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Dear Friend,

It gives me immense pleasure to introduce to you the fifth issue of 'APOTHEOSIS'- Tirpude's National Journal of Business Research, an online publication that encompasses scholarly work of academicians and industry professionals.

A strong research culture is a precursor to the process of academic enhancement. Knowledge disbursal then becomes more enriching. High quality original research enables an academic institution to serve its primary objective of value addition of updated and relevant knowledge to its students and the academic community at large. Research is one strand, which when weaved with other academic activities helps an institution to reach the pinnacle of academic excellence.

'APOTHEOSIS' offers its readers path breaking and remarkable contributions from academicians, research scholars and industry professionals and it also promotes interaction among researchers in the field of business management.

This issue of APOTHEOSIS contains an array of research work conducted by various authors under numerous topics viz., "Testing Random Walk Hypothesis: A Study on Indian Stock Market", "Quality of Medical Services: A Comparative Study of Private and Government Hospitals in Sangli District", "An Experiential Study on Buying Behaviour of Rural Consumers of Fake Brands", "My Bank has better NPA than your Bank", "Work-Life Balance: HR Initiatives for Sustainable Growth", "A Study on FDI Inflows and Reasons for Low FDI Inflows in India", "A study on Women's dress preferences in buying decisions based on lifestyle and age in NCR", "Combo Leadership – A Necessity for Re-Energizing Employee Engagement in the Face of Leadership Crisis", "Advertisement Avoidance Behaviour in Television – A Gender Perspective, etc".

My task as an editor became more perplexing by virtue of extremely rare and original quality of research work submitted by contributors from across the nation. Nevertheless, I have been able to select some of the finest works with the help of our reviewing team comprising of erudite scholars from academia and industry.

I appeal to all my contemporaries in management education and related areas to subscribe to our Journal. This will facilitate dissemination of knowledge contained therein to one and all.

I am sure you will find the contents thought provoking and of immense value and relevance to all concerned.

Thanking you in anticipation,

Dr. Sanjay Kavishwar
Editor

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Quality of Medical Services: A Comparative Study of Private and Government Hospitals in Sangli District

*Sachin H.Lad

Abstract: *This article attempts to discover the service quality offered in public and private hospitals in Sangli district of Maharashtra. In today's competitive environment, hospitals are achieving a phenomenal growth especially in India. The effect of service quality on hospitals has been examined by SERVQUAL Scale framework.*

Intangible aspects of service performance have a stronger direct effect on service quality of hospitals than tangible aspects. The hospital administration members should improve the intangible aspects according to the up-to-date technological requirements of the users in order to create a good image and service rendered by the hospitals among the patients. An analysis covering 246 patients revealed that there was an overall service quality gap between patients' expectations and perceptions, as they were dissatisfied with the level of healthcare services rendered in public and private hospitals. Thus, improvements are required across all the five dimensions namely tangibility, reliability, responsiveness, assurance and empathy. In view of this widespread belief, an attempt has been made in the present paper to study the service quality of hospitals in Sangli district (Maharashtra) with a view to offer suggestions to make overall service quality in private and public hospitals more effective and efficient.

Key Words: *Quality, Public & Private Hospital, Service Quality.*

1. INTRODUCTION

The fundamental needs of an individual are food, water, shelter, clothing and air. In addition to this, health is also the most basic and primary need of an individual. It makes the nation progress in socio-economic, scientific, literary and culture sphere. Health is an input as well as an output. It is linked with development. An adequate and equitable health care system stimulates the development through improving human productivity. Investment in health is an investment in human capital. A healthy individual is an asset to a community while a sick person is liability.

Physical and mental status of human resources are centre of all activities and also very much important to improve the quality of human life. The Government has realized that diseases affect human progress and ultimately nation also; hence, governments of all over world make efforts to counter diseases and preserve and protect the human race from all possible hazards of heath. The health standard of rural India is unsatisfactory, which require the establishment of multiple referral hospitals throughout the country. Though the number of PHCs, Rural Hospitals, and Civil Hospitals has been established, they do not render any proper account as they incur sizeable expenditure.

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India is the second fastest growing major economy in the world, with a GDP average growth rate of 8.5%. The Indian healthcare industry is seen to be growing at a rapid pace and is expected to become a US$280 billion industry by 2020.

1.1 Significance of the Study:

It is increasingly being recognized that good health is an important contributor to productivity and economic growth. Good health and its natural corollary- defense against illness are fundamental of human beings. Health promoting aspects like education, housing, sanitation, environment, pollution, nutrition, and social security measures. Expenditure on these factors lead to reduced mortality and enhanced time availability for earning income.

Problem of rural health is to be addressed both at macro (national and state) and micro (district and regional) levels. This is to be done in a holistic way with a genuine effort to bring the poorest of the population to the centre of the fiscal policies. A paradigm shift from the current 'biomedical model' to a 'socio-cultural model', which should bridge the gaps and improve quality of rural life, is the current need. A revised National Health Policy addressing the prevailing inequalities and working towards promoting a long-term perspective plan, mainly for rural health, is very important.

1.2 Statement of Problems:

The problem of social health purely depends on five main factors. These factors may be lacking in the selected region.
   i. Accessibility,
   ii. Affordability,
   iii. Quality,
   iv. Availability,
   v. Utilization of health services.

Private Hospitals vs Public Hospitals:

There is a considerable difference between private and public hospital on account of their quality of services and charges. Private hospitals are quietly business oriented; private hospitals deliver quality services but these are unaffordable to majority of population; they are functioning for profit not for, whereas Government hospitals have no adequate medical resources and staff. Hence medical services are beyond the reach of majority population.

TABLE 1: FIVE BROAD DIMENSIONS OF SERVICE QUALITY

Dimension	Definition
Tangibles	Appearance of physical facilities, equipment, personnel and written materials
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence
Empathy	Caring, easy access, good /communication, customer understanding and individualized attention given to customers

Source: Adapted from Zeithaml et al. (1990)

2. OBJECTIVES OF THE STUDY

In view of the introductory remark, the research topic and the description of the study area the study has following objectives:

2.1 To study the Quality in delivery of medical services in Government and Private Hospitals in study area

2.2 To suggest remedial measures for enhancing the Accessibility of medical services

3. HYPOTHESIS

Following will be the hypothesis of study:
The Quality of selected medical services rendered in Government Hospitals is poor and insufficient as compared with Private Hospitals.

4. RESEARCH METHODOLOGY

Research Design: The research design is descriptive in nature.

Data Collection: Primary data was collected through a structured questionnaire.

Sample Design: Convenient Sampling

Sample Size: 246 patients from 10 hospitals of Sangli district (Maharashtra).

(**Note**: For this paper the data are collected from the inpatients that stayed in the Hospital for more than 3 days - a period which can help the patients to understand the overall nature of service provided by the hospital.)

The data was collected through questionnaire consisting of 3 parts. There

were 36 statements measuring the expected service quality from reputed hospitals. In Part II, the same items measured the service quality perceptions of public/private hospitals in Sangli district (Maharastra).

All of the statements were measured on a five point "Agree-Disagree" Likert scale

4.1 Sampling Design

TABLE :2

Sr. No.	Ownership of Hospitals	No. of Hospitals in Sample	No. of Doctors in Sample	No. of Patients in Sample
1	Public Sector	5	5	123
2	Private Sector	5	5	123
	Total	10	10	246

4.2 Characteristics of Sample

The following table shows the demographic profile of surveyed respondents.

TABLE: 3 CHARACTERISTICS OF SAMPLE

Variable	Category	Frequency
Age	18-23	46
	24-29	63
	30-35	49
	35-40	41
	40+	47
	Total	246
Monthly Income	10,000-20,000	58
	20,001-30,000	73
	30,001-40,000	41
	40,000+	74
	Total	246
Occupation	Student	33
	Professional	109
	Businessman	27
	Housewife	17
	Govt. employee	32
	Others	28
	Total	246
Education Level	Undergraduate	8

	Graduate	78
	Postgraduate	160
	Total	246
Gender	Male	183
	Female	63
	Total	246

The researchers have used following mentioned 36 structured and paired questions to measure E and P for service quality of Hospitals:

A) TANGIBLE / PHYSICAL ASPECTS

i. It is convenient to reach this Hospital.
ii. The waiting rooms, clinical and diagnostic test rooms, pre-operative and post-operative (or patient/resident ward) rooms, intensive care units, wards, bathrooms and toilets were adequate, comfortable and clean.
iii. The beds, pillows and mattresses were comfortable and clean.
iv. The wards are well furnished, decorated, well ventilated and clean all the time.
v. Employees of excellent hospitals will have neat appearing.

vi. This hospital has visually appealing materials associated with the service (promotional brochures, service tracking documents, invoices etc.).
vii. Wards, beds, operation theatres, intensive/post-operative care units and resident rooms are adequately available for patients in this hospital.
viii. Ambulance services are made available to patients with minimal costs in this hospital.
ix. Diagnostic facilities like CT scans, MRI scans, X-rays and ultrasound, telemedicine, patient information and billing, operation theatres, labs, etc. are adequately and effectively available.
x. The waiting rooms, clinical and diagnostic test rooms, pre-operative and post-operative (or patient/resident ward) rooms, intensive care

units, wards, bathrooms and toilets were adequate, comfortable and clean.

xi. Amenities such as continuous electricity and water supply, housekeeping and sanitation facilities, comfortable conditions such as temperature, ventilation and absence of noise and odour are available.

xii. Availability of required drugs in the hospital's pharmacy.

xiii. Availability of the desired blood group in the blood bank of the hospital.

xiv. The meals and food offered is suitable to the patients.

xv. The ergonomics (layout) of this hospital is conducive for physically challenged, elderly & emergency patients.

xvi. This hospital provides for proper safety and comfort measures (e.g. handrails in aisles, rooms and bathrooms, ramps suitably designed for wheelchairs and stretchers, elevators and spacious corridors).

B) RELIABILITY

xvii. This hospital insists on error free records.

xviii. This hospital performs the service right the first time.

xix. Patients feel safe in getting treated by the doctors of this hospital.

xx. This hospital provides all the required information and instructions regarding admission, treatment, and discharge clearly to patients and attendants.

xxi. The patient's attendants are kept informed about the patient's condition.

xxii. The allergy or reaction to drugs is taken care of in this hospital.

xxiii. Employees of this hospital tell patients exactly when services will be performed.

xxiv. Patients feel safe in getting treated by the doctors of this hospital

C) RESPONSIVENESS

xxv. Employees in this hospital are never too busy to respond to customer's requests.

xxvi. When patient has a problem, this hospital will show a sincere interest in solving them.

D) EMPATHY

xxvii. Employees in this hospital are curious to know & solve the patient's problems.

xxviii. Employees in this hospital are not rude in conveying the

rules of the hospital (i.e. asking attendants of patients to maintain peace).

xxix. Employees in this hospital understand my requirement and give individualised attention.

xxx. This hospital has its patient's best interests at heart.

xxxi. This hospital gives patients individual attention.

xxxii. Employees of this hospital have knowledge to answer patients' questions.

xxxiii. Medical staff of this hospital is consistently courteous with people.

E) ASSURANCE

xxxiv. The hospital provides for significant loyalty rewards through membership cards.

xxxv. This hospital has consulting hours convenient to all their patients.

xxxvi. Over all, I am satisfied with the service quality of this hospital.

5. DATA ANALYSIS AND INTERPRETATION

TABLE-4
STATEMENT WISE MEAN SCORE OF PERCEPTION AND EXPECTATION OF PUBLIC AND PRIVATE HOSPITALS

Dimensions	Expectations	Public Hospital Perception	Public Hospital Gap	Private Hospital Perception	Private Hospital Gap
PA1	4.68	2.77	1.91	4.58	-0.84
PA2	4.75	2.34	2.41	4.37	-1.00
PA3	4.70	2.63	2.07	3.97	-0.59
PA4	4.44	2.87	1.57	3.01	1.43
PA5	4.24	2.53	1.71	3.29	0.95
PA6	4.43	2.58	1.85	2.43	0.74
PA7	4.42	1.89	2.53	1.72	2.7
PA8	4.64	2.10	2.54	2.24	2.4
PA9	3.98	1.91	2.07	1.87	2.11

PA10	4.32	1.74	2.58	1.82	2.5
PA11	4.44	2.45	1.99	2.55	-0.33
PA12	4.54	2.76	1.78	2.35	0.97
PA13	4.65	2.59	2.06	2.56	0.20
PA14	4.32	2.22	2.10	2.33	1.26
PA15	3.82	2.98	0.84	4.22	-0.4
PA16	3.71	2.64	1.07	3.89	-0.18
AVG.	4.38	2.44	1.94	2.95	1.43
R17	3.82	2.98	0.84	4.01	0.19
R18	3.84	2.63	1.21	4.53	0.28
R19	4.95	1.98	2.97	2.12	2.83
R20	4.77	2.03	2.74	1.34	3.41
R21	4.63	1.32	3.31	1.63	3.06
R22	4.82	1.48	3.34	1.39	3.47
R23	4.86	2.42	2.44	1.37	3.54
R24	4.15	3.13	1.02	3.27	0.88
AVG.	4.48	2.25	2.23	2.45	2.03
Res25	4.24	3.43	0.81	3.44	0.8
Res26	4.11	2.20	1.91	3.42	0.69
AVG.	4.17	2.81	1.36	3.43	0.74
E27	3.89	3.46	0.43	3.22	0.49
E28	3.33	3.21	0.12	3.14	0.24
E29	3.56	3.48	0.08	3.29	0.23
E30	4.39	1.22	3.17	4.04	0.03
E31	4.05	2.52	1.53	2.98	1.51
E32	4.61	1.62	2.99	4.79	0.19
E33	4.03	2.43	1.60	2.98	0.05
AVG.	3.98	2.56	1.42	3.49	0.49
Assurance 34	4.45	2.28	2.17	4.13	-0.79
Assurance 35	4.98	4.69	0.29	4.53	0.12
Assurance 36	4.98	3.90	1.08	4.71	0.27
AVG.	4.80	3.62	1.18	4.79	-0.01

TABLE-5
DIMENSION WISE SCORE OF PERCEPTION AND EXPECTATION OF PUBLIC AND PRIVATE HOSPITALS

Dimensions	Expectation	Public Hospitals Perception	Public Hospitals Gaps	Private Hospitals Perception	Private hospitals Gap
Tangibles	4.38	2.44	1.94	2.95	1.43
Reliability	4.48	2.25	2.23	2.45	2.03
Responsiveness	4.17	2.81	1.36	3.43	0.74
Empathy	3.98	2.56	1.42	3.49	0.49
Assurance	4.80	3.62	1.18	4.79	0.01

TABLE-6 -GAPS OF THE STUDY
DIMENSIONS WISE COMPARATIVE ANALYSIS OF PUBLIC AND PRIVATE HOSPITALS

Dimensions	Public hospitals Gaps	Private hospitals Gap	Best Performer
Tangibles	1.94	1.43	Private Hospital
Reliability	2.23	2.03	Private Hospital
Responsiveness	1.36	0.74	Private Hospital
Assurance	1.18	0.01	Private Hospital

6. FINDINGS AND RECOMMENDATIONS

It is found that the overall quality of healthcare services is perceived to be higher in private hospitals than in community health centers. Inadequate availability of doctors and medical equipments, poor clinical examination and poor quality of drugs were the important drawbacks reported at public hospitals.

A gap between expectation and perception means that the perceived services that had been delivered were not sufficient to meet the expectations of the respondents; thus both private and public hospitals have to take some corrective actions to close these gaps in order to give higher quality based service to their patients.

The Tangibility dimension measures Appearance of physical facilities, equipment, personnel and written materials. When compared, the gaps between these

hospitals public hospitals have gap of 1.94 and private hospitals have gap of 1.43. The gaps in the public hospitals are in a worse position than private hospitals.

The Reliability dimension measures ability to perform promised service dependably and accurately. When compared, public hospitals have a gap of 2.23 and private hospitals have a gap of 2.03. The gaps in the public hospitals are in a worse position than private hospitals.

On the Assurance dimension, the perception gap of public hospitals is 1.18 and private hospital's 0.01. Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence.

