the cultures and the plight of India and China that the nationalists and revolutionaries of India and China developed deep mutual contacts and friendship amidst their anti-imperialist struggle. They became natural allies and thought various ways to dislodge the imperialists out of their countries. The supporters of Tilak, the leader of militant nationalists, carried out activities like Shivaji's commemorative meetings as far as Tokyo in order to make the Indian voice of anti-imperialism reach outside India. These activities had active support of the Chinese nationalists such as Zhang Taiyan and Sun Yat-Sen. Sun Yat-Sen developed strong links with various Indian nationalists and revolutionaries and by using his good offices, introduced them to the leading Japanese personages thus enabling them to carry out their anti-British activities unhindered. Nationalists like Surendermohan Bose, Rash Behari Bose, M.N. Roy, Barakatullah, Lala Lajpat Rai

<sup>8</sup> Supra 7

<sup>9</sup>Dr. B R Deepak "India-China Relations: A Historical and Civilizational Perspective" <http://www.c3sindia.org/archives/india-china-relations-a-historical-and-civilizational-perspective/> accessed on Oct 1, 2017 accessed on Oct 8, 2017

<sup>10</sup>Dr. B R Deepak "India-China Relations: A Historical and Civilizational Perspective" <http://www.c3sindia.org/archives/india-china-relations-a-historical-and-civilizational-perspective/> accessed on Oct 1, 2017

and many other outstanding pioneers of Indian freedom movement maintained good contacts and friendship with Sun Yat-Sen<sup>11</sup>.

Apart from operating from Japan, the Indian revolutionaries also made China as one of their centers to carry out anti-British activities. Barring a few, most of them were the members of Ghadr Party. Much of the activities centered around Hankou, its being the center of Kuomintang (KMT) government and Shanghai and Hong Kong being the places where Indian settlers including policemen and troops numbered maximum. Their post Siam-Burma Plan activities find a link with the Kuomintang (KMT) and the Communist Party of China (CPC). Ghadar support to the Chinese nationalist government and in turn enlisting latter's support was the direct outcome of the formation of First United Front in China between the KMT and CPC. Their activities came to an abrupt end with the collapse of the United Front in 1927, though some individuals continued to be active unto 1931 and 1932<sup>12</sup>.

It must be emphasized here that India and China relations are expanding and deepening despite several divergences on many pertinent issues impacting the bilateral relations. The deepening of India-China relations was reflected when the two countries established the Strategic and Cooperative Partnership for Peace and Prosperity in 2005 and also signed A Shared Vision for 21st Century in 2008. Undoubtedly, India and China have emerged as the two rapidly growing economies and their bilateral relationship to a greater extent has assumed global and strategic relevance. It would be important to introspect India -China experience in the past and then explore the mechanisms by which the bilateral cooperation can take a robust shape. There is certainly a very important element guiding India-China relations and that is the growing shared interests on a number of issues including trade and commerce. China and India have become important trade partners. Today when we talk of 'strategic partnership' between India and China and its future, the same must be viewed in the larger perspective of India China historical bonds vis-à-vis their interests and future outlook<sup>13</sup>.

### **ONE BELT, ONE ROAD SUMMIT**

India's main objection to the OBOR plan is that a segment of it, the China-Pakistan Economic Corridor, passes through parts of the erstwhile Jammu and Kashmir state that India claims as its territory. Claiming land that we haven't controlled for 70 years, whose residents have never shown any interest in becoming Indian citizens, is an absurd charade played by all our political parties in tandem with our refusal to countenance a negotiated solution to the entire Kashmir issue. We continue to delude ourselves that Gilgit-Baltistan is part of India, but can do nothing about it beyond punishing cartographers who suggest otherwise, while the world community looks on in bemusement like an adult faced with a child who demands acknowledgement of an imaginary friend<sup>14</sup>.

### **RIVALRY BETWEEN CHINA AND INDIA**

#### **India accelerates, China slows**

India's economic growth rate is finally overtaking China's - although the sheer size of China's economy (\$10 trillion) remains much larger than India's (\$2 trillion). The World Bank expects India's economy to grow 7.5% this year compared with 7.1% for China. Last year, India's economy expanded 7.2% and China's grew 7.4%, the slowest annual rate in nearly a quarter century. India's growth could accelerate further if New Delhi addresses long-standing problems such as poor infrastructure and a strangling bureaucracy. In China, the central bank has cut interest rates to try to prevent the economy from slowing too quickly. After two decades of double-digit growth that has raised incomes but also caused significant environmental damage, China is trying to nurture an economy with greater reliance on service industries, which grow at slower but more sustainable rates<sup>15</sup>.

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<sup>11</sup>Ibid

<sup>12</sup>Dr. B R Deepak "India-China Relations: A Historical and Civilizational Perspective" <http://www.c3sindia.org/archives/india-china-relations-a-historical-and-civilizational-perspective/> accessed on Oct 1, 2017 accessed on Oct 3, 2017

<sup>13</sup>Supra 12

<sup>14</sup>India's boycott of One Belt, One Road summit in China was self-defeating" <https://scroll.in/article/837847/indias-boycott-of-one-belt-one-road-summit-in-china-was-self-defeating> accessed on Oct 6, 2017

<sup>15</sup> "A tale of 2 nations: India, China are competitors and collaborators" [www.hindustantimes.com](http://www.hindustantimes.com) accessed on Oct 5, 2017



## STRING OF PEARLS

India is deeply unsettled over China's growing presence in the Indian Ocean, a scenario some analysts call the "string of pearls" strategy linking China's interests in the countries surrounding India - Sri Lanka, Myanmar, Bangladesh and Pakistan. In Sri Lanka, off India's southern tip, China began by building the port at Hambantota and significantly upped the stakes with a massive development project off the coast of the capital, Colombo. Then, Sri Lanka allowed two Chinese submarines to dock off its coast, threatening to derail ties between India and Sri Lanka. The two sides moved to reconcile after the election of a new Sri Lankan government that put the Colombo port project under review. However, the US defense department predicts China will keep establishing "access points" in the area over the coming decade<sup>16</sup>.

## HIMALAYAN BORDER DISPUTES

India and China have disagreed for decades over which country controls two chunks of Himalayan territory. China says the northeastern Indian state of Arunachal Pradesh is part of China, while India insists China is illegally occupying Aksai Chin, a rocky and largely empty region far to the northwest. The two sides fought a brief war in 1962 over the latter territory<sup>17</sup>. But the disputes have been low key for years now, with both countries much more concerned about boosting cross-border trade and investment. Diplomats from the two countries now regularly discuss the territorial dispute in scheduled talks, but even if little progress is ever made, neither country seems to care very much<sup>18</sup>.

## TWO BIG MILITARIES

While India and China are both sprawling nations with similar-sized populations, China is spending \$144 billion on its military this year compared to India's \$40 billion. Still, India operates two aircraft carriers to China's one, along with conventional and nuclear submarines, latest-generation fighter jets and an array of ballistic and cruise missiles. Both China and India possess nuclear weapons. While there have been no armed clashes since 1967, China's support for Pakistan has long been a sore point in relations. China's military expansion, which includes the largest naval fleet in Asia and a pair of stealth fighter development programs, is seen as geared mainly toward displacing the US as the dominant power in the Asia-Pacific, as well as securing territorial claims such as Taiwan and the islands of the South China Sea. India has grown close to the US on defense issues and wishes to retain its status as the premier force in the Indian Ocean<sup>19</sup>.

## CLASHES IN INDO-PACIFIC REGION

The "Malabar" naval exercises in the Bay of Bengal came to an end earlier this week with a close formation drill involving Indian aircraft carrier *INS Vikramaditya*, the US flat-top *Nimitz*, and Japan's new helicopter carrier, the *JS Izumo*. The expansive scope and complexity of the engagement led many to portray Malabar 2017 as a maritime response to China's aggression in Doklam where the Indian Army and People's Liberation Army troops remain locked in a tense stalemate. Indeed, with over 20 ships, including two submarines and over 100 aircraft and helicopters involved in complex manoeuvres, the strategic messaging to China seemed more than clear. Notably, Indian commentators cast Malabar as a strategic precursor to a more proactive sea-denial strategy aimed at challenging People's Liberation Army Navy (PLAN) ships and submarines in the Indian Ocean. In the run-up to Malabar, the media had reported a "surge" in Chinese naval presence in the subcontinental littorals. PLAN units prowling India's near-seas reportedly included the Luyang III class destroyers, hydrographic research vessels, and an intelligence-gathering ship<sup>20</sup>, *Haiwingxing*, presumably to keep track of naval ships taking part in the trilateral exercises. But Indian analysts seemed more distressed by the reported presence of a Chinese conventional submarine in the Indian seas, confirmed by the docking of the

<sup>16</sup> China, India have many rivalries, some areas of cooperation

"<http://www.breitbart.com/news/china-india-have-many-rivalries-some-areas-of-cooperation/> accessed on Oct 3, 2017

<sup>17</sup> "Weixing Hu "India going nuclear: A bomb against China" Journal of Chinese Political Science September 1998, Volume 4, Issue 2, pp 19-40

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<sup>19</sup> "A tale of 2 nations: India, China are competitors and collaborators" <http://www.hindustantimes.com/india/a-tale-of-2-nations-india-china-are-competitors-and-collaborators/story-QRIsRx1V0BFm7veSgSOOpWJ.html> accessed on Oct 3, 2017

<sup>20</sup> Dimitra DeFotis "Asia Investing: The Case For India, China In 2017" [blogs.barrons.com](https://blogs.barrons.com) accessed on Oct 8, 2017

*Chongmingdao*, a submarine support vessel, in Karachi last month. For many Indian observers, the emphasis on anti-submarine warfare (ASW) exercises in Malabar is a sign of India's growing willingness to leverage its maritime partnerships in Asia to counter PLAN operations in the Indian Ocean. Not surprisingly, much of the commentary in the Indian media highlighted exercises involving P-8I and P-8A reconnaissance aircraft, MiG-29K fighters and Japanese ASW helicopters, lending credence to accounts that an Indian "sea-denial" strategy was at work in the Bay of Bengal. Yet, there is something essentially flawed about the idea that Indian naval power can prevent Chinese warships and submarines from accessing India's near-seas. Modern-day trading nations regard the oceans as a shared global common, with equal opportunity rights for all user states. Consequently, unless a sea-space is a site of overlapping claims (as in the case of the South China Sea) or a contested enclave in a geopolitically troubled spot (as the Persian Gulf), no coastal state ever actively denies another the use of the high seas.

### INDIA'S PERSPECTIVE ON THE SOUTH CHINA SEA

India's reluctance to endorse a maneuver meant expressly to emphasize access to the maritime commons appeared odd since it lately has been vocal about the need to ensure freedom of navigation in the South China Sea, even raising pointed concerns over the growing state of insecurity in the region. New Delhi, however, remains acutely conscious of its official position of neither being party to the disputes nor taking sides. Regardless of the magnitude of nautical developments in the region, India's security establishment fears that the perception of abandonment of its neutrality might be construed as strategic support for the United States—still the principal source of resistance to Chinese unilateralism in the South China Sea, but whose deterrence strategy, Indian analysts suspect, could spark an intense reaction from Beijing. Yet there is no mistaking a sense of exasperation in New Delhi with China's maritime practices in East Asia, which many officials privately regard as being arbitrary and unreasonable. The aggressiveness with which China has sought to protect its turf in the South China Sea has led Indian strategists to believe that, unless sustained pressure is brought to bear upon China, a negotiated solution to the dispute is unattainable. Not surprisingly, in at least three ASEAN-centric forums since the U.S. naval patrols, Indian leaders have emphasized the need for freedom of navigation, the right to passage and overflight, and peaceful resolution of disputes in accordance with the United Nations Convention on the Law of the Sea (UNCLOS)<sup>21</sup>.

In November 2015, Prime Minister Narendra Modi made a reference to the South China Sea conflict in two successive events—at the thirteenth ASEAN-India summit and during a public lecture in Singapore—suggesting the need for a mechanism that could enhance cooperation in maritime security, counterpiracy, and humanitarian and disaster relief. India also was widely reported to have snubbed China during the third meeting of the India-Philippines Joint Commission on Bilateral Cooperation in New Delhi<sup>22</sup>.

In their recent high-level joint statements, both the United States and India have repeatedly declared their support for freedom of navigation in the South China Sea, signaling that the Modi government is not reluctant to highlight New Delhi's convergence with Washington on regional issues. India's engagements with states like Japan, Vietnam, and Philippines have become more serious. India has publicly supported Vietnam and Philippines in their disputes with China. Indian naval ships have been visiting Vietnam in the South China Sea and the two nations have continued to cooperate on hydrocarbon exploration in the South China Sea, despite Beijing's warnings. India and Japan have also taken a public stand on South China Sea issue in recent years. During Prime Minister Shinzo Abe's visit to India in December last year, the two nations called upon all states to avoid unilateral actions that could lead to tensions in the region in view of the critical importance of open sea lanes of communications in the South China Sea for regional energy security, trade, and commerce, which underpin the continued peace and prosperity of the Indo-Pacific. India and Japan also underscored the need for full and effective implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea and an early conclusion of the negotiations to establish a Code of Conduct in the South China Sea by consensus. China promptly expressed its disapproval of this by labeling India and Japan as "countries outside the region"<sup>23</sup>.

<sup>21</sup> Singh, Abhijit "India's Strategic Stakes in the South China Sea" [www.questia.com](http://www.questia.com) accessed on Oct 4, 2017

<sup>22</sup> Abhijit Singh "India's Strategic Stakes in the South China Sea" <http://nbr.org/publications/element.aspx?id=860> accessed on Oct 4, 2017

<sup>23</sup> "Urban warfare training mutually beneficial: AFP chief" [retiredanalyst.blogspot.co.il](http://retiredanalyst.blogspot.co.il) accessed on Oct 8, 2017

Make no mistake: India is charting a new course on South China Sea. Though its full implications will come to the fore only after some time, it is clear that it will have significant impact on how regional states and the United States view India as a regional balancer in the Asia-Pacific<sup>24</sup>.

## CONCLUSION

The last six decades of India-China relationships have seen more of mutual mistrust and suspicion than friendliness and cordial atmosphere. Such mutual mistrust and suspicion grew over the years and have gone beyond proportions in the current context. The challenge has always been to bridge the differences of opinion from both sides and reach to a common understanding on a number of sensitive issues including Sino-Indian border issues. At the same time, one should not come to the conclusion that both India and China have always been at loggerheads. A series of serious attempts have been made by both India and China to bridge the differences more particularly on the border issue. India and China relations are expanding and deepening despite several divergences on many pertinent issues impacting the bilateral relations<sup>25</sup>. In recent years, India-China relations have maintained a good momentum in their development, with co-operation the key factor. The two sides have sought to continue raising the level of mutual political trust and promote the in-depth development of bilateral co-operation. The current situation suggests that co-operation between the two countries has mainly focused on economic areas of interest, although pragmatic co-operation has also been gradually promoted in the areas of politics, boundary negotiation and non-traditional security. Nonetheless, to achieve a fully co-operative relationship, both countries must demonstrate the political will to re-assess and re-configure the narrative that defines it. In the meantime, they must also refrain from interfering in each other's internal affairs, such as the protests by China against the evolving India-Japan-US relationship. A strong India is the best thing that could happen to a rising China and vice versa<sup>26</sup>.

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**A STUDY ON EFFECTIVENESS OF ADVERTISEMENT ON FINAL SALES OF GOOD, AT ANTEL ENTERPRISES PRIVATE LIMITED**

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**ABSTRACT**

*In this day and age, with the very strong impact of globalization, digitalization and social media, advertising is changing. Many companies and advertising role players are forced to implement new consumer and business models and apply innovative business strategies. Social media marketing has become a norm for most companies. By utilizing the social aspect of the web, social media marketing is able to connect and interact on a much more personalized and dynamic level than through traditional marketing. This Study Was Conducted To Develop A Simple Framework For Finding Out The Impact Effectiveness Of Advertisement On Final Sales Of Good, At Antel Enterprises Private Limited.*

*Keywords: globalization, digitalization, social media, business models, traditional marketing*

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**INTRODUCTION**

It is an attempt to measure whether the time talent and the treasure invested in the creative activity has resulted in attaining the goals of profit maximization to the advertiser and the maximization of satisfaction to the consumer.

The objectives of all business are to make profits and a merchandising concern can do that by increasing its sales at remunerative prices. This is possible, if the product is widely polished to be audience the final consumers, channel members and industrial users and through convincing arguments it is persuaded to buy it. Publicity makes a thing or an idea known to people. It is a general term indicating efforts at mass appeal. As personal stimulation of demand for a product service or business unit by planting commercially significant news about it in a published medium or obtaining favorable presentation of it upon video television or stage that is not paid for by the sponsor.

On the other hand, advertising denotes a specific attempt to popularize a specific product or service at a certain cost. It is a method of publicity. It always intentional openly sponsored by the sponsor and involves certain cost and hence is paid for. It is a common form of non- personal communication about an organization and or its products idea service etc. that is transmitted to target audiences through a mass medium. In common parlance the term publicity and advertising are used synonymously.

**WHAT IS ADVERTISING**

The word advertising is derived from the Latin word viz, "advertero" "ad" meaning towards and "verto" meaning towards and "verto" meaning "I turn" literally specific thing".

Simply stated advertising is the art "says green." Advertising is a general term for and all forms of publicity, from the cry of the street boy selling newspapers to the most celebrate attention attracts device. The object always is to bring to public notice some articles or service, to create a demand to stimulate buying and in general to bring together the man with something to sell and the man who has means or desires to buy".

**ADVERTISING HAS BEEN DEFINED BY DIFFERENT EXPERTS. SOME OF THE QUOTED DEFINITIONS ARE**

American marketing association has defined advertising as "any paid form of non personal presentation and promotion of ideas, goods or services by an identified sponsor. The medium used are print broad cast and direct.

Stanton deserves that "Advertising consists of all the activities involved in presenting to a group a non-personal, oral or visual openly, sponsored message regarding a product, service, or idea. This message called an advertisement is disseminated through one or more media and is paid for by the identified sponsor. Advertising is any paid form of non – personal paid of presentation of ideas goods or services by an identified sponsor.

Advertising is a "non- personal paid message of commercial significance about a product, service or company made to a market by an identified sponsor.

In developing an advertising programmer, one must always start by identifying the market needs and buyer motives and must make five major decisions commonly referred as 5M (mission, money message, media and measurement) of advertising.

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## **BASIC FEATURES OF ADVERTISING**

On the basis of various definitions it has certain basic features such as:

1. It is a mass non-personal communication.
2. It is a matter of record.
3. It persuades buyers to purchase the goods advertised.
4. It is a mass paid communication.
5. The communication media is diverse such as print (newspapers and magazines)
6. It is also called printed salesmanship because information is spread by means of the written and printed work and pictures so that people may be induced to act upon it.

## **SCOPE OF THE STUDY**

The scope is confirmed only to examine the “effectiveness of advertisement” with reference to antel enterprises and to find possible remedies to counteract their competition. The scope of project work is to get the opinions from respondents on the issues mentioned earlier.

It is limited to the twin cities of Hyderabad and is confined to the urban areas as the respondents are the one form or the other.

## **NEED OF THE STUDY**

An organization antel enterprise is competitive environment with relationship management of customer and they are attracting the customer with some effective sale promotions. But some organizations need to evaluate the purpose, utility, effectiveness of customer satisfaction. They are fails to evaluate this effectiveness of advertisement so these studies has been undertaken to assess the effectiveness of advertisement in the organization.

## **OBJECTIVES OF THE STUDY**

Following are the Study: Objectives of the Advertisement

1. To know the most effective media of advertisement on final sales on good.
2. To find out the reasons for liking the advertisement of antel enterprises company products
3. To find out the most popular slogan of advertisement regarding to the antel enterprises company products
4. To study the impact of advertisement on sales at Antel enterprises
5. To study how far advertising is help full in promoting the product.
6. To study how to face the competition with advertising on final sales of good.

## **RESEARCH METHODOLOGY**

### **Research is voyage from known to unknown**

Research is a procedure of logical and systematic application of the fundamentals of science to the general and overall questions of a study and scientific technique which provide precise tools, specific procedure and technical rather than philosophical means for getting and ordering the data prior to their logical analysis and manipulation. Different type of research designs is available depending upon the nature of research project, availability of able manpower and circumstances.

## **METHODOLOGY**

1. **RESEARCH DESIGN:** The research design is the blueprint for the fulfillment of objectives and answering questions. It is a master plan specifying the method and procedures for collecting and analyzing needed information.

**Descriptive Research** is used in this study as the main aim is to describe characteristics of the phenomenon or a situation.

2. **DATA COLLECTION METHODS:** The source of data includes primary and secondary data sources.

**Primary Sources:** Primary data has been collected directly from sample respondents through questionnaire and with the help of interview.

**Secondary Data Sources:** Information has also been borrow from both internal sources such as company records and external sources like journal, magazines and book on market .



**3. RESEARCH INSTRUMENT:** Research instrument used for the primary data collection is Questionnaire.

**4. SAMPLE DESIGN:** Sample design is definite plan determine before any data is actually obtaining for a sample from a given population. The researcher must decide the way of selecting a sample. Samples can be either probability samples or non-probability samples.

#### LIMITATIONS

- May diminish image of the firm, represent decline in the product quality.
- Reduces profit margins, customers may stock up during the promotion.
- Shift focus away from the product itself to secondary factors, therefore no product differential advantage.

#### COMPANY PROFILE: ANTEL ENTERPRISES PVT LTD

##### About Antel Enterprises Pvt.Ltd

ANTEL Enterprises Private Limited established itself in 2013 as private company in the trading industry. They deal with variety of products and qualitative product range. They hold specialization in trading and supplying huge assortment of imported & indigenous scientific equipment & consumables. *Example: HPLC Columns, Weighing Balances, Pipettes & Micro tips, Safety Equipment, Fabricated Lab Equipments, Etc.* These products are chiefly demanded by various Hospitals, Laboratories, Education Institutes, Pharmaceutical and Biotech Companies owing to their superior application. The offered ranges of products are easy to operate and maintain. To maintain good rapport with their client, ANTEL provides post sale services and takes regular feedback from its customers.

At ANTEL there are three main departments via Marketing, Administrative & Stores with a total of 10 employees working. Dr. K. Anil Kumar is the Managing Director of the company with Mr. V. P. Neelamegan being the Senior Manager, Sales & Marketing and Mrs. Mohanalatha C, the Administrative Manager.

In the last financial year (2014-15) ANTEL made a turnover of 60 lakhs with 'BONNA-ANGELA Technology' leading the sale chart among all the Principals ANTEL deals with. Thereby I choose to do my project on BONNA-AGELA from ANTEL'S perspective as I find its products in high demand and fast moving across various fields, let it be production, research or academics.

#### DATA ANALYSIS AND INTERPRETATION

##### 1. Respondent's classification according to the age on the basis of a & d company product.

	no. of respondents	percentages
Yes	23	46
No	17	34
can't say	10	20
Total	50	100

**Interpretation:** 46% of the respondents said YES, 34% said no and 20% of the respondents said that they can't say

##### 2. Do you think advertisement effect the final sales according to the data?

Age(in years)	no. of respondents	percentage
15-20	22	44
21-40	25	50
41-60	3	6
Total	50	100

**Interpretation:** 44% of the respondents are under the age of 15 to 20, 50% of the respondents are 21 to 40, 6% are under 41 to 60.

##### 3. Which media of advertisement is more important on final sales of good

Media	no. of respondents	percentages
TV	50	100
newspaper		
magazines		
others		
total	50	100

**Interpretation:** 100% of respondents said that TV is important for final sales of good. none of one said that newspaper and magazines.

**4. Do you think advertisement is necessary for the final sales of good?**

Options	no. of respondents	percentages
Necessary	14	28
very necessary	34	68
can't say	2	4
Total	50	100

**Interpretation:** 28% of the respondents said it is necessary 68% of the respondents said that it is very necessary and 4% said that can't say

**5. Does effectiveness of expenditure incurred on advertisement**

Options	no. of respondents	percentages
Yes	43	86
No	2	4
can't say	5	10
Total	50	100

**Interpretation:** 86 % said yes 4% said no and 10% of respondents said that can't say.

**6. Which company product do you like on basis of advertising**

company	no. of respondents	Percentages
A & d	15	30
CAS	10	20
EAGEL	10	20
LABOCON	15	30

**Interpretation:** 30% of the respondents said that they like the a& d, 20% like the CAS, 20% like the eagle and 30% like the LABOCON company advertisement.

**7. Quality of the services in respect to the product of CAS company.**

	no. of respondents	Percentages
excellent	15	30
Good	10	20
Fair	10	20
Poor	15	30

**Interpretation:** 30% of the respondents said excellent, 20% said good, 20% said fair and finally 30% said that poor

**8. Do you think which one gives the exact information about public**

options	no. of respondents	percentages
company executive	30	60
website	10	20
Others	10	20

**Interpretation:** 60% of the respondents said that company executive 20% said that through website and 20% said through others.

**9. What is the purpose of using the effectiveness of advertisement on a & d company products.**

options	no. of respondents	percentages
personal use	15	30
for others	5	10
for knowing about	20	40
others	10	20

**Interpretation:** 30% of the respondents said for personal use 10% said for others 40% said that for knowing about the company.

**10. How many products have you changed during the past month of A & D company**

options	no. of respondents	percentages
0 to 3	5	10
4 to 6	10	20
7 to 9	10	20
10 and above	25	50

**Interpretation:** 10% of the respondents said 0 to 3, 20% of respondents from 4 to 6, 20% respondents changed 7 to 9 and finally 50% of respondents said from 10 and above.

**STATISTICAL ANALYSIS**

**Test 1:** A detailed study between Income and education level was done and found the following data

Income level		Education levels	
Mean	32.36	Mean	2.56
Standard Error	2.146427502	Standard Error	0.154286
Median	26.5	Median	3
Mode	25	Mode	3
Standard Deviation	15.17753442	Standard Deviation	1.090965
Sample Variance	230.357551	Sample Variance	1.190204
Kurtosis	-0.821361517	Kurtosis	-0.91946
Skewness	0.601694674	Skewness	0.085815
Range	55	Range	4
Minimum	10	Minimum	1
Maximum	65	Maximum	5
Sum	1618	Sum	128
Count	50	Count	50

**Interpretation:** The entire statistic show the variance between the income and educational level statistics where the mean and standard deviation of the observation will show the change and medium is the central tendency of the observation

**Test 2:** Here a test of advertising of A&D will show an impact on gender for which a hypothesis is also set

H0: There is no significance difference between advertising of A&D and gender

H1: There is a significance difference between advertising of A&D and gender

The advertising of A&D will show an impact on gender					
Observed					
	Excellent	Very good	Good	Satisfactory	
Male(observed)	8	6	6	5	25
Female(Observed)	7	6	5	7	25
	15	12	11	12	50
	Excellent	Very good	Good	Satisfactory	
Male(Expected)	7.5	6	5.5	6	
(O-E)	0.5	0	0.5	-1	
(O-E) <sup>2</sup>	0.25	0	0.25	1	
(O-E) <sup>2</sup> /E	0.033333	0	0.045455	0.166667	0.245455
	Excellent	Very good	Good	Satisfactory	
Male(Expected)	6	6.5	7	5.5	
Female(Expected)	6	6.5	7	5.5	
	Excellent	Very good	Good	Satisfactory	
Female(Expected)	7.5	6	5.5	6	

(O-E)	-0.5	0	-0.5	1	
(O-E) <sup>2</sup>	0.25	0	0.25	1	
(O-E) <sup>2</sup> /E	0.033333	0	0.045455	0.166667	0.245455
Calculated Chi square value and p value					
Chi-Square	0.490909				
p= Value	0.556155				

Interpretation: As per the p value which is alpha value is 0.5 and chi square value is below the p value so alternative hypothesis is accepted and null is rejected i.e., : There is a significance difference between advertising of A&D and gender

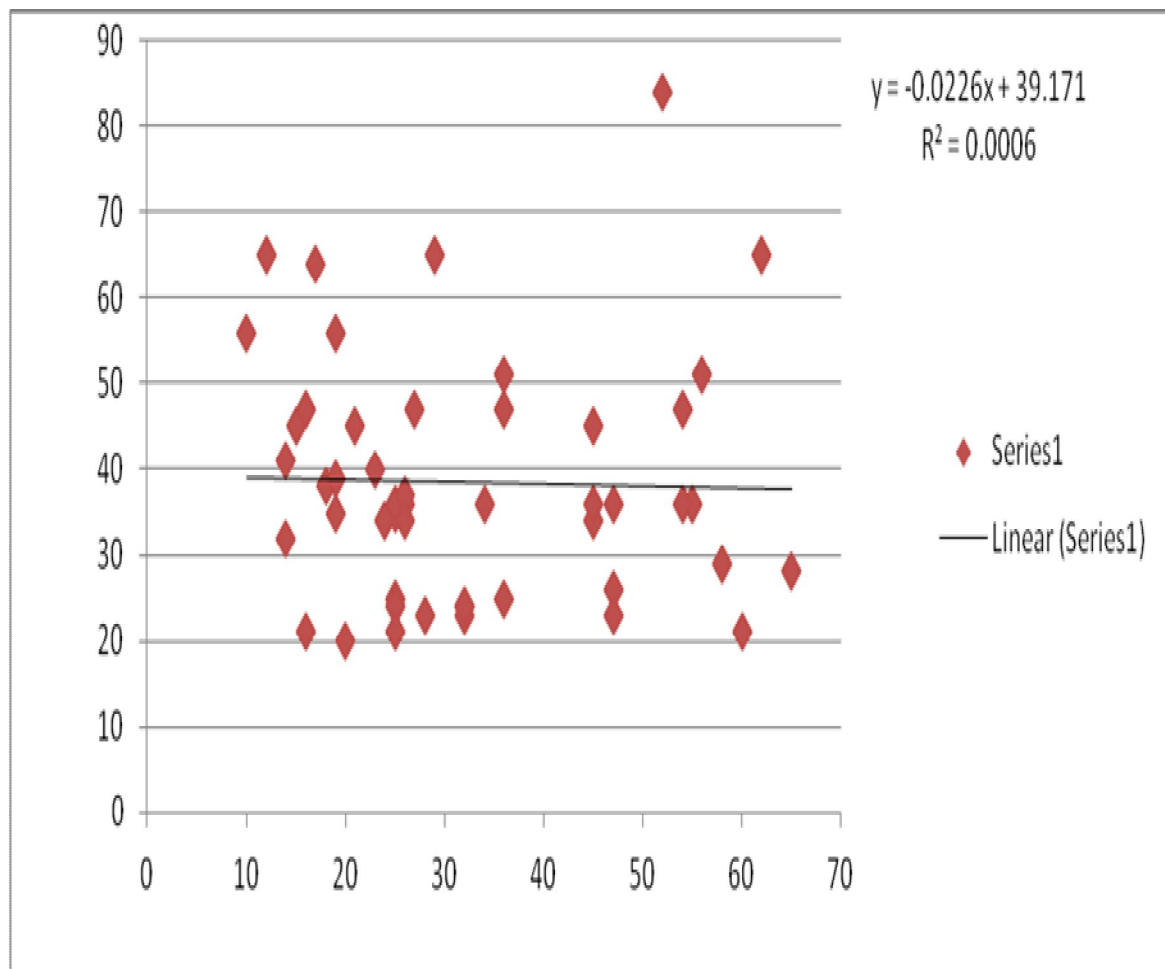
**Test 3:** Advertising effectiveness is calculated with income levels of respondents for which correlation with regression analysis is done:

For which a hypothesis is also drawn the given hypothesis is as follows:

H0: There is no significance difference between Advertising effectiveness and income of the respondents

H1: There is a significance difference between Advertising effectiveness and income of the respondents

The chart shows the linear line of all the respondents value on X and Y axis.



