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Consumer Buying Behaviour At Retail Outlet/Shopping Mall

Prof. Natika Jain*

Abstract: *Retailing is important as it gives an opportunity to study the target consumers closely, to understand their shopping habits and what are the things they look for at the point of Purchase (POP). This helps the manufacturer to understand their customer in a better way and customize their product offerings to suit the needs of the customer. The survey is conducted at two stores regarding customer satisfaction. The data is presented considering the various factors such as Store Layout, Total area, Location of the store, No of Staff, Average foot falls per day, Parking facilities, No of "In house brands", Targeted growth, Expansion Plans, Security System, Loyalty program, Frequency of Visit, Demographics of Customer, Visual Recall, Average Shopping Expense, Pricing, Friendliness, of salesperson, Visual Merchandising, etc.*

Keywords: *Pop, Sourcing, Pricing, Visual merchandising, retaillier, mall, stopovers*

1. GENESIS OF THE STATEMENT

1.1 Introduction to the retail sector in India

The word retailer has been derived from the French word 'retaillier' which means to cut a piece off or 'to break bulk'. In simple terms it means a first hand transaction with the customer. The dictionary meaning of the word retailer is 'to sell in small quantities.'

Retailing is important as it gives an opportunity to study the target consumers closely, to understand their shopping habits and what are the things they look for at the point of Purchase (POP). This helps the manufacturer to understand their customer in a better way and customize their product offerings to suit the needs of the customer.

Retailing Definition:

Retailing involves:

1) Buying the correct merchandise (Sourcing)

2) Putting a judicious price to it (pricing)

3) Displaying it beautifully & Conveniently (Visual merchandising) and

4) Final selling it to the customer.

Though it seems simple, retailing is a carefully balanced act where the customer is the key agent for all decisions. In India the retail sector is the second largest employer after agriculture. The retailing sector in India is highly fragmented and predominantly consists of small independent, owner-managed shops. There are some 12 million retail outlets in India. The Indian retail industry is highly unorganized. There are nearly twelve million retail outlets in India and the number is growing. Two thirds of these stores are in rural location. The vast majority of the twelve million stores are small "father and son" outlets. According to the "Retailing in India" report published by the PwC Global Retail Intelligence Program, share of the unorganized sector is 98%.

The Indian Retail industry is fragmented. Retail stores in India are mostly small individually owned businesses. The average size of an outlet is 50 sq. ft. and though India has the highest number of retail outlets per capita in the world, the retail space per capital at 2 sq. ft. per person is amongst the lowest in the world. The Indian retail Industry has rural bias. Nearly two thirds of the stores are located in rural areas. The retail Industry in rural India has typically two forms: "Haats" and "melas". Even in urban areas, organized retail in India is restricted to the top few cities of the country like Mumbai, NCR, Chennai, Bangalore and Hyderabad.

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INDIAN RETAIL MARKET 2009

Retail Segments	Indian Retail Value (Rs. In Crore)	Organized Retail (Rs. In Crore)	% Organized in 2009
Clothing, Textiles & Fashion Accessories	1,13,500	21,400	18.9
Jewellery	60,200	1,680	2.8
Watches	3,950	1,800	45.6
Footwear	13,750	5,200	37.8
Health and Beauty care service	3,800	400	10.6
Pharmaceuticals	42,200	1,100	2.6
Consumer durables, Home appliances	48,100	5,000	10.4
Mobile Handsets, accessories & Services	21,650	1,740	8
Furnishings, Utensils, Furniture – home and office	40,650	3,700	9.1
Food and Grocery	7,43,900	5,800	0.8
Catering Services (F & B)	57,000	3,940	6.9
Books, Music & Gifts	13,300	1,680	12.6
Entertainment	38,000	1,560	4.1
Total	12,00,000	55,000	4.6

There is range of retail formats as follows:

Supermarkets:

These stores offer a wide range of food and household items meant for daily consumption. These are FMCG kind of products, where quick inventory turnover is possible. The target customers are families shopping for their household requirements. Products offered range from personal hygiene and health care products like soaps, shampoos etc., to food items such as pickles, masalas, papads, jam, butter, cheese to food grains. These stores provide the customers with the convenience of finding all the products under one roof.

Specialty Stores:

The products offered at these stores are focused to a particular category only. There is a large variety in the product category. The products can be classified as per product categories, for example, shoes, jewelry, etc. These stores follow the strategy of focused differentiation. The stores have a high degree of focus on a particular product category, and a high degree of variety in that particular category. Examples of specialty stores are Bata, the store focuses on only one product category i.e. Footwear, under footwear there are three broad categories men's wear, women's wear and children wear.

Departmental Stores:

As the name itself suggests**,** these are stores with various departments offering different products. Departmental stores are large sized stores offering a range of products, which are skewed on the basis of brands. The products offered mostly belong to the shopping goods category. The products essentially comprise of apparels, cosmetics, jewelry, leather accessories, electronic gadgets etc. Initially south Indian cities witnessed a great boom in commercial establishment like the departmental stores. This was due to various **reasons such as:**

Low real estate prices: The price of land in these regions was very low in comparison to other cities in west and north India, thus the initial outflow of funds was competitively lower.

Socio economic background: The literacy levels in south India are above the national average, so there is high level of awareness, also this region has been the hub for the Information Technology boom, thus there is high employment and the consumers have high purchase power which made retail business even more attractive.

The Mall:

The mall is relatively very new concept in India. These are huge areas with self contained independent shops. The mall developers are like real estate agents; it's their job to lease out the mall space to prospective clients (retailers). The product ranges are broad right from shopping items like food, apparels, Jewelry, leather accessories to dining and tapestry. These malls also have entertainment zones from games to movies to food courts. In countries like Dubai and Singapore which are regarded as shopping destinations, the malls are so huge that it may require a customer a couple of days to just have a look around the place. Crossroads at Mumbai was one of the first malls in India, providing international standard quality, ambiance and services. It was the first mall to have a parking lot on the terrace of the building and 2 large lifts to ferry the cars. The whole mall is centrally air conditioned. They employ a huge staff for the maintenance, securities and other purposes. The occupancy rate in a mall is the most important aspect to ensure a sturdy income to the developers. The occupancy rate at crossroads is close to 95%. The international occupancy rate the world over is about 85%.

Stopovers:

These kinds of stores are found at petrol stations, the major target customers for these stores are people traveling long distances and stopping over at petrol stations for refueling their cars. As these people are traveling long distances they would probably but impulse purchases - goods like wafers, candies, cold drinks etc. In recent times the margins to petrol dealers has shrunk as the costs of transportation and tamper proof locking systems etc have increased the expenses.

Discount Stores / Bazars:

This is a new format of stores adapted from the departmental stores; these stores provide cohesive mix of products. These stores provide products at a reduced price range and are specifically targeted at price conscious customers. Big Bazar is an example of such a discount store, promoted by Pantaloon Retail India. It is spread across 54,000 square feet and stocks 1,60,000 products encompassing every major category. The store is broadly divided into 3 categories, namely apparels, food (packaged and unpackaged) and non apparel (which includes everything from plastics to utensils, luggage, durables, toys and gifts.)

Single Price Stores: This is a very famous concept in western countries which is now being tried in India too. These are normally small size stores, popularly called as the dollar shop. These stores offer products at two fixed prices i.e. Rs. 49 and Rs. 99. The products offered mostly comprise of gift items like show pieces, wall hangings, small paintings and such other novelty items.

1.4 Pantaloon

Introduction:

Pantaloon Retail (India) Limited is India's leading retailer that operates multiple retail formats in both the value and lifestyle segment of the Indian consumer market. Headquartered in Mumbai (Bombay) the company operates over 7 million square feet of retail space, has over 1000 stores across 53 cities in India and employs over 25,000 people. The Company's leading formats include Pantaloons, a chain of fashion outlets, Big Bazaar, a uniquely Indian hypermarket chain, Food Bazaar, a supermarket chain blends the look, touch and feel of Indian bazaars with aspects of modern retail like choice, convenience and quality and 'Central', a chain of seamless destination malls. Some of its other formats include, Depot, Shoe Factory, Brand Factory, Blue Sky Fashion Station, aLL, Top 10, mBazaar and Star and Sitara. The company also operates an online portal, Futurebazaar.com. A Subsidiary company, Home Solutions Retail (India) Limited, operates 'Home Town', a large format home solutions store, collection, selling home furniture products and 'E Zone' focused on catering to the consumer electronics segment.

1.5 Shopper Stop

Introduction:

Setting up shop in 1991 with its flagship store in Andheri, Mumbai, Shoppers' Stop is a member of the K. Raheja Corp. of companies. Shoppers' Stop is the first retail venture by the K. Raheja Corp., promoted by Mr. Chandru L. Raheja, Mr. Ravi C. Raheja and Mr. Neel C. Raheja Corp. and have been leaders in the construction business for over 48 years.

With its wide range of merchandise, exclusive shopinshop counters of international brands and worldclass customer service shoppers' stop brought international standards of shopping to the Indian consumer providing them with a world class shopping experience.

Expanding its operations to Bangalore, Hyderabad, Jaipur, Delhi, Chennai, Mumbai (Andheri, Bandra, Chembur, Kandivali, Mulund), Pune, Gurgoan and Kolkata, Shoppers' Stop is today recognized as India's premier shopping destination. With a customer entry of about 50,000 customers a day, a national presence with over 6,00,000 square feet of retail space and stocking over 250 brands of garments and accessories, Shoppers' Stop has clearly become a one stop shop for all customers.

Shopper's Stop's core customers fall between the age group of 16 years to 35 years, the majority of them being families and young couples with a monthly household income above Rs. 20,000 and an annual spend of Rs. 15,000. A large number of Non Resident Indians visit the shop for ethnic clothes in the international environment they are accustomed to.

The stores offer a complete range of apparel and lifestyle accessories for the entire family. From apparel brands like Provogue, Color Plus, Arrow, Levi's, Scullers & Zodiac to cosmetic brand like Lakme, Chambor, Le Teint, Ricci etc., Shoppers' Stop caters to every lifestyle need. Shoppers' Stop retails its own line of clothing namely Stop, life, Kashish, Vettorio, Fratini and DIY. The merchandise at Shoppers' stop is sold at a quality and price assurance backed by its guarantee stamp on every bill. Their motto is: "We are responsible for the goods we sell."

Shoppers' Stop's customer loyalty program is called the First Citizen. The program offers its members an opportunity to collect points and avail of innumerable special benefits. Currently, Shoppers' Stop has database of over 2.5 lakh members who contribute to nearly 50% of the total sales of Shoppers' Stop.

2. Research Methodology

2.1 Research Objective:

The research objective is to have a comparative analysis between two players of the retail industry:

1) Shoppers Stop

2) Pantaloons

2.2 Definition of parameters and variables for comparison

1) Store layout

2) Total area

3) Location of the store

4) No. of staff

5) Average foot-falls per day

6) Parking facilities

7) No. of "in house brands"

8) Targeted Growth

9) Expansion Plans

10) Security system

11) Loyalty Program

12) Customer Satisfaction

13) Frequency of visit

14) Demographics of customer

14) Demographics of customer

15) Visual recall

16) Average shopping expense

17) Pricing

18) Friendliness of salespersons

19) No. of sales personnel.

2.3 Research Design

The Research design is a plan specifying the various methods and procedures for colleting, analyzing and interpreting data. This has to be done keeping the objectives of the research in mind. The design is based on the availability of data, the objectives, the cost of obtaining data and the given time frame. It was decided that survey technique would be the best in this case due to time & cost limitations.

2.4 Sampling:

A sample size of 50 respondents was considered per outlet. The sample technique used here is convenience sampling due to time and budget constraints.

2.5 Data collection:

Primary data: Primary data was collected through the use of questionnaire and personal interview. The respondents were interviewed as they were leaving the store after completing their shopping. Data was also collected by observation method on some parameters.

Secondary data: For the purpose of this study, information was also collected from various web sites and articles.

3. Data Analysis

A survey was conducted at 2 outlets to study the customer satisfaction level of retail outlets, namely Shoppers Stop (Malad) and Pantaloons (Lower Parel). The data was collected with the help of questionnaire survey from the respondents. Primary information regarding factor like location, total area of outlets, type of layout, No. of employees, average foot fall and security system is collected through higher level employees of the respective retail chains. A sample size of 50 respondents was considered per outlet for the customer satisfaction survey.

4. Data Analysis and Interpretation

The survey conducted at two stores regarding customer satisfaction showed the following results. The data is presented considering the various factors such as Store Layout, total area, Location of the store, No of Staff, Average foot falls per day, Parking facilities, No of "In house brands", Targeted growth, Expansion Plans, Security System, Loyalty program, Frequency of Visit, Demographics of Customer, Visual Recall, Average Shopping Expense, Pricing, Friendliness, of salesperson, Visual Merchandising. The data is presented factor wise, with finding form each store and with the highest rating presented first, and so on.

Observations

(A) Gender

Pantaloons:

1) 44% of the respondents visiting Pantaloon store were male.

2) 56% of the respondents visiting Pantaloon store were Female.

Shoppers Stop:

1) 60% of the respondents visiting Shopper Stop were male.

2) 40% of the respondents visiting Shopper Stop were Female.

(B) Average Shopping expenses

Pantaloons:

1) 32% of the respondents have shopping expense between Rs. 2001 Rs. 3000.

2) 24% of the respondents have shopping expense between Rs. 3001 above.

3) 36% of the respondents have shopping expense between Rs. 1001 Rs. 2000.

Shoppers Stop:

1) 32% of the respondents have shopping expense between Rs. 2001 Rs. 3000.

2) 16% of the respondents have shopping expense between Rs. 501-Rs. 1000.

3) 12% of the respondents have shopping expense between Rs. 3001 above.

4) 4% of the respondents have shopping expense below Rs. 500. expense between Rs. 2001 Rs. 3000.

2) 16% of the respondents have shopping expense between Rs. 501-Rs. 1000.

3) 12% of the respondents have shopping expense between Rs. 3001 above.

4) 4% of the respondents have shopping expense below Rs. 500.

(C) Frequency of visit

Pantaloon:

1) 42% of the respondents visit the store once in 3 months

2) 32% of the respondents visit the store once in 6 months

3) 16% of the respondents visit the store once in a year.

4) 10% of the respondents visit the store once in a months

Shoppers Stop:

5) 50% of the respondents visit the store once in 3 months

6) 28% of the respondents visit the store once in 6 months

7) 18% of the respondents visit the store once in a year.

8) 6% of the respondents visit the store once in a months

(D)Mode of Payment

Pantaloons:

1) 52% of the respondents use cash as the mode of payment.

2) 32% of the respondents use Credit card/ Debit Card as the mode of payment.

3) 16% of the respondents use Credit card / Debit card and cash as modes of payment.

Shopper Stop:

1) 46% of the respondents use cash as the mode of payment.

2) 38% of the respondents use Credit card / Debit Card as the mode of payment.

3) 16% of the respondents use Credit card / Debit card and cash as modes of payment.

(E) Pricing

Pantaloons:

1) 54% of the respondents felt that price justified quality of products. 20% of the respondents felt that prices of products are "Inexpensive".

2) 16% of the respondents felt that prices of the products are "Expensive".

3) 10% of the respondents felt that prices of the products are "Very expensive".

4) None of the respondents felt that prices of the products are "Very Inexpensive".

Shopper Stop:

1) 48% of the respondents felt that price justified quality of products.

2) 28% of the respondents felt that prices of the products are "Inexpensive".

3) 16% of the respondents felt that prices of the products are "Expensive".

4) 4% of the respondents felt that price of products are "Very expensive".

5) 4% of the respondents felt that price of products are "Very Inexpensive".

(F) Recall any visual display in the store

Pantaloons:

1) 66% of the respondents visiting Pantaloons store can recall the visual display and can describe it.

2) 34% of the respondents visiting Pantaloons store can't recall the visual display and can describe it.

Shopper Stop:

3) 76% of the respondents visiting Shopper Stop store can recall the visual display and can describe it.

4) 24% of the respondents visiting Shopper Stop store can't recall the visual display and can describe it.

(G) Variety of products

Pantaloons:

1) 48% of the respondents visiting Pantaloon store are satisfied with the variety of products.

2) 24% of the respondents visiting Pantaloon store are highly satisfied with the variety of products.

3) 22% of the respondents visiting Pantaloon store are neither satisfied nor dissatisfied with the variety of products.

4) 6% of the respondents visiting Pantaloon store are dissatisfied with the variety of products.

5) None of the respondents visiting Pantaloon store are highly dissatisfied with the variety of products.

Shoppers Stop:

1) 48% of the respondents visiting Shopper Stop store are satisfied with the variety of products.

2) 20% of the respondents visiting Shopper Stop store are highly satisfied with the variety of products.

3) 14% of the respondents visiting Shopper Stop store are neither satisfied nor dissatisfied with the variety of products.

4) 4% of the respondents visiting Shopper Stop store are dissatisfied with the variety of products.

5) None of the respondents visiting Shopper Stop store are highly dissatisfied with the variety of products.

(H) Display of products

Pantaloons:

1) 38% of the respondents visiting

1) 46% of the respondents visiting Shopper Stop store are satisfied with service provided by sales person.

2) 24% of the respondents visiting Shopper Stop store are neither satisfied nor dissatisfied with service provided by sales person.

3) 14% of the respondents visiting Shopper Stop store are dissatisfied with service provided by sales person.

4) 12% of the respondents visiting Shopper Stop store are highly satisfied with service provided by Sales person.

5) 4% of the respondents visiting Shopper Stop store are highly dissatisfied with service provided by sales person.

(K) Salespersons' promptness in approaching the costumer.

Pantaloons:

1) 40% of the respondents visiting Pantaloon store are neither satisfied nor dissatisfied with salespersons' promptness in approaching them.

2) 32% of the respondents visiting Pantaloon store are satisfied with salespersons' promptness in approaching them.

3) 16% of the respondents visiting Pantaloons store are dissatisfied with salespersons' promptness in approaching them.

4) 6 % of the respondents visiting Pantaloons store are highly satisfied with salespersons' promptness in approaching them.

5) None of the respondents visiting Pantaloons store are highly dissatisfied with salespersons' promptness in approaching them.

Shoppers Stop:

1) 36% of the respondents visiting Shopper Stop store are satisfied with salespersons'

promptness in approaching them.

2) 28% of the respondents visiting Shoppers Stop store are neither satisfied nor dissatisfied with salespersons' promptness in approaching them.

3) 16% of the respondents visiting Shoppers Stop store are highly satisfied with salespersons' promptness in approaching them.

4) 12 % of the respondents visiting Shoppers Stop store are dissatisfied with salespersons' promptness in approaching them.

5) 8% of the respondents visiting Pantaloons store are highly dissatisfied with Salespersons promptness in approaching them.

(L) Salespersons' knowledge of product.

Pantaloons:

1) 38% of the respondents visiting Pantaloon store are satisfied with Salespersons' knowledge of product.

2) 36% of the respondents visiting Pantaloon store are highly satisfied with Salespersons' knowledge of product.

3) 16% of the respondents visiting Pantaloons store are neither satisfied or nor dissatisfied with salespersons' knowledge of product.

4) 6 % of the respondents visiting Pantaloons store are dissatisfied with salespersons' knowledge of product.

5) 4% of the respondents visiting Pantaloons store are highly dissatisfied with salespersons' knowledge of product.

Shopper Stop:

1) 38% of the respondents visiting Shoppers Stop store are satisfied with salespersons' knowledge of product.

2) 36% of the respondents visiting Shopper Stop store are highly satisfied with salespersons' knowledge of product.

3) 16% of the respondents visiting Shoppers Stop store are neither satisfied nor dissatisfied with salespersons' knowledge of product.

4) 6 % of the respondents visiting Shoppers Stop store are dissatisfied with salespersons' knowledge of product.

5) 4% of the respondents visiting Shoppers Stop store are highly dissatisfied with salespersons' knowledge of product.

(M) Willingness to exchange products

Pantaloons:

1) 38% of the respondents visiting Pantaloon store are neither satisfied nor dissatisfied with willingness to exchange products.

2) 34% of the respondents visiting Pantaloon store are satisfied with willingness to exchange products.

3) 28% of the respondents visiting Pantaloons store are highly satisfied with willingness to exchange products.

4) None of the respondents visiting Pantaloons store are dissatisfied with willingness to exchange products.

5) None of the respondents visiting Pantaloons store are highly dissatisfied with Willingness to exchange products.

Shoppers Stop:

1) 42% of the respondents visiting Shoppers Stop store are neither satisfied nor dissatisfied with Willingness to exchange products.
2) 26% of the respondents visiting Shoppers Stop store are highly satisfied with willingness to exchange products.
3) 16% of the respondents visiting Shoppers Stop store are satisfied with willingness to exchange products.
4) None of the respondents visiting Shopper Stop store are dissatisfied with willingness to exchange products.
5) None of the respondents visiting Shoppers Stop store are highly dissatisfied with willingness to exchange products.

(N) Parking Facilities

Pantaloons:

1) 42% of the respondents visiting Pantaloon store are highly satisfied with parking facilities
2) 32% of the respondents visiting Pantaloon store are satisfied with parking facilities.
3) 12% of the respondents visiting Pantaloons store are neither satisfied

nor dissatisfied with parking facilities.

4) 8% of the respondents visiting Pantaloons store are dissatisfied with parking facilities.

5) 6% of the respondents visiting Pantaloons store are highly dissatisfied with parking facilities.

Shopper Stop:

1) 46% of the respondents visiting Shopper Stop store are satisfied with parking acilities

2) 34% of the respondents visiting Shopper Stop store are highly satisfied with parking facilities.

3) 10% of the respondents visiting Shopper Stop store are neither satisfied nor dissatisfied with parking facilities.

4) 10% of the respondents visiting Shopper Stop store are dissatisfied with parking facilities.

5) None of the respondents visiting Shopper Stop store are highly dissatisfied with Parking Facilities.

(O)Preference of the shopping centers

1) 56% of total respondents prefer shoppers stop than Pantaloons for shopping purpose.

2) 44% of total respondents prefer Pantaloons than shoppers stop for shopping purpose.

5. RECOMMENDATIONS

More efficient Staff : The staff needs to be more efficient in handling customers, specially at billing counter so there will be less time consumption.

Better direction within the store: According to some of the respondents direction of various departments is confusing in store and causes problem for them in finding what they want.

Parking Space: According to many respondents, parking space is not adequate and

it takes more time for them to find parking space.

Children – zone: Children play zone was suggested by some shoppers.

Visual merchandising: Better emphasis should be given to visual merchandising.

Customer Focus: There should be more focus on customer satisfaction and giving them great shopping experience.

6) CONCLUSIONS

1. Consumer behavior is a study of how individuals make decisions to spend their available resources (time, effort, money etc.)

2. Marketing needs to be standardised, because cross - cultural styles, habits, tastes, prevent such standardisation.

3. Marketer's success in influencing purchase behavior depends largely on how well they understand consumer behavior.

4. Understanding the major factors influencing consumer behavior, knowing and recognizing the types of buying decision behavior is of great importance in retailing.

5. Other people often influence a consumer's purchase decision. The marketer needs to know which people are involved in the buying decision and what role each person plays, so that marketing strategies can also be aimed at these people.

6. Offer extensive information on high involvement products.

7. In-store promotion & placement is important for low involvement products.

8. Linking low-involvement product to high-involvement issue can increase sales.

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Banking Innovation And Cloud Computing : A Case Study On State Bank Of India And TCS

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ABSTRACT : *During the 1990s, the Indian economy began a period of rapid growth as the country's low labor costs, intellectual capital, and improving telecommunications technology allowed India to offer its commercial services on a global basis. Major Private Sector banks successfully adopted the core banking and so as SBI. The implementation of the Tata Consultancy Services (TCS) BaNCS Core Banking at the State Bank of India (SBI) and its affiliate banks represents the largest centralized core system implementation ever undertaken. The overall effort included the conversion of approximately 140 million accounts held at 14,600 domestic branches of SBI and its affiliate banks. The paper states the present status of SBI and the benefits of BaNCs for SBI. The paper also narrates the critical success factors for the implementation of BaNCs. The paper enumerates the migration of SBI to core banking system and tries to critically evaluate all the facets of cloud computing.*

Keywords: *Cloud Computing, Vendor Consortium, Real Time Gross Settlement, SWIFT*
JEL classification: L-86, M-15, N-75, O-31, O-32

Introduction

A lack of reliable communications and power (particularly in rural areas) hindered the implementation of computerization at Indian banks throughout the 1970s and 1980s. During this period, account information was typically maintained at the local branches with either semi automated or manual ledger card processing. During the 1990s, the Indian economy began a period of rapid growth as the country's low labor costs, intellectual capital, and improving telecommunications technology allowed India to offer its commercial services on global basis. This growth was also aided by the government's decision to allow the creation of private-sector banks (they had been nationalized in the 1960s). The private-sector banks, such as ICICI Bank and HDFC Bank, altered the banking landscape in India. They implemented modern centralized core banking systems and electronic delivery channels that allowed them to introduce new products and provide greater convenience to customers. As a result, the private-sector banks attracted middle and upper-class customers at the expense of the public-sector banks. Additionally, foreign banks such as Standard Chartered Bank and Citigroup used their advanced automation capabilities to gain market share in the corporate and high-net-worth markets.

The paper has been divided into seven sections. First section narrates the meaning and application of cloud computing, second section shows the present status of SBI, third section enumerates the application of IT in SBI, fourth section describes the core systems modernization in SBI, fifth section tries to emphasize the importance of core banking for SBI and the sixth section narrates the application made by TCS in core banking and seventh section concludes the paper. Along with that some important tables have been given in the appendix.

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2] SECTION-1- Introduction To Cloud Computing

Cloud computing is outsourcing server space. The term "cloud computing" means outsourced, pay-as-you-go, on-demand, somewhere in the Internet, etc. Cloud computing refers to Internet-based computing where delivery of services is from servers, storage and other resources served from the Web rather than on-premise assets. It has been considered a great idea for years, but adoption is yet to accelerate. Cloud computing is now associated with a higher level abstraction of the cloud. Instead of there being data pipes, routers and servers, there are now services. The underlying hardware and software of networking is of course still there but there are now higher level service capabilities available used to build applications. Behind the services are data and compute resources. A user of the service doesn't necessarily care about how it is implemented, what technologies are used or how it's managed. Only that there is access to it and has a level of reliability necessary to meet the application requirements.

The cloud manages multiple infrastructures across multiple organizations and consists of one or more frameworks overlaid on top of the infrastructures tying them together. The frameworks provide mechanisms for:

1) self-healing

2) self monitoring

3) resource registration and discovery

4) service level agreement definitions

5) automatic reconfiguration

Data crunching is computing-intensive, and standalone computers are not good enough to provide good results quickly. The cloud on the other hand, distributes the resources like the processor and storage provides multiple inputs and outputs, and thus speeds up data crunching significantly. In a recent project for a Japanese banking firm, "we found that cloud analytics reduces the time from the usual 12 hours to a few minutes," says Wishnu Bhat, vice-president and head of systems integration at Infosys.

The adoption of cloud computing is done in several stages. The first is preparation, by consolidating servers and optimising through virtualisation. The second is the movement of enterprise computing to the cloud, either to a private cloud (where the infrastructure is owned by the private company itself) or a public cloud (which is a service offered by another company). The final stage is to use the cloud for innovation, for cutting-edge technologies like analytics.

Cloud computing also enables what is known as consumerisation of IT. It is a term used to describe several things at once, but its essence is as follows. Over the years, consumer devices have become more powerful than those used in the enterprise. This is true of many laptops as well as mobile phones and now tablets. Also, over the years, the public infrastructure has become more resourceful than those in the enterprise. There is availability of high-speed broadband at home, wireless hotspots around the city, VoIP services and so on. Those who offer these services are large companies that cannot afford an interruption in service. If these trends are put together, it will have a powerful medium for corporations to use.

2.1 The Development of Cloud Computing

1. 1960s: American computer scientist John McCarthy says that future computation will be organised as a public utility.

2. 1997: Professor T Ramnath K. Chellappa coins the term cloud computing.

3. 2006: Amazon starts the first cloud computing service by launching the Amazon Web service.

4. 2007: Google and IBM begin a cloud research project for five US universities.

5. 2008: The first set of private cloud platforms are developed, beginning with the open-source Eucalyptus.

6. 2009: All vendors come up with their strategies and start serious work on

developing platforms and applications.

7. 2010: Many new cloud computing platforms become commercially available (e.g. Microsoft Azure). A few early adopters of the private cloud are Verizon, Wipro, EMG2.

2011: Large shifts to the private cloud expected, providing technology consulting opportunity for IT companies.

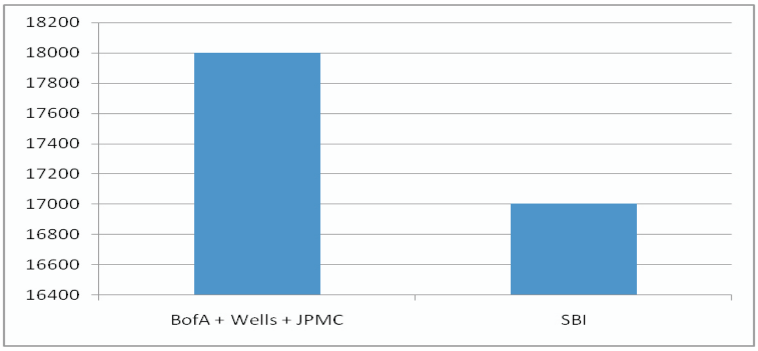
3] SECTION-2-The Present Status Of SBI

The market capitalization of SBI in 2005 was 345.75 Rs. in bn. where as in 2009 it is 677.13 Rs. in bn. The deposits in FY 2005 was Rs.3670.48 in bn. whereas in 2009 it Rs.7420.73 in bn. Net profit has increased from 43.05 bn rupees in 2005 to 91.21 bn rupees (see table-1, appendix). EPS was 81.79 Rs. in 2005 whereas in 2009 it was 143.77 Rs (see table-2, appendix).

3.1 Branches

The State Bank of India, including its Associate Banks, has 17,385 branches. Let's put this into perspective: Bank of America has 6,153 branches; JP Morgan Chase (+Washington Mutual) has 5,126; Wells Fargo (+ Wachovia) has 6,741. All three of these too-big- to-fail American banks combined have a total of 18,521 branches, just slightly more than the State Bank of India at 17,385 branches, as shown in Figure 1.

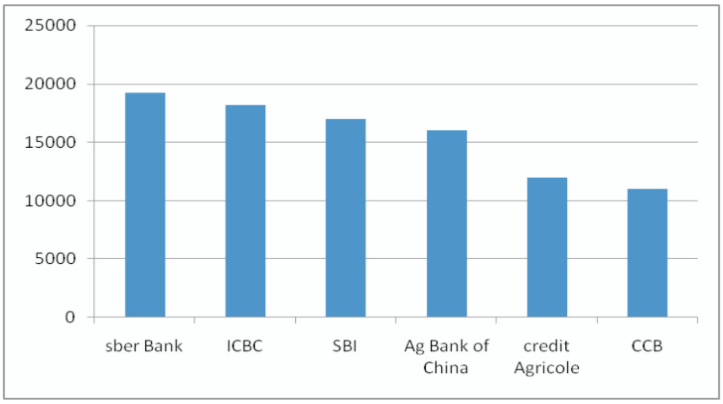
Figure : 1- A comparison of number of branches of SBI and other selected banks



Source: Annual reports

Bank of America has announced that it will be closing branches, while State Bank of India is adding them. It is likely that next year State Bank of India will have more branches than Bank of America, JPMorgan Chase, and Wells Fargo combined. It has slightly fewer branches than Sberbank, the massive Russian retail bank, and ICBC, the Industrial and Commercial Bank of China, as shown in Figure 2.