Responsiveness is another dimension that has a gap difference between the private and public hospitals. Public Hospitals have the gap score of 1.36 and private hospitals have the gap score of 0.74. Responsiveness measures willingness to help patients to provide prompt service.

The last dimension is empathy. This dimension is the provision of caring and individualized attention to customers. There is a gap difference between the private and public hospitals in this dimension as well. Especially public hospitals have the highest gap between the other dimensions with this dimension.

RECCOMENDATIONS

Government should fill the shortfall of specialists comprising surgeon, physician, gynecologists, and pediatrician in public hospitals.

Government should open generic medicine store at every tahsil place, which would help the patients to purchase drugs at affordable prices.

Private and public hospitals should arrange training and development programmes for their employees to bridge the gap in responsiveness, assurance and Empathy.
Every hospital should keep box for getting feedback from patients regarding their overall experience, which would help the hospitals for continuous improvement in their workings.

7. CONCLUSION

The results of the analysis conducted indicate that public hospitals have rather bigger gaps when compared to private hospitals. The public hospitals' gap values were found as follows:

Tangibles - 1.94, Reliability - 2.23; responsiveness - 1.36; Assurance - 1.18 and Empathy - 1.42.

The study is limited to certain areas of Maharashtra's Sangli district. Therefore, it is suggested that similar studies be carried out in other rural and urban regions of the country and include the private healthcare

service providers as well. Further researches could be conducted on price-quality relationship.

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Testing Random Walk Hypothesis: A Study on Indian Stock Market

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Abstract: *The efficient market hypothesis states that asset prices in financial markets should reflect all available information; as a consequence, prices should always be consistent with 'fundamentals'. The efficiency of stock market in economic development cannot be overemphasized. Efficient Stock Markets provide the vehicle for mobilizing savings and investment resources for developmental purposes. They afford opportunities to investors to diversify their portfolios across a variety of assets. This has the potential to reduce the cost of capital through lower risk premiums demanded by supplier of capital. In general, ideal market is the one in which prices provide accurate signals for resource allocation so that firms can make productive investment decision and investors can choose among the securities under the assumption that securities prices at any time fully reflect all available information. A market in which prices fully reflect all available information is called efficient. This paper takes into consideration eight stocks of National Stock Exchange and tries to investigate the efficiency of Indian stock market. Runs test has been applied to test the random walk hypothesis i.e., weak form efficiency.*

1. INTRODUCTION

The efficient market hypothesis is one of the most controversial market theories in finance, which was developed in the 1960s by Eugene Fama. An efficient market is defined as a market where there are large number of rational profit-maximizers actively competing, with each trying to predict future market values of individual securities and where important current information is almost freely available to all participants. In an efficient market competition among the many intelligent participants leads to a situation where, at any point in time, actual prices of individual securities already reflect the effects of information based both on events that have already occurred and on events which, as of now, the market expects to take in the future.

The behaviour of stock market returns is a central issue to the theory and practice of asset pricing, asset allocation and risk management. The supporters of the efficient market hypothesis (EMH) claim that stock price indices are basically random and as such any speculation based on past information is fruitless. This paper investigates the Random Walk (RW) behaviour of stock market returns of India.

Efficient market theory states that the share price fluctuations are random and do not follow any regular pattern. Market efficiency refers to the expectations of the investors regarding the future cash flows being translated or reflected on the share

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prices. The accuracy and quickness in which the market translates the expectations in to prices are also termed as market efficiency. The basic idea underlying market efficiency is that competition will drive the price to reflect all information. In the financial market, the maximum price that investors are willing to pay for a financial asset is actually the current value of future cash payments that are discounted at a higher rate to compensate for the uncertainty in the cash flow projections. Therefore, investors trade information as a commodity in financial markets. All assets will be appropriately priced in the market offering optimal reward to risk. Hence, in an efficient market an optimal investment strategy will be to concentrate on risk and return characteristics of the asset and/or portfolio. However, if the markets were not efficient an investor would be better off trying to spot winners and losers in the market and correct identification of miss-priced assets to enhance the overall performance of the portfolio.

In 1965 Nobel prize winner Paul Samuelson supported the efficient market hypothesis and endorsed the concept of random walk. Fama (1965) defined the term efficient market as one in which security prices fully reflect all available information so that old information cannot be used to foretell future price movements. As an extension of the EMH he re-endorsed the Random Walk Theory which states that stock prices are absolutely independent and they cannot form a proper base for taking an investment decision. The random walk model of asset prices is an extension of the EMH, as are the

notions that the market cannot be consistently beaten, arbitrage is impossible and free lunches are generally unavailable.

There exist three versions of EMH depending on the level of available information. The weak form, semi strong form and strong form. The weak form of the Random Walk Theory suggests that future prices cannot be predicted by analyzing the prices from the past. The semi strong form EMH states that all publicly available information is similarly already incorporated into asset prices. In other word, all publicly available information is fully reflected in a security's current market price. The public information includes not only past prices but also data reported in a company's financial statements, company's announcement, economic factors and others. It implies that no one should be able to outperform the market using something that everybody else knows. This indicates that a company's financial statements are of no help in forecasting future price movements and securing high investment returns. The strong form EMH stipulates that private information or insider information too is quickly incorporated by market prices and therefore cannot be used to reap abnormal trading profits. Thus, all information, whether public or private, is fully reflected in a security's current market price. That means, even the company's management (insider) are not able to make gains from inside information they hold. They are not able to take the advantages to profit from information such as take over decision, which has been made ten minutes ago, as dissemination of information is immediate. A large amount of research exists on the

EMH in developed countries however not much work exist in developing capital markets especially in the Indian context. As the stage of the market whether weak, semi-strong or strong has important implications for investors, it becomes necessary to study the EMH theory in the Indian context fund managers and analysts. The present paper is an attempt to study the Random Walk Theory with respect to scrips in S&P CNX Nifty Index to identify whether it is weak form efficient or not.

2. OBJECTIVES OF THE STUDY

The movement of the stock market provides an insight to investors who buy and sell shares and securities with the aim of making profits. The present study tests the market efficiency of the Indian Capital Market in its weak form of Efficient Market Hypothesis (EMH).

The objectives of the study are:
   i.   To examine the pattern of the movement of share prices in the Indian Stock market, i.e., whether they move in an independent manner or not.
   ii. To test whether the Indian Capital market follow random walk model or not.

3. HYPOTHTSIS

Runs test is used in the random-walk model because the test ignores the properties of distribution. The null and alternative hypotheses for weak-form market efficiency test are;

H0: Indian stock market's price indices follow a random walk, i.e. Indian stock markets are weak-form efficient; The S&P CNX Nifty Index stock prices do not follow a random pattern.

H1: Indian stock market's price indices do not follow a random walk, i.e. Indian stock markets are not weak-form efficient; The S&P CNX Nifty Index is not weak form efficient.

4. IMPORTANCE OF THE STUDY

The concept of efficient market hypothesis (EMH), which suggests that "an efficient market impounds new information into prices quickly and without bias," is of prime importance to the accounting field for determining the managers' performance and the effectiveness of having fully disclosed financial statements. EMH stakeholders can determine the effectiveness of the appointed management by observing the stock price. "In major stock markets...a rational consensus will be reached as to the share prices which best reflect the prospects for future cash flows..." In an efficient stock market, information disclosure is a key requirement. If the managements want the stock market to correctly value the company's shares, they must ensure that they provide sufficient information in a timely manner to allow the market to do so. The concept of EMH is important to the accounting world because it provides a feedback measure to manager performance

and displays the effectiveness of full disclosure on financial statements.

This study will be useful to the investors, Brokers, Stock market regulators, students of finance specialization and many other participants of capital market in India.

5. REVIEW OF LITERATURE

A run is defined by **Siegal (1956),** as a succession of identical symbols which are followed or preceded by different symbols or no symbol at all. The number of runs is computed as sequence of the price changes of the same sign (such as; ++, _ _, 0 0). When the expected number of runs is significantly different from the observed number of runs, the test rejecst the null hypothesis that the daily returns are random.

Fama (1965) propounded his famous efficient market hypothesis for US securities, a number of empirical research have been carried out to test its validity, mainly in the developed countries with booming financial markets **(Summers, 1986; Fama and French, 1988; Lo and Mackinlay, 1988).** Fama classified stock market efficiency into three forms. They are namely 'weak form', 'semi-strong form' and 'strong form'. The classification depends upon the underlying assumptions relating to information set available to market participants. Each set of information here is more comprehensive than the previous one. Weak Form Efficient Market Hypothesis, which is also known as Random Walk Hypothesis (RWH) states that present prices of securities fully reflect information contained in the their historical price.

Therefore, the best predictor of the future price is the present price. **Fama (1991)** renamed the market efficiency studies into three categories. The first category involves the tests of return predictability; the second group contains event studies and the third tests for private information.

Cootner (1962) on testing the weak form efficiency on the developed stock markets generally agreed with the weak-efficiency of the market considering a low degree of serial correlation. **Porterba and summers (1988)** confirmed the presence of mean reverting tendency and absence of random walk in the **U.S. Stocks. Lo and McKinney (1988)** proposed variance ratio test to test random walk hypothesis. Their findings provided the evidence against random walk hypothesis for the entire sample period of 1962 to 1985.

Fama and French (1988) discovered that forty percentage of variation of longer holding period returns were predictable from the information on past returns for U.S. Stock markets. **Cambel (1991)** used variance decomposition method for stock return and concluded that the expected return changes in persistent fashion. **Kim, Nelson and Startz (1991)** examined the random walk pattern of stock prices by using weekly and monthly returns in five Pacific-Basin Stock Markets. They found that all stock markets except Japanese stock market did not follow random walk. **Pope (1989)** noted that the traditional tests of random walk model such as serial correlation and Runs Test are susceptible to

error because of spurious autocorrelation induced by non-synchronous trading.

Shiller and Perron (1985) and summer (1986) have shown that such tests have relatively little power against interesting alternative hypothesis of market efficiency. **Culter, Porterba and summer (1990)** found evidence of the mean reversion and Predictability of the US stock market return. **David Walsh (1997)** employed variance ratio test to test the null hypothesis of random walk in the Australian Stock Exchange covering various sampling intervals and data period during January 1980 to December 1995. His result suggested that many indices of the stock exchange returned to random walk during October Crash 1987.

As defined by **Poshokwale,(1996),** a lower than expected number of runs indicates market's overreaction to information, subsequently reversed, while higher number of runs reflected a lagged response to information; either situation would suggest an opportunity to make excess returns. The Runs Test converts the total number of runs into Z statistic. For large samples the Z statistic gives the probability of difference between the actual and expected number of runs. The Z value greater than or equal to ± 1.96 rejects the null hypothesis at 5% level of significance (Sharma and Kennedy, 1977). **Madhusudan (1998)** found that NSE nifty and national indices did not follow random walk. Using correlation analysis on monthly stock returns data over the period January 2009 to November 2012, **Olowe (1999)** shows that the Nigerian stock market

is weak form efficient. **Bhanu Pant and T.R.Bishnoy (2001)** analyzed the behaviour of the daily and weekly returns of five Indian stock market indices for random walk during April 1996 to June 2001.They found that Indian Stock Market Indices did not follow random walk.

Shigguang Ma and Michelle Barnes (2001) tested both Shanghai and Shenzen stock market for efficient market hypothesis using serial correlation, runs and variance ratio test to index and individual share data for daily, weekly and monthly frequencies and found that Chinese stock markets were not weak form efficient. **Osei (2002)** investigated the asset pricing characteristics and response to annual earnings announcement of the Ghana Stock market. He concluded that Ghana Stock Market is not efficient with respect to annual earnings information releases to the Ghanian Market. **Madhumita Chakraborty (2006)** investigated the stock price behaviour using daily closing figures of Milanka Price Index during January 1991 to December 2001 and daily closing prices of twenty-five underlying individual companies included in the index from July 1991 to May 1999. The study found that stock market in Srilanka did not follow random walk, while results of weak form efficient market hypothesis in twenty-five companies showed mixed outcome**. Daniel Simon and Samuel Laryea (2006)** examined the weak form of efficient market hypothesis for four African stock markets-Ghana, Mauritius, Egypt and South Africa. Their results implied that South African market was weak form

efficient, whereas that of Ghana, Mauritius and Egypt were weak form inefficient.

6. RESEARCH METHODOLOGY

6.1 Data

The data analyzed in this paper has been collected from a wide range of reliable sources. The data has been collected basically from the official website of NSE i.e., www.nseindia.org. The Data consists of daily closing prices of eight major companies of India from 1st January 2009 to 31st December 2012.

6.2 Methodology

The study seeks to test the weak form market efficiency test of Indian Capital market especially by employing Runs Test. Since the test of weak form of EMH, in general, has come from the random walk literature, this project investigates whether or not successive price changes were independent of each other.

Runs Test: Runs test is a non-parametric test. It depends only on the sign of the price changes but not on the magnitude of the price. It does not require the specification of the probability distribution. It depends only on the sign of the price. They are essentially concerned with the direction of changes in the time series. The main drawback of using Runs Test that it could not detect the amount of change from mean because it only looks at the number of positive or negative changes. By comparing the total number of runs in the data with the expected number of

runs under random walk hypothesis, the test of the random walk hypothesis may be constructed. Positive Z indicates that there are too many runs in the sample, negative value of Z indicates that there are less runs than one would expect if the changes were random. The important advantages of this test are its simplicity and independence of extreme values in the sample.

In order to compare the observed number of runs in the series, the expected number of runs is calculated according to the formula. The standardized Z is defined as:

Runs Test $Z = \dfrac{R-X}{\sigma}$

R= number of runs

$\overline{X} = \dfrac{2\,n_1 n_2 + 1}{n_{1+}\, n_2}$

$\sigma^2 = \dfrac{2\,n_1 n_2\,(2\,n_1 n_2 - n_1 - n_2)}{(n_1 + n_2)^2\,(n_1 + n_2 - 1)}$

Where, R is the real number of runs

$n_1 + n_2$ = number of observations in each category

σ = standard deviation

Z= Standard normal variate

7. DATA ANALYSIS

The companies which have been taken into account are Reliance industries, Infosys, ITC, ONGC, NTPC, SBI, Wipro and TCS. Table 1 describes the total number of positive observation, total number of negative observation and the total number of runs from 1st January 2009 to 30th November, 2012.

TABLE 1: NUMBER OF RUNS IN THE PERIOD 1ST JANUARY, 2009 TO 30ST NOVEMBER, 2012

S.No	Company	Total No.Of Runs (R)	Total No. of Positive Observation(N1)	Total No. of Negative Observation (N0)
1	Reliance Industries	501	461	511
2	Infosys	485	505	468
3	ITC	484	509	462
4	ONGC	492	475	499
5	NTPC	504	471	503
6	SBI	456	510	462
7	WIPRO	496	525	447
8	TCS	473	499	473

Source: Compiled from MS Excel

As shown in the formula n1 stands for positive observations and n0 indicates negative observations. NTPC is having the highest runs in this period; Wipro is showing the highest positive observations while Reliance Industries is showing the highest negative observations.

Table-2 depicts the calculated Z-value and P-values which are quite significant to investigate the randomness and efficiency of stock market.

Table 2: Z Values of Companies under Observation

S.No.	Company	Z-Value	P- Value
1	Reliance Industries	0.9836	0.837344
2	Infosys	-0.1154	0.454064
3	ITC	-0.0876	0.465097
4	ONGC	0.276	0.608726
5	NTPC	1.061	0.855655
6	SBI	-1.9186	0.027517
7	WIPRO	0.7836	0.783362572
8	TCS	-0.8767	0.190324803

Source: calculated and complied with Excel

According to the probability theory, 95 per cent of the area under normal curve lies within $\pm$ 1.96 standard deviation of the mean. All the companies that have been studied are having z values within the area. This implies that the runs have been occurred by chance. The results show (table-2) that all the companies show a weak form

of market efficiency. P-values are the normal distribution of z values which states the likelihood of happening. These values also support the weak form efficiency.