	Income(000)	Advertising effectiveness at AnTel
Income(000)	1	
Advertising effectiveness at AnTel	-.024356904	1

The correlation shows a negative impact and clearly depicts that there is no correlation between Income and advertising effectiveness but the same can be resolved by regression analysis

Regression Statistics								
Multiple R	0.024356904							
R Square	0.000593259							
Adjusted R Square	-0.02022771							
Standard Error	15.33026934							
Observations	50							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	6.696420398	6.69642	0.028493	0.866664			
Residual	48	11280.82358	235.017					
Total	49	11287.52						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	33.36976934	6.362810655	5.2445	3.49E-06	20.57648	46.16306	20.57648	46.16306
Advertising effectiveness at AnTel	-0.02626871	0.155620652	-0.1688	0.866664	-0.33916	0.286628	-0.33916	0.286628

**Interpretation:** AS per the alpha value the of 0.5 the advertising effectiveness of Antel is 0.8666 which is more than 0.5 so Alternative hypothesis is rejected and Null hypothesis is accepted i.e There is no significance difference between Advertising effectiveness and income of the respondents

**Test 4:** Here the test of analysis of variance is done in between age and income of the respondents and we can observe that age will have a impact on income of the respondents, to test the variance a hypothesis is drawn i.e

H0: There is no significance difference between income and age of the respondents

H1: There is a significance difference between income and age of the respondents

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
AGE	50	1926	38.52	166.1322		
Income(000)	50	1618	32.36	230.3576		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	948.64	1	948.64	4.785193	0.031083	3.938111
Within Groups	19428	98	198.2449			
Total	20376.64	99				

**Interpretation:** P value is below the alpha value so null hypothesis is rejected and alternative is accepted i.e There is a significance difference between income and age of the respondents

## FINDINGS

1. 80% of the respondents said that advertisement through media is most effectiveness on final sales of good.
2. 50% of the respondents said that they like the advertisement of the product which was done by the company for finding the final sales of good.
3. 60% of the respondents said that while promoting the product the effectiveness of advertisement is main use full for the final sales of good.
4. Majority of the respondents are view that advertisement is very necessary for the final sales of good.
5. Some of the respondents said that to increases the sales of the product advertisements must be there.
6. The entire statistic show the variance between the income and educational level statistics where the mean and standard deviation of the observation will show the change and medium is the central tendency of the observation

7. As per the p value which is alpha value is 0.5 and chi square value is below the p value so alternative hypothesis is accepted and null is rejected i.e. : There is a significance difference between advertising of A&D and gender
8. AS per the alpha value the of 0.5 the advertising effectiveness of Antel is 0.8666 which is more than 0.5 so Alternative hypothesis is rejected and Null hypothesis is accepted i.e There is no significance difference between Advertising effectiveness and income of the respondents
9. P value is below the alpha value so null hypothesis is rejected and alternative is accepted i.e There is a significance difference between income and age of the respondents

### **CONCLUSION**

On ANTEL enterprises advertisement in among a various customers launching new formulations can make to the pioneer in many market segments. ANTEL enterprises were inferred that most customers of high-income Group preferred the supply about 70% of customers is aware of data. In last you conclude that majority of the respondents said that advertisement is most effective on final sales of good. And when we study the statistical part it shows clearly that every factor in the study shows a variance in observation either is is age of respondents or income level or educational level, by seeing and analyzing we can easily define that it requires further study in coming future.

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## AN EXPLORATORY STUDY ON HUMAN RESOURCE ACCOUNTING

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### ABSTRACT

*HRA seeks to measure the abilities of all employees in a company at all levels to produce value by way of knowledge & capability. Human Resource Accounting provides useful information to the management, financial analysts and employees as, human Resource Accounting helps the management in the Employment, locating and utilization of human resources. It helps in deciding the transfers, promotion, training and retrenchment of human resources. It provides a basis for planning of physical assets vis-à-vis human resources. It assists in evaluating the expenditure incurred for imparting further education and training in employees in terms of the benefits derived by the firm. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.*

*Human Resource is one of the most important operations for any organization or business. Without the human involvement can lose its efficiency in work, and all the areas of business and levels human efficiency is required with machine efficiency. Thus companies have to recognize and appreciate the value of their employees. This study is small effort to study the literature and fundamentals of Human Resource Accounting concept.*

*Keywords: Accounting, Efficiency, Resource, Retrenchment, Turnover*

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### INTRODUCTION

Human resources are considered as important assets and are different from the physical assets. Physical assets do not have feelings and emotions, whereas human assets are subjected to various types of feelings and emotions. In the same way, unlike physical assets human assets never get depreciated.

Therefore, the valuations of human resources along with other assets are also required in order to find out the total cost of an organization. In 1960s, Rensis Likert along with other social researchers made an attempt to define the concept of human resource accounting (HRA).

The American Association of Accountants (AAA) defines HRA as follows: 'HRA is a process of identifying and measuring data about human resources and communicating this information to interested parties'.

Flamhoitz defines HRA as 'accounting for people as an organizational resource. It involves measuring the costs incurred by organizations to recruit, select, hire, train, and develop human assets. It also involves measuring the economic value of people to the organization'.

According to Stephen Knauf, "HRA is the measurement and quantification of human organizational inputs such as recruiting, training, experience and commitment".

According to Likert (1971), HRA serves the following purposes in an organisation:

It furnishes cost/value information for making management decisions about acquiring, allocating,

developing, and maintaining human resources in order to attain cost-effectiveness;

It allows management personnel to monitor effectively the use of human resources;

It provides a sound and effective basis of human asset control, that is, whether the asset is appreciated, depleted or conserved;

It helps in the development of management principles by classifying the financial consequences of various practices.

### REVIEW OF LITRATURE

**Woodruff and Barry Corporation (1969)**, "Human resource accounting is an attempt to identify and report investments made in human resources of an organization that the presently not accounted for in conventional system that tells the management what changes over time are occurring to the human resources of the business"

Petty (1691) was of the opinion that labour was "the father of wealth" and it must be included in any estimate of national wealth.

Further efforts in this connection, were made by William far in 1853, Earnest Engle in 1883.

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“Human resources accounting is an attempt to identify and report investments made in human resources of an organization that are presently not accounted for in conventional accounting practice. Basically, it is an information system that tells the management what changes over time are occurring to the human resources of the business”. Human Resources Accounting as a method for systematically measuring both the asset value of labour and the amount of asset creation that can be attributed to personnel activities Friedman and Lev (1974) and Lau and Lau (1978).

**Fleming (1977)** assessed the behavioral implications of a value for employee is published as an asset on the balance-sheet. For the purpose of the study a survey was done on faculty members and students, which was based on a questionnaire. It was revealed that 43% of faculty and 38% of students were against the statement that placing a dollar value on human being is an insult to their dignity and an equal percentage of faculty felt that it was not only an insult but also a

way treating people as slaves or machines. 85% of students were against the disclosure of information publicly related with individual.

**Flamholtz (1999)** noted that the concept of human resource value is derived from general economic value theory as all resources people possess value because they are capable of rendering future service. An individual value to an organization can be defined as the present „value of the future services the individual is expected to provide for the period of time the individual is expected to remain in the organization.

**Moore (2007)** suggests that the value of human capital should be considered when making decisions about the acquisition and disposal of people and accounting practices currently employed by companies can have an undue influence in driving the strategic decisions of these companies. Moore notes that there are link between the process of acquiring an employee (a human capital asset) and that of acquiring a fixed capital asset.

However while most companies acknowledge the contributions of its employees, they do not think of the acquisition or disposal of human capital assets in the same way or with the same thoughtful planning or strategic thinking as they do fixed capital assets.

**Cherian and Farouq (2013)** examined the relationship among HRA and organizational performance and a study was conducted on reviews in the field of Human Resource Accounting. It was found that company management and in addition to HR professionals were not willing to execute HRA. Further, it was revealed that organization faced several challenges during the HRA implementation but disclosures on human assets acted as evidence for wealth creation and helped in calculating the human resources capital, worth of management development and enhances the value of management accounting.

## OBJECTIVES OF THE STUDY

1. To study the fundamental concept of HRA
2. To study the objectives, importance's and methods of HRA
3. To review the literature related to the HRA
4. To understand the need and necessity of the concept

## RESEARCH METHODOLOGY

This study is exploratory in nature. Secondary data is used for the purpose of the study. To develop this study in depth literature review has been used which is collected from websites, different books, previous research findings and from different libraries.

## ORIGIN AND HISTORY OF HRA

Research during the early stages of development of HRA was conducted at the University of Michigan by a research team including the late organizational psychologist Rensis Likert, founder of the University of Michigan Institute of Social Research and well known for his work on management styles and management theory (Likert, 1961, 1967), faculty member R. Lee Brummet, and then Ph.D. candidates William C. Pyle and Eric Flamholtz. The group worked on a series of research projects designed to develop concepts and methods of accounting for human resources. One outcome of this research ( Brummet, Flamholtz & Pyle, 1968) was a paper representing one of the earliest studies dealing with human resource measurement and the one in which the term “Human Resource Accounting” was used for the first time. Brummet, Flamholtz & Pyle (1968) also published another article in which they assessed the impact that HRA can have on management. Flamholtz's (1969) Ph.D. dissertation, an exploratory study in the area of HRA, developed a theory of an individual's value to an organization and how it could be measured through HRA. Brummet, Flamholtz & Pyle (1969) focused on HRA as a tool for increasing managerial effectiveness in the acquisition, development, allocation, maintenance,



and utilization of its human resources. The authors' work represented one of the first attempts to develop a system of accounting for a firm's investments and studied the application of HRA in R.G. Barry Company, a public entrepreneurial firm.

The early work in HRA provided inspiration for the next phase of early HRA development, basic academic research developing measurement models. Interest in HRA was evident in the many studies conducted since its inception.

#### Historical development of HRA

Stage 1 1960–1966	The origin of Human Resources Accounting with theories, representing inference of the basic concepts (primary) of human resource accounting.
Stage 2 1967–1970	The first basic academic formulation of some measuring models
Stage 3 1971–1977	Rapid increase in interest levels in Human Resources Accounting
Stage 4 1978–1980	Static academic interest level and emphasis on fixed assets in organizations led to the reduction of interest in HRA at the level of organizations and universities
Stage 5 1981–1990	Resurgence of international interests in theories and jobs in Human Resources Accounting.
Stage 6 1990–now	Development of concepts, models, approaches, disclosure, accounting standards and treatment, generating soft information.

Source: Flamholtz (1999) and further developed by the author.

#### CURRENT STATUS OF HRA IN INDIA

HRA reports give useful information to the company management, employees and investors. In India, very few companies use HRA. It is not compulsory in India. Infosys Technologies and BPL are the leading companies in India, which use HRA. It is fact that the 21st century is era of Human demand, countries those have labor quality ruling the world with dominant technology. Countries like china and Japan forerunners in technology advancement, is all result of work force performance. Hence whole world realized that human resource is the real investment into business ventures that should only catch and stick the success waves. It can be say that INFOSYIS, Bharat heavy Electrical Ltd (BHEL), DR.REDDY'S and Steel Authority of India Ltd (SAIL) are ever profit generators because recognized value of quality of labor and ordered peak priority so as company's yields ripped fruits with assistance of ripped force (quality employees) and can stand against any business storm and cope up effectively. Even though, many benefits have contributed by HRA, yet its development and application in different industries has not been encouraging. Because Indian companies act 1956, does not provide any scope for showing any information about human resources in financial statement.

Due to the development of business and industries, some of the Indian companies, both public and private, { (ONGC), (CCI), Tata Engineering and Locomotive Works, (NTPC), Associated Cement Company Ltd (ACC) etc. }, value their human resources and report this information in their annual report.

#### OBJECTIVES OF HUMAN RESOURCE ACCOUNTING

HRA helps in developing financial assessments for the people within the organisation. However, the specific objectives of HRA may be outlined as under:

- 1) To assist the management in taking suitable decisions regarding investment on human resources.
- 2) To provide information to all people concerned regarding the earning potential of human resources of the organisation.
- 3) To assess efficiency of human resources in obtaining productivity and profitability, and
- 4) To provide comparative information regarding costs and benefits associated with investment in human assets.

It is an attempt to identify and report investments made in the human resources of the organisation that are not presently accounted for under conventional accounting practice. Basically, it is an information system that tells the management what changes over time are occurring to the human resources of the business. In a nutshell HRA involves (a) measurement and valuation of human resources and (b) communicating the information so generated for internal and external decision-makers.

## ADVANTAGES OF HR ACCOUNTING

- ✚ Human Resource Planning anticipates not only the required kind and number of employees but also determines the action plan. The major benefits of HR accounting are:
- ✚ It checks the corporate plan of the organisation. The corporate plan aiming for expansion, diversification, changes in technological growth etc. has to be worked out with the availability of human resources for such placements or key positions. If such manpower is not likely to be available, HR accounting suggests modification of the entire corporate plan.
- ✚ It offsets uncertainty and change, as it enables the organisation to have the right person for the right job at the right time and place.
- ✚ It provides scope for advancement and development of employees by effective training and development.
- ✚ It helps individual employee to aspire for promotion and better benefits.
- ✚ It aims to see that the human involvement in the organisation is not wasted and brings high returns to the organisation.
- ✚ It helps to take steps to improve employee contribution in the form of increased productivity.
- ✚ It provides different methods of testing to be used, interview techniques to be adopted in the selection process based on the level of skill, qualifications and experience of future human resources.
- ✚ It can foresee the change in value, aptitude and attitude of human resources and accordingly change the techniques of interpersonal management.

## METHODS OF HUMAN VALUATION

There are a number of methods suggested for the valuation of human assets. Many of these methods are based on the valuation of physical and financial assets while others take into account human consideration. Major methods of valuation of human assets are historical cost, replacement cost, standard cost, present value of future earnings, and expected realizable value.

**Historical Cost:** Historical cost is based on actual cost incurred on human resources. Such a cost may be of two types – acquisition cost and learning cost. Acquisition cost is the expense incurred on recruitment, selection, and placement. While calculating the cost of recruitment and selection, entire cost is taken into consideration including incurred on those who are not selected. Learning cost involves expenses incurred on training and development. This method is very simple in its application but it does not reflect the true value of human assets. For example, an experienced employee may not require much training and, therefore, his value may appear to be low though his real value is much more than what is suggested by historical cost method.

**Replacement Cost:** As against historical cost method which takes into account the actual cost incurred on employees, replacement cost takes into account the notional cost that may be required to acquire a new employee to replace the present one. In calculating the replacement cost, different types of expenses are taken into account which may be in the form of acquisition and learning cost. Replacement cost is generally much higher than the historical cost. For example, Friedman (2000) has estimated that the replacement cost of an executive in middle management level is about 1.5 to 2 times the current salary paid in that position. Replacement cost is much better indicator of value of human assets though it may present certain operational problems. For example, true replacement of a person may not be found easily with whose cost the valuation is done.

**Standard Cost:** Instead of using historical or replacement cost, many companies use standard cost for the valuation of human assets just as it is used for physical and financial assets. For using standard cost, employees of an organization are categorized into different groups based on their hierarchical positions. Standard cost is fixed for each category of employees and their value is calculated. This method is simple but does not take into account differences in employees put in the same group. In many cases, these differences may be quite vital.

**Present Value of Future Earnings:** In this method, the future earnings of various groups of employees are estimated up to the age of their retirement and are discounted at a predetermined rate to obtain the present value of such earnings. This method is similar to the present value of future earnings used in the case of financial assets. However, this method does not give correct value of human assets as it does not measure their contributions to achieving organizational effectiveness.

**Expected Realizable Value:** The above methods discussed so far are based on cost consideration. Therefore, these methods may provide information for record purpose but do not reflect the true value of human assets. As

against these methods, expected realizable value is based on the assumption, and this is true also. That there is no direct relationship between costs incurred on an individual and his value to the organization at a particular point of time. An individual's value to the organization can be defined as the present worth of the set of future services that he is expected to provide during the period he remains in the organization. Flamholtz has given the variables affecting an individual's expected realizable value (IERV): individual conditional values and his likelihood of remaining in the organization. The former is a function of the individual's abilities and activation level, while the latter is a function of such variable as job satisfaction, commitment, motivation, and other factors.

### CONCLUSION

Today the most precious input is the human element in an organization. Human Resource Accounting (HRA) is the process of discovering and measuring data about human resources and communicating this information to stakeholders. In other words, Human Resource Accounting is the process of identifying, budgeting, and reporting the cost of human resources incurred in a business, like wages, salaries and training expenses. Human Resource Accounting is considered the activity of understanding the cost invested for workers towards their hiring, training, payment of salaries & other benefits paid and in return figuring out their contribution to company's profitability.

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**COMPETENCY MAPPING FOR THE GROWTH OF EMPLOYEES WITH REFERENCE TO  
ZESTWINGS INFORMATICS PVT LTD**

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**ABSTRACT**

*Human resource management is a process of bringing people and organizations together so that the goals of each other are met. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order. Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives. Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Competency Mapping is a process of identifying key competencies for an organization, the jobs and functions within it. Competency mapping is important and is an essential activity. Every well-managed firm should have well defined roles and list of competencies required to perform each role effectively. Competency mapping identifies an individual's strengths and weaknesses in order to help them better understand themselves and to show them where career development efforts need to be directed. Competency mapping is not only done for Confirmed employees of an organization and it can also be done for contract workers or for those seeking employment to emphasize the specific skills which would make them valuable to a potential employer. These kinds of skills can be determined, when one is ready to do the work. Competency mapping is one of the most accurate means in identifying the job and behavioral competencies of an individual in an organization. Competency is a set of knowledge, skills and attitudes required to perform a job effectively and efficiently. A Competency is something that describes how a job might be done excellently; a Competence only describes what has to be done, not how. Core competency is something which cannot be copied and it is the pillar upon which individual rest.*

*Keywords: Human Resource Management Competence Mapping, Firms, Management cultures*

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**INTRODUCTION**

With changing business scenario and new challenges emerging in the competitive world, successful performance in any job/task has taken a critical place, for organizational success. Competency mapping is one such process that helps in identifying and mapping competencies required for successful performance in a particular role. Competency mapping and assessment has gained paramount importance in organizations, for keeping people development strategies and processes in sync with organizational growth & objectives and maximizing the utilization of human potential. Creating competency based culture and systems in organizations are the need of the hour. This creates a demand for HR professionals to have specialized skills and have a continuous up-gradation of knowledge.

Competency is a standardized requirement for an individual to properly perform a specific job. It encompasses a combination of knowledge, skills and behavior utilized to improve performance. More generally, competency is the state or quality of being adequately or well qualified, having the ability to perform a specific role. For instance, management competency includes the traits of systems thinking and emotional intelligence, and skills in influence and negotiation.

“Competency Mapping” refers to a process through which the competencies of the necessary process are identified. It is done to determine the critical activities of the mandatory processes of the organization. If Competency Mapping is done, then the organization can identify its area of thrust and can take necessary actions for future implementation of the activities. In the Competency Mapping, the process is break down into sub components named as activities and the competency of all these activities are identified.

Organizations perform the task of Competency Mapping to determine the areas which are crucial for its proper working and success. The competencies which are included in the identification are Managerial, Behavioral, Technical, Skill based, Attitude based and Conceptual Knowledge based. All these aspects together lead to determine the actual status of the activity completion and process functioning which is important for the organization.

Competency Mapping is made up of two terms – Competency + Mapping, Where, Competency refers to clarify any underlying characteristic that is required to perform the process or the activity and Mapping refers to the scheduling of the activities in a sequential order. Together, Competency Mapping refers to the proper scheduling of the activities which are required for the Completion of the crucial processes.

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**COMPETENCY HAS FOLLOWING THREE PARAMETERS:**

- Skills
- Knowledge
- Attitude

**OBJECTIVES OF THE STUDY**

- c) To identify the abilities & skills required for each individual.
- ci) To identify the competencies required for every job.
- cii) To identify the individuals who are not suitable for the particular job.
- ciii) To match the individual competencies with respect to the organizational goals / objectives
- civ) To evaluate the individuals periodically.

**NEED OF THE STUDY**

Finding the right fit for the right job is a matter of concern for most organizations especially in today's economic crisis. As meeting an individual's career aspirations are concerned, once the organization gives an employee the perspective of what is required from him/her to reach a particular position, it drives them to develop the competencies for the same.

Competencies enable individuals to identify and articulate what they offer -regardless of the job. Competency mapping is a process of identifying key competencies for a particular position in an organization, and then using it for job-evaluation, recruitment, training and development, performance management, succession planning, etc. Introduction of competency mapping has also involved introducing skill appraisals in performance appraisals.

**SCOPE OF THE STUDY**

Competency mapping involves the process by which we determine: The nature and scope of a specific job role, the skills required, the level of knowledge required, and the behavioral capacities required to apply those skills and knowledge in that role. Often the information/data gathering process involves interviews with individuals experienced in the position as well as observation of the role being performed. Behavioral competencies are derived from the raw data, and competencies defined, selected, and prioritized.

**RESEARCH METHODOLOGY**

The methodology of the study explains the systematic way of finding answers to the pre determined objectives. Moreover this provides the clear path to accomplish and achieve the desired results. The following are the stages through research have to pass for collecting analyzing and interpreting the various information.

**RESEARCH DESIGN**

In this study the researcher has adopted a descriptive research method. Descriptive researches are those studies which are concerned with describing the characteristics of a particular individual, or of a group..

**SAMPLE DESIGN**

It is a definite method for obtaining a sample from a given population.

It is a technique the researcher usually adopts in selecting items for the sample.

**SAMPLING TECHNIQUE**

The researcher has adopted a Lottery method to solicit the opinions from the respondents. Here the respondents are given equal chance of getting selected. It is a probability sampling method.

**SAMPLE SIZE**

Sample size is 50 Employees

**LIMITATIONS OF THE STUDY**

- The study is limited to only Hyderabad branch.
- An in depth study couldn't be conducted because of the limited time period.
- The survey is restricted only to the sample taken.

**DATA ANALYSIS & INTERPRETATION**

If the competency mapping is implemented:

- 1) Employee's knowledge will be enhanced

Table - 1

S. No	Particulars	Percentage
1	Agree	100
2	Partly agree	0
3	Disagree	0
4	Partly disagree	0
	Total	100

#### INTERPRETATION

From the above table here it is clear that here 100% agreed that employee's knowledge will be enhanced.

2) It can develop employee's attitude

Table - 2

S. No	Particulars	Percentage
1	Yes	75
2	No	5
3	Sometimes	20
	Total	100

#### INTERPRETATION

From the above table it shows that it can develop employee's attitude but depends on how it is implemented. Whereas 75% say yes to it, 5% say no and 20% say sometimes it may be the case.

3) It paves way for the career development of the employees

Table - 3

S. No	Particulars	Percentage
1	Agree	50
2	Partly agree	20
3	Disagree	20
4	Partly disagree	10
	Total	100

#### INTERPRETATION

From the above table it is clear that 50% of the employee's agree that it paves way for the career development of the employee's, whereas 20% partly agree, 20% say they disagree and 10% say that they partly disagree.

4) Employee's training needs can be determined?

Table - 4

S. No	Particulars	Percentage
1	Yes	70
2	No	15
3	Sometimes	15
	Total	100

#### INTERPRETATION

From the above table it is clear that, 70% of the employee's say yes it can help in determining the training needs of the employee's, whereas 15% of them say no and 15% say sometimes it may happen.

5) It can be used as a tool for performance appraisal

Table - 5

S. No	Particulars	Percentage
1	Agree	85
2	Partly agree	10
3	Disagree	2
4	Partly disagree	3
	Total	100

#### INTERPRETATION

From the above table it is clear that 85% of the employee's agree that it will be a tool for performance appraisal. 10% say they partly agree, only 2% say they disagree and 3% say they partly disagree.

6) Skill level of employees can be analyzed

**Table - 6**

S. No	Particulars	Percentage
1	Yes	85
2	No	10
3	Rarely	5
	Total	100

**INTERPRETATION**

From the above table it is clear that 85% of the employee's say yes it can analyze skill level of employee', 10% say no whereas 5% say rarely it may happen.

7) It can be used to assess the individual performance of the employees?

**Table - 7**

S. No	Particulars	Percentage
1	Agree	85
2	Partly agree	10
3	Disagree	3
4	Partly disagree	2
	Total	100

**INTERPRETATION**

From the above table it is clear that 85% of the employee's say that it can assess the individual performance of the employee's. 10% of the employee's partly agree, 3% disagree whereas 2% partly disagree.

8) Competitive advantage within the team of the employees

**Table - 8**

S. No	Particulars	Percentage
1	Agree	85
2	Partly agree	10
3	Disagree	3
4	Partly disagree	2
	Total	100

**INTERPRETATION**

From the above table it is clear that 85% of the employee's say that there is competitive advantage within the team of employee's. 10% partly agree. 3% disagree and only 2% partly disagree.

9) It helps in assessing the strengths of the employees

**Table - 9**

S. No	Particulars	Percentage
1	Yes	80
2	No	10
3	Sometimes	10
	Total	100

**INTERPRETATION**

From the above table it is clear that 80% of the employee's say yes it is helpful in assessing the strengths of the employee's. 10% say no and 10% say sometimes.

10) It can increase employee's amount of initiative and self reliance towards work



Table - 10

S. No	Particulars	Percentage
1	Agree	84
2	Partly agree	10
3	Disagree	3
4	Partly disagree	3
	Total	100

#### INTERPRETATION

From the above table it is clear that 84% of the employees say it can increase employee's amount of initiative and self reliance towards work. 10% say they partly agree. 3% say they partly disagree and 3% say they disagree.

11) Will it be helpful in selecting the competitive candidates in recruitment process

Table - 11

S. No	Particulars	Percentage
1	Agree	88
2	Partly agree	5
3	Disagree	2
4	Partly disagree	3
	Total	100

#### INTERPRETATION

From the above table it is clear that 88% of the employees say that it will be helpful in selecting the competitive candidates in recruitment process. Another 5% of the employees say they partly agree. 2% say they disagree and only 3% say that they partly disagree.

12) Employee's job satisfaction can be determined

Table - 12

S. No	Particulars	Percentage
1	Yes	80
2	No	15
3	Sometimes	5
	Total	100

#### INTERPRETATION

From the above table it is clear that 80% of the employees say yes it can determine employee's job satisfaction. Whereas 15% of the employee's say no and 5% say it may happen sometimes.

13) It can be used to assess employee's capability to take on new challenges

Table - 13

S. No	Particulars	Percentage
1	Agree	85
2	Partly agree	10
3	Disagree	2
4	Partly disagree	3
	Total	100

#### INTERPRETATION

From the above table it is clear that 85% of the employee's agree that it can be used to assess employee's capability to take new challenges. 10% say they partly agree. Only 2% say they disagree and 3% say they partly disagree.

14) It can lead to greater engagement and motivation of the employee's

Table - 14

S. No	Particulars	Percentage
1	Agree	72
2	Partly agree	15
3	Disagree	5
4	Partly disagree	8
	Total	100

#### INTERPRETATION

From the above table it is clear that 72% of the employees agree that it can lead to greater engagement and motivation of employee's. 15% say they partly agree. 5% say they disagree, and 8% say they partly disagree.

15) It helps in meeting target of the employees

Table - 15

S. No	Particulars	Percentage
1	Agree	40
2	Partly agree	40
3	Disagree	10
4	Partly disagree	10
	Total	100

#### INTERPRETATION

From the above table it is clear that 40% of the employees say they agree that it helps in meeting target of the employees. Another 40% also partly agree. But 10% say they disagree where as only 10% say they partly disagree.

#### STATISTICAL ANALYSIS

**Test1: ANNOVA** was applied to study the Income and variation and hypothesis was set

**H0:** There is no significance difference between age and income of the respondents

**H1:** There is a significance difference between age and income of the respondents

Anova: Single Factor						
SUMMARY						
Groups	Count	Sum	Average	Variance		
INCOME IN (000)	50	1731	34.62	369.0976		
Age	50	1862	37.24	134.0637		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	171.61	1	171.61	0.682127	0.410861	3.938111
Within Groups	24654.9	98	251.5806			
Total	24826.51	99				

#### INTERPRETATION

The study shows that the p value is more than the alpha value of 0.05 so alternative is rejected and null is accepted.

**Test 2:** A correlation between age and employee score was calculated on the basis of standard deviation and we can see a positive correlation between age and employee score of the respondents.

	Age	Employee Score
Age	1	
Employee Score	0.141835733	1

**Test 3:** A T-test was performed for Sex and Satisfaction level of the respondents and also

Hypothesis was set for it.

**H0:** There is no significance difference between age and employee scores

**H1:** There is a significance difference between age and employee scores

<b>t-Test: Two-Sample Assuming Unequal Variances</b>		
	<b>Sex</b>	<b>Satisfaction level</b>
Mean	1.52	3.36
Variance	0.254693878	1.826938776
Observations	50	50
Hypothesized Mean Difference	0	
df	62	
t Stat	-9.017803741	
P(T<=t) one-tail	3.46371E-13	
t Critical one-tail	1.669804163	
P(T<=t) two-tail	6.92743E-13	
t Critical two-tail	1.998971498	

**INTERPRETATION**

We can see that the p value is more than the alpha value of 0.05 so alternative is rejected and null hypothesis is accepted.

**Test 4:** ANNOVA was applied for income and employee score and hypothesis was set

H0: There is no significance difference between income and employee scores

H1: There is a significance difference between income and employee scores

<b>Anova: Single Factor</b>						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
INCOME IN (000)	50	1731	34.62	369.0976		
Employee Score	50	3141	62.82	148.9669		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	19881	1	19881	76.75106	5.89E-14	3.938111
Within Groups	25385.16	98	259.0322			
Total	45266.16	99				

**INTERPRETATION**

We can see that the p value is more than the alpha value of 0.05 so alternative is rejected and null hypothesis is accepted.

**FINDINGS**

Most of the employees have clear understanding of competency management and they feel that knowledge will be enhanced through competency management.

- Most of the employees think that it can develop employee's attitude.
- Employees are not so confident that it paves way for the career development of employees.
- Employees are thinking that training needs can be determined.
- Most of the employees think that it can be used as a tool for performance appraisal.
- Employees are confident that skill level of employees can be analyzed.
- Employees are sure that there will be a change in employee's performance by adopting competency management.
- Most of the employees feel that Competitive advantage within the team of the employees will be improved using competency mapping.
- It helps in assessing the strengths of the employees.
- It can increase employees amount of initiative and self reliance towards work
- Most of the Employees are thinking that it will be helpful in selecting the competitive candidates in recruitment process.

- Employees are thinking that It helps in assessing employees capability to take new challenges.
- Most of the Employees are thinking that it will be helpful in greater engagement and motivation of the employees.
- It helps in meeting targets of the employees.
- We can see that the p value is more than the alpha value of 0.05 so alternative is rejected and null hypothesis is accepted.
- In t-test We can see that the p value is more than the alpha value of 0.05 so alternative is rejected and null hypothesis is accepted.
- A correlation between age and employee score was calculated on the basis of standard deviation and we can see a positive correlation between age and employee score of the respondents.

### **SUGGESTIONS**

The strength of any organization is its Human Resources, so in order to change human resource in to valuable assets; competency mapping is helping so much to the organization. To conduct the competency mapping certain steps needs to be followed, which can be summarized as follows:

- At the initial level, H.R. Personnel should select the job(s) from which the competencies are to be identifies.
- Before starting the competency procedure, a specific profile is to be set for the jobs which are to be evaluated in the future.
- A small meeting with the person who is handling the process or the job is done.
- People (on the job) are asked about the responsibility, duties, pressure, performance limits and power structure.
- All the data collected is to be recorded in a systematic sequence.
- All the activities which are crucial for the proper execution of the activity of the process are marked separately.
- Information from the superiors, peers, co-workers and subordinates are also collected.
- All the people who are not directly attached to the process but indirectly are attached to it are asked about the major competency issues.
- The information can be collected from direct interview or through questionnaires or e-mails (whatever is suitable).
- All the information is collected, systematically evaluated and processed by the H.R. personnel and the crucial factors (which are necessary for the success of the process) are determined.
- These competencies are noted for the future reference of the job and the job holder respectively.
- After assessing the competency requirement for the job, the present level of the individual working on the process is judged.
- In case of discrepancy in between the actual requirement of the capability and the desired level, the individual working with the specific set of process (s) is provided with the training.
- For determining the present level of the individual (working on the process), Competency Identification worksheet can be prepared.
- The worksheet includes all the issues related to the job and the data collected from the individuals directly or indirectly in the organization.
- Crucial for performing their task or job.
- The data collected will be reserved with the HR Department for the future reference (for next competency mapping or job up-gradation process).

### **CONCLUSION**

Competence management is becoming increasingly important in today's dynamic context since it is becoming the only competitive advantages the organization actually has which cannot be complicated easily by the

competitor. Competence management will have various aspects under it like competence profiling and finding what the company is good at, building that is building new competence to match the market demands, recruitment based on competences etc.

Competency mapping is processes of identify key competencies for an organization and a job and incorporating those competencies throughout the various process (evaluation, training, recruitment) of the organization.

Competency mapping play a significant role in recruiting and retaining people as it gives a more accurate analysis of the job requirements, the candidates capability of the difference between the two, and the development and training needs to bridge the gaps.

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## ENVIRONMENTAL ACCOUNTING IN INDIA – A SURVEY OF INDIAN COMPANIES

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### ABSTRACT

*Present study is based on identification of annual reports of eighty-five Indian companies and shows that Indian Companies are disclosing environmental accounting on a voluntary basis with in a positive manner only. Finally, the study also highlights the some suggestions for the encouragement of environmental accounting in India.*

### 1.1 INTRODUCTION

A native American Proverb States that, “only when the last tree is cut, only when the last river is polluted, only when the last fish is caught only when they will realize that you cannot eat money.” The economic development without environmental considerations can cause serious environmental damage, which is in turn destroying life of present as well as future generations. It is a matter of common knowledge that there are limited resources available for the use of all species on the earth, and the immense damage is caused to the environment due to the activities of the business enterprises. In fact, the industrial and business activities are directly responsible for various environmental problems such as soil erosion, land degradation, deforestation, over exploitation of non-renewable natural resources, loss of bio-diversity, pollution of all kinds such as water, air, marine, noise, light, etc. A report published by World Bank States that, “We are consuming 20% more natural resources than the earth can produce, species numbers, terrestrial, fresh water, and marine fell by 40% in the thirty years between 1970 – 2000, and fossil fuel consumption has increased by 70% in the forty years between 1961 – 2000. (Times of India, 2004, p21)

The issue of environmental responsibility and the sustainable industrial development has given to the birth of new branch of accounting i.e. environmental accounting and branch which meant to ensure that all stake holders, financial institutions and public have access to standard, comparable and constituent environment information akin to corporate financial reporting.