Figure : 2- Branches of different banks

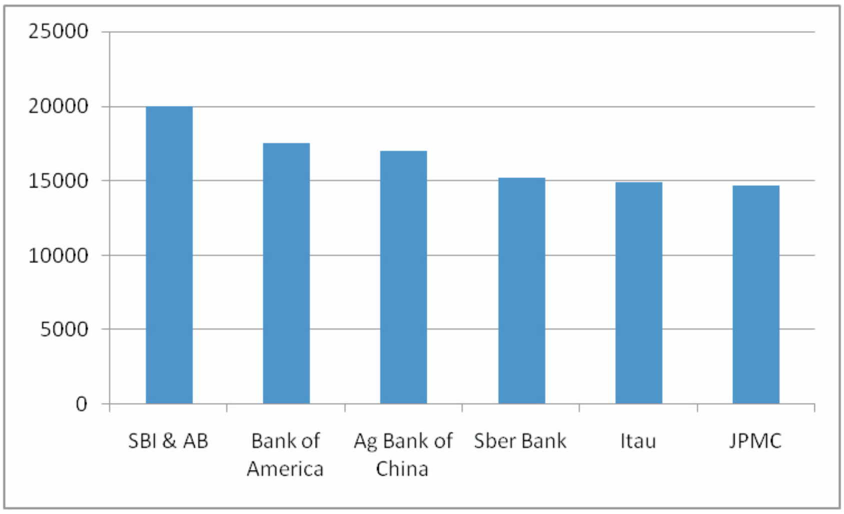


Source: Annual reports

3.2 ATMs

The bank along with its Associate Banks has 20,000 ATMs (as of January 2010) and expects to have 25,000 ATMs by March 2010. All ATMs run from a single switch. State Bank of India and the ABs have issued 61 million ATM cards and issue 2 million new cards every month. The ATMs dispense Rupees 272 billion ($5.6 billion) per month. All ATMs are on line, some via CDMA (mobile network). The bank is moving off ACI Base24 on the Tandem platform to another switch running on Unix. State Bank of India also expects to see a huge growth in POS transactions running on this same network. It plans to install 150,000 POS machines. The Indian Railways (www.irctc.co.in) generates the highest number of POS transactions for State Bank of India today, about 10,000 on the Internet and 20,000 via online use of debit cards. The bank expects to be processing 7 million ATM transactions and 2 million POS transactions per day by 2011. State Bank of India and it Associate Banks have the largest ATM network in the world, as shown in Figure 3.

Figure : 3- ATMs of different banks



Source: Annual reports

4.1 The History of State Bank of India IT

In 1991, the bank undertook a computerization initiative it called total branch automation using Kindle (now Misys) Bankmaster to be deployed in the larger branches. State Bank of India computerized all its branches by January 2004, rolling out Bankmaster in 7,526 additional branches in nine months. The bank used a stand-alone IBM mainframe for inter-branch reconciliation and used weekly reporting with central reconciliation in a very manual system. Customers were still expected to queue in different areas for different functions at the bank. There was one teller for issuing drafts, another for accepting deposits, another for foreign exchange. In 2003 the bank rolled out multifunction tellers and Internet banking, allowing multi functionality from either a single teller or a browser. Customer service has improved due to the bank's ability to provide single-window operations. ATMs were connected to the Bankmaster branch system via a gateway PC, and ATM transactions were posted at the end of each day to Bankmaster. The ATM was also connected via ACI's Base24 switch to the broader network.

4.2 The Decision to Migrate Core Systems

State Bank of India was running a branch system, meaning that you did business with the branch, not the bank. All records of account activity resided in the branch. The bank found itself at a competitive disadvantage with respect to both the global banks (Citi, Standard Chartered, HSBC) and the private (as opposed to publicly owned) banks such as ICICI Bank and HDFC Bank, which had a single centralized core banking system in India so that customers could do business with any branch. Corporate customers were moving to other banks that could work with a single bank operating across the country rather than multiple branches that couldn't offer real time consolidation of positions.

Because SBI was at a technology disadvantage with the branch system, the bank was losing deposit share due to new entrants to the market. The Indian banking market is dynamic and competitive. The private banks were rolling out new products on modern systems, and State Bank of India had trouble keeping up with this innovation. On the Bankmaster branch system, patches needed to be shipped out to every branch and applied to every branch server. This alone made it much more difficult to compete in the Indian market.

The big winners in past years have been the commercial (private) banks such as ICICI Bank, HDFC Bank, Yes Bank, Axis Bank, and others. Their share has grown from 8% of deposits in 1996 to 20% of deposits in 2008. Nationalized banks (excluding State Bank of India) have been losing share steadily, from 56% of deposits down to 48% over the same time period. State Bank of India and its Associates did not have the same fate. Share declined much more modestly, from 26% to 23% over this same time period, and share actually grew from 2007 to 2008 and increased further in 2009. After migrating to TCS BaNCS, the State Bank of India has recently turned the tide and seen growing deposit market share in India, as shown in Figure. Note that while State Bank of India now has 100% of its branches on a centralized core system, the nationalized banks have been lagging with only 56% of their branches on centralized core banking as of March 2008.

At SBI, Reconciliation was painful. Each branch would compile reports (on paper) and send them to a central point where they would be keyed into a single system. Clerks would match these reports against branch batches on a weekly basis. When there were discrepancies, clerks would send memos to the branch, and the mismatched batch was mailed back to the central office for reconciliation. There was no network connectivity across branches. There was a requirement that large payments from the government be reconciled at the end of the same day to settle with State Bank of India. Within the current system, this was impossible. Today the bank has better control of reconciliation due to a centralized view of branch books for system suspense accounts, interbranch accounts, etc. The entire clearing process is now totally automated with minimal manual intervention.

A branch was almost a bank in itself where the branch manager was responsible for many activities such as account opening, customer management, data management, management of funds, daily report generation, etc. Launching of products, services, and policies across all branches was handled at the branch level. Since the whole system was decentralized, the bank had little control over branch activities and their decisions, thereby facing numerous governance issues.

Activities such as end of day (EOD), start of day (SOD), and report generation were repeated across all the branches, resulting in duplication of effort and a drain on resources.

4.3 The Selection of FNS BaNCS

As a government-owned entity, the bank had strict procurement procedures that had to be transparent and could not be changed mid-stream. State Bank of India hired KPMG to provide guidance on a future architecture for IT at State Bank of India and help with the RFP process. The bank also engaged the assistance of Dr. D. B. Phatak of the Indian Institute of Technology (IIT) Bombay. The bank had established criteria that said that any system to be considered should be running somewhere else and supporting at least 500 branches. At the time two Indian solutions, FLEXCUBE and Finacle, were unable to provide references running over 500 branches. They were therefore eliminated from the process. At the time Bank of America was running 1,800 branches on Systematics, and ANZ in Melbourne was running 750 branches on BANCS. The bank was looking at three different possibilities, shown in Table 1.

Table 1: SBI Was Looking at Three Possibilities

Integrator	Software Package	Hardware Platform
TCS	FNS BANCS	IBM Mainframe
TCS	FNS BANCS	HP Superdome
IBM	Alltel Systematics	IBM Mainframe

Source: State Bank of India

The bank evaluated the solutions based upon five criteria: architecture, software process engineering, scalability, field proof points, and functionality. FNS had a small and creative engineering team, but processes were not very strictly implemented. A testing methodology was in place, but not fully executed. Because TCS was taking over the maintenance of the code, this moved the evaluation from one of just FNS to one of FNS and TCS. Solution architecture was good, but it wasn't clear that either system could scale to 10,000 branches. Neither vendor could prove this at the time. Alltel had 3,000 branches versus 750 branches for FNS, but neither was at 10,000. The greatest concerns were around end-of-day processing. Both systems met the functionality requirements of the bank. Neither system was especially easy to customize.

The process said that both solutions were able to meet the needs of the bank. The bank negotiated with both sets of vendors, but IBM and Alltel could not come close to the price of solution provided by TCS, HP, and FNS. The process was structured such that the lowest priced solution among all sufficient solutions was to be awarded the contract.

A few features of FNS BANCS which helped win the deal were:

1. 24 x 7 availability providing continuous customer service.
2. Online real time Internet banking, ATM, POS, RTGS, SWIFT, for multiple channel operations.
3. Message-based interfaces.
4. Browser-based front end providing easy maneuverability for users and ease of operations.
5. Offline branch functionality for key transactions (in case of network failure).

   Parameterized product setup and cloning, allowing faster product launches.

4.4 Technology and Functionality

The State Bank of India decided to move from a branch system based on Kindle (now Misys) Bankmaster to a centralized real time system, as shown in Table 2. Modernization and centralization of infrastructure, database, and storage also followed from this migration.

Table-2: From Old to New

	OLD	NEW
Software	Kindle Bankmaster	FNS BANCS (now TCS BαNCS)
Programming Language	Assembly, COBOL	COBOL, .NET on front end
OS	Novell Netware	HP UX
Database	Btrieve	Oracle 9i
Processor	One per branch, varies by branch size: Pentium 3	HP Superdome: 2 application servers; 2 database servers, PA RISC
Storage	Local server with 2GB, periodically archived	HP XP24K SAN, 320 TB

Source: State Bank of India

The State Bank of India has some unique connectivity challenges to link the 17,385 branches. They achieve this with over 20,000 leased lines and a VSAT (very small aperture terminal) satellite network with 6,000 connections. This VSAT system consisted of a small dish of 1.2 meters in diameter that delivers up to 64 kbps connectivity from the branches to the data centers.

5] SECTION-4-: State Bank Of India Core Systems Modernization

5.1 Drivers for a new core system

SBI had undertaken a massive computerization effort in the 1990s to automate all of its branches, implementing a highly customized version of Kindle Banking Systems' Bankmaster core banking system (now owned by Misys). However, because of the bank's historic use of local processing and the lack of reliable telecommunications in some areas, it deployed a distributed system with operations located at each branch. Although the computerization improved the efficiency and accuracy of the branches, the local implementation restricted customers' use to their local branches and inhibited the introduction of new banking products and centralization of operations functions. The local implementation prevented the bank from easily gaining a single view of corporate accounts, and management lacked readily available information needed for decision making and strategic planning.

The advantages in products and efficiency of the private-sector banks became increasing evident in the late 1990s as SBI (and India's other public-sector banks) lost existing customers and could not attract the rapidly growing middle market in India. In fact, this technology-savvy market segment viewed the public-sector banks as technology laggards that could not meet their banking needs. As a result, the Indian government sought to have the public-sector banks modernize their core banking systems. In response to the competitive threats and entreaties from the government, SBI engaged KPMG Peat Marwick (KPMG) in 2000 to develop a technology strategy and a modernization road map for the bank.

In 2002, bank management approved the KPMG-recommended strategy for a new IT environment that included the implementation of a new centralized core banking system. This effort would encompass the largest 3,300 branches of the bank that were located in city and suburban areas. The State Bank of India's objectives for its project to modernize core systems included:

* The delivery of new product

capabilities to all customers, including those in rural areas

* The unification of processes across the bank to realize operational efficiencies and improve customer service
* Provision of a single customer view of all accounts
* The ability to merge the affiliate banks into SBI
* Support for all SBI existing products
* Reduced customer wait times in branches
* Reversal of the customer attrition trend

5.2 Challenges for the bank

The bank faced several extraordinary challenges in implementing a centralized core processing system. These challenges included finding a new core system that could process approximately 75 million accounts daily a number greater than any bank in the world was processing on a centralized basis. Moreover, the bank lacked experience in implementing centralized systems, and its large employee base took great pride in executing complex transactions on local in-branch systems. This practice led some people to doubt that the employees would effectively use the new system.

Another challenge was meeting SBI's unique product requirements that would require the bank to make extensive modifications to a new core banking system. The products include gold deposits (by weight), savings accounts with overdraft privileges, and an extraordinary number of passbook savings accounts.

5.3 Vendor Consortium Selection

TCS had the prime relationship with the bank. While originally TCS was the system integrator, it had the source code to FNS BANCS and committed to maintain this code. The company later acquired FNS and with it the entire BANCS code base. The TCS project team resides at State Bank of India. Millions of lines of code have been added to the base code at State Bank of India. Because the code base is maintained by TCS, which also owns the product, TCS is migrating the vast majority of State Bank of India customizations into the main TCS BaNCS code base, thus saving the bank the cost of continuing to support the customizations while improving the functionality of the TCS product. In any complex environment, there can be challenges to customization, with unintended consequences. TCS undertakes full system testing for every customization while State Bank of India does the regression testing and user acceptance testing (UAT) to guard against this possibility. State Bank of India keeps a test region with a separate database for UAT. Regression testing sits in yet another region.

Tata Consultancy Services, headquartered in Mumbai, India, is one of the world's largest technology companies with particular expertise in systems integration and business process outsourcing. The company has more than 130,000 employees located in 42 countries and achieved revenues of $5.7 billion in fiscal 2008. Although TCS has long been a leader in core systems integration services for banks, after it purchased FNS in 2005, the company also became a leading global provider of core banking software for large banks. The BaNCS system is based on service-oriented architecture (SOA) and is platform and database independent. In addition to SBI, TCS BaNCS clients include the Bank of China (installation in process), China Trust, Bank Negara Indonesia, India's Bank Maharashtra , National Commercial Bank (Saudi Arabia), and Koram Bank (Korea). TCS has also expanded its US footprint with the opening of its largest resource delivery center in North America (near Cincinnati, Ohio) that can house 20,000 personnel. The company is seeking to license and implement the BaNCS system in North America and recently completed a major part of an effort to ensure that the BaNCS system meets US regulatory and compliance requirements.

5.4 Initial SBI Core Systems Modernization Project

The contract for the initial project was completed in May 2002; 3,300 branches were to be converted by mid-2007. TCS immediately began a six-month gap analysis effort to determine the required software changes to the BaNCS system. The changes included installing required interfaces with more than 50 other systems as well as making enhancements to support the bank's product requirements. These product requirements were separated by customer segment to allow the vendor and bank to begin conversions before all the needed modifications were implemented. They placed a priority on the needed changes that would allow branches with high-net-worth individuals and then corporate accounts to be converted as soon as possible. Before the first conversion in August 2003, TCS and HP created the data processing environment for SBI. The primary data center was established on the outskirts of Mumbai and a backup center was established approximately 1,000 miles to the east in Chennai. The centers were equipped with HP Superdome servers and XP storage systems in a failover configuration utilizing HP's UNIX operating platform.

5.5 Initial Conversion Project

The conversion effort began in August 2003, when SBI converted three pilot branches to the BaNCS system. The successful conversion and operation of the pilot branches was followed by the conversion of 350 retail branches with high-net-worth customers between August 2003 and September 2004. At this point, the bank intentionally halted the conversions to analyze and resolve reported problems. They analyzed, categorized, and prioritized these problems by type of resolution (e.g., software, procedural, training) and severity. TCS managed software revisions for the critical software changes while the branch personnel managed the needed training and procedural changes. After the software and procedural changes were implemented, SBI converted an additional 800 branches between December 2004 and March 2005. Unlike in the previous conversions, this group of branches included predominantly commercially oriented offices. The conversion effort then refocused on retail branches until November 2005, when the bank paused again to resolve problems that came up during this second group of conversions. After the second round of changes, the system and processes were functioning smoothly, and management believed the branch conversion could be accelerated. An assembly line approach was then employed in April 2006 to speed the branch conversion process:

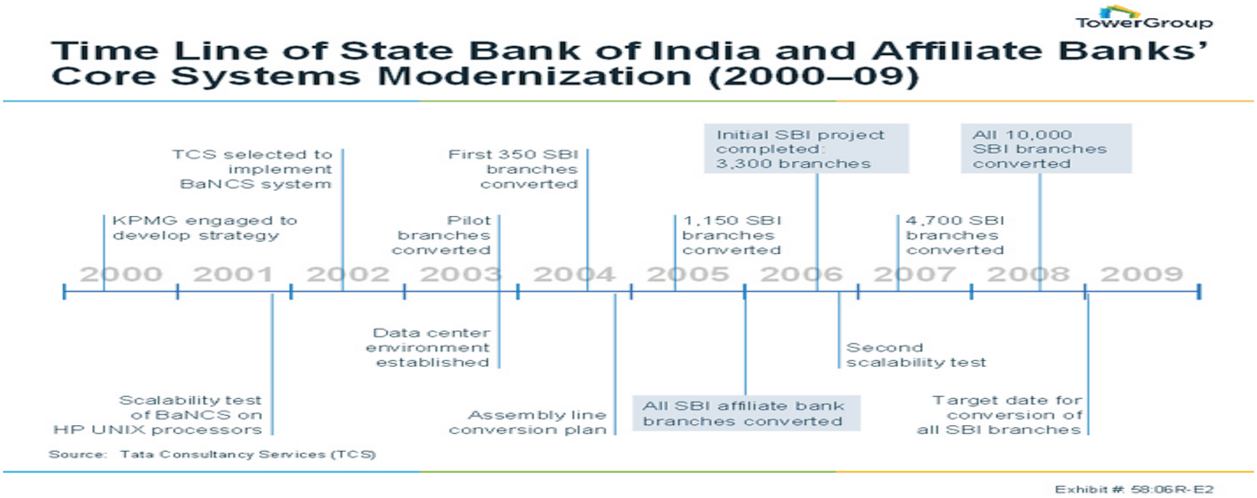
Branch personnel were responsible for data scrubbing and cleaning of their customer information on the existing system.

Branches were notified three months prior to their conversion date to begin "mock," or test, conversions using a specially created test version of the BaNCS system.

Branches performed several test conversions to ensure the actual conversion went smoothly.

As the new core banking system was rolled out across the SBI branches nationwide, a special process was introduced in the nightly batch window to add the new branches. The process increased batch processing time approximately 20 minutes and typically included adding branches in groups of 50. This additional process, of course, was unnecessary upon completion of the rollout and has since been removed from the nightly batch window. TCS and local area branch managers oversaw the conversions, and the bank's circle (regional) heads formally reported the status to the chairman's office. By employing the assembly line approach for branch conversions, SBI was able to convert 1,200 branches in April and May 2006, completing the initial 3,300-branch conversion two months ahead of the original schedule. The milestones for the initial core systems implementation project are included in the SBI and affiliate banks core systems modernization time line in fig-4.

Figure : 4- The journey of core systems modernization in SBI



5.6 Affiliate Banks' Conversion

As the rollout plans for State Bank of India were being finalized, the bank decided to extend the scope of the core banking implementation to include its (then) eight affiliate banks. TCS created a separate processing environment within the Mumbai data center used to support SBI. The conversion effort for each of the affiliate banks spanned 18 to 24 months; the first six months were used for planning, training, and establishing the processing environment for the banks. The branch conversions overlapped among the banks, allowing all the affiliate banks to be converted in 30 months. The project was begun in July 2003 for the State Bank of Patiala and in 2004 for the other affiliate banks. All the affiliate bank branches were converted to the BaNCS system by the end of 2005, as reflected in Exhibit 2.

5.7 State Bank of India Full Branch Conversion

The success of the initial 3,300-branch conversion for SBI demonstrated that:

TCS had the technical capabilities to support the bank's IT initiative and scale of operations. Bank personnel had the skills to adopt new processes and support the conversions.

The Indian customer base would react to new technology by adopting new electronic services and demanding new, more sophisticated banking products.

An assembly line approach could be used effectively to support large-scale branch conversions.

Given the success of the initial project and SBI's desire to offer new products to all its customers, a new IT plan was created that would encompass all branches. TCS and the bank would have to demonstrate the capability to process 100 million accounts in a single processing environment. TCS and HP then conducted another scalability test in September 2006 to determine if the system could process SBI's entire base of 100 million accounts (excluding the affiliate banks, which use a separate processing environment) with sustained peak online throughput of 1,500 transactions per second. They conducted the test at HP Labs in Cupertino, California, using two 32-CPU HP 9000 Superdome application servers and two 32-processor Itanium Core HP Integrity servers for the database. The test achieved a sustained peak real-time transaction rate of more than 1,575 transactions per second, meeting the projected processing demands of SBI. Additionally, batch tests were run for both deposits and loan account processing. The month-end batch process for loans required 1 hour and 5 minutes, and deposit processing was completed in 2 hours and 27 minutes.

Based on the successful scalability test, SBI decided to convert the approximately 6,700 remaining SBI branches to the BaNCS system. The conversion of the remaining branches began in June 2006, with the stated goal of completing the conversion by year-end 2008. Utilizing the assembly line conversion approach established in the initial phase, the bank converted 1,400 of these branches by March 2007. Because the conversion methodology and BaNCS system were thoroughly proven and stable, the assembly line conversion approach allowed the bank to complete the conversion ahead of schedule. Between April 2007 and March 2008 (the bank's fiscal year end), SBI converted 4,600 branches to the new system. The remaining branches were converted between April and July 2008.

6] SECTION-5 Core Banking And Benifit To SBI

6.1 Critical Success Factors

Large-scale core systems implementations are typically the most costly and risky IT projects undertaken by banks. Failures of core systems projects are not uncommon at large banks and result in both financial impact and lost business opportunities. Further, failed projects lead other banks to delay needed core systems replacements because they measure the risk of failure against the potential benefits of a new system. Several critical factors contributed to the success of the SBI core implementation effort:

6.1.1 Senior management commitment. The project was driven by the chairman of SBI, who met every month with the information technology (IT) and the business sector heads. The chairman monitored the overall status and ensured that sufficient resources were allocated to the project. TCS senior managers were thoroughly committed to the project as well and periodically met with the SBI chairman to review the project status.

6.1.2 Staffing and empowerment of project team. The core banking team consisted of the bank's managing director of IT acting as team head and 75 business and IT people selected by the bank. TCS also staffed the project with approximately 300 IT professionals trained on the BaNCS system. Importantly, the SBI business people were viewed not just as contributors to a key project but as future bank leaders. This team reported to the SBI chairman and was empowered with all decision-making authority.

6.1.3 Ownership by business heads. The regional business line heads were responsible for the success of conversion of their respective branches and reported the status to the chairman. Thus, the business heads' objectives were aligned with those of the project team.

6.1.4 Focus on training. SBI used its network of 58 training centers across India to train employees on the new system. TCS personnel first educated approximately 100 SBI professional trainers, who then trained 100,000 SBI employees at the centers; the remaining employees trained at their respective job sites.

6.2 Benefits of New Core Systems Implementation

The new core system has resulted in benefits throughout the bank for both the customers and the employees of SBI. For example, the new core banking system has allowed the bank to redesign processes. It established 400 regional processing centers for all metro and urban branches that have assumed functions previously performed in the individual branches. The bank recently reported that business per employee increased by 250% over the last five years. The bank has achieved its goal of offering its full range of products and services to its rural branches. It delivers economic growth to the rural areas and offers financial inclusion for all of India's citizens. Implementation of the TCS BaNCS system has provided the bank with the ability to consolidate the affiliate banks into SBI. In fact, the bank recently completed the consolidation of State Bank of Saurashtra into SBI. The bank has reversed the trend of customer attrition and is now gaining new market share. Completion of the core conversion project has also allowed the bank to undertake several new initiatives to further improve service and support future growth. These initiatives include the deployment of more than 3,000 rural sales staff, redesign of over 2,200 branches in the last fiscal year, opening of more than 1,000 new branches, establishment of a call center, and an active plan to migrate customers to electronic delivery channels. The improvement in productivity and growth of business for the SBI Group is reflected in Exhibit 4.

7] SECTION-6: Cloud Computing - TCS

Tata Research Development and Design Centre, also known as Tata Innovation Labs, a subsidiary of Tata Consultancy Services (TCS), innovation entails meeting a critical need. It sometimes also means adapting a project for a totally different market than it was originally blueprinted for. For instance, how to adapt TCS, core banking solution and banking software, branded BaNCS, with customers across 80 countries, and take this solution directly to millions of unbanked Indians upcountry. To take on the particularly hairy problem of rural banking, TCS used its robust innovation infrastructure-a combination of internal resources and strategic partners including Tata Group companies and other entities like emerging technology companies, academic institutions and others. It also looked carefully at the needs of the end users and leveraged those insights to design new solutions.

For banks, reaching rural India through the traditional branch banking model isn't viable because of the low value of transaction per customer and a dispersed population. There is little experience in managing remote information technology (IT) infrastructure and guaranteeing security and services. From a consumer perspective, the time spent in banking transactions set off against the opportunity cost of lost employment posed challenges, to adoption of banking services in rural areas, as also did the habit of storing money at home (typically stuffed into pillow covers or under mattresses).

Still, banks could ill-afford to ignore rural India as it increasingly became a hub of economic activity. Mobile phone and TV penetration is high and rising, has made a number of people "connected" and represented a major opportunity for TCS. But that's only if the IT services major was able to deliver a product or service that is designed specifically for rural banking needs within the cost parameters that would make business and social sense.

The solution: Branchless banking using cloud computing to take banking services to the unbanked. (Cloud computing refers to Internet-based computing where delivery of services is from servers, storage and other resources served from the Web rather than onpremise assets.) TCS' financial solutions business unit had pioneered banking automation and branchless banking in India. State Bank of India was its biggest success story. The company had an understanding of the challenges and needs of Regional Rural Banks and cooperative banks. TCS recognised that the branchless banking solution could not just be technologydriven, but ecosystem-driven, by which the products and services offered are meaningful and addresses the needs and concerns of the customer segment. For example, how does one enable repayments on a micro loan whenever the consumer wants it rather than only when an agent of the bank visits?

TCS leveraged cloud computing to take on the challenge. Today, it has 60-70 rural banks using its offerings connecting more than a 1,000 branches. Typically, a bank would be able to connect 20-30 branches in a 200-mile radius. Shared resources, software and information were provided to computers and other devices on demand. A banks operational data could be transferred to a cloud (a server that customers and branches can connect to through the net), enabling banks to offer basic banking facilities on mobile, lnternet enabled computers and other devices. Ease of configuration and elimination of regular maintenance helped greatly reduce the IT overheads required to get onto the platform. Granular or pay-per-use pricing models enabled the banks to manage the capital expenditure to operating expenditure ratio of IT investments. Banks are able to integrate with this platform rapidly (within 2-3 weeks), thereby effectively overcoming their primary barrier to adoptiontheir limited exposure to technology.

The branchless solution has a smart card or a debit card given to the account holder, containing his personal information, and a biometric handheld device operated by the bank's agents. The handheld device is small enough to carry around and has the memory and battery power to capture a full day's work. This would enable electronic financial transactions as well as full integration and seamless experience of using the mobile phone as a device for business transactions. TCS Innovation Labs is also testing banking via a television set-top box so that TV users (and penetration of TVs is significantly higher than of computers in rural India) will get the experience of Internet banking without access to computers, but with the help of a more familiar user interface that doesn't require Internet fluency.

Banking 3.0: Organizational Drivers for Cloud Computing- Financial Institutions

The drivers for the banking sector to adopt cloud computing are represented in the fig:5.

Figure : 5- Drivers of cloud computing in a bank.

8] SECTION-7: Concluding Remarks

Moving to a centralized modern core system was a competitive requirement for the State Bank of India. As they saw from their nationalized brethren, those who did not do so would lose share to the privately held and foreign banks. Moving to a Unix solution was not an obvious solution given the size of the bank, but the boldness of State Bank of India created a considerable cost advantage over the mainframe solution that State Bank of India continues to enjoy. Banks looking to reduce IT costs should consider moving to an open system that can provide the reliability, scalability, and availability that the largest banks in the world require.

The implementation of the Tata Consultancy Services (TCS) BaNCS system at the State Bank of India (SBI) represents the largest core systems project ever undertaken.

The success of this project should encourage other large banks to begin projects to modernize their core systems. The use of a UNIX-based platform to process more than 100 million accounts daily demonstrates that tier 1 banks can use a mainframe alternative for their core processing. SBI's achievement demonstrates that attention to critical factors is crucial in implementing new core systems. The bank's senior management's commitment, business line involvement, project team staffing and empowerment, and extensive employee training were all key contributors to the success of the project. Management also recognized the need for a proven systems integrator that possessed in-depth expertise in both business and technology. Core systems modernization has allowed the State Bank of India to centralize computer processing and operations functions, offer new banking products to all the citizens of India, reverse a trend of customer attrition, and consolidate its affiliate banks. Additionally, the bank can now further expand its product offerings and improve customer service.

Reference

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[2] Banking in the Backwaters, Innovation Special-BT Monitor Study, Business Today, Pg.48-51, issue-May.30,2010

[3] The Annual Report of TCS from 2005-2009

APPENDIX

TABLE:1- Some Key Parameters Of SBI From FY2005 To FY 2009

Rs. in Billion	FY2005	FY 2006	FY2007	FY 2008	FY 2009
Deposits	3670.48	3800.46	4355.21	5374.05	7420.73
Advances	2023.74	2618.01	3373.36	4168.95	5425.03
Investments	1970.98	1625.34	1491.49	1895.01	2759.54
Total Assets	4598.83	4940.29	5665.65	7215.26	9644.32
Interest Income	324.28	359.80	394.91	489.50	637.88
Interest Expenses	184.83	203.90	234.37	319.29	429.15
Net Interest Income	139.45	155.89	160.54	170.21	208.73
Non-Interest Income	71.20	74.35	57.69	86.95	126.91
Total Operating Income	210.65	230.24	218.23	257.16	335.64
Staff Expenses	69.07	81.23	79.33	77.86	97.47
Overhead Expenses	31.67	36.02	38.91	48.23	59.01
Total Operating Expenses	100.74	117.25	118.24	126.09	156.49
Operating Profit	109.91	112.99	100.00	131.07	179.15
Total Provisions	66.86	68.93	54.59	63.78	87.94
Net Profit	43.05	44.07	45.41	67.29	91.21

TABLE-2: Key Financial Indicators

KEY FINANCIAL INDICATORS (%)	FY2005	FY2006	FY2007	FY 2008	FY 2009
ROA	0.99	0.89	0.84	1.01	1.04
ROE	18.10	15.47	14.24	17.82	15.07
EPS(Rs.)	81.79	83.73	86.29	126.62	143.77
BVS(Rs.)	450	525	606	776	918
Dividend Payout Ratio	15.29	16.72	16.22	22.64	22.90
Cost/Income Ratio	47.83	58.70	54.18	49.03	46.62
Capital Adequacy Ratio (Basel I) (Basel II)	12.45	11.88	12.34	13.54	12.97 14.25
Cost of Deposits	5.11	4.77	4.79	5.59	6.30
Yield on Advances	7.68	7.78	8.67	9.90	10.15
Yield on Resources Deployed	7.94	7.10	6.88	6.92	7.10
Net Interest Margin	3.39	3.40	3.31	3.07	2.93
Gross NPA Ratio	5.96	3.61	2.92	3.04	2.86
Net NPA Ratio	2.65	1.88	1.56	1.78	1.79
Provision Coverage (Excl AUCA) Including AUCA	57	49	47	42.17 56.98	38.42 59.23

"Patients' Safety : Emerging Concerns & Defies"

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Abstract : *The Patient Safety is one of the global issues that have affected both developed and developing countries and is a new healthcare concerning prevention of medical error that often leads to adverse healthcare events. It was not familiar till 1990s, when various countries began to report on staggering numbers of patients who were either harmed and or killed mainly due to medical errors. According to the World Health Organization [WHO] patient safety is an endemic concern recognizing its impact of 1 in every 10 patients around the world. The science of patient safety has grown and is constantly seeking to identify how and why things go wrong in patients care and what one can learn from other industries and from other disciplines such as psychology to make healthcare safer. The emphasis has moved away from blame towards looking at how modern healthcare is delivered in complex, busy hospitals and clinics and recognizing that sometimes the systems themselves create problems. Each year the treatment and care of hundreds of millions of patients worldwide is complicated by infections acquired during healthcare. The impact of healthcare-associated infection may imply prolonged stays in hospital, long-term disability, massive additional financial burden, and deaths. This paper offers a brief factual review of healthcare sector of India supported with some real live illustrations relating to Patients' Safety. An attempt has been made to raise diverse relevant as well as prevalent issues, and emerging challenges concerning the healthcare sector of India.*

Keywords : *Patient Safety, Patients' Satisfaction, Healthcare Error, Health Care*

Prologue:

Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity (www.who.int), and healthcare is the prevention, treatment, and management of illness and the preservation of mental and physical well-being through the services offered by the medical and allied health professions (www.thefreedictionary.com). Patients' satisfaction is the degree to which the patient regards the health care service or product or the manner in which it is delivered by the medical service provider as useful, effective, or beneficial to patient (www.biology-online.org).

It has been found that the modern healthcare facilities continues to achieve excellent results in improving health conditions of people worldwide, but, one can still come across the events that show that the patients are put at risk either through errors of healthcare service providers through failure to assess patients' needs properly, or manage their care and recognize deterioration in the patients' health conditions (http://www.healthfirsteurope.org). Health Care Error is a preventable adverse effect of care, whether or not it is evident or harmful to the patient that occurs due to complex and diverse Health Care System in form of structure that is nursing units, pharmacies, emergency departments, operating rooms, and professional mix that is nurses, physicians, pharmacists, administrators, therapists made up of multiple interconnected elements with adaptive tendencies having the capacity to change and learn from experience (http://www.en.wikipedia.org).

Such healthcare errors are responsible for the emerging issues related with Patient Safety. Patient Safety is the mechanism that prevents or mitigates patients' harm stemming from complex and diverse healthcare processes that are compromised due to medical errors viz., an improper and wrong medication; improper medical treatment; incorrect & delayed test results; and avoidance of healthcare- related infections (http://www.healthfirsteurope.org).