8. CONCLUSION

The behaviour of stock market returns is a central issue to the theory and practice of asset pricing, asset allocation, and risk management. The supporters of the efficient market hypothesis (EMH) claim that stock price indices are basically random and as such any speculation based on past information is fruitless. The EMH, especially its weak-form, has been subject to intensive empirical research and the empirical studies around this area in developed and emerging markets are enormous. The ability of equity markets to play their critical role in channeling funds, a strong motivation to further investigate the weak-form informational efficiency of stock exchanges in African emerging markets arises. This study has addressed the subject by testing the Random Walk Hypothesis and to some extent tries to formulate hypothesis by taking into account the daily prices of eight stocks.

More specifically, practitioners claim that "*the inadequate information flow into the stock market, the inefficient communication system, the inadequate understanding of financial information by local investors, the inadequate skills among some stockbrokers, the low level of automation and the interference of regulatory authorities in the determination of assets' prices*" are all

problems that hamper the Indian stock market from being information efficient, at least in the weak form.

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A Study on Women's Dress Preferences in Buying Decisions Based on Lifestyle and Age in NCR

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Abstract: *This study has been carried out to know the women's dress preferences and how the dress preferences are associated with lifestyle and age. For the study sample of 120 women was interviewed using structured questionnaire. The study has been carried out in NCR (Northern Capital Region) in the month of November-December 2011. Chi-square test, factor analysis and correlation technique is used to analyze the responses of the respondents. It is concluded in the study that though women are adopting western culture, the salwar kurta is still the most preferred dress and that no significant relationship is found between age and dress preferences of women.*

Keywords: *Dress Preference, Lifestyle, Fashion, Apparel*

1. INTRODUCTION

The women's ethnic wear market comprising sarees, salwar kameez dupatta and ethnic suits is estimated to be Rs 45,000 crore. Ethnic wear comprises 70 per cent of the total women's wear market and is likely to grow at 11-12 per cent annually (Technopak Advisors, 2011). In spite of growth of western wear, Indian ethnic wear still holds a strong shelf space in a women's wardrobe. Ethnic wear will continue to be a strong segment since a large number of women in India still prefer it to western wear. With more and more women going to work, salwar kameez/ethnic suits are preferred by them for comfort and ease of wearing.

The ethnic wear segment is largely dominated by unorganized players. While each region has strong local players, there are few brands with a pan-India presence — for instance, Fabindia, W, Biba, Anokhi, Bandhej, and Meena Bazaar. Retailers such as Westside, Shoppers Stop, Lifestyle, Reliance and Big Bazaar have partially filled this gap and helped to evolve ethnic wear from a tailor-stitched to a ready-to-wear category. There is an opportunity in this segment for launching ethnic wear brands with pan-India presence. There is a huge potential in contemporizing traditional work from various regions and creating Indo-western apparel specifically targeted at younger working women.

1.1 India Fashion Industry

In the 50s, 60s and 70s, the Indian fashion scenario wasn't exactly colorless. It was exciting, stylish and very graceful. There were no designers, models, star or fashion design labels that the country could show

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off. The value of a garment was judged by its style and fabric and not by who made it.

It was regarded as ever so chic and fashionable to approach any unfamiliar tailor, who could make a garment for a few rupees, providing the perfect fit, finish and style. The high society lady who wore it was proud of getting a good bargain and for giving her name to the end result.

In 60s, tight 'kurtas', 'churidars' and high coiffures were a trend among ladies. It was an era full of naughtiness and celebration in arts and music and cinema, manifested by liberation from restriction and acceptance of new types of materials such as plastic film and coated polyester fabric.

The 70s witnessed an increase in the export of traditional materials outside the country as well as within. Hence, international fashion arrived in India, much before the MTV culture, with bold colors, flower prints and bell-bottoms. Synthetics turned trendy and the disco culture affected the fashion scenario.

It was in the early 80s when the first fashion store 'Ravissant' opened in Mumbai. At that time garments were retailed for a four-figure price tag. The '80s was the era of self consciousness and American designers like Calvin Klein became popular. In India too, silhouettes became more masculine and the 'salwar kameez' was designed with shoulder pads.

With the evolution of designer stores in Mumbai, the elegant fashion design culture was a trend among Indians along with their heavy price tags. No doubt that a garment with a heavy price tag was at the bottom stage of fashion. But clients immediately transformed into the high fashion fold where they were convinced that the word 'elegant fashion design culture' meant it had to have a higher price tag.

Later, fashion shows shifted to competitive events each attempting to out-do the other in theme, guest list and media coverage. For any newcomer, the fashion business was the number one professional art that time.

In the 90′s, the last decade of the millennium, a move towards the drastic pairing down returned with ethnic wears (Today, ethnic wear market in India is accounted to Rs. 9000 crore). This led to the decline, recession and the push to sell at any cost and keep staying in the limelight. With heavy cut throat competition and sound awareness of the client, the inevitable occurred. The price tags, which had once reached a peak, began their downside journey.

At those times the downturn was not only being experienced in the price tags of the garments, but also in the business of fashion shows. More models, choreographers, make-up men, hairstylists and designers streamed down into their business.

The fun and party time in the Indian fashion scenario had not ended with this but

continued. It was a point where it reached a certain steady level and from there, in the beginning of the 21st century, with new designers and models and some sensible designing; the fashion hype accelerated its speed.

For the global fashion industry, India is a very big exporter of fabrics and accessories. All over the world, Indian ethnic designs and materials are considered as a significant facet for the fashion houses and garment manufacturers. In fabrics, while sourcing for fashion wear, India also plays a vital role as one of the biggest players in the international fashion arena. India's strengths not only depend on its tradition, but also on its raw materials. World over, India is the third largest producer of cotton, the second largest producer of silk and the fifth largest producer of man-made fibers.

India has always been considered as a default source in the embroidered garment segment, but the changes of rupee against dollar has further decreased the prices, thereby attracting buyers. So the international fashion houses walk away with customized stuff, and in the end crafted works are sold at very cheap rates.

2. LITERATURE REVIEW

Ruby Hain (2011) explores the relationship of general values and clothing behavior. The study was carried out at college and university students from two different streams: Home Science and Commerce. Results indicate that students in general place economic value on top and do not show any difference as regards to economic and aesthetic values irrespective of the field they belong to. But educational background does make an impact on clothing behavior and this is reflected through their difference in clothing behavior related to economic value and social value. Another finding is that students who give very high importance to general social values exhibit socially influenced behavior through their clothing at a lower level.

Pathak and Tripathi (2009) made a study entitled "Customer Shopping Behaviour among Modem Retail Formats: A Study of Delhi & NCR". The Study is an exploratory research conducted in Delhi & NCR. It specifically focuses on customer shopping behavior in Indian scenario among the modern retail formats (Sumathi, 2003). On the basis of primary as well as secondary research the authors note that retailers often overlook the schemes and offerings expected by the customers and tried to impose their own offerings upon customers which ultimately cause dissatisfaction (Fornell *et al.*, 2006; 2009). It is also observed that in the changing retailing environment, understanding the psyche of a customer is critical for success in retailing. Aggregate level picture may be misleading as it averages the beats and the valleys. Hence, individual understanding is desirable (Mishra, 2009). It is further stated that the

Indian customers have become more sensitive to quality, customer service and status. He/She is ready to pay, sometimes astronomical sums, provided their needs are satisfied. They are basically looking for an experience which is more of cognitive nature than physical (Biplab,1998).

Tias Chakraborty (2011) discusses - as more and more women enter the corporate sector and Indian businesses go global, western formal clothes have seen a great surge in demand. Retailers are known to research on the market trends to decide on their collections and it looks like women's western wear is likely to occupy the maximum shelves in the days ahead. Some of the major retailers have revealed that they have increased the ratio of western urban wear to ethnic wear to 50:50, keeping in mind the increasing demand of these clothes. Globalization of Indian businesses, which is a key growth driver in the retail industry, also demands women to wear clothes with an international touch. Market surveys indicate that though the women's wear market is dominated by traditional wear like sarees, kurtis and salwars, urban western apparel has shown rapid growth. Retailers have already understood the huge potential that the women's urban wear has in the Rs 65,000 crore women's wear industry.

Anuradha Shukla (**2010)** discusses how ethnic clothes have found a special place in women's wardrobe in the recent years and retailers are leaving no stone unturned to cash in on this trend. The ethnic wear market is expected to reach Rs 45,000 crore

by 2014. The burgeoning growth in this segment is attracting major apparel retailers such as Shoppers Stop, Future group's Pantaloon, Westside of Tata's retail arm Trent and W stores, which are also aggressively expanding into Tier II and Tier III cities. Despite the big influence of western wear, a majority of women still have a large representation of ethnic wear in their wardrobe for various occasions. In fact, the willingness to spend has increased all the more with different traditional and contemporary designs being offered**.**

Indrajit Basu (2007) discusses the fact that the saree is more or less disappearing as work-wear among the current generation of Indian women. As regular wear too the saree is fast shifting to a place where it is considered as a dress meant only for a family event or a special occasion. And even if the salwar kameez [another popular item of ethnic apparel] is still a favorite, that too is increasingly giving way to Western wear. Indian economy rumbles ahead harnessing the power of globalization that is not only improving the earning power of a large population of Indian woman but also changing their outlook toward life; ethnic women's wear in India, which as recently as two years ago was considered sufficiently deep-rooted in the culture to ward off any competition from foreign styles, is starting to face some serious rivalry from the styles of the West.

The Indian women today are stepping out to work and as they start getting financially independent they are exercising the freedom

to wear clothes that are easy to handle and maintain and more comfortable to wear instead of getting dictated by tradition. Industry players cite many factors behind this trend - including growth in the number of working women, hence higher purchasing power and prosperity among the average urban Indian - and, very importantly, the explosion of the retail sector in India that has led to innumerable outlets in every nook and corner of the country.

Alison Guy & Maura Banim (2000) explores the women's relationship with clothes within a range of theoretical discourses about fashion that utilize the concept of ambivalence. It argues that women have a dynamic relationship with their clothes that can be grouped around three co-existing views of self; 'The woman I want to be', 'The woman I fear I could be' and 'The woman I am most of the time'. These three views illustrate women's' attempts to achieve satisfying images as they engage with clothes to create, reveal or conceal aspects of their identity. A range of social constraints is evident but the accounts also reveal that the women often endeavor to challenge, subvert and rise above these constraints. Furthermore, these endeavors are likely to be experienced as pleasurable, making clothes selection and use a positive force in women's lives.

3.　RESEARCH OBJECTIVES

i. To study the trends in women's dress preference for both formal and informal dresses.

ii. To identify the demographic and purchase pattern related factor that influence the choice for formal and informal dresses

iii. To assess the various positive attributes for selecting the dress.

4.　RESEARCH DESIGN

The research design for the study being done is descriptive in nature. Quota sampling is used to collect the answers for questionnaires. Sample size of this research is 120 women of different age groups. Three different age groups (15-25 years, 25-35 years and 36 years & above) are taken of 40 numbers each. The data is collected with the help of a structured questionnaire. The questionnaire consisted of 11 statements for evaluating the lifestyle and attitude of women (refer to appendix I). The data for this study was based on the survey method, with the survey being conducted in NCR. SPSS (Statistical Package for the Social Sciences) is used to analyze the data. Statistical tools, namely Chi-square test, factor analysis and bivariate correlation is used in the study to examine the association separately for work dress and casual dress.

Collected data are to be presented in a two way classified form where one attribute is **dress preference**, the key attribute of the

study, and the other attributes are **lifestyle and age**. Two types of preferences have been considered, one is for casual dress and other is for formal dress.

5. ANALYSIS

The respondents were given a questionnaire pertaining to different issues related to women dress preferences in formal and casual wear. In order to check the relationship between the respondents' demographic attributes like age and their

lifestyle and the choice of dresses, the following analysis was carried out:

Dress preference for formal dress: Respondents were asked to give their preferences of various formal dresses like saree, trouser and blazer, salwar kurta and others (skirts etc).

TABLE 1: DRESS PREFERENCES FOR FORMAL DRESS

Different Dress	Frequency	Percentage
Salwar Kurta	52	44%
Saree	30	25%
Trouser & Blazer	28	24%
Other	10	9%

Table 1 show that 44% women preferred salwar kurta as their first choice of formal dress and then 25% of women preferred saree. It was good to notice that only 24% women preferred trouser & blazer in formal dress category.

Dress preference for casual dress: An analysis is also done to find out the preferences of women from different dresses like Jeans & T-shirts, salwar kurta and others (skirts etc.) for casual dress

TABLE 2: DRESS PREFERENCES FOR CASUAL DRESS

Different Dress	Frequency	Percentage
Salwar Kurta	64	53
Jeans & t-shirts	38	45
Others	18	15

Table 2 reveals that in case of casual dress 53% women given their preference to salwar kurta as their first choice and then 38% women preferred jeans and T-shirts. Only

15% women preferred other dresses like skirts, capri etc.

Dress Preference for formals dress versus different age groups: Table 3 highlights the

relationship between the preferences of dress according to the age group of women's.

TABLE3: DRESS PREFERENCES FOR FORMAL DRESS VERSUS AGE GROUPS

Dress Preference	Age groups of the Respondents			
	15-25	26-35	36& ABOVE	Total
Saree	2	10	18	30
Salwar Kurta	13	19	20	52
Trouser & Blazer	13	7	7	28
Others	5	4	1	10

Hypothesis Testing

H_0: Dress preference for formal dress is not associated with lifestyle and age.

H_1: Dress preference for formal dress is associated with lifestyle and age.

TABLE 4: CHI SQUARE TEST

	Value	Df
χ^2 Calculated Value	7.933	6
χ^2 Critical Value	12.592	

Table 4 reveals that the calculated value of x2 value is less than the tabulated value (i.e. 12.592 for 6 degree of freedom at 5% level of significance). Therefore, we accept the null hypothesis 'Dress preference for formal dress is not associated with lifestyle and age'.

Further analysis is done to understand the relationship between AGE and CASUAL DRESS PREFERENCE of women in case of casual dress.

TABLE5: DRESS PREFERENCE FOR CASUAL DRESS VERSUS AGE GROUPS

Age groups　　　　　Dress Preference	15-25	26-35	36 & Above	Total
Salwar Kurta	13	20	31	64
Jeans & T Shirts	22	16	8	38
Others	5	4	9	18

TABLE 6: CHI SQUARE TEST

	Value	Df
χ^2Calculated Value	10.933	4
χ^2Critical Value	9.488	

Above Table reveals that calculated χ^2 value is more than the tabulated value (i.e. 9.488 for 4 degree of freedom at 5% level of significance). Therefore we reject the null hypothesis. Hence, it can be concluded that dress preference for casual dress was associated with age and lifestyle.

5.1 Factor Analysis

Factor analysis is done to understand the lifestyle of women and to find out the important factors that are selected by respondents for purchasing the dresses.

Table 7: KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.694
Bartlett's Test of Sphericity	Approx. Chi-Square	91.660
	df	55
	Sig.	.000

From the above table, we can interpret Bartlett's test of sphericity (Approx. Chi-Square = 91.660, df=55, P<.05) is significant implying that the variables are correlated in the population so that further data reduction is necessary. The value (.694) of Kaiser-Meyer-Olkin measure of sampling indicated that the factor analysis is appropriate.

Bartlett's Test of Sphericity

Ho: There is significant indifference of all the factors affecting purchasing behavior of the customers.

H1: There is significant difference of all the factors affecting purchasing behavior of the customers.

The observed significant level is 0.0000 which is less than .05, which is small enough to reject the hypothesis. It means there is a significant difference between the factors affecting decision of the women customers while purchasing the dress.

TABLE 8: TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.960	26.912	26.912	2.960	26.912	26.912	2.851	25.917	25.917
2	2.080	18.906	45.819	2.080	18.906	45.819	1.965	17.861	43.778
3	1.659	15.077	60.896	1.659	15.077	60.896	1.883	17.118	60.896
4	.982	8.929	69.825						
5	.915	8.318	78.144						
6	.731	6.645	84.789						
7	.576	5.237	90.025						
8	.390	3.545	93.571						
9	.336	3.056	96.627						
10	.267	2.427	99.054						
11	104	.946	100.000						

Extraction Method: Principal Component Analysis

The extracted components explain nearly 60.896% of the variability in the original 11 variables, we can considerably reduce the complexity of the data components, set by using these with helps of components matrix.