### 1.2 MEANING OF ENVIRONMENTAL ACCOUNTING AND REPORTING

Environmental accounting has been accepted as an umbrella term with the various meaning and user, as presented in chart. I Basically, the environmental accounting is the treatment of various environmental issues of the corporate with in the financial statements. Environmental accounting includes estimation of environmental expenditures, its actual determination, recognition of environmental liabilities as well as, disclosure of all environmental liabilities in a specific section of the annual reports of a company. The modern business approaches like as activity based management costing, TQM, business process-reengineering. Life cycle designing, Life cycle assessment, life cycle costing, etc. provide the platform for integrating environmental information into business decisions.

**Table -1: Environmental Accounting**

National Income Accounting	Financial Accounting	Management Accounting or Corporate
The focus is on measurement of nation's consumption of natural resource in physical or monetary unit and the users are the citizens.	The focus is on disclosure of environmental liabilities and financially material environmental costs in the quarterly, half yearly and annual reports, and the users are shareholders / other stake holders such as government, tax authorities, customers, etc.	Environmental Reporting (CEP). The use of data about environmental costs and performance and its primary purpose to support managerial decisions such as <ul style="list-style-type: none"><li>- Improving in environmental performance.</li><li>- Offsetting environmental costs partly or fully by generating revenue through sale of waste by products etc.</li><li>- Investing in cleaner technology.</li><li>- Developing greener processes or products.</li><li>- Improving decisions regarding product retention, production processes, etc.</li><li>- Meeting with the global standards imposed</li></ul>

		by WTO, GAAP, etc. - Farming environmental policies and strategies.
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In fact, it is a new branch of accounting with no hard and fast rules, no standards or no legal compulsions on companies part to account and report for the environmental issues that's why certain socially conscious corporate houses are reporting about the impact of their activities on the environment in the director's report or separately Generally the companies are disclosing following information in their annual reports:

- Accumulation of current environmental costs for current as well as past activities and products.
- Physical data related to the reduction of toxicity and waste.
- Present and future capital expenditures for pollution prevention and control.
- Present and future costs for products as well as processes re-design.
- Estimation of future environmental costs and benefits.

Although environmental accounting and reporting are voluntary exercise but professionals engaged in environmental accounting bodies, financial analysts and other stakeholders are increasingly demanding the disclosure and reporting of environmental related financial data, to enable them to distinguish between good and bad performers. The organizations who opt to disclose environmental issue in their statements get various benefits, as given below:

1. Improved image of the product or company which leads to improvement in sales and ultimately profitability
2. Better borrowing access from the shareholders / bankers / creditors.
3. Improvement in the health / safety of the workers which will help to increase in productivity.
4. Lower labour turnover ratio, thereby reducing recruiting cost.
5. Enhanced image with in the eyes of stakeholders because the organization will get the special status.
6. Last but not the least, build up trust and confidence among the community.

### 1.3 LEGAL FRAMEWORK FOR ENVIRONMENTAL ACCOUNTING IN INDIA

The Constitution of India (Article 51A) imposes as one of fundamental duties of every citizen to protect and improve the natural environment, hence this statement imposes environmental responsibility of corporate citizen also. Apart from the article 51A, various laws have been enacted for environmental protection such as Water (Prevention and Control of Pollution) Act, 1974, Forest Conservation Act 1980, Air (Prevention and Control of Pollution) Act 1981, Environment Protection Act 1986, Hazardous Waste (Management and Handling) Rules 1989, etc. However, Rule 14 of EPA 1986 require an industry of submit Annual Environment Statement (ES) by 30<sup>th</sup> September every year from 1993 onward to relevant State Pollution Control Board. It is applicable to any industry which possesses or requires consent under Water (Prevention and Control of Pollution) Act 1974, Air (Prevention and Control of Pollution) Act, 1981, Hazardous Waste (Management and Handling) Rules 1989, (oza, 2004, p.809).

Indian Companies Act, 1956 require to include in Director's Report all environmental related issues and policies. Further, in 1996 ISO:14000 and in 1999 ISO: 14001 series were introduced. These two standards lay out the environmental norms which the industrial units have to follow. Chart 2 presents the list of various environmental related information required to be disclose by industrial units under the various laws and legislation.

### LITERATURE REVIEW: GLOBAL AND INDIAN ASPECT

An early attempt to develop a system of eternal environment reporting was introduced by ACCA (Association of Chartered Certified Accounting) of the United Kingdom based on the findings of the United Nations Inter-Government Working Group of Experts on International Standards of Accounting and Reporting (ISAR). The ISAR has been concerned for a number of years with Accounting and Reporting of environmental matters of Multinational Corporations (MNCs), resulted the emergence of standards of Environmental Accounting and Reporting in 1991. Again in 1992, UNCTED held conference in Brazil, published a review on the National Environmental Accounting laws and Regulations in December 1994, and a report on the disclosure by MNCs & environment matters in January 1995. Environment Accounting introduced by Bulgaria in 1992 through Accounting Act, followed by Canada in 1994; France 1995, England and Wales in 1996, Japan in 1999. Apart

from these, various European nations have made it mandatory for companies to report environmental issues in their annual reports. The UN, IMF and the World Bank have all stressed the need for developing environmental accounting so that better decisions can be taken. (Shukla, 2005 p 46).

As far as disclosure of environmental related issues nation-wise concerned, a recent survey was conducted by KPMG consultancy Group of USA disclosed that only 30% of US companies are disclosing environmental issues, followed by Japan (28%), Germany (12%), UK (11%) and France (7%), (info@csa.wire .com)

## 2.2 LITERATURE REVIEW: INDIAN ASPECT

In Indian, very few studies have been conducted this regard, as presented below.

A conference was held in New Delhi on 11<sup>th</sup> and 12<sup>th</sup> February (2001) with the collaboration of FICCI, CII, and ASSOCHAM, four big audit firms and five major industrial's managing Directors, namely Philips, Baxter, Hindustan lever, TERI and GET India. The conference was a platform to stress on environmental issues and decided to launch the ACCA Environmental Awards so that industrial Sector may honour the environmental resources.

**Sharma and Upadhyay (2002)** observed that all the companies submit environmental statements, and information on pollution control and environmental conservation under the provisions of various acts, but they seldom appear in their annual reports.

**Verma (2002)** studied the environmental accounting policies of six companies, namely, Gujrat Ambuja Cement, Hindustan Lever Ltd., Dr. Reddy's Lab, Ranbaxy Laboratories, Balsmapur Chini Mills and Slaw Wallace Group for the year 2001-02. The study showed that these companies made policy statements in director's report but did not disclose any quantitative figures on expenditures incurred on targets set and achieved in respect of natural resources.

**Baura and Gautam (2002)** observed environmental accounting and disclosure practices of twenty five companies for the period 2001-02. The study showed that only 48 percent companies (12 out of 25) have disclosed environmental information in their annual reports. As far as aspect of disclosure was concerned pollution control (10 companies), environmental hazards (5 companies), raw material conservation (3 companies) and waste management of water and its disposal (4 companies) were disclosed where as energy conservation and protection of surrounding were disclosed by almost are the companies in their annual reports.

**Table-2: List of various Environment Related Information Required to be Generated by Business Firms**

Sr. No.	Name	Legislation	Nature of Information
1	Water and Raw material consumption	ES	Product wise per unit of output
2	Pollution discharged to environment per unit of output	ES	Quantity per day Concentration of pollutants of water and air including % variations with reasons
3	Hazardous waste from process	ES	Pollution control facilities during the year and previous year
4	Solid waste from process	ES	Pollution control facilities Quantity recycled or reutilized, sold or disposed of during the year and previous year
5	Hazardous waste solid waste	ES	Composition and Quantity of (both was te and disposal practices)
6	Impact of pollution abatement measure on natural resources and cost of production	ES	
7	Additional measures / investment proposal protection including prevention and abatement of pollution.		
8	Any other particulars related to improvement of the quality of environment.		



9	Compliances with environment laws. Step taken/proposed to be taken towards adoption of clean technologies for prevention of pollution, waste minimization, waste recycling etc.	Director's Report Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988	Statement form
10	Energy Consumption	As Number 9	
11	Contingent liabilities	Companies Act 1956	Footnote forming part of Balance Sheet
12	Environment Cost	Cost Accounting Record Rules for various Industries	Monetary and Quantitative

**Ghos, Mishra and Gagula (2003)** studied the environmental reporting pattern of Indian Companies and compared it with 25 major companies across the six continents of the world which are global bench marks in environmental accounting. The comparison showed that Indian companies stood poorly in this sphere.

**Oza (2004)** observed that environmental accountability by a corporate citizen needs change in mindset of people with in the supervisory staff, and front line and floor people. It should be proactive rather than reactive in fulfilling the environmental accountability to attain that ultimate aim of sustainable development. The study also suggested some suggestions like as identification of key personal Areas (KPAs), linking environmental related performance with individual compensation and career progression, framing environmental policy, etc.

**Murthy and Kumar (2005)** studied the methodological issues pertaining to shadow pricing, environmental, voluntary non-marketable benefits from environmental resources, environmental regulations in water polluting industries with special reference to the case study of sugar industry in India. The authors suggested that environmental values are necessary for designing economic instruments and environmental policies.

**Chakraborty and Ghosh (2005)** also conducted study on similar pattern.

**Mohanty (2005)** observed that a successful organization is one which integrates environmental accounting into the system well, and emphasizes environmental management on an ongoing basis. **Deo (2005)** conducted study on similar pattern.

**Bhatt (2005)** studied the environmental accounting practices of three companies namely Steel Authority of Indian. Ltd., Grasim Industries Ltd. And Tata Steels for the period 2002.03 the study showed that corporate in Indian have become environmental conscious and steps are being taken to mitigate the adverse impact on the environment due to their activities, but there is no attempt to reduce in money terms the impact of their operations on the environment so that cost of their operations could be assessed in terms of resources only.

**Shukla (2005)** studied the environmental reporting behavior of 92 companies of the private sector for the period 2003-04. His findings of the study were follows:

- (i) Only 37 percent of the companies are making environmental reporting in their annual reports.
- (ii) Pharmaceuticals, fertilizers, petro products and engineering companies are comparatively more concerned with environment reporting.
- (iii) Medium sized companies are more inclined to part with environmental information than large and small sized ones.
- (iv) Giving descriptive statement in director report is the most common mode of environment reporting.

The views of literatures shows that not only in India, but also at global level environmental issues are disclosed by the corporate houses in a partial way.

## OBJECTIVES OF THE STUDY, DATA SOURCE AND RESEARCH METHODOLOGY

### 3.1 Objectives of the study

Specifically, the objectives of the study are as follows:

- (i) The examine the percentage of companies making environment disclosure in their annual reports.
- (ii) To examine the percentage of companies who have achieved various awards for protecting the environment and other surroundings.
- (iii) To examine the various parameters which are adopted by corporate houses for environmental accounting and reporting practices.

(iv) To examine the common mode of environmental reporting on corporate philosophy and director report.

### 3.2 Data Source and Research Methodology

The research work seeks to provide evidence on corporate disclosure practices and policies of companies operating in India. For the said purpose, the annual reports (as on 31<sup>st</sup> March 2014) of 85 companies (annexure I) belonging to various industries such as cement, oil, petro, textile, shipping, communication, etc. were selected randomly. As a part of the study, 16 parameters have been selected on the basis of available review of literature and the annual reports have been identified on the basis of these parameters, which are given below.

P <sub>1</sub>	Corporate Objectives
P <sub>2</sub>	Vision Statement
P <sub>3</sub>	Descriptive Statement
P <sub>4</sub>	Financial
P <sub>5</sub>	Quantitative
P <sub>6</sub>	Pictorial and Graphical
P <sub>7</sub>	ISO – 14001
P <sub>8</sub>	Energy Conservation Award
P <sub>9</sub>	Environment Management Award
P <sub>10</sub>	Environment Policy and Statement
P <sub>11</sub>	Energy conservation
P <sub>12</sub>	Pollution control, and Ash utilization
P <sub>13</sub>	Environment Hazards
P <sub>14</sub>	Waste Management
P <sub>15</sub>	Recycle of waste

### ANALYSIS AND INTERPRETATION

This test presents the analysis and interpretation of research findings based on the identification of eighty five companies.

#### (i) Industry Wise Environmental Reporting

As we have come to know from the previous text that disclosure of environmental related issues are not mandatory in India that's why only 38.82 percent companies are making environmental reporting in their annual reports. As far as industry wise disclosure is concerned, Table I Shows that oil and petroleum sector, and sheet and Engineering Sector both have ranked highest in environmental reporting. i.e. 60 percent, followed by cement 57 percent, fertilizers, chemicals and pharmaceuticals 50 percent, and consumer products 37 percent where as textiles 29 percent, Power and electricity 25 percent, and shipping and Airways 20 percent have ranked as lowest in environmental reporting.

Sector	No. of Sample Companies	No. of companies making ER	%
Cement	7	4	57
Oil and Petroleum	10	6	60
Power and Electronics	8	2	25
Steel and Engineering	10	6	60
Communication and Computer Technology	10	3	30
Textile	7	2	29
Shipping and Airways	5	1	20
Fertilizers, Chemicals and Pharmaceuticals	10	5	50
Consumer Products	8	3	37
Others	10	1	10
Total	85	33	38.22

Source : Compiled from the annual reports of sample companies 2013-2014

#### (ii) Industry Wise Environmental Reporting in Corporate Philosophy

A very important point have been observed while analyzing the reports of sample companies that's only 15 percent companies (i.e. Reliance, IOC, NTPC, etc.) have mentioned their environmental responsibility while environmental reporting in corporate values has been found in case of just one company i.e. NTPC as shown in table 4.

Sector	No. of companies making ER	Corporate Philosophy		
		Corporate Vision	Corporate Mission	Corporate Values
Cement	4	2	2	0
Oil and Petroleum	6	2	2	0
Power and Electronics	2	1	1	1
Steel and Engineering	6	0	0	0
Communication and Computer Technology	3	0	0	0
Textile	2	0	0	0
Shipping and Airways	1	0	0	0
Fertilizers, Chemicals and Pharmaceuticals	5	0	0	0
Consumer Products	3	0	0	0
Others	1	0	0	0
Total	33	15.15	15.15	3%

Source : Compiled from the annual reports of sample companies 2013-2014

### (iii) Industry wise: Mode of Environmental Reporting

It is clear from the table 5 that industries are reporting environmental issues in the director's report in the form of either descriptive statements or disclosing data quantitatively or financially. It is also observed that sixty seven percent companies are presenting environmental disclosures through descriptive statements and forty two percent and twenty seven percent companies are making environmental disclosures through quantitative and financial mode respectively. A very important point to be noted here that only two companies namely, NTPC and Reliance have disclosed environment related information through pictorial and graphical way.

As far as industry wise mode of environmental disclosure is concerned it is observed that cement, oil and petroleum, engineering and steel, power and electricity have better mode of disclosure than the communication and computer technology, textile, fertilizers, chemicals, etc.

**Table-5: Industry wise: Mode of Environmental Reporting**

Sector	No. of companies making ER	Director's Reports			
		Descriptive	Financial	Quantities	Pictorial & Graphical
Cement	4	3	1	0	0
Oil and Petroleum	6	4	3	1	1
Power and Electronics	2	2	1	1	1
Steel and Engineering	6	4	1	4	0
Communication and Computer Technology	3	1	1	1	0
Textile	2	1	2	1	0
Shipping and Airways	1	1	0	0	0
Fertilizers, Chemicals and Pharmaceuticals	5	3	2	1	0
Consumer Products	3	2	2	0	0
Others	1	1	1	0	0
Total	33	22	14	9	2
		67	42	27	6

Source : Compiled from the annual reports of sample companies 2013-2014

### (iv) Industry wise: Subject matter of Environmental Reporting

The aspects of disclosure of companies making environmental reporting were so varied that they could be grouped under six heads with great difficulty, as presented in Table 6.

Sector	No. of companies making ER	Env. Policy and Statement	Energy Conservation	Pollution Control Ash Utilization	Environmental Hazards	Waste Water Mgt.	Recycle of Waste
Cement	4	2	4	0	0	0	0

Oil and Petroleum	6	3	6	2	1	2	1
Power and Electronics	2	1	2	1	1	1	2
Steel and Engineering	6	3	5	2	0	2	3
Communication and Computer Technology	3	2	2	1	1	0	2
Textile	2	1	2	1	0	2	2
Shipping and Airways	1	1	1	0	0	0	0
Fertilizers, Chemicals and Pharmaceuticals	5	3	4	3	0	2	3
Consumer Products	3	2	2	1	0	2	3
Others	1	0	1	0	0	0	0
Total	33	18 (54%)	29 (87%)	11 (33%)	3 (9%)	11 (33%)	17 (51%)

Source : Compiled from the annual reports of sample companies

#### Following observations have been made from table 7

- Almost all the companies are making disclosure about conservation of energy except few ones those who are not on manufacturing areas.
- 54% of the companies making ER are disclosing the environmental issues their environmental policy and statements.
- 51% of the making ER are disclosing recycle of waste in their annual reports through the quantitative or financial figures.
- 33% of the companies are disclosing contents such as amount spend on pollution control, ash utilization, wastewater management, etc.

A very important point to be note down here that most of industrial units have disclosed about the preventive steps which they taken for the protection of environmental rather than the effect of their operations on the environment that's why disclosure about environmental hazards was found only in case of three companies. The analysis of annual reports of sample companies also shows that old and reputed companies are more conscious about the disclosure of environmental issues as compared to the new ones.

#### V) Industry wise Environmental Awards

As we have come to know from the previous table that 87 percent of the companies are disclosing information about energy conservation however the energy conservation award was received by 60 percent of the companies. It implies that industries are required to fulfill all the norms to achieve this award. Further ISO 14001 which came in 1998 was achieved by 51 percent of the companies and environment management award was received by 39 percent of the companies.

#### SCOPE OF FURTHER RESEARCH OR LIMITATIONS OF THE STUDY

Since the study is limited to only eighty five corporate, in future, further research may be conducted by extending the number of sample companies, and number of variables such as industry size wise reporting, industry age wise reporting etc. Moreover, finding of the study depends upon the authenticity of the published data.

**Table-7: Industry Wise- Environmental Award**

Sector	No. of companies making ER	Energy Conservation Award	ISO 14001	Environmental Mgt. Awards
Cement	4	2	3	2
Oil and Petroleum	6	3	5	4

Power and Electronics	2	1	2	1
Steel and Engineering	6	3	4	0
Communication and Computer Technology	3	2	1	1
Textile	2	1	1	1
Shipping and Airways	1	0	0	0
Fertilizers, Chemicals and Pharmaceuticals	5	2	3	2
Consumer Products	3	2	0	2
Others	1	1	1	0
Total	33	17 (51%)	20 (60%)	13 (39%)

Source : Compiled from the annual reports of sample companies

### CONCLUDING REMARKS

In India, there is no legal compulsion on the corporate's part to account and report for the environmental issues that's why companies are disclosing environmental matters on a voluntary basis with in a positive manner only. Thus, there is need to popularize the benefits of environmental reporting among the industrial's community. In this context, following suggestions are given,

- To frame environmental policy and strategy at organizational level.
- To make environmental accounting mandatory and its strict enforcement should be done.
- To conduct environmental audit at regular intervals.
- To create awareness about the benefits fo conserving the natural resources, their effective utilization, etc by conducting workshops conferences and seminars, inviting academicians, etc. and the involvement of top management, professional and managerial executives should be compulsory.
- To take steps like as protection of surroundings adoption of non-polluting technology, green belt, waste management treatment, recycle of waste, etc. to save the ecological balance.

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**ANNEXURE-I**  
**COMPANIES USED**

**I. CEMENT**

- (i) Gujrat Ambuja Cement
- (ii) Birla Corporation Ltd.
- (iii) Rashree Cement
- (iv) Vikram Cement
- (v) Talavada Cement
- (vi) LOk Cement
- (vii) India Cement

**II. OIL AND PETROLEUM**

- (i) Indian Oil Technology Ltd.
- (ii) Lank Pvt. Ltd.
- (iii) Indian Oil Blending Ltd.
- (iv) Chennai Petroleum Corporation Ltd.
- (v) Bongaingarn Refinery and Petro Chemicals Ltd.
- (vi) IBP Ltd.
- (vii) Reliance Industries Ltd.
- (viii) Indian Oil Corporation Ltd.
- (ix) Indian Oil Maruititus Ltd.
- (x) BPCL

**III. POWER AND ELECTRICITY**

- (i) NTPC
- (ii) JP Hydro
- (iii) Pipavav Power Development Ltd.
- (iv) NTPC Hydro Supply Ltd.
- (v) NTPC Hydro Supply co. Ltd.
- (vi) Suzlon Energy
- (vii) Gujrat Power Corporation Ltd.
- (viii) Kochi Refinery

**IV. STEEL AND ENGINEERING**

- (i) SAIL
- (ii) Tata Steel
- (iii) TVS Motors Limited
- (iv) Shanti Gears Limited
- (v) Bharat Forge Ltd.
- (vi) BHEL
- (vii) Ashoka Leyland
- (viii) Bajaj Auto
- (ix) L&T
- (x) Sonalika Industries Ltd.

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**V. COMMUNICATION AND COMPUTER TECHONOLGY**

- (i) Kingston Communications Pvt. Ltd.
- (ii) Bharti Television
- (iii) VSNL
- (iv) Balaji Telefilm
- (v) Sonata Software
- (vi) I-flex Solution
- (vii) Satyam computer
- (viii) Polaris Software
- (ix) HCL Infosys
- (x) CS Software

**VI. TEXTILES**

- (i) Ambica Cotton
- (ii) Abiheshek Industries
- (iii) Mafat Lal Industries
- (iv) Mahavir Spinning Mills
- (v) Pantaloon Retail
- (vi) Grasim
- (vii) Arvind Mills

**VII. SHIPPING AND AIRWAYS**

- (i) Jet Airways
- (ii) Varun Shipping Ltd.
- (iii) GE Shipping Ltd.
- (iv) Shipping Corporation of India
- (v) Bharti Ship Yard Ltd.

**VIII. FERTILIZERS, CHEMICALS AND PHARMACEUTICALS**

- (i) Asian Paints
- (ii) Zauri Industries Pvt. Ltd.
- (iii) ICI India Ltd.
- (iv) Tata Chemicals Ltd.
- (v) Asian paints
- (vi) Aurbindo Pharma
- (vii) Sun Pharma
- (viii) Ranbaxy Lab
- (ix) JB Chemicals
- (x) Chambal Fertilizers

**IX. CONSUMER PRODUCTS**

- (i) Britannia
- (ii) Dabur
- (iii) HLL
- (iv) Nestle

- (v) Tata Tea
- (vi) ADF Foods
- (vii) Foods & Inns
- (viii) Gillette

**X. OTHERS**

- (i) Assam Jute Co.
- (ii) Ansal Housing
- (iii) Bhagwa Wood
- (iv) Bhandari Hotels
- (v) Cosmo Films
- (vi) Govind Rubbers
- (vii) Orient Press
- (viii) Rishi Laser



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## **CORPORATE SOCIAL RESPONSIBILITY AND ITS DIFFERENT PHASES**

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### **ABSTRACT**

*Corporate Social Responsibility is now almost mandatory in today's business environment, to spend some money to social activities out of profit earned by the business entities. In this paper we tried to define different phases of CSR and Activities which are included in CSR activities and which does not include.*

*Keywords: World Business Council for Sustainable Development, Corporate Social Responsibility, Ministry of Corporate Affairs, CSR Committee*

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### **INTRODUCTION**

Person going from one side of the canyon to the other... a lot of clouds like fog. The point is going from one way of doing business to another is very tough. There's a lot of uncertainty. It takes a lot of skill, but we have to lift ourselves beyond that, above the fog, and that's not going to be a simple exercise. CSR is about seeing the forest, the fog, and seeing how we can get on the other side, and how we can be well-equipped for doing that. So probably we need to develop additional skills, knowledge, and understanding."

Indian corporations, like those in other countries, have had a long tradition of being engaged in social activities that have gone beyond meeting a corporation's immediate financial objectives. However, since the late nineties, CSR activities have increasingly come under the lens both of policy makers as well as of corporations' stakeholders as governance issues acquired increasing prominence. At the policy level, the formal focus on CSR started in India with the issuance of the Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2009) that culminated in the enactment of Section 135 of the Companies Act 2013 (MCA, 2013) making CSR spending as well as CSR disclosure mandatory for specific types of companies. Significantly while CSR issues have been gaining in prominence across countries, India became the first country, and at the time this article is written, the only country to have made CSR activity mandatory for large and profitable companies incorporated into law. In all other countries CSR efforts by corporations have been kept largely voluntary, with only a select number of countries mandating corporations to disclose such activities.

Not surprisingly, therefore, Section 135 in India has generated largely polarized opinions among policy makers, corporate, industry associations, social sector organizations, and last but not the least, academicians. On one hand, the institution of mandatory CSR has been lauded in policy circles as a "historical opportunity" that could be a "game changer" for India where corporate would work hand in hand with the government and civil society to bring about "national regeneration" through sustainable development. Unorthodox as it may seem, some have argued that for a developing country like India, mandatory CSR may be an instrument to pursue a "middle path" between a liberal and a regulatory state so as to balance growth with social stability. On the other hand, critics of mandatory CSR, primarily corporate and business associations have pointed out that making CSR activities mandatory is essentially an exercise in outsourcing government social responsibility to the private sector and making the latter pay for the failures of the former. Further, when such activities are not clearly defined, mandatory CSR will create perverse incentives for corporate to camouflage activities to meet mandatory requirements or find ways to bypass the law.

Given the conflicting viewpoints around mandatory CSR, the objective of this paper is to examine in light of Section 135 and the Rules notified there under (MCA, 2014a), the fundamental and overarching question of whether mandated CSR would have the potential to bridge the welfare gap in a developing country like India. Specifically, the paper analyses the

potential implications of Section 135 on firm incentives, the likely responses of corporate that come under this Section, its implications for resource availability and delivery of social goods, and finally the prospects and challenges of implementation of mandated CSR spending under the notified Rules. Insights into these issues are drawn by empirically examining the CSR behaviour of a sample of 500 large companies listed on the Bombay Stock Exchange for the period 2003- 2011.

The paper is organized as follows. Section 2 sets the stage for discussing the relevant issues outlined in the introduction by presenting the key provisions of mandatory CSR under Section 135 of the Companies Act, 2013. Section 3 provides an overview of the existing theoretical and empirical literature regarding the rationale behind CSR while Section 4 discusses the various regulatory approaches and identifies the potential costs and

benefits of mandated CSR. To put the issue of mandatory CSR in perspective, Section 5 empirically analyses the voluntary CSR initiatives by the top 500 listed companies in India for the period 2003-2011, a period prior to the enactment of Section 135. Section 6 concludes the paper by examining the prospects and challenges of implementing mandatory CSR in India.

### **EXPLAINING CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Corporate Social Responsibility is necessarily an evolving term that does not have a standard definition or a fully recognized set of specific criteria. The concept of CSR is not simple to define; various concepts and themes overlap this term. The concepts of corporate citizenship, sustainable business, environmental responsibility, the triple bottom line, social and environmental accountability, business ethics and corporate accountability are all very much linked with CSR.

CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within firm, create wealth and improve society. Corporate Social Responsibility can be explained as:

**Corporate** – means organized business

**Social**- means everything dealing with the people

**Responsibility**- means the accountability between the two

Corporate Social Responsibility is nothing but what an organization does, to positively influence the society in which it exists. It could take the form of community relationship, volunteer assistance programs, special scholarships, preservation of cultural heritage and beautification of cities. The philosophy is basically to return to the society what it has taken from it, in the course of its quest for creation of wealth.

CSR is generally understood to be the way a company achieves a balance or integration of

- Economic,
- Environmental, and
- Social imperatives

The way business engage/involve the shareholders, employees, customer, suppliers, Governments, non-Governmental organizations, international organizations, and other stakeholders is usually a key feature of the concept.

As per WBCSD (World Business Council for Sustainable Development) CSR means:-

“The continuing commitment by business to behave ethically and contribute to sustainable economic development while improving the quality of life of the workforce and their families as well as of the local community and society”

“Achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment”

The term Corporate Social Responsibility refers to the concept of business being accountable for how it manages the impact of its processes on stakeholders and takes responsibility for producing a positive effect on society.

Essentially, Corporate Social Responsibility is an inter-disciplinary subject in nature and encompasses in fold:

1. Social, economic, ethical and moral responsibility of company managers,
2. Compliance with legal and voluntary requirements for business professional practice,
3. Challenges posed by needs of the economy and socially disadvantaged groups, and
4. Management of corporate responsibility activities.

“The message is that whatever we do today will have an impact on future generations. It’s not just my kids or your kids or somebody else’s. It’s future generations. We should not hope that the walls we build to protect ourselves will be tall enough to protect our children. Only with very conscious effort we can make the world for them a better place to live...even if we address our most selfish needs we have to address the needs of the next generation. That’s what CSR is about.”

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**TRIPLE BOTTOM LINE APPROACH OF CSR**

There is today a growing perception among enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing, short-term profits, but instead through market-oriented yet responsible behavior.

Within the broader concept of corporate social responsibility, the concept of Triple Bottom Line (TBL) is gaining significance and becoming popular amongst corporate. The concept of TBL is based on the premise that business entities have more to do than just profits for the owners of the capital, only bottom-line people understand.

“People, Planet and Profit” is used to succinctly describe the triple bottom lines.

The first aspect of TBL is **“People”** - Human Capital. It implies fair and beneficial business practices towards labor and the community and region in which a corporation conducts its business would create long term value. For example policy retraining use of child labor, fair pay to workforce, health and safety at workplace, tolerable working hours etc and would not otherwise exploit a community or its labor force.

The second aspect of TBL is **“Planet”** - the Natural Capital. It refers to sustainable environmental practices. A Company which decides to follow TBL always keeps in mind that it does no harm to nature or creates negative environmental impact. Simultaneously a TBL company avoids ecologically destructive practices, such as overfishing or other endangering depletions of resources.

The second aspect of TBL is **“Profit”** – the concept of profit for TBL Company is somehow wider in all perspective. It is the reflection of economic impact the organization has on its business activities and that too after meeting all the social and environmental cost. It somehow indicates real value addition a corporate made through its various activities

**HISTORY AND EVOLUTION OF CSR**

Though the term CSR is comparatively new, the concept itself dates back to over a hundred years. CSR in India has evolved through different phases, like community engagement, socially responsible production and socially responsible employee relations. Its history and evolution can be divided into four major phases.

**PHASE 1 (1850 TO 1914)**

The first phase of CSR is known for its charity and philanthropic nature. CSR was influenced by family values, traditions, culture and religion, as also industrialization. The wealth of businessmen was spent on the welfare of society, by setting up temples and religious institutions. In times of drought and famine these businessmen opened up their granaries for the poor and hungry. With the start of the colonial era, this approach to CSR underwent a significant change. In pre-Independence times, the pioneers of industrialization, names like Tata, Birla, Godrej, Bajaj, promoted the concept of CSR by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. During this period social benefits were driven by political motives.

**PHASE 2 (1910 TO 1960)**

The second phase was during the Independence movement. Mahatma Gandhi urged rich industrialists to share their wealth and benefit the poor and marginalized in society. His concept of trusteeship helped socio-economic growth. According to Gandhi, companies and industries were the ‘temples of modern India’. He influenced industrialists to set up trusts for colleges, and research and training institutions. These trusts were also involved in social reform, like rural development, education and empowerment of women.

**PHASE 3 (1950 TO 1990)**

This phase was characterized by the emergence of PSUs (Public Sector Undertakings) to ensure better distribution of wealth in society. The policy on industrial licensing and taxes, and restrictions on the private sector resulted in corporate malpractices which finally triggered suitable legislation on corporate governance, labor and environmental issues. Since the success rate of PSUs was not significant there was a natural shift in expectations from public to private sector, with the latter getting actively involved in socio-economic development. In 1965, academicians, politicians and businessmen conducted a nationwide workshop on CSR where major emphasis was given to social accountability and transparency.

**PHASE 4 (1980 ONWARDS)**

In this last phase CSR became characterized as a sustainable business strategy. The wave of liberalization, privatization and globalization (LPG), together with a comparatively relaxed licensing system, led to a boom in the country’s economic growth. This further led to an increased momentum in industrial growth, making it possible for companies to contribute more towards social responsibility. What started as charity is now understood and accepted as responsibility.

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### PHASES OF EVOLUTION

Phase 1 (1850 - 1914)	Phase 2 (1910 - 1960)	Phase 3 (1950 - 1990)	Phase 4 (1980 onwards)
Purely philanthropy and charity during industrialization; corporation is only responsible to owners and managers.	CSR as social development during the Independence struggle; corporation is responsible to owners, managers and employees.	CSR under the "mixed economy paradigm"; corporation is responsible to owners, managers and other target environments.	CSR in a globalised world is in a confused state; corporation is responsible to owners, managers, other target environments and the public at large.