It is a global issue affecting developed

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and developing countries and the healthcare errors are more prevalent in countries having weak healthcare systems. The major causes of insufficient patient safety are lack of training of healthcare workers; time constraints on healthcare workers; and insufficient reporting and learning systems to prevent errors in the future. To illustrate, the World Health Organization [WHO] globally launched the world alliance for patient safety to tackle healthcare-associated infections regardless of the level of development of healthcare systems and the availability of resources as well as to co-ordinate and accelerate improvements in patient safety in October 2004 (http://linkinghub.elsevier.com).

2] Objectives of the Paper on Patients' Safety

The research study was based on secondary data sources and undertaken mainly keeping in mind following major objectives.

1) To critically review (in brief) and appraise the status of the healthcare sector of India;

2) To raise varied, pertinent as well as prevalent issues, and emerging challenges concerning to the healthcare sector of India and critically review the available literature on Patients' Safety along with real life illustrations, and

3) To make an attempt to put forward few principles related to Patient Safety for providing Quality in Health Care Services.

3] Rationale & Methodology of the Paper on Patients' Safety

Based on Research Reports (published by Government of India, World Health organization and report on Human development in South Asia); Business Magazines; Research Journals and various web sites, an attempt has been made in this conceptual paper to critically appraise on emerging issues and challenges concerning patient safety to showcase that patients have been suffering mainly due to laxity of healthcare service providers. This paper offers a comprehensive but critical appraisal on the healthcare sector of India with a specific and clear thought on 'Patient Safety' based on significant review of literature. It includes a broad-minded approach with a heavy emphasis on multy-party deliberations, consultative and collaborative discussion for avoidance and minimization of magnitude of medical errors and strengthening of initiatives for the patient safety.

4] A Concise Appraisal of the Health Sector of India

An attempt to put forward a cursory overview on the health care sector of India is being made in this part on basis of available factual data concerning Health Care Indicators of India, Infrastructure for health, and Expenditure incurred for the Health Care Sector although in case of certain selected health indicators, India has improved substantially during 1951 to 2001. To illustrate, life expectancy had reached to 64 years; the Infant Mortality Rate (IMR) has fallen to 63 per 1,000 Population; Crude Birth Rate has declined to 25 whereas Crude Death Rate has fallen to 8.1 (J. Kishore, 2006).

As per the Report "Macro-Economics & Health, 2005" of the National Commission, longevity in India had reached to 66 in the year 2004 whereas IMR has declined by over 70 per cent in the year 1990. A significant improvement in the Quality of Health Care over the years becomes evident as shown in Table I. It shows improvement in Crude Birth Rate and Death Rate; Total Fertility Rate (Per Woman); reduction in IMR; Mortality Rate; Life Expectancy at Birth for Males and Females had increased (The Economic Survey, 2006-2007, 2007 2008 & 2008-2009).

Table I : Selected Health Indicators in India

Sr. No.	Selected Indicators	1951	1981	1991	Current level
01	**Crude Birth Rate (CBR) (Per 1,000 Population)**	40.8	33.9	29.5	**23.1 (2007)**
02	**Crude Death Rate (CDR) (Per 1,000 Population)**	25.1	12.5	9.8	**7.4 (2007)**
03	**Total Fertility Rate (TFR) (Per Woman)**	6.0	4.5	3.6	**2.8 (2006)**
04	**Maternal Mortality Ratio (MMR) (Per 1,00,000 live births)**	NA	NA	437 (1992-1993) NFHS	**254 (2001-2004)**
05	**Infant Mortality Rate (IMR) (Per 1,000 live Births)**	146 (1951-1961)	110	80	**55 (2007)**
06	**Child (0 to 4) Mortality Rate (Per 1,000 Children)**	57.3 (1972)	41.2	26.5	**17.3 (2006)**
07	**Couple Protection Rate (In Percentages)**	10.4 (1971)	22.8	44.1	**48.2 (1998-1999) NFHS**
08	**Life Expectancy At Birth [8.1] Males**	37.2	55.4 (1981-1985)	59.0 (1991-1995)	**62.6 (2002 – 2006)**
	[8.2] Females	36.2	54.7	59.7 (1991-95)	**64.2**

Source: The Economic Survey 2006 2007, 2007-2008 & 2008 2009. (NFHS: National Family Health Survey; NA: Not Available).

The progress has not only been observed in case of selected health indicators but the Indian doctors are comparable to the best in the world as they are technically proficient, and capable of performing sophisticated procedures and that too at a fraction of the cost available in the west (Ministry of Health and Family Welfare, 2005).

Further, one can also find significant improvement in Health Care Infrastructure as shown in Table II one can find consistent increase in the total number of Dispensaries and Hospitals as well as Total Number of Beds in the Hospitals, Doctors & Nursing Staff (Ibid). The Rural Primary Public Health Infrastructure has recorded an impressive increase consisting of 1,45,000 Sub-Centers as well as 23,109 Primary Health Centers, and 3,222 Community Health Centers, catering to a population of 5,000, 30,000 and 1,00,000 respectively as well as 3,000, 20,000 and 80,000 Populations in Tribes & Desert Areas respectively (Annual Report of Health & Family Welfare Report, 2005-2006).

Table II : Trends in the Health Care Infrastructure in India (1951 2004)

Sr. No.	Particulars	1951	1981	2005	(Period/Source)
01	**SC/PHC/CHC**	725	57,353	**1,71,608**	*
02	**Dispensaries and Hospitals (All)**	9,209	23,555	**27,770**	**
03	**Beds (Private & Public)**	1,17,198	5,69,495	**9,14,543**	**(All types)****
04	**Nursing Personnel**	18,054	1,43,687	**8,65,135**	@
05	**Doctors (Modern System)**	61,800	2,68,700	**6,56,111**	@

Source: Ibid. (* RHS: Rural Health Statistics, 2006. ** Health information of India, 2004.
@ National Health profile, 2005).

Public health is of crucial importance to any community and it needs to be given priority. If one considers the Health Expenditure of India in view of prevalent trends on basis of the various Five Year Plans of India as shown in the Table III, it becomes evident that the priority to Health Sector of India showed declining trend in terms of Expenditure incurred on Health as a per cent of Total Development Plans of India.

Table III : Trends in Health Expenditure of India (1951 2002): (Rupees in Millions)

Five Year Plans	Period	Amount	Total Plan Investment (All Development Heads)	Health (Central & States)	
				Outlay/ Expenditure	Per cent of Total Plan
First	**1951-1956**	**Actual**	**1,960**	**652**	**3.33**
Second	1956-1961	Actual	4,672	1,408	3.01
Third	1661-1966	Actual	8,576.5	2,259	2.63
Annual	1966-1969	Actual	6,625.4	1,402	2.12
Fourth	1969-1974	Actual	15,778.8	3,355	2.13
Fifth	1974-1979	Actual	39,426.2	7,608	1.93
	1979-1980	Actual	12,176.5	2,231	1.83
Sixth	1980-1985	Outlay	97,500	1,821	1.87
Sixth	1980-1985	Actual	1,09,291.7	20,252	1.85
Seventh	1985-1990	Outlay	1,80,000	33,929	1.88
Seventh	1985-1990	Actual	2,18,729	36,886	1.69
	1990-1991	Actual	61,518	9,609	1.56
	1991-1992	Actual	65,855	10,422	1.58
Eighth	1992-1997	Outlay	4,34,100	75,822	1.75
Ninth	1997-2002	Outlay	8,59,200	19,818.4	2.31
Tenth	2002-2007	Outlay	14,84,131.3	31023.3	2.09
Eleventh	**2007-2012**	**Outlay**	**36,44 ,718**	**-**	**-**

Source: http://www.cbhidghs.nic.in (Central Bureau of Health Intelligence, Ministry of health & Family Welfare) & Human Development in South Asia, 2004.

5] A Critical Analysis of Healthcare Sector of India

According to the Ernst & Young Healthcare Survey in the year 2007, the Indian Healthcare Industry is poised to grow at a Compounded Annual Growth Rate of 15 per cent. Nearly, 90 per cent of this growth in healthcare will come from the Private Sector. Further, Private Hospitals in India are expected to collect $35.9 Billion (Rs. 1, 47,154.1 Crores) in the year 2012 compared to $15.5 Billion (Rs. 63,534.5 Crores) of the year 2006.

In the early 2000s, healthcare was looked upon as a sunrise sector, three big corporate houses, Fortis Healthcare promoted by Ranbaxy Labs, Wockhardt Hospitals, and Max Healthcare announced its plans to set up hospital chains across India. Further, Mumbai-based Asian Heart Hospital and Global Hospitals and Care hospital in Hyderabad sprung up, which specialized in niche areas such as Cardiac Care, Eye Care, Orthodontics and Laparoscopy.

An Ernst & Young and Business World undertook the very first of its kind of Survey to identify and define the Key Financial Operational Parameters & Benchmarks of India's Healthcare Sector highlighted new change-agents and drivers of this sector coupled with emergence of multi-specialty hospitals that have been successful in garnering the most revenues. One also witnesses on the crucial influence of Third-Party Players that is insurance companies pushing hospitals for greater financial and operational efficiency. The other major growth drivers of India's Healthcare Sector are rising literacy levels; growing public health awareness; higher incidence of lifestyle-related diseases; this sector's recognition by Government of India as a Priority Sector, and growth of Medical Tourism in India.

The flip-side to this progress is the Private Investments which are way below the levels of its actual requirement needed to bridge the financial gap of growing India's Healthcare Sector's (http://www.businessworld.in).

As per the Survey of Ernst & Young on the business of Healthcare: An industry diagnostic revealed that the boom in Indian economy has catapulted India's Healthcare Sector on to the evolutionary roadmap. Growth rates have been frenetic with both private players and the Government evincing keen interest to nurture the industry with a view to providing universal healthcare.

So, it is hardly surprising that healthcare is widely seen as being India's next big growth story. But, such a high investment trajectory in the health sector with the absence of any standard operational and financial benchmarks is a lacuna that needs to be addressed. As per the World Health Organization's (WHO) estimates, China had a ratio of two beds for every 1,000 people in the year 2002 compared to just a miniscule figure of 1.1 Per 1,000 of India in the year 2006.To get to where China was in 2002, India needs six more years, subject to an addition of about 1.2 Million more beds and an investment of $90 billion.

In view of corporatizing of investment in healthcare and considering element of the profitability of existing hospitals various questions have become pertinent concerning financial records of hospitals that are not open to the public. Besides, very few healthcare companies of India have been listed on the stock exchanges which too make the task of its benchmarking of the business performance difficult of such hospitals.

The survey revealed that a majority of the hospitals are not generating operating margins close to a competing industry like hospitality. Private investors always seek higher profitability. While the primary reason for low profitability of some hospitals may be the lack of proven business models that are globally aligned and more mature.

The profitability of hospitals is also being affected by the increasing influence of Health Insurance Companies and Third Party Administrators (TPAs); issues such as utilization of high-end capital equipment; inadequate planning of capacity usage between various departments of hospitals, weak controls to arrest revenue leakages and the average length of stay, and resource availability. With a low supply and high demand for doctors, nurses and paramedical staff, the war for talent is expected to intensify further, resulting in mounting payroll costs. There will most likely be a deficit of 500,000 Doctors and a Million Nurses in India by the year 2012 (Ibid).

6] Review of Literature

An attempt has been made to offer a comprehensive review of literature on patients' satisfaction and patients' safety as follows.

Patients' Satisfaction:

The strongest and most consistent predictors of patients' satisfaction were older age and better self-reported health. Patients' characteristics were found as associated for more of the variance in satisfaction than did facilities characteristics. (Robert Rossenbeck, Nancy J. Wilson, and Mark Meterko, 1997). In choosing a hospital patients gave first preference to the efficiency of doctors followed by prior-family experience, and recommendations of friends and relatives. Those service encounters that were largely responsible for producing increased satisfaction were viz., knowledge; cooperation; interpersonal warmth; adequate and timely information; prompt services; efficiency of the staff, and convenience. (R.D. Sharma and Hardeep Chahal, 1999). Patients' overall satisfaction favourably reported on the major dimensions viz., accessibility; availability; convenience; communication; financial aspect; general satisfaction; interpersonal aspects; technical quality; and time spent with doctor.

Corruption is the major cause of dissatisfaction apart from poor utilities such as water supply, fans, lights and poor maintenance of toilets and lack of cleanliness; poor interpersonal and communication skills (Prasanta Mahapatra, Srilatba S. Sridbar P., 2001).

Patients' perceptions' found very high levels of satisfaction on doctors' work and technical aspects of nursing care. Moderate levels of satisfaction were recorded regarding the general attitude of nurses and ward servants. (Arpita Bhattacharya, 2003). The results of parents' satisfaction based on use of an instrument Youth Services Survey for Families (YSSF) provided for support to the reliability of the YSSF in evaluating children's mental health services in Community Mental Health Centers (CMHCs) (Sharon E. Riley,2005). Venkatapparao Mummalaneni (1995) offered two models on patients' satisfaction called as the Meditational Model and the Moderator Model. Its results indicated that a huge proportion of the variance in patients' satisfaction was accounted for by the delivery system characteristics. (Venkatapparao Mummalaneni, 1995). D. Andrew Loblawa (2004) undertook study and asked respondents to complete two questionnaires called as t1 and t2 packages and concluded that the two (t1 & t2) questionnaires were brief, valid and reliable questionnaires that tap two complementary facets of patient satisfaction (D. Andrew Loblawa, 2004). Iris Gourdji (2003) measured the patients' satisfaction and importance of ratings of quality in an out-patient Oncology Center which indicated that patients were satisfied with their care. Patients' perception of waiting time and lack of questioning regarding their medications by the pharmacist were identified as two areas that called for an improvement. (Iris Gourdji, et. al., 2003).

6] Patients' Safety

A brief summary on available literature on Patients' Safety is offered herewith as follows.

Thomas V. Perneger, (2006) considered Patient Safety as global level problem that calls for global solutions. The study described that the rich field of research area that offers exciting opportunities to researchers of many disciplines includes In-depth studies of errors, mishaps, and Patient Safety incidents; epidemiologic studies of incidents and errors identification of risk factors for Patient Safety events; research on human factors; patient involvement in safety; development of Patient Safety indicators; and evaluation of interventions to improve safety have been (Thomas V. Perneger, 2006).

Improving Patients' Safety should be considered as an issue that has affected health systems in both developed and developing countries. To co-ordinate and accelerate improvements in patient safety, the World Health Organization (WHO) has supported the creation of the World Alliance for Patient Safety launched in the month of October 2004. Its focus was on the six action areas viz., Taxonomy; Research; Solutions for Patient Safety; Reporting and Learning, and a Biennial Global Patient Safety challenge. (Didier Pittet, Liam Donaldson, 2006).

Patient Safety Culture includes selected dimensions viz., Patients' Safety; Non-Punitive Response to Error; Hospital Transfers & Transitions; Staffing; Teamwork Across Hospital Units & Within Hospital Units found to be low to average in all the selected hospitals and called for an improvement (Johan Hellings, 2007). The use of Patient Safety Initiatives (PSIs) included approaches such as open discussion of Errors, Education and Training, and System Redesign. The identified barriers which significantly impeded implementation of PSIs were lack of top management support; lack of resources; lack of incentives, and lack of knowledge, while other factors related with perceived importance of PSIs facilitated the implementation of PSIs (Kathleen L. McFadden, et. al., 2006). Patients' feedback plays an important role as a contributing factor in the endeavor for continuous quality improvement in the health-care system. (Rachel Javetz, Zvi Stern, 1996).

The complaint handlers were insufficiently empowered; information sharing was limited within the hospitals; communication among professional Staff and between management was inadequate. It became evident that the hospital failed to use patients' complaints as a source of learning to promote higher standards of medical care. It was found that hospitals need to establish clear policies and mechanism that sufficiently empowered complaint handlers to deal with different kinds of patients' complaints. An effective communication network between departments is highly essential to make required follow up on the procedure of patients' complaints handling (Sophie Y. Hsieh et. al., 2005).

6.2 An Impact of Health Care & Medical Errors in Patients' Safety: A Critique:

An attempt has been made by the researchers to outline the areas of medical errors due to which patient has to suffer, as follows:

There are many areas which can be attributed to healthcare errors such as receiving the wrong drug or wrong surgery or complications of surgery and other treatments or failure to diagnose correctly or to spot the patient whose condition is deteriorating and to do something about it. It can be in terms of patients' health improvement; permanent disability or even death. The earlier research supports evidence that a significant number of healthcare errors are preventable. (Sarah Williamson, www.asianhhm.com)

According to estimate of the European Commission in Europe, 1 out of 10 patients are affected by healthcare-related infections. 3 Million Deaths are caused by healthcare-related infections. 50,000 people die each year because of healthcare-related infections which can be attributed to health care errors (http://www.healthfirsteurope.org). It is estimated that in European Union (EU) Member States around 8 to 12 per cent of patients admitted to hospitals suffer from healthcare errors much of which are preventable (http://ec.europa.eu).

A conservative average of the Institute of Medicine and Health Grades Reports, USA had indicated that there were about 400,000 to 1.2 Million healthcare error-induced deaths attributed to human factors, medical complexity, system failures, infrastructure failure during the year 1996 to 2006. Human factors that causes healthcare errors consists of variations in healthcare provider training & experience, fatigue, depression and burnout; diverse patients', unfamiliar settings, time pressures, and failure to acknowledge the prevalence and seriousness of medical errors.

Reasons for the healthcare error may be due to Medical complexity caused due to complicated technologies; powerful drugs; Intensive care and prolonged stay in hospital; increase in patient to nurse staffing ratio; an impression that action is being taken by other groups within the institution; reliance on automated systems to prevent error; inadequate systems to share information about medical errors hampering analysis of contributory causes, and improvement strategies.

The healthcare error is many times a result of cost-cutting measures put in by hospitals in response to reimbursement cutbacks; environment and design factors. The American Institute of Architects has identified concerns for the safe design and construction of health care facilities. According to the WHO, 50 per cent of medical equipment in developing countries is only partly usable due to lack of skilled operators or parts. (http://en.wikipedia.org/wiki/Patient _safety).

An attempt has been made by the researchers to offer few illustrations of healthcare errors to highlight the fact that patients have suffered largely due to negligence of healthcare service providers.

* On 23/06/1997, MS. Sheetali Bhargawa, aged

17 years, was given blood transfusion, the 5 units of blood platelet concentrate prepared in blood bank from five different donors was transfused. On 25/06/1997, patient's blood was tested and found that patient was suffering from Hepatitis C and had to spend huge amounts for her treatment due to the negligence of hospital and compensation of 18 lakhs was ordered by National Consumer Disputes Redressal Commission, New Delhi to Indraprastha Apollo Hospital (MS. S.S. Purnapatre, 2004).

* A lady was admitted in Civil Hospital, Aurangabad, on 10/07/1963, for delivery of child and subsequent sterilization operation. The hospital is associated with a Medical College. After operation, the patient developed high fever and acute pain in abdomen. The patient was examined by surgeon attached to the hospital and advised that patient should be reopened and on reopening it was found that a mop (Towel) was left in the abdomen of patient during sterilization operation. Condition of patient did not improved and patient died because of negligence of Gynecologists and Medical Officer. Trial Court held Medical Officer guilty of negligence and ordered compensation of Rs. 36,000 to be paid by Medical Officer, Gynecologist and Government of Maharashtra. High Court reverses the decision but Supreme Court set aside High Court decision and upheld Trial Court decision. [Decision of Supreme Court in Civil Appeal No. 3318/1979 dated 20/02/1996. published in AIR 1996 Supreme Court 2377].

* A Patient was operated for Hernia by Surgeon, on 08/01/1995, under general anesthesia and the Anesthetist and Surgeon left Operation Theatre immediately after operation without checking whether the patient is out of Anesthesia. Patient's breathing stopped and Surgeon rushed to hospital but patient remained unconscious and died. District Forum held Anesthetist and Surgeon negligent and compensation of Rs. 4 lakh was awarded. Appeal of doctors was not considered and State Commission too upheld decision of District Forum due to Anesthetist and Surgeon being found guilty [Ibid].

6.3 World Health Organization's Initiatives on Patients' Safety

The World Health Organization (WHO) launched the World Alliance for Patient Safety in response to World Health Assembly Resolution In the month of October, 2004 that urged WHO and Member States to pay the closest possible attention to the problem of patients' safety. It is aimed at raising awareness and political commitment to improve Patients' Safety, and Medical Care and also for developing Patients' Safety Policy and Practices. Each year the core element is the formulation of Global Patient Safety Challenges.

The first Challenge concerning patients' safety has focused on healthcare associated aspect of infection, while safe surgery was chosen as the topic for the second challenge of the global patient safety. As the incidents of traumatic injuries, cancers and cardiovascular disease continue to increase, the impact of surgical intervention on public health systems will grow. An estimated 234 Million major operations are performed around the world each year, corresponding to one operation for every 25 people alive. Yet, surgical services are unevenly distributed with 30 per cent of the world's population receiving 75 per cent of major operations.

Lack of access to high quality surgical care remains a significant problem in much of the world despite the fact that surgical interventions can be cost effective in terms of lives saved and disability averted (http://www.who.int).

6.4 WHO's World Alliance Action Areas for Patients' Safety

The World Alliance for Patient Safety has identified six action areas viz., Patient Taxonomy, Research; Solutions for Patient Safety; Reporting; Learning, and a biennial Global Patient Safety Challenge. The first Challenge covered in the year 2005 to 2006 launched in the month of October, 2005 under the banner of Clean Care is Safer Care affecting hundreds of millions of people worldwide. Second, a focus on improving the ways to detect and learn from information about Patient Safety problems within and across countries, with a particular emphasis on methods and tools for detecting Patient Safety problems in developing countries. Third, a need to build up the knowledge base of interventions which have been shown to help solve Patient Safety problems, together with a more rapid and systematic dissemination of information worldwide on successful strategies (Didier Pittet, Liam Donaldson, 2006).

Patients for Patient Safety (PFPS) emphasizes the central role patients and consumers can play in efforts to improve the quality and safety of healthcare around the world. It works with a global network of patients, consumers, caregivers, and consumer organizations to support patient involvement in Patient Safety programmes, both within countries and in the global programmes of the world alliance for patient safety. Its ultimate purpose was to improve health care safety in all health care settings throughout the world by involving consumers and patients as partners.

Research for Patient Safety is an attempt to develop an agreed International Research Agenda for Patient Safety that was set up by the WHO to foster research on Patient Safety research agendas aimed at to facilitate the spread and use of research findings to inform safer health care in all WHO Member States. The goal of Solutions for Patient Safety is to increase International Collaborations for the promotion of existing Patient Safety interventions and better co-ordination of efforts to develop future solutions.

The International Steering Committee approved 09 solutions available for use by WHO Member States from the month of May, 2007 viz, look-alike, sound-alike medication names; patient identification; Communication during patient hand-over; Performance of correct procedure at correct body site; Control of concentrated electrolyte solutions; Assuring medication accuracy at transitions in care; avoiding catheter and tubing misconnections; Single use of injection devices, and Improved hand hygiene to prevent health care associated infections.

Healthcare errors are often provoked by weak systems and often have common root causes which can be generalized and corrected. Although, each event is unique, there are likely to be similarities and patterns in sources of risk which may otherwise go unnoticed if incidents are not reported and analyzed (http://www.who.int/patientsafety/research/en)

6.5 A Bird's eye view on WHO Guidelines on Health Care

WHO has developed new Guidelines described as 'Hand Hygiene in Health Care (Advanced Draft)' with a thorough review, and specific recommendations to improve practices and reduce transmission of pathogenic microorganisms to patients and HCWs to provide Health Care Workers [HCWs], Hospital Administrators, & Health Authorities with the best scientific evidence and recommendations to improve practices intended to be implemented in any situation for delivery of the healthcare to a patient or a specific group of population (World Alliance for Patient Safety, 2006).

6.6 Principles & Quality of Health Care

The basic principles for patient safety are the principles for quality of healthcare which includes to do the right thing for the right patient using the right method & at the right time & to communicate well with the patient and the rest of the clinical team to facilitate recording of the findings; planning of prompt and clear actions to ensure that instructions are understood and carried out, and report concerns to a senior colleague when necessary. (Sarah Williamson, www.asianhhm.com).

In order to ensure the conduct of the correct test in line with the patient's symptoms based on choosing of correct drug that is given in the correct doze, and that surgery is performed on the correct side of the body supported with recording of correct observations on a sick patient at the correct frequency. The procedures and training to guide all the staff implies improving safety and quality of care in form of unambiguous and clear prescription of drugs, proper and safe administration of drugs, marking and preparing patients for surgery, knowledge of appropriate timing of tests and different methods of interpretation of results that are provided. Although it sounds painfully obvious, many health care errors occur because patients have similar names. Errors could occur when the wrong patient is taken to X-ray, or a doctor picks up the wrong set of notes, or specimens are mislabeled, or even because in a busy ward there is a new patient on the bed. It should be routine for staff to check at each stage of care that they are dealing with the correct patient.

Using the Right Method implies ensuring of diagnostic tests that are correctly performed and interpreted. Similarly, many errors occur where drugs are given by the wrong route or in the wrong concentration. It is also very important that untrained staff know that, and abstain from performing certain tasks that carry significant risks. Providing Medical Treatment at the Right Time includes giving of drugs as prescribed time as well as checking the patient and recording observations to avoid the patient's deteriorating condition. Use of early warning systems designed to alert staff about a deteriorating patient will be helpful. Ensuring effective communication and maintaining proper medical records of patients are equally important. In most cases, faulty treatments can be attributed to improper communication of critical data. It helps not only patients in understanding their condition but also healthcare providers in providing proper care to patients. To have a culture for listening to patients and respecting their wishes shall form the basis of offering effective healthcare in the 21st century. Multiple medical teams are involved for record keeping and providing health care facilities to the patients consisting of Doctors, Nurses, Therapists, Technicians, and Pharmacists whose relationship with each other requires sharing of information and acting on instructions. It is highly desirable that in each of their shift s/he must record changes in the patient's condition, results of tests, new plans for care, and anything else that everyone caring for the patient needs to know. Finally, there exists a need to set up policies, procedures and for providing training to multiple medical teams involved for record keeping and providing health care facilities to the patients for ensuring patient safety. These teams should clearly understand instructions; ensure proper use of the equipment to avoid infection and improve hygiene by following safety norms and use of incident reporting system (Sarah Williamson, www.asianhhm.com).

7] Epilogue

Though modern healthcare facilities continue to achieve excellent results in improving health conditions of people worldwide, one can still come across the events that show that the patients are put at risk through errors. Healthcare error is a preventable adverse effect of care and is responsible for the emerging issues related with Patient Safety. There are many causes of insufficient patient safety and World Health Organization [WHO] globally launched the world alliance for safety of patients.

In order to overcome the issues related with patients' safety an attempt should be made to follow some principles. The basic principles for Patient Safety are the principles for Quality of Health Care which includes enhancing effectiveness by doing the right thing; offering medical treatment to the right patient; providing medical treatment using the right method; providing medical treatment at the right time; ensuring effective communication; maintaining proper medical records of patients; developing a culture & systems of patients' safety, and implementation of guidelines provided by WHO's World Alliance for Patient Safety.

To ensure better implementation of the WHO's World Alliance for Patient Safety aimed at handling the global challenge of Patient Safety and for ensuring a high level of hygiene, it is essential that health care facilities focus on clean hands; clean equipment; clean products;

clean practices; and above all clean environment. One also finds presence of a large number of innovative technologies aimed at enhancing and strengthening patient safety.
There is a significant transdisciplinary body of theoretical and research literature available on the science of patient safety. It has emerged as a distinct healthcare discipline supported by an immature yet developing scientific framework. It calls for system-wide action on a broad range of fronts to identify and manage actual and potential risks concerning Patient Safety that calls for actions in areas like Performance Improvement, Environmental Safety & Risk Management, including Infection Control, Safe use of Medicines, Equipment Safety, Safe Clinical Practice & Safe Environment of health care. It embraces that the challenges faced by the world population for Patient Safety are enormous, but the rewards too are important if appropriate actions are planned and implemented in near future.

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Branding imperatives in Indian Organized Retailing: an Exploratory Study

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Abstract : *With an unprecedented growth in the retail formats, volume of business, space utilization and more importantly the number of business houses coming into this form of business, the organized retailing in India is in its best possible shape and promises to do better in the time to come. But with this growth, the challenges to sustain and keep itself on the minds of consumers a place to visit again and again will be tremendous for the retailers irrespective of the location, facilities and the scale of business. Decoding a brand's DNA and to make it applicable in the retailing context will be what every retailer should look forward to. Thus it is the right time for the retailers to create a framework of understanding its customers and provide them all the reasons to prefer their outlet to others for all possible shopping reasons. This leads to the perennial concept of creating a brand and making a systematic branding process. It is required to extract all possible factors that undermine the branding dimensions of retailing and construct a framework for further scope of research which will not only help the academicians but also the retailers to effectively cater to their target group of shoppers in the time to come.*

Keywords: *DNA, brand assortment, experiential marketing, signature, private labels, consumerism*

1. Introduction

Organized retail, besides benefiting the consumers by way of competitive product pricing and quality service, is introducing the Indian consumer to a shopping experience like never before. The modern shopping complexes are becoming the destination point for shoppers as well as 'window-shoppers'. There is everything for everyone shopping, entertainment and food all of it under one roof. From 95 currently operational shopping centres with approximately 22-million sq.ft space, India will have over 375 shopping centres/ Malls covering over 90 million sq.ft quality retail space in the years to come. In addition to that 50 hypermarkets, 305 large department stores, 1500 supermarkets and over 10,000 new outlets under construction and retail space will add 300 billion of business to organised retail (Deloitte Touche Tohmatsu, 2007). While the statistics promise great opportunity, they would also present substantial challenges. One of them is commoditization. There is a fear that the price wars in the organized retail sector will make a big dent in the brand image of these enterprises. They will need to create a mindshare and rise above price wars and shopping ambience.

Critical in this regard seems to be the focus on branding. It is essential to understand the term 'brand' before getting into the process of branding and its imperatives in any form of business including retailing. Among several schools of thought which have explained the term brand, one of the most popular ones that of Oxford American Dictionary (1980) has defined brand as 'a trade mark, goods of a particular make and so on' where as The Pocket Oxford Dictionary of Current English (1934) says a brand is 'Piece of burning or smoldering wood, torch, (literary); sword (poet.); iron stamp used red-hot to leave an indelible mark, mark left by it and so on'. Almost irrespective of how the word is used today, it has always meant, in its passive form, the object by which an impression is formed, and in its active form the process of forming this impression.

A brand refers to the tangible and intangible values of a product, service or place. On their own and in their generic forms; products, services, towns, regions and countries are similar to each other. In a saturated and highly competitive market place, the importance of brands and branding to market share growth and product success cannot be

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overemphasized. Companies, countries, regions, towns and organizations who are able to grasp the principles of brand DNA are more likely to eclipse those who do not, in terms of delivering value to shareholder investments, or in the ability to attract inwards and foreign direct investments (FDIs).

Decoding a brand's DNA will be requiring establishing its Distinctiveness, Novelty and Attributes, as compared to those of the competition (Uche Nworah, 2005). A brand must be unique in its own way; it must have characteristics that make it stand apart from competitors, such that these characteristics become easily identifiable by the consumers. Marketers must then seek to discover or create their brand's distinct characteristics and communicate them to consumers; also any brand promise made must be constantly fulfilled and matched by action. In addition to a brand's distinction in terms of brand quality and superior performance, brand novelty refers to brand evolution through a process of research and development, the brand has to sum itself up in a brand charter and state what it is all about. The brand attributes therefore encompasses all the tangible and intangible aspects of the brand, which is also consciously and unconsciously communicated to customers and stakeholders.

Retailers' Branding Dimensions In the last decade retailing has witnessed tremendous growth in almost everywhere in the world in all types of merchandising like food and non- food items. This has on one extreme given opportunities to the retailers to bank upon the promotions and private labels and on another extreme to diversify to different store formats due to the emergence of warehouses and distribution centers. As because a substantial portion of the retailers' top- line growth has been contributed by the established brands and these brands are also dealt by the competitive stores as well, the onus lies with the retailers to start thinking about building their own brand equity.

With the application of many branding principles to retailers as well, the difference remains in understanding the dimensions of retailer brands which are more of consumer sensory driven than understanding traditional tangibility of a product brand. Retailers also create their brand images in different ways, e.g., by attaching unique associations to the quality of their service, their product assortment and merchandising, pricing and credit policy, etc. As far as retail stores are concerned, the manufacturer brands in most consumer industries, the image and equity of retailer brands also depends on the manufacturer brands they carry and the equity of those brands. Retailers use manufacturer brands to generate consumer interest, patronage, and loyalty in a store.

The Dimensions of Retailer Image Following the American Marketing Association's definition of a brand, a retail brand identifies the goods and services of a retailer and differentiates them from those of competitors. A retailer's brand equity is exhibited in consumers responding more favorably to its marketing actions than they do to competing retailers. The image of the retailer in the minds of consumers is the basis of this brand equity.