TABLE 9: COMPONENT MATRIX

	Component		
	1	2	3
I like new,fancy and trendy things	.652	.202	-.546
I like shopping	.746	.137	-.145
I prefer to color my hair	.620	.006	.016
I prefer to watch MTV and English channels	.385	-.633	-.465
I pay attention to both domestic and foreign political situations	.539	-.486	.479
I think it is very important to pass down the culture	.531	.177	.426
I often read books and magazines to absorb knowledge in my leisure	.264	-.561	.482
I like dresses, which are comfortable and can be maintained in journey	.717	.334	.040
Price is the most important factor while buying a dress	.065	.478	-.426
I will choose a dress according to my living environment	.492	.416	.250
I prefer to watch family soaps	-.211	.725	.483

Above table reports the factor loading for each variable on the unrotated components or factors. Each number represents the correlation between the item and the unrotated factor. This correlation helps to formulate an interpretation of the factors or components. This is done by looking for a common thread among the variables that have large loadings for a particular factor or components.

i. The 1st component is most highly correlated with statements 2,8,3,1. Named as "Convenience". The most significant factor that determines the convenience and their likings of the customers while purchasing the formal and casual dress.

ii. The 2nd component is overloaded by three statements 11, 4, 6 .The second factor can be called the "Entertainment". Sometimes the customer gets influenced by the celebrity or media for purchasing or preferring the dresses for formal or casual wear.

iii. The 3rd component is overloaded by only statement 9 and named as "Price". It is concluded that customers also given proper importance to this factor for purchasing the dresses.

6. CONCLUSION

Trends in the apparel industry are changing rapidly and marketers are not always certain how the market will accept the latest trend. A new trend can sometimes turn out to be no more than a fad – a very short lived trend and in that case retailers and manufacturers would lose money. Other trends turn out to be classics, where the demand grows and stabilises. An understanding of female buying behaviour, and specifically of what women value when apparel purchase decisions are made, can be of great value to marketers.

The study focused on finding out the purchasing pattern for women dress preferences and their association with age and lifestyle. From the analysis, it can be concluded that there is no significant relationship between age and dress preference of the respondents. Though women are adopting western culture, salwar kurta is most preferred among formal dresses. For Casual dress, a significant relationship is found between age and dress preference of the respondents. '25-35 years' age group is more comfortable with western wear. But then salwar kurta is more preferred than any other dresses.

The study shows that there are three major factors that consumers prefer or consider for purchasing the dresses for formal or casual purpose. These factors include convenience, entertainment, and price. The knowledge of these factors is very useful for the retailers and the strategists to plan accordingly for customer retention and improving loyalty towards branded apparel. It has been found form the study that ethnic women's wear (mainly Salwar kurta) is an area that demands higher focus for better growth in future. Salwar kurta may be redesigned and marketed both as an office-wear and as a casual travel wear.

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ANNEXURE-I
Questionnaire

1. **From Statements 1 -11, rate on a scale of 1-5, 5 being strongly agree, 4 being agree, 3 as neither agree nor disagree (neutral), 2 being disagree and 1 as strongly disagree**.

Statements	1	2	3	4	5
1. I like new, fancy and trendy things					
2. I like shopping					
3. I prefer to color my hair					
4. I prefer to watch MTV and English Channels etc.					
5. I pay attention to both domestic and foreign political situations					
6. I think it is very important to pass down the culture.					
7. I often read books and magazines to absorb knowledge in my leisure.					
8. I like dresses, which are comfortable and can be maintained in journey					
9. Price is the most imp factor while buying a dress					
10. I will choose a dress according to my living environment.					
11. I prefer to watch family soapsfor latest trends.					

2. Rank the following dresses from 1 to 4, with 1 being most preferred and 4 being least preferred for formal dress**.**

Formal Dresses	Rank
Saree	
Salwar kurta	
Trouser and blazer	
Others; Specify	

3. Rank the following dresses from 1 to 3, with 1 being most preferred and 3 being least preferred for casual dress.

[34]

Casual Dresses	Rank
Salwar kurta	
Jeans and T-shirt	
Others; Specify	

4. In which age group do you belong?
    a) 15-25 years
    b) 26-35 years
    c) 36 and above years

5. Which group best identifies your family's monthly income?
    a) Less than Rs. 30,000 per month
    b) Rs. 30,000-50,000 per month
    c) Above Rs. 50,000 per month

Name-   Profession-

An Experiential Study on Buying Behaviour of Rural Consumers of Fake Brands

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Dr. Nimesh Joshi**
Dr. Madhusudan Pandya***

Abstract: *According to Insurance Regulatory Authority of India [IRDA] & National Council of Applied Research [NCAER] a village with a population of less than 5,000 with 75 percent of the male population engaged in Agriculture is regarding as rural village. The Indian rural market has gained significance considering its influence in determination of the overall economic growth of Indian economy and living standards of the rural people. Rural Marketing has been described as any marketing activity in which one dominant participant is from a rural area, which implies that it mainly consists of offerings to the rural consumers. The key reasons for the prevalent upswing in the rural market can be attributed to the increase in population and hence increase in demand, a marked increase in the rural income due to agrarian prosperity, improved inflow of investment for rural development programmes from Government and other sources resultant into changes in their buying behaviour for products and services, etc. It is crucial for businessmen and especially marketers to understand buying behaviour and nature of change in the consumption pattern of the rural consumers, who too have learnt to buy branded products, as their aspirations and expectations as well have remarkably gone up because of improved communication, connectivity, and interactivity, which is largely due to rise of organized retailing coupled with improved performance of basic as well as social infrastructure of Indian economy.*

At present, 53 percent of all Fast Moving Consumer Goods [FMCG] products and 59 percent of all consumer durables are being sold in rural India. The biggest FMCG Company in India, HLL, derives more than half of its Rs. 12,000 Crores revenues from the rural markets. One, therefore, finds presence of popular brands such as Amul, Colgate, Parle Biscuits, Fair & lovely fairness cream, etc., in rural markets. Interestingly, one also finds rise of fake brands to this original brands sold by a group of manufacturers who produce cheap versions of the original brands. Fake brands can be divided into two broad categories - Counterfeit Products and Pass-Off Products.

An attempt has been made in this research paper to examine selected rural consumers' awareness regarding fake products, their sources of information, reasons for buying of fake products, buying preferences for fake products versus branded products, frequency of buying
of fake products, location from where they buy fake products as well as their overall experience that is Satisfaction/Dissatisfaction in buying of fake products and post-purchase buying behaviour. The collected data have been tabulated and analysed using SPSS 15 to provide results as well as also to offer findings and its implications on selected criteria having crucial socio-economic relevance and rural marketing practices.

Key Words: *Rural Marketing, Rural Consumption, Fake Brands, Buying Behavior*

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INTRODUCTION:

Rural India accounts for 70 percent of India's population, 56 per cent of the National In come, 64 of the total expenditure and one-third of the total savings. As per the National Sample Survey [NSS] Household Consumer Expenditure in India 2009-2012 released in July, 2012, the average Monthly Per Capita Expenditure [MPCE] in 2009-2010 was estimated at RS.1053.64 in rural India and Rs.1,984.46 in urban India[1]. As more and more companies look to rural markets for growth and revenues, present-day marketers and managers need to understand the rural set-up and the fundamentals of rural marketing.[2] Rural Marketing has been defined as any marketing activity in which one dominant participant is from a rural area.[3] It has been referred as selling of rural products in rural and urban areas and especially agricultural inputs in rural markets and often called as agricultural marketing.[4] According to the National Council of Applied Economic Research (NCAER), rural markets are growing. Incomes in rural India are growing faster than urban incomes, even though in absolute terms they continue to trail behind urban incomes by about 40 per cent. The total number of households with income over Rs. 10 lakh from four Million in 2001-2002 to 21 Million by 2009-2010, and 22 to 23per cent of these from rural India[5]. As per the National Council for Applied Economic Research (NCAER) study, there are as many 'middle income and above' households in the rural areas as there are in the urban areas. There are almost twice as many Lower

middle income' households in rural areas as in the urban areas. At the highest income level, there are 2.3 Million urban households as against 1.6 Million households in rural areas. 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, the same is expected to grow from 46 Million to 59 Million. Thus, the absolute size India is expected to be doubles that of urban India.[6] The Indian FMCG sector, with a market size of US$ 25 Billion (2007–08 retail sales), constitutes 2.15 per cent of India's GDP.A well-established distribution network spread across six Million retail outlets including two Million in 5,160 towns and four Million in 627,000 villages, low penetration levels, low operating costs and competition between the organized and unorganized segments are key characteristics of this sector.[7]

REVIEW OF LITERATURE:

One finds in over 113 look-alike of its leading fairness cream that is Fair & Lovely. Counterfeit consumer goods knock-offs in colloquial language are defined as goods that infringe the rights of the holder of a trade mark by displaying a trade mark which is either identical to a protected trade mark or by using an identification mark which cannot be distinguished in its essential aspects from such trade mark.

To illustrate, Vicks, Axe, Ariel, Parachute, Johnson's Baby Powder, Clinic Plus, Dove, Lux, Colgate, Pears, Fair & lovely, Coldarin are just a few of the brands that are affected

by pass-offs and counterfeits. Sunslik instead of Sunsilk, Clemic Plus or Climic Plus or Cosmic Plus instead of Clinic Plus, Collegiate for Colgate, Vips Rub or Vives Rub as a pass-off for Vicks Vaporub. There are over 113 look-alike of its leading fairness cream, Fair & Lovely [http://www.business-standard.com].

Counterfeits are the infringement of trademarks and copyrights, duplicate/fake products are passed off as products of the company.Pass-offs is look-alike products that resemble the original products, mainly through misspelling of the trademark. For example, [http://en.wikipedia.org].According to industry insiders, unofficial estimates leading Multi-National Companies [MNCs] such as Hindustan Unilever Limited [HUL] suffered a loss around 2 per cent of its global turnover to counterfeit products. In India, the companies could end up losing around 5 to 7 per cent of its turnover to counterfeit products. [http://www.expressindia.com]. The most popular and easily counterfeit products available in the market are viz., Watches, Clothes, Shoes, Cosmetic Products and Electronic Items. According to the Associated Chambers of Commerce and Industry in India, the fake products sale is likely to reach Rs.550 Billion ($9.9 Billion) in the year 2013. Delhi is the place which counts the most for fake products. The Chinese phones that flock the Indian market are no less of a nuisance to the popular brands of handsets such as Nokiaand, Samsung. Most of the Chinese touch screen phones costs around Rs.1,500, which is almost half the price of the original brand. ThePharmaceutical Drugs and Software Products also do not lag behind. [http://www.thesoftcopy.in].

An attempt has been made by researchers to share findings of few empirical studies that have been carried out on the chosen area of this research study as follows.

- An increasing consumption trend of counterfeit goods in the countries of CEE(Central And Eastern Europe) and on the consequences for the Global market. Counterfeiting is no longer typical only for the luxury market, where branding together with genuine source play a crucial role and the business of top luxury has been rising during the crisis. New categories of counterfeit goods are continually emerging including Electronics and Computer Parts, Pharmaceuticals, and even FMCG such as Food, Beverages or Cosmetics(Kasl Kollmannová, D, 2012).[8]

- In a research study undertaken by Kambiz Heidarzadeh Hanzaee, Sara Ghafelehbashi [2012] which aimed at examination of Counterfeit Branded Products (CBP) & Consumer Behaviour with a focus on the effects of product knowledge, product involvement, and consumers' perceptions of CBP as well as the interaction between these variables and consumer purchase

intention of counterfeit branded products (CBP). Their finding indicated a negative relationship between product knowledge and consumers' perceptions of CBP mediated the relationship between product involvement and purchase intention of CBP was mediated by consumer's perception of counterfeit branded products.

Product involvement moderated the relationship between Consumer's Perceptions of counterfeit branded products and purchase intention of CBP.[9]

- Jung-Min Han, Hyeon-Jeong Suk, Kyung-Won Chung [2010] had attempted to identify differences in consumers' pursued values when purchasing counterfeit luxury products using questionnaire and interview data. As brand names and brand logos of luxury goods significantly influence to customer buying behaviour, this study focused on logos, an important element of brand and design. It was found that people's preference in non-logo-exposed products does not correlate with actual purchase.[10]

- Shih-I Cheng, Hwai-Hui Fu, Le Thi Cam Tu [2011]conducted study at Vietnam to examine factors affecting consumer purchase intention for counterfeit products. Its results indicated that subjective norms exert the greatest impact on customer intention to purchase counterfeits,

while additional factor of perceived financial control negatively affects intentions.[11]

- T.Vetrivel and L.Manivannan,, [2011] examined the relationship of awareness of urban and rural consumers towards branded products and the fake products and also the relationship of purchase behaviour with both branded and fake products for selected product category amongst form the various set of consumers. The study recommended to spent more money on brand building for rural market and efforts to curb the menace for fake product category.[12]

- Theodore Kelesidis et al [2007] concluded that there is growing universal concern regarding counterfeit medications.The problem with fake and suboptimal medications got worse with the advent of the World Wide Web; a significant proportion of medications that are sold through Internet pharmacies are counterfeit.[13]

RESERCH METHODOLOGY

An empirical research study therefore was undertaken using structured questionnaire to understand the relationship between the fake products and the associated buying behaviour for which primary data were collected from the 115 Final Year Degree Students belonging to the urban and the

rural population who were pursuing BBA and BCA at the Kadakia College, Ankleshwar were conveniently drawn in the contact hours. The questionnaire was pre-tested with the help of faculty members and students. Out of the total 150 questionnaires that were distributed, finally, 115 responses were considered for data analysis and interpretations using SPPS 15.The use of descriptive statistics has been made and Chi-square test was applied to test the selected hypothesis. ***An attempt has been made also to develop a Structural Equation Model to graphically present the relationship between related observed variables.***

PROFILE OF THE RESPONDENTS

Out of total number of 71 respondents 66 per cent of the respondents were males and 34 per cent were female in urban area and out of 44 respondents 77 per cent were males and 23 per cent were females in rural area respectively.

3 per cent were having 'Kachha House' and 97 per cent were having 'Pacca Home' in urban area whereas in rural area 5 per cent were having ''Kachha House' and 95 per cent were having 'Pacca Home' respectively. In case of monthly family income, 92 per cent were earning more than Rs. 10,000 and 8 per cent reported earnings of less than Rs. 10,000 in urbanized area whereas 16 per cent were earning less than Rs. 10,000, and only 84 per cent were earning more than Rs. 10,000 in rural area. All the 115 respondents were students who were pursuing BBA and BCA at the Kadakia College, Ankleshwar. 55 per cent of urban respondents agreed that s/he reads Gujarat Samachar; 40 per cent

favourably stated for the Times of India, and around 20 per cent reported reading of Divyabhasker and Gujarat Mitra; merely, 10 per cent expressed reading of the Economics Times. In case of rural respondents, 65 per cent reads Gujarat Samachar; 40 per cent reads Sandesh; 35 per cent reads Times of India and Divyabhasker and 15 per cent reads Gujarat Mitra.It implies that out of total number of 115 respondents (Rural & Urban) 60 per cent reads Gujarat Samachar; more than 36 per cent reads Times of India and Sandesh; 25 per cent reads Divyabhasker and 20 per cent reads Gujarat Mitra.More than 95 per cent of urban respondents owned Mobile,T.V., Motor Bicycle, Refrigerator, and 30 per cent owned Car as well as 18 per cent owned Microwave.In case of rural respondents, more than 90 per cent owned T.V., Mobile, Motor Bicycle, Refrigerator, and 22 per cent owned Car whereas13 per cent owned Microwave. Overall, more than 95 per cent of urban respondents own Mobile, T.V., Motor Bicycle, Refrigerator and 27 per cent owned Car and 16 per cent owned Microwaverespectively.

The research study revealed significant results based on data analysis of collected responses from both that is Rural & Urban Respondents as outlined in brief as follows.