Table 1

### PROVISIONS AND APPLICABILITY OF CORPORATE SOCIAL RESPONSIBILITY

#### Section 135: Corporate Social Responsibility

- Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
- The Corporate Social Responsibility Committee shall,
  - Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
  - Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
  - Monitor the Corporate Social Responsibility Policy of the company from time to time.
- The Board of every company referred to in sub-section (1) shall,
  - after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
  - Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
- The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility

#### ACTIVITIES

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

**Explanation** - for the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198.

#### ➤ Important Definitions

- In this Policy unless the context otherwise requires:
  - "Act" means the Companies Act, 2013;
  - "Annexure" means the Annexure appended to these rules;
  - "Corporate Social Responsibility (CSR)" means and includes but is not limited to
    - Projects or programs relating to activities specified in Schedule VII to the Act or
    - Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as Per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.

- (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act
- (e) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company.
- (f) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-
- (i) Any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise;
  - (ii) Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial

- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

➤ **Notification of Applicability of Corporate Social Responsibility by way General Circular No. 21/2014**

The Ministry has received several references and representation from stakeholders seeking clarifications on the provisions under Section 135 of the Companies Act, 2013 (herein after referred as 'the Act') and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as well as activities to be undertaken as per Schedule VII of the Companies Act, 2013. Clarifications with respect to representations received in the Ministry on Corporate Social Responsibility (herein after referred as ('CSR')) are as under:

- (i) The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively mentioned in the Annexure.
- (ii) It is further clarified that CSR activities should be undertaken by the companies in project/ program mode [as referred in Rule 4 (1) of Companies CSR Rules, 2014]. One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV program etc. would not be qualified as part of CSR expenditure.
- (iii) Expenses incurred by companies for the fulfillment of any Act/ Statute of regulations (such as Labor Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act
- (iv) Salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.
- (v) "Any financial year" referred under Sub-Section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014, implies 'any of the three preceding financial years'.
- (vi) Expenditure incurred by Foreign Holding Company for CSR activities in India will qualify as CSR spend of the Indian subsidiary if, the CSR expenditures are routed through Indian subsidiaries and if the Indian subsidiary is required to do so as per section 135 of the Act.
- (vii) 'Registered Trust' (as referred in Rule 4(2) of the Companies CSR Rules, 2014) would include Trusts registered under Income Tax Act 1956, for those States where registration of Trust is not mandatory.
- (viii) Contribution to Corpus of a Trust/ society/ section 8 companies etc. will qualify as CSR expenditure as long as (a) the Trust/ society/ section 8 companies etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

➤ **Constitution of CSR committee**

- CSR Committee shall consist of 3 or more directors, with at least 1 Independent Director.
- Companies (CSR Policy) Rules 2014

1	A pvt. co. having only 2 directors on its Board	with 2 such directors
2	Unlisted Co. / Pvt Co. Which is not required to appoint ID	Without such ID
3	Foreign company	one person (i.e. person resident in India authorized to accept on behalf of the company service of process any notices or other documents served on the company) and another person shall be nominated by the foreign company

**Table 2**

The Board's report is required to disclose the composition of the CSR Committee.

➤ **Functions of CSR Committee**

1. The Corporate Social Responsibility Committee shall monitor management's policies (including the development of management's policies) and performance relating to corporate social responsibility, including social, employment, environmental and other matters of significance to the Company's reputation as a global corporate citizen.
2. The Corporate Social Responsibility Committee shall monitor the process that is undertaken to prepare the Company's annual Corporate Social Responsibility Report and shall review and be consulted with regarding the Report prior to its publication.
3. The Corporate Social Responsibility Committee shall meet with the Company's human rights department regarding human rights matters of significance to the Company.
4. The Corporate Social Responsibility Committee shall review significant lawsuits, investigations by governmental entities and other significant legal matters involving the Company or one of its affiliates that affect the Company's reputation as a global corporate citizen.
5. The Corporate Social Responsibility Committee shall review and make recommendations to the Board regarding stockholder proposals that relate to matters of corporate social responsibility and are submitted for inclusion in the Company's proxy statement for its annual meeting of stockholders.
6. The Corporate Social Responsibility Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
7. The Corporate Social Responsibility Committee shall annually review its own performance.
8. The Corporate Social Responsibility Committee shall perform any other duties assigned to it by the Board.

➤ **Role and Responsibilities of the Committee**

In terms of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014,

**THE FOLLOWING ARE KEY RESPONSIBILITIES OF THE CSR COMMITTEE**

- a) Formulate CSR policy and recommend the same to the Board for its approval;
- b) be responsible for identification, selection, approval, planning, execution, supervision, coordination and monitoring of various program /projects and activities under CSR;
- c) recommend the CSR activities/projects and the amount to be expended on such activities/projects, to the Board that the company will undertake during the relevant financial year;
- d) monitor the implementation of the CSR activities/projects from time to time;
- e) institute a transparent monitoring mechanism for implementation of the projects/programs/activities undertaken or proposed to be undertaken by the company; BMW India Private Limited CSR Policy Page 4 of 7
- f) Provide "Responsibility Statement" in the Annual Report, stating that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and Policy of the company;
- g) Interact with the Governmental and Non – Governmental Bodies as and when required in relation to implementation of CSR activities/projects under this Policy;

- h) Ensure receipt of Utilization Certificates along with Statement of Expenditure, duly certified by the Chartered Accountant of repute, by the organizations/institutions to which CSR Fund is allocated/by whom CSR Fund is spent;
- i) review performance of the company in the area of “Corporate Social Responsibility” and decide the priority of the activities to be undertaken;
- j) Ensure that the conduct of the CSR Policy is in line with the overall “Sustainability Objective”.

The Committee shall place before Board of Directors of the company, its Report (at the end of financial year) in accordance with the provisions of the Companies Act and rules made there under.

➤ **CSR Policy**

1. The CSR committee shall formulate and recommend to the Board, a CSR Policy.
2. The policy shall indicate the activities to be undertaken by the company as specified in Schedule VII;
3. The CSR Committee shall recommend the amount of expenditure to be incurred on the activities referred in CSR Policy
4. The CSR Policy of the company shall be monitored by CSR committee from time to time.

➤ **Activities which may be included by companies in their Corporate Social Responsibility Policies**

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently able and livelihood enhancement projects;
3. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
5. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. measures for the benefit of armed forces veterans, war widows and their dependents;
7. training to promote rural sports, nationally recognised sports, Para Olympics sports and Olympic sports;
8. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
9. contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects.

➤ **Activities which is not qualified to be included in Corporate Social Responsibility**

1. The CSR projects or programs or activities that benefit only the employees of the company and their families.
2. One-off events such as marathons/awards/charitable contribution/advertisements / sponsorships of TV program etc.
3. Expenses incurred by companies for the fulfillment of any other Act/Statute of regulations (such as Labor Laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.)
4. Contribution of any amount directly or indirectly to any political party.
5. Activities undertaken by the company in pursuance of its normal course of business.
6. The project or program or activities undertaken outside India.

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**J. K. TYRES: WHEELING ITS FULL CONTROL ON INDIAN ROADS**

**Aditya Solomon**

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**ABSTRACT**

*JK Tyre was established as a private limited company in West Bengal on February 14, 1951. Till March 31, 1970, the company was engaged in the managing agency business. The company obtained a license in February 1972 for the manufacture of automobile tyres and tubes. JK Tyre & Industries is the flagship company under the umbrella of JK Organization. Time Series analysis has been used to analyze the financial performance of J.K tyres in India in the past five years in order to suggest the strategy for its future growth and better financial performance.*

*Keywords: Tyres. Time Series, Finance*

*JEL Codes: L98, C22, F29*

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**INTRODUCTION**

**JK ORGANISATION-THE PARENT ORGANISATION**

While the flagship businesses are J.K Tyre & Industries, J.K.Cement and Paper, the group umbrella also includes Fenner India, JK Seeds, Umang Dairies and JK Agri Genetics. The group also owns clinical research and insurance companies: CliniRx Tangent Research and JK Risk Managers & Insurance Brokers Ltd.

**JK TYRE & INDUSTRIES – A FLAGSHIP COMPANY OF JK ORGANISATION**

The company is the market leader in Truck/Bus Radials in India, with 138 selling locations, 4,000 strong dealer network served by nine plants in India and three plants in JK Tormel, Mexico. With state-of-the-art modern production facilities in all 9 plants, total production capacity is over 20 million tyres per annum.

JK Tyre caters to all varieties of segments starting from farm to off-roaders and exports to more than 100 countries across the world. The company has recently announced an investment of INR 1,430 crore to expand capacity for the production of trucks, buses and car radial tyres at its plant near Chennai over the next 15 months.

**VISION**

To be amongst the most admired companies in India committed to excellence

**MISSION**

- ❖ Be a Customer Obsessed Company - Customer First 24x7
- ❖ No.1 Tyre Brand in India
- ❖ Most profitable Tyre Company of India
- ❖ Have a Motivated and Committed team for excellence in performance
- ❖ Be a Green Company
- ❖ Deliver Enhanced Value to all stakeholders
- ❖ Enhance global presence through Acquisition / Joint Ventures / Strategic Partnerships

**LITERATURE REVIEW**

Indian companies in the tyre industry are following global strategies to increase their competitiveness in world markets resulting in the technological progression from cotton (reinforcement) carcass to high-performance radial tyres in a period of four decades.

Indian tyre market is driven largely by two & three wheeler tyres (53%), followed by passenger cars (28%) and commercial vehicle segments (16%). Tractor segment accounted for only 3% of the tyre sales in 2015-16.

There are 23 companies in the domestic tyre industry as per ATMA and the industry is valued at around Rs 535 billion as of 2015-16 with the top 10 companies accounting for 85-90% of the market share. The export revenues stood at around Rs 100 billion during the year

Today, JK Tyre is a global company with 12 plants, 9 in India and 3 in Mexico, with an aggregate future ready capacity of 350 lakh tyres per annum. The plants in Mexico manufacture JK Tyre-‘Vikrant’ and ‘Tormel’ brand of tyres

JK Tyre, keeps 'Customer First' in everything it does, be it product, services or retail touch points. A chain of retail outlets of 180 – "JK Tyre Steel Wheels" for passenger car radial tyre consumers and 25 "JK Tyre Truck Wheels" for truck tyre users have been opened provide high-end tyre care and maintenance

Under the 'Swaach Bharat Mission', JK Tyre has been helping building & renovation of toilets at schools, public places and individual households around all its plant facilities. JK Tyre is going greener in its manufacturing processes, plants and products.

The Green tyres that it produces, have low rolling resistance, which helps save fuel. JK Tyre is the first company in India, to have completed the certified 'Carbon Footprint Verification process' as per the British Standard Institute standards

### RESEARCH OBJECTIVES

1. To study and understand the history (vision ,mission and goals)of the company and its products
2. To analyse the financial performance of the company in the past five years and to forecast the performance of the company for 2017-2018 on the basis of selected financial indicators.
3. To provide recommendations for financial growth of the company keeping in mind the implementation of the Goods & Services Tax (GST)

### RESEARCH METHODOLOGY

For the study empirical research design has been selected. The various data sources like websites, books, reports are used for collecting secondary data. Time Series analysis has been used to analyze the financial performance of J.K tyres in India in the past five years in order to suggest the strategy for its future growth and better financial performance. Projections for 2017-18 are based on trend analysis

**Table -1:Financial Summary of J K Tyres & Industries Limited- Time Series Analysis-Part A**

Financial Indicators / Year Ending	In Rs. Million					Growth Rate %			
	2013	2014	2015	2016	2017	2014	2015	2016	2017
Total income	60,400.40	65,777.30	67,994.80	65,799.80	66,671.70	8.9	3.4	-3.2	1.3
Sales	59,769.10	65,396.00	67,843.40	65,645.80	66,075.10	9.4	3.7	-3.2	0.7
Total expenses	58,289.90	64,057.20	65,025.80	61,689.30	64,133.30	4.5	1.5	-5.1	3.96
Operating expenses	52,120.20	58,724.10	59,852.00	55,606.20	51,644.20	2.8	1.9	-7.1	-7.1
33,394.20	38,987.80	40,093.50	39,020.70		32,001.70	2.8	-2.7	-14.4	-4.4
Non-cash charges (depreciation, write-offs )	1,135.80	1,537.00	1,398.90	1,738.80	1,835.80	35.3	-9	24.3	5
Financial services expenses	2,586.20	3,192.40	2,536.80	2,451.60	2,675.80	23.4	-20.5	-3.4	9.1
Provision for direct tax	447.7	603.7	1,238.10	1,892.70	1,275.70	34.8	105.1	52.8	--
Profit after tax	1,055.40	1,346.80	2,533.00	4,009.60	3,225.80	27.6	88.1	58.3	-20

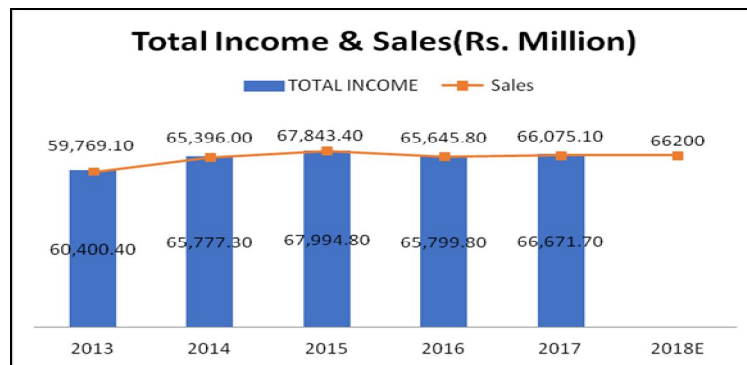
author's compilation

Data Source: Company's Annual Reports

### INTERPRETATION

In the five year period under study total income, total sales showed a positive upward trend on year on year basis except for 2016 when sales declined bringing down total income due to decline in domestic demand, availability of cheaper Chinese tyres, high import price of rubber and fall in export demand .

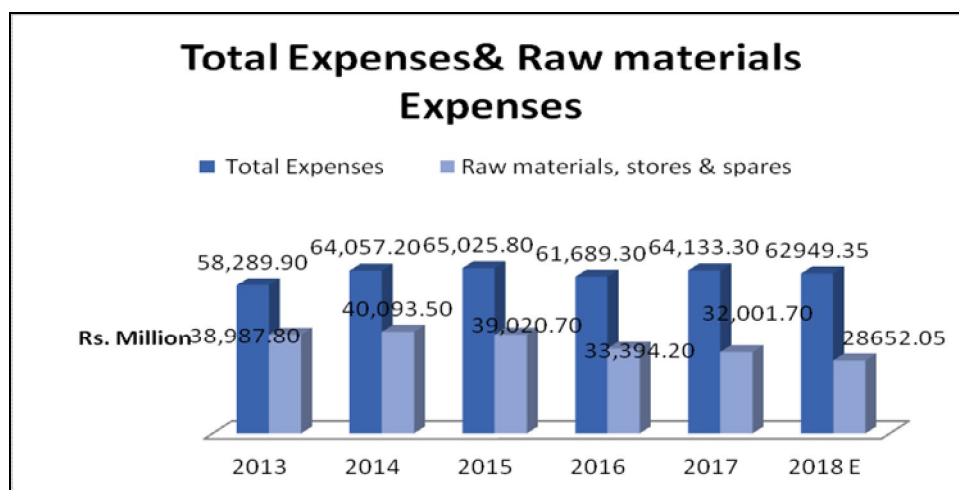
Total expenses and operating expenses showed a declining trend on year to year basis with the exception of 2017 when total expenses increased because of increase in non-operating expenses due to increase in non-cash charges(depreciation, write offs) Raw Material expense which comprises of around 60-65 % of the operating expense registered a rise of 14.4 percent in 2016 due to high price of imported rubber and domestic rubber due to less home production of rubber. Net profit fell by 20 percent in 2017 compared to 2016 due to fall in replacement tyre segment, fall in passenger car sales (result of demonetization) and higher import duties



#### INTERPRETATION

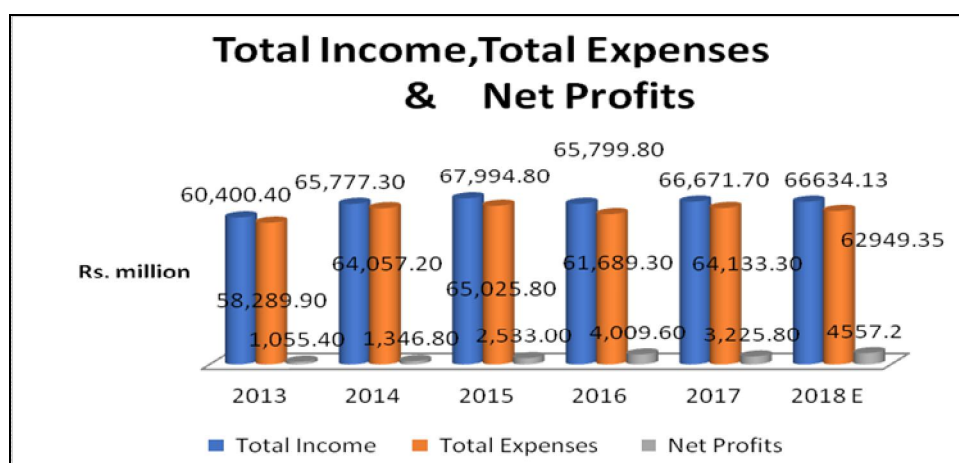
As shown in the above graph the total income and sales of JK Tyres Ltd has increased except in the year 2016 in the last five years . In terms of percentage the decline in total income and sales in 2016 was 3.2% in both due to sharp increase in rubber prices and decline in consumer demand due to hike in sale price However , In the early months of 2017 there was a recovery and increase in total income and sales due to gradual decline in rubber prices from the second half of 2016 and stablisation of domestic sale prices.

In 2017 product diversification was done by brand shop network expansion and geographic diversification by three retail formats – ‘Truck Wheels’ that exclusively retails truck tyres, ‘Xpress Wheels’ that represents a smaller shop format specific to the rural markets that retails smaller tyres and focuses on customer education and engagement and ‘Steel Wheels’ that is a chain exclusively for passenger vehicles and 2/3-wheeler tyres. With a focus on 2/3 wheelers distributors network was expanded and within a short period Pan-Indian coverage was achieved by the company



#### INTERPRETATION

Since 2014 the company’s plant teams collaborated across plants in different locations to eliminate sub-optimal processes and produced more with less as a result raw material expenditure decreased to 32001.70 from 40093.50 (a decrease of 14.4 % ) and is expected to fall 4% further in 2018



## INTERPRETATION

In 2016 rising cheap Chinese imports, the demonetisation-related consumer slowdown, changes in emission norms that impacted the sales of commercial and large passenger vehicles increase in the cost of natural rubber and other petro-based raw materials impacted profit margins.

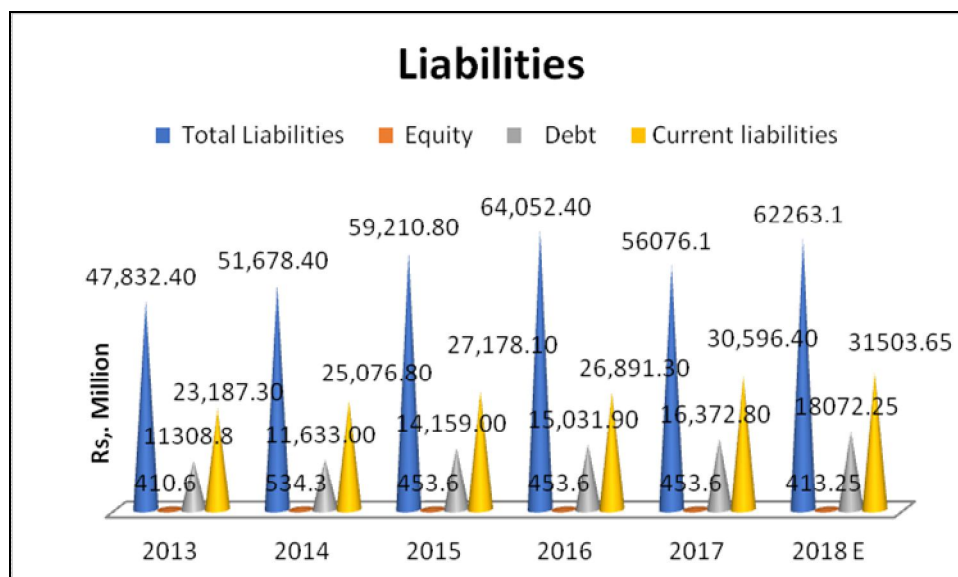
Cavendish Industries Limited (CIL) was acquired by the company the same year. With the access to this newly acquired capacity the entry in the high-growth two –three wheeler market segment became possible and enabled introduction in the truck segment of Cavendish's 'Challenger' brand that represents the high value end of this segment market

**Table – 2: Financial Summary of J K Tyres & Industries Limited- Time Series Analysis-Part B**

Year	in Rs. Million					Growth Rate %			
	2013	2014	2015	2016	2017	2014	2015	2016	2017
Total liabilities	47,832.40	51,678.40	59,210.80	64,052.40	56,076.10	8	14.6	8.2	-12.4
Paid up equity capital	410.6	534.3	453.6	453.6	453.6	30.12	15.10	0	0
Reserves and Surplus	7,008.70	7,949.90	10,461.20	13,713.10	16,285.90	13.4	31.6	31.1	31.1
Long term borrowings	11,308.80	11,633.00	14,159.00	15,031.90	16,372.80	2.9	21.7	6.2	8.92
Current liabilities	23,187.30	25,076.80	27,178.10	26,891.30	30,596.4	8.1	8.4	-1.1	13.7
Short term borrowings	10,892.90	10,448.70	9,644.80	8,747.80	21,486.80	-4.1	-7.7	-9.3	59.7
Total assets	47,832.40	51,678.40	59,210.80	64,052.40	72,815.00	8	14.6	8.2	13.6
Net fixed assets	22,803.80	22,736.40	23,544.00	33,274.00	32,940.80	-0.3	3.6	41.3	1
Long term investments	975.9	891.4	836.1	765.7	4901.7	-8.7	-6.2	-8.4	540
Long term loans & advances	851.6	1,365.10	1,865.20	2,080.40	3,588.30	60.3	36.6	11.5	
Current assets and loans & advances	21,177.00	23,875.00	24,819.60	25,815.50	30,029.40	12.7	4	4	16.3
Inventories	8,098.00	7,657.00	7,416.20	7,396.80	9,307.80	-5.4	-3.1	-0.3	25
Short term investments	50	126.2	90.1	150.2	210	152.4	-28.6	66.7	39.8
Short term loans & advances	2,772.00	2,326.90	3,615.20	5,389.40	5,152.40	-16.1	55.4	49.1	-4.3

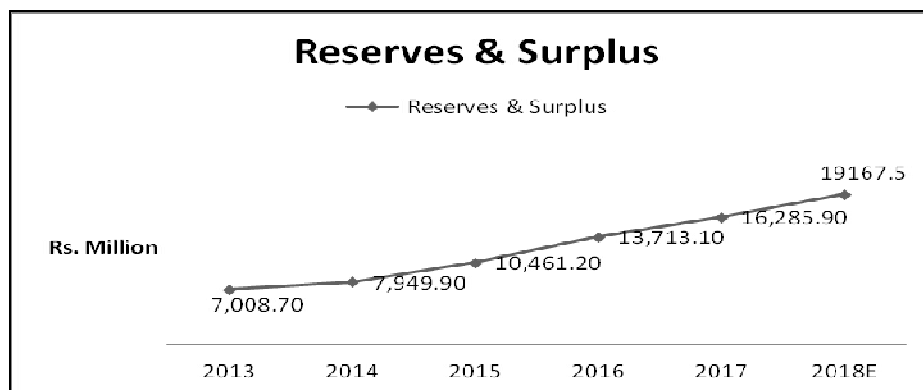
Author's compilation Data Source: Company's Annual Reports

**Data Interpretation with Forecasted Projections for 2017-2018 of selected Financial Indicators of J.K. Tyres & Industries**



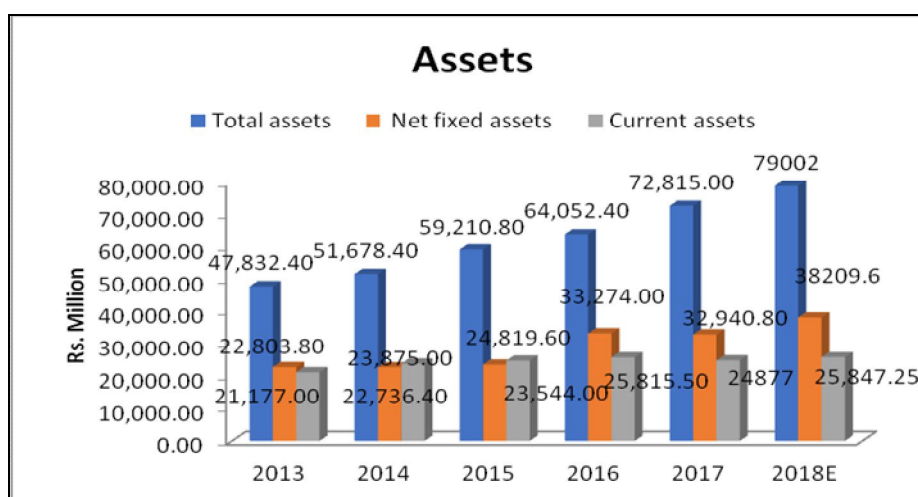
## INTERPRETATION

The total liabilities increased from Rs.47832.4 million in 2013 to 56076.1 million in 2017. Debt increased from 11308.8 to 16372.8 whereas equity increased marginally from 410.6 to 453.6 million between 2013 to 2017. In the same period current liabilities have registered a increase of 13.7%. The company dependence on long term loans is more than on equity as source of fund for acquisition, expansion and product diversification purposes



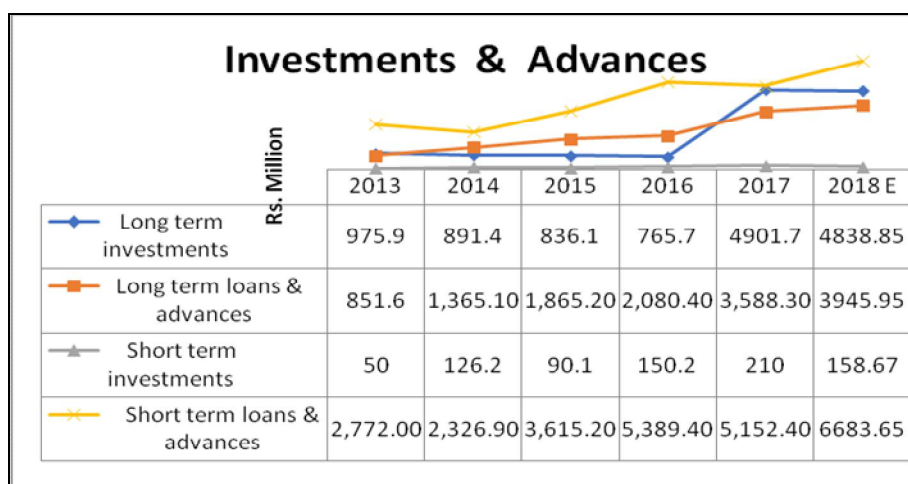
## INTERPRETATION

As shown in the above graph, the reserve of JK Tyres Ltd. has shown increasing trend during the last five years. It was Rs. 13713.10 in 2017 as against Rs.7008.70 million in 2013. It is expected to increase further to Rs. 19167.50 in 2018



## INTERPRETATION

The total assets have grown more than threefold since 2013. The company strongly believes in increasing its operational capacity of increasing its plant size along with latest state of the art technology along with acquisition of plants in India and abroad. The AA+ credit rating of its assets helps it to have good terms of trade which has led to increase in current assets by 10.7 percent.



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**INTERPRETATION**

The company provides short term loans and advances to subsidiaries and plants abroad. It also heavily invests in long term projects of turnaround of acquired plants and research and development which has helped the company to follow an aggressive product strategy and to be No.1 Tyre radial tyre manufacturer in India to achieve complete radialisation across all segments.

**RECOMMENDATIONS AND IMPLICATIONS FOR MANAGERIAL ACTION**

1. More focus should be made on creating new capacities in two-wheeler and passenger vehicle segments which are consumer facing businesses and provide higher profit margins in India as well as globally. The hybrid cars will be taxed at 28 per cent GST plus 15 per cent cess whereas tractors would be taxed at 12 per cent against current 6-7 percent.
2. GST will result in an increase in the inter-state movement of goods and commodities which will push the demand for Truck and Bus Radial (TBR) tyres so this segment production should be stepped up.
3. Continual improvement in product quality, defect prevention and reduction of variation and waste in the supply chain would help to cut down operating expenses.
4. Production of Green Tyres in the future would help to keep away competition in the coming years.

**CONCLUSION**

The study concludes that JK Tyres has undergone turbulent phases characterized by increased debt burden, low utilization of assets, and huge liquidity. JK Tyres though on a much smaller scale. The key to success in future for the company is to further improve labour productivity and capital efficiency. Post withdrawal of antidumping duties by the US, Indian importers are finding it difficult to import tyres from China because Chinese plants have allocated their output for the US market as it is about 8% to 10% bigger market than the Indian market. Chinese exporters have recently increased the TBR tyre prices for the Indian market by 10 to 15%. This is a very positive indicator for the domestic tyre companies given that rubber prices have started declining too. GST will bring transparency to the tyre industry as it will become organised and malpractices such as the wrong categorization of goods, under-invoicing, wrong pricing would be checked.

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**AN EMPIRICAL STUDY ON CUSTOMER'S PROBLEMS AND CHALLENGES OF ON-LINE SHOPPING IN URBAN AREAS**

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**ABSTRACT**

*Online shopping, that glorious invention which allows people to buy things from the comfort of their homes. No more travelling to multiple stores to find the right product; no more having to deal with over-enthusiastic sales persons; no more standing in long lines at the checkout counter. Purchasing goods from the comfort of own living room certainly is more convenient than actually driving to a store, while offering a virtually unlimited array of choices and the ability to compare prices. The marketing around this digital environment, customer's buying behaviour may not be influenced and controlled by the brand and firm, when they make a buying decision that might concern the interactions with search engine, recommendations, online reviews and other information. With the quickly separate of the digital devices environment, people are more likely to use their mobile phones, computers, tablets and other digital devices to gather information. In other words, the digital environment has a growing effect on consumer's mind and buying behaviour. In an online shopping environment, interactive decision may have an influence on aid customer decision making. Each customer is becoming more interactive, and though online reviews customers can influence other potential buyers' behaviours.*

*While online payment and security technology have come a long way, we still may experience problems with online shopping from time to time. This article covers some of the more common issues, such as getting the wrong item or falling prey to online scams, and ways to minimize these potential pitfalls. The e-commerce boom has certainly changed the way we shop for the better. But, like everything else, the world of online shopping is not all roses. Despite all the efforts of e-commerce companies to alleviate them, there are a few problems that customers still have to face while shopping online. So, the researcher wants to discuss the problems and challenges of customers while online shopping.*

*Keywords: Online shopping, E-commerce, Digital environment*

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**INTRODUCTION**

The Internet can be a great resource for shoppers looking to expand their choices of products to buy and an invaluable way for saving money. Online stores are highly competitive not only with other online stores, but also with brick-and-mortar competitors. Price-comparison websites make deal hunting easier and also help guide shoppers to online stores with the best reputations by posting reviews submitted by other shoppers. Researchers found that having products that are appropriate for e-commerce was a key indicator of Internet success. Many of the products did well as they are generic products which shoppers didn't need to touch and feel in order to buy. But also importantly in the early days there were few shoppers online and they were from a narrow segment: affluent, male, 30+.

Subsequently, risk and trust would also be two important factors affecting people's behavior in digital environments. Customer consider to switch between e-channels, because they are mainly influence by the comparison with offline shopping, involving growth of security, financial and performance-risks. In other words, a customer shopping online that they may receive more risk than people shopping in stores. There are three factors may influence people to do the buying decision, firstly, people cannot examine whether the product satisfy their needs and wants before they receive it. Secondly, customer may concern at after-sale services. Finally, customer may afraid that they cannot fully understand the language used in e-sales. Based on those factors customer perceive risk may as a significantly reason influence the online purchasing behaviour. Online retailers has place much emphasis on customer trust aspect, trust is another way driving customer's behaviour in digital environment, which can depend on customer's attitude and expectation. Indeed, the company's products design or ideas can not met customer's expectations. Customer's purchase intension based on rational expectations, and additionally impacts on emotional trust. Moreover, those expectations can be also establish on the product information and revision from others.

**REVIEW OF LITERATURE**

In this part, the researcher wants to explain the previous research studies and their findings.

Pan, (2007) defined purchasing intention as the eagerness of purchasing the product. Similarly, Engel, Blackwell and Miniard, (1990) defines purchasing intention as a psychological process of decision-making. In

online shopping, it is expected that shoppers are more likely to associate price attractiveness and time saving with their intention to shop while in offline shopping, consumers are more likely to associate tangibility, high interactivity and enjoyment with their intention to shop.

According to Parasuraman, Zeithaml and Berry (1988), perceived quality and price are thought of as a cue to assume a product's value. Xia and Monroe (2009) viewed that at a certain point, perception of lower quality of the product will be evoked when there is a price reduction or there will be questions on the retailer's intention to reduce the price.

Price will be a primary factor when consumers search product in a web and this would show that customer behavioral intention are related to the price cues that are more readily accessible from memory (Jiang and Rosenbloom, 2009).

According to Jin and Kim (2003), diverse consumer groups with various motivations and economic conditions can be satisfied through discount stores that are available in Korea.