Researchers have studied a multitude of retailer attributes that influence overall image, e.g., the variety and quality of products, services, and brands sold; the physical store appearance; the appearance, behavior and service quality of employees; the price levels, depth and frequency of promotions; and so on. Different dimensions which influence retail branding exercises can be: 1) access, 2) store atmosphere, 3) price & promotion, 4) cross-category product/service assortment, 5) brand assortment, 6) Private Labels and 7) Experiential marketing.

1.1 Access

The location of a store and the distance that the consumer (D L Huff, 1964) must travel to shop there are basic criteria in their store choice decisions. Currently, suburban sprawl, greater driving distances, the appearance of new warehouse retail formats that are often located in large spaces away from residential areas, and online retailing have made location somewhat less central as a store choice criterion. Subsequently on the lines of this trend, it was found that location no longer explains most of the variance in store choice decisions. Rather, store choice decisions seem to be consistent with a model where consumers' optimize their total shopping costs, effort to access the store location being one component of their fixed cost of shopping (D R Bell, T H Ho and C S Tang, 1998). That is not to say, however, that location is unimportant. Consumers' store choice may be based on different criteria depending upon the nature of the trip. For instance, small basket, fill-in trips are very unlikely to be made to distant or inconvenient locations. And, retailers in some formats, like convenience, drug, or supermarket have less flexibility in their location decision than mass merchandisers or warehouse clubs

1.2 Store Atmosphere

The response that atmosphere elicits from consumers varies along three main dimensions of pleasantness, arousal, and dominance (J A Russel and A Mehrabian, 1977). This response, in turn, influences behavior, with greater likelihood of purchase in more pleasant settings and in settings of intermediate arousal level. Different elements of a retailer's in-store environment, e.g., color, music, and crowding, can influence consumers' perceptions of a store's atmosphere, whether or not they visit a store, how much time they spend in it, and how much money they spend there. Further research (Julie Baker, A. Parasuraman, Dhruv Grewal, Glenn B. Voss, 2002) on store atmosphere has categorized the elements of in-store atmosphere into physical features like design, lighting, and layout, ambient features like music and smell, and social features like type of clientele, employee availability and friendliness. It is also noted that atmosphere can affect consumers' perceptions of the economic and psychological costs of shopping in a store and find that pleasing physical design lowers both economic and psychological costs while music lowers the latter.

A pleasing in-store atmosphere provides substantial hedonic utility to consumers and encourages them to visit more often, stay longer, and buys more. Although it also improves consumers' perceptions of the quality of merchandise in the store, consumers tend to associate it with higher prices. From a branding perspective, an appealing in-store atmosphere offers much potential in terms of crafting a unique store image and establishing differentiation. Increasingly, brands are being positioned on the basis of their intangibles and attributes and benefits that transcend product or service performance. Even if the products and brands stocked by a retailer are similar to others, the ability to create a strong in-store personality and rich experiences can play a crucial role in building retailer brand equity.

1.3 Price and Promotion

No matter how the characteristics of the consumer, product, store, or purchase situation might differ, price represents the monetary expenditure that the consumer must incur in order to make a purchase. From the vast literature on pricing, three areas that are of direct relevance to consumers' image and choice of retailers can be described as given in the subsequent paragraphs.

1.3.1 Store price perceptions

A retailer's price image should be influenced by attributes like average level of prices, how much variation there is in prices over time, the frequency and depth of promotions, and whether the retailer positions itself as EDLP (Every Day Low Price) or HILO (High-Low Promotional Pricing). It has been found that the difference between consumers' perceptions (F E Brown, 1969) of price levels in various stores and reality, showing that consumers may use non-price related cues like service offerings and quality levels to form their price perceptions. Another research has developed a product-price saliency framework (K K Desai and D Talukdar, 2003) to examine how consumers form an overall store price image (OSPI). It has shown that products with high unit prices and high purchase frequency are more salient and therefore contribute more to OSPI, with purchase frequency dominating unit price in importance.\

1.3.2 Retailer pricing format

A retailer's price format, which is on a continuum between EDLP and HILO, also influences consumers' store choice and shopping behavior. It has been found (DR Bell & JM Lattin, 1998) that "large basket shoppers" prefer EDLP stores whereas "small basket shoppers" prefer HILO stores. The intuition behind the finding is straight-forward. Large basket shoppers are captive to the pricing across a large set of product categories at a time and do not have the flexibility to take advantage of occasional price deals on individual products. They therefore prefer EDLP because it gives them a lower expected price for their shopping basket. Small basket shoppers, on the other hand, can take advantage of variations in prices of individual products and, by buying on deal, can lower their basket price even if average prices in the store are high.

1.3.3 Price promotion induced store switching

It has been found (V Kumar & RP Leone, 1988) that retailer price promotions result in store switching by consumers and there is a significant impact of promotions on store switching/traffic. Consumers typically shop in more than one store. They may purchase a promoted product in the store they happen to be visiting whereas they would otherwise have purchased it in another store. This also reiterates the important moderating effect of in-store atmosphere. The impact of promotions will be higher in a pleasant atmosphere because the longer consumers stay in a store, the more likely they are to notice promotions and buy more than planned during the shopping trip.

Consumers are more likely to develop a favorable price image when retailers offer frequent discounts on a large number of products than when they offer less frequent, but steeper discounts. Further, products that have high unit price and are purchased more frequently are more salient in determining the retailer's price image. One pricing format does not dominate another, but large basket shoppers prefer EDLP stores while small basket shoppers prefer HILO, and it is optimal for HILO stores to charge an average price that is higher than the EDLP. Finally, price promotions are associated with store switching but the effect is indirect, altering consumers' category purchase decisions while they are in the store rather than altering their choice of which store to visit.

1.4 Cross-category product/service assortment

Consumers' perception of the breadth of different products and services offered by a retailer under one roof significantly influence store image (PR Messinger and C Narasimhan, 199). The benefits of a wide assortment are clear. First, the greater the breadth of product assortment, the greater the range of different situations in which the retailer is recalled and considered by the consumer, and therefore the stronger its salience. Salience is the most basic building block for a brand. Second, the one-stop shopping convenience that a broad product assortment enables is becoming more important than ever for today's time-constrained consumer, putting pressure on retailers to broaden their assortment. Third, consumers regularly shop at more than one store, and, as noted earlier, they may purchase a category in the store that they are visiting based on in-store assortment and marketing mix activities whereas they would otherwise have purchased it in another store. Together with the fact that unplanned purchases comprise a significant portion of consumers' total shopping basket, this gives an advantage to retailers with broader assortments.

Certain types of product categories have "signature" associations with specific channels, e.g., supermarkets with food, drug channel with medications and health products, and mass merchandisers with household items. But, research has shown that a brand that is seen as prototypical of a product category can be difficult to extend outside the category. Therefore, if a retailer has strong signature associations with certain categories, consumers may find it difficult to think of the retailer in connection with other, very different categories.

1.4.1 Within-Category Assortment

Depth of a retailer's assortment within a product category is also an important dimension of consumer's perception of store image and subsequently of store choice. For variety seeking consumers (L McAlister & E Pessemier, 1982), increases in the perceived assortment of brands, flavors, and sizes result in perceived greater utility and consumers with uncertain future preferences will believe they have more flexibility in their choices and, in general, it is more likely that consumers will find the item they desire (BE Kahn, 1995). More offerings in a category, however, can be costly both for the retailer and the consumer. The organization and symmetry of an assortment moderate the impact of actual assortment variety on perceived variety and consumption, with organized and asymmetric assortments having a more positive effect (BE Kahn & B Wansink, 2004). Greater perceived assortment does influence store image, store choice, and satisfaction with the store, but a greater number of SKUs need not directly translate to better perceptions. Retailers can reduce the number of SKUs substantially without adversely affecting consumer perceptions, as long as they pay attention to the most preferred brands, the organization of the assortment and the availability of diverse product attributes.

1.5 Brand Assortment

Brand assortment has become particularly important in the last decade as a tool for retailers to influence their image and develop their own brand name. Most retailers carry manufacturer brands but, increasingly, they also offer private label products. One motivation for offering private labels is the higher percent margins that they provide to retailers, the negotiating leverage they provide over manufacturers (SJ Hoch & S Banerji, 1993) and a third is the implicit assumption that providing a private label brand engenders loyalty to the retailer (VR Nijs, MG Dekimpe & JBEM Steenkamp, 2001).

1.6 Private Labels

Although the growth of private labels has been interpreted by some as a sign of the "decline of brands," it could easily be argued that the opposite conclusion is more valid, as private label growth could be seen in some ways as a consequence of cleverly designed branding strategies. Researches on private labels have revealed some pertinent dimensions like:

1) Is there any consumer who is prone to private labels (P Richardson, AK Jain & A Dick, 1996)?

2) Whether private labels give retailers negotiating leverage over national brand manufacturers (David E. Mills, 1995).

3) Category specific, differential price, perceived quality and so on (SJ Hoch, AL Montgomery & YH Park, 2004).

The Impact of Manufacturer Brands on Private Label Success

Since consumers' representations of private labels, which are not advertised much and vary from one retailer to another, may not be as well elaborated as their representations of well known manufacturer brands, extrinsic cues are more likely to affect perceptions of private labels. The manufacturer brands carried by the retailer can serve as one important extrinsic cue. However, the influence of manufacturer brands on private label evaluation and choice may vary depending upon the assortment of price-quality tiers and display structure in the store. Studies (I Simonson, 1999) have shown that adding an even higher quality option to an existing assortment leads consumers to prefer a higher-quality, higher-price option, with the cheapest option losing the most. On the other hand, adding a lower quality option does not shift choices to lower quality levels. This reiterates the importance of quality in private label success and shows that the strategy of stocking an even lower quality manufacturer brand to make a low quality private label look more appealing will not be effective.

Consumer perceptions of a private label product branded under the store name are more likely to color their impressions of the store as whole and vice versa than if a different name were used to brand the product. Yet, the different inherent qualities of a retail store and its products suggest that the flow of meaning and equity may not always be strong. In other words, consumers may be able to mentally compartmentalize product offerings as distinct from retailing activities such that, even if they deemed a particular store brand product as unacceptable, they may be less inclined to downgrade their evaluations of the retailer as a whole. If the retailer chooses not to use the store name for private label products, the feedback effects, both positive and negative, would presumably be less strong. In summary, stocking high quality manufacturer brands improves the valuation of a retailer's private label by improving consumer perceptions of the retailer's overall image. However, the assortment of price quality tiers that the retailer carries and displays along with the private label can influence private label choice. Positioning the private label as a compromise between high and low tier manufacturer brands may increase its share in some categories but not in others. And, whether a mixed or separate display is better for private labels may depend upon whether it has superior price and product features.

1.7 Experiential marketing

One emerging trend in marketing is experiential marketing company-sponsored activities and programs designed to create daily or special brand-related interactions as already mentioned under the heading 'Experience'. Retailers are obviously in an ideal position to create experiences for their customers. These experiences may involve their own private labels, manufacturer brands, or not be tied to a specific product but the store as a whole. A host of questions are raised by such strategies. What kinds of feelings can be engendered by a retailer's event? How can that become linked to the retailer's brand? How do retailers develop their communication strategies as a whole? Can retailers use the Web to provide further event support and additional experiences? A related issue is how retailers can engage in activities, perhaps in collaboration with national manufacturers, to encourage product use and communicate or demonstrate product information to build brand awareness and enhance brand image for the individual products or services that are sold. How can in-store merchandising, signage, displays, and other activities leverage the equity of the brands that the retailer sells while still building its own equity?

These dimensions are basically the indicators of DNA of branding vis-à-vis retailing. Thus the constructs as taken out from the previous work lay a foundation to make an exploration into this ever-increasing issue of retail branding particularly in the organized form of this business in India.

2. Research Methodology

In view of the preceding works on retail branding, this research work of ours has been designed with the extraction of all possible constructs and identification of several variables related to the branding aspects of organized retailing in India.

2.1 Objectives

1) To explore the important variables which stand for maximum emphasis for the retailers to make a strategic branding decision.

2) To create an inroad into the employees considerations of retail branding constructs so as to provide scope of research for branding dimension of retailing from the customer's perspectives.

3) To formulate hypothesis on the results of the study so as to construct a branding framework for effectiveness in retailing.

2.2 Research design and data collection

This has been an exploratory study where a structured questionnaire (please see the Annexure) was used for collecting data. Data has been collected from 400 employees from various places and retail organizations in India like Shoppers Stop, Westside, ITC, Future Group etc.

3. Data analysis

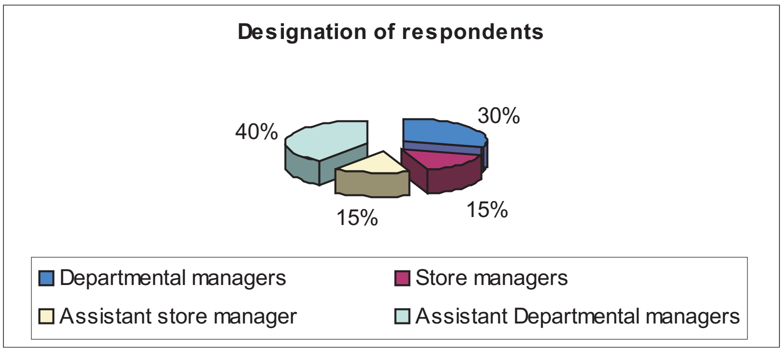
Data collected has been tabulated and put into analysis with the use of SPSS. The Discrimination measures have been identified by using HOMALS, Version 1.0, Data Theory Selling System Group. The results have been given in the following paragraphs.

Findings and interpretations

The data collected from 400 employees on the various questions have been put in the following paragraphs and interpreted subsequently.

Figure 1 : Designation of respondents

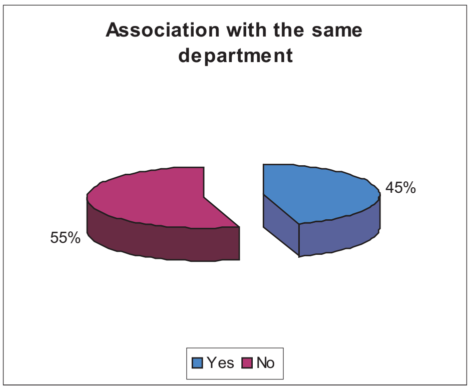
Designation	Number of respondents
Departmental manager	120
Assistant departmental manager	160
Store manager	60
Assistant store manager	60



The respondents targeted were generally of four broad types, i.e. departmental and assistant departmental managers in a departmental store format like Shopper's stop or a hyper market format like Star Bazaar and store managers and assistant store managers in EBO (Exclusive Brand Outlet) formats like Turtle, Planet M etc. The logic behind taking these designations of employees lies in the fact that these are the kinds of employees who always deal with the customers and are responsible to maintain the floor.

Fig- 2 : Association with the same department

Opinion	Number of respondents
Yes	180
No	220

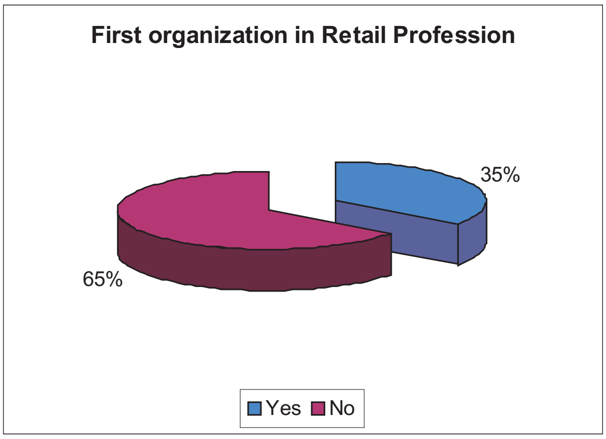


When asked about the association with the same type of department in terms of merchandise, most of the respondents said 'No' as depicted from the above figure. It shows that the respondents have got a varied experience of customers' requirements and preferences across merchandises and categories.

These groups of respondents while asked about their varied experiences across the retail sector responded in terms of formats like supermarket, standalone stores, hypermarkets etc. and merchandises like food & grocery, electronic items, lifestyle products and so on. The other group of respondents with an opinion of 'Yes' though smaller in comparision to the first group, were found to build a confidence of understanding several differentiating dimensions of customers looking for the department, facilities, merchandises etc. in their concerned areas.

Figure 3 : First organization of retail profession

Opinion	Number of respondents
Yes	140
No	260



As obvious, when asked whether the current organization is the first of their professional work place in retail, many of the respondents (65% as shown in the Figure) have said 'No', indicating that they are competent enough to give an indicative picture of retail sector vis-à-vis other sectors where they had had experiences.

In the later part of the questionnaire, we enquired about the employees understanding of several aspects of retail branding. In this process, a set of 33 constructs was put to the respondents and their responses were recorded in a 3- point rating scale, like 'Very Important', 'Somehow Important' and 'Not so Important' with the ratings of 3, 2 and 1 respectively. Then with the help of SPSS, the Discrimination measures have been identified by using HOMALS, Version 1.0, Data Theory Selling System Group.

From the figure (Refer 'Discrimination Measures'), it is very much clear that constructs with .000 value on both the dimensions can be unanimously be described as those variables which are having absolute impact on the process of retail branding. These variables are: 'Store hype', 'Parking space', 'Location of the store', 'Skillful employees', 'Store layout', 'Required merchandise', 'Store environment', 'Required facilities', 'Established brands', 'Private labels', 'Returns and exchanges', 'Query handling skills', 'Motivated employees', 'Loyal customers', 'Post- purchase relationships', 'One stop solution' and 'Unique advertisements'. A close look at these variables can indicate its inclusion into three major groups, which have been mentioned in the following manner.

Group- I: Shopping Experience (Parking space, Required facilities, Store layout, Store environment, Employee factor, One stop solution, Returns and exchanges)

Group- II: Brands and merchandises (Established brands, Private labels, Required merchandise)
Group- III: Image building efforts (Store hype, Unique advertisements, Loyal customers, Post- purchase relationships)

Table 1 : Discrimination Measures

	Dimension	
	1	2
Store hype	.000	.000
Modern looking façade	.753	.068
Parking space	.000	.000
Location of the store	.000	.000
Skillful employees	.000	.000
Store layout	.000	.000
Required merchandise	.000	.000
Convenience of customers	.141	.672
Store environment	.000	.000
Required facilities	.000	.000
Discounts and schemes	.037	.080
Stock availability	.707	.126
Effective pricing	.094	.422
Delivery of information to the customers	.394	.191
No waiting time for customers	.289	.199
Mode of payment	.202	.424
Established brands	.000	.000
Private labels	.000	.000
Substantial product range	.439	.148
Cash rich customers	.666	.063
In store events	.502	.117
Returns and exchanges	.000	.000
Query handling skills	.000	.000
Motivated employees	.000	.000
Home delivery facilities	.624	.034
After sales service	.387	.000
Loyal customers	.000	.000
Post- purchase relationships	.000	.000
New arrivals	.338	.137
One stop solution	.000	.000
Sales effort	.317	.461
Innovations on the floor	.329	.130
Unique advertisements	.000	.000

The above broad group of variables along with the factors that affect the reasons for shopping in organized form of retailing can necessitate the strategic thinking of retail branding. It also aims at finding the hypothetical relationship between the broad group of variables for formulating a framework of the branding dimension in retailing. For example, it can be experimented whether there is a significant relationship between:

1) 'Brands and merchandises' and 'Shopping Experience'

2) 'Brands and merchandises' and 'Image building efforts'
'Image building efforts' and 'Shopping Experience'

4. Conclusion and Further Scope of Research

The Indian socio-economic fabric is a collage of variegated customs, climates, languages, and economic makeup. Successful brands establishing a connection with the Indian consumers have more often than not shown sensitivity towards these heterogeneous contexts. The Indian retailer has to innovate in order to create new demand and capture the existing one. Retail brands in India have realized this and are gearing up to meet with this challenge. There has been an attempt to reflect the cultural consciousness and economic tendencies behind the shopping orientations of their customers. Shopping in India had always been a frenzied activity, whether it was the high-street shops in central marketplaces or the small mom-and-pop stores in the busy streets. One of the biggest factors contributing to the growth and promising the same in the years to come is the new avtar of Indian consumerism. Favorable demographics, combined with increasing disposable incomes, are progressively changing the face of Indian consumerism. The economics of Indian consumerism is buoyant, with India ranking as the fourth largest economy in terms of Purchasing Power Parity (PPP), next only to United States, Japan and China. India is expected to outplace Japan by 2010 (A C Nielsen Research 2007).

Thanks to the rapid growth of urbanization, the Indian consumer is gradually making a shift from the local “mom & pop store shopping” to “newly developed mall shopping”. With a number of domestic and international brands available in stores in metros and smaller cities and with a wide range of product offerings from food and grocery to furniture and fixtures, the Indian consumer is fast embracing modern retail.

The past or the traditional strategy was largely dependent on low price and convenience. The current strategies are more based on value, customer relationship and customer experience. It is essential to know what the customer expects or what “value” to him is and once the offer is made it in a manner in which the retailer has an edge over the competitor, then there is no reason why the former should not be a winner.

This work of ours has revealed some important variables which can be further worked to construct a branding framework for effectiveness in an emerging area like retailing. There can be further study to understand:

- Whether the variables identified from the employees prospects can be studied from the customers’ point- of- view for a specific conclusion.

- Whether there is a significant relationships between the groups of variable, viz. ’Shopping experience’, ’Brands and merchandises’ and ’Image building efforts’

- Whether these variables help in formulating a framework of branding dimension for effectiveness in retailing.

The constructs explored for understanding the DNA of a brand in the organized retailing in India can be having a strategic impact if formulated in an effective manner and at the same time it can also lead to academic research in the same direction to fillip the branding efforts of retailer as well.

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Annexure

Questionnaire

Dear sir/ madam,

The following questions are a part of a research on retailing. Please cooperate and answer the questions. Your answers will be kept confidential and will be used for academic purpose only. ---

Name…………………………………………………………

Designation …………………………………..

Work experience in retailing ………………………………………

1. Do you operate in a particular department/ functional area? Yes ☐ No ☐

2. If Yes, please mention the duration for which you have been associated with the same department ………………………………………………………………

3. If No, then please tell us the other departments/ functional areas along with the current department/ functional area of your operation

………………………………………………………………..

4. Is this the first organization of yours in terms of retail profession?

Yes ☐ No ☐

Being an employee of the organization, you must be experiencing the reasons for which your current organization is different than others or can become different than others. Please give your opinion on various variables explaining the uniqueness of your store vis-à-vis these reasons in terms of their degree of importance.

	Very Important	Somehow Important	Not so Important
5. Store Hype	☐	☐	☐
6. Modern looking façade	☐	☐	☐
7. Parking Space	☐	☐	☐
8. Location of the store	☐	☐	☐
9. Skillful employees	☐	☐	☐
10. Store Layout	☐	☐	☐
11. Required Merchandises	☐	☐	☐
12. Convenience of customers	☐	☐	☐
13. Store environment	☐	☐	☐
14. Required facilities	☐	☐	☐
15. Discounts and schemes	☐	☐	☐
16. Stock availability	☐	☐	☐
17. Effective pricing	☐	☐	☐
18. Delivery of information to the customers	☐	☐	☐
19. No waiting time for customers	☐	☐	☐
20. Mode of payment	☐	☐	☐

21. Established brands	☐	☐	☐
22. Private labels	☐	☐	☐
23. Substantial product range	☐	☐	☐
24. Cash rich customers	☐	☐	☐
25. In store events	☐	☐	☐
26. Returns and exchanges	☐	☐	☐
27. Query handling skills	☐	☐	☐
28. Motivated employees	☐	☐	☐
29. Home delivery facilities	☐	☐	☐
30. After sales service	☐	☐	☐
31. Loyal Customers	☐	☐	☐
32. Post- purchase relationships	☐	☐	☐
33. New arrivals	☐	☐	☐
34. One stop solution	☐	☐	☐
35. Sales effort	☐	☐	☐
36. Innovations on the floor	☐	☐	☐
37. Unique advertisements	☐	☐	☐

……Thank you…..

Recent Economic Downturns And Foreign Direct Investment Relationship With Economic Growth Of India

Mr. Rakesh Kumar Bhati*, Col R K Puni,**

Abstract : *India offers attractive investment opportunities for foreign companies and has adopted a number of policies to attract foreign direct investment into the country and the country seems to offer perhaps one of the most liberal FDI regimes in Asia. As a result, during the last two decade FDI inflows in India has increased considerably by 0.042 in 1980 to 2.8 in 2009 as a percentage of GDP. However, previous literature suggests that the FDI inflows have a positive impact on economic growth of host countries. This paper focuses on the FDI-led growth hypothesis in the case of India. This paper analyzes trends in foreign direct investment (FDI) in India during the years surrounding three major, recent economic downturns. It first found that FDI flows inward generally continued upward trends during periods of Asian financial crisis surrounding 1998, and were also observed in surrounding subsequent downturns in 2001 and 2009. Second relatively strong, negative (-0.5 or less) correlations between trends in FDI-GDP ratios and economic growth were common among inward FDI flows in 1996-2000 and in 2007-2009. On the other hand, positive correlations were not very common. It's even reviewed that the investment climate has not improved in India as a result of lack of good governance, corruption, political instability and disturbance, bureaucratic inertia, and poor low and order situation.*

Key Words: *FDI inflows, Economic Growth, India, GDP,*

1. Introduction

The relationship between foreign direct investment (FDI) and economic growth is a well-studied subject in the development economics literature, both theoretically and empirically. Despite the considerable volume of research on the subject, there is conflicting evidence in the literature regarding the question as to how FDI relates to economic growth. Economic growth is conventionally measured as the percentage increase in Gross Domestic Product (GDP) or Gross National Product (GNP) during one year. FDI eludes definition owing to the presence of many authorities: Organisation for Economic Co-operation and Development (OCED), International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD) and United Nations Conference on Trade and Development (UNCTAD). All these bodies attempt to illustrate the nature of FDI with certain measuring methodologies. As per the Planning Commission of India (2002) FDI refers to capital inflows from abroad that invest in the production capacity of the economy and are usually preferred over other forms of external finance because they are non-debt creating, non-volatile and their returns depend on the performance of the projects financed by the investors.

In this paper, we do not intend to presume how each of the two variables affects the other. Rather, our purpose is to test for the causal relationship between FDI flow and economic growth of India. A major outcome of the economic reforms process from 1990s through lowering of barriers to trade and investment aimed at opening up the economy and embracing globalization has led to tremendous increase in Foreign Direct Investment inflows into India. The government is in the process of fine tuning FDI rules in order to make India more attractive as FDI destination. FDI inflows to India continued to increase over the last decade as a result of investment favorable policies adopted by the successive government. Since the beginning of

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the 90's decade, the annual value of FDI inflows to India has started to continue with an increasing rate when compared to 80's decade. This kind of upward movement of FDI is interpreted as an outcome of the liberalization reforms. The incentives under structural adjustment and stabilization programme implemented in 1990s were of great importance in generating a surge in FDI.

Foreign direct investment (FDI) is a major component of capital flow for economic growth. Borensztein, De Gregorio, Lee, (1998) pointed out that FDI is considered important driver for economic development particularly for the developing countries were as Seetanah and Khadaroo, (2007) pointed out that the host country must satisfy certain preconditions in order to absorb and retain these benefits and not all emerging markets possess such qualities. India an emerging market requires FDI to assist in alleviating some of its socioeconomic problems, such as unemployment, high level of unskilled labour and finance capital deficits. The Indian economy had been affected by the global financial meltdown as to attract FDI. Foreign direct investment (FDI) slumped 48 per cent to $1.04bn (£642m) in January 2011 from $2.04bn (£1.25bnm) in the same month last year. FDI in India has been dropping amid concerns over corruption, bureaucratic delays, rising inflation and perceived government resistance to opening up the economy. In 2009-10, the country's FDI had declined to $25.88bn (£15.96bn) from $27.33 (£16.86bn) in the previous financial year. A casual look at the data does not reveal any clearly discernible pattern involving GDP growth and FDI. However, it seems consistent with a positive correlation between the two variables.

2. Objectives

FDI and economic growth are dependent on a wide variety of factors, covering economic factors to sociopolitical factors. FDI is very much dependent upon foreign investors' perception on the status of the targeted country. These perceptions are made up of partly, economic factors, as well as socio-economic factors such as unemployment and political stability. Strong economic growth in the host country attracts FDI, but the host country is required to have good infrastructure capacity, sophisticated human capital in order to take advantage. The main objectives of the paper are

1. To have a better understanding of the relationship between FDI and economic growth.

2. To examine whether higher FDI inflow can induce economic growth.

3. To observe the relationship between economic growths as measured by GDP growth, with the change in FDI inflow into India.

3. Hypothesis

The literature review thus far indicates that these factors are interdependent; therefore, the following hypotheses can be derived i.e. FDI-led growth.

It is hypothesized that the change in economic growth, as measured in GDP, will cause a change in FDI inflow,

$$H: \ FDI_{t+i} = 1 \ GDP_t + \varepsilon 1$$

$\varepsilon 1$ denotes a correction factor. All other factors that can influence FDI inflow are assumed to be included in this correction factor. $\lambda 1$ denotes the slope and i denotes the time for the market to react to the changes. Furthermore, it can be hypothesised that this is a positive relationship, i.e. λ is positive.

4. Data Collection

This research paper is depended largely on secondary data obtained from the IMF Database and Department of Industrial Policy & Promotion Ministry of Commerce and Industry (DIPP). Additional data were obtained from the World Bank, the World Fact book as published by the Central Intelligent Agency

(CIA), and various web-based economic monitors. These organizations provided reliable data from past studies that are freely available within the public domain.

5. Limitations

This research is by no means proving the causality of FDI in its entirety or economic growth being generated solely from FDI. The various limitations had taken into consideration but few were noted out which had been laid down for the foundation of data analysis.

a) This research paper focusing on GDP growth rates is by no means proving the causality of these factors (such as technology, political stabilities, investor's perceptions and various other socio-economic factors) on FDI and growth.

b) The time scale for this research is quoted annually. Therefore the minimum time that a lag could take place is 1 year. Any correlation between these variables that has a lag less than 1 year cannot be detected in this research.

c) Any sector contributions were not detected as analyzed national data.

d) Empirical researches suggest that different country, different time period, and different methodology will have different outcomes.

This paper serves to provide a better understanding of the role FDI plays in the growth of economy during the various slowdown periods taken into consideration.

6. Literature Review : FDI & Economic Growth

Although there are many literatures between FDI and growth, there are also ambiguous in this issue. UNCTAD (2002) found that FDI might have positive effect on output for some countries and negative for others, because of different dependent variables. Some studies indicate that FDI can stimulate the economic growth through spillover effect such as new technologies, capital formulation, the expansion of international trade and the development of human capital (labor skills and employment) (Baharumshan and Thanoon, 2006; Balasubramanyam et al., 1996, 1999; Borensztein et al., 1998; Chakraborty and Basu, 2002; Liu et al., 2002). However, others point put that FDI can offset then economic growth (Bende-Nabende et al., 2003; Carkovic and Levine, 2005). Bende-Nabende et al. (2003) found that FDI in some countries had a negative relation with economic growth. Carkovic and Levine (2002) find that FDI does not induce economic growth independently. FDI on growth is affected by microeconomic conditions of the country such as the host country's specific competitive advantage and its business environment. This highlights that the benefits of FDI on growth cannot be generalised across different countries. Each market has specific conditions that could enhance or hinder these benefits on the host country's economic growth. The studies have been done on determining factors that influence FDI inflow into a host country. Some are economic factors such as the target country's market size, income level, market growth rate, inflation rates and current account positions, while others are so-cioeconomic determinants namely political stability and quality of infrastructure. Furthermore, countries have offered special tax incentives and subsidies to attract foreign capital while microeconomic studies generally, though not uniformly, shed pessimistic evidence on the growth-effects of foreign capital; many macroeconomic studies find a positive link between FDI and growth.