Awareness and Actual Purchase of Fake Products:

The awareness regarding fake products among urban respondents was found as around 60 per cent in case of Biscuits, Chocolates, Mobile Handset, 55 percent were aware of Shoes, Bottled Water, Cold

Drink. More than 40 per cent were aware of Shampoo Pouch, Ready-made Cloths, Electric Items, Hair Oil, Duplicate Medicine, Belts, and Milk/Dairy Products. In case of the awareness of fake products amongst the rural respondents, around 70 per cent of the respondents are aware about Biscuits, Chocolates, 60 per cent were found aware for the Readymade Cloths, Shoes, Bottled Water, Electric Items, Hair Oil, Cold Drink, Mobile Handset, Duplicate Medicine, Milk/Dairy Product, and 55 percent are aware of Shampoo Pouch, Belts. For the Purchase / Awareness ratio, it was found as around 5 per cent for urban respondents who had purchased fake products viz., Readymade Cloths, Shoes, Bottled Water, and Mobile Handset, And in case of rural respondents, too the figure of 5 per cent was found for the purchases of fake products viz., Readymade Cloths, Electric Items, Cold Drink, Belts, Shampoo Pouch, Chocolates, Shoes, Hair Oil.

Sources of Information: For the urban respondents, sources of information for buying of fake products is for three major sources preferred media (39%), preferred friends (35%), & own source (26%). The preferences of rural respondents revealed preferred friends (64%), preferred media (43%), & relatives (40%) respectively.

Reasons for Buying: The major three reasons for buying fake products were found as similar among both the type of respondents that is rural & urban respondents that included emergency purchase, low price and easier availability of fake products in the market.

FINDINGS OF THE RESEARCH STUDY

The study yielded following key findings based on application of chi-square test in testing of selected formulated hypothesis as follows.

Hypothesis No. 01: "An average opinion of selected urban respondents on selected criteria used to measure their experience from fake products is equal."

It was concluded that an average opinion of selected urban respondents on selected criteria used to measure their experience from fake products is not equal. It means urban respondents gave different importance to different factors while evaluating fake products.

Hypothesis No. 02: "An average opinion of selected rural respondents on selected criteria used to measure their experience from fake products is equal."

It was concluded that an average opinion of selected rural respondents on selected criteria in case of four variables such as product quality, price, after sales services and discounts used to measure their experience from fake products is not equal. It implies that rural respondents gave different importance to selected four variables except one variable that is product availability which revealed that rural respondents' opinion was found as homogeneous and it is being expected that

marketer should ensure product availability in rural market.

Hypothesis No. 03 & 04:"An average opinion of selected "Urban Respondents" as well as "Rural Respondents" on selected criteria used to measure their experience from original products is equal".

It was concluded that an average opinion of selected urban as well as rural respondents on selected criteria that is selected four variables viz., product quality, price, after sales services and product availability selected to measure their experience from original products is not equal. It means urban and rural respondents give different importance to product quality, price, after sales services and product availability while evaluating them. In case of one variable namely discounts the 'P' value is 0.063 (urban) and 0.478 (rural) (p > 0.05) we accept the hypothesis. It meant that homogeneous opinion amongst urban and rural respondents was found and that marketers should offer attractive discounts on branded products to attract the urban customers.

Hypothesis No. 05:"Overall opinion of selected urban and rural respondents on selected criteria used to measure their experience from fake products is equal".

It was concluded that an overall opinion of selected all the urban and rural respondents on selected criteria used to measure their experience from fake products was different. It meant that both urban as well as rural customers gave different importance to different factors while evaluating fake products.

Hypothesis No. 06:"Overall opinion of selected urban and rural respondents on selected criteria used to measure their experience from original products is equal".

It was concluded that overall opinion of all selected urban as well as rural respondents on selected criteria used to measure their experience from original products is different. It means importance given by urban and rural respondents to product quality, price, after sales services and product availability were not significantly different while evaluating original products except in case of discounts. It meant that homogeneous opinion amongst urban and rural respondents was found and that marketers should offer attractive discounts on branded products to suit the different requirements of varied demographic groups of urban and rural customers.

STRUCTURAL EQUATION MODELMODELS OF URBAN AND RURAL CUSTOMERS:

An attempt has been made to present the relationship between observed variables to predict the importance as depicted by selected urban and rural respondents in order to decide their purchase intention and also in recommendation of the products to others in case of both that is the Fake products as well as original (Branded Products) as follows.

SEM Model of Relationship between Fake Products Variables and Buyer Intention to Continue to Purchase Fake Products
(URBAN RESPONDENTS)
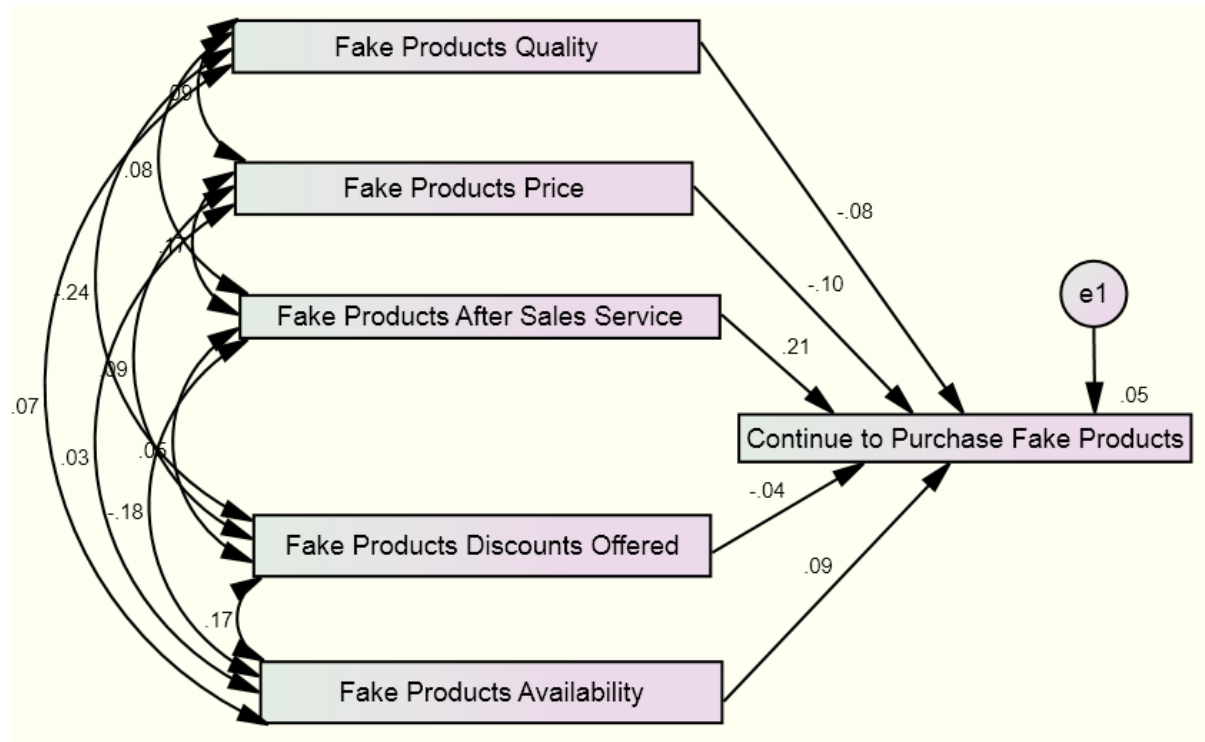
This is a simple regression model where one observed variable, the buyer intention to continue to buy Fake products, is predicted as a linear combination of the other five observed variables, viz., fake products quality, price, after sales services, discounts offered on fake products and availability of fake products. As with nearly all empirical data, the prediction will not be perfect. The variable 'e1' represents variables other than five variables that also assumed to have an effect on buyer intention to continue to purchase Fake products. Each single-headed arrow represents a regression weight.

The model assumes '1' as standardized regression weights for 'e1' (variables other than selected five variables) which specifies that other variables must have a weight of 1 in the prediction of buyer intention to continue to purchase Fake products. Some such constraint must be imposed in order to make the model identified, and it is one of the features of the model that must be communicated to AMOS. The value shown against two sided arrows (0.09, 0.08, 0.17, 0.24, 0.09, 0.07, 0.03, 0.06, -0.18 and 0.17) is the correlation between five observed variables, fake products quality, price, after sales services, discounts offered on fake products and availability of fake products. The values shown with single sided arrow (-0.08, -0.10, 0.21, -0.04, 0.09) are standardized regression weights. The value 0.05 is the squared multiple correlation of buyer intention to continue to purchase Fake products and five variables that affect buyer

intention to continue to purchase Fake products. It means the selected urban respondents intention to continue to purchase fake products is influenced by after

sales service (0.21) followed by product availability in the market (0.09) and price (-0.10) of the fake products.

SEM Model of Relationship between Fake Products Variables and Buyer Intention to Continue to Purchase Fake Products
(RURAL RESPONDENTS)
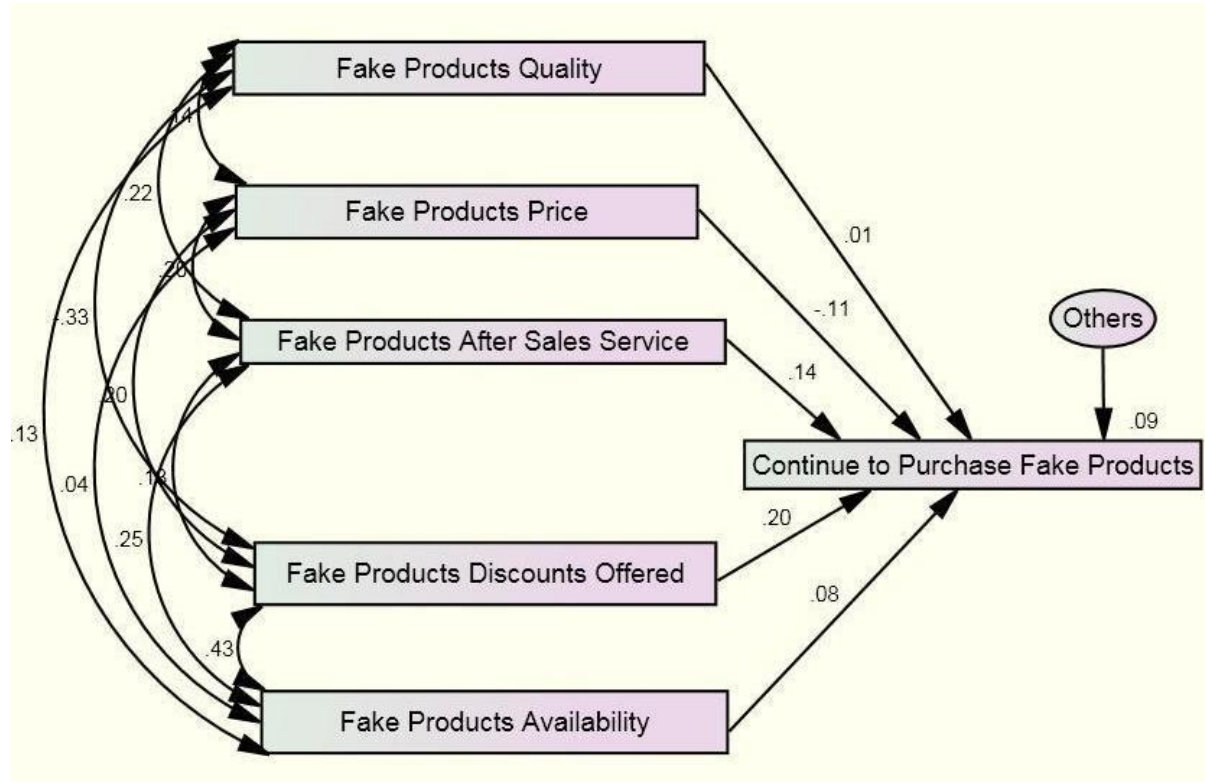
The value shown against two sided arrows (0.14, 0.22, 0.20, 0.33, 0.20, 0.13, 0.04, 0.25, -0.13 and 0.43) is the correlation between five observed variables, fake products quality, price, after sales services, discounts offered on fake products and availability of fake products. The values shown with single sided arrow (0.01, -0.11, 0.14, 0.20, and 0.08) are standardized regression weights. The value 0.09 is the squared multiple correlation of buyer

intention to continue to purchase Fake products and five variables that affect buyer intention to continue to purchase Fake products. It means the selected rural respondents intention to continue to purchase fake products is influenced by discounts offered on fake products (0.20) followed by after sales service (0.14) product availability in the market (0.08) and price (-0.11) of the fake products.

SEM Model of Relationship between Fake Products Variables and Buyer Recommendations to Purchase Fake Products to Others
(URBAN RESPONDENTS)
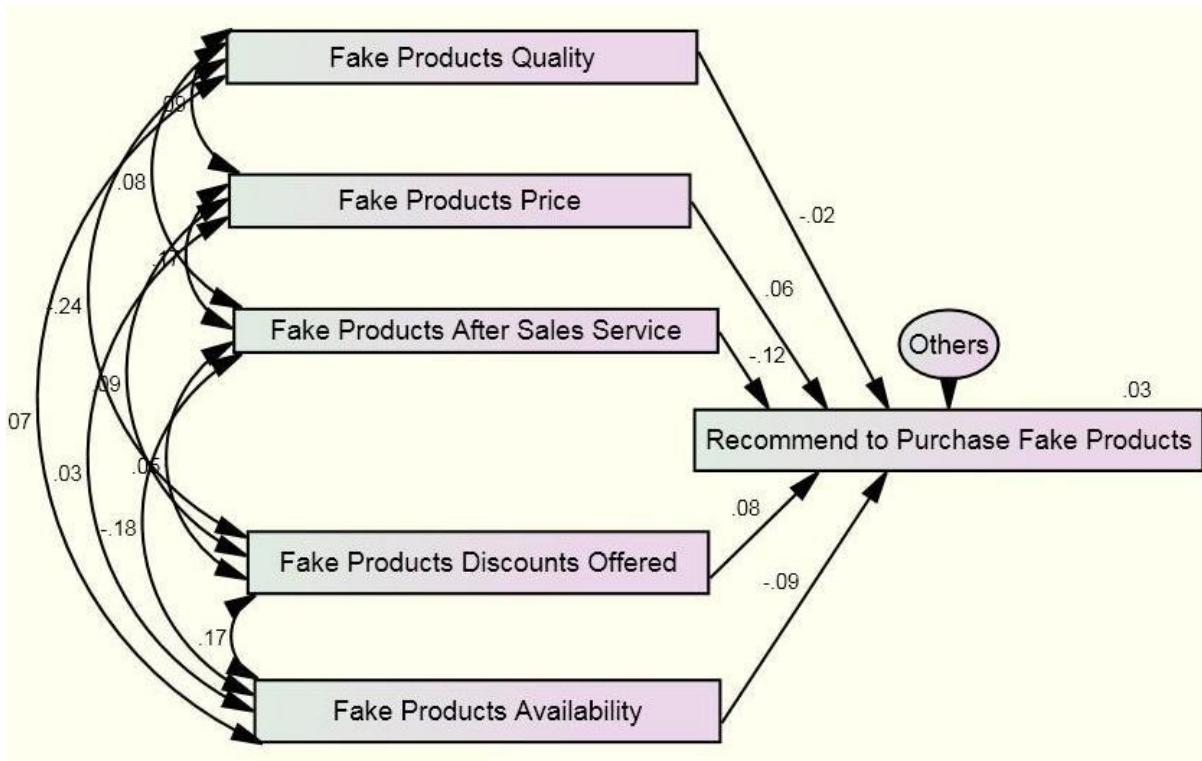
The value shown against two sided arrows (0.09, 0.08, 0.17, 0.24, 0.09, 0.07, 0.03, 0.05, -0.18 and 0.17) is the correlation between five observed variables, fake products quality, price, after sales services, discounts offered on fake products and availability of fake products. The values shown with single sided arrow (-0.02, 0.06, -0.12, 0.08, -0.09) are standardized regression weights. The value 0.03 is the squared multiple correlation of buyer intention to continue to purchase Fake products and five variables that affect buyer intention to continue to purchase Fake products. It means the selected urban respondents recommendations to purchase fake products to others is based on after sales service (-0.12) followed by product availability in the market (-0.09) discounts offered on fake products (0.08) and price (0.06) of the fake products.