According to Liu, He, Gao and Xie (2008), it is important for e-tailers to provide varied types of merchandise and preferential price because customer satisfaction is still based on product price and product variety; to create competitive advantage, small e-tailers should offer more product choices for the consumers and offer competitive prices

According to Xia and Monroe (2009), their study resulted that consumers with a shopping goal are more responsive towards promotional messages such as "pay less" and "discount" while consumers without shopping goal are responsive towards promotional messages such as "save more" and "free gift".

### **OBJECTIVES OF THE STUDY**

1. The Researcher wants to know the process of Online Shopping.
2. The Researcher also knows the problems and challenges of online shopping.
3. To know the trend changes and giving suggestions for online shopping.

### **PROCESS OF ONLINE SHOPPINGS**

Online shopping has placed much emphasis on customer trust aspect, trust is another way driving customer's behaviour in digital environment, which can depend on customer's attitude and expectation. Indeed, the company's products design or ideas can not meet customer's expectations. Customer's purchase intention based on rational expectations, and additionally impacts on emotional trust.

#### **Product Selection**

Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine. Once a particular product has been found on the website of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, like filling a physical shopping cart or basket in a conventional store. A "checkout" process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete.

#### **Payment**

Online shoppers commonly use a credit card or a PayPal account in order to make payments. However, some systems enable users to create accounts and pay by alternative means, such as Billing to mobile phones and landlines, Cash on delivery (C.O.D.), Cheque/ Check, Debit card, Direct debit in some countries, Electronic money of various types, Gift cards, Postal money order, Wire transfer/delivery on payment, Invoice.

#### **Product Delivery**

Once a payment has been accepted, the goods or services can be delivered in the following ways. For physical items:

- Shipping: The product is shipped to a customer-designated address. Retail package delivery is typically done by the public postal system or a retail courier such as FedEx, UPS, DHL, or TNT.
- Drop shipping: The order is passed to the manufacturer or third-party distributor, who then ships the item directly to the consumer, bypassing the retailer's physical location to save time, money, and space.
- In-store pick-up: The customer selects a local store using a locator software and picks up the delivered product at the selected location. This is the method often used in the bricks and clicks business model.



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**PROBLEMS AND CHALLENGES FACED BY CUSTOMERS****1) Lack of choosing support**

It is a common perception that having a large assortment of products is key to online domination. However, psychology experts suggest that choosing between a large numbers of products can be physically exhausting. Offering too many choices without any choosing support is a source of great consumer frustration.

**2) Process is complicated**

While shoppers are attracted to complex-looking sites, they are increasingly frustrated by complicated site navigations, overwhelming options and irrelevant details. Studies by Forrester Research estimate that approximately 50 percent of potential sales are lost because the visitors can't find what they are looking for. Our visitors should not have to learn how they want them to navigate their site, it should come naturally.

**3) Boring experience**

It may come to you as a surprise, but the attention span of an online shopper isn't any shorter than that of any other shopper on the high street. The key difference: Once online shoppers are distracted, uninspired or bored, they're gone.

**4) Missing product information**

Consumers hate dealing with returns just as much as retailers or brand manufacturers do. They refuse to buy a product online, if they cannot capture it mentally or cannot imagine how it will look like once unpacked. Not offering detailed product information that address the shopper's questions about a product is a crucial mistake. It reduces your trustworthiness and triggers your visitors to leave your store in a hot second.

**CHALLENGES IN ONLINE SHOPPING IN INDIA**

From customers perspective: Even though e-commerce is growing rapidly by the increase in number of internet users but there is a huge potential that has to be captured by the e-commerce retailers considering what all challenges are faced by the customers of non-metro or rural areas

**Lack of Awareness**

Though internet users are increasing but still people are not aware about e-retail and the product they sell.

**Payment option**

Vary for rural and urban customers. Customers in the metros are provided with an option of cash on delivery while advance payment is required for non-metro customers or rural area customers. Customers have a fear that whether they will receive the product or not if advance payment is done.

**Reliability**

Majority of the customers have a fear of reliability as to whether the product displayed will be the same or not.

**Delivery delay**

It is mainly because of the logistics issues like either the companies have outsourced logistics company that does not consider the cruciality of on-time delivery or the online buyer is located in a small city/ rural area.

**Service delay**

What is claimed is not provided. Mostly there is a delay in the service provided for the goods purchase online due to small service team that is concentrated in big cities only like metro.

**Home Delivery charges**

Free home delivery option can be availed by customers residing in key/ metro cities

**ADVANTAGES OF ONLINE SHOPPING**

Point-of-sale advantages include stores offering no shipping charges and free ship-to-store charges. A lot of online stores do not pass on sales tax (unless required by the state) to customers, which can add up to substantial savings for those shoppers who buy primarily online. Other advantages of shopping online include:

- The stores are almost never closed.
- Shoppers can shop in their pajamas.
- Online shoppers save on gas.
- There are no parking hassles.
- Online shoppers rarely have to deal with aggressive salespeople.
- There are no annoying crowds.
- Online shoppers do not have to wait in long lines to check out.

- Many online retailers allow shoppers to post reviews about the products that they purchased.
- There are more choices for buying refurbished products.
- Online sales representatives often receive more intensive product training than those at the local stores.
- Online sales representatives often have more flexibility with making decisions such as applying coupons, meeting competitors' prices and expediting shipping at no extra charge.

#### DISADVANTAGES OF SHOPPING ONLINE

Sometimes a deal that looks great falls short of what has been advertised. Communicating dissatisfaction can be difficult online and often takes enormous patience and tenacity to achieve satisfaction. Problem-solving face-to-face with local store employees is often faster and more satisfying. Contacting the next level of management is much easier at local stores than online. Other disadvantages of shopping online include:

- Online shoppers do not have the ability to physically inspect or try on the items being considered for purchase.
- Online shoppers sometimes lose the power to negotiate the price and payment terms that may exist in local stores.
- Items ordered online are sometimes back ordered, but shoppers may not find out until weeks later. This is particularly problematic when buying gifts.
- Online shoppers do not always know if a site is a legitimate retail store and if it is safe to shop.
- Restocking and shipping costs are often charged on returns.
- Online shoppers often do not have a person (or the same person) to talk to when dealing with a problem.
- It is sometimes easier to get money refunded locally when the item purchased drops in price within the guaranteed price period.
- Online shoppers do not get to take advantage of seasonal state wide tax-free shopping events.

#### OTHER PROS AND CONS OF ONLINE SHOPPING

##### Pros

Many online stores sell products at really low prices because of the lack of money spent on overhead. Local stores have operating costs like water, heat, and air that are figured, at least partially, into the mark-up of the products.

##### Cons

Online stores advertising free products will sometimes increase the cost of shipping so that they profit from the purchase. For example, shoppers may get three free software programs, but paying \$14.95 in shipping or handling charges is higher than what would normally be charged and likely covers the cost of the three items plus shipping.

#### CONSUMER'S KNOWLEDGE ABOUT ONLINE SHOPPING

Based on compete.com, **94%** of online shoppers conduct research before purchasing and **61%** of online shoppers use search engines to discover information when shopping online. Also, according to Experian Simmons, more than half of all consumers are "informed consumers," indicating they tend to gather information about products before purchasing online.



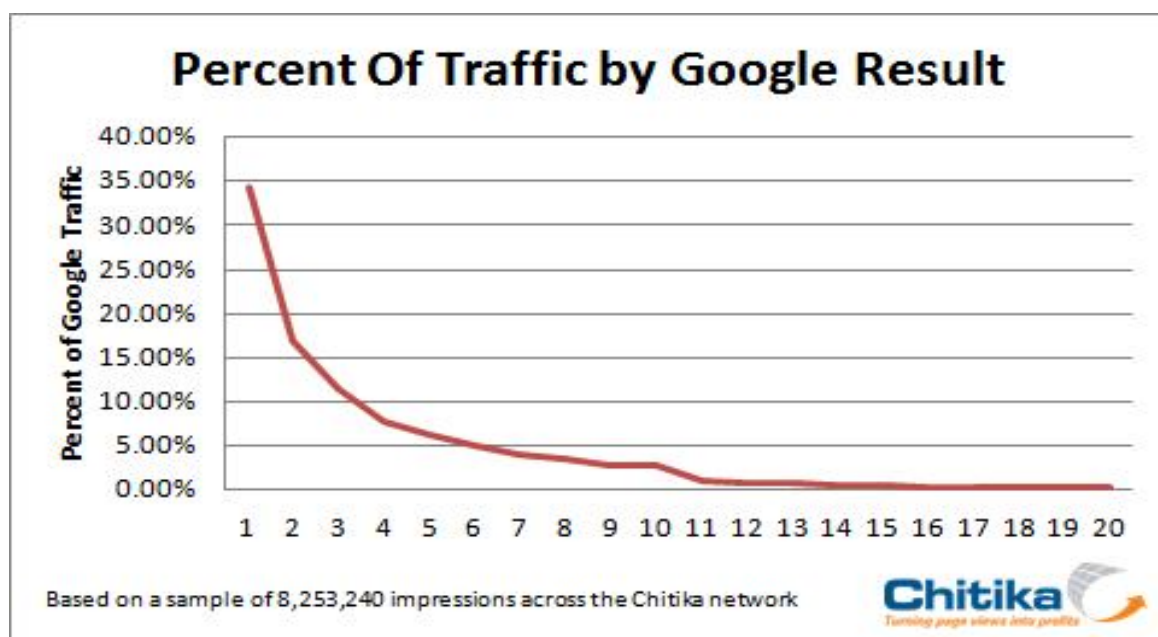
Source: compete.com, 2011

Rich Relevance released a report in 2011 detailing their finding for the performance of search engines in directing traffic to E-Commerce sites. As we can see below, Google is the biggest player in the game – leading organic search to the internet retailers at **80.62%**.

Channel	Session Share	Conversion Rate	AOV
AOL	1.74%	2.9 %	\$105.27
Bing	7.45%	2.4 %	\$104.62
Google	80.62%	1.9 %	\$100.16
Yahoo	9.67%	2.6 %	\$105.13
Facebook	0.50%	1.2 %	\$102.59
Twitter	0.02%	0.5 %	\$121.33

Source: Rich Relevance , 2011

According to chitika.com, consumers only have the patience to view the first two pages of search engine results pages (SERPs) and a very small percentage of consumers will actually click beyond the first page, though we've conducted our own research on search behavior, which suggests that **90%** of users regularly check the second page of search results and that number increases with age.



Source: chitika.com, 2010

## SUGGESTIONS

**Social media marketing** - Even though e-commerce industry is expanding at a greater pace still wide portion of the society is left untouched because of lack of awareness. This can be done by advertisement/ promotion on public sites like face book, twitter etc.

**Need for shopping online-** As standardized or modern formats have not captured rural / small cities but standardized product is the need for them. Online shopping is a mode where they have number of standardized products.

**Free home delivery nationally** - As price is an important concern for Indian customers free shipping is the marketing strategy to attract the customer to get the product while sitting at home even in rural areas.

**Content management** - Companies should give detail about the product as much they can get the feel of the product without seeing or touching it instead of just giving the brief. This will bring reliability in buying the product.

**Post sale activity** - Customers should be involved to get the feedback in order to improve the sales through feedback verbally.

Necessary information should be provided at all places - Like shipping charges for exceptional areas, shipping mode etc. So that customers may know the pros and cons and where and how services could be availed in the best possible way.

Innovation - E-retailers should come up with innovative strategy in order increase the sales and to have loyal/new customers like sale during end of season, points on every purchase, complementary gifts during festivals etc.

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## **ETHICAL DECISION MAKING IN INDIAN BUSINESS SCENARIO**

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### **ABSTRACT**

*Ethics are individual concern about right or wrong. It includes one's own moral judgements to think what is right and what is wrong. Every business is dependent upon its employees who take decision on behalf of a business. And every individual is influenced by the culture of company whose main target is to earn profit. They face different types of ethical dilemmas every day. Business ethics is basically the acceptable behavior organizations expect from its employees. Strong ethical decision making is a helpful tool to help organizations to select the best opportunities and to success in long run. Corporate Governance is also helpful for the organizations to take right decision at right time to lower cost of capital, proper utilization of resources and betterment of everyone associated with the organization.*

*Keywords: Ethical Decision Making, Corporate Governance*

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### **INTRODUCTION**

Society is group of individual sharing a common goal/purpose, interdependent and live together to fulfill certain needs, having a feeling of respect, cooperation, willingness to communicate and take responsibility as when needed. And ethics is how we treat and respect each other in the society. Business Ethics are defined as the defined standards and principles acceptable to conduct the business. These principles and standards are acceptable to the government, customers, employees, shareholders, etc. The society advocates that the business should not only make profit but should consider its social obligations in mind.

Ethical and Social Responsibilities of a business is to have a positive impact on society and minimize the negative impact. There are some types of rules and regulations, code of conduct of ethics that all the business houses must encourage in order to gain competitive advantage, to gain market share and to avoid any illegal and unethical issues in the business. All the employees including management, shareholders have to obey these rules and regulations. Business laws are known as rules and regulations that govern the conduct of business.

Ethics, business ethics, corporate social responsibility, code of conduct, corporate governance act as a compliance system that determine acceptable conduct in business organizations.

Ethical decision -making is an integral part of high -quality care. Tools and resources to support ethically sound decision -making help teams prepare for difficult conversations, and produce better outcomes for all involved . Ethical situations can be hard to identify. They are different from clinical dilemmas, personality conflicts, and other difficult situations, even though they can cause similar emotions. The situations that benefit from the use of an ethical decision-making tool like this one involve disagreements between the values of the people in the situation. These differences become problems if a choice needs to be made about which values are most important. It can also be challenging to know who, in the end, gets to make the final decision. In clinical cases, the choice generally belongs to the patient/resident/client or their family. When a decision belongs to a team, a consensus must be built, often in the context of vastly different (and strong) opinions. Other times, the decision has been made that a team finds difficult. A framework can help to clarify the values and concepts, and to resolve some of the associated moral distress . Occasionally, a tool like this can be helpful for personal decisions. Determining the main decision-maker will clarify the issue, and whose interests the decision most affects.

### **CODE OF ETHICS**

A Code of Ethics is a statement of the norms and beliefs of an organization. Norms are the standards of behavior, expected from everyone in the organization when confronted with a particular situation consisting of ethical dilemmas. The norms of behavior in the Code of Ethics are a series of 'do's and don'ts' detailing the expected standard of behavior from everyone in the organization. These codes are helpful for mental set ups for doing or not doing something. This will help the mind to decide any matter which has ethical value. Code of ethics can generally make an employee of the organization aware of his or her obligation and the moral duties towards the organization. As we have already discussed that ethics have no universal acceptance.

Managers sometimes faced with situations which are ethically ambiguous without any clear-cut ethical guidelines. In India there are some provisions regarding the welfare of the community. But on the part of the business activities there is no such mandatory code of conduct. These deficiencies can be avoided if there is a formal and specific code of ethics. According to the Business Ethics Survey Report India - conducted by

KPMG India- Smart Indian companies are increasingly becoming concerned about “The way they do business”. They realize that good ethics is good business too. The survey suggested the following five steps to develop Ethical Corporation.

### **CORPORATE GOVERNANCE – TODAY’S NEED IN BUSINESS**

Ethics are as important as any other field in business and personal life. It has been a matter of debate and important business topic since the existence of business. Being a part of the society, it is the ethical responsibility of the business to fulfill the ethical needs of the society and for the well being of society. A business can earn loyalty, brand image by fulfilling ethical responsibility in the society. This is what called ‘Corporate Social Responsibility’. There are four obligations a business must fulfill. One is called Economic Responsibility where the business requires to make money. Without getting profit, a business can not think to do something else or to fulfill the needs of society. This is the first need of a business to satisfy the stakeholders who are directly or indirectly attached with a business.

The other most important parts are Legal Responsibility, Ethical Responsibility and Philanthropic Responsibilities. Ethical consideration is very important for a business to success in long run. Unethical business can survive for a very short period, but a firm requires ethical behavior to success in long run. There are number of scams Like Commonwealth Scam, Hawala Scam, 2G Spectrum Scam, Satyam Scam held in India. Consultancy firm Deolite has said more than half of the business professionals covered in its survey feel that more corporate financial statement frauds will be uncovered in 2010 and 2011 than the last three years (Indian Express, 2010).

There is Corporate Governance System in India. It involves each one who are directly or indirectly associated with it in fulfilling the objectives of the company. Corporate governance is very effective tool as it provide a high degree of confidentiality that is important for Indian economies functionality. This is the responsibility of corporate governance to promote ethics in the organization and among the workforce. As the Board of Directors has the accountability to perform the tasks as per code of conduct, and can transfer it to next level of management. It promotes a sense of belongingness and trust among the investors, board of directors, management, stakeholders and shareholders. Such trust is the corner-stone of efforts to achieve the common goal, whereby the interests of individual operators and other institutions are integrated with others at large.

The first formal corporate governance committee, formed in 1996 and chaired by a leading Indian industrialist, Rahul Bajaj, submitted its recommendations in April 1998. The second committee, also chaired by a leading industrialist, Kumar Mangalam Birla (the Birla Committee), submitted its report in 2000. The third committee, chaired by Naresh Chandra (the Chandra Committee), was constituted in August 2002 to

focus on corporate audit practices. The fourth committee - the Murthy committee, chaired by Narayana Murthy, founder and Chairman of Infosys, one of India's leading software companies- provided recommendations in 2003.

### **ETHICAL DECISIONS MAKING IN BUSINESS**

Business has always been about ideas that can generate a profit. These ideas are what get a business started, help it survive, grow, and contribute to society. All businesses start with a seed idea that gives them an opportunity to provide value to their customers and they earn a part of this value generated as profit. One of the reason to succeed in long run, a business take ethical decision making. Ethical decision making in business involves all the members of business including stakeholders, management, employees, customers, etc. who has a sense of respect for each other and follow code of conduct in doing business. This is the skill needed for every business to succeed. Ethical decision making is appreciable in every aspect of business. It is a tool to gain competitive advantage, to make good corporate image in the society and to get commitment and dedication from all members of business whether they are shareholders, employees or customers. A business should:

- a. Recognize the need of ethical decision making
- b. Implementing the various tools for ethical decision making
- c. Make a sound ethical decision making
- d. And last, evaluate the various pros and cons of ethical decision making

### **PEAS**

There is a proper ethical decision making process that can be followed while running a business. PEAS is a framework for step by step decision making in ethical ways. This is the framework to follow ethical decisions in business, solve various ethical problems in business, and make business powerful and successful.

PEAS stands for "Problem, Evidence, Analysis, Solution". To follow PEAS, first of all a business must identify its business needs. While doing business what are the basic problem a business facing. Problem identification is the first step where the ethical dilemmas occurs. Where the business is lacking in ethical issues. So this is the first step to assess the ethical problems in terms of ethical guidelines or code of ethics.

The next step is to find the evidence or the fact. What facts are know to the business and what are hidden? Do the business have all the facts and evidence to take decision? What was the situation when that step was taken and against whom? Such type of questions can be helpful in knowing the evidence for unethical behavior in business. The business can analyse all the facts and then by using these five approaches, a business can get a solution: Utilitarian, rights, fairness or justice, common good, and virtue approaches. Utilitarian is an approach that attempts to do the most good and limit the amount of harm for each individual. A rights approach protects and respects the moral rights of individuals impacted by decisions. The fair or just style seeks to create equality among all individuals while the common good method focuses on bettering society as a whole. The virtue tactic centers on the ideal virtues necessary for promoting individuals for the company.

It should be kept in mind that there is no universal approach for ethical standards. As the business is this framework on human beings and different people have different viewpoints. Ethical decision making is as much about the process of decision making as it is about your answer to the problem.

### **CONCLUSION**

Business ethics is a good tool to make everyone including shareholders, management, employees and all other stakeholders responsible. Business ethics cannot be created easily it needs a help from every stakeholder to behave ethically in order to gain profit. Everyone should follow legal and ethical issues by taking extra training and to make ethical decision making strong. The managers can take feedback from all the stakeholders to make decisions ethical. The government should be taken into loop and legal responsibilities should be properly fulfilled. The organizations can take advantages of various consultancies, training groups to educate employees in implementing business ethics. With the feedback from all the stakeholders a company can develop an ethical business environment.

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**SAVING AND INVESTMENT PATTERNS OF SALARIED CLASS PEOPLE WITH SPECIAL  
REFERENCE TO HYDERABAD – A STUDY**

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**ABSTRACT**

*The objective of the study was to determine the relationship between the savings and investments pattern among the salaried class people of Hyderabad (India). The data was collected through structured questionnaire distributed to 200 peoples working in different sectors at Hyderabad. It was found from the analysis there is relationship between Annual Savings and Age, Income, Sector wise Employment, Education of people at Hyderabad. Analysis has been done through One Way ANOVA. It was propounded here that the most preferred investment options are LIC and bank deposits and most of the factors influencing investment decisions were high returns, tax benefit and safety.*

*Keywords: Annual income, Annual savings, Investment*

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**INTRODUCTION**

Saving of money help people in the long run. Money Attitude of the people towards money in today's world is that everybody wants to enjoy the benefits of money because they have earned by hard work and efforts made on it. That's great but spending all your money is not the smartest thing to do. There could be the uncertainties of future which resist people to save for future. What happens if you lose your job tomorrow? Or the car breaks down, If somebody have savings for future than the uncertainties can be faced by people and stress will be less. Without money put away in savings and/or investments, people may open themselves up to other risks as well. There are many ways through people can save money one is controlling the extra expanses. For this make a list of the things which shows necessity and purchase things according to it and don't buy extra things that exceeds peoples expanses and also stop going to shopping complexes and malls that also reduces the cost and improves saving structure .Secondly reduce the telephone expanses.

Thirdly, reduce electricity expanses. Electricity one can save lot if one remains alert and switch off lights and fans and other electronic item immediately after their use. Similarly in case of telephone you can save by buying an affordable model and talking less on phone. Thus, your saving not only benefits you but also helps in preserving the environment by preventing wastage and contributes to the economic growth of country. Thinking before doing about the few reasons why saving has great importance for people. Firstly, for emergency, this could be a new roof for the house, out-of-pocket medical expenses, or a job layoff and sudden loss of income. One needs money set aside for these emergencies Secondly, Retirement is the second stage on thinking, one intends to retire someday, so needs money kept as savings and investments to take the place of the income when one is no longer get from your job. Thirdly, Average Life Expectancy plays a great role, with more advances in medicine and public health; people are now living longer and therefore needing more money. Fourthly, security of money for future intends one to think upon it. Fifthly, Education - The costs for private and public education are rising every year, and it's getting tougher to meet these demands. So, saving is the necessary. Sixthly, to make a house for residential purpose is the reason and to save money is for a down payment on a house. One's negotiating power goes a lot farther when one has a significant down payment towards home. One will receive better interest rates, and be able to afford a bigger home. One can determine how much you save towards this each month depending on his circumstances.

Seventhly, Save for Vacations and Other Luxury Items- A Seventh reason to save money is to have fun. One can save up for tour of Europe. Additionally one can be saving for fun One's negotiating power is stronger if you have cash in hand on bigger purchases. Day by day trends are changing so there is the need for change in luxury items according to status, job and business. Eighthly, save for a New Car, an eight reason is to purchase a car with cash. Ninthly, Save for Sinking Funds is to set up your sinking funds. A sinking fund is money one can set aside for future repairs or improvements on one's car, home or other possessions.

Investment involves making of a sacrifice in the present with the hope of getting future benefits. Investment has many facets. The two important elements of investments are current sacrifice and future benefits. There can be the identification of various activities which displays the two features of investment. For example, A portfolio manager buys 1000 shares of reliance industries Ltd., One could acquire the fixed deposit scheme of oriental bank of commerce for years or more and a corporate firm expanding Rs. 40 lakh for expansion programme, A

father purchase jewellery for daughters marriage and so on. All these constitute investment because they involve current sacrifice of consumption and hope of future gain.

In other words investment, investment refers to a commitment of funds to one or more assets that will be held over some future time period. Anything not consumed for today saved for future use can be termed as Investment. The act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit. It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money.

Investing is not gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money. The genuine investors would always have appropriate information, which is well analyzed in relation to risk- return profile of the investor, and therefore the investment options/avenues are selected. However in real life it is very difficult to draw a conclusion to separate gambling or speculative motives from genuine investment motives and the difference is purely a matter of opinion. Obviously, everybody wants more money. It's pretty easy to understand that people invest because they want to increase their personal freedom, sense of security and ability to afford the things they want in life. However, regardless of why one invests, one should seek to manage oneself wealth effectively, obtaining most from it. This includes protecting the assets from inflation, taxes, and other factors. Investment is important Because of financial interdependence, increases wealth, fulfilling personal goals and Reduces future risk.

### **OBJECTIVES OF THE STUDY**

1. To evaluate the saving habits and investment pattern of salaried class people at Hyderabad
2. To analyze investment selection behaviour of salaried class people at Hyderabad.

### **REVIEW OF LITERATURE**

1. An empirical study of "Indian Individual Investors Behavior" by Syed Tabassum Sultana (2010) was an attempt to know the profile of the investors and also to know their characteristics so as to know their preference with respect to their investments. The study also tried to unravel the influence of demographic factors like gender and age on risk tolerance level of the investors.
2. Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011), propounded in their study that saving and investment pattern of salaried class school teachers of govt. and private schools has depended upon income and they both get salary but the scale of the salaries are different and saving patterns that's why is so different. Govt. teachers prefer to invest the money for emergency purposes and private teacher's emphasis on children marriage and education.
3. Prof. Ujwala Bairagi, Prof. Charu Rastogi, in their study entitled "An empirical study of saving pattern and investment preferences of individual households with references to Pune city". This study examines the investment patterns and awareness of the Pune based investors about different investment instruments. It revealed that the awareness and preferences of investor for different investment option available to them and to analyze the factors influencing their perception and preferences.
4. Dr. S. Mathivannan and Dr. M. Selvakumar (2011) examined the saving and investment patterns of salaried teachers of Sivakasi Taluk, Tamilnadu and they found that there is great importance of money and money's worth for them and They are regularly preparing budgets for Expenditures and compare it with the actual expenditure and take necessary actions if there are any deviations has arrived so far and they are influenced by fashionable and costly items.
5. Dr. Dhiraj Jain and Parul Jain (2012) concluded that the majority of the teachers the money plays a big role and they initiated to prepare budgets and future forecasting for income and expenditure and there is comparison between future and Standard budgets to find out the deviations to meet certain money constraints It has been evident from the study that most of the school teachers are saving their money for the purpose of their children's education, marriage and as security after retirement
6. Dr. Ananthapadhma Achar (2012) studied "Saving and Investment Behaviour of Teachers - An empirical study". In the analysis individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of teaching community in the study region. They considered monthly family income, stage of family life cycle, and upbringing status emerged as determinants of their savings and investment behavior
7. Dr. Varsha Virani (2012) propounded in her study that In spite of low income the teachers have been saving for future needs. The major impact on savings is due to the level of income of the school teachers. The

research shows that majority of the respondents are saving money as Bank deposits for the safety of an unpredictable future. The main avenues of investment are Bank deposits and the main purpose of investment is for children education, marriage, and security after retirement.

## RESEARCH METHODOLOGY

### Research Design

This project is based on exploratory study as well as descriptive study. Sample size is taken to be 200 for convenience i.e. 200 people fill the questionnaire for the survey.. Convenient sampling technique is used. In this, Investors were taken according to the convenience of the research study. Since the information was to be taken from Investors, a questionnaire was prepared for studying the saving habits and investment pattern of salaried class people at Hyderabad.

The study is based on both secondary and primary data. The secondary information is collected from different published materials vis. Books, Journals, magazines & websites etc. And primary data collected by communicating with respondents through a structured questionnaire. Analysis used: a) Diagrams and Tables: Tables are used to describe the performance of different financial instruments. b) SPSS: Analysis has been done through Statistical package for Social science by applying various techniques

## ANALYSIS AND DISCUSSION

According to the survey ,there are 200 salaried class people has selected and out of them 56.5% are males and 43.5 % are females and they are from different age groups i.e. 31% are from less than 25 age ,40.55 are of 25-40 age range and 15% are of 40-50 and 10% are of 50-60%.

Their educational qualification matters a lot and 27% have post graduate Qualification only and 19% are Professionals. Out of 200, 66% are married and 445 are unmarried. Annual Income of these peoples is ranging from less than 240000 Rs. to more than 500000 Rs. savings ranging from less than 20000 to 80000 and above and maximum people saves between 40000-60000 respectively as shown in Table no.1. As per the categorization of Job, in the table no. 2, 57% are working in Govt. sector and 32.5 are in private sector respectively.

According to the Survey, out of 200 people 79 belong to education sector, 58 to Banking and Insurance sector, 48 out of 200 are of manufacturing sector. As per Table No. 4, preference of Investment options has specified according to survey. Here maximum preference has given to LIC and after that to PPF and RE. Maximum No. of Respondents (69 out of 200) wants to invest because of Returns from the investment is their objective and 60 invest for Tax benefits and 40 for emergency purposes and subsequently 10 for future needs etc. From a view generated from Table No. 6 , 65 people take their decisions their selves, on 30thier is reference from spouse and 43 are through family and 42 people said that their father takes the investment decision for them. According to Table No. 7 , for 65 people High Rate of return is the one of the factor that influencing investment decision , for 40 people tax benefit is the main factor and safety for future is for 35 people and regular returns is for 25 people and so on. As per Table No. 8, out of 200, 50 people expected 7% rate of return, 30 prefers 8-12% Rate of return and 95 expected 13-18% with 25 above 18%.

According to Table No. 9, relationship between Age and Annual savings has specified which is as follows: **Null Hypothesis:** There is no significant relationship between Age and the Annual savings.

### Analysis through F –Test (One Way ANOVA)

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	4.74
Within samples	1145.5	19	60.763	
Total	2308	23		

Since the calculated value of F -Ratio 4.74 is more than the table value at 5% level of significance which is 2.90 at  $V_1=4, V_2=19$ ; there is significant relationship between the Age and Annual Savings. Hence the Null Hypothesis has rejected. As per table no. 10, there is an effort done to find out the relationship Income and Annual Savings **Null Hypothesis:** There is no significant relationship between Income and the Annual savings.

### Analysis through F –Test (One Way ANOVA)

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	17.42
Within samples	314.5	19	16.55	
Total	1468	23		

Since the calculated value of F -Ratio 17.42 is more than the table value at 5% level of significance which is 2.90 at  $V_1=4, V_2=19$ ; there is significant relationship between the Income and Annual Savings. Hence the Null Hypothesis has rejected.

As per Table no. 11, Relationship between Education and Annual Savings is propounded:

**Null Hypothesis:** There is no significant relationship between Education and the Annual savings.

**Analysis through F –Test (One Way ANOVA)**

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	3.2
Total	2864	23		

Since the calculated value of F -Ratio 3.2 is more than the table value at 5% level of significance which is 2.90 at  $V_1=4, V_2=19$ ; there is no significant relationship between the Education and Annual Savings. Hence the Null Hypothesis has rejected. According to Table no. 12, there is an effort to find out relationship between Employment and Annual Savings. **Null Hypothesis:** There is no significant relationship between Employment and the Annual savings.

**Analysis through F –Test (One Way ANOVA)**

Sources of variations	Sum of squares	Degree of freedom	Mean sum of square	F-ratio
Between samples	1153.5	4	288.5	5.205
Within samples	1052.5	19	55.394	
Total	2206	23		

Since the calculated value of F -Ratio 5.20 is more than the table value at 5% level of significance which is 2.90 at  $V_1=4, V_2=19$ ; there is significant relationship between the Employment and Annual Savings. Hence the Null Hypothesis has rejected.

## SUGGESTIONS

1. Today there are so many special investment schemes in market which encourage people for the saving.
2. Most of the teachers prefer Bank F.D and Govt. Securities as the investment option, there is lack of awareness about other avenues like equity, and mutual fund etc. so if they want to invest in them they should regularly read newspapers, journals and articles related to stock market.
3. The investors have to identify the market situation and price fluctuations in the precious metals.
4. To enhance the saving habits, the saving mode must attract people by providing many offers and new attractive schemes.

## CONCLUSION

Today, the living standard of the people increasing day by day so salaried class community has started realizing the importance of savings and proper investment of their savings. They avoid spending money on heavy luxurious life style and preferring the normal living standard. It is evident from the study undertaken that most of the people are saving their money for children's education, marriage and to fulfil the other goals of life. There are bright chances to increase the saving and investment habits of salaried class people at Hyderabad. Most of the employees keep their total savings in bank fixed deposits because of safety, security and liquidity and due to fear of capital market operations. Thus individual investors should be educated that their surplus money should be invested in various investment avenues. So that they can earn good returns. There is a need for financial literacy to employees also. Study also revealed that tax concession schemes of the government are less attractive as most of the respondents opined that the tax benefited long term savings need to be increased (u/s 80cc), so that investors are encouraged to invest for long term. Therefore the tax incentives should be designed in such a way that small and medium investors are encouraged to save for long period.