In case of India the Indian National Congress (1991), announced that foreign investment and technology collaboration would be permitted to obtain higher technology, to increase exports and to expand the production base. The Congress realized the importance of a change in the economic model but was also wary of domestic concerns. With their announcement for investment was a warning that "such foreign investment will not be at the cost of self-reliance". In the context of the time the emphasis is placed on stabilizing the economy. Economic Survey (1991-1992) pointed out that the goals for the upcoming year were to consolidate gains, bring problems under control and restore the government's capacity to pursue the social goals of generating employment, removing poverty and promoting equity. The new policy had brought in a dramatic increase in investment activity; there was no clear understanding of FDI as a proper mechanism for development or its future role. Although there are significant disparities across regions, every state has achieved high growth rates. Finally, FDI inflows fall into two categories. One is horizontal FDI involving the transfer of production from abroad to India to service the internal market. The other is vertical FDI which seeks to take advantage of low cost production for export of products abroad. There is widespread agreement on what determines the flow of FDI to one country rather than another. Countries attracting large amounts of FDI generally have good economic fundamentals, that is, they have achieved a high degree of macroeconomic and political stability and have favourable growth prospects They also tend to possess a good infrastructure and legal system (including enforcement of laws), a skilled labour force, and a foreign sector that has been liberalized to some extent (membership in free trade areas is a particular attraction). Location, country (market) size and natural endowments are generally important as well. In the former centrally planned economies, the degree of progress made in moving from plan to market has been a key explanation of FDI inflows More generally, Indian economy that have attracted substantial amounts of FDI have followed policies that have created friendly investment environments (although they often possess certain natural advantages as well).

7. Data Analysis

This research focuses on observing correlations and economic trends, and economic data during the slowdown in the economy after liberation. Based on the stated hypotheses, there were two specific variables that were required for this research. They were the percentage changes in FDI inflow (?FDI), the percentage changes in GDP growth (?GDP). The research compared the changes, rather than the actual level of the economic variables of these countries; therefore, the unit of analysis will be the country's changes of each variable, year on year. The dependent variable for hypothesis was identified as??FDI, while??GDP were the independent variables.

For hypothesis, the aim was to test whether a change in FDI can have a positive influence on GDP growth; therefore,? ?FDI was treated as the independent variable while ??GDP as dependent. These variables were not mutually exclusive since each one is intricately related to another. The null hypothesis states that the change in FDI at year t+i (?FDIt+i) is independent of the change in GDP at year t (?GDPt). The estimated linear equation that describe this relationship is

?FDI t+1 = (20.9513) + (1.1254)? ?GDP t

This is established with observations in the dataset provide in the Appendix I. The y-intercept (???) is 20.9513 with a standard error of 16.0814. The slope is 1.1254 with standard error of 0.3931. The correlation between? ?FDIt+1 and? ?GDPt is 0.5298. The significant level of this relationship is 0.0093.

Indian economy move has been mainly from agriculture to services in share of output, with no substantial increase in manufacturing, and the structure of employment has not changed much. Share of the primary sector in GDP fell from 60 per cent to 25 per cent in four decades, but share in employment still more than 60 per cent. India's economy has grown at around 5-6 per cent per year over the period. But very recently the average growth rate for the last four years is 8 per cent. The Table I provide descriptive data analysis of FDI inflows and economic growth. FDI is found to have a positive effect on economic growth.

In all specifications the average annual growth rate of real GDP per capita over the period 1995 to 2009 is used as the dependent variable. It is represented by the inflows of FDI as a percentage of GDP. The empirical part of the paper attempts to verify whether FDI inflows enhance economic growth. Analyzing the data allows us to see whether the effects of FDI on economic growth are stronger or weaker in Indian economy thus answering the objectives of the study.

Table I : Ratios Of Annual Inward FDI Flows To GDP (Percent), And Correlation Coneffieints With GDP Growth Rates

Year	Ratios Of Annual Inward FDI Flows To GDP (Percent)
1995	0.606
1996	0.665
1997	0.876
1998	0.64
1999	0.493
2000	0.776
2001	1.157
2002	1.137
2003	0.754
2004	0.862
2005	0.97
2006	2.323
2007	2.315
2008	3.424
2009	2.755
	CORRELATIONS OF ANNUAL INWARD FDI-GDP RATIOS 1996-2000 AND CONCURRENT OR LAGGED GROWTH RATES
Real GDP	-0.93
Lagged	-0.43
Nom. GDP$	-0.46
Lagged	0.02
	CORRELATIONS OF ANNUAL INWARD FDI-GDP RATIOS 1999-2003 AND CONCURRENT OR LAGGED GROWTH RATES
Real GDP	-0.93
Lagged	-0.43
Nom. GDP$	-0.46
Lagged	0.29
	CORRELATIONS OF ANNUAL INWARD FDI-GDP RATIOS 2007-2009 AND CONCURRENT OR LAGGED GROWTH RATES
Real GDP	-0.4
Lagged	-0.05
Nom. GDP$	-0.6
Lagged	0.87

The correlations of annual inward FDIGDP ratios for the period 1996-2000, 1999-2003, 2007-09 and concurrent or lagged growth rates had been taken into consideration due to the Asian crisis of 1998 and the slowdown in theeconomy after wards had taken into consideration which was during 2001-02 and 2008-09. Current growth was also strongly and negatively correlated with the cumulative inward FDI-GDP ratios in India, but correlations to lagged growth were weaker. A positive correlation to lagged real growth was also the only relatively strong (0.5 or more in absolute value) one involving annual FDI-GDP ratios for India. The Indian economies experienced relative decline in inward FDIGDP ratios during subsequent period in 1999-2003 and declined during 2007-2009. It experienced relatively large increases during the periods surrounding 2008. On the outward side the large increase in FDI-GDP ratios in 2008 years. Relatively strong correlations between FDI-GDP ratios and growth were also relatively scarce but relatively strong negative correlations were more common for 2007-2009. This suggests that MNCs may be reacting to the financial crisis and this may result in increased FDI.

The government focus on FDI was evident in changes in 1996-97 that resulted in an increase in understanding and resources towards investment. This included the setting up of the Foreign Investment Promotion Council along with the Foreign Investment Promotion Board (FIPB) being streamlined and made more transparent. The first ever guidelines were announced for consideration of foreign direct investment proposals by the FIPB, which were not covered under the automatic route. The list of industries eligible for automatic approval of up to 51 per cent foreign equity were expanded and there was a recognition that foreign direct investment flows provided savings without adding to the country's external debt. In 1998 when there was a decline in FDI the government had to take greater technical measures in terms of liberalizing investment norms in bring in FDI. The trends of FDI now resulted in policy formulation. In 1999-2000, when a second year of decline continued a Foreign Investment Implementation Authority (FIIA) was set up for providing a single point interface between foreign investors and the government machinery, including state authorities. This body was also empowered to give comprehensive approvals. After this point FDI has acquired an acceptable status and the debate is on the levels that will be allowed. In election of 2004, FDI had become a non-electable issue. There was widespread acceptance of the topic among all the party lines and it was no longer debatable but how the polices would be designed for FDI.

These patterns reflect a combination of short- and long-term influences that this simple paper has not been able to sort out entirely. However, following important patterns emerge. First, there appears to be a relatively strong, long-run (decade or longer) trend toward higher ratios of FDI to GDP in Indian economy. Second, to some extent this increase is also likely to reflect increased MNC willingness to risk its investible funds by conducting FDI to and from these economies. Third, the tendency for relatively high FDI growth to be concentrated in the same economy suggests that country-specific factors may be relatively important determinants of FDI growth. This study has examined trends in ratios of FDI flows and to GDP and how those trends correlate with trends in economic growth during the selected times frames. The 1998 Asian crisis led to economic damage, but the changes in economic policies and institutions it inspired was also followed by relatively large increases in inward FDI stocks. During other slowdowns in 2001 and 2009, relatively rapid growth of inward FDI was still twice in the India.

8. Findings and Recommendation

This paper is devoted to explore interaction between FDI and economic growth in India. The results suggest that there is a positive correlation between FDI inflows and growth in a bidirectional way. The capital inflows are more beneficial and create less problem if they are long-term as they are induced by growth prospects of the economy, invested in physical assets than consumed and domestically induced. On the other hand the short-term investment and portfolio investments are leads to increase in consumption and cause fragility in the financial systems. Thus, it is important for country to improve the quality of FDI that they can attract.

Recently Indian economy have witnessed short-term investment boom in equity markets. Given the current situation of the foreign reserve and current account deficits the measures are required for promoting export and strengthening foreign reserve that can provide leverage on exchange rate stability. The policy measures are required that would substantially enlarge and diversify economic base, policies that would improve human capital recourses capabilities, enhance economic stability and liberalize market in order to benefit from long-term FDI inflows. Growth enhancing policies coupled with sound macroeconomic policies along with sound and transparent legal system governing financial transaction should be put in place for attractiveness of India for foreign investors. The climbing inflation does not improve the odds for India to attract FDI but a stable economy attracts more FDI, thus a low inflation environment is desired in India that promotes FDI as a source of capital flow. Indian markets need to strategize their resources to achieve growth. This is the right time for Indian markets to in attracting foreign investment and formulate ambitious growth plan through strategic structural changes to be made to create a strategic infrastructure suited to export oriented manufacturing and move away from import substituting manufacturing model being currently adopted. It impacts will be on economic development by optimizing inputs, promoting exports & attracting further FDI. Thus, if GDP growth seems to attract more FDI inflows, then promotional policies to encourage inward flows of FDI only may become unnecessary. Instead, efforts should be directed to other potential sources of growth as once growth is enhanced and stimulated, FDI will then be attracted.

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Appendix - I
Annual Growth Rates Of Real GDP, Nominal GDP, Annual Inward FDI Flows In Indian Economy, 1980 - 2009

MEASURE	Annual Growth Rates of Real GDP (percent)	Nominal GDP in US$ (billions)	Annual Inward FDI Flows in US$ (billions)
YEAR			
1980	3.6	177	0.000
1981	6.2	190	0.000
1982	4.1	197	0.000
1983	6.4	213	0.000
1984	4.6	213	0.000
1985	4.9	221	0.000
1986	4.9	243	0.000
1987	4.2	268	0.000
1988	8.3	293	0.000
1989	6.8	291	0.000
1990	5.6	314	0.000
1991	2.1	279	0.074
1992	4.4	281	0.277
1993	4.9	275	0.550
1994	6.2	312	0.973
1995	7.4	354	2.144
1996	7.6	365	2.426
1997	4.6	408	3.577
1998	6.0	412	2.635
1999	6.9	439	2.169
2000	5.7	462	3.584
2001	3.9	473	5.472
2002	4.6	495	5.626
2003	6.9	573	4.323
2004	7.9	669	5.771
2005	9.2	784	7.606
2006	9.8	875	20.336
2007	9.4	1101	25.483
2008	7.3	1207	41.315
2009	5.4	1243	34.229
Source: International Monetary Fund			

Appendix - I A
Inward Foreign Direct Investment Flows In Indian Economy, Annual, 1980-2009

MEASURE	Percentage of total world	Percentage of imports	Percentage of exports	Percentage of Gross Domestic Product	Percentage of Gross Fixed Capital Formation
YEAR					
1980	0.146385	0.532548	0.922015	0.042845	0.207574
1981	0.132131	0.596179	1.108097	0.046641	0.22172
1982	0.124149	0.487485	0.77026	0.03582	0.166962
1983	0.01122	0.040112	0.061655	0.002569	0.01248
1984	0.03385	0.12598	0.203569	0.008847	0.04204
1985	0.190017	0.66606	1.160778	0.046847	0.211934
1986	0.136394	0.763435	1.252585	0.047449	0.20966
1987	0.15546	1.27326	1.879287	0.077326	0.33403
1988	0.05567	0.477706	0.689538	0.030041	0.129897
1989	0.12773	1.2268	1.588382	0.083832	0.348758
1990	0.113959	1.003791	1.317206	0.072428	0.292759
1991	0.048698	0.366788	0.423088	0.025891	0.109496
1992	0.151832	1.068766	1.283913	0.086623	0.360278
1993	0.23808	2.334521	2.466206	0.187334	0.81369
1994	0.380303	3.628547	3.892606	0.299377	1.271056
1995	0.627948	6.197615	7.022527	0.582548	2.22786
1996	0.649103	6.654859	7.627224	0.648819	2.652015
1997	0.743921	8.734815	10.33761	0.856421	3.676553
1998	0.372321	6.126119	7.87451	0.619131	2.682654
1999	0.199356	4.614808	6.078499	0.478189	1.977903
2000	0.256017	6.963874	8.466373	0.767012	3.273833
2001	0.663731	10.86999	12.63261	1.134162	4.679315
2002	0.896282	9.961058	11.17619	1.114905	4.568867
2003	0.763793	5.955366	7.328467	0.730736	2.825274
2004	0.78889	5.790813	7.538047	0.831362	2.79424
2005	0.773159	5.335804	7.650873	0.937117	2.912665
2006	1.39314	11.38976	16.68864	2.230447	6.608942
2007	1.190546	10.93252	16.67288	2.188595	6.231112
2008	2.282399	12.59984	20.77735	3.223517	9.398832
2009	3.106577	13.86828	21.28455	2.809991	..

Source : http://unctadstat.unctad.org

A Study of trends in corporate governance practices in Indian Commercial Banks.

Ms. Svetlana Tatuskar*, Dr. Dinesh .D.Harsolekar**

Abstract : *The Banking Sector which is conservative in its operations is assigned a catalytic role for economic development of any country. The turbulent, competitive and demanding business environment in the global banking industry is making it imperative for the banks to adhere to the comparable global disclosure practices so that the shareholders and others can form right opinion of the banks, its functioning, and make decisions on the basis of disclosed information.*

As the competition in the global banking industry is gaining momentum, bankers' greed continues unabated. It is time to question once again the role of corporate governance. The concept of corporate governance, which emerged as a response to corporate failures and widespread dissatisfaction with the way many corporate function, has recently become one of the topics for wide and deep discussions across the globe.

This paper stresses on the need for corporate governance in the banking sector. This emerges from the fact that sound corporate governance is an important element of bank safety, soundness and the stability of the financial system. The failure of one bank can rapidly affect another through inter-institutional exposures and confidence effects. The extensive and momentous disturbance to the financial system can have potentially severe effects on the wider economy.

Against this backdrop, the study aims to compare the practices and trends of corporate governance in Banks.

The researcher has collected data from surveys through questionnaires. Statistical techniques like Friedman's Test, Cross tabulations, multiple correlation techniques are used to test the extent to which factors contribute to sound and ethical corporate practices. The present research can be found of relevance to academicians and practitioners in the banking industry.

Keywords: *Corporate Governance, banking sector, Basel Committee norms.*

Introduction:

Globalization has made it important for financial institutions especially banks across the world to adopt some necessary international principles of corporate governance. Each country will, therefore, need country specific system that lays down precise and detailed regulations and procedures for the governance of banks in that respective country. There is considerable divergence in the understanding and practice of corporate governance in general and in respect of banks in particular but there is also an increasing tendency towards convergence.

"Corporate Governance" remains an unclear and misunderstood phrase, evidently in the banking sector. This is because of the following reasons: The basic and important reason being the fact that there is no inimitable charter of "corporate governance" amongst banks in the developed countries; nor is 'corporate governance practices' of any country better than others. This makes it very difficult for Indian banks to devise a system of corporate governance for Indian companies by mechanically importing one form or another.

Secondly, Indian companies, banks and financial institutions (FIs) can no longer afford to ignore better corporate practices. As India gets integrated in the world market, Indian as well as international investors will demand greater disclosure, more transparent

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explanation for major decisions and better shareholder value.

Third, corporate governance goes far beyond company law. The quantity, quality and frequency of financial and managerial disclosure, the extent to which the board of directors exercise their fiduciary responsibilities towards shareholders, the quality of information that management share with their boards and the commitment to run transparent companies that maximize long term shareholder value cannot be legislated at any level of detail. Banks are "special" as they not only accept and deploy large amount of uncollateralized public funds in fiduciary capacity, but they also leverage such funds through credit creation. The role of banks is integral to any economy.

Banks are highly leveraged entities and asset liability mismatches are an inherent feature of their business. Consequently, they face a wide range of risks in their day-to-day operations. This dimension further strengthens our premise that effective risk management systems are essential for financial institutions and emphasizes the need for these to be managed with great responsibility and maturity. Good corporate governance, therefore, is fundamental to achieve this objective.

Initiatives taken by RBI

The importance attached to corporate governance in banks is reflected in the fact that the Reserve Bank had constituted at least three committees/ working groups to assess and make appropriate recommendations. These are:

1) A Standing Committee on International Financial Standards and Codes was constituted to, inter alia, assess the status in India vis-à-vis the best global practices in regard to standards and codes. An Advisory Group on Corporate Governance (Chairman: Dr. R. H. Patil) made detailed assessment and gave recommendations, of which those relating to PSBs is an important component.

2) The Advisory Group on Banking Supervision (Chairman: Mr. M.S. Verma) has also made some recommendations on corporate governance.

3) A Consultative Group of Directors of banks and financial institutions (Chairman Dr. A.S. Ganguly) was constituted to review the supervisory role of Boards of banks and financial institutions and to obtain feedback on the functioning of the Boards vis-à-vis compliance, transparency, disclosures, audit committees etc. and make recommendations for making the role of Board of Directors more effective.

The Groups made their recommendations after a comprehensive review of the existing framework as well as of current practices and benchmarked the recommendations with international best practices as enunciated by the Basel Committee on Banking Supervision, as well as of other committees and advisory bodies, to the extent applicable in the Indian environment. The Groups made far reaching proposals to improve corporate governance and many, if not all, do require legislative processes and they are necessarily time consuming and often realizable only in medium-term. While proceeding with analysis and possible legislative actions, changes that could be brought about within the existing legislative framework have been implemented.

The issue of corporate governance in banks, like any organization, needs to be addressed in regard to (i) quality and concentration of ownership; (ii) quality of Management (iii) prudential framework and (ii) the mechanism for effective oversight of Board of Directors.

Literature Review:

Indian companies, especially the Indian banking sector, is reported generally to follow sound corporate governance, (Chakrabarti et al. 2008). However incidents like the Satyam scam has raised several questions on loop holes in regulatory practices to monitor the corporate governance. (Bhat & Kumar, 2008).

Advisory Group on Banking Supervision (Chairman: Shri M. S. Verma): The Group assessed the position of the Indian banking system vis-à-vis the principles laid down in 16 papers brought out by the Basel Committee on Banking Supervision. This assessment was done in seven major areas, viz., core principles, corporate governance, internal control, credit risk, loan accounting, transparency and disclosures, financial conglomerates and cross border banking. The Group concluded that, given the complexity and development of the Indian banking sector, the overall level of compliance with the standards and codes is of a high order. Wherever there are significant gaps, these can be remedied within a reasonable time frame if the necessary legal reforms/amendments are undertaken without delay. The Group has underlined the need to put in place scientific risk management systems in banks.

The Basel Committee published a paper for banking organizations in September 1999. The Committee suggested that it is the responsibility of the banking supervisors to ensure that there is effective corporate governance in the banking industry. It also highlighted the need for having appropriate accountability and checks and balances within each bank to ensure sound corporate governance, which in turn would lead to effective and more meaningful supervision.

Efforts were taken for several years to remedy the deficiencies of Basel I norm and Basel committee came out with modified approach in June 2004. The final version of the Accord titled "International Convergence of Capital Measurement and Capital Standards- A- Revised Framework" was released by BIS. This is popularly known as New Basel Accord of simply Basel ll. Basel ll seeks to rectify most of the defects of Basel l Accord. The objectives of Basel ll are the following:

1. To promote adequate capitalization of banks.

2. To ensure better risk management and

3. To strengthen the stability of banking system.

<u>Research Objective:</u>

The objective of the research is to evaluate the soundness of corporate governance of Indian banks in the post recession period. This paper stresses on the need for sound corporate governance in the banking sector and aims to compare the practices and global trends of corporate governance practices in Banks.

Some important parameters which were brought out by the literature review aids to gauge the soundness of the bank: (i) Sound internal control system; (ii) quality of management (iii) prudential monitoring system framework and (iv) Core principles and values. Under this backdrop the paper studies:

1) The importance and degree to which quality and concentration of ownership, quality of management, prudential monitoring system framework and sound internal control system attribute to sound corporate governance in Banks in India.

2) To identify all other factors that contribute to sound corporate governance in Banks.

3) To suggest Indian commercial banks the steps that they can employ to ensure sound corporate governance practices.

<u>Data Collection and Research Methodology:</u>

The findings of the paper are based on a detailed analysis of data obtained by questionnaires, observation and Interviews with banking professionals and bank managers of Indian public commercial banks as well as Indian private commercial banks.

The data collection comprised of four key initiatives.

a) Online detailed questionnaires to a cross section 86 of customers in Mumbai, who use the banking facility.

b) In-depth interviews with bank managers who were responsible to ensure sound corporate governance practices at their banks.

c) Extensive desk research was conducted, enquiring into the importance and degree to which quality and concentration of ownership, quality of Management, prudential monitoring system framework and sound internal control system attribute to sound corporate governance in banks in India.

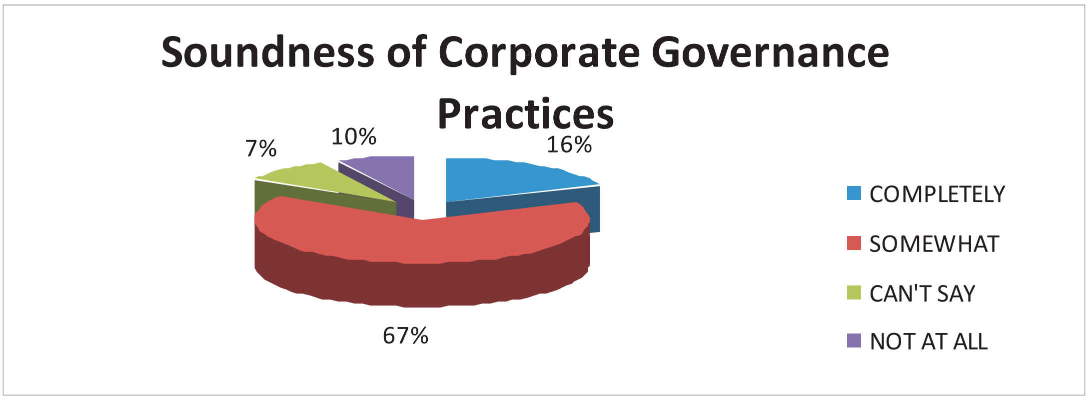
d) Surveys conducted by Research Organizations inquiring into significant challenges, issues and opportunities that is faced by banking customers as well as Islamic banks and conventional banks in India.

The Data obtained from questionnaires was transformed to SPSS compatible data form. The data was analyzed using descriptive analysis and non- parametric Friedman's Test to identify the significant trends in Corporate Governance practices in Banks.

Analysis and Findings:

Data Analysis is based on the responses received from the corresponding questionnaire circulated to respondents, who had relationship with either private sector Indian commercial banks or public sector Indian commercial bank as bank manager or customers. Though the sample pool is quite small, the discussions gauge the importance and degree to which quality and concentration of ownership, quality of Management, prudential monitoring system framework and sound internal control system attribute to sound corporate governance in Banks in India as well as it brings out clearly all other factors that contribute to sound corporate governance practices.

Out of the total respondents, only 16% of the respondents were of the opinion that the Indian Commercials Banks having sound corporate governance practices. But these practices are not completely sound or else we would not have the case of Bank of Rajasthan that had to lose its corporate identity due to lack of sound corporate governance practices.



In order to assess the individual's preference to the various factors that contribute to soundness of the corporate governance practices in banks, the respondents were asked to rank each of the four factors in ascending order of preference, with 1 being most preferred choice of product. The non parametric-Friedman Test was conducted to examine if there was any significant difference in the ranking given by the customers.

Testing of hypothesis:

H0: There is no significant difference in the rankings given by respondents

H1: There is significant difference in the rankings given by respondents.

The results of Friedman's Test conducted for H0 and H1, where Asymp sig<0.05, reject the null hypothesis H0, Results are summarized in table 01

Table-01:

Test Statistics

	Bank Customers	Bank Managers
N	42	44
Chi-Square	47.130	48.486
Df	3	3
Asymp. Sig.	.000	.000

a Friedman Test

Table-02

Rankings

	Mean Rank (Customers)	Mean Rank (Managers)
Core Principles and Values	3.26	3.23
Prudential monitoring system framework	3.19	3.21
Sound Internal control system	2.11	2.13
Quality of Management	1.62	1.61

Thus there is a significant difference in the rankings given by both bank customers and bank managers. As observed in Table 02, on the basis of the outcome of the Friedman test, both bank customers as well as the bank managers have ranked quality of management as a primary factor that is responsible for sound corporate governance practices and this is also highlighted in the recent Bank of Rajasthan case. The next parameter of importance for sound corporate governance by both bank customers and managers was sound internal control system followed by Prudential monitoring system framework and finally the quality and concentration of ownership.

Amongst the factors that are responsible for sound corporate governance practices it is observed that quality of management is of primary importance. The respondents were then required to rank the various characteristics of good management in ascending order of preference, with 1 being most preferred choice of product. The non parametric- Friedman Test was conducted to examine if there was any significant difference in the ranking given by the customers and bank managers.

Testing of hypothesis:

H0: There is no significant difference in the rankings given by respondents

H1: There is significant difference in the rankings given by respondents.

Based on the results of Friedman's Test conducted for H0 and H1, where asymp sig<0.05, reject the null hypothesis H0, results summarized in table 03

Table: 03
Test Statistics

	Bank Customers	Bank Managers
N	42	44
Chi-Square	6.086	5.283
Df	4	4
Asymp. Sig.	.000	.000

a Friedman Test

Thus there is a significant difference in the rankings given by both bank customers and bank managers. As observed in Table 04, on the basis of the outcome of the Friedman test, both bank customers as well as the bank managers have ranked unity of command, delegation of authority and responsibility as the most important characteristic of quality management and that is of primary requirement of every management that will automatically enhance sound corporate governance in banks. The next quality that is of primary importance to enhance the quality of management is selfless and ethical management which will instill sound governance in banks. The next quality of good management is transparency in dealings, which is of prime importance in banks as banks accept money largely in the form of deposits from the general public (i.e. depositors). The nature and size of deposits varies considerably, ranging from large-lot corporate deposits to a number of small deposits in which members of the general public who do not necessarily have enough knowledge of financial products entrust their everyday savings. Banks lend money that is in effect "borrowed" from these depositors, and the failure of banks could result in a monetary loss for the depositors with significant consequences for the economy. The quality of management also depends on the awareness of statutory laws and disclosures by management and finally on awareness of industry practiced sound corporate governance practices.

Table: 04
Rankings

	Mean Rank (Customers)	Mean Rank (Managers)
Transparency in dealings	2.92	2.98
Awareness of statutory laws of corporate governance disclosures and practices	3.13	3.10
Selflessness and Ethical approach	2.88	2.88
Unity of command, delegation of authority and responsibility.	2.63	2.64
Awareness of industry practiced sound corporate governance practices.	3.45	3.40

The banking customers as well as the bank managers had ranked sound internal control system as the second important parameter to enable and enhance the sound corporate governance practices in banks. The respondents were then required to rank the various characteristics of sound internal control in ascending order of preference, with 1 being most preferred choice of product. The non parametric-Friedman Test was conducted to examine if there was any significant difference in the ranking given by the customers and bank managers.

Testing of hypothesis:

H0 : There is no significant difference in the rankings given by respondents

H1 : There is significant difference in the rankings given by respondents.
The results of Friedman's Test conducted for H0 and H1, where asymp sig<0.05, reject the null hypothesis H0, Results summarized in table 05

Table: 05
Test Statistics

	Bank Customers	Bank Managers
N	42	44
Chi-Square	2.573	3.205
Df	4	4
Asymp. Sig.	.000	.000

a Friedman Test

Thus there is a significant difference in the rankings given by both bank customers and bank managers. As observed in Table 06, on the basis of the outcome of the Friedman test, both bank Managers and bank Customers have ranked Awareness of policies and procedures by staff members as the most important factor of sound internal control system followed by Knowledge of banks own corporate governance policies. The Bank customers and bank managers have ranked clear, precise and complete documentation as least preferred for sound internal control.

Table: 06
Rankings

	Mean Rank (Customers)	Mean Rank (Managers)
Clear, precise and complete documentation	3.22	3.27
Awareness of policies and procedures by staff members	2.76	2.78
Internal audit and documentation of audit procedures	3.09	3.06
Knowledge of banks own corporate governance policies	2.88	2.83
Complete and stringent security of data and records.	3.18	3.18

The banking customers as well as the bank managers had ranked prudential monitoring system framework as the third important parameter to enable and enhance the sound corporate governance practices in banks. The respondents were then required to rank the various characteristics of prudential monitoring system framework in ascending order of preference, with 1 being most preferred choice of product. The non parametric- Friedman Test was conducted to examine if there was any significant difference in the ranking given by the customers and bank managers.

Testing of hypothesis:

H0: There is no significant difference in the rankings given by respondents

H1: There is significant difference in the rankings given by respondents.

The results of Friedman's Test conducted for H0 and H1, where asymp sig<0.05, reject the null hypothesis H0, Results summarized in table 07

Table: 07

	Bank Customers	Bank Managers
N	42	44
Chi-Square	9.082	8.830
Df	4	4
Asymp. Sig.	.000	.000

Thus there is a significant difference in the rankings given by both bank customers and bank managers. As observed in Table 08, on the basis of the outcome of the Friedman test, both bank Managers and bank Customers have ranked conducting frequent and stringent audit of procedures and policies as the primary characteristics of Prudential monitoring system framework, which will initiate sound corporate governance in bank followed by defining significant performance parameters. The banking officials and customers were of the opinion that setting some minimum performance standards and scrutinizing whether minimum performance targets are met is least important characteristics of prudential monitoring system framework to ensure sound corporate governance in banks.

Table: 08

	Bank Customers	Bank Managers
Setting some minimum performance level.	3.40	3.36
Checking for gap between actual performance and desired performance.	3.08	3.07
Defining significant performance parameters	2.72	2.74
Frequent and stringent audit of procedures and policies.	2.38	2.42
Scrutinizing whether the minimum performance targets are met.	3.40	3.38

a Friedman Test

The banking customers as well as the bank managers had ranked core principles and values as the fourth important parameter to enable and enhance the sound corporate governance practices in banks. The respondents were then required to rank the various characteristics of core principles and values in ascending order of preference, with 1 being most preferred choice of product. The non parametric-Friedman Test was conducted to examine if there was any significant difference in the ranking given by the customers and bank managers.

Testing of hypothesis:

H0: There is no significant difference in the rankings given by respondents

H1: There is significant difference in the rankings given by respondents.

The results of Friedman's Test conducted for H0 and H1, where asymp sig<0.05, reject the null hypothesis H0, Results summarized in table 09.

Table: 09

	Bank Customers	Bank Managers
N	42	44
Chi-Square	6.836	5.638
Df	4	4
Asymp. Sig.	.000	.000

Thus there is a significant difference in the rankings given by both bank customers and bank managers. As observed in Table 10, on the basis of the outcome of the Friedman test, both bank managers and bank customers have ranked integrity and honesty as the core value for sound corporate governance in banks followed by conducting the financial affairs responsibly. Since in case of banking organization a bank is responsible for the finances of all its customers, it becomes the core principle of the banks.

Table: 10

	Bank Customers	Bank Managers
Integrity and Honesty	1.40	1.42
Customer focus	2.89	3.09
Managing risk effectively	2.44	2.56
Conducting financial affairs responsibly	1.41	1.54
Respect for law and regulation	1.86	1.78
Protecting organizations assets	2.74	2.68
Fair and honest communication	1.56	1.60
No misuse of information	1.55	1.58
Safeguarding Information	1.73	1.68

The values and principles of fair and honest communication and not misusing the information of banks and customers along with safeguarding the information of bank as well as the customers is also considered by both bank managers and bank customers as important for sound corporate governance in banks.

Conclusion

It is observed that India has a very stringent regulatory structure despite which there has been abundant cases in the Indian Banking industry of failures of Indian Banks due to lack of sound corporate governance practices, the most recent case being that of Bank of Rajasthan. This paper provides solutions to the Indian Banks on how they can inculcate the corporate governance values and principles and ensure that corporate goals are above individual greed and individual goals.

The paper brings out the discussions that quality of management is of utmost importance to ensure that Indian banks have sound corporate governance practices followed by stringent internal control system and prudential monitoring system framework and finally that banks which dwell on Core principles and values will automatically ensure sound governance and will lead to protection of their assets, elimination of risks and be sustainable irrespective of the industry pressures.