SEM Model of Relationship between Fake Products Variables and Buyer Recommendations to Purchase Fake Products to Others
(RURAL RESPONDENTS)
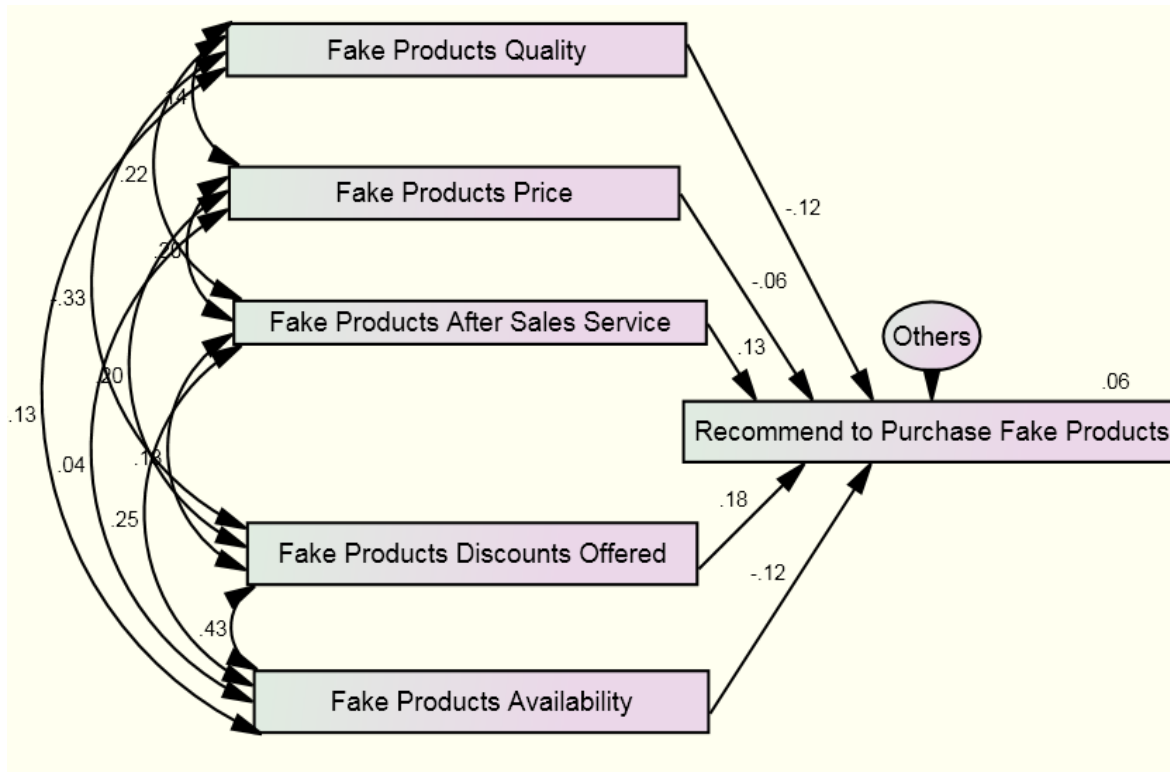
The value shown against two sided arrows (0.14, 0.22, 0.20, 0.33, 0.20, 0.13, 0.04, 0.25, -0.13 and 0.43) is the correlation between five observed variables, fake products quality, price, after sales services, discounts offered on fake products and availability of fake products. The values shown with single sided arrow (-0.12, -0.06, 0.13, 0.18, -0.12) are standardized regression weights. The value 0.06 is the squared multiple correlation of buyer intention to continue to purchase Fake products and five variables that affect buyer intention to continue to purchase Fake products. It means the selected rural respondents recommendations to purchase fake products to others is based on discounts offered on fake products (0.18) followed by after sales service (0.13) product availability in the market (-0.12) and quality of products (-0.12) of the fake products.

SUGGESTIONS

Marketers of fake products needs to make an attempt identify the group of customers who evaluate the products in similar manner and formulate different marketing strategies to market their products. Marketers of fake products needs to make continuous efforts to maintain the stock of fake products to continuously satisfy their rural customer and an attempt should also be made how to determine strategies concerning product

quality, price, after sales services and discounts so that a common preference for their product is establish among rural customers. Marketers of original products needs to make continuous efforts to decide the kind and extent of discounts to be offered to customers as the discount is an important and common criteria of evaluation of purchase decision of urban customers.

An attempt should also be made by the marketer to maintain as well as offer the product quality, price, after sales services to meet differing requirements of urban and rural customers as well as ensure availability of different varieties products to serve urban and rural customer on a consistent and continuous basis. Marketers of fake products needs to make an attempt identify the group of rural and urban customers who evaluate the products in similar manner and formulate different marketing strategies to market their products in urban as well as rural markets. In order to decide the kind and extent of discounts to be offered on original products the marketers needs to make continuous efforts to offer the most commonly accepted discount to urban and rural customers as discount is an important and common criteria of evaluation of purchase decision of urban and rural customers.

Marketers of fake should not forget the fact that very little can be done to discourage consumers committed to buying fake goods as these customers are those who might be interested in buying a cheaper version of a popular product. The marketers of original branded products are against marketing of counterfeit products and they are of the opinion that counterfeiting can and must be combated at the source, but in a globalized world, this source is increasingly difficult to locate. An attempt to reduce consumption of counterfeit products is in the general interest of people at large. The fact which marketers of fake products should consider that public awareness campaigns are used in practice by manufacturer of branded products which may reduce demand of fake products. Product counterfeiting is typically an organized group activity, with the goal of invariably profit. To prevent fraud, the line between real products and counterfeiting products must be clearly articulated. The public cannot be prevented from buying cheap goods, but consumers should at least be assured that they get what they paid for.

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APPENDICES
TABLE NUMBER: 01: PROFILE OF SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Selected Background Variables of Selected Respondents		City & Rural Area (Number and Percentages of Selected Respondents)		
			Urban Area	Rural Area	Total
01	**Gender**	Males	47 (66.2)	34 (77.3)	81 (70.4)
		Females	24 (33.8)	10 (22.7)	34 (29.6)
02	**Household Dwelling**	'Kachha House'	2 (2.8)	2 (4.5)	4 (3.5)
		'Pacca Home'	69 (97.2)	42 (95.5)	111 (96.5)
03	**Monthly Family Income**	Up to Rs. 10,000	5 (7.57)	7 (15.9)	12 (10.4)
		Rs. 10,001 to 20,000	10 (14.1)	7 (15.9)	17 (14.8)
		Rs. 20,001 to 30,000	28 (39.4)	20 (45.5)	48 (41.7)
		Above 30,000	28 (39.4)	10 (22.7)	38 (33.0)

TABLE NUMBER: 02: NEWSPAPER READING HABITS OF SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Name of News Papers	City & Rural Area (Number and Percentages of Selected Respondents)					
		Urban Area		Rural Area		Total	
		Yes	No	Yes	No	Yes	No
01	Gujarat Samachar	39 (54.9)	32 (45.1)	29 (65.9)	15 (34.1)	68 (59.1)	47 (40.9)
02	Sandesh	23 (32.4)	48 (67.6)	19 (43.2)	25 (56.8)	42 (36.5)	73 (63.5)
03	Divyabhasker	14 (19.7)	57 (80.3)	15 (34.1)	29 (65.9)	29 (25.2)	86 (74.8)
04	Gujarat Mitra	12 (16.9)	59 (83.1)	7 (15.9)	37 (84.1)	19 (16.5)	96 (83.5)
05	Times of India	28 (39.4)	43 (60.60)	16 (36.40)	28 (63.6)	44 (38.3)	71 (61.7)
06	Economic Times	7 (9.9)	64 (90.1)	2 (4.5)	42 (95.5)	9 (7.8)	106 (92.2)

TABLE NUMBER: 03: OWNERSHIP OF SELECTED DURABLE PRODUCTS BY SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Name of Durables Products	City & Rural Area (Number and Percentages of Selected Respondents)					
		Urban Area		Rural Area		Total	
		Yes	No	Yes	No	Yes	No
01	**TV**	69 (97.2)	2 (2.8)	44 (100)	0 (0.0)	113 (98.3)	2 (1.7)
02	**Mobile**	71 (100)	0 (0.0)	43 (97.7)	1 (2.3)	114 (99.1)	1 (0.9)
03	**Refrigerator**	67 (94.4)	4 (5.6)	42 (95.5)	2 (4.5)	109 (94.8)	6 (5.2)
04	**Bike**	69 (97.2)	2 (2.8)	42 (95.5)	2 (4.5)	111 (96.5)	4 (3.5)
05	**car**	21 (29.6)	50 (70.4)	10 (22.7)	34 (77.3)	31 (27.0)	84 (73.0)
06	**Microwave**	13 (18.3)	58 (81.7)	6 (13.6)	38 (86.4)	19 (16.5)	96 (83.5)

TABLE NUMBER: 04: AWARENESS AND ACTUAL PURCHASE OF FAKE PRODUCTS BY SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Particular	Urban Area				Rural Area			
		Aware	Un Aware	Purchase	Ratio Purchase/ Awareness	Aware	Un Aware	Purchase	Ratio Purchase/ Awareness
1	Shampoo Pouch	31 (43.7)	38 (53.5)	2 (2.8)	0.06	24 (54.5)	18 (40.9)	2 (4.5)	0.08
2	Biscuits	44 (62.0)	25 (35.2)	2 (2.8)	0.05	32 (72.7)	11 (25.0)	1 (2.3)	0.03
3	Chocolates	44 (62.0)	26 (36.6)	1 (1.4)	0.02	30 (68.2)	12 (27.3)	2 (4.5)	0.07
4	Readymade Cloths	35 (49.3)	30(42.3)	6 (8.5)	0.17	26 (59.1)	15 (34.1)	3 (6.8)	0.12
5	Shoes	41 (57.7)	26 (36.6)	4 (5.6)	0.10	28 (63.6)	14 (31.8)	2 (4.5)	0.07
6	Bottled Water	38 (53.5)	29 (40.8)	4 (5.6)	0.11	28 (63.6)	15 (34.1)	1 (2.3)	0.04
7	Electric Items	33 (46.5)	35 (49.3)	3 (4.2)	0.09	26 (59.1)	15 (34.1)	3 (6.8)	0.12

8	Hair Oil	33 (46.5)	36 (50.7)	2 (2.8)	0.06	28 (63.6)	14 (31.8)	2 (4.5)	0.07
9	Cold Drink	38 (53.5)	31 (43.7)	2 (2.8)	0.05	27 (61.4)	14 (31.8)	3 (6.8)	0.11
10	Mobile Handset	47 (66.2)	20 (28.2)	4 (5.6)	0.09	30 (68.2)	13 (29.5)	1 (2.3)	0.03
11	Duplicate Medicine	35 (49.3)	34 (47.9)	2 (2.8)	0.06	27 (61.4)	16 (36.4)	1 (2.3)	0.04
12	Belts	28 (39.4)	41 (57.7)	2 (2.8)	0.07	24 (54.5)	17 (38.6)	3 (6.8)	0.13
13	Milk/Dairy Product	33 (46.5)	37 (52.1)	1 (1.4)	0.03	29 (65.9)	14 (31.8)	1 (2.3)	0.03

TABLE NUMBER: 05: SOURCES OF INFORMATION ABOUT FAKE BRAND USED BY SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Name of Source of Information	City & Rural Area (Number and Percentages of Selected Respondents)					
		Urban Area		Rural Area		Total	
		Yes	No	Yes	No	Yes	No
01	Friends	25 (35.2)	46 (64.8)	28 (63.6)	16 (36.4)	53 (46.1)	2 (53.9)
02	Relative	12 (16.9)	59 (83.1)	18 (40.9)	26 (59.1)	30 (26.1)	85 (73.9)
03	Own Source	19 (26.8)	52 (73.2)	7 (15.9)	37 (84.1)	26 (22.6)	89 (77.4)
04	Retailer	12 (16.9)	59 (83.1)	10 (22.7)	34 (77.3)	22 (19.1)	93 (80.9)
05	Media	28 (39.4)	43 (60.6)	19 (43.2)	25 (56.8)	47 (40.9)	68 (59.1)
06	Visit to Trade Fair/Exhibition	13 (18.3)	58 (81.7)	7 (15.9)	37 (84.1)	20 (17.4)	95 (82.6)

TABLE NUMBER: 06: REASONS TO PURCHASE FAKE PRODUCTS BY SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Reason to Purchase Fake Product	City & Rural Area (Number and Percentages of Selected Respondents)		
		Urban Area	Rural Area	Total

		Yes	No	Yes	No	Yes	No
01	Emergency Purchase	32 (45.1)	39 (54.9)	24 (54.5)	20 (45.5)	56 (48.7)	59 (51.3)
02	In Ability to Purchase Branded Product	6 (8.5)	65 (91.5)	2 (4.5)	42 (95.5)	8 (7.0)	107 (93.0)
03	Easy Availability	12 (16.9)	59 (83.1)	14 (31.8)	30 (68.2)	26 (22.6)	89 (77.4)
04	Shop Keeper Offer It	10 (14.1)	61 (85.9)	6 (13.6)	38 (86.4)	16 (13.9)	99 (86.1)
05	Lack of Original Product Awareness	10 (14.1)	61 (85.9)	2 (4.5)	42 (95.5)	12 (10.4)	103 (89.6)
06	Low Price	26 (36.6)	45 (63.4)	18 (40.9)	26 (59.1)	44 (38.3)	71 (61.7)
07	Quantity/Bulk Purchase	3 (4.2)	68 (95.8)	2 (4.5)	42 (95.5)	5 (4.3)	110 (95.7)

TABLE NUMBER: 07: CHI-SQUARE VALUE OF ACTUAL EXPERIENCE FROM FAKE PRODUCTS AND ORIGINAL PRODUCTS BY SELECTED URBAN AND RURAL RESPONDENTS

Sr. No.	Selected Criteria	Fake Products				Original Products			
		Urban Area		Rural Area		Urban Area		Rural Area	
		DF	Chi-square ['P' Value]	DF	Chi-square ['P' Value]	DF	Chi-square ['P' Value]	DF	Chi-square ['P' Value]
		Hypothesis: 1		Hypothesis: 2		Hypothesis: 3		Hypothesis: 4	
1	**Product Quality**	4	0.000 (S)	3	0.000 (S)	3	0.000 (S)	3	0.000 (S)
2	**Price**	4	0.005 (S)	4	0.090 (S)	4	0.000 (S)	4	0.000 (S)
3	**After sales Services**	4	0.000 (S)	3	0.007 (S)	4	0.000 (S)	4	0.000 (S)
4	**Discount**	4	0.001 (S)	4	0.000 (S)	4	0.063 (**NS**)	4	0.478 (**NS**)
5	**Product Availability**	4	0.006 (S)	4	0.478 (**NS**)	4	0.044 (S)	4	0.005 (S)

TABLE NUMBER: 08: CHI-SQUARE VALUE OF ACTUAL EXPERIENCE FROM FAKE PRODUCTS AND ORIGINAL PRODUCTS BY SELECTED RESPONDENTS

Sr. No.	Selected Criteria	Fake Products		Original Products	
		DF	Chi-square ['P' Value]	DF	Chi-square ['P' Value]
		Hypothesis: 5		**Hypothesis: 6**	
1	**Product Quality**	4	0.000 (S)	3	0.000 (S)
2	**Price**	4	0.001 (S)	4	0.000 (S)
3	**After sales Services**	4	0.000 (S)	4	0.000 (S)
4	**Discount**	4	0.000 (S)	4	0.257 **(NS)**
5	**Product Availability**	4	0.004 (S)	4	0.000 (S)

My Bank has better NPA than your Bank

Moid U. Ahmad*

Abstract: *Bad credit has always been an area of concern for banks everywhere. The given case uses real data and facts along with fictional characters and discussions to highlight a very important aspect of the Banking industry, the Non Performing Assets (NPAs). It defines the fundamentals of NPAs, discusses the significance of various ratios and does a comparative analysis for Foreign, Private and Public Sector banks. The objective of the case is to enable the students to understand the critical areas of NPA Management.*

Key Words: *Data and Facts, Banking Industry, Foreign, Private and Public Sector*

INTRODUCTION

The NPA core committee of the central bank, in a routine meeting, was discussing the NPA levels for different banking sectors of the banking industry in India. The consolidated NPA figures till March, 2010 were out and some of the published data was alarming. There were representatives from each banking group and all were justifying their NPA figures. On the recommendations of the educational wing of the Central Bank, few students from the 'HigherEd' college were also made a part of the meeting in order to enable them to learn from the deliberations on this critical issue. A student innocently asked 'What is the technical definition of NPA'? A senior banker promptly answered *'Any Loan/Advance asset of a bank is Standard Asset (performing) or Non-performing Asset (NPA). Any Loan/Advance which is not serviced for 90 days becomes a NPA. Service here means Assets whose interest and/or installment of principal remains overdue for a period of more than 90 days'.*

He further elaborated 'There are three major categories of NPAs

1. *Substandard Assets* - those which are within 12 months of becoming NPA. In such cases, the current net worth of the borrowers/ guarantors or the current market value of the security charged is *not enough* to ensure recovery of the dues to the banks in full.