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## APPENDICES

**Table 1: Sample of Demographic Information about people at Hyderabad**

Demographic Variable	Particulars	Total	%
<b>Gender</b>	<b>Male</b>	113	57
	<b>Female</b>	87	43
<b>Total</b>		200	100
<b>Age(years)</b>	<b>Less than 25</b>	62	31
	<b>25-40</b>	81	41
	<b>40-50</b>	30	15
	<b>50-60</b>	20	10
	<b>60 &amp; above</b>	7	3
<b>Total</b>		200	100
<b>Education</b>	<b>Graduate</b>	100	50
	<b>Post graduate</b>	54	27
<b>Marital Status</b>	<b>Professional</b>	38	19
	<b>Others</b>	8	4
<b>Total</b>		200	100
<b>Marital Status</b>	<b>Married</b>	132	66
	<b>Unmarried</b>	68	34
<b>Total</b>		200	100
<b>Annual income(Rs.)</b>	<b>Less than 240000</b>	45	23
	<b>240000-360000</b>	58	29
	<b>360000-500000</b>	65	33
	<b>500000 &amp; above</b>	32	15
<b>Total</b>		200	100
<b>Annual savings (Rs.)</b>	<b>Less than 20000</b>	70	35
	<b>20000-40000</b>	41	21

	<b>40000-60000</b>	77	37
	<b>60000-80000</b>	10	5
	<b>80000&amp; above</b>	2	2
<b>Total</b>		200	100

Source: Primary Data

**Table 2: Sample classification of job allocation and apportionment of people at Hyderabad**

<b>Particulars</b>	<b>No. of Respondents</b>	<b>%</b>
Govt.	114	57
Private	65	32
Semi – govt.	21	11
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Primary Data

**Table 3: Sample classification (Sector Wise) of people at Hyderabad**

<b>Particulars</b>	<b>No. of Respondents</b>
Education sector	79
Banking and Insurance Sector	58
Manufacturing Sector	48
Others	15
<b>Total</b>	<b>200</b>

Source: Primary Data

**Table 4: Preference of Investment Options**

<b>Particular</b>	<b>Eq</b>	<b>Deb</b>	<b>SD</b>	<b>P.S.</b>	<b>MF</b>	<b>DI</b>	<b>PS</b>	<b>LIC</b>	<b>PPF</b>	<b>RE</b>	<b>PD</b>	<b>RIB</b>	<b>OTH</b>	<b>TOT</b>
No. of respondents	15	10	5	4	15	10	10	52	40	20	5	4	10	200

Source: Primary Data

**Table 5: Objectives of Investment**

<b>Particulars</b>	<b>No. of Respondents</b>
Returns	69
Tax Benefits	60
Emergency	40
Need	10
Child Education	5
Child Marriage	7
Retirement	9
<b>Total</b>	<b>200</b>

Source: Primary Data

**Table 6: Investment selection decision making**

<b>Particulars</b>	<b>No. of Respondents</b>
Self decision	65
Spouse	30
Family	43
Father	42
Others	20
<b>Total</b>	<b>200</b>

Source: Primary Data

**Table 7: Factors Influencing Investment Decisions**

<b>Factors</b>	
High rate of return	65
Tax benefit	40

Safety	35
Regular return	25
Liquidity	15
Good services	15
Convenience	5
Total	200

Source: Primary Data

**Table 8: Expected Rate of Returns**

Sl. No.	Expected rate of return (%)	No. of respondents
1	Below 7%	50
2	8-12%	30
3	13-18%	95
4	Above 18%	25

Source: Primary Data

**Table 09: Relationship between Annual Savings and Age of people at Hyderabad**

Annual Savings							
S.NO.	Age(years)	Less than20000	20000-40000	40000-60000	60000-80000	80000& above	Total
1	Less than 25	32	13	10	5	2	62
2	25-40	22	15	44	0	0	81
3	40-50	8	7	11	4	0	30
4	50-60	7	5	7	1	0	20
5	60& Above	1	1	5	0	0	7
	Total	70	41	77	10	2	200

Source: Primary Data

**Table10: Relationship between Annual Savings and Income of people at Hyderabad.**

Annual Savings							
Sl. No.	Income(Yearly)	Less than 20000	20000-40000	40000-60000	60000-80000	80000 & above	Total
1	Less than 240000	20	9	16	0	0	45
2	240000-360000	16	19	15	8	0	58
3	360000-500000	23	11	27	2	2	65
4	500000 & above	11	2	19	0	0	32
Total		70	41	77	10	2	200

Source: Primary Data

**Table11: Relationship between Annual Savings and Education of people at Hyderabad.**

Annual Savings (Rs.)							
		Less than 20000	20000-40000	40000-60000	60000-80000	80000& above	Total
Education	Graduate	42	20	30	7	1	100
	Post graduate	17	20	17	0	0	53
	Professional	18	1	26	2	1	38
	Others	3	0	4	1	0	8
	Total	70	41	77	10	2	200

Source: Primary Data

**Table12: Relationship between Annual Savings and Sector wise employment (Job)of people at Hyderabad.**

Annual Savings (Rs.)						
Sector wise job	Less than 20000	20000-40000	40000-60000	60000-80000	80000& above	Total
Education sector	32	20	16	9	2	79
Banking and Insurance Sector	26	14	17	1	0	58
Manufacturing Sector	10	6	32	0	0	48
Others	2	1	12	0	0	15
Total	70	41	77	10	2	200

Source: Primary Data

**Table13: Relationship between Investment Options and Annual income of people at Hyderabad.**

		Investment Options													
Annual income (Rs.)		Equity	Deb.	SD	P.S.	M F	DI	PS	LIC	PPF	RE	PD	RIB	OTH	Total
	Less than 240000	5	2	1	1	2	2	1	12	7	2	1	1	8	45
	240000-360000	4	4	1	1	2	3	5	19	10	4	1	3	1	58
	360000-500000	3	2	1	2	5	2	4	20	18	5	3	0	0	65
	500000 & above	3	2	2	0	6	3	0	1	5	9	0	0	1	32
	Total	15	10	5	4	15	10	10	52	40	20	5	4	10	200

Source: Primary Data



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**EFFICIENCY IS TO DO BETTER THAN WHAT IS BEING DONE - TESTING ON MARKET  
EFFICIENCY AND VOLATILITY OF BSE'S SENSEX AND NSE'S NIFTY**

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**ABSTRACT**

*This study examines an empirical evidence of Market efficiency and volatility of BSE SENSEX and NSE NIFTY for the period of 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2017. The Augmented Dickey Fuller test and Philip Perron test used for stationary analysis. The tools used for the weak form efficiency are Run test and Auto correlation test and Volatility measured through ARCH and GARCH Models. The results indicate that the BSE SENSEX and BSE NIFTY are not in weak form efficiency based on Runs test and Auto correlation test. In ARCH and GARCH Models, high volatility carried out from BSE SENSEX and NSE NIFTY. So, it can be concluded that the BSE SENSEX and NSE NIFTY are not in weak form efficiency and also exhibit high volatility. Therefore, investor has a chance to earn an abnormal return from BSE SENSEX and NSE NIFTY.*

*Keywords: ARCH and GARCH Models, Augmented Dickey Fuller test, Auto correlation test, Market efficiency, NSE NIFTY, Runs test, BSE SENSEX, Volatility.*

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**INTRODUCTION**

The Market Efficiency and Volatility are major parameters in the stock market field. When money is invested into the stocks, the main goal is to generate a return on the investment. Many investors try not only to make a profitable return, but also to outperform, or beat, the market. The Market efficiency and volatility are the techniques in the stock market. Today, investors attain huge return with a help of this stock market efficiency and Volatility methods. The market efficiency shows the predication about the securities and volatility is the instability or fluctuation in the price of stocks and their indices. In this way, BSE SENSEX and NSE NIFTY are selected for the research work.

**MARKET EFFICIENCY**

The term market efficiency was first introduced by Eugene F. Fama in 1969. He defines market efficiency as: "A market in which prices always fully reflect all available information is called, efficient". He has classified the market efficiency into three types. They are as follows, Weak form efficiency, Semi-strong form efficiency, and the Strong form efficiency. Weak form efficiency shows the past or historical information or of the stock prices. Semi-strong form efficiency shows the publicly available information. (i.e., Companies Dividend announcements, Bonus issues and Stock splits etc.). And strong form efficiency shows both the public as well as private information. Eugene F. Fama, (1969)

**VOLATILITY**

Volatility is the pace at which prices move higher or lower, and how wildly they swing. These can be prices of just about anything. Volatility has been most exhaustively studied, measured and described in the stock market. The forms of Volatility are Price Volatility, Stock Volatility, Historical Volatility, Implied Volatility, and Market Volatility.

Volatility measures the risk of a stock. It is used in option pricing formula to gauge the fluctuations in the returns of the underlying assets. Volatility indicates the pricing behaviour of the stock and helps estimate the fluctuations that may happen in a short period of time. If price of a stock fluctuate rapidly in a short time span, it is said to have high volatility. If price of a stock fluctuate slowly in a longer time span, it is said to have low volatility. (www.thebalance.com)

**REVIEW OF LITERATURE**

The theoretical and related studies of Market efficiency and Volatility are as follows, A study by Osborne (1959), found that the movement of stock prices is similar to that of the movement of small particles suspended in a chemical solution.

Gupta O.P., (1985), tested four principal Stock exchanges namely, Bombay, Calcutta, Delhi, and Ahmedabad for the period January 1971 to March 1976. The RWH was tested using parametric and nonparametric tests. Both the tests generally supported the independence assumption of the random walk model.

Schwert (1989), tested volatility means changeability or randomness of asset prices. Theoretically a change in the volatility of either future cash flows or discount rates causes a change in the volatility of share prices.

Campbell R. Harvey and Robert E. Whaley (1992), In their paper, the dynamic behaviour of market volatility are assessed by forecasting the volatility implied in the transaction prices of Standard & Poor's 100 index options. They test and reject the hypothesis that volatility changes are unpredictable. However, while our statistical model delivers precise forecasts, abnormal returns are not possible in a trading strategy (based on daily out-of-sample volatility projections) which takes transaction costs into account, suggesting that predictable time-varying volatility is consistent with market efficiency.

Gupta L C (1992), The Indian capital market in general and trading systems in the stock exchanges in particular and suggests that the systems therein are rather antiquated and inefficient, and suffers from major weakness and malpractices.

Frimpong Joseph Magnus (2008), elucidated that, the weak-form efficient market hypothesis (EMH) in the case of the Ghana Stock Exchange (GSE) a developing market. Daily returns from the Databank Stock Index (DSI) over a 5-year period 1999-2004 were used for the exercise. Random walk (RW) and GARCH (1,1) models are used as the basis for our analysis. The weak-form efficient market (random walk) hypothesis was rejected for the GSE, meaning that the market is inefficient.

Chris O. Udoka (2012), focused on the information efficiency of the Nigerian Stock Market. The study investigated the weak-form information efficiency of the Nigerian Stock Market from 1986 to 2004 using monthly price index. Finding resulting from test of data has shown that the Nigerian Stock Market is weak-form efficient. Therefore, the Nigerian Stock market was in weak-form efficient.

Mohammad Shafi (2014), tested whether Indian Capital Market is efficient in Weak Form or not. With help of NSE (NIFTY) 50 companies and Daily return from 2003-2013. All Tests including run tests, autocorrelation tests reveal that Indian Capital Markets are inefficient in the weak form.

Ayakeme E. Whisky (2015), analysed the behaviour of stocks in four selected sectors of the Nigerian economy using the Runs and GARCH techniques to analyse monthly stock data for the period January 2006 to December, 2011. The results of the Runs Test do not support random movements of stocks in all the sectors, indicating homoscedasticity. The GARCH estimated model also shows volatility clustering in all the sectors except the Agricultural sector, which implies weak form inefficiency of the Nigerian capital market.

Harikumar P.N and Sussha D (2016), tested the weak form of efficiency for the stock markets of BRIC countries. For this, tests, namely Jarque-Bera, Run test, Kolmogorov-Smirnov (K-S) test, Serial Correlation and GARCH model have been applied. The results of the study revealed that all tests used in present study reject the hypothesis of random walk for all BRIC stock markets except the Run test, which supports the hypothesis of random walk for Brazil and China. Thus, the results of the study make clear that inefficiency is prevented in the stock markets of BRIC countries.

Hemalatha and Nedunchezian (2016), tested The Weak Form Efficient Market Hypothesis in National Stock Exchange by taking the Daily closing prices of selected realty companies. The three conventional ways: ADF Test, Autocorrelation and TGarch are used to prove the evidences of weak form market efficiency. The evidences have confirmed that during 2015, National Stock Exchanges was not efficient in a weak form.

### **OBJECTIVES OF THE STUDY**

The overall objective of this study is to test the weak market efficiency and volatility of SENSEX and NIFTY: the evidence from BSE and NSE. The specific objectives are as follows,

1. to examine the stationarity of selected BSE SENSEX and NSE NIFTY;
2. to check the random distribution of selected BSE SENSEX and NSE NIFTY;
3. to test the serial correlation of BSE SENSEX and NSE NIFTY; and
4. to analyse the volatility of BSE SENSEX and NSE NIFTY.

### **HYPOTHESES OF THE STUDY**

In an attempt to study the weak form efficiency and Volatility of S&P BSE SENSEX and NSE NIFTY the following null hypotheses framed,

H<sub>01</sub>: There is no stationarity among the BSE SENSEX and NSE NIFTY.

H<sub>02</sub>: There is no random distribution among the BSE SENSEX and NSE NIFTY.

H<sub>03</sub>: There is no serial correlation in the BSE SENSEX and NSE NIFTY.

H<sub>04</sub>: There is no volatility in BSE SENSEX and NSE NIFTY.

**RESEARCH METHODOLOGY**

The date of the sample used ranges from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2017. The study mainly depends on secondary data. The required data for the study is daily closing prices of BSE SENSEX and NSE NIFTY. Data was collected from BSE and NSE websites. The sample section was done the benchmark index of BSE and NSE considered for the study. i.e., BSE SENSEX and NSE NIFTY. The BSE SENSEX includes 30 scrip's and NSE NIFTY index includes 50 scrip's are considered for this study.

**TOOLS USED FOR THE STUDY**

The data are analysed through statistical methods. The following tools are used for the analysis,

## 1. Stock Return

The daily stock return was calculated as follows,

$$R_{it} = \ln [L_{it} / L_{it-1}]$$

Where:

$R_{it}$  = the daily return on day t for indices l

$L_{it}$  = closing values for indices l

$L_{it-1}$  = closing values for indices l on day t-1

Ln = Natural log

2. Unit root test: ADF and PP test ( to examine the stationarity of selected BSE SENSEX and NSE NIFTY),

3. Runs Test (for check-up of Random Distribution among the selected BSE SENSEX and NSE NIFTY),

4. Autocorrelation Test (to examine the serial correlation of BSE SENSEX and NSE NIFTY), and

5. ARCH and GARCH Models (to analyse the volatility of BSE SENSEX and NSE NIFTY)

These tools are used for testing the market efficiency and Volatility of BSE SENSEX and NSE NIFTY. The computation of data for this study was made by using E-Views (Version 9.0), SPSS 23, and Micro-soft Excel.

**DATA ANALYSIS AND INTERPRETATION**

**Table No 1: AUGMENTED DICKEY FULLER (ADF) and PHILLIP PERRON (PP) TEST**

Index	Test Equation	ADF T statistic	PP T statistic	Critical Values		
				1 Per cent level	5 Per cent level	10 Per cent level
BSE SENSEX	Intercept	-32.45313	-32.35532	-3.435428	-2.863670	-2.567954
	Trend & Intercept	-32.44120	-32.34248	-3.965488	-3.413451	-3.128767
	No Trend & Intercept	-32.40523	-32.31513	-2.566834	-1.941080	-1.616527
NSE NIFTY	Intercept	-32.30978	-32.20398	-3.435428	-2.863670	-2.567954
	Trend & Intercept	-32.29677	-32.19012	-3.965488	-3.413451	-3.128767
	No Trend & Intercept	-32.26085	-32.16394	-2.566834	-1.941080	-1.616527

Source complied from: Eviews 9

The result of unit root test is shown in Table No. 1. It presents the ADF and PP test of BSE SENSEX and NSE NIFTY for 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2017. It is to be noted that the values of test critical values for BSE SENSEX and NSE NIFTY were calculated at significant level of 1 Per cent, 5 Per cent and 10 Per cent. The probability values for BSE SENSEX and NSE NIFTY were zero. The T statistical values of ADF and PP test and for BSE SENSEX and NSE NIFTY analysis were less than the test critical values at 1 Per cent, 5 Per cent and 10 Per cent level of significance. This indicates that the return data of BSE SENSEX and NSE NIFTY reached stationarity. Hence, there exists the Null hypothesis "There is no stationarity among the BSE SENSEX and NSE NIFTY" is rejected.

**Table No 2: RUNS TEST**

**Runs Test for BSE SENSEX and NSE NIFTY**

Index	Test* Value	Total Cases	Cases < Test Value	Cases >= Test Value	Number of Runs	Z Statistics
BSE SENSEX	0.058	1237	608	629	586	-1.896
NSE NIFTY	0.033	1237	616	621	582	<b>-2.133</b>

Source complied from: SPSS 23 Note: \*Mean value of Runs test

Table No. 2 presents the runs test of Selected BSE SENSEX and NSE NIFTY for 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2017. The analysis of z-value of S&P BSE SENSEX is fall down in-between the value of  $\pm 1.96$  which means 5 per cent significance and NSE NIFTY it's crossed upon the table value of  $\pm 1.96$  which means 5 per cent insignificance. The overall analysis of Runs Test clearly shows that the BSE S&P SENSEX Index followed the random distribution and NSE NIFTY not followed the random distribution which means there is no random values exists. Therefore, the Null Hypothesis - "There is no random distribution among the BSE SENSEX is rejected and "There is no random distribution among the NSE NIFTY" is accepted" and also mixed results carried out from this test. So, investor has a chance to earn gain or loss from these indices.

**Table No 3: AUTOCORRELATION TEST**

LAG	BSE SENSEX				NSE NIFTY			
	AC	PC	Q-Stat	Prob	AC	PC	Q-Stat	Prob
1	-0.613	-0.613	465.58	0.000	-0.613	-0.613	464.79	0.000
2	0.053	-0.518	469.08	0.000	0.054	-0.514	468.44	0.000
3	0.107	-0.352	483.31	0.000	0.103	-0.352	481.61	0.000
4	-0.077	-0.323	490.75	0.000	-0.076	-0.327	488.77	0.000
5	0.038	-0.271	492.57	0.000	0.044	-0.266	491.15	0.000
6	-0.024	-0.295	493.28	0.000	-0.033	-0.293	492.48	0.000
7	0.061	-0.166	497.96	0.000	0.066	-0.165	497.94	0.000
8	-0.098	-0.222	510.01	0.000	-0.098	-0.223	509.97	0.000
9	0.089	-0.154	519.90	0.000	0.086	-0.162	519.08	0.000
10	-0.048	-0.154	522.74	0.000	-0.038	-0.147	520.91	0.000
11	0.008	-0.132	522.82	0.000	-0.006	-0.134	520.96	0.000
12	0.021	-0.086	523.37	0.000	0.031	-0.090	522.12	0.000
13	-0.046	-0.121	525.99	0.000	-0.047	-0.122	524.84	0.000
14	0.044	-0.130	528.43	0.000	0.043	-0.127	527.11	0.000
15	0.009	-0.029	528.54	0.000	0.009	-0.023	527.22	0.000
16	-0.059	-0.045	532.92	0.000	-0.059	-0.037	531.61	0.000
17	0.040	-0.049	534.96	0.000	0.039	-0.050	533.48	0.000
18	0.001	-0.056	534.96	0.000	0.005	-0.055	533.51	0.000
19	-0.014	-0.065	535.22	0.000	-0.013	-0.055	533.72	0.000
20	0.029	0.009	536.31	0.000	0.018	0.003	534.13	0.000
21	-0.050	-0.025	539.49	0.000	-0.037	-0.029	535.84	0.000
22	0.044	-0.000	541.93	0.000	0.040	-0.000	537.81	0.000
23	-0.030	-0.027	543.03	0.000	-0.033	-0.024	539.19	0.000
24	0.032	0.009	544.29	0.000	0.035	0.010	540.72	0.000
25	-0.029	0.008	545.36	0.000	-0.030	0.008	541.82	0.000
26	-0.002	-0.041	545.36	0.000	-0.004	-0.043	541.85	0.000
27	0.043	-0.005	547.68	0.000	0.048	-0.001	544.71	0.000
28	-0.037	0.054	549.41	0.000	-0.041	0.058	546.79	0.000
29	-0.023	-0.032	550.05	0.000	-0.024	-0.031	547.54	0.000
30	0.057	-0.024	554.18	0.000	0.062	-0.018	552.45	0.000
31	-0.021	0.012	554.74	0.000	-0.027	0.014	553.37	0.000
32	-0.019	0.034	555.21	0.000	-0.014	0.036	553.60	0.000
33	0.002	-0.022	555.21	0.000	-0.003	-0.027	553.61	0.000
34	0.026	-0.040	556.08	0.000	0.032	-0.039	554.90	0.000
35	0.006	0.060	556.13	0.000	-0.001	0.051	554.90	0.000
36	-0.060	0.039	560.65	0.000	-0.047	0.045	557.77	0.000

Source compiled from: Eviews 9

\*significant at 5 per cent level

Table No. 3 reveals the result of autocorrelation for BSE SENSEX and NSE NIFTY returns during the period from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2017. It has 36 Lags with Q statistics and Probability.

The autocorrelation of BSE SENSEX has a positive coefficient value of 0.053, 0.107, 0.038, 0.061, 0.089, 0.008, 0.021, 0.044, 0.009, 0.040, 0.001, 0.029, 0.044, 0.032, 0.043, 0.057, 0.002, 0.026, and 0.006 with lags of

2, 3, 5, 7, 9, 11, 12, 14, 15, 17, 18, 20, 22, 24, 27, 30, 33, 34, and 35 respectively. It is to be noted that out of 36 lags, 19 lags were positive coefficient values. And the remaining 17 lags recorded negative coefficient values. Similarly, Partial Autocorrelation has a positive coefficient value of 0.009, 0.009, 0.008, 0.054, 0.012, 0.034, 0.060, and 0.039 with lags of 20, 24, 25, 28, 31, 32, 35, and 36 respectively. It is to be noted that out of 36 lags, 9 lags were positive coefficient values. And the remaining 27 lags recorded negative coefficient values.

The autocorrelation of NSE NIFTY has a positive coefficient value of 0.054, 0.103, 0.044, 0.066, 0.086, 0.031, 0.043, 0.009, 0.039, 0.005, 0.018, 0.040, 0.035, 0.048, 0.062, and 0.032 with lags of 2, 3, 5, 7, 9, 12, 14, 15, 17, 18, 20, 22, 24, 27, 30, and 34 respectively. It is to be noted that out of 36 lags, 19 lags were positive coefficient values. And the remaining 17 lags recorded negative coefficient values. Similarly, Partial Autocorrelation has a positive coefficient value of 0.003, 0.010, 0.008, 0.058, 0.014, 0.036, 0.051, and 0.045 with lags of 20, 24, 25, 28, 31, 32, 35, and 36 respectively. It is to be noted that out of 36 lags, 9 lags were positive coefficient values. And the remaining 27 lags recorded negative coefficient values.

The Ljung–Box Q–statistic of 36 lags having insignificant with 5 per cent level that, indicate daily returns of the BSE SENSEX and NSE NIFTY are not serially correlated. And the AC and PAC values are exceed from the line which means no serial correlation. Hence, Null Hypothesis “There is no serial correlation in the BSE SENSEX and NSE NIFTY”, is rejected. Therefore, no serial correlation leads to efficient market and not in Weak form efficiency. It is suggested that the investor can earn an abnormal return from BSE SENSEX and NSE NIFTY.

**Table No 4: ARCH AND GARCH MODELS**

S. No	Name of the Index	Coefficients – GARCH (1,1)						
		Mean Equation	Variance Equation			ML ARCH – Normal distribution Method		
		$\omega_0$	$\alpha$	$\beta_1$	AIC	SIC	Log likelihood	
1	BSE SENSEX	0.000537	0.043309	0.928867*	-6.555850	-6.539292	4058.793	
2	NSE NIFTY	0.000567	0.048065	0.920387*	-6.521539	-6.504981	4037.572	
S.No	Name of the Index	Coefficients – EGARCH (1,1)						
		Mean Equation	Variance Equation			ML ARCH – Normal distribution Method		
		$\omega_0$	$\alpha$	$\gamma_1$	$\beta_1$	AIC	SIC	Log likelihood
1	BSE SENSEX	0.000339	0.076220	-0.097734	0.967710*	-6.590385	-6.569688	4081.153
2	NSE NIFTY	0.000365	0.075826	-0.103700	0.966808*	-6.559123	-6.538426	4061.818
S.No	Name of the Index	Coefficients – TGARCH / TARCH (1,1)						
		Mean Equation	Variance Equation			ML ARCH – Normal distribution Method		
		$\omega_0$	$\alpha$	$\gamma_1$	$\beta_1$	AIC	SIC	Log likelihood
1	BSE SENSEX	0.000380	-0.011508	0.109925	0.914970*	-6.580564	-6.559867	4075.079
2	NSE NIFTY	0.000403	-0.014618	0.124392	0.907142*	-6.549044	-6.528347	4055.584

Source compiled from: Eviews 9 \*significant at 5 per cent level

Note:  $\omega_0$ : constant in the model represents a long-run average,

$\alpha$ : The ARCH term which is the lag of the squared residuals from the mean equation represents news about Volatility from the previous period,

$\beta_1$ : The GARCH term is the last periods forecast variance,

$\gamma_1$ : Correlation between the realized volatility and the historical return. (Leverage effect)

$\gamma_2$ : Takes the value of 1 if  $\varepsilon_t$  is negative and 0 otherwise, identifying “good news” and “bad news” has a different impact.

Table No.4 indicates that GARCH, EGARCH, and TGARCH Models. The GARCH model shows the conditional Mean or Variance. The EGARCH model delivers whether leverage effect exist or not. And, the Tarch Model identifying the Good news or Bad news. The ARCH effect is significant for BSE SENSEX and NSE NIFTY based on the ARCH-LM test, and the GARCH effect is significant for BSE SENSEX and NSE NIFTY. According to Log-l values are Positive (higher) and AIC & SIC values are Negative (lower) for the BSE SENSEX and NSE NIFTY. Therefore, there is a positive sign in the GARCH, EGARCH and TARCH models. To find out the asymmetries in terms of positive and negative implication, the TGARCH (1,1) model was used. The result shows that the average value of GARCH and EGARCH models showing low volatility. Because, average values are less than one. But, in the case of TARCH Model showing high volatility because the average values are more than one. Similarly, the positive shock (at 5 per cent level of significance) has high

impact on conditional variance compared to negative shock. Therefore, there is a presence of volatility from BSE SENSEX and NSE NIFTY. Hence, there exists Null hypothesis "There is no volatility in BSE SENSEX and NSE NIFTY" is rejected.

### FINDINGS AND SUGGESTIONS

The findings of the study explain about ADF and PP test, Runs test, Autocorrelation test, and ARCH and GARCH models. The ADF and PP test shows the stationary for the BSE SENSEX and NSE NIFTY. The Runs test partly shows that the Random distribution or Random walk from the BSE SENSEX and Non-Random walk for NSE NIFTY, the Autocorrelation test describes positive correlation from BSE SENSEX and NSE NIFTY and AC and PC coefficients are above the line which means there is no serial correlation from these two indices and investor or a financial analyst possible to earn return from the investment. The GARCH, EGARCH and TGARCH models analysed that the high positive shock compared to Negative shock. Therefore, an investor can have a chance to earn an abnormal return from these indices (i.e.,) BSE SENSEX and NSE NIFTY.

### CONCLUSION

The market efficiency and volatility are the major parameters for the stock market predictions. In India, the BSE and NSE stock markets are giving enormous platform to the investors. This study analyses that the weak form efficiency in BSE AND NSE major indices i.e. S&P BSE SENSEX and CNX NIFTY for the period of 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2017. The ADF and PP test shows Stationarity in Return Series and the Runs test and Autocorrelation test applied to test the weak form efficiency. The ARCH and GARCH Models used for testing Volatility. The study concludes that the BSE SENSEX index and NSE NIFTY companies are not in weak form efficiency and presence of high volatility arrived from ARCH and GARCH Models. This gives suggestions to the investors to make their investment in a better way for maximizing their returns from the BSE SENSEX and NSE NIFTY indices constituent companies.

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**EXTERNAL FACTORS OF MOTIVATION IN PRESENT JOB: A STUDY ON WOMEN SALES  
FORCE WORKING IN THE UNORGANIZED SHOPS IN TIRUCHIRAPPALLI CITY**

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**ABSTRACT**

*According to "DALE CARNEGIE" "Happiness doesn't depend on any external conditions, it is governed by our mental attitude.". In general, the labour force is categorized all over the world as Organized and Unorganized labourers.*

*The workers who belong to the organized sector are formal in nature with regular employment and regulated wage packages. The unorganized labourers refers to the workers in enterprises whose activities are not regulated under any legal provision or they do not maintain any regular accounts.*

*The generally comprises of daily wage earners, small traders, vendors, labourers and temporary workers in small jobs.*

*There are various definition of the informal sector framed by organizations, federations, individual etc. A number of studies have been conducted to assess the size and employment structure of this sector in different urban localities during the late eighties and early nineties. The ILO Mission reported that, informal sector activities are largely ignored, rarely supported, often regulated and sometimes actively discouraged by the government.*

*The first National Commission on Labour (NCL), under the Chairmanship of Justice Gajendragadkar, defined the unorganized sector as the part of the workforce who have not been able to organized in pursuit of a common objective because of constraints such as (a) casual nature of employment, (b) ignorance and illiteracy, (c) small size of establishment with low capital investment per person employed, (d) scattered nature of establishment and (e) superior strength of the employer operating singly or in combination. The commission listed 'illustrative' categories of unorganized labour: They are: (i) contract labour including construction workers; (ii) casual labour; (iii) labour employed in small scale industry; (iv) handloom / power loom workers; (v) beedi and cigar workers (vi) employees in shops and commercial establishments; (vii) sweepers and scavengers; (viii) workers in tanneries; (ix) tribal labour; and (x) other unprotected labour.*

*According to the Central Statistical Organization, all unincorporated enterprises and household industries (other than organized ones) which are not regulated by law and which do not maintain annual accounts or balance sheet constitute the unorganized sector.*

*Indian economy is characterized by the existence of high level of informal or unorganized labour employment. The concept of permanent job is disappearing and more people are engaged in temporary jobs.*

*Keywords: Women Sales Force, External Factors, Motivation and so on.*

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**INTRODUCTION**

*According to "DALE CARNEGIE" "Happiness doesn't depend on any external conditions, it is governed by our mental attitude.". In general, the labour force is categorized all over the world as Organized and Unorganized labourers.*

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According to the Central Statistical Organization, all unincorporated enterprises and household industries (other than organized ones) which are not regulated by law and which do not maintain annual accounts or balance sheet constitute the unorganized sector.

Indian economy is characterized by the existence of high level of informal or unorganized labour employment. The concept of permanent job is disappearing and more people are engaged in temporary jobs.

**Helen Fisher (1999)** has found that five qualities like communication skill, people skills, web thinking, consensus building and the ability to have good relation make women unique and can prove very important to their success.

**Jhabvala R and S. Sinha (2002)** points out to the favourable impact of globalization on those women (and men) who are better endowed with resources, can take advantage of these opportunities. The implication of course is increasing inequality in opportunities among women.

**Emavady.V (2002)** found that some of the marital adjustment variables influence the preference of coping techniques. The variables, marital status, number of dependents and moral support from spouse and family members discriminate the coping techniques adopted by the working women.

**Lisa Ee Jia Lau (2006)** argued that the rapid evolution of the new Indian women, defined as an urban, educated middle classes Indian women, whose development paralleled the equally rapid growth of the Middle in India. It explores the double edged positional of women negotiating their societal roles and places, within and without the family and home.

**Ryo Kambayashi, Daiji Kawaguchi, Izumi Yokoyama (2002)** observed that the aging of the population cannot explain the recent increase in wage inequalities among males. As for females, gradual increase in college educated and long tenured workers make the female full-time workers more heterogeneous. The increase in the heterogeneity of female workers is consistent with the emergency of career oriented women in the last twenty years in Japan.

**Yasmin (2009)** studied the morale of women employees, suggested that the different establishments may create better service conditions and good working environment to improve the morale of women employees in unorganized sector.

### **NEED AND IMPORTANCE OF THE STUDY**

In the recent years global economy changes the way of people doing the business. The impact of Information Technology and internet facilities interlinked world market. Online marketing, the paradigm in marketing changes every business processes.

This new marketing technology has been used only by the large size shops and establishments. On the other hand, shops with minimum capital that do not need to utilize this technology have to depend on cheap and skilled work force. Thereby, there prevails a high demand for labour force. This demand is fulfilled by the young women who need to share the responsibility of the family.

The experiences they gain from these shops do not result in the form of self-employment. Pursuing higher studies is not easy as they have to work for seven days in a week and their lower level of education does not impart greater consciousness of their rights and privileges.

The need to do research on this aspect arises due to the non-existence of registered or approved institutions or associations for the female workers in unorganized sector with special reference to women folk working in shops and establishments. A few large size establishments are not listed under the sales tax or income tax using the sales turnover as limiting factor.