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Team Damaging Behaviours: A study of Sector Based Differences of Indian Professionals

Deepika Tiwari* and Ajeya Jha**

Abstract : *researches have found that women respond better to a supportive, nurturing, participatory approach that emphasize relationships whereas men respond better to military style leadership approach. Men prefer a formal atmosphere at work. Women feel better being informal, relaxed and sociable. Changing population demographics, as well as civil rights gains made by women have created organizations that are more heterogeneous. As opportunities open up for women in 21st-century organizations, a new reality presents itself: leading or working with a diverse team. The work-life conditions of the Army make it a "one-sexed society" with attendant implications. Whereas, in health care and IT sector we see plenty of women trying to balance their professional as well as personal life. This enhances the difficulty of teams. For managing such diversified teams it is essential to list out the common behaviours exhibited by men and women that damage teams. The population for this research work consists of a sample of 273 professionals of India from Health Care sector, IT sector and Armed forces. A questionnaire was prepared that comprised 13 selected behaviours, to which the respondents have ranked from 1 to 13, where (1 being the most damaging behaviour to teams and 13 being the least). The analysis was done using chi-square test at 95% confidence interval. Significant differences exist in the beliefs of men and women of all the three sectors. Results show that in health care, professionals give more emphasize to lack of commitment, lack of integrity, ego-clashes, no talking terms, seeking favours and violence. Similarly, in I.T., emphasis is placed on ego-clashes, lack of integrity, lack of commitment, sexual harassment, threat to sexual harassment and gossiping. Even in armed forces, lack of integrity, ego-clashes, sexual harassment, lack of commitment and threat to sexual harassment are perceived to be the prime team damagers.*

Keywords : *Gender Differences, Teams, Team Damaging Behaviour, Team Morale.*

1. Introduction

Several researches have found that women respond better to a supportive, nurturing, participatory approach that emphasizes relationships whereas men respond better to military style leadership approach that emphasizes the individuals place in the hierarchy based on ego, recognition and status. Men respond better to military style of command and control (anger, reprove, chastise and even yelling) whereas it frightens women. Men prefer a formal atmosphere while at work. Women are better off being informal, relaxed and sociable. Men tend to adopt the 'get-on with and get-over with the job' attitude and are indifferent to what is thought of them once the job is done whereas women adopt a 'please-all' approach and expect to be appreciated all along the course. (Col Gopakumar.M.N., 2010)

Developments over the past decade have emphasized the importance of team based work in organizations. As the range of business challenges have grown, new concepts around team based working have also evolved.

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Although teams within organizations are hardly new, they have recently gained importance as a fundamental unit of organization structure (Drucker, 1988). As organizations have become more decentralized, less bureaucratic, and flatter, teams have been created to carry out new initiatives and to cross the traditional boundaries both within the firm and with external constituents such as customers and suppliers (Kanter, 1983; von Hippel, 1988; Walton & Hackman, 1986). Team effectiveness experts have narrowed the characteristics of high-performing teams down to a relatively workable number of factors such as: common purpose, clear roles, accepted leadership, effective processes, solid relationships and good communication (MacMillan, P. 2001). LaFasto, F., & Larson C. (2001)have studied another approach by focusing at the abilities and behaviors that are most important in selecting effective team members, such as experience, problem-solving ability, openness, supportiveness and action orientation. In the present day global economy where a "high technology firm" adapts and progresses in a 'high velocity environment" (Mishra, Deshmukh, & Vrat, 2002), organizations have to develop their competitive advantage by coping up with continual technological changes and unforeseen shifts in customers demand. Internet and the "dot.com" phenomena have made IT one of the primary enablers in the proper functioning of any organization. As a result there is a gradual transformation from traditional workplaces to an IT enabled 'e-workplace' (Arnison & Miller, 2002). Using the advancement in IT as a primary enabler, organizations are looking for new forms and dynamics that will aid them to respond more rapidly to the ever-changing customer needs and requirements (Jarvenpaa & Ives, 1994; Powell, Piccoli, & Ives, 2004). Thus, more and more organizations are leaning towards the development of "teams".

Most organizations have moved to ways of doing work that include less hierarchical organizational structures and the use of various types of work groups and teams to get tasks done (Applebaum & Batt, 1994; Ilgen, 1999; Jackson, Stone, & Alvarez, 1992; Tolbert, Andrews, & Simons, 1995) On the other hand, changing population demographics, as well as civil rights gains made by women and racial/ ethnic minorities, have created organizations that are more and more heterogeneous (''Affirmative Action,'' 1995; Triandis, Kurowski, & Gelfand, 1993). To remain competitive in the 21st century global economy, organizations want their workforce to be highly specialized, yet have to work together in cross-functional teams; this creates a demand for sophisticated coordination and management (Lipnack & Stamps, 1993; Mohrman, Cohen, & Mohrman, 1995). Increased diversity in the workplace includes not only better utilization of talent and understanding of the marketplace but also enhanced creativity and problem-solving ability (Robinson & Dechant, 1997).

Our research primarily focuses on three sectors, viz, health care sector, IT sector and armed forces. Reason behind the choice of the sectors was purely based on the nature of teams found in these sectors. For example, in armed forces we find maximum number of male exclusive teams only, in health care sector also we find many female exclusive teams where even the doctors are females. But in IT sector with the increase in number of women entering this sector, we come across mixed teams having both men and women.

The work-life conditions of the Army make it a "one-sexed society" with attendant implications. Moreover, soldiering is a nocturnal activity with minimal activities planned during daytime. George Orwell conveyed the idea in unambiguous terms: "People sleep peacefully in their beds at night only because rough men stand ready to do violence on their behalf." Since Army is sworn to serve @ 24x7x365 basis, there is no scope for "flexi-timings", (Col Gopakumar.M.N., 2010).

More often than not, women officers posted (on paper) to perform duties (outdoors only) are assigned 'safe', directly supervised, indoor- duties only. It suits every one: women due to their perceived fears tend to become "work-safe" and male officers tend to become "daddy- figures" to ensure 'safe' conditions to prevent 'troubles', (Col Gopakumar.M.N., 2010).

Let us now focus on our second choice of sector i.e. IT Sector, which is being recognized as highly paying sector that attracts both males and females through attractive packages and demanding profound contribution at work places. Women's position in the IT sector has seen both the positive and negative trends in the last decade in the Indian sub-continent. There are studies that have highlighted the fast track that women have made in the IT related industries. Women's composition in the IT workforce has risen from 10% in 1993 to 18% in 1998 which is much higher than the national average of 12 percent (NASSCOM 1999). To a great surprise, the entry of women has shot upto 21 percent in 2002 (NASSCOM, 2002) and has gone up to 35 percent by 2005. (Suriya,M. & Nagarajan,R. 2003).

Though women are better represented in the IT sector, they have not assumed significant role and status. Vittal (2003) observed the emergence of 'metro-sexual men', men who are sharing the responsibility of the family which might help women to be an active agent in the IT workforce. It is also observed that the dropout rates of women get increased with their marriage and childbirth. It is because childcare and housework remain women's responsibilities, irrespective of her income, educational level or employment. This places a great burden on women and restricts women's choices in terms of better job opportunities. The Jobs Ahead survey substantiates the fact that women were not able to continue their job with the sustained interest due to various interruptions happening in their lives, which forced them to drop out from their aspiration of building a better career in IT. It is also observed that the social barriers are so strong and women who manage to enter workplaces by rising above societal biases are probably very strong and, therefore, do well when given the opportunity.

2. Need for Study

As opportunities open up for women in 21st-century organizations, a new reality presents itself - leading or working with a diverse team - which is a complicated issue (Bridges, 1994; Ely & Thomas, 2001; Ilgen, 1999). Research shows that diversity can have negative effects on social integration, communication, and conflict in groups (e.g., Chatman, Polzer, Barsade, & Neale, 1998; E. Hoffman, 1985; Jehn, Northcraft, & Neale, 1999; Pelled, Eisenhardt, & Xin, 1999; Watson, Kumar, & Michaelson, 1993; Webber & Donohue, 2001) and can result in poorer performance and lowered satisfaction for group members (e.g., Ancona & Caldwell, 1992; Riordan & Shore, 1997; Tsui, Egan, & O'Reilly, 1992). As such, diversity is a difficult state for teams - and it is an equally difficult state to manage (Hewstone & Brown, 1986). For managing such diversified teams, it is essential to have some key characteristics that facilitate a team effort. Only when these factors are missing or partially present, a team tends to break down. Studies have proved that few of the factors that can or may damage the team are: poor communication or lack of proper understanding, inadequate leadership style practiced by the team leader, ego-clashes with other members of the team and lack of trust on other team members (Anonymous, 2010). Without these elements being in balance, team will inevitably never work to their very best. Even Sahu R.K., 2010, believes that the common problems faced by teams are that of having an unclear focus about their group goals, sticking to the status quo and restricting new ideas or ways of operations, missing out followup actions and feedbacks and lack of commitment on part of each and every member.However, the increased use of teams and its amplified nature of diversity call for serious attention towards the factors that lead to the break-down of effective teams. Therefore, we will identify such significant factors (in the chosen three sectors i.e health care sector, IT sector and armed forces), which if present in a team or practiced by team members can damage the team. We will also suggest the remedial factors for building up effective teams.

3. Statement of Problem

importance of teams in organizations and the elements that lead to the malfunctioning of the team, but we have found no vital researches undertaken so far in India. Our research, therefore, is focused on measuring the expressed beliefs of professional men and women regarding common behaviours that can or may damage team-morale and team spirit in their respective fields. The gender differences in their beliefs in this respect can have significant outcome for the teams. This study is focused on the professionals from Armed Forces, Health care and Information Technology sectors in India.

4. Objectives of study

To evaluate the gender-based differences amongst Indian professionals of different sectors regarding their beliefs about common behaviours that can or may damage team-morale.

5. Methodology

5.1. The population for this research work consists of a sample of 273 professionals (actual sample was 320, out of which 47 responses were rejected). These include 47 men and 57 women (total 104 professionals) from Health care sector, 53 men and 29 women (total 82 professionals) from Information Technology sector and 51 men and 36 women (total 87 professionals) from Armed forces.

5.2. The sample has represented all the Information Technology professionals, Health care professionals and armed force personnel throughout India.

5.3. A questionnaire was prepared that comprised close-ended questions to measure the expressed belief of our respondents.

5.4. 13 factors that can probably damage the team/team work were chosen by the researcher. These are (a) Reckless Behaviour (b) Seeking Favours (c) Romantic Relationships (d) Ego-clashes (e) Gossiping (f) Social Boycott (g) Violence (h) lack of commitment (i) Threat of sexual harassment (j) No talking terms (k) Insistence for softer jobs (l) Sexual Harassment and (m) Lack of integrity.

5.5. The data has been collected by using the ranking method, where the respondents were to rank the factors from 1 to 13 (1 being the foremost team damager and 13 being the least one).

5.6. Evaluation of each factor has been done by analyzing the compared means using chi-square test at 95% confidence interval.

6. Hypothesis

Ho : No gender-based differences amongst Indian professionals of different sectors exist regarding their beliefs about common behaviours that can or may damage team-morale.

Ha : Gender-based differences amongst Indian professionals exist regarding their beliefs about common behaviours that can or may damage team-morale.

7. Scope of study : Study is limited to

7.1 Three sectors only i.e. Information Technology sector, Healthcare sector and Armed forces.

7.2 The study has been limited to India only.

7.3 We have concentrated only on the gender differences; no other demographic factor has been undertaken.

7.4 Focus is only on the common behaviours that can or may damage team-morale.

8. Analysis

Decision rule for testing hypothesis: as already stated that we are testing it at a confidence level at 95% by chi-square test, therefore the hypotheses testing is based on the significance value calculated. If the significance value is found to be below, the null hypothesis is rejected and an alternate hypothesis is accepted. Whereas, if it is more than .05, then null hypotheses is accepted and alternate hypotheses is rejected.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Sector	273	100.0%	0	.0%	273	100.0%

S.No. 1 - Recklessness:

Table-1.1 shows that in mean rank assigned to recklessness as a team damager is 7.72 by Healthcare; 8.9 by IT and 9.2 by armed force professionals. From the result we may also conclude that recklessness is considered a moderate team-damager by all the three sectors studied.

Are the differences reflected in male and female belief significant?

In table 1.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We, therefore, reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about recklessness as a team damager in all the three sectors.

S.No. 2 - Seeking Favours:

Table-2.1 shows that in mean rank assigned to seeking favours as a team damager is 5.9 by Healthcare; 7.9 by IT and 7.1 by armed force professionals. The results show that seeking favours is considered a vital team-damager by Healthcare and a moderate team-damager by IT and armed forces.

Are the differences reflected in male and female belief significant?

In table 2.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about seeking favours as a team damager in all the three sectors.

S.No. 3 - Romantic Relationships:

Table-3.1 depicts that in mean rank assigned to Romantic Relationships as a team damager is 9.6 by Healthcare; 7.7 by IT and 9.4 by Armed Force professionals. It can be proved that romantic relationships are considered to be a less prioritized team-damager by Healthcare and Armed forces and a moderate team-damager by IT.

Are the differences reflected in male and female belief significant?

In table 3.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about romantic relationships as a team damager in all the three sectors.

S.No. 4 - Ego-Clashes:

Table-4.1 illustrates that in mean rank assigned to Ego-Clashes as a team damager is 4.9 by Healthcare; 3.6 by IT and 4.4 by Armed Force professionals. The results out here show a very interesting picture where all the three sectors are considering ego-clashes to be a vital team-damager and that this should be given

Are the differences reflected in male and female belief significant?

In table 4.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about ego-clashes as a team damager in all the three sectors.

S.No. 5 Gossiping:

Table-5.1 shows that in mean rank assigned to Gossiping as a team damager is 7.8 by Healthcare; 6.9 by IT and 9.4 by Armed Force professionals, which shows significant difference. The results prove that gossiping is considered to be a moderate team-damager by Healthcare and IT and a below moderate team-damager by Armed Forces.

Are the differences reflected in male and female belief significant?

In table 5.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about gossiping as a team damager in all the three sectors.

S.No. 6 - Social Boycott:

Table-6.1 explains that in mean rank assigned to Social Boycott as a team damager is 7.6 by Healthcare; 7.5 by IT and 9.1 by Armed Force professionals. We therefore, conclude from the above results that social boycott is considered to be a moderate team-damager by Healthcare and IT and a below moderate team-damager by Armed Forces.

Are the differences reflected in male and female belief significant?

In table 6.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about social boycott as a team damager in all the three sectors.

S.No. 7 Violence:

Table-7.1 illustrates that in mean rank assigned to Violence as a team damager is 6.6 by Healthcare; 8.0 by IT and 7.8 by Armed Force professionals, which again depicts that violence is considered to be a less moderate team-damager by Healthcare, moderate team-damager by Armed forces and IT.

Are the differences reflected in male and female belief significant?

In table 7.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about violence as a team damager in all the three sectors.

S.No. 8 - Lack of Commitment:

Table- 8.1 depicts that in mean rank assigned to lack of commitment as a team damager is 3.7 by Healthcare; 5.5 by IT and 4.8 by Armed Force professionals. This shows a very interesting picture where lack of commitment is considered as a vital team damager preferably by professionals working in Health care, Armed Forces followed by IT sector. This means that deep sense of commitment is extremely essential, especially in health care sector and armed forces.

Are the differences reflected in male and female belief significant?

In table 8.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05.

We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about lack of commitment as a team damager in all the three sectors.

S.No. 9 - Threat to Sexual Harassment:

Table- 9.1 shows that in mean rank assigned to Threat to Sexual Harassment as a team damager is 8.9 by Healthcare; 6.2 by IT and 5.4 by Armed Force professionals. The results show that in Armed forces, Threat to Sexual Harassment is treated as a vital team damager followed by IT sector too. However, in Health Care it is treated as an average team damager. This might be because of highly professional relationships between men and women in this sector.

Are the differences reflected in male and female belief significant?

In table 9.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women regarding threat to sexual harassment as a team damager in all the three sectors.

S.No. 10 - No Talking Terms:

Table- 10.1 illustrates that in mean rank assigned to No talking terms as a team damager is 5.6 by Healthcare; 7.9 by IT and 10.1 by Armed Force professionals. This proves that teams in Armed Forces are least affected by this factor but in Health care it affects the team work as in this sector less communication or no communication at all can bring disastrous results for the patients.

Are the differences reflected in male and female belief significant?

In table 10.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about no talking terms as a team damager in all the three sectors.

S.No. 11 - Insistence for softer jobs:

Table- 11.1 illustrates that in mean rank assigned to insistence for softer jobs (as shown in Table 11.1) is 8.1 in Health care, 10.4 in IT and 7.6 in Armed forces. In other words, we can also say that all the three sectors assume insistence for softer jobs as being a moderate team damager as they consider other ones to be more significant than this. But, this factor is certainly responsible for the breakdown of a team as team members have to suffer due to the convenience of their fellow team members.
Are the differences reflected in male and female belief significant?

In table 11.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about Insistence for softer jobs as a team damager in all the three sectors.

S.No. 12 - Sexual Harassment:

Table- 12.1 exhibits that in mean rank assigned to sexual harassment as a team damager is 8.0 by Healthcare; 5.5 by IT and 4.7 by Armed Force professionals. The results prove that sexual harassment is considered to be a vital team damager by Armed Forces and IT sector. Even in Health Care also, it is considered to be a moderate team damager.

Are the differences reflected in male and female belief significant?

In table 12.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about sexual harassment as a team damager in all the three sectors.

S.No. 13 - Lack of Integrity:

Table- 13.1 shows that in mean rank assigned to lack of integrity as a team damager is 3.7 by Healthcare; 5.1 by IT and 1.9 by Armed Force professionals. This also shows a very interesting picture where lack of integrity is considered to be the primary team damager in all the three sectors. In Armed Force sector especially; due importance and priority is given to Integrity as they have to fight against enemy countries to protect their own nation; followed by Health Care where again the professionals have to be dedicated towards their patients and lastly the IT sector.

Are the differences reflected in male and female belief significant?

In table 13.2 the sector-wise difference is found to be significant as the corresponding Pearson chi square value is 0.000 which is well below 0.05. We therefore reject the null hypothesis and accept the alternate one. Hence, there are significant differences in the beliefs of men and women about lack of integrity as a team damager in all the three sectors.

9. Findings and Suggestions:

There are differences, as evinced by this research work, in all the three sectors regarding the behavior that may have detrimental effects on teams. The findings can be shown through table no. 14, where a sector wise difference has been depicted regarding the perception about the primary team damagers followed by others respectively:

Table: 14

RANK	HEALTH CARE	INFORMATION TECHNOLOGY	ARMED FORCES
1	Lack of Commitment & Lack of Integrity	Ego-Clashes	Lack of Integrity
2	Ego-Clashes	Lack of Integrity	Ego-Clashes
3	No Talking Terms	Lack of Commitment & Sexual Harassment	Sexual Harassment
4	Seeking Favours	Threat to Sexual Harassment	Lack of Commitment
5	Violence	Gossiping	Threat to Sexual Harassment
6	Social Boycott	Social Boycott	Seeking Favours
7	Reckless Behaviour	Romantic Relationships	Insistence for Softer Jobs
8	Gossiping	Seeking Favours & N o	Violence
9	Sexual Harassment	Violence	Social Boycott
10	Insistence for Softer Jobs	Reckless Behaviour	Reckless Behaviour
11	Threat to Sexual Harassment	Insistence for Softer Jobs	Gossiping & Romantic Relationships
12	Romantic Relationships		No Talking Terms
13	NIL	NIL	NIL

Our study finds that in Health Care Sector the professionals give more emphasis to lack of commitment, lack of integrity, ego-clashes, no talking terms, seeking favours and violence. Similarly, in I.T. sector, emphasize is placed on ego-clashes, lack of integrity, lack of commitment, sexual harassment, threat to sexual harassment and gossiping. Even in armed forces, lack of integrity, ego-clashes, sexual harassment, lack of commitment and threat to sexual harassment are perceived to be the prime team damagers.

It is interesting to see that all the professionals of the above mentioned three sectors stress on the importance of integrity and commitment and that if it lacks than it could be a vital team damager. Similarly all the professionals agree to the importance of ego-clashes, sexual harassment, no talking terms, violence, seeking favours, social boycott and gossiping as important team damagers.

It is important to understand these differences because all the three sectors work on their unique functionalities, where for example in healthcare and armed-forces it is very important to be loyal, ethical and dedicated towards the society. Hence, if the team lacks the sense of integrity, commitment and togetherness, then it might prove to be a major set back for the teams working in these sectors. Whereas in I.T. sector if the team members keep on having ego-clashes, fear of sexual harassment or if any of the member looses commitment and integrity towards the attainment of team goals, then the team will have to suffer a lot. Hence, it is recommended by the researcher that organizations must sensitize their professionals in this respect through awareness and training programmes. This will not only secure the team work but will also facilitate the achievement of organizational goals.

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Table 1.1

	Recklessness	
S.No.	Sector	Mean Value
1	Healthcare	7.7
2	IT	8.9
3	Armed forces	9.2

Table 1.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	199.751[a]	24	.000
Likelihood Ratio	201.305	24	.000
Linear-by-Linear Association	7.963	1	.005
N of Valid Cases	273		

Table 2.1

	Seeking Favours	
S.No.	Sector	Mean Value
1	Healthcare	5.9
2	IT	7.9
3	Armed forces	7.1

Table 2.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	158.474[a]	24	.000
Likelihood Ratio	163.650	24	.000
Linear-by-Linear Association	8.228	1	.004
N of Valid Cases	273		

Table 3.1

	Romantic Relationships	
S.No.	Sector	Mean Value
1	Healthcare	9.6
2	IT	7.7
3	Armed forces	9.4

Table 3.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	207.470[a]	24	.000
Likelihood Ratio	219.250	24	.000
Linear-by-Linear Association	.529	1	.467
N of Valid Cases	273		

Table 4.1

	Ego-Clashes	
S.No.	Sector	Mean Value
1	Healthcare	4.9
2	IT	3.6
3	Armed forces	4.4

Table 4.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	119.663[a]	22	.000
Likelihood Ratio	133.350	22	.000
Linear-by-Linear Association	3.049	1	.081
N of Valid Cases	273		

Table 5.1

	Gossiping	
S.No.	Sector	Mean Value
1	Healthcare	7.8
2	IT	6.9
3	Armed forces	9.4

Table 5.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	181.349[a]	24	.000
Likelihood Ratio	185.373	24	.000
Linear-by-Linear Association	11.189	1	.001
N of Valid Cases	273		

Table 6.1

	Social Boycott	
S.No.	Sector	Mean Value
1	Healthcare	7.6
2	IT	7.5
3	Armed forces	9.1

Table 6.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	145.668[a]	24	.000
Likelihood Ratio	164.242	24	.000
Linear-by-Linear Association	8.530	1	.003
N of Valid Cases	273		

Table 8.1

	Lack of Commitment	
S.No.	Sector	Mean Value
1	Healthcare	3.7
2	IT	5.5
3	Armed forces	4.8

Table 8.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	158.388ª	24	.000
Likelihood Ratio	162.124	24	.000
Linear-by-Linear Association	6.407	1	.011
N of Valid Cases	273		

Table 9.1

	Threat to Sexual Harassment	
S.No.	Sector	Mean Value
1	Healthcare	8.9
2	IT	6.2
3	Armed forces	5.4

Table 9.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	231.560ª	24	.000
Likelihood Ratio	223.510	24	.000
Linear-by-Linear Association	39.610	1	.000
N of Valid Cases	273		

Table 10.1

	No Talking Terms	
S.No.	Sector	Mean Value
1	Healthcare	5.6
2	IT	7.9
3	Armed forces	10.1

Table 10.3

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	209.294a	24	.000
Likelihood Ratio	214.184	24	.000
Linear-by-Linear Association	71.854	1	.000
N of Valid Cases	273		

	Insistence for softer jobs	
S.No.	Sector	Mean Value
1	Healthcare	8.1
2	IT	10.4
3	Armed forces	7.6

Table 11.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	184.430a	26	.000
Likelihood Ratio	195.829	26	.000
Linear-by-Linear Association	.690	1	.406
N of Valid Cases	273		

Table 12.1

	Sexual Harassment	
S.No.	Sector	Mean Value
1	Healthcare	8.0
2	IT	5.5
3	Armed forces	4.7

Table 12.2

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	219.545ª	24	.000
Likelihood Ratio	215.769	24	.000
Linear-by-Linear Association	31.151	1	.000
N of Valid Cases	273		

Table 13.1

	Seeking Favours	
S.No.	Sector	Mean Value
1	Healthcare	3.7
2	IT	5.1
3	Armed forces	1.9

Table 13.3

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	145.005ª	24	.000
Likelihood Ratio	158.139	24	.000
Linear-by-Linear Association	13.578	1	.000
N of Valid Cases	273		

A Study on Job Satisfaction of Employees in Airlines Industry

P. Manimalathi*, Dr. B. Vanitha**

Abstract : *Aviation Industry in India is one of the fastest growing industries in the world. During January-August 2010, 339.09 lakh (33.9 million) passengers travelled across India, as against 284.24 lakh (28.42 million) passengers in the year 2009, registering a growth of 19.3 per cent. The study primarily aims to examine the job satisfaction of employees in Airlines industry. The study was based on primary data and 50 employees from various airline companies who were surveyed for the purpose. The data was collected for the period November 2007 to January 2008 and it was tabulated and analysed using simple percentages, Chi-square test, Multiple Linear regression model and discriminant analysis. The study found that most of the employees in airlines industry were satisfied in their jobs although not because of enough salary but due to favourable working conditions and some other benefits, which are exclusively available to them when compared to other workers.*

Keywords : *Airline industry, Employees, Job satisfaction, Chi-square test, Multiple Linear regression model and discriminant analysis.*

Aviation Industry in India is one of the fastest growing industries in the world. Now days, airlines become a common man's vehicle and have revolutionized the way a common Indian traveler used for travel. With the liberalization of the Indian aviation sector it has undergone a rapid transformation. From being primarily a government-owned industry, the Indian aviation industry is now dominated by privately owned full service airlines and low cost carriers. Private airlines account for around 75 per cent share of the domestic aviation market.

Indian aviation industry is the ninth largest in the world. During January-August 2010, 339.09 lakh (33.9 million) passengers travelled across India, as against 284.24 lakh (28.42 million) in the year 2009, registering a growth of 19.3 per cent. There are a few players in the industry such as Kingfisher Airlines and Kingfisher Red (previously Air Deccan), Jet Airways and Jet Lite (previously Air Sahara), Air India and Indian (previously Indian Airlines), IndiGo, SpiceJet, GoAir, Paramount Airways and MDLR Airlines. Jet Airways is the market leader with a share of 27 per cent.

During the British period in India, Coimbatore entered the aviation map of India. The seeds of air route were sowed by the British and easily picked up by the government of India in the aviation sector. The Coimbatore Airport is constructed at Peelamedu on the Avinashi road about 13 Kms from Coimbatore City. The people of Coimbatore, Tiruppur, Erode, Pollachi, Udulmalpet and hilly regions of Ooty, Kothagiri and Coonoor enjoy the advantages of Coimbatore Airport.

I. Objectives of the Study

The major objectives of the study are given below:
1) To examine the socioeconomic profile of the employees in airline industry.
2) To examine the level of job satisfaction among the airline employees.
3) To make recommendations to improve the level of job satisfaction of the airline employees.

II. Review of Literature

Peng S. Chant and Toshiyuki Sueyoshis (1991) examined the impact of deregulation on strategic management and performance in the U.S Airline industry. Bahram Adrangi et al., (1999) examined the effects of market structure and technology on airline fleet composition in the domestic airline industry. Numerous researchers (Brueckner, Dyer, and Spiller 1992; Kim and Singal 1993) have analyzed the industry with empirical studies emphasizing the competitive interaction and pricing behaviour of airline firms in an oligopoly structure in the wake of mergers. Borenstein

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1989 examined the effect of hub-and-spoke networks on airline competition, the competitive effects of the industry's significant entry barriers, and the effect of low-fare carriers. Charles K. Ng and Paul Sea Bright (2001) in their study, made an attempt to examine the extent to which the costs of airline operations are affected by rents accruing to workers and the extent to which these rents depend inter alias upon the degree of competition in the industry.

III. Methodology

The locale of the study was confined to Coimbatore city limits on the grounds of ease to collect data and time constraints. The study was based on the primary data, which was collected with the help of well-structured and pre-tested interview schedule, administered to 50 airline employees in the City. The data was collected during the period November 2007 to January 2008 and it was tabulated and analysed by using simple percentages, Chi-square test and discriminant analysis. In this study, Likert scale was used to determine the satisfaction of employees on various aspects.

IV. Limitations of the Study

1) It is micro level study. Thus the findings of the study may not be applicable for macro level.
2) The study was based on primary data. Hence, the inadequacies of primary data also hold here.
3) Due to limited time, money and other factors, the study could cover only small number of respondents in Coimbatore city.

V. The Major Findings of the Study

4.1 Socio-Economic Profile

1) In the airline industry most of the employees belong to the age group of 20-30 (94%) and the remaining employees belong to the age group of 30-40 (6%).
2) Among the 50 employees, 52 per cent of the employees were male and 48 per cent of the employees were females.
3) Most of the employees were unmarried in the industry.
4) Concerning educational status, majority of the employees were under graduates.
5) Out of 50 employees, most of the employees were earning monthly income of Rs.10, 000-20,000.
6) The distance between office and place of residence for most of the employees (62%) was between 5-10 kilometers.
7) Majority of the employees had 0-4 years of experience (82%).
8) Most of the employees were working only the day shift.

4.2 Job Satisfaction among the Airline Employees

1) Majority of the employees were satisfied with the nature of work allotted to them.
2) Most of the employees (74 per cent) wanted to continue their present job due to some monetary benefits existing in their company.
3) Majority of the employees were highly satisfied with the existing working conditions presently available to them.
4) All the employees have facilities such as canteen, rest room and recreation facility except residential accommodation (32 per cent) in their company.
5) Majority of the employees were highly satisfied with the facilities such as leave facility, medical facility and adequate training programmes provided by the employers.
6) There is less interference from higher authorities in job and all of the employees were getting timely help and guidance from their colleagues.
7) Most of the employees get enough freedom and they were more satisfied with the relationship among their customers.
8) Most of the employees were highly satisfied with the present salary, prevailing level of incentives and allowances.
9) Majority (62 per cent) of the employees have opined that merit cum seniority is an important factor to determine one's promotion in a company.

4.3 Association between Income of Airline Employees and Selected Socio-Economic Factors : Chi-square test was done to examine the association between income of airline employees and selected socio-economic variables. This is because income is often considered to be an important determinant to measure job satisfaction of employees. Hence, Null hypothesis is framed as below:

Ho: There is no association between income of the employees and selected socio-economic factors.
Ha: The variables are associated.
The estimated Chi-square values are given in table 1.

Table 1
Association of Income of Airline Employees and Selected Socioeconomic Variables

NO	Variables	Degrees of freedom	Level of significance	Calculated value	Result
1.	Age	2	5 percent	3.240	Rejected
2.	Sex	2	5 percent	4.142	Rejected
3.	Educational level	4	5 percent	3.344	Rejected
4.	Marital status	6	5 percent	7.923	Rejected
5.	Work experience	4	5 percent	26.946	Accepted
6.	Distance between company and residence	4	5 percent	3.357	Rejected
7.	Mode of conveyance	4	5 percent	34.551	Accepted
8.	Working pattern	4	5 percent	1.458	Rejected
9.	Nature of work	8	5 percent	6.766	Rejected

Source: Based on primary data

The table evident it is evident from the table that work experience and mode of conveyance differed with regard to income of the airline employees. However, the remaining variables such as age, sex, educational level, marital status, distance between company and residence, working pattern and nature of work significantly did not differ with regard to income of the employees who participated on the study.

4.4 Determinants of Income of the Employees : In order to find the factors which influence the income of the employees, variables such as sex, educational qualifications, work experience and pattern of work were considered. The estimated multiple regression model of the form is given below.

$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + u$

Where, Y Income of the employees, X1 Sex, X2 Educational qualifications, X3 Work experience, X4 Pattern of work, u Error term, $\beta 1$, $\beta 2$, $\beta 3$, $\beta 4$ Partial regression co-efficient, $\beta 0$ Intercept. The estimated results are shown in Table 2.

Table 2
Partial Regression Co-Efficient and Level of Significance

S.NO	Variables	Partial regression co-efficient	Standard error	T value
1.	Work experience	.868	.174	4.982@
2.	Pattern of work	-.059	.135	-.440
3.	Educational level	-.017	.107	-.157
4.	Sex	.148	.154	.342

@ - significant at 5% level

The estimated multiple regression equation is given below:

$$Y = .274 + .148X1 - .017X2 + .868X3 - .059X4 + u$$

$$R^2 = 0.42$$

The R^2 value of 0.42 indicates that the fit was good, that is, 42 percent of the variation in income was due to sex, education, working pattern and work experience. The partial regression co-efficient of sex and work experience exerted a positive influence on income, that is, a unit change in sex and work experience of the employees would bring .148 and .868 change in income respectively. On the other hand, education and working pattern of the employees had a negative impact in income i.e. a unit change in these variables would cause the income to decline by .059 and .17 respectively. The 'T' values of these variables, except work experience, are found to be insignificant. From this it is inferred that the variables such as sex, education and working pattern do not exert much influence on income where as work experience of the employees accounts more. This is true in case of airline industry because most of the employees in this industry might be well educated and pattern of work might also be same for all the employees in different cadres. Lastly, there was also no gender discrimination among the employees regarding their income.