2. *Doubtful Assets* - more than 12 months as NPA and

3. *Loss Assets* - where loss has been identified but not written off. *A loss asset*

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is one where loss has been identified by the bank or internal or external auditors or by the Co-operation Department or by the Reserve Bank of India inspection but the amount has not been written off, wholly or partly. Such an asset is considered *un-collectible* and of little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.'

A banker from the private sector highlighted Exhibit 1 and raised a question that why is it that the Public Sector Banks are not investing in the Commodities sector. This question left the Public banks to think about the right answer and they went into contemplating mode.

After few deliberations on Exhibit 1, the chair of the meeting pointed to Exhibit 2 and raised a question from the representatives of the Foreign Banks that it is strange to observe that they have no NPAs from the agriculture sector. Is this because of no lending in this sector or because of perfect credit process?

Also a point was raised by a senior banker from a public sector bank that why four banks amongst Foreign Banks have 100% NPAs from priority sector and nine banks have 100% NPAs from non-priority sector.

Also the credit mechanism was appreciated for those banks which had less than 10% NPAs from priority sector, which can be considered as a measure of high credit quality. The Bank of India executive became furious when it was mentioned that they had maximum NPAs in the nationalized bank category. Similar concern was raised over huge NPAs for State Bank of India (Exhibit 3) and they were also concerned about their credit rating. In the private sector Federal Bank and ICICI Bank performed poorly. Their executives were busy answering questions on the same. One of them quoted a study done by Sreedevi in 2009-2010 that few general factors for NPAs are:

1.   Government policies on taxes and duties.
2.   Inadequate infrastructure facilities.
3.   Exchange rate fluctuations.
4.   Concessions, grants and subsidies.
5.   Lack of constant and aggressive monitoring.
6.   Occasional external pressure.
7.   Absence of proper recovery department.

The Students as well as other dignitaries listened carefully on the deliberations so as to learn from the mistakes done by these

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banks. The meeting concluded by agreeing to meet again with more concrete answers and explanation so as to decide on how to control rising NPAs in the sector without affecting the business of the banks.

Exhibits:

EXHIBIT 1: BANK GROUP-WISE LENDING TO SENSITIVE SECTORS

(March 2010)							
(Amount in Crore)							
Sector	**Public Sector Banks**		**State Bank Group**		**Private Sector Banks**		
	2008-09	**2009-10**	**2008-09**	**2009-10**	**2008-09**	**2009-10**	
1. Capital Market	33,119	37,315	8,674	9,975	16,051	23,569	
	(1.5)	(1.4)	(1.2)	(1.2)	(2.8)	(3.7)	
2. Real Estate	3,34,311	3,85,873	92,945	1,18,625	1,45,547	1,47,584	
	(14.8)	(14.3)	(12.6)	(13.8)	(25.3)	(23.3)	
3. Commodities	-	-	-	-	897	911	
					(0.2)	(0.1)	
Total Advances to Sensitive Sectors	3,67,430	4,23,187	1,01,619	1,28,601	1,62,496	1,72,064	
	(16.3)	(15.7)	(13.7)	(15.0)	(28.2)	(27.2)	

Source: RBI data

EXHIBIT 2: NON-PERFORMING ASSETS OF FOREIGN BANKS - SECTOR-WISE

(March 2010)									
(Amount in Crore)									
	Bank	**Priority Sector NPAs**		**SSIs**		**Others**		**Non-Priority Sector NPAs**		**Total NPAs(Rs.)**
		Rs.	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**	**%**	
		1						**2**		**1+2**
Sl. No.	**Foreign Banks**	**1170**	**16.4**	**299**	**4.2**	**871**	**12.2**	**5956**	**83.6**	**7125**
1	AB Bank Ltd.	-	-	-	-	-	-	-	-	-
2	Abu Dhabi Commercial Bank	5	35.6	5	35.6	-	-	9	64.4	14
3	American Express Banking Corp.	-	-	-	-	-	-	17	100.0	17
4	Antwerp Diamond Bank	100	100	49	49.6	50	50.4	-	-	100

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5	BNP Paribas	1	0.7	-	-	1	0.7	68	99.3	68
6	Bank of America	-	-	-	-	-	-	1	100.0	1
7	Bank of Bahrain & Kuwait B.S.C.	-	-	-	-	-	-	13	100.0	13
8	Bank of Ceylon	1	46.4	1	31.9	0	14.4	1	53.6	2
9	Bank of Nova Scotia	10	100	10	100	0	0	-	-	10
10	Barclays Bank PLC	124	8.7	103	7.3	20	1.4	1,298	91.3	1,422
11	Chinatrust Commercial Bank	-	-	-	-	-	-	3	100.0	3
12	Citibank N.A.	46	3.6	-	-	46	3.6	1,230	96.4	1,275
13	Commom wealth Bank of Australia	-	-	-	-	-	-	-	-	-
14	Credit Agricole Corporate and Investment	-	-	-	-	-	-	277	100.0	277
15	Deutsche Bank (Asia)	14	5.4	8	2.9	7	2.5	247	94.6	261
16	Development Bank of Singapore	-	-	-	-	-	-	76	100.0	76
17	FirstRand Bank	-	-	-	-	-	-	0	0.0	0
18	HSBC Ltd.	484	28.7	122	7.3	361	21.5	1,200	71.3	1,683
19	JPMorgan Chase Bank	-	-	-	-	-	-	95	100.0	95
20	JSC VTB Bank	-	-	-	-	-	-	0	0.0	0
21	Krung Thai Bank Public Co.	-	-	-	-	-	-	0	0.0	0
22	Mashreq bank PSC	0.0	87.5	-	12.5	0	75.0	0	12.5	0
23	Mizuho Corporate Bank Ltd.	6	100	-	-	6	100.0	0	0.0	6
24	Oman International Bank	-	-	-	-	-	-	0	0.0	0
25	Shinhan Bank	-	-	-	-	-	-	0	0.0	0
26	Societe Generale	1	100	-	-	1	100	0	0.0	1
27	Sonali Bank	-	-	-	-	-	-	1	100.0	1
28	Standard Chartered Bank	351	32.0	1	0.1	350	32.0	745	68	1,096
29	State Bank of Mauritius Ltd.	-	-	-	-	-	-	19	100.0	19
30	The Bank of Tokyo-Mitsubishi	-	-	-	-	-	-	0	0.0	0
31	The Royal Bank of Scotland	28	4.1	-	-	28	4.1	657	95.9	685
32	UBS AG	-	-	-	-	-	-	-	-	-

EXHIBIT 3: NON-PERFORMING ASSETS OF PUBLIC SECTOR BANKS - SECTOR-WISE

(March 2010)

(Amount in Crore)

	Bank	Priority Sector NPAs		Agriculture		SSIs		Others		Non-Priority Sector NPAs		Total NPAs
		Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
		1								2		1+2
	Public Sector Banks	**30,848**	**53.8**	**8,330**	**14.5**	**11,537**	**20.1**	**10,981**	**19.2**	**25,929**	**45.3**	**56,777**
Sl. No.	**Nationalised Banks**	**19,908**	**56.1**	**5,741**	**16.2**	**8,668**	**24.4**	**5,499**	**15.5**	**15,283**	**43.1**	**35,191**
1	Allahabad Bank	713	58.4	215	17.6	311	25.4	187	15.3	389	31.9	1,102
2	Andhra Bank	218	44.7	26	5.4	66	13.5	126	25.9	270	55.3	488
3	Bank of Baroda	1,444	65.8	636	29.0	530	24.1	279	12.7	667	30.4	2,111
4	Bank of India	2,147	47.9	490	10.9	1,360	30.4	297	6.6	2,317	51.7	4,464
5	Bank of Maharashtra	795	65.7	232	19.2	363	30.0	200	16.6	415	34.3	1,210
6	Canara Bank	1,423	56.8	462	18.4	394	15.7	568	22.7	1,081	43.2	2,504
7	Central Bank of India	1,658	67.5	421	17.1	922	37.5	315	12.8	792	32.2	2,450
8	Corporation Bank	398	61.1	122	18.7	79	12.1	197	30.3	253	38.9	651
9	Dena Bank	379	59.0	83	13.0	74	11.5	222	34.6	263	41.0	642
10	Indian Bank	249	54.2	55	12.0	163	35.5	31	6.7	210	45.8	459
11	Indian Overseas Bank	1,192	34.6	276	8.0	606	17.6	310	9.0	2,248	65.3	3,440
12	Oriental Bank of Commerce	911	62.0	276	18.8	385	26.2	250	17.0	558	38.0	1,469
13	Punjab and Sind Bank	138	67.1	42	20.4	85	41.2	11	5.5	68	32.9	206
14	Punjab National Bank	2,471	76.9	977	30.4	1,165	36.3	328	10.2	739	23.0	3,210
15	Syndicate Bank	1,091	54.4	176	8.8	238	11.9	677	33.8	902	45.0	1,993
16	UCO Bank	976	58.6	289	17.4	339	20.4	348	20.9	674	40.5	1,650
17	Union Bank of India	1,632	61.3	369	13.9	895	33.6	367	13.8	1,032	38.7	2,664
18	United Bank of India	894	65.1	204	14.9	283	20.6	407	29.6	478	34.9	1,372
19	Vijaya Bank	394	39.6	93	9.4	190	19.1	110	11.1	583	58.7	977
20	IDBI Bank Ltd.	785	36.9	297	13.9	221	10.4	267	12.6	1,344	63.1	2,129
Sl. No.	**State Bank Group**	**10,940**	**50.1**	**2,589**	**11.9**	**2,869**	**13.1**	**5,482**	**25.1**	**10,646**	**48.8**	**21,586**
1	SBBJ	269	43.9	7	1.1	124	20.2	139	22.6	343	56.1	612
2	State Bank of	290	44.9	55	8.4	102	15.8	134	20.7	356	55.1	646

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	Hyderabad										
3	State Bank of India	9,073	50.9	2,322	13.0	2,168	12.2	4,583	25.7	8,529	47.8	17,602
4	State Bank of Indore	210	42.6	19	3.8	57	11.6	134	27.1	283	57.4	493
5	State Bank of Mysore	291	49.0	43	7.2	120	20.1	129	21.6	301	50.5	592
6	State Bank of Patiala	543	54.0	119	11.8	212	21.1	212	21.1	463	46.0	1,006
7	State Bank of Travancore	264	41.1	25	3.8	87	13.6	152.00	23.7	372	57.9	636
% indicates percentage of total NPAs											

EXHIBIT 4: NON-PERFORMING ASSETS OF PRIVATE SECTOR BANKS - SECTOR-WISE

(March 2010)												
(Amount in Crore)												
	Bank	**Priority Sector NPAs**		**Agriculture**		**SSIs**		**Others**		**Non-Priority Sector NPAs**		**Total NPAs**
		Rs.	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**	**%**	**Rs.**
		1								**2**		**1+2**
	Private Sector Banks	**4,792**	**27.6**	**2,023**	**11.6**	**1,139**	**6.6**	**1,630**	**9.4**	**12,592**	**72.4**	**17,384**
Sl. No.	**Old Private Sector Banks**	**1,613**	**44.7**	**269**	**7.4**	**475**	**13.2**	**869**	**24.1**	**1,999**	**55.3**	**3,612**
1	Bank of Rajasthan	61	20.9	7	2.5	42	14.4	12	4.1	232	79.1	294
2	Catholic Syrian Bank	62	41.7	7	4.6	32	21.4	23	15.7	87	58.3	149
3	City Union Bank Ltd.	41	44.2	16	17.1	9	9.7	16	17.3	52	55.8	94
4	Dhanalakshmi Bank Ltd.	35	45.6	4	5.3	6	7.3	26	33.0	42	54.4	78
5	Federal Bank	440	53.6	65	8.0	18	2.2	356	43.4	381	46.4	821
6	ING Vysya Bank Ltd.	65	29.2	36	16.1	23	10.3	6	2.8	159	70.8	224
7	J & K Bank	286	61.8	32	7.0	54	11.7	199	43.2	176	38.2	462
8	Karnataka Bank Ltd.	324	59.0	51	9.2	172	31.2	102	18.6	225	41.0	550
9	Karur Vysya Bank Ltd.	68	29.0	7	2.9	53	22.7	8	3.4	167	71.0	235
10	Lakshmi Vilas Bank Ltd.	58	17.8	10	3.1	15	4.5	33	10.1	267	82.2	325
11	Nainital Bank Ltd.	17	73.4	8	34.9	2	9.2	7	29.4	6	26.6	23

12	Ratnakar Bank Ltd.	18	65.0	2	8.6	10	35.6	6	20.8	10	35.0	28
13	SBI Comm Bank	2	62.4	-	-	-	-	2	62.4	1	37.6	3
14	South Indian Bank Ltd.	88	41.7	12	5.7	27	12.9	49	23.0	123	58.3	211
15	Tamilnadu Mercantile Bank	46	40.2	10	9.0	12	10.6	24	20.6	69	59.8	115
Sl.No.	**New Private Sector Banks**	**3,179**	**23.1**	**1,754**	**12.7**	**664**	**4.8**	**760**	**5.5**	**10,594**	**76.9**	**13,772**
1	Axis Bank	528	40.8	248	19.1	140	10.8	141	10.9	767	59.2	1,295
2	DCB	68	21.2	14	4.3	52	16.2	3	0.8	251	78.8	319
3	HDFC Bank	400	22.1	110	6.1	276	15.3	14	0.8	1,407	77.9	1,807
4	ICICI Bank	1,946	21.0	1303	14.1	50	0.5	593	6.4	7,321	79.0	9,267
5	IndusInd Bank	84	33.0	31	12.0	46	18.1	8	3.0	171	67.0	255
6	Kotak Mahindra Bank	152	-	49	6.5	100	13.0	2	0.3	616	80.2	767
7	Yes Bank	-		-	-	-	-	-	-	60	100.0	60
% indicates percentage of total NPAs												

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Work-Life Balance: HR Initiatives for Sustainable Growth

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Abstract: *In today's business context, the pressures of work have been intensifying and there is a growing feeling among employees that the demands of work begin to dominate life and a sense of work-life imbalance is felt. The challenge of integrating work and family life is a part of everyday reality for the majority of employees. Organizations have to continually innovate and come up with programs that provide scope for employees to balance their responsibilities at workplace and interests they have outside work. Work-life balance initiatives fall under this category. This paper presents a study of work-life balance. WLB is all about the need for individuals having complete control over their work, i.e., deciding when, why, where and how to work. It is not only the money that drives the employees for better productivity, but there are also other things the organizations should look into. Meaningful work, pursuit of leisure activities and ideal private life leads to self-fulfillment at the workplace. The HR department should engineer the above conditions at the workplace. Organizations should consider WLB as an extension of the fringe benefits offered to the employees. This will help both the employees and the organizations. This article also offers various strategies to be adopted by the organizations to ensure work-life balance for their employees.*

**Keyword*s: Work Place, WLB, HR Department, Productivity, Fringe Benefits.*

WORK-LIFE BALANCE

Work-life balance is a broad concept including proper prioritizing between 'work' (career and ambition) on one hand and 'life' (health, pleasure, leisure, family and spiritual development) on the other. Work-life balance is a phrase used to describe an individual's feeling of satisfaction with the participation in job related activities and his personal life. This state is achieved when an individual feels the amount of time spent on job (work) to achieve career goal is adequately balanced with the amount of time spent in independent and personal areas such as friendships, family, spirituality, hobbies and leisure activities.