### **OBJECTIVES**

The present research has been undertaken with the following objectives.

1. to indicate women workers as regarding External Factors for More Holidays



2. to point to women workers as regarding External Factors For More Salary
3. to point out women workers as regarding External Factors For Nearness to home
4. to specify women workers as regarding External Factors For More Customer Relationship
5. to indicate women workers as regarding External factors for Social Contact
6. to point to women workers as regarding External factors for Less Physical Work.

**Table – 01: Opinion as Regarding External Factors for More Holidays – Wise Classification of the Respondents**

HOLIDAYS	NO OF RESPONDENTS	PERCENTAGE
Strongly Agree	8	6.66
Agree	8	6.66
Neutral	10	8.33
Disagree	42	35
Strongly disagree	52	43.33
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field data

It could be inferred from the *Table – 01* that, [6.66 Percent] of the 8 respondents of the Strongly agree in motivated factors into more holidays, [6.66 Percent] of the 8 respondents are Agree in motivated factors into more holidays, [8.33 Percent] of the 10 respondents are Neutral in motivated factors into more holidays, [35 Percent] of the 42 respondents are Disagree and the remaining [43.33 Percent] of the 52 respondents are Strongly disagree in motivated factors into more holidays.

Hence it could be observed that, [43.33 Percent] of the 52 respondents are Strongly disagree in motivated factors into more holidays.

**Table - 02: Opinion As Regarding External Factors For More Salary - Wise Classification Of The Respondents**

SALARY	NO OF RESPONDENTS	PERCENTAGE
Strongly Agree	5	4.16
Agree	13	10.83
Neutral	13	10.83
Disagree	47	39.16
Strongly disagree	42	35
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field data

It could be found from the *Table – 02* that, [4.16 Percent] of the 5 respondents of the Strongly agree in motivated factors into more salary, [10.83 Percent] of the 13 respondents are Agree in motivated factors into more salary, [10.83 Percent] of the 13 respondents are Neutral in motivated factors into more salary, [39.16 Percent] of the 47 respondents are Disagree in motivated factors into more salary, and the remaining [35 Percent] of the 42 respondents are Strongly disagree in motivated factors into more salary.

Hence it could be ascertained that, [39.16 Percent] of the 47 respondents are Disagree in motivated factors into more salary.

**Table - 03: Opinion as Regarding External Factors for Nearness To Home – Wise Classification of the Respondents**

HOME	NO OF RESPONDENTS	PERCENTAGE
Strongly Agree	5	4.16
Agree	10	8.33
Neutral	42	35
Disagree	40	33.33
Strongly disagree	23	19.16
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field data

It could be understood from the *Table – 03* that, [4.16 Percent] of the 5 respondents of the Strongly agree in motivated factors into nearness to home, [8.33 Percent] of the 10 respondents are Agree in motivated factors into nearness to home, [35 Percent] of the 42 respondents are Neutral in motivated factors into nearness to

home, [33.33 Percent] of the 40 respondents are Disagree in motivated factors into nearness to home, and the remaining [19.16 Percent] of the 23 respondents are Strongly disagree in motivated factors into nearness to home.

Hence it could be inferred that, [35 Percent] of the 42 respondents are Neutral in motivated factors into nearness to home.

**Table - 04: Opinion as Regarding External Factors for Customer Relationship – Wise Classification of the Respondents**

CUSTOMER	NO OF RESPONDENTS	PERCENTAGE
Strongly Agree	4	3.33
Agree	55	45.83
Neutral	44	36.67
Disagree	10	8.33
Strongly disagree	9	7.50
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field data

It could be found from the *Table – 04* that, [3.33 Percent] of the 4 respondents of the Strongly agree in motivated factors into customer relationship, [45.83Percent] of the 55 respondents are Agree in motivated factors into customer relationship, [36.67Percent] of the 44 respondents are Neutral in motivated factors into customer relationship, [8.33 Percent] of the 10 respondents are Disagree in motivated factors into customer relationship, and the remaining [7.50 Percent] of the 9 respondents are Strongly disagree in motivated factors into customer relationship.

Hence it could be found that, [45.83Percent] of the 55 respondents are Agree in motivated factors into customer relationship.

**Table - 05: Opinion as Regarding External Factors for Social Contact – Wise Classification of the Respondents**

SO CIAL	NO OF RESPONDENTS	PERCENTAGE
Strongly Agree	5	4.167
Agree	3	2.50
Neutral	11	9.167
Disagree	29	24.167
Strongly disagree	72	60
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field data

It could be ascertained from the *Table – 05* that, [4.167 Percent] of the respondents of the Strongly agree in motivated factors into social contact, [2.50 Percent] of the 8 respondents are Agree in motivated factors into social contact, [9.167 Percent] of the 11 respondents are Neutral in motivated factors into social contact, [24.167 Percent] of the 29 respondents are Disagree in motivated factors into social contact, and the remaining [60 Percent] of the 72 respondents are Strongly disagree in motivated factors into social contact.

Hence it could be observed that, [60 Percent] of the 72 respondents are Strongly disagree in motivated factors into social contact.

**Table - 06: Opinion As Regarding External Factors for Physical Work – Wise Classification of the Respondents**

PHYSICAL WORK	NO OF RESPONDENTS	PERCENTAGE
Strongly Agree	6	5
Agree	10	8.33
Neutral	13	10.83
Disagree	31	25.83
Strongly disagree	61	50.83
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Field data

It could be observed from the *Table – 06* that, [6 Percent] of the 5 respondents of the Strongly agree in motivated factors into physical work, [8.33 Percent] of the 10 respondents are Agree in motivated factors into

physical work, [10.83 Percent] of the 13 respondents are Neutral in motivated factors into physical work, [25.83 Percent] of the 31 respondents are Disagree in motivated factors into physical work, and the remaining [50.83 Percent] of the 61 respondents are Strongly disagree in motivated factors into physical work.

Hence it could be understood that, [50.83 Percent] of the 61 respondents are Strongly disagree in motivated factors into physical work.

### **FINDINGS**

1. it could be observed that, [43.33 Percent] of the 52 respondents are Strongly disagree in motivated factors into more holidays.
2. it could be ascertained that, [39.16 Percent] of the 47 respondents are Disagree in motivated factors into more salary.
3. it could be inferred that, [35 Percent] of the 42 respondents are Neutral in motivated factors into nearness to home.
4. it could be found that, [45.83Percent] of the 55 respondents are Agree in motivated factors into customer relationship.
5. it could be observed that, [60 Percent] of the 72 respondents are Strongly disagree in motivated factors into social contact.
6. it could be understood that, [50.83 Percent] of the 61 respondents are Strongly disagree in motivated factors into physical work.

### **SUGGESTION**

Though the labour unions are fighting for their rights, it is applicable only to the organized workers and the unorganized workers are simply denied with all these leave rules and facilities. For celebrations, special occasions or even for emergencies, they have to lose their pay if they want to take leave.

The workers can work with their fullest capacity if they are provided with Better working conditions. It is completely neglected in many of the unorganized sectors. The employers should provide the coir workers with rest room and recreational facilities. The concerned authorities can take necessary steps to monitor and improve the same so that more people can attracted towards it.

### **CONCLUSION**

This study will investigate what elements following. External Factors Of Motivation In Present Job A Study on Women Sales Force Working in the Unorganized Shops in Tiruchirappalli City. The results of the study will identify what elements of the process encouraged participants to accept feedback and recognize the need for development, and what follow-up activities encouraged women working unorganized shops. The exploitation of female labourers in rural regions happens both horizontally and vertically. As women in a vulnerable and impoverished sector, they face the additional inequalities of gender. A women raise in economic status, they will gain greater social standing in the household and the village, and will have greater voice. Better access to credit and higher incomes and can command attention of the public when there is a need.

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**GERMAN FOREIGN DIRECT INVESTMENT IN INDIA: AN EMPIRICAL ANALYSIS OF THE SERVICE SECTOR**

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**ABSTRACT**

*Elucidation for the fast-growing FDI statistics embrace the expansions of trade in intermediate inputs and FDI in services, mostly due to the global decline of trade barriers as well as the radical fall of transport and communication costs. Coming to the sectoral disaggregation of India's national income, it shows that the service sector has been growing relatively faster than the primary and secondary sector. Since liberalization service sector worked as a tool to boost economic growth of the country. As Germany is one of the most important trade, investment and technology partner for India, investment from Germany have shown surge in recent years. Germany is the 7<sup>th</sup> largest foreign direct investor in India since January 2000. Sectors like services, chemicals, automobiles, trading and electric equipment were main sectors for German Investment in India.*

*Therefore, the present study is an attempt to identify and analyze the impact of service sector FDI inflows in India from Germany on the services trade in India, both in the long run as well as short run through econometric methodology like Vector Auto Regression, Vector Error Correction Model & Wald Test.*

*Keywords: Foreign Direct Investment, German FDI, Service Exports, Service Imports, Service Sector.*

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**INTRODUCTION**

The world today has transform from an old industrialized society to a society dominated by information technology, knowledge and services (Dicken 2003). Investments in the production of goods and services abroad are a widespread phenomenon that is closely associated to the progression of worldwide economic integration. Elucidation for the fast-growing FDI statistics embrace the expansions of trade in intermediate inputs and FDI in services, mostly due to the global decline of trade barriers as well as the radical fall of transport and communication costs.

Coming to the sectoral disaggregation of India's national income, it shows that the service sector has been growing relatively faster than the primary and secondary sector. Since liberalization service sector worked as a tool to boost economic growth of the country. The Indian service sector accounts for more than half of India's GDP. According to the Department of Industrial Policy and Promotion statistics (DIPP), the Indian service sector has attracted the highest amount of FDI equity inflows during the period April 2000 to March 2016, amounting to about US\$ 50.79 billion which is about 18 percent of the total foreign investment inflows.

As Germany is one of the most important trade, investment and technology partner for India, investment from Germany have shown surge in recent years. Germany is the 7<sup>th</sup> largest foreign direct investor in India since January 2000. Sectors like services, chemicals, automobiles, trading and electric equipment were main sectors for German Investment in India. Therefore, the present study takes an initiative to highlight the German FDI scenario in India and further focuses on the FDI inflows coming from Germany to the service sector of India through analyzing its impact on the service export and import of India.

**LITERATURE REVIEW**

Findlay (1978) put forward that FDI can improve the productivity of the host country by providing the more advanced management techniques and technologies of foreign firms to local firms. Previous research also provided strong arguments that developing and transition countries recorded a strong investment jump through the advantages they get after FDI penetration like technological transfer, industrial reorganization, development of labor force skills, influencing the production, incomes, prices and the entire economy (Ranjan & Agrawal, 2011; Accolley, 2003). Development of agriculture and industry along with service-sector will bring real sustainability and social-justice in the economy and with this approach growth will be made more inclusive and well-distributed (Banga, 2005; Atreja, 2013). Decrease in the share of employment with an increase in GDP share, creating poverty leading to worsening of inequality, concentrated growth, mismatch between the level of output and the level of employment are some of the problematic issues with the growth of service sector which are highlighted. Accordingly, the mindset regarding the role of service sector should be set in the light of these problems (Aggarwal, 2012; Prasad, Sathish., & Singh, 2014).).

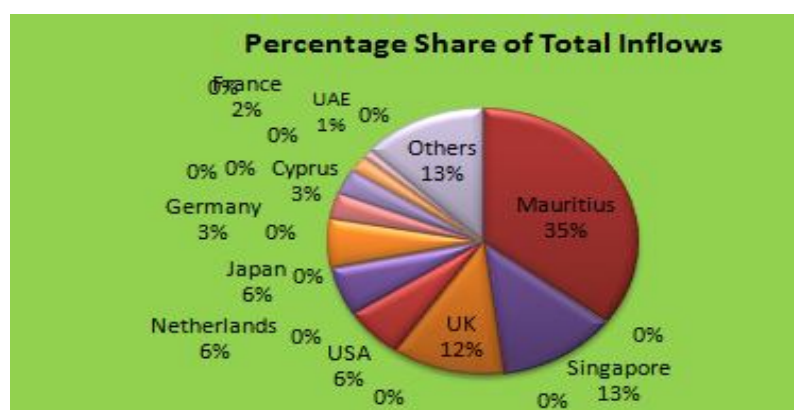
German equity participation in developing countries and the investment behavior of German investors with that of foreign investors from other source countries discloses that the reaction of German investors to economic

problems of host countries was not as pronounced as the response of investors from other source countries. Accordingly, economic reforms are indispensable in developing countries experiencing serious economic problems in order to restore their overall attractiveness for foreign capital (Agarwal, Gubitz & Nunnenkamp, 1991). In the context of India and Germany, policy uncertainty, rigid regulations and differences in technical and product standards are key barriers to bilateral investment flows. Further there are cultural and language barriers and lack of knowledge about the present policies and incentives in the two countries. Some of the barriers can be addressed through domestic reforms and trade negotiations. Also there is need to enhance inter-government cooperation, government industry interactions and knowledge sharing between the two countries to assist investment flows (Goyal, Goswami and Solomon, 2014).

### GERMAN FDI IN INDIA: AN OVERVIEW

Germany has been an important trade & development, investment & technology partner for India even before the economic reforms and liberalization of 1991 happened. Ever since Germany is a key trade and investment partner for India, several measures have been taken by the two countries to facilitate investment flows. In 1998, Germany signed a Bilateral Investment Promotion Agreement (BIPA) with India that aims to facilitate promotion and protection of investments in the two countries. India also has signed a Double Taxation Avoidance Agreement (DTAA) with Germany (1998).

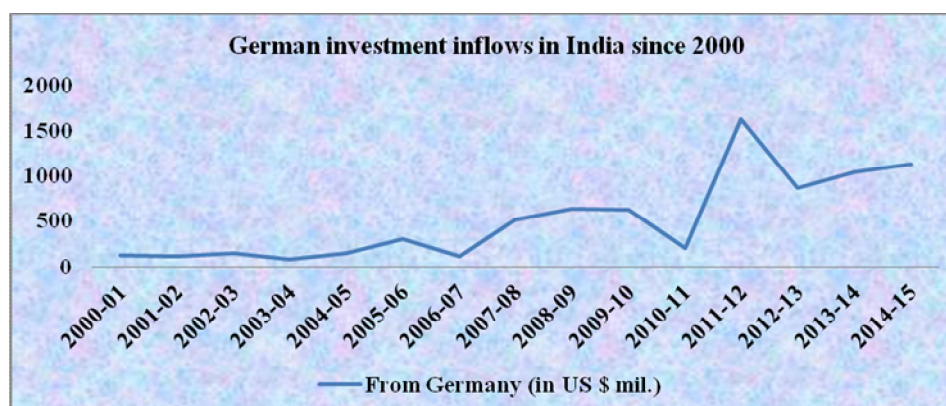
Germany is the 7th largest foreign direct investor in India since 1991. The share of German FDI in India as a percentage of total investment inflows accounted for 3 % (Figure 1). German FDI inflows in India from April 2014 to March 2015, was to the tune of US\$ 8.3billion. Germany's total FDI in India from August 1991 until March 2015 amounted to US\$ 8316 million (Yadav, 2016, DIPPI).



**Figure 1: Percentage share of countries in total FDI inflows of India since liberalization**

Source: Prepared by the researcher through data collected from Department of Industrial Policy & Promotion

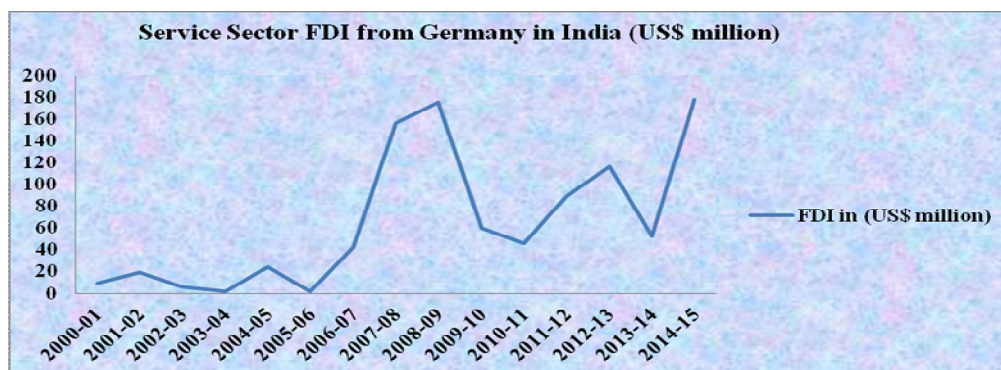
As against the FDI approved for all countries from August 1991 to March 2015 worth US \$117,841.1 million, the amount approved for Germany was US \$13,383.04 million (11.4%) during the same period. This FDI inflow from Germany represents around 12% of the total cumulative inflows received from Germany in India.



**Figure 2: Patterns of German Investment inflows in India**

Source: Prepared by the researcher through data collected from Department of Industrial Policy & Promotion

An analysis of the foreign direct investment (FDI) equity inflows in service sector, received in India, since 2000, shows that the FDI inflows have risen substantially. FDI inflows received during 2000-01 to 2014-15 were Rs. 4,840.89 crores (US\$ 975.90 million) (Table 3).



**Figure 3: Patterns of FDI inflows in Service Sector of India from Germany**

Source: Prepared by the researcher through data collected from Department of Industrial Policy & Promotion

### OBJECTIVES OF THE STUDY

1. To analyze the long run as well as short run causal association of service sector FDI inflows in India from Germany (SFDIG) on the services exports from India (EXS).
2. To examine the long run as well as short run causal association of service sector FDI inflows in India from Germany (SFDIG) on the services imports in India (IMS).

### HYPOTHESES OF THE STUDY

- H<sub>01</sub> : Co-integration (or long run association) between SFDIG and EXS does not exists.
- H<sub>02</sub> : There is no long run causality running from SFDIG to EXS.
- H<sub>03</sub> : There is no short run causality running from SFDIG to EXS.
- H<sub>04</sub> : Co-integration (or long run association) between SFDIG and IMS does not exists.
- H<sub>05</sub> : There is no long run causality running from SFDIG to IMS.
- H<sub>06</sub> : There is no short run causality running from SFDIG to IMS

### RESEARCH METHODOLOGY

Sources of data are secondary and the data has been collected from Department of Industrial Policy and Promotion and Services Export Promotion Council of India (SEPC). The study is based on sample period from 2000-01 to 2015-16 for variables SFDIG, EXS and IMS.

### VARIABLES OF THE STUDY

**Table 1: Service sector FDI inflows in India from Germany (SFDIG), Services Exports from India (EXS) and Services Imports in India (IMS)**  
(Amount in Rs. Crore.)

Year	SFDIG	EXS	IMS
2000-01	41.00	745.55	666.5
2001-02	85.64	817.39	658.5
2002-03	26.22	1004.19	827.75
2003-04	9.81	1231.75	767.91
2004-05	111.88	1937.11	1248.8
2005-06	7.42	2556.68	1530.57
2006-07	191.27	3330.93	2000.29
2007-08	638.59	3630.42	2067.98
2008-09	756.75	4880.12	2396.06
2009-10	282.90	4545.8	2833.85
2010-11	208.18	5672.73	3067.14
2011-12	426.63	6843.65	3764.84
2012-13	630.22	7924.88	4392.71
2013-14	315.59	9192.5	4763.82
2014-15	1108.78	9671.92	4988.77
2015-16	4840.89	10104.46	5546.17

Source: Department of Industrial Policy & Promotion, Government of India and Services Export Promotion Council, Ministry of Commerce & Industry, Government of India.

**TECHNIQUES APPLIED**

Econometric techniques have been applied to interpret the causal relationship between the variables of the study. It started with testing of stationarity of data through Augmented Dickey Fuller test (Dickey & Fuller, 1981). Further Johansen Cointegration test (Johansen, 1991) is used to test the long run association among the variables. And finally, Vector Autoregressive models and Wald Test have been used to check the direction of causality from one variable to another.

**DATA ANALYSIS AND INTERPRETATION**

For the analysis purpose all the variables have been taken in log terms to neutralize the unit effect and also to make interpretation in proportionate terms. For the stationarity test, the Augmented Dickey Fuller Test statistics has been conducted. After finding out the level of integration, the next step is to find out whether there is existence of co-integration (or long run association) between the variables or not.

There are different approaches and techniques for cointegration tests. In our study we check the cointegration using Johansen test. This test is based on maximum likelihood estimation and two statistics: maximum eigenvalues and a trace statistics.

In the first case, the hypothesis set so forth attempts to test whether there is existence of co-integration (or long-run association) between service sector FDI inflows from Germany to India (SFDIG) and Services exports from India, or not. For this purpose, Johansen co-integration test has been applied on the log values of both the variables. The results of Johansen co-integration test on level data (or original data) of the two variables at lag length of 2 has been derived on the basis of Trace Statistics and Maximum Eigen (Max Eigen) Statistics.

**Table 2: Unrestricted Cointegration Rank Test (Trace)**

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None*	0.729001	24.50486	15.49471	0.0017
At most 1*	0.439737	7.531543	3.841466	0.0061

Trace test indicates 2 cointegrating eqn(s) at the 0.05 level

\* denotes rejection of the hypothesis at the 0.05 level

\*\*MacKinnon-Haug-Michelis (1999) p-values

Source: Generated by the researcher using Eviews

Taking linear deterministic trend, a lag interval in first differences up to 2 and the MacKinnon-Haug-Michelis (1999) p-values, we see that the null hypothesis of no cointegrating relationship can be rejected at the five percent level (trace statistic = 24.50, 7.53 is > critical value = 15.49, 3.84, respectively) (table 2).

**Table 3: Unrestricted Cointegration Rank Test (Maximum Eigenvalue)**

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None*	0.729001	16.97332	14.26460	0.0182
At most 1*	0.439737	7.531543	3.841466	0.0061

Max-eigenvalue test indicates 2 cointegrating eqn(s) at the 0.05 level

\* denotes rejection of the hypothesis at the 0.05 level

\*\*MacKinnon-Haug-Michelis (1999) p-values

Source: Generated by the researcher using Eviews

The table (3) above provides the results, which reject the null hypothesis (max Eigenvalue statistic = 16.97, 7.53 > critical value = 14.26, 3.84, respectively). The presence of cointegration shows that the variables are related to each other in the long term.

Based on the results we can say that we have non-stationary and cointegrated time series, in such case it is not possible to use a standard VAR-approach but the VEC model will be appropriate. The Vector Error correction model is just a special case of the VAR for variables that are stationary in their differences.

To check whether lnSFDIG influences lnEXS, vector-error correction model has been applied.

H<sub>02</sub>: There is no long run causality running from SFDIG on EXS.



**Table 4: VECM model estimation results**

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	-0.024174	0.009846	-2.455233	0.0494
C(2)	-0.841667	0.293998	2.862831	0.0287
C(3)	-0.358591	0.314718	-1.139402	0.2980
C(4)	0.132616	0.056195	2.359930	0.0563
C(5)	0.071705	0.030883	2.321815	0.0593
C(6)	-0.040994	0.038942	-1.052697	0.3330
R-squared		0.742781	Mean dependent var	-0.013375
Adjusted R-squared		0.528432	S.D. dependent var	0.190396
S.E. of regression		0.130746	Akaike info criterion	0.924265
Sum squared resid		0.102567	Schwarz criterion	0.681811
Log likelihood		11.54559	Hannan-Quinn criter	1.014030
F-statistic		3.465289	Durbin-Watson stat	1.181396
Prob(F-statistic)		0.051091		

Source: Generated by the researcher using Eviews

Every VECM environment has an equation for each of the variables; our main interest was the equation where service export at its first difference is the dependent variable and SFDIG at its first difference is independent variable. The coefficient value of C (1) is -0.02 with t-Statistic value of -2.45 and p-value of 0.04 showing the speed of adjustment of variables in the long run (Table 4). Based on the p-value which is significant at 5 percent level and negative coefficient sign signifies that the corresponding independent variable has a significant effect on the dependent variable leading to rejection of null hypothesis  $H_{02}$ . However, the model has an  $R^2$  of 74.27 percent indicating that it is nicely fitted, a DW-value of 1.18 showing that the residuals in the model are not serially or auto correlated.

There is a strong linkage between model firmness, forecasting and policy analysis statistically. The study has done model diagnostic check through normality test, Breush-Godfrey Serial Correlation LM Test, Breusch-Pagan-Godfrey Heteroskedasticity test.

#### WALD TEST

To check the short run causality Wald Test has been used. Null hypothesis is as follows:

$H_{03}$ : C (3) = 0 or There is no short run causality running from SFDI to EXS

**Table 5: Wald Test Result**

Test Statistic	Value	Df	Probability
F-statistic	2.940679	(2, 6)	0.1288
Chi-square	5.881357	2	0.0528
Null Hypothesis: C(4)=C(5)=0			
Null Hypothesis Summary:			
Normalized Restriction (= 0)		Value	Std. Err
C(4)		0.132616	0.056195
C(5)		0.071705	0.030883
Restrictions are linear in coefficients			

Source: Generated by the researcher using Eviews

Here Wald Test has been used to check the short run causality from SFDIG to EXS. The result of the test (Table 5) shows that the p-value is 5.28% which is more than 5%, leading to acceptance of null hypothesis. Therefore, the above result signifies that there is no short run causality running from SFDIG to EXS.

In the second case, the hypothesis set so forth attempts to test whether there is existence of co-integration (or long-run association) between service sector FDI inflows from Germany to India (SFDIG) and Services imports in India, or not.

$H_{04}$ : Co-integration (or long run association) between SFDIG and IMS does not exists.

The results of Johansen co-integration test on level data (or original data) of the two variables at lag length of 1 has been derived on the basis of Trace Statistics and Maximun Eigen (Max Eigen) Statistics.



**Table 6: Unrestricted Cointegration Rank Test (Trace)**

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None	0.487984	11.35716	15.49471	0.1905
At most 1	0.132228	1.985569	3.841466	0.1588

Trace test indicates no cointegration at the 0.05 level

\* denotes rejection of the hypothesis at the 0.05 level

\*\*MacKinnon-Haug-Michelis (1999) p-values

Source: Generated by the researcher using Eviews

Taking linear deterministic trend, a lag interval in first differences up to 1 and the MacKinnon-Haug-Michelis (1999) p-values, we see that the null hypothesis of no cointegrating relationship has been accepted at the five percent level (trace statistic = 11.35, 1.98 is < critical value = 15.49, 3.84, respectively).

**Table 7: Unrestricted Cointegration Rank Test (Maximum Eigenvalue)**

Hypothesized No. of CE(s)	Eigenvalue	Max-Eigen Statistic	0.05 Critical Value	Prob.**
None	0.487984	9.371591	14.26460	0.2565
At most 1	0.132228	1.985569	3.841466	0.1588

Max-eigenvalue test indicates no cointegration at the 0.05 level

\* denotes rejection of the hypothesis at the 0.05 level

\*\*MacKinnon-Haug-Michelis (1999) p-values

Source: Generated by the researcher using Eviews

Based on the results, we have non-stationary and non-cointegrated time series, in such case it will be appropriate to use a standard VAR-approach, which will show the relationship among the variables, with the lag of 1.

H<sub>05</sub>: There is no long run causality running from service sector FDI from Germany (SFDIG) to services imports to India (IMS).

The study has done model diagnostic check through normality test, Breush-Godfrey Serial Correlation LM Test, Breusch-Pagan-Godfrey Heteroskedasticity test.

**Table 8: Vector Auto Regression Result**

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	0.138346	0.291069	0.475305	0.6439
C(2)	-25.37931	42.19849	-0.601427	0.5597
C(3)	312.3847	106.8606	2.923291	0.0139
R-squared	0.041072	Mean dependent var	349.1193	
Adjusted R-squared	-0.133278	S.D. dependent var	214.0204	
S.E. of regression	227.8366	Akaike info criterion	13.88254	
Sum squared resid	571004.6	Schwarz criterion	14.01948	
Log likelihood	-94.17781	Hannan-Quinn criter	13.86987	
F-statistic	0.235573	Durbin-Watson stat	2.093517	
Prob(F-statistic)	0.794003			

Source: Generated by the researcher using Eviews

Considering the whole model, it was not significant with F-statistics 0.2355 and p-value of 0.6439. The Durbin-Watson (DW) statistics of 2.0935 shows that there is no problem of autocorrelation in the model estimated. From the table, the explanatory variable accounted for about 4.12 percent of total variation in services imports in India. The result therefore, shows that the null hypothesis H<sub>05</sub> has been accepted.

## WALD TEST

**Table 9: Wald Test Result**

Test Statistic	Value	df	Probability
t-statistic	-0.601427	11	0.5597
f-statistic	0.361714	(1, 11)	0.5597
Chi-square	0.361714	1	0.5476
Null Hypothesis: C(2)=0			
Null Hypothesis Summary:			

Normalized Restriction (= 0)		Value	Std. Err
C(2)		-25.37931	42.19849
Restrictions are linear in coefficients			

Source: Generated by the researcher using Eviews

Here, wald test has been used to check the short run causality from lnSFDIG to lnIMS. The result of the test (Table 9) shows that the p-value is 54.76% which is more than 5%, leading to acceptance of null hypothesis  $H_{06}$

## CONCLUSION

The study, therefore, shows that with regard to service sector FDI inflows from Germany to India and its causal relationship with services exports of India, it signifies that service sector FDI inflows from Germany to India impacts services exports in India in the long run. But in the short run there is no causality running from service sector FDI inflows from Germany to services exports in India. This suggests that the policy framework should focus on long run period and should not confine to short one. Furthermore, efforts should be made to improve the individual growth of both i.e. service sector FDI inflows from Germany to India and services exports from India.

On the other hand, with respect to the association between service sector FDI inflows from Germany to India and services imports in India. The study found that there is no causal relationship between the two, neither in the long run nor in the short run. Therefore, it suggests that the policy initiatives should be in individual terms as there is no causal linkage has been found between service sector FDI inflows from Germany to India and services imports in India.

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**TALENT ACQUISITION AND TALENT RETENTION STRATEGIES: A CASE OF EMPLOYEE PERCEPTION AT MICROLABS PHARMACEUTICALS**

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**ABSTRACT**

*Talent Management has taken precedence over many conventional HR practices in recent years. A Talent Management strategy comprising of various constructs are being implemented to achieve organizational growth and stability. Talent Acquisition is the first dimension, followed by Talent Retention. In view of the rising war of talent and companies vying against each other to recruit and retain the best of its employees, it has become all the more imperative for the Strategic Human Resources team to devise better strategies to enable skilled talented employees be a part of the organization. Therefore, it is very necessary that employees are aware of the various strategies and perceive the same positively. Positive employee perception is paramount for any strategy to succeed and be effective. The Indian Pharmaceutical Sector is the third largest in terms of volume and thirteenth in terms of value. From being a manufacturer of generic drugs the companies are now focussing on disease related specialized medicines. Microlabs Pharmaceuticals based at Bangalore is one such company that has large and ambitious plan to capture the specific drugs market. The HRM team has put in place certain Talent Management Strategies. This paper presents the study undertaken at the company on Employee perception and Talent Management using two dimensions Acquisition and Retention. The researcher found that the level of acceptance and agreement is very high towards the Talent Acquisition and Talent Retention. This is due to various HR interventions and practices adopted by the organization.*

*Keywords: Employee perception, Talent Acquisition, Talent Retention, Strategic Human Resource Management, Human Resource Manager*

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**1.1 HUMAN RESOURCES MANAGEMENT CHALLENGES AND THE PHARMA SECTOR**

Pharma was once the only indestructible of industries; investments were high, revenues were never a glitch and recession did not matter. However, Indian pharma industry adapted well to the emerging business scenario in the 90's and developed India to be a hub centre of generic pharma business, by quickly understanding the requirements of the regulatory markets. Today, India is the only country which has largest number of US FDA approved facilities outside of US. Indian generic market offers huge potential of 12 per cent growth both internal and external.

The growth in the last 20 years has been based on basic skill sets and technologies. To sustain this growth, the challenges posed by new emerging technologies coming out of innovator laboratories have to be met. Higher levels of skill sets are required to gain exposure to adapt to these technologies. Domestic and global pharma multinational corporation (MNC's) are increasingly collaborating with research institutes and start-ups to develop solutions in newer drug delivery systems and targeted therapies, innovation in technology and laboratories (Amit, 2017). Their exploitation of the cloud platform for the purpose is easing the task. Researchers and scientists are now in a position to connect, collect, upload, store, share and analyse data securely and remotely. They use robots to move biological or chemical samples around to synthesize chemistries or to test the pharmaceutical value of the existing molecules. Laboratory processes are amenable to robotic automation given that the processes warrant repetitive movements and precision. Automation is increasingly being exploited in working environments that require handling of hazardous compounds. With technologically advanced and innovative partners forthcoming, the pharma industry can race up and boost its efficiency and productivity throughout product life cycle. At the production and packaging stages, pharma companies are leveraging advanced technologies and automation to address challenges like those involving sample under fill and overfill and detecting metal contaminants and other dense foreign objects on the production line. These solutions help them address the said issues on a running batch, thus, reducing their downtime and helping them to protect their brand image. We live in an age when technology is moving at a rapid pace, giving rise to newer fields and disrupting existing models and processes. The pharmaceutical industry has got used to these disruptions. Heavier use of innovative solutions and automation will drive the future of the pharma industry and help rev up discovery, raise productivity and facilitate regulatory compliance.