4.5 Factors which Distinguish the Desire to Continue the Job

Discriminant analysis was used to identify the factors/ variables that distinguish the desire to continue the job, among the airline employees. The variables under consideration were age, sex, work experience, income, marital status, educational level, mode of conveyance, distance between company and residence, pattern of work and nature of work. The mean and standard deviation of the selected variables are given in Table 3.

Table 3
Mean and Standard Deviation of the Independent Variables in Two Groups

Variables	Group I		Group II		Total	
	Mean	SD	Mean	SD	Mean	SD
ge (X1)	.0270	.16440	.1538	.37553	.0600	.23990
x (X2)	.4865	.50671	.4615	.51887	.4800	.
	50467					
'ork experience (X3)	.1892	.46175	.2308	.43853	.2000	.45175
come (X4)	.4054	.59905	.3846	.76795	.4000	.63888
arital status (X5)	1.9459	.84807	2.1538	.55470	2.0000	.78246
lucational level (X6)	1.2162	.67227	1.0000	.81650	1.1600	.71027
ode of conveyance(X7)	1.7838 1.8514 3	.62960 08	7.92 1 .	3.49 5 8320	7.8200 5	1.52556 1.3200
ttern of work (X9)	1.6216	.59401	1.7692	.43853	1.6600	.55733
ature of work (X10)	1.7568	.49472	-.6923	1.25064	1.1200	1.31925

Source: Based on primary data

Based on the above group means, the standardized canonical discriminate function which represents a linear composite of the original data that maximizes the ratio of "among group variability in relation to within group variability" was estimated as follows:

$$Z = .066X1 - .071X2 -.141X3 +.012X4 +.097X5 +.158X6 +.390X7 -.162X8 +.073X9 +1.102X10$$

Wilks lambda = 0.274
Chi-square = 55.683*
Eigen value = 2.651
Canonical correlation = 0.852
(*significant at 5 percent level)

In the above function the variables age, income, marital status, education, mode of conveyance, pattern of work and nature of work had a positive sign indicating that these variables had higher discriminating power between groups. In short, it was these variables which distinguished the employees on who want to continue the job and who do not want to continue the job. Hence, the other variables such as sex, work experience and distance between company and residence had a negative sign implying that these variables were commonly regarded as suppressor variables. The Wilks lambda and Chi-square value indicated that the function was significant at 5 percent level. The canonical correlation associated with the discriminant function was 0.85 which implies that 85 percent of the variation in the dependent variable was accounted by this model.

The relative discriminating power of the variables in differentiating group1 from group2 are given in Table 4.

Table 4
Relative Discriminating Power

Variable	Discriminating power	Relative discriminating power
Age	0.0354	0.93
Sex	0.0038	0.10
Work experience	0.0129	0.34
Income	0.0040	0.11
Marital status	0.0256	0.67
Educational level	0.0480	1.26
Mode of conveyance	0.0607	1.59
Distance between company and residence	0.0378	0.99
Pattern of work	0.0193	0.51
Nature of work	3.5610	93.50

Source: Based on primary data

I. Conclusion

Aviation sector is one of the fastest growing sectors in the Indian economy but no common people have sufficient knowledge about this industry unlike railways. The study found that the most of the employees in airline industry were satisfied in their job though not because of enough salary but due to favorable working conditions and some other benefits which are exclusively available to them when compared to other workers.

II. Suggestions to Improve the Level of Job Satisfaction among Airline Employees\

1) The main problem in airline industry is that the facilities provided for the workers were not same for all the employees in different cadres. Hence, the management can take proper steps in order to reach the facilities beyond discriminations in cadre positions.

2) The management can provide accommodation facility to increase the level of job satisfaction of their employees.

3) The management can also give incentives for those workers who do their job very sincerely and efficiently.

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Seeking Alpha through REITs

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Abstract : *As equity markets decline, REITs (Real Estate Investment Trusts) become more appealing to investors. Although REITs stocks are equity based their continual return is more bond-like in nature. This paper analyses realization of alpha (excess market returns) through investing in REITs and the process for investing in real estate based equities. (US and Australia)*

Design/methodology/approach The usually suggested multivariate normal or variance-covariance approach is applied, the dependence structure between returns of Australian REITs and the Australian stock market. The value-at-risk measure is applied for quantification of the risks for a portfolio solely dependent on real estate or stock markets.

Findings The findings suggest that the univariate normal model is appropriate to measure dependence between the returns of the two asset classes. It further illustrates that the usually applied variance-covariance approach leads to a fairly accurate estimation of the actual risk for a portfolio consisting of investments in REITs and equity indices. The nature of risk is adequately captured by the suggested univariate models. Also, the results clearly illustrate that investing in REIT gives higher returns as compared to stock markets of US and Australia.

Introduction

Alpha is a measure of an assets risk relative to the overall market. It reflects the difference between an assets actual performance and the performance expected based on risk level taken by the fund's manager. A fund that produced the expected return for the level of risk assumed has an Alpha of zero. A positive Alpha shows that the manager produced a return greater than expected for the risk taken. A negative Alpha indicates that the manager has produced a return smaller than expected relative to the risk taken.

In the last decade, the market for real estate investment trusts (REITs) has shown substantial growth rates. REITs were originally a tax design for corporations investing in real estate assets in order to reduce or eliminate the corporate income tax. Overall, the REIT structure was designed to provide a somewhat similar vehicle for investments in real estate markets as mutual funds provide for investments in stocks. For instance, Australian real estate investment trusts (AREITS) are a unitized portfolio of property assets, listed on the Australian stock exchange, which allow investors to purchase a share in a diversified and professionally managed portfolio of real estate.

According to 2011 Australian REIT Survey conducted by (BDO Corporate Finance) the top 40 REITs in Australia had assets of $148 billion as of June 30, 2011. It excluded entities with a market capitalisation of less than $10 million. In the US, REITs gained 28.0% on a total-return basis during 2010, much higher than the S&P 500 (+14.8%). Fundamentals are clearly improving across the space, and REIT displayed high positive alpha. Also, the perception that REITs could serve as a hedge in the event of an economic downturn makes REIT an excellent opportunity to invest.

Overall, the market can be classified by offering four different types of REITs:

(1) Equity trusts where the assets are invested in ownership claims to various types of properties like residential, commercial or industrial property.

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(2) Mortgage trusts where the assets are invested in claims where interest is the main source of income, for example, mortgages.

(3) Hybrid trusts that invest in both equity and mortgages, offering the advantage of offsetting interest income against depreciation of the property.

(4) Specialized trusts that invest, for example, in development and construction or are involved in sale and lease-back arrangements.

Despite the importance of the REITs in an investor's portfolio, not much is known about how this asset class interacts with the general stock market and the real economy. Although some evidence about the interactions between REITs and the general stock market exists, the linkages between real economic activity and REITs have not been duly investigated. So, this study is the first, to the best of our knowledge, to investigate these linkages within a dynamic framework. It is easy to see why one needs to examine the dynamic interactions among these magnitudes and understand the implications of market movements or a policy change on the returns of REITs. For example, if the general economy performs well then the equity and REIT markets will also do well.

Therefore, the importance of the study comes from two additional reasons. First, past studies have presented mixed evidence on the relationship between stock returns and REIT returns. The second and more important reason is that studying these magnitudes simultaneously would enable us to draw inferences for both private and public policy purposes. For instance, private portfolio managers would be interested in learning how sensitive REIT returns are to stock market movements in order to improve the risk management of their real estate portfolios and/or also see whether mixing real estate assets with a general market portfolio would offer better risk/return opportunities. Finally, official policymakers (i.e. monetary authorities) would be interested in seeing how changes in interest rates affect REIT performance.

Over the last few years the real estate sector has had an excellent performance. Fuelled by increasing prices, higher rents and government spending more on infrastructure projects the real estate industry has been delivering very high returns, outperforming global equity markets most of the time. In 2008-2009, the sub-prime crisis has significant impact on REITs but as soon as global market recovered REITs again yielded significant returns over equity and other investment options. In addition, REITs are an attractive option for both institutional and private investors. REITs not only provide access to the real estate market, but are also a liquid investment alternative.

Risks Related to REITS:

Double-Dip Recession: If in future the economy slows down rapidly and GDP growth turns negative again, the capital markets can become more volatile, and valuations could fall. In particular, a double-dip recession driven by weakness in the housing market (particularly in the US) could raise questions again about the financial system and shut off capital availability for the REIT sector, resulting in a sell-off.

Tail Risks: There are currently a number of tail risksoutcomes that rarely can happen but that may have strong negative effects were they to occur facing the capital markets as we look out into 2011. Generally macro in nature, these could still end up impacting the REIT space via funds flows, macro-economic changes or monetary policy.

Methodology and data : S&P500 Index is a barometer to measure the US stock market health and growth. Also, the REIT index gives us data on returns through investment in real estate. We have compared percentage changes of respective indices with each other by forming a regression model based on recent data. Data for both the indices has been collected for the last year on a daily basis. The regression model provides us with mathematical evidence proving that REIT retains a positive alpha against stock indices. A similar approach has been applied for the Australian REIT.

Data and preliminary statistical results

The data sample contains daily observations that combine the following variables. For the four categories of REITs namely equity, mortgage, hybrid and composite we obtained the total index return. The sample's period is from December 2010 to December 2011 and the main source is Bloomberg. The other variables are the S&P 500 continuously compounded returns and the growth rate of industrial production. Industrial production is a proxy for real economic activity. As there are different REIT structures in different economies, we have performed regression on last one year data of both Australia and the US.

RESULTS (Performed in Excel2007)

SUMMARY OUTPUT				
Regression Statistics				
Multiple R	0.747552469			
R Square	0.558834693			
Adjusted R Square	0.557062945			
Standard Error	0.788836885			
Observations	251			
	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.021286388	0.049845456	0.4270477	0.6697136
X Variable 1	0.727341538	0.040954131	17.759906	3.813E-46
		Y=0.0213+0.73X		

TABLE1-Results for regression analysis- REIT index (Australia) & S&P500 stock index.(daily percentage change)

SUMMARY OUTPUT				
Multiple R	0.905424872			
R Square	0.819794199			
Adjusted R Square	0.819081923			
Standard Error	0.795932834			
Observations	255			
	Coefficients	*Standard Error*	*t Stat*	*P-value*
Intercept	0.034	0.050	0.69	0.49
X Variable 1	1.17	0.034	33.93	3.96E-96
		Y=0.034+1.17X		

TABLE 2 - Results for regression analysis- REIT index (US) & S&P500 stock index. (daily percentage change)

To validate our research that REIT seeks positive alpha against the S&P500 index, we collected data for REIT index and S&P500 for the past year on a daily basis. Thereafter, daily percentage change for each of the two indices was calculated. Then, regression was performed on the collected data using Excel 2007.

REIT INDEX- Dependent Variable

S&P500 INDEX-Independent Variable

Results showed that the two indices share a good correlation. The regression model explains 99% of the deviation in the data. Further, regression model shows that returns on REIT are over and above S&P500 index (Positive alpha), which implies that gains over and above natural returns on REIT are higher, as compared to S&P500. Herein is a great investment opportunity. However in this case, Alpha is considerably too small as we are focussing on return on daily basis. If on such a short term REIT can give a positive alpha over and access of returns it gives investors better portfolio option if they invest on REITs. Further if we find out alpha for long term it is significant enough to attract the investors over equity market. With the calculations and empirical data, we have reached to calculation that REIT can yield much higher returns in this economic scenario where nations are spending hugely on their Infrastructure.

Hence, we can infer that REITs all over the world have performed well even in the face of economic adversity, which makes it a high gain proposition for investors.

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"Employee Empowerment and Loyalty: An Analysis of their Relationship"

Dr. Brijrajsinh P.Gohil*

Abstract : *In the recent times, there has never been any concept of management that is not consistently considered a crucial element of work system design in modern organizations. As is considered by both the practitioners and the researchers, the concept of empowerment is known more for its straight forward linkages to performance and productivity in the west. However, after a decade and odd years the research and practice cases proved that such linkages are not uniform across the world. Contrary to the western coceptualisation, this paper presents alternative view that Empowerment is a managerial approach for motivating employees to work in an immediate work place on one hand and an including technique for long term commitment among them on the other hand. Thus, empowerment is related to employee loyalty in this study, which is also supported statistically when both were measured. Implications are drawn for improving empowerment for employee loyalty.*

"Employee Empowerment and Loyalty: An Analysis of their Relationship"

Introduction to Empowerment:

The importance of employee empowerment as a concept for research is ever increasing, despite being recognized as a proven modern management technique that enables employees to have personal motivation to work and to commit to the goal of the organization while expressing a sense of responsibility in the organization (Conger and Kanangoo, 1988).

Literature on empowerment is quite replete with large number of theoretical speculations rather than empirically tested aspects of employee empowerment. However, in the recent times, there have been some studies conducted to reemphasize the importance of empowerment. For instance, Empowerment is the process that transforms fellows into effective self-leaders (Sims and Manz, 1996) and it is a process of helping employees achieves job mastery, providing successful role models, using social reinforcement and persuasion and giving emotional support (Newstrom and Davis, 1994). Thomas and velthouse (1990) in their study highlighted that empowered workers have higher levels of concentration, initiative and resilience which make them effective on their jobs.

Empowered workers have higher levels of concentration, initiative and resilience; as a result they are more effective on their jobs. Other studies provide evidence suggesting that empowerment related cognitions should be positively related to increased effort, higher levels of performance, and improved job satisfaction.

The concept of empowerment is understood differently by different people representing different professions. For instance, in health care studies, it is referred to as health empowerment, in population studies it is women empowerment, in development studies, it is called community empowerment and lastly, in organizational studies, it is referred to as employee empowerment. Despite all such nomenclatures, the concept of empowerment is based on the view that people seek as much personal satisfaction and fulfillment as possible from all situations that include work, responsibility and control, which lead to increased level of satisfaction (Scott and Jafee, 1992). Hyde and Pethe (1995) state that empowerment means creating an environment

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in which employees receive more authority for accomplishment of their work tasks in exchange for accepting responsibility for work outcomes. In other words, it is giving people status and the information they need to make good decisions and take informed deliberate action. So, employees can solve problems and manage change on their own. Service workers in positive organizational cultures where empowerment initiatives are made will experience higher levels of meaningfulness, personal influence and self-efficacy (Hyde and Pethe, 2005).

While employing such views, in this paper, empowerment is conceptualized as the extent to which employees perceive that their organizations provide them with exposure to new ways of learning, improving and experimentation with their skills and knowledge while performing self-determined tasks and assignment with responsibility. Further, such arrangements provide visibility to employees career, while showing concern for their long-term development (Rao, 1992).This conceptualization is considered to be more appropriate to the employees in engineering companies where the realities of their work requires personal control and competence on their part to determine various programs and activities from their planning, implementation and the evaluation stage. They have the power to try out new ideas and make decisions that result in new ways of providing services to the clientele on one hand and give an account of their efforts towards the realization of goals to the management on the other.

Organizational Loyalty:

An important judgment that managers make about employees is whether they are loyal to the organization. In spite of the general decline in organizational loyalty these days, few organizations appreciate employees, especially those in the managerial ranks, openly disparaging the firm. Loyalty of members is of utmost concern to successful organizations, which believe that to commend and receive sacrifice and dedication from their members requires an in-kind loyalty on their part. Thus organizational loyalty is conceptualized as a relative strength of an individual's desire to remain a member of organization, make personal sacrifices to defend the image of the organization in society. Loyal behavior of employees would help in promoting the organizationl goals and objectives. Studies on organizational loyalty have reported different criteria for loyalty of an employee. A sense of loyalty may vary with employees' attitude towards their jobs and their company. Organizational loyalty was found to be significantly correlated with job satisfaction (Pearce, 1979). Kumari and Rani (1986) feel that employees feel more loyal towards those organizations that develop job and company satisfaction and job motivation among their workers.

The study addressed a particular issue that is not discussed in the popular literature on the concept and application of empowerment in the organizations. That is, 'empowerment causes loyalty'.

The Study:

There have been ample evidences that show the importance of research on employee empowerment in modern business. One reason for such status is its grater influence on productivity. Surprisingly, studies are not conducted on the engineering companies where most of the work performed by the staff demand empowering in work situations, where they do not have to wait for their supervisors to give them green signals for further initiations. Therefore, it is important to find how much empowered employees are in their organizations.

In this study, it is argued that the theory or perception states that attitudes are built by the perceptions that are held by the people about a particular object, event or thing. Partly it is correct that attitude breed's attitude - one attitude could cause another attitude. But such attitudes built by another attitude may not be stable attitude, because once the determinant attitude fades, the consequential attitude also fades away. Thus, stable perception build stable attitude. As stated empowerment is a perception and loyalty is an attitude. Hence, such perception could build loyal attitude.

Objectives:

The study conducted is two fold:

(i) It is proposed to assess the level of empowerment perceived by employees.

(ii) To assess the relationships between perceived empowerment and the reported loyalty responses of the employees in order to test the null hypothesis that 'perceived empowerment is not related with employee's loyalty'

Research Methodology :

This study is carried out in private heavy engineering company in Ahmedabad city of Gujarat State. This company is involved in manufacturing electrical equipment for other manufacturing companies. Systematic random sampling technique was used for the selection of participants of the study. Out of approximately 500 employees in total, 50 percent were selected randomly from the muster rolls maintained in the time office of the company. This has resulted in 250 employees representing productive and administrative units of the company. However 161 participants could be contacted and responses elicited during the field work time.

A structured interview schedule was prepared which includes two parts. Part A for profile of respondents, part B for the standardized scale to measure empowerment and loyalty. Empowerment scale of Rao (1992), which has 16 items, measures sub-dimensions namely; giving exposure, visibility & protection, facilitating career advancement, acceptance & encouragement. Coefficients of alpha reliabilities of all these sub-scales are .5403, .4891, .7826. The overall scale yielded the alpha coefficient of *8392*. These values indicate that the scales to measure employee's loyalty have been developed exclusively for this study which consists of 6 items with five- point response pattern. The alpha coefficient is 7301

Using correlation coefficients, Cross-tabulation and chi-square the correlation tests are computed to examine the association and relationships between independent and dependent variables of the study while testing the hypotheses. Profile of the respondent is presented in table: 1.

TABLE 1
PERSONAL CHARACTERSTICS OF THE PARTICIPANTS

S. No	Variables	Mean / Percentage	S. D.
1.	Age of the Respondents	28.19	4.189
2.	Sex.	87.5 male	
3.	Marital Status	54.0	
4.	Academic qualification	52.0	
5.	Technical qualification	77.0	
6.	Department	60.2% Production departments 39.8% Administrative departments	
7.	Service (in years)	2.4	1.30
8.	Promotion (in numbers)	2.7	2.16
9.	Monthly income (in Rs.)	4367.84	3836.53

N = 161

It is quite evident from table 1 that the average age of the respondents is 28 years with standard deviation of 4.1 years. A large majority (87.5%) of the respondents are males. With regard to marital status, it is clear that a majority (54.0%) of the respondents are married. Majority of them (52.0) are academically qualified, whereas, a large majority of them (77.0%) are technically qualified. Majority of them (60.2%) are working in the production department followed by the remaining of them (39.8%) in administration department. With regard to the years of service, it is found that the average years of service of the respondents is 2.4 years with the standard deviation of 1.30 years. On an average, the number of promotions availed by the respondents is approximately 3. Their average monthly income is Rs.4367.84 with the standard deviation of Rs.3836.53.

Empowerment and Loyalty

In this section, an attempt is made to examine the hypothesis "perceived empowerment is not related with employee loyalty". This has been done with computation of correlation and regression analysis. Results in this regard are presented in table 2.

TABLE 2

CORRELATION BETWEEN EMPOWERMENT AND LOYALTY

S. no		R	Standardized Coefficients		
			Beta	t	P =
	(Constant)			4.927	000
1.	Exposure, Visibility and Protection	.556 (**)	.328	4.576	.000
2.	Facilitating Career Development	.497 (**)	.318	4.577	.000
3.	Acceptance and Encouragement	.386 (**)	.281	4.478	.000

R = Adj. R Square = .438, F Value = 40.955, df (3, 154), P. 000

Table 2 - reports correlation coefficients calculated between both the variables while treating dimensions of empowerment as independent variables and loyalty as dependent variable. It is clear that among three dimensions of perceived empowerment, exposure, visibility and protection (r = .556, p = .001) yielded highest correlation with loyalty, followed by facilitating career development (r = .497, p = .001), and acceptance and encouragement (r = .386, p = .001).

The overall empowerment scale score yielded a positive and statistically significant correlation with employee loyalty (r = .670, p = .001). Thus, it could be said that all the dimensions of empowerment yielded positive and statistically significant correlation with employee loyalty, indicating that as empowerment increases, the employee loyalty also increases significantly. Further, since all the independent variables were found to be statistically significant, regression analysis was carried out to know the predictive relationships between both the study variables. All the beta coefficients reported in table 2 shows that they were positively and statistically significant in their relationship to employee loyalty. Further, the coefficient of determination was found to be statistically significant. This indicates that 43 percent of change in employee loyalty could be accounted for by the three dimensions of employee empowerment. This is quite an encouraging result as it rejects the null hypothesis tested in this study. Thus, the alternative is that there is a positive relationship between employee empowerment and the employee loyalty. Thus, indicating that there is a need to rethink on the inclusion of employee empowerment as an element of work system design for future work design considerations by the HR functionaries in manufacturing companies.

Discussion

The findings that are made in this study have certain interesting issues pertaining to the improvement of empowerment and the consequent employee response of being loyal to his work and to his/her organization. Firstly, the concept of loyalty is simply rubbed off stating that one cannot buy loyalty and quite likely many other employee responses. If the concepts are properly understood from their contextualization, perhaps it is possible to evoke responses from the employees suitable to the realization of business objectives.

This study sufficiently reported that providing exposure, visibility and protection to the employees would pave a way towards making the employees committed to their work purposes. Further, if management supports and facilitates career development for the employees, it further strengths their normative responsibility towards the organization. Lastly, if management manifests acceptance of employee creativity and innovation in the form of encouragement through proper reward systems, the employees would be more committed to their clients and eventually to their organizations.

Whether an individual is loyal towards his organization depends also upon the nature of his personality. Some individuals are more submissive and can easily be subjugated before the authority while others are authoritarian, rigid and inflexible. But if an organization provides opportunity to its members to delegate power or satisfy their higher order needs, the possibility is that the persons who are power-oriented or authoritarian may feel more loyal and committed towards their organizations. Authoritarianism essentially indicates the preference of a person to control or to be controlled by his or her environment (House, 1974). Adorno and his associates (1950) saw at the core of authoritarian pattern, a set of behavioral and attitudinal characteristics reflecting a preoccupation with the factors of power and authority in interpersonal relationships. On the one hand, the individual high in authoritarianism turns his aggression inward; he adopts a respectful, obedient, deferential posture towards authority and uncritically accepts a set of conventional, moralistic values. On other hand, he partially identifies with powerful figures and has a need to see himself as strong and powerful.

Implications

In organizations with effective leaders, it is suggested that the design of empowerment with evolving work systems could keep the necessary element of employee loyalty as an outcome of empowerment. Therefore, such work system design consideration is most evident in four themes.

- People feel significant: Every one feels that he /she makes a difference to the success of the organization. The difference may be small, but where they are empowered people feel that what they do has meaning and significance.

  ii) Learning and Competence Matter: Leaders value learning and mastery and so do people who work for leaders. Leaders make it clear that there is no failure; only mistakes that give us feedback and tell us what to do next.

  iii) People are Part of a Community: Where there is leadership there is team, a family, a unity. Even people who do not especially like each other feel the sense of community.' When Neil Armstrong talks about the Apollo Exploration, he describes how a team carried out an almost unimaginable complex set of interdependent tasks. Until there were women astronauts, the men referred to this feeling as "brotherhood". I suggest they rename it "family".

iv) Work is exciting: Where there are leaders, work is stimulating, challenging, fascinating and fun. An essential ingredient in organizational leadership is pulling rather than pushing people toward a goal. A "Pull" style of influence attracts and energizes people to enroll in an exciting vision of the future. It motivates through identification rather than through rewards and punishments. Leaders articulate and embody the ideals toward which the organization strives.

Conclusion

This study addressed interesting issues of relationship between empowerment and loyalty among employees. The first one is a conscious design by the management and the second one is the outcome in the form of employee loyalty. This study reported positive relationships between both the concepts, necessitating future managerial strategies of improving empowerment for employee commitment and loyalty.

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Gap between Expected and Actual Service Quality of Retailing in Hyderabad An Empirical Study

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Abstract :
Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. Most Indian shopping takes place in open markets and millions of independent grocery shops called kirana shops. In organized retail the supermarkets accounts for just 4% of the market as of 2008. India's organized retail market is likely to grow from the current $4 billion to $64 billion by financial year 2015. In this context, improving service quality is believed to improve profitability and enhance retail store performance. Such improvements, however, require monitoring and continuous measurement of performance along service dimensions that determine standards of service quality. This study assesses the service quality of retail stores in Hyderabad with special reference on expected and actual service quality.

Keywords : *Retailing, Service Quality, Expected quality, perceived quality*

1. Introduction

The concept of retailing draws strength from the French word retaille which means a piece cut off'. The range of activities carried out by a modern retailer encompasses sourcing a wide range of products at huge volumes and through intelligent use of systems and processes, getting them across to consumers at attractive prices. Today, retailing is one of the largest institutions in India and is estimated to be the largest employment provider both direct and indirect. With more than 30,000 retail outlets and a total estimated retail turnover of around Rs.10,00,000 crore, the industry is growing fast.

Organized retailing was absent in India till the 1990s, though the roots can be traced back to the late 1800s with the establishment of the 'Spencers' departmental store in South India in 1897, which had a different sub-division within itself, a phenomenon common in hypermarkets and large retail stores today. India's organized retail market is likely to grow from the current $4 billion to $64 billion by financial year 2015.

Decision-making in retailing is very similar to consumers decision-making for goods. With brands, the consumer goes through the entire process beginning with 'needs' to post-purchase decision-making . A consumer evaluates the quality of goods or services before making a purchase.

Service Quality

Juran (1999) defines customer led quality as, feature of products which meet customer's needs and thereby provide satisfaction , and service quality relates to meeting customers' needs, 'perceived service quality' is identified to understand the consumer. Zeithaml (1987) defined perceived quality as 'the consumers' judgment about an entity's overall excellence or superiority' which can be viewed as distinct from 'objective' quality in as much as it is a form of attitude, related in part to satisfaction and resulting from a comparison of expectations with perceptions of performance.

2. Objectives

The purpose of the study is to assess the gap between expected and actual service quality of organized retail stores of Hyderabad. Accordingly, the study has the following

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objectives:

1) To investigate the dimensions of service quality related to the retail sector in general.

2) To identify the service quality differences between the expected service and perceived services of retail stores in Hyderabad.

3. Hypotheses

1) There is no significant difference between the expected and actual service quality of retail stores in Hyderabad.

2) There is no significant difference between expected physical aspects, reliability, personal interaction, problem solving and empathy and actual physical aspects, reliability, personal interaction, problem solving and empathy.

4. Research Methodology

Dabholkar (1996) developed the Retail Service Quality Scale (RSQS) to study retailing-related dimensions. The scale that has high construct reliability and validity in measuring service quality in a department store includes:

1) Physical Aspects

2) Reliability

3) Personal Interaction

4) Problem-Solving

5) Policy

In this study, some of these suitable dimensions are used. The study considers the dimensions and sub-dimensions, which are evaluated in retail outlets in Hyderabad. The service quality of the retail sector depends upon the difference between the expectations of the customer and the perception on receiving the service.

4.1 Data Collection

The primary data is collected from 200 customers by administering a structured questionnaire. The secondary data is collected from various journals, magazines, and websites.

4.2 Sampling Technique

The size of sample is 200 retail customers. The customers are selected by adopting non-random sampling techniques. The major retail stores considered for the study are Spencer's, More, Reliance Fresh, and Heritage in Hyderabad.

4.3 Statistical tools for data analysis

The RSQS scale is applied to measure five-dimensions of service quality viz., Physical Aspects, Reliability, Personal Interaction, Problem-Solving Capacity and Empathy. The attributes of each dimension are analyzed in detail. The collected data is analyzed by using statistical tools such as mean and weighted averages and x^2-test.

4.4 Dimensions

The following sub-dimensions are included in the questionnaire:

Physical Aspects

1) This store has modern-looking equipment and fixtures.

2) The physical facilities at this store are visually appealing.

3) Materials associated with this store's service (such as shopping bags, catalogs, or statements) are visually appealing.

4) This store has clean, attractive, and convenient public areas (restrooms, fitting room).

5) The store layout makes it easy for customers to find what they need.

6) The store layout makes it easy for customers to move around the store.

Reliability

1) When this store promises to do something by a certain time, it will do so.

2) This store insists on error-free sales transactions and records.

Personal Interaction

1) Employees in this store give prompt service to customers.

2) Employees in this store are never too busy to respond to customer's requests.
3) Employees in this store are consistently courteous with customers.

Problem-Solving Capacity

1) When a customer has a problem, this store shows a sincere interest in solving it.
2) Employees of this store are able to handle customer complaints directly and immediately.

Empathy

1) This store offers high quality merchandise.
2) This store gives customers individual attention.

Limitations

1) The study covered only convenience stores.
2) The sample size is 200 respondents and it may not represent the total population of retail industry in Hyderabad.
3) Time and Money for data collection is another constraint for the study.

5. Data Analysis

Likert fivepoint scale is also employed for the study. Respondents are asked to evaluate parameters on overall service quality in a five-point scale anchored at 'strongly disagree' and 'strongly agree'. The questionnaire consists of 15 statements on expectations and 15 statements on perceptions. On comparing the two aspects like expectations and actual service encountered, one can know the gap as explained below.

5.1 Physical Aspects

H_0: There is no significant difference between expected and actual physical aspects.

Ha: There is significant difference between expected and actual physical aspects.

Table 1 shows that materials associated with retail store's services (such as shopping bags, catalogs, or statements) are visually appealing. The respondents feel that modern-looking equipment and fixtures, physical facilities, the ambience and store layout are up to the mark.

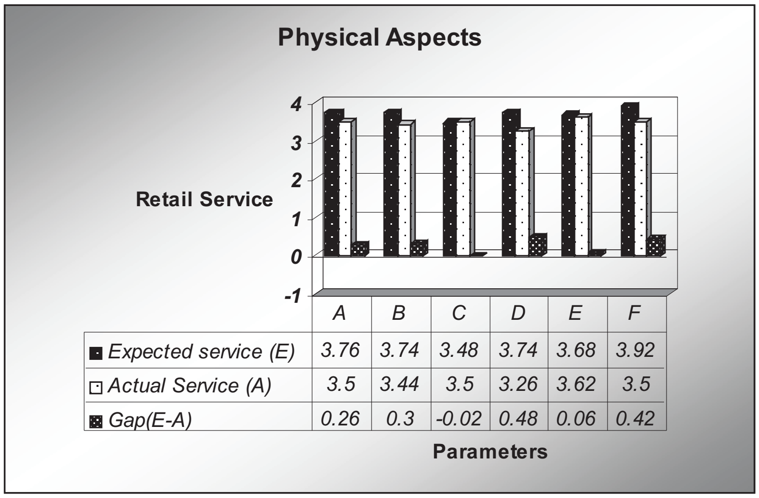
Table 1: Physical Aspects

Parameters	Expected service (E) (weighted average)	Actual Service (A) (weighted average)	Difference (E-A) (weighted average)
store has modern-looking equipment fixtures (A)	3.76	3.50	0.26
physical facilities at this store are ally appealing (B)	3.74	3.44	0.30
erials associated with this store's ice (such as shopping bags, catalogs, tatements) are visually appealing (C)	3.48	3.50	-0.02
store has clean, attractive, and venient public areas (restrooms, ng room) (D)	3.74	3.26	0.48
store layout at this store makes it / for customers to find what they d (E)	3.68	3.62	0.06
store layout at this store makes it / for customers to move around the e (F)	3.92	3.50	0.42

Source: Primary data

By applying Chi-square test, the table value for 5 degrees of freedom at 5% level of significance is 11.07. The calculated value of x^2 0.9996 is much lower than the table value. Hence, the result of the experiment supports the hypothesis. We can thus conclude that, There is no significant difference between actual and expected physical aspects .

Figure 1: Physical Aspects



5.2 Reliability

H_0: There is no significant difference between actual and expected reliability by customers.

Ha: There is significant difference between actual and expected reliability by customers.

Table 2 shows that there is no remarkable difference between expected and actual reliability with reference to time management and error-free sales transactions and records by the retail stores.

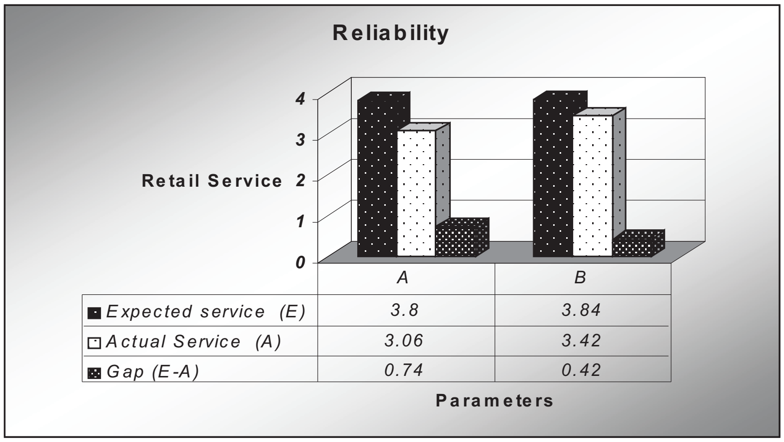
Table 2: Reliability

Parameters	Expected service (E) (weighted average)	Actual Service (A) (weighted average)	Difference (E-A) (weighted average)
Vhen this store promises to do omething by a certain time, it will o so (A)	3.80	3.06	0.74
his store insists on error-free sales ansactions and records (B)	3.84	3.42	0.42

Source: Primary data

By applying Chi-square test, the table value for 1 degree of freedom at 5% level of significance is 3.841. The calculated value of x^2 0.663 is much lower than the table value. Hence, the result of the experiment supports the hypothesis. We can thus conclude that, There is no significant difference between actual and expected reliability .

Figure 2: Reliability



5.3 Personal Interaction

H_0: There is no significant difference between actual and expected personal interaction of executives with customers.

Ha: There is significant difference between actual and expected personal interaction of executives with customers.

From Table 3 it is clear that the customers feel that employees are consistently courteous with customers. 26 percent of the respondents strongly agreed that the employees in the stores give prompt service to customers. Similarly, 26 percent of the respondents strongly agreed that the employees in the stores are consistently courteous with customers. 28 percent of the respondents strongly agreed that employees in the stores are never too busy to respond to customer's requests.

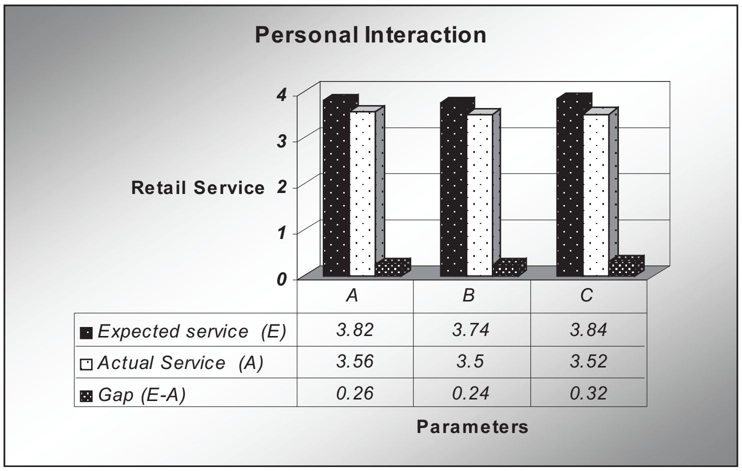
Table 3: Personal Interaction

Parameters	Expected service (E) (in terms	Actual Service (A) (in terms weighted average)	Difference (E-A) (in terms weighted average)
mployees in this store give prompt rvice to customers (A)	3.82	3.56	0.26
mployees in this store are consistently ourteous with customers (B)	3.74	3.50	0.24
mployees in this store are never too usy to respond to customer's requests)	3.84	3.52	0.32

Source: Primary data

By applying Chi-square test, the table value for 2 degrees of freedom at 5% level of significance is 5.991. The calculated value of x^2 0.971 is much lower than the table value. Hence, the result of the experiment supports the hypothesis. We can thus conclude that, There is no significant difference between actual and expected personal interaction of executives with customers .

Figure 3: Personal Interaction



5.4 Problem-Solving Capacity

H_0: There is no significant difference between actual and expected customer problem solving capacity to store executives.

Ha: There is significant difference between actual and expected customer problem solving capacity to store executives.

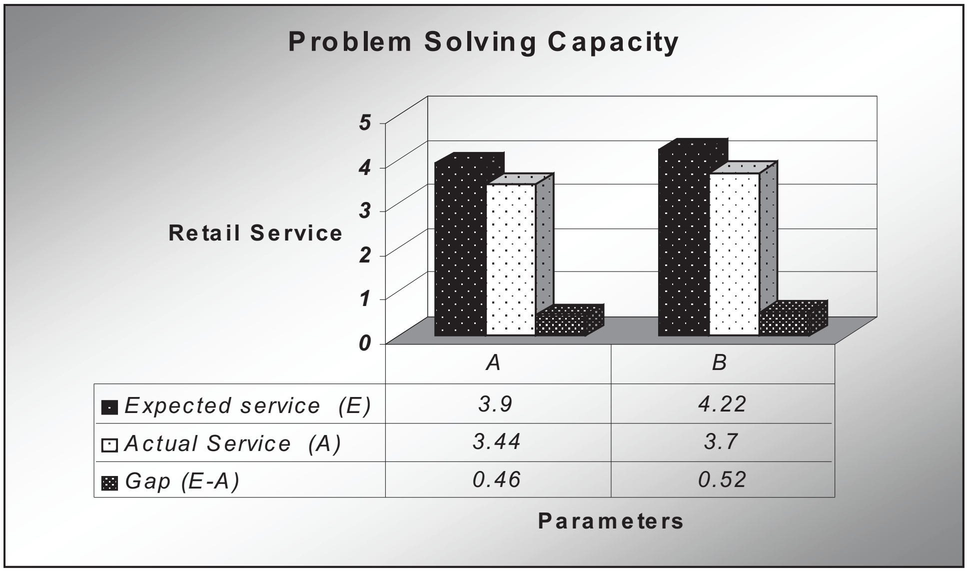
Table 4 shows that sales persons are able to handle customer complaints directly and immediately. 48% of the respondents are strongly agreed that employees of the store are able to handle customer complaints directly and immediately. 34% of the respondents are agreed that when a customer has a problem, the store shows a sincere interest in solving it.

Table 4: Problem-Solving Capacity

Parameters	Expected service (E) (weighted average)	Actual Service (A) (weighted average)	Difference (E-A) (weighted average)
ustomer has a problem, shows a sincere interest g it (A)	3.90	3.44	0.46
es of this store are able customer complaints nd immediately (B)	4.22	3.70	0.52

Source: Primary data

Figure 4: Problem-Solving Capacity



5.5 Empathy

H_0: There is no significant difference between actual and expected store empathy.

Ha: There is significant difference between actual and expected store empathy.

According to Table 5, the qualities of merchandise are up to mark and employees are giving individual attention to the customers. 34% of the respondents are agreed that the store offers high quality merchandise. Similarly, 34% of the respondents also agreed that the store gives customers individual attention.

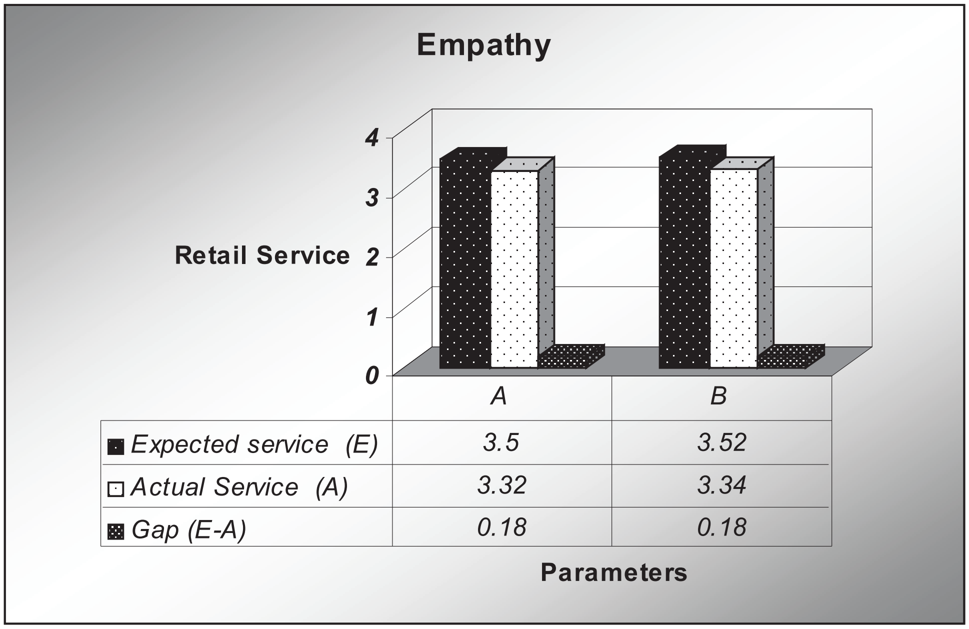
Table 5: Empathy

Parameters	Expected service (E) (weighted average)	Actual Service (A) (weighted average)	Difference (E-A) (weighted average)
ore offers high quality andise (A)	3.50	3.32	0.18
tore gives customers dual attention (B)	3.52	3.34	0.18

Source: Primary data

By applying Chi-square test, the table value for 1 degree of freedom at 5% level of significance is 3.841. The calculated value of x^2 0.892 is much lower than the table value. Hence, the result of the experiment supports the hypothesis. We can thus conclude that, There is no significant difference between actual and expected store empathy .

Figure 5: Empathy



6. Findings

1) The materials associated with retail store's services (such as shopping bags, catalogs, or statements) are visually appealing. The respondents feel that modern-looking equipment and fixtures, physical facilities, the ambience and store layout are up to the mark. It can also be found that there is no significant difference between actual and expected physical aspects.

2) There is no remarkable difference between expected and actual reliability with reference to time management and error-free sales transactions and records by the retail stores. Further it is found that there is no significant difference between actual and expected reliability.

3) The customers feel that employees are consistently courteous with customers. 26 percent of the respondents strongly agreed that the employees in the stores give prompt service to customers. Similarly, 26 percent of the respondents strongly agreed that the employees in the stores are consistently courteous with customers. 28 percent of the respondents strongly agreed that employees in the stores are never too busy to respond to customer's requests. It can also be found that there is no significant difference between actual and expected personal interaction of executives with customers.

4) Sales persons are able to handle customer complaints directly and immediately. 48% of the respondents are strongly agreed that employees of the store are able to handle customer complaints directly and immediately. Similarly, 34% of the respondents are agreed that when a customer has a problem, the store shows a sincere interest in solving it. Further it is also found that there is no significant difference between actual and expected customer problem solving capacity to store executives.

5) The qualities of merchandise are up to the mark and employees are giving individual attention to the customers. 34% of the respondents agreed that the store offers high quality merchandise. Similarly, 34% of the respondents also agreed that the store gives customers individual attention. It is also found that there is no significant difference between actual and expected store empathy.

7. Conclusion

Majority of the retail stores in Hyderabad are operating the stores approximately up to the satisfaction level of their customers. Broadly, customers found no difference between their expected service quality and actual service quality. Also majority of the customers strongly agreed that the physical facilities associated with the retail stores are visually appealing, there is good reliability, employees are consistently courteous, sales persons handle complaints effectively and the quality of merchandise are satisfactory.

8. Suggestion

Though, the current study revels that organized retail stores are operating up to the desired level of its customers, still they are lagging behind the traditional stores in attracting a customer. Some of the main tips for the modern retail sector to attract all types of customers are:

1) The employees and management should be well versed with local language; they should give common attention towards the customers irrespective of their economic and social status.

2) The stores should take steps to minimize the waiting time of the customers before the billing and delivery line.

3) The employees should pay attention always while inviting customer to enhance the 'sense of trust' shared between the customer and the store, which in some cases develops over generations of purchases.

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Consumers' Preference For FMCG Products In Rural India
(A Comparative Study of HUL & ITC)

Ms Nitika Gautam*, Dr. Vijay Kumar Gangal**

Abstract : *From last few years, the growth of Indian economy registered substantial increase in purchasing power of rural India which attracts the Indian Inc. & MNCs. Simultaneously in reference to FMCG products, the saturated urban market forced the companies to tap the virgin Indian rural market. The prologue of currency, transport, and communication has increased the reach of rural market.*

This paper highlights the factors responsible for the boom in rural marketing, consumers' preference for FMCG products based on 4 'A's (i.e. Awareness, Affordability, Adoptability and Availability). The study is analytical in nature. Convenient sampling method has been adopted for administering the questionnaires using Likert Scale. Questionnaire / schedule have been administered to total 200 respondents of HUL & ITC in rural areas of Agra district. Secondary data have been collected from reputed journals, websites and magazines. The study has been carried out from Jan. 2011 to June.2011.

In parameters like, Image, Shape /size, Packaging, Durability, Small size products, Low priced sample packets, Price scheme, Celebrity endorsement & Use of transport like autos, camel carts, HUL has an edge over ITC.

In today's scenario, Consumer is the king because he has got various choices around him. If you are not able of providing him the desired result he will definitely switch over to the other provider. Therefore to survive in this competitive competition, you need to be the best. Consumer is no more loyal in today's scenario, so you need to be always on your toes. Hence the consumers are Fish Where Fish Are "Reaching villages that offer better potential".

Keywords : *Consumers` Preference, FMCG Products, Rural India*

1. Introduction

"The future lies with those companies who see the poor as their customers."
- C. K. Prahalad
Addressing Indian CEOs, Jan 2000.

India`s fast moving consumer goods (FMCG) is on a roll. Riding on the back of increasing demand and changing consumer preferences- thanks to higher disposable incomes and the retail revolution. The sector has been posting double-digit growth over the past couple of years. The sector has seen the emergence of new product categories and products that seek to fulfill the increasing aspirations of a new generation of Indians, who are turning out to be very demanding consumers.[1]

All marketing starts with the consumer. So consumer is a very important person to a marketer. Consumer decides what to purchase, for whom to purchase, why to purchase, from where to purchase, and how much to purchase. In order to become a successful marketer, he must know the likes or

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dislikes of the customers. He must also know the time and the quantity of goods and services, a consumer may purchase, so that he may store the goods or provide the services according to the likings of the consumers. Gone are the days when the concept of market was let the buyer's beware or when the market was mainly the seller's market. Now the whole concept of consumer's sovereignty prevails. The manufacturers produce and the sellers sell whatever the consumer likes. In this sense, "consumer is supreme in the market".

As consumers, we play a very vital role in the health of the economy at local, national or international level. The decision we make concerning our consumption behavior affect the demand for the basic raw materials, for transportation, for banking, for production. They affect employment of workers and deployment of resources and success of some industries and failure of others. Thus marketer must understand this.

Preference (or "taste") is a concept, used in the social sciences, particularly in economics. It assumes a real or imagined "choice" between alternatives and the possibility of rank ordering of these alternatives based on happiness, satisfaction, gratification, enjoyment, utility they provide. More generally, it can be seen as a source of motivation. In cognitive sciences, individual preferences enable choice of objectives/goals. The study of the consumer preference not only focuses on how and why consumers make buying decision, but also focuses on how and why consumers make choice of the goods they buy and their evaluation of these goods after use. So for success of any company or product promotion it is very necessary to depart its concentration towards consumer preference.

Fast moving consumer goods (FMCG) are popularly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, tooth paste, shaving products, shoe polish, packaged food stuff, household accessories, extends to certain electronic goods. These items are meant for daily or frequent consumption & have a high return.

A major portion of the monthly budget of each household is reserved for FMCG products. The volume of products circulated in the economy against FMCG products is very high, as the number of products the consumer uses is comparatively very high. Competition in FMCG sector is very high resulting in high pressure on margins.

FMCG companies maintain intense distribution network. Companies spend a large portion of their budget on maintaining distribution networks. New entrants who wish to bring their products in the national level need to invest huge sums of money on promoting brands. Manufacturing can be outsourced. A recent phenomenon in the sector was entry of multinationals and cheaper imports. Also the market is more pressurized with presence of local players in rural areas and state brands.

1) Changing lifestyles:

Rising per capita income, increased literacy and rapid urbanization have caused rapid growth and change in demand patterns. The rising aspiration levels & increase in spending power has led to a change in the consumption pattern.

2) Low penetration and low per capita consumption:

Due to the large size of the market, penetration level in most product categories like jams, toothpaste, skin care, hair wash etc. in India is low. This is more visible when comparison is done between the rural and the urban areas. The average consumption by rural households is much lower than their urban counterparts. Existence of unsaturated markets provides an excellent opportunity for the industry players in the form of a vastly untapped market as the income levels rise.

Company Profile

Type	Public Limited Public company	Public limited company
Industry	Fast Moving Consumer Goods (FMCG)	Conglomerate
Founded	1933	24 August 1910
Headquarters	Mumbai, India	Kolkata, India
Key people	Harish Manwani (Chairman) Nitin Paranjpe (CEO & Managing Director)	Yogesh C. Deveshwar (Chairman) K. Vaidyanath, Director
Products	Home & Personal Care, Foods, Water Purifier	Cigarettes, Hotels , Apparel, Tobacco, Foods, Stationery, Personal Care, Paperboard and specialty papers, Printing and packaging, Matches and Agarbattis InfoTech
Revenue	Rs 20,869.57 crore. & 4064.3 (USD in Millions)	US$6 billion (2010)
Employees	Over 65,000 direct & indirect employees	26,150 (2010)
Parent	Unilever Plc	ITCportal.com

2. Review of Literature

Rural market is one of the best opportunities for the FMCG sector. In some sense we can say that rural market is future of FMCG. As per research of Purba Basu (faculty of ICFAI business school), the lifestyle of rural consumers is changing. Rural Indian market and the marketing strategy have become the latest marketing buzzword for most of the FMCG majors. She added the strategies of different FMCG companies for capturing rural market like Titan's Sonata watches, Coco Cola's 200 ml bottle, different strategies are used by HUL and Marico.

She takes into consideration the study of National Council for Applied Economic Research (NCAER). According to the NCAER projections, the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, this is expected to grow from 46 million to 59 million. Thus, the absolute size of rural India is expected to be double that of urban India.[2]

According to Pradeep Tognatta (former vice president of LG),[3] the economic growth in India's agricultural sector in last year was over 7%, compared with 3% in the industrial sector. This implies a huge market potentiality for the marketer to meet up increasing demand. Factors such as village psyche, strong distribution network and market awareness are few prerequisites for making a dent in the rural markets. The model is of the stolid Anglo-Dutch conglomerate Unilever Group, which has enjoyed a century-long presence in India through its subsidiary Hindustan Lever Ltd. It was Hindustan Lever that several years ago popularized the idea of selling its products in tiny packages. Its sachets of detergent and shampoo are in great demand in Indian villages. Britannia with its low priced Tiger brand biscuits has become a success story in rural marketing.

Rajesh K Aithal of IIM(L)[4] had done his research on rural telecom in India. He explain that Rural markets are an important and growing market for most products and services including telecom. The characteristics of the market in terms of low and spread out population and limited purchasing power make it a difficult market to capture. The Bottom of the pyramid marketing strategies and the 4 A's model of Availability, Affordability, Acceptability and Awareness provide us with a means of developing appropriate strategies to tackle the marketing issues for marketing telecom services in rural areas. Successful cases like the Grameen Phone in Bangladesh and Smart Communications Inc in Philippines also provide us with some guidelines for states that tackling the issue.

The Economic Times (2003), "The rural market likes it strong" is the strength of rural markets for Indian companies. Financial express, June 19, 2000 has published the strategies which FMCG majors HLL, Marico Industries, Colgate Palmolive have for rural markets.

Dr. Vijay Pithadia stated[5] that Promotion of brands in rural markets requires special measures. Due to the social and backward condition, the personal selling efforts have a challenging role to play in this regard. The word of mouth is an important message carrier in rural areas. Infect the opinion leaders are the most influencing part of promotion strategy of rural promotion efforts.

T. Mamatha (2008) says that consumer behavior is a very complex phenomenon which needs more efforts to understand, explain and predict. In order to get a clear understanding of the same, every marketer should realize that consumer behavior is, in fact, an assumption every marketing manager must make, if he plans to market on any basis other than hit-or-miss. Although some individuals find it difficult to make this assumption, one must agree that behavior is not so erratic or mysterious that it defies explanation.

Dr. Sanjeev Kumar and Dr Singh M R P (2008) in "Brand aspirations and brand switching behavior of rural consumers a case study of Haryana"[6] state that changing socio-economic environment was greatly affecting the ruralities and marketer`s influence was clearly observable in terms of changing consumption pattern which was reflecting in products and brand choices of ruralities. Income is the biggest influence on the purchase decisions and consumption pattern.

Study of rural marketing in the present scenario in India (2009) states that "While we all accept that the heart of India lives in its villages and the Indian rural market with its vast size and demand base offers great opportunities to marketers, we tend to conclude that the purse does not stay with them. Nothing can be far from truth. Rural marketing involves addressing around 700 million potential consumers, over 40 per cent of the Indian middle-class and about half the country's disposable income.

3. Need of The Study

India's rural market is gaining importance day by day. As the income level of consumers also increases, the demand of FMCG products is increasing continuously. The study of consumer preference in FMCG helps for marketer to understand consumer preference to survive and succeed in the competitive market of FMCG. The potentiality of rural market is seen by MNC`s as a 'woken up sleeping giant'. Most Fast Moving Consumer Goods (FMCG) companies in India are introducing customized products especially for rural population. The various needs of the study is given as follows:-

1) To know the determinants that contribute to the rural market boom, 4 A`s of rural marketing mix (Affordability, Awareness, Availability and Acceptability) of selected FMCG Companies.

2) Know about the choices of rural consumers.

4. Objectives of the Study

The main objective of this study is:

To find out the motives of purchase and the factors affecting purchase decision based on 4 'A's (i.e. Awareness, Affordability, Adoptability and Availability) of HUL & ITC Companies in rural India.

5. Hypothesis

Ho: There is no significant difference in the Consumers` Preference regarding FMCG

products of HUL and those of ITC.

Ha: There is a significant difference in the Consumers` Preference regarding FMCG

Products of HUL and those of ITC.

6. Research Methodology

The study is analytical in nature and Likert Scale has been adopted. Convenient sampling method has been used for administering the questionnaires.

Primary data have been collected with the help of a structured Questionnaire/information schedule administered to total 200 Respondents of HUL & ITC in rural areas of Agra district. Secondary data have been collected from reputed journals, websites and magazines. The study has been carried out from Jan. 2011 to June.2011.

7. Anylysis & Findings
Table 1 : Profile Of Respondents

Basis	Category of Respondent	Number	Percentage
Age (Years)	20-30	60	30
	30-40	70	35
	40-50	50	25
	50-60	20	10
	Total	**200**	**100**
Monthly Income	Less than 2000	25	12.5
	2000-5000	75	37.5
	5000-10,000	50	25
	Above 10,000	50	25
	Total	**200**	**100**
Occupation	BUSINESS	100	50
	FARMER	25	12.5
	PRIVATE SERVICE	25	12.5
	GOVT. SERVICE	50	25
	Total	**200**	**100**
Education	Illiterate	50	25
	Below SSC	25	12.5
	SSC	50	25
	Graduate/PG	25	12.5
	Others	50	25
	Total	**200**	**100**

(Source Survey Analysis)

Table 2
The Motives of Purchase for FMCG Products

MOTIVES	Frequency	Percentage	Motives	Frequency	Percentage
A. Personal Wash			**D. Oral Care**		
1. Fragrance	40	20	**1**. Taste	30	15
2. Skincare	30	15	**2**. Bad Breath	40	20
3. Medicinal	15	7.5	**3**. Whiteness	30	15
4. Enhance beauty	25	12.5	**4**. Check germs	40	20
5. Brand	30	15	**5.** Fragrance	20	10
6. Price	20	10	**6**.Freshness	40	20
7. Packaging	10	5	**TOTAL**	**200**	**100**
8. Small size	30	15	**E. Hair Care**		
TOTAL	**200**	**100**	**1**. Brand	40	20
B. Laundry			**2**. Price	20	10
1. Fragrance	25	12.5	**3**. Fragrance	40	20
2. Remove strains	75	37.5	**4**. Small size	30	15
3. Cleanliness	50	25	**5.** Hair care	40	20
4. Skin friendly	50	25	**6.** Good look	30	15
TOTAL	**200**	**100**	**TOTAL**	**200**	**100**
C. Skin Care			**H. Deodorants**		
1. Brand	30	15	**1**. Brand	75	37.5
2. Price	25	12.5	**2**. Price	25	12.5
3. Packaging	40	20	**3**. Packaging	70	35
4. Small size	30	15	**4**. Small size	15	7.5
5. Fragrance	15	7.5	**5.** Fragrance	15	7.5
6. Enhance beauty	30	15	**TOTAL**	**200**	**100**
7. Skincare	30	15			
TOTAL	**200**	**100**			

(Source Survey Analysis)

Table No-3 is showing the mean, SD and calculated t- value (which has been compared to 1.96) of consumers` preference regarding FMCG products of HUL and ITC companies in rural India. This table shows the results of test of hypothesis of different Parameters. Here "A" indicates that 'Ho is accepted' and "R" indicates that 'Ho is rejected'.

Table 3 showing the Mean values, SD and calculated Z- value

	HUL		ITC		Z value	Ho
ORS	Mean	SD	Mean	SD		
PRODUCT	4.41	0.87	3.98	1.18	2.93	R
rand Name	4.09	1.24	3.55	1.44	2.84	R
esign	4.13	1.15	4.3	0.9	-1.16	A
uality	4.08	1.25	4.08	1.25	0	A
ackaging	4.37	0.98	3.78	1.26	3.70	R
urability	4.36	0.78	4.21	0.79	1.35	A
lade from safe environment material	4.49	0.82	3.94	1.25	3.68	R
nage	4.85	0.36	3.88	1.27	7.35	R
hape /size	4.34	1.02	3.96	1.21	2.37	R
roduct range	4.95	0.22	4.09	1.29	6.57	R
PRICE	4.39	0.92	3.68	1.22	4.64	R
heapest price	4.51	0.87	3.33	1.49	6.84	R
rice scheme	4.46	0.88	3.7	1.27	4.92	R
ricing policy	4.64	0.95	3.71	1.39	5.54	R
ash discount	4.56	0.67	3.68	1.21	6.36	R
ompetitive price	4.05	1.12	4.11	0.94	-0.41	A
alue for price paid	4.35	0.86	3.68	1.11	4.77	R
ow priced sample packets	4.43	0.85	3.8	1.16	4.38	R
mall size products	4.15	1.13	3.43	1.15	4.47	R
PLACE	4.24	0.91	3.92	0.92	2.48	R
ppealing shop atmosphere & decor	4.01	1.05	3.72	1.07	1.93	A
hop has the lowest price in the area.	4.3	0.9	4.11	0.88	1.51	A
lalls and super markets.	4.34	0.79	3.92	0.73	3.90	R
reater mobility	4.2	0.97	3.24	1.36	5.75	R
hop is conveniently located.	4.27	0.95	3.74	1.12	3.56	R
roduct display is attractive	4.45	0.68	4.33	0.72	1.21	A
Vell-known shops	4	1.17	3.81	1.06	1.20	A
se of transport like autos, camel carts.	4.49	0.62	4.39	0.61	1.15	A
aats and mandis	4.16	1.09	4.04	1.10	0.77	A
overnment shops	4.07	1.22	3.52	1.49	2.86	R
upply chain	4.31	0.73	4.15	0.75	1.53	A
istribution system	4.22	0.79	4.07	0.72	1.40	A
PROMOTION	4.22	0.86	4.02	0.95	1.56	A
elebrity endorsement	4.04	1.06	3.95	0.79	0.68	A
ales agent	4.22	0.96	4.03	0.98	1.35	A
uy 1 get 1 free	4.41	0.5	4.33	0.57	1.06	A
ree gifts/ lucky draws	4.45	0.51	4.15	0.79	3.19	R
lessage/ languages /presentation of ad.	4.12	0.45	3.98	0.84	1.47	A
motional value system	4.19	0.7	4	0.81	1.77	A
isual merchandising	4.29	0.64	4.12	0.77	1.77	A
amples/ coupons	4.09	1.24	3.55	1.44	2.84	R
remium /bonus offer	4.13	1.15	4.3	0.9	-1.16	A
rize contests	4.08	1.25	4.08	1.25	0	A

(Source Survey Analysis)

Survey reveals that weighted mean and standard deviation was used to find the consumer preference towards FMCG products of HUL & ITC in rural areas of Agra district based on 4 'A's (i.e. Awareness, Affordability, Adoptability and Availability).

Findings

On the basis of survey analysis the following findings have been observed:

1) It gauges that the skincare & fragrance have been found as the prime reasons for using bathing soaps (personal wash). However meager numbers of respondents have mentioned that they use it for medicinal purpose and enhance beauty (table no. 2).
2) It can be traced from table no. 2 that the utilitarian aspect of detergent (laundry) i.e., removal strains has been found the most dominating reasons for its purpose. The few respondents bought it for its fragrance value. The consumers buy detergent due to its primary function for cleanliness & few respondents buy it for its fragrance.
3) Table no. 2 highlights that the cleanliness followed by freshness have been the primary motives for the purpose of buying toothpaste (oral care). Some of the respondents also purchase it for the purpose of protection of gums and whiteness value.
4) Table no. 2 gauges the reason for buying hair oil & it is found that the respondents have been buying it for hair care and good looks.
5) Table no. 3 discusses the factors influencing the purchase decision of the respondents consumers buying is influence the most by the product factor due to design, quality , durability, made from safe environment and product range but few respondents are not satisfied with the packaging, image and size of the product.
6) On competitive price, Shape /size, Design, Haats and mandis & Message/ languages /presentation of advertisement both the companies are almost on the same platform.
7) Malls and super markets, Greater mobility, Shop is conveniently located, Product display is attractive, Value for price paid, Cash discount, and pricing policy, the consumers are showing their dissatisfaction.
8) While in case of Promotion, consumers prefer some promotional offers like Buy 1 get 1 free, Samples/ coupons etc. These are variables under 4 A`s which affect the consumer preference in FMCG products in rural areas and HUL has edge over the ITC as is shown in table no 3.
9) There are product factors that affect purchase by consumers like Image, Shape /size, Packaging, Durability etc. Similarly on factors like Small size products, Low priced sample packets, Price scheme in case of price of any product HUL is in better position in comparison to ITC.
10) Table no. 3 discusses that factors influencing purchase decision of the respondent consumer are influenced the most by product factors like design, quality and durability but few respondents are not satisfied with the product range , packaging, image and size of the products.
11) Appealing shop atmosphere & décor, Shop having the lowest price in the area, attractive product display, Well-known shops, Use of transport like autos, camel carts and Haats and mandis are some factors that are good and satisfying to consumers.

8. Suggetions

1) The study reveals that soaps and detergent brands of HUL are more popular in urban markets. Since real India lives in rural areas it is potential market for all types of soaps and detergents. In the study it is advised to the company to develop a tailor made marketing mix with more emphasis on product mix. Rural sales promotional activities should be strengthened especially

by HUL to take advantage of rural market potential.

2) Rural consumer environment must be understood before the creation of add.

3) HUL should introduce low priced sample packs of products & initiate low unit packs of products.

4) Rural mindset accepts the brands easily, which are close to their culture. This point must be reflected in advertising for rural markets.

5) ITC should introduce Small size products, Low priced sample packets to the rural consumers.

6) Sponsorships to the Melas and Haats must be considered in a significant manner.

7) Selection of brand ambassadors, lyrics must not be ignored in this regard.

8) Companies should introduce special rural products, like Chic Shampoo sachets @ Re 1, Parle G Tikki Packs @ Rs 2, customized TVs by LG, Shanti Amla oil by Marico. All these bring positive results for them.

9) If a product is for kids, anganwadis and schools are a good place to tap them and their mothers. Similarly, mandis and village influencers act as a catalyst in pushing a brand/product.

10) The Language and content must be according to the suitability of rural environment. Background figures are also a determining factor. Admissibility of brand ambassadors plays an important role in this regard. Special promotion measures are the strong applicable factors in this regard.

11) To think local we have to act local.

9. Conclusion

Indian rural market has a huge size and demand base. The rural market has changed significantly in the past one decade. In today's scenario, Consumer is the king because he has got various choices around him. If you are not able of provide him the desired result he will definitely switch over to the other provider. Therefore to survive in this competitive market, you need to be the best. Consumer is no more loyal in today's scenario, so you need to be always on your toes. Hence the consumers are Fish Where Fish Are "Reaching villages that offer better potential".

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