A recent global survey of 126 CEOs indicated that they would like to have 50 per cent of their focus on human resources development (Vanita, 2017). For the industry to grow at 8-12 per cent and to sustain the same the leadership teams are now focusing 50 per cent of their attention on resources to train and retain quality talent. It's only obvious that no knowledge based industry like Pharma can really sustain the growth without the

required emphasis on HRD. If one looks at some random data, even though it's emerging markets, the fact of the matter is that there is lack of focus on managing business strategy and its people. Next, one of the greatest HR challenges companies face is retention. Only proving the fact that hiring quality talent, developing, maintaining culture of an organization therefore retaining an engaged employee all are different sides of the same coin. Booz and Company have looked at emerging markets versus HR challenges and found Retention is the most difficult aspect.

According to **(Yeung and Berman, 1997)** HR practices can play three major roles; viz:

- i. Building critical organizational capabilities,
- ii. Enhancing employee satisfaction; and
- iii. Improving customer and shareholder satisfaction.

Hence, good HR practices do make a difference in the efficiency and productivity of the organization. They enhance internal capabilities of an organization to deal with current or future challenges. Good human resource practices also promote the wellbeing of the employees of the organization. The commitment and motivation built through good human resource practices can lead to the employees to work hard and have a beneficial influence on the revenues. When we say good HR, we necessarily mean practices / applications which influence the growth, development and profitability of the organisation, per se.

#### **1.1.1 PHARMACEUTICAL SECTOR IN INDIA**

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master (2016). India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

The Indian pharma industry is expected to grow at over 15 per cent per annum between 2015 and 2020 and will outperform the global pharma industry (India Brand Equity Foundation, 2017). The latter is set to grow at an annual rate of 5 per cent during the same period. The market is expected to grow to USD 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues). The sector is expected to generate 58,000 additional jobs by the year 2025. India's pharmaceutical exports stood at USD 16.4 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach USD 20 billion by 2020, according to the Pharmaceuticals Export Promotion Council of India (PHARMEXCIL). Indian companies received 55 Abbreviated New Drug Application (ANDA) approvals and 16 tentative approvals from the US Food and Drug Administration (USFDA) in Q1 of 2017. The USFDA approvals are expected to cross 700 ANDA in 2017, thereby recording a year-on-year growth of 17 per cent. The country accounts for around 30 per cent (by volume) and about 10 per cent (by value) in the USD 70-80 billion US generics market.

#### **1.1.2 RISING INVESTMENT IN THE SECTOR**

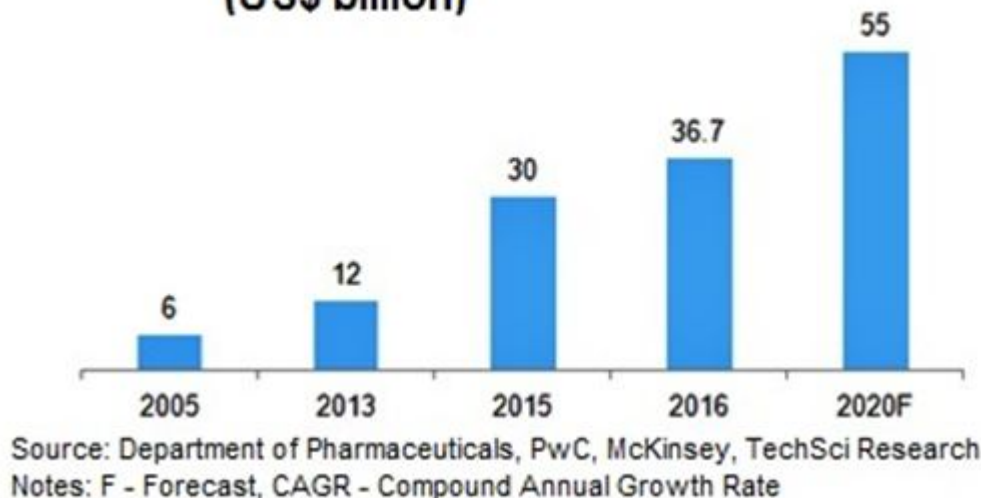
The Indian pharmaceuticals market grew at a CAGR of 17.46 per cent during 2005-16 with the market rising from USD 6 billion in 2005 to USD 36.7 billion in 2016 (PTI, 2017). It is expected to grow at a CAGR of 15.92 per cent to USD 55 billion by 2020. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and the sixth largest market globally in absolute size. India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others.

#### **1.1.3 GOVERNMENT INITIATIVE**

The implementation of the Goods and Services Tax (GST) is expected to be a game-changer for the Indian Pharmaceuticals industry. It will lead to tax-neutral inter-state transactions between two dealers, thereby reducing the dependency on multiple states and increasing the focus on regional hubs. It is expected to result in an efficient supply chain management, which is expected to reduce its cost considerably. The cost of technology and investment is expected to reduce on account of tax credit which can be availed now on the duties levied on import of costly machinery and equipment. The Government of India unveiled '**Pharma Vision 2020**' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

Table1

### Revenue of Indian pharmaceutical sector (US\$ billion)



#### 1.2 MICRO LABS LTD

Micro Labs Limited is a multi-faceted healthcare organization headquartered in Bangalore. It is supported by a full-fledged marketing team. It boasts of state-of-the-art manufacturing facilities and R&D centres. Supplemented by a strong distribution network and research endeavour, the company is among the country's fast growing transnational healthcare organizations. Ranked 14<sup>th</sup> in terms of prescriptions (according to SMSRC May 2016') and 19<sup>th</sup> in terms of sales (according to AWACS MAT May 2016), Micro's brand portfolio includes some of the top brands in various specialties like cardiology, diabetology, anti-infectives, ophthalmology and pain. Its product *Dolo* is an award-winning brand commonly prescribed for fever management. The company contributes its mite to environmental protection and social initiative. Its contribution in the areas of education and health is noteworthy. It seeks to become a USD 1 billion company by 2020. It has put in place some effective HRM practices which embrace talent management strategies. Its workforce is 9000 strong spanning their branches and units.

#### 1.3 REVIEW OF LITERATURE

1. For the last five to six decades, the Indian pharma sector has manifested a staid outlook in hiring (Express Pharma, 2017). Resources have been hired for entry level and mid-level openings. However, a drastic change is being witnessed now. With the demand for skilled resources mounting, companies have to do much more than poaching talent from competition. They should extend their search across sectors and geographies. By 2020, emerging markets like India, Mexico, Turkey, China, Brazil and Russia will account for 20 percent of the global pharma turnover. According to industry projections, around 2.5 million skilled people will be needed by 2022 to correspond with this high growth rate. Hence pharma companies should follow certain parameters to retain and attract talent. They should map a planned organisational structure. They should go granular so they can define jobs and roles which will ensure that the right person is picked for the right job. They should invest in training their HR and in capacity building. They should identify and invest in high – performing individuals who can be trusted with leadership roles in the near future. Being a knowledge and relationship-driven industry, the company concerned should focus on retaining talent by rewarding them promptly. To ensure that the HR remains committed to the company, the latter should ensure that the former's evolving needs are met.
2. The business trends that the pharma industry witnesses will raise hiring significantly (EP News Bureau, 2017). There will be a steady demand for skilled manpower in the pharma industry especially within its R&D, analysis and testing, quality assurance (QA), intellectual property (IP), manufacturing and sales & marketing functions. In the near future, the industry will focus on elevating women to senior and leadership roles. The pharma industry has for a long time been dominated by male leaders. However, 2017 may see more women being hired or mentored to assume more senior level roles. The sector has been popular with Gen Y, given the nature of work that primarily involves treating patients and research for new drug discoveries playing an integral role in meeting their key career aspirations. It is time the industry focused on training, developing, retaining and mentoring the existing talent for future leadership roles. Recruiters expect a lot more activity within this industry from 2017 onwards.

3. Many pharma players have pared their India headcount growth to become leaner and more effective (AON, 2017). Coupled with the focus on high value product portfolios, the sector has seen a sharp rise in the median revenue generated by full-time employees. This is a good tiding because the credit cannot go to workforce rationalization alone. Headcount addition has been witnessed in critical functions like R&D, sales, manufacturing and quality and not in enabling functions. All the same, there still obtains a gulf in value generated per full-time employee, when viewed from the perspective of the pharma player concerned. This paradox can be explained only in terms of differences obtaining in the product portfolios of the various pharma players. But the need for the human resources professionals to partner with their businesses in future-proofing their respective organizations is yet to be fully felt. Perhaps in acknowledgement of this fact, the pharma players have been reviewing their human resources function from the perspective of gender equality and retention. The pharma industry has been plagued by a higher proportion of attrition because of the need for a significant level of frontline sales presence and niche talent requirements, especially in R&D. Naturally, talent retention is on top of the agendas of its HR bosses. A gender-balanced workforce will accommodate the unique perspective and talent women employees can bring in. This is very relevant to the Indian milieu given that a good number of pharma players boast of a slew of women healthcare portfolios.
4. In the highly regulated pharma sector, jobs have become more stressful and demanding. Fierce competition has led to ever-rising employee salaries and employee benefits (NAFISA, 2017). Although the pharma sector witnessed a lower staff turnover at least in a relative sense, the said turnover imposes a heavy cost on the pharma player concerned. When a research specialist quits abruptly, a delay in the release of a product under development is almost inevitable. The quitting executive walks out with the relationships he / she has nurtured all along. To retain employees and reduce staff turnover, the researcher suggests that the pharma players involve employees in the decision-making exercise. The lengthy feedback loop has to be trimmed since employees would like to hear about their performance at shorter intervals. Other suggestions include disbursement of performance-based bonus, monetary encouragement of employee referral plans, releasing loyalty bonus, etc.
5. Attrition in the Indian pharma sector varies substantially across levels (Ankit, 2017). At the field force level, this usually varies between 20 and 30 per cent. At the management level it varies between 8 and 15 per cent. Generally speaking, these rates are higher than what obtains at global pharma companies. With the Indian pharma sector growing fast, more exciting opportunities await better performing senior executives. Indian pharma companies are increasingly hiring senior professionals with international experience for their domestic operations. The Indian players are exposing their medical representatives to the art and science of working in a more consultative manner. In other words, they are investing more in technical and product training. Greater investment by the pharma companies in training in areas like consultative selling also ensures superior employee loyalty towards the company and hence can help in improving retention.
6. The turf war between recruiting and HR functions obtains in many organizations (Lars, 2016). This conflict is typically fuelled by recruiting hubris and a disproportionately high degree of importance attached to recruiting and talent attraction over the perceived administrative functions of HR. The recruiting function believes that what it does is critical to the organization. But, it fails to realise that the belief should not lead to undervaluing the role of the HR function. The latter, after all, is entrusted with the development and retention of the new hires. Hence, undervaluing the HR function can undermine even the best recruiting. It is vital for an organization to attract and recruit the best talent available to succeed. Unfortunately, not many organisations follow a holistic approach towards the entire candidate lifecycle. They should attract them by taking them on board and developing them. The disconnect that obtains between the two functions leads to a situation where excessive emphasis is placed on hiring and the development function is not given its due. Thus, retention issues come to the fore, in turn leading to a seemingly endless loop of new recruiting.
7. Even companies which are deeply conscious of the fact that their success is a function of the quality of their human capital, struggle in their efforts to formulate effective retention strategies (aonhewitt.co.in, 2016). There are companies which want to overlook the issue of employee retention, in the hope that their top talent will stay on board. Many a time, these companies' factor retention costs into their business models, but this may mostly relate to senior executives and the form of financial incentives to be paid to them upon consummation of a business transaction. The company concerned may undertake a corporate restructuring exercise like merger or acquisition or spin-off or divestiture but its employees may have an altogether different set of concerns that will influence their desire to stay with the organization. It is possible that only the 'key' employees identified as worthy of retention incentives would stay with the company. But out of the

rest, there could be some who play a critical role in the company's operations owing to the unique skill sets they possess and surprisingly, the company concerned may not have put in place any retention strategy for them.

8. Employee turnover is a vital metric that is often at the core of an organizations' workforce planning and strategy (Ashish & Vani, 2014). Employees quitting their current jobs have several implications. It influences the retention rate in respect of the current staff, it influences job satisfaction and employee engagement and it reveals the organization's ability to attract talented people. Employee turnover is viewed as an important metric by HR professionals because it leads them to focus on retaining the current workforce and plan for future requirements too. When positions fall vacant, there is a drop in productivity for the organisation. Reduced productivity and reduced efficiency become noticeable on the part of the rest of the workforce. This is because the latter have to handle the resultant additional work load and train the new hires. Then there are other factors like costs incurred in respect of new hires and in on-boarding the new hires. Eventually, customer satisfaction may be dented since a smaller work force will have to handle customer requests / complaints. Thus, employee turnover could prove expensive and the management had better focus on retaining quality employees than on spending on finding appropriate replacements.

#### **1.4 RESEARCH GAP**

The work in this area has thrown light on some interesting aspects of the developments being witnessed in the Indian pharma sector. As one researcher has rightly put it, the pharma players need to go granular in order to define jobs and roles so that the right individual can be picked up for the job. Another researcher implies that hiring women for senior positions may add its own value to the organisation concerned since women can add their own unique talent dimension to the workforce. In particular, pharma players boasting of a good number of women healthcare portfolios would benefit from this exercise. Perhaps the most significant inference that can be gleaned from the reviewed literature is that the employees would like to receive feedback on their performance at more frequent intervals. Presently they have to wait for a year. When it comes to retention strategy, many players factor in only the "key" employees and stick their neck out in the process. Such players should realise that some non-key players could possess unique skill sets which are critical to the operations of the company. These valuable insights notwithstanding, the reviewed literature has not adequately examined the implementation of talent acquisition strategies and talent retention strategies at the micro-level in the pharma sector. It is this gap this study seeks to bridge.

#### **1.5 OBJECTIVES OF THE STUDY**

The study is interested in finding:

- a. Employee Perception towards the talent acquisition strategy
- b. Employee Perception towards talent retention strategy
- c. To analyse the strategy and approach of Management in Talent Acquisition and Retention

#### **1.6 NEED FOR THE STUDY**

In the knowledge-intensive and deadline-driven pharma sector, acquiring talent and retaining talent are not only involved exercises but also costly exercises. Hence the pharma players can least afford to be caught off-guard in these two HRM spaces. Hence a study of this kind is highly relevant. In fact, the implications and relevance of the results later help the organization to look further in Acquisition and Retention Strategies. HR constitutes an important function that helps an organisation grow. Well-designed and well-managed HR can provide a competitive edge to any organisation. To create a better and greater workplace, the strategies adopted and followed in terms of talent acquisition and talent retention are crucial. There is a need to study the framework used to manage talent acquisition and talent retention so more strategies can be adopted to optimally utilise the human resources. Thus, the study focuses on how employees perceive the HR practices of talent management along the dimensions of talent acquisition and talent retention.

#### **1.7 METHODOLOGY**

The study is descriptive in nature and uses the 'fact-finding' survey method. Interview schedules specially designed for the purpose were administered to the respondents for collection of primary data. Being a structured / directive interview, the interview was conducted with a detailed standardised schedule.

#### **1.8 SAMPLING**

Given the limited number of mid-level executives and C-suite executives in the respondent company, purposive or judgement sampling under the non-probability method has been deployed. The researcher selected 75 executives spanning mid-management executives and function heads. This criterion, according to the



researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus, it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

### 1.9 DATA COLLECTION

Data required for the research has been collected from both primary and secondary sources. Primary data has been collected from mid-level executives and C-suite executives spanning all departments and functions.

### 1.10 ANALYSIS OF DATA

The five-point Likert scale was used. Confirmatory factor analysis was used to check the efficiency of the interview schedule followed by divergent bar graphs to analyse the responses.

### 1.11 FOCUS AREAS

Talent Management consists of the following constructs:

- i. Talent Acquisition
- ii. Talent Retention
- iii. Learning and Development
- iv. Succession and Career management
- v. Performance Management
- vi. Competency Development
- vii. Rewards and Compensation
- viii. Employee engagement

The following dimensions were chosen from the talent management components for the current study:

**Talent acquisition** is the process of finding and acquiring skilled human labour for organizational needs and to meet any labour requirement. When used in the context of the recruiting and HR profession, **talent acquisition** usually refers to the **talent acquisition** department or team within the Human Resources department.

**Talent retention** refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joiner, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. **Talent retention** takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

### 1.12 THE RESEARCH HYPOTHESES ARE

There are various factors which influence employee productivity, engagement and commitment. Any successful organization puts into place the strategies to acquire, manage and retain best performers and high productive workforce. However, despite systems being in place, the perception of employees towards the culture and practices of the organization differ depending on the perceptual attitude. The study wanted to put this as main observation. Thus, the following are the hypotheses:

H<sub>1</sub>: Employees have a positive perception/higher level of agreement towards the talent acquisition strategy of the company

H<sub>2</sub>: Employees have a positive perception / higher level of agreement towards talent retention strategy of the company

#### 1.12.1 CFA ANALYSIS (75 SAMPLES)

##### Measurement Model

The measurement model defines the relationship between the observed and unobserved variables. It provides a link between scores on a measuring instrument (i.e. the observed indicator variables) and the underlying constructs they are designed to measure. The measurement model thus represents the Confirmatory Factor Analysis (CFA), in that it specifies the pattern by which each measure loads on a particular factor. It concentrates on validating the model and does not explain the relationship between constructs. It represents how the measured variables come together to represent constructs and is used for validation and reliability checks. In other words, CFA is a way of testing how well the measured variables represent a particular construct or a dimension.

**1.12.2 RELIABILITY AND VALIDITY OF THE MODEL**

Reliability means repeatability of measure. It also reflects the consistency of the responses. There are several intervals of reliability such as test-retest reliability, inter-rater or inter-observer reliability, parallel forms reliability and internal consistency reliability. The interval of reliability test that has been used in the study is Cronbach's alpha. It is a statistic which measures the internal consistency of the instrument, where the Alpha coefficients range between 0 to 1. The higher the value of alpha (preferably more than 0.70), the more reliable the scale is. According to Nunnally (1978), an alpha score of 0.7 or more can be accepted as a good reliability coefficient.

The composite reliability shows the internal consistency of the constructs used which is similar to the Cronbach alpha. The results show if the composite reliability for the four constructs (dimension) are greater than 0.70 (Chin, 1998) and another five constructs closer to 0.70. The values of the composite reliability of the most of the latent variables in the validated model vary between 0.63 and 0.90 (see Table 1).

With the above definition, we now proceed to check the reliability and validity of the questions that were put to the respondents (on whether there exists any consistency in the answering pattern of the respondents and also whether the researcher has targeted the correct respondents with relevant questions and so on). Thus, both reliability and the discriminant validity are checked by applying the Confirmatory Factor Analysis (CFA) technique using Smart PLS software.

**Table-1: Factor labelling of components considered for the study**

Variable (question) name	Dimension
There is a talent acquisition and selection policy in the company (TA_1)	Talent acquisition
I have a job description and specification for my role (TA_2)	
Competencies are identified for all jobs and roles (TA_3)	
The selection tools used in the Talent acquisition process enables competency based recruitment (TA_4)	
Talent Acquisition team is empowered to make decisions pertaining to recruitment (TA_5)	
Talent acquisition is a current challenge in my company (TA_6)	
My company recognizes good performers and make effort to retain the talent person (TR_1)	Talent retention
My company have internal recruitment policy that helps to raise the loyalty and morale of the employees (TR_2)	
My company offers training opportunities to enhance career growth and to thus retain talented employees (TR_3)	
An effective compensation (Reward and monetary incentive) system exists in my company for talent retention (TR_4)	
Lack of opportunity for career development sometimes prevails in the company (TR_5)	

As for reliability factor, it is observed from Table-1 that TALENT ACQUISITION has a composite reliability value of 0.808; TALENT RETENTION boasts of a composite reliability of 0.744

**Table -2: Reliability and Item Loadings Constructs of the Modified Measurement Model**

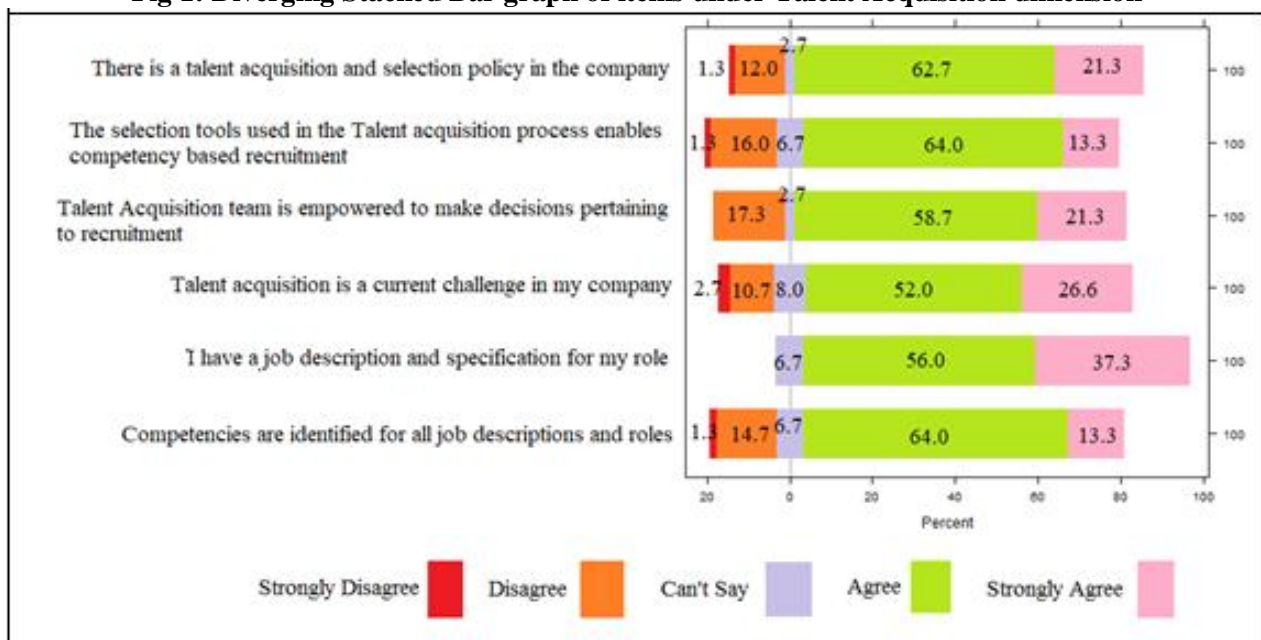
Latent Variable	Items	Standardized Loadings	Composite Reliability	Cronbach Alpha	Average Variance Extracted (AVE)
Talent Acquisition (TA)	TA_1	0.828	<b>0.808</b>	<b>0.813</b>	<b>0.427</b>
	TA_2	0.629			
	TA_3	0.484			
	TA_4	0.674			
	TA_5	0.797			
	TA_6	0.394			
Talent Retention (TR)	TR_1	0.706	<b>0.744</b>	<b>0.747</b>	<b>0.425</b>
	TR_2	0.539			
	TR_3	0.744			
	TR_4	0.598			
	PM_2	0.423			
	PM_3	0.745			
	PM_4	0.736			

Furthermore, the Cronbach alpha values across each of the dimensions depicted in the above table have a value of more than 0.70 which is again higher than the required threshold value. Hence, we can again conclude that there is a consistency in the data and also that the questionnaire has been administered to the right respondents with the right questions.

### 1.12.3 DIVERGING STACKED BAR GRAPH

Diverging stacked bar graph is the most preferred form of graphical representation for the data captured on Likert scale measurement. In the diverging stacked graph, the percentages of respondents who agree with the statement are shown to the right of the zero line; the percentages of those who disagree are shown to the left and shown separately. The percentages of respondents who neither agree nor disagree are split down the middle and are shown in a neutral colour. The neutral category is omitted when the scale has an even number of choices. In this situation, we are primarily interested in the total percentage to the right or left of the zero line; the breakdown into *strongly* or *not* is of lesser interest so that the primary comparisons do have a common baseline of zero. Thus, the diverging stacked bar graph for all the dimension is provided below.

**Fig 1: Diverging Stacked Bar graph of items under Talent Acquisition dimension**



**Fig. 1** depicts the percentage of the respondents' scale of agreement to different statements on questions pertaining to talent acquisition

For the query - There is a talent acquisition and selection policy in the company, it is observed that 22 percent of the respondents strongly agree and 63 percent agree to the statement. Cumulatively about 84 percent of the respondents are in favour of the above statement. However, around 7 percent did not give any comment on the above statement and remained neutral. On the flipside, 16 percent of the respondents disagree and another 1 percent strongly disagree to the statement.

When enquired about the statement - The selection tools used in the Talent acquisition process enables competency based recruitment, it is observed that around 13 percent of the respondents strongly agree and 64 percent agree to the statement. Cumulatively about 77 percent of the respondents are in favour of the above statement. However, 7 percent did not give any comment on the above statement and remained neutral. On the flipside, 16 percent of the respondents disagree and another approximately 1 percent strongly disagree to the statement.

When asked whether Talent Acquisition team is empowered to make decisions pertaining to recruitment it is observed that about 22 percent of the respondents strongly agree and around 59 percent agree to the statement. Cumulatively about 80 percent of the respondents are in favour of the above statement. However, about 3 percent did not give any comment on the above statement and remained neutral. On the flipside, 18 percent of the respondents disagree and none strongly disagree to the statement.

When enquired whether Talent acquisition is a current challenge in my company, it is observed that 27 percent of the respondents strongly agree and 52 percent agree to the statement. Cumulatively about 79 percent of the respondents are in favour of the above statement. However, 8 percent did not give any comment on the above

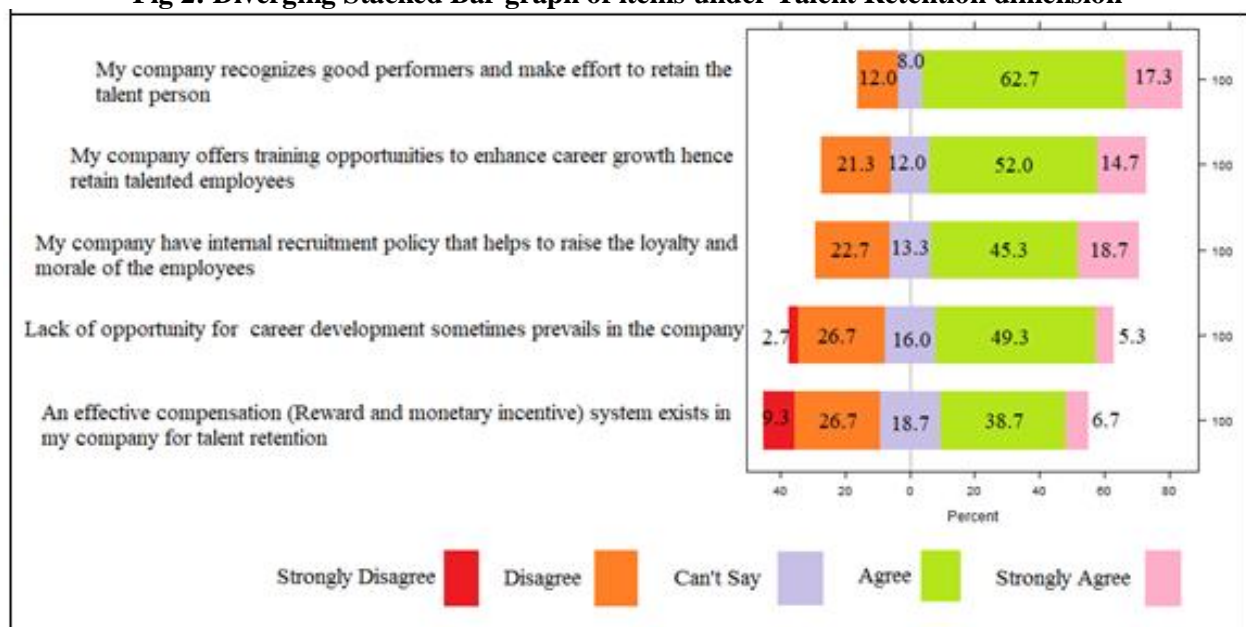
statement and remained neutral. On the flipside, 11 percent of the respondents disagree and another 3 percent strongly disagree to the statement.

For the query- I have a job description and specification for my role, it is observed that 37 percent of the respondents strongly agree and 56 percent agree to the statement. Cumulatively about 94 percent of the respondents are in favour of the above statement. However, 7 percent did not give any comment on the above statement and remained neutral. None disagreed to the statement

As far as the statement – competencies are identified for all job descriptions and roles was asked, it is observed that 14 percent of the respondents strongly agree and 64 percent agree to the statement. Cumulatively about 78 percent of the respondents are in favour of the above statement. However, about 7 percent did not give any comment on the above statement and remained neutral. On the flipside, 15 percent of the respondents disagree and another 1 percent strongly disagree to the statement.

Overall the employees have a positive perception of the dimension of Talent Acquisition Strategies at Micro Labs. The diverging stacked bar graph shows a degree of acceptance and agreement is above 80 percent, hence  $H_1$  accepted.

**Fig 2: Diverging Stacked Bar graph of items under Talent Retention dimension**



**Fig. 2** depicts the percentage of the respondents' scale of agreement to different statements on questions pertaining to talent retention

For the query – My Company recognizes good performers and makes effort to retain the talented employee, it is observed that around 18 percent of the respondents strongly agree and 63 percent agree to the statement. Cumulatively about 80 percent of the respondents are in favour of the above statement. However, 8 percent did not give any comment on the above statement and remained neutral. On the flipside, 12 percent of the respondents disagree and none strongly disagrees with the statement.

When enquired whether – My company offers training opportunities to enhance career growth hence retain talented employees, it was observed that 15 percent of the respondents strongly agree and 52 percent agree with the statement. Cumulatively 67 percent of the respondents are in favour of the above statement. However, 12 percent do not comment on the above statement and remained neutral. On the flipside, 21 percent of the respondents disagree and none strongly disagrees with the statement.

When, My Company has an internal recruitment policy that helps to raise the loyalty and morale of the employees was put to test, it was observed that 19 percent of the respondents strongly agree and 45 percent agree with the statement. Cumulatively about 64 percent of the respondents are in favour of the above statement. However, 13 percent do not comment on the above statement and remain neutral. On the flipside, 23 percent of the respondents disagree and none strongly disagrees with the statement.

As far as the query – Lack of opportunity for career development sometimes prevails in the company was put forth to the respondent, it is observed that 5 percent of the respondents strongly agree and 49 percent agree with the statement. Cumulatively about 55 percent of the respondents are in favour of the above statement.

However, 16 percent do not comment on the above statement and remain neutral. On the flipside, 27 percent of the respondents disagree and another 3 percent strongly disagree with the statement.

When asked about - An effective compensation (reward and monetary incentive) system exists in my company for talent retention it was observed that 7 percent of the respondents strongly agree and 39 percent agree with the statement. Cumulatively about 45 percent of the respondents are in favour of the above statement. However, 19 percent do not comment on the above statement and remain neutral. On the flipside, 27 percent of the respondents disagree and another 9 percent strongly disagree with the statement.

Overall, the employees have a positive perception of the dimension of talent acquisition strategies at Micro Labs. The diverging stacked bar graph shows degree of acceptance and agreement is over 80 percent, hence H<sub>2</sub> is accepted

### **1.13 FINDINGS AND CONCLUSIONS**

- a. Talent acquisition strategies have been devised in line with talent management procedures and implemented well.
- b. It is noticed through the responses that the acquisition team is empowered enough to design an effective selection procedure.
- c. Job description and role description have been devised well.
- d. There is a competency-based selection procedure which shows that talent acquisition has gone beyond mere recruitment procedures.
- e. Talent retention strategies have been designed well in the organization.
- f. Recognition of good performers, training opportunities and internal recruitment policies are welcomed and have helped boost employee morale and loyalty.
- g. An area of improvement is career development. Only 54 percent of the respondents seem to acquiesce in this dimension.
- h. Rewards and compensation represent another area that needs improvement. 45 percent is less than half of the total population who responded towards the disagree option.

Hence it can be concluded that talent acquisition and retention strategies do obtain precedence in Micro Labs. However, if the minor gaps are plugged the processes can become even stronger and the company will have an adequate base of skilled and talented employees to carry forward all business and growth interests.

### **1.14 LIMITATIONS OF THE STUDY**

The sample size is a modest 75 and hence the results may manifest a certain level of variation, considering the fact that the company boasts of a huge workforce. The views of the respondents could be a bit biased as a result. But the researcher is confident that the bias, if any, will not be significant and hence will not affect the accuracy of the findings of the study.

### **1.15 SUGGESTIONS**

For all those who are looking to build lasting organizations, an effective Talent Management System must be devised and implemented. Within these systems the dimensions of Talent Acquisition and Talent Retention are crucial as they are the most primary and fundamental to a successful Talent Management plan. Hence a few areas can be looked into by the Talent Management team

1. Look at what type of experience the candidate possesses while acquiring him.
2. What is the learning the candidate brings to the table and how the organization would benefit from it
3. Whether the candidate would fit into the culture of the organization and will he be able to enhance the quality and contribute to the strengthen the culture
4. Use of Psychometric tools to analyse personality traits and bridge the gaps between job fit and candidate
5. Devise both Monetary and non - monetary awards to retain top talent

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