ROLES AND RESPONSIBILITIES

Organizations are becoming more and more demanding in terms of output. The businesses are being operated in terms of volume and not in terms of values. This disturbs the balance between work and life in employees' lives. The organizations are too exacting in their demands and because of the very high competition, they are able to dictate terms upon the individual. As the organizations are basically the profit driven entities they are rarely bothered about the personal life and work-satisfaction issues of the employees. Thus they are least concerned at their level with work life satisfaction. Organizations have the work force in plenitude and as far as the people are

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ready to work as three people instead of one, they don't bother about the consequences the employees may face with this stressful work atmosphere.

Individuals are equally responsible for creating work life imbalance, as the silence adopted by the individuals is a major factor responsible for work life imbalance. As people do not raise their voice against the unfair amount of work delegated upon them, they land up with unfair amount of work for themselves. Due to 'high ambitions' of the individuals they put themselves under much more pressure than they can handle. People tend to escape from making decisions and from taking stands. Work life imbalance is creating a different kind of lifestyle. People are having different professional and personal goals, which are often contradictory, and this is ultimately bringing imbalance in their lives.

NEED FOR WORK-LIFE BALANCE
Following situations given rise to the need of work-life balance

- **Changing Face of Society:**

Most of the employees, now-a-days, place personal life on higher position than work life. This may be due to rising divorce rates, other family and relationship problems. Employees today expect more life outside work. They also expect family to be part of their work. Smart companies have identified this

and in regard designing innovative ideas to attract and retain good employees.

- **Changing Wok Culture:**

Almost every corporate body, now-a-days, functions on the principle of empowering its employees. This goal of empowerment could be achieved by flexibility and freedom for employees to take decision without any hindrance from the policies and directives of the organization structure. Employees today seek for a range of choices from their employers and also want to have their say in availing them. Apart from initiatives like flexi-timing, focus on results and overall avoidance of long hour culture, employers have started giving positive reinforcements to employees by recognizing and distinguishing the ones who are prompt in adapting challenges posed by never ending increasing workplace standards. These positive reinforcements are usually in the form of increased health focus, well being and bringing in changes in organization legislations.

- **Raise in the 365/24/7 Global Operation:**

Global organizations and increasing call centre operations across the globe force to work day and night coping with the time zones. With more and more business emphasizing on round-the-

clock customer service, the concern for work-life balance for employees has become more essential.

- **Dual Earner Families:**

Nuclear families, demographic and cultural changes have also added to the problem of work-life imbalance. Survey conducted by "The Work Foundation" depicted that woman workforce is likely to grow. Working mothers are the major chunk of population who adversely get affected in balancing their job performance and family life.

I. FACTORS FOR WORK-LIFE BALANCE

- **Manage Time Effectively:**

Keep track of the time spent on life's roles and responsibilities, making sure that time and energy are applied in support of work/life balance.

- **Set and Enforce Boundaries:**

There are many demands on a person's time and energy. Acquire the ability to say no to requests that will imbalance life.

- **Habituate Self Awareness:**
Develop the ability to be aware of self, recognizing feelings and behaviors as they occur. Question behaviors keeping them aligned with life purpose and in support of a life balance vision.

- **Focus on Positive Thinking:**

A positive attitude makes it easier to succeed in the goals and life changes necessary to bring life into better balance.

- **Question Beliefs:**

Core beliefs, which reside quietly in the subconscious, guide behavior with little conscious awareness. Core beliefs which are formed during childhood are a person's broad truths about life. Question these silent guidelines to assure that they support a well balanced life.

- **Honor Values:**

Living in alignment with one's values is important to a feeling of personal integrity. Values are those things important to a person's definition of self. When aligned with values, life feels right and whole. If not aligned with values, life is stressful.

- **Utilize Unique Strengths:**

Unique strengths are those skills and abilities at which a person excels. Though functioning adults have many competencies, only a handful of these come so naturally and easily that they fall into the category of unique strengths. When unique strengths are heavily utilized in daily activities, one's life will feel more balanced.

- **Engage in Passionate Activities:**

When life is filled with one's passions, the result is high energy, great enthusiasm, and lots of fun, characteristics of a well balanced life.

• **Be Clear on Life Purpose:**

Life purpose is the foundation of a balanced life. Clarity of purpose permits a person to align life's roles and responsibilities, bringing meaning and satisfaction, the emotions characteristic of a balanced life.

• **Have a Vision:**

Though work/life balance is a significant problem for millions, there is not a universal definition of life balance. Life balance is a personal determination, an individual feeling that life's activities are meaningful, appropriate and right. Without a clear vision of the goal, one is unlikely to achieve a balanced life.

WORK-LIFE BALANCE STRATEGIES AT INDIVIDUAL LEVEL

• **Simplify life:**

Learn to say "no" if it comes in the way of your schedules. Staying home once in a while helps ease the frenetic pace of the workplace.

• **Learn to de-stress:**
A certain degree of stress often enables people to perform better, but the key is

to maintain it at manageable level so that it can enrich and motivate. Sometimes it makes sense to "take it easy".

• **Distribute the work load:**

An orderly and clean home reduces unnecessary tensions and makes life simpler. However, when the time is tight, learn to let go of expectations of extreme cleanliness. Even at workplace, learning to trust colleagues and delegating tasks and duties helps in sharing the burden.

• **Identify and implement:**

Keep a record of all the work-related and non-work related activities performed during a given week. After identifying the most important and meaningful activities, those activities which are done out of guilt or are deemed unnecessary can be delegated, if possible.

• **Manage time efficiently:**

Planning household chores and duties/tasks well ahead of time prevents last-minute panic and tension. Efficient scheduling of appointments or tasks which can be clubbed together on the same day minimizes missed work time.

• **Find out about flexi-work practices:**

Make enquiries in the organization if there is an option of flexible working

arrangements and the criteria to opt for such policies.

• **Nurture yourself:**

Managing both household and work efficiently is quite challenging. Nurturing yourself to replenish the lost energy is a good investment towards WLB. Some of the activities like taking a walk at lunch time, meditation, yoga or engaging in an activity most enjoyed can be good way to recharge.

• **Set up a work-free and chore-free day:**

Create at least one day in a week that is free of any job-related tasks and chores. This time can be utilized to develop a hobby and relax.

WORK-LIFE BALANCE STRATEGIES AT ORGANIZATIONAL LEVEL

• **Flexible Working Arrangements:**

• Flexi-time: Under this option, an employee can decide on the start time for his work day, pick his lunch-hour and choose a slot for work that is most convenient to him, within certain limits.

• Comp-time: Whenever an employee works overtime, he should be given the option to take an equivalent time off on another day of his choice as compensation for the extra work done.

• Tele-working: Due to the spread of Information and Communication Technologies (ICT), the employees can choose to work at home depending on the nature of jobs, e.g., those which can be accomplished using a computer.

• Job-sharing: A job can be shared between two part time employees instead of one full-time employee.

• Compressed working hours: This option allows employees to work their total number of hours over fewer days. For instance, by putting in longer hours, an employee can work for only four days in a week.

• Annualized hours: According to the peaks and troughs of activity in a company, the employees total working hours are calculated over a year instead of a week.

• **Offering Extended Leave and Other Arrangements:**

Apart from the mandatory maternity leave, periods of extended leave can be beneficial in particular situations like career breaks, sabbaticals, study leave and leave for domestic emergencies. Such an arrangement just goes to show the concern and care of the employer.

• **Increasing Levels of Support:**

In addition to the above, the employer can also weigh the option of offering extra support to employees in the form

of loans or allowances, workplace facilities like crèches or medical centers, and subsidized insurance.

- **Encouraging `Wellness' in the Workplace:**

Providing assistance for employees to protect their health can enable them to deal with unavoidable stress at work more effectively. Information and guidance on issues related to health, subsidized healthcare and access to gyms, and periodically assessing WLB with the employees are some of the initiatives for promoting the feel good factor.

BENEFITS OF WORK-LIFE BALANCE

Benefit to Organization:
- Improve morale
- Less negative organizational stress
- Retention of skilled work-force
- Positive reaction to competitive force
- Better team work and communication
- Development of high level of confidence in an employee
- Maintaining a satisfactory level of customer relationship

Benefit to Individual:
- More value and balance in daily life
- Reduced conflict
- Reduced stress
- High morale

- Feeling more rested and energized
- High satisfaction from work
- Better physical and mental health

INDIAN SCENARIO

The Indian scenario is typically different from the western world. Indians value family the most and once this family life is happy the person is at his cool and this reflects at the workplace. On the contrary disturbed family issues creep into the workplace and it becomes hot and this in turn moves to family and the story continues as vicious circle. Indians respect their parents, takes care of the children till they are appropriately settled in the life. The typical Indian housewife takes the responsibility of the family and manages it. If this is the case, the way of life should be taken into consideration while planning the work and in fact the employer must facilitate the employee to work. Gone are the days of the authoritative management, where the work was extracted from the employee, by hook or crook. Now the Indian organizations have become more technology oriented and mature and they have recognized the importance of advanced skilled, well-educated workforce without which their very survival is at stake. If this is the scenario then how can organizations cope up with these situations?

It's time for one to realize the importance of integrating the work-life rather than balancing it. If we try to balance it that means we are

acknowledging the fact that there is a difference or both work and the private life are in different dimensions and are trying to balance them. It is time that both need to be seen from the same angle. Issues like time pressures, financial Intricacies, Work-life stress casting its shadow on the community and society on the whole and finally this has an effect on the organizations in the form of high attrition, absenteeism and inability to utilize human resources potential to the full extent.

GOOD PRACTICE EXAMPLES

The major part of almost all work-life balance programs includes flexible working. Organizations are instituting practices, such as telecommuting, job-sharing, temporary working and part-time working to help staff maintain equilibrium between work and personal life. Instead of getting many annual vacations and sick days, employees these days are offered the options like compressed week schedules and paid time-offs. Employee's of most of the IT companies like IBM and Infosys today work off the company premises. Employees are also given enough time to gradually return to work after childbirth (in case of women), time-off for personal needs without loss of pay, time for education or training, and working part of the year on an annual basis.

In order to encourage a healthy work-life balance amongst its workers, organizations have a practice of rewarding employees with monetary incentives for participating in some type of fitness and healthy living. The human resource department of Max New York Life regularly keeps a check on the attendance of employees to find out the cause for their not taking leave and also structures the annual leaves in such a way so that it does coincide with the kids' summer vacations. They also provide the gymnasium facility that can be used even by the families of the employees before and after the office work hours. Nestle' makes it a point not to reward the employees who put in long hours at work and also provides facilities like a `just chill' room to de-stress. To foster a feeling of "we care" amongst its employees, IBM spends millions in providing the dependant-care facilities to its employees, which the company thinks is a good way of retaining the talented mothers and fathers. SAS, a software company recognized as one of the "100 Best Companies to Work for" by the Fortune magazine, has taken up initiatives like childcare centers for a $250 monthly fee and free annual mammograms and lab tests being offered at their health center. Besides, some companies also offer assistance to their employees, where they are counseled on a diverse set of issues related to family and marriage problems and other stress related issues.
The Virginia Commonwealth University Health System in Richmond, Virginia has seen significant changes in the percentage of their women workforce after the introduction of several work-

life balance programs. The organization being in the healthcare sector cannot give the option of telecommuting to its employees. The work was very challenging but they came out with schemes like onsite child and elder-care centers which remain open seven days a week, including holidays, from 6 a.m. to midnight to accommodate workers' diverse work schedules.

CONCLUSION

Work-life balance is the responsibility of not only the organizations but also the employee. Understanding the essence of the programs and using them to the maximum benefit of both the individual and organization's purposes. The employees should not misuse the programs but use them judiciously. The employee should show the discretion and coordinate and cooperate with the line managers, when required, that helps the organizations to plan more such programs for the employees. This in turn helps the organization achieve better productivity. Work-life programs are after all an investment for improving productivity, reducing absenteeism and overheads, and achieving improved customer service as well as motivated satisfied and equitable workforce.

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A Study on FDI Inflows and Reasons for Low FDI Inflows in India

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Abstract: *The FDI inflow into India has been moderately expanding in the recent years. This paper analyses the trends in the inflow of FDI in India, the countries from which the major proportion of FDI investment is done, comparing the inflow of FDI in India with some developing Asian Economies and finding out reason behind low inflows of FDI in India. This paper argues that the flow of FDI was not so encouraging during the years 2000-2006. But thereafter there was a huge increase in the Investment amount due to major changes in the FDI policy of India. The major portion of FDI inflow to India comes from Mauritius. The reason behind this is the treaty on double tax avoidance regime between India and Mauritius. The main reasons behind low FDI inflows compared to some developing Asian economies were poor infrastructure, rigidity in the Labour market, Crime and terrorism, etc.*

Key Words: *Foreign Direct Investment, Infrastructure, Corruption*

INTRODUCTION

India, the largest democracy in the world, with its consistent growth/performance and abundant skilled manpower provides enormous opportunities for investment, both domestic and foreign.

Major initiatives such as industrial decontrol, simplification of investment procedures, enactment of competition law, liberalization of trade policy, full commitment to safeguarding intellectual property rights, financial sector reforms, liberalization of exchange regulations etc., have been taken, which provide a liberal, attractive and investor friendly investment climate. A number of projects have been announced in areas such as electricity generation, distribution and transmission as well as the development of roads and highways with opportunities for foreign investors.

Foreign direct investment (FDI) in India has played an important role in the development of the Indian economy. FDI in India has, in a lot of ways, enabled India to achieve a certain degree of financial stability, growth and development. This money has allowed India to focus on the areas that may have needed economic attention and address the various problems that continue to challenge the country. India has continually sought to attract FDI from the world's major investors. In 1998 and 1999 the Indian national government announced a number of reforms designed to encourage FDI and present a favorable scenario to investors. FDI investments are permitted through financial collaborations, through private equity or preferential allotments, by way of capital markets through Euro issues, and in joint ventures.

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OBJECTIVES OF THE STUDY

The major objectives of the study are:
1. To know the trends in the FDI inflow in India.
2. To analysis the reasons for low FDI in India.

LITERATURE REVIEW

'Singh S., Singh M.' conducted a research on "Trends and prospects of FDI in India" in the year '2011'. The main objective of their research was to find the trend of FDI inflow to India. The tools used for data analysis were tables, graphs, etc. This study investigates FDI inflows for the period 1970–2007 using time series data. From his research they concluded that there are various reasons behind the fluctuations of the FDI inflow in India. Portfolio investors and round tripping Investments have been important contributors to India's reported FDI inflows thus blurring the distinction between direct and portfolio investors on one hand and foreign and domestic investors on the other. These investors were also the ones who have exploited the tax haven route the most.

'Singh J.' conducted a research on "Economic Reforms and Foreign Direct Investment in India: Policy, Trends and Patterns" in the year '2010'. The main objective of his research was in the context of increasing competition among nations and sub national entities to attract Foreign Direct Investment (FDI). For this research he used tables and graphs as a data analysis tool. From the present paper he tried to analyze the emerging trends and patterns of FDI inflows into India in response to various policy measures announced by the Government of India since mid-1980 and later. The empirical analysis tends to suggest that the FDI inflows, in general, show an increasing trend during the post-reform period. Furthermore, country-wise comparison of FDI inflow also indicates that FDI inflow into India has increased considerably in comparison to other developing economies in the recent years. Thus, the study indicates that the FDI inflows into India responded positively to the liberalization measures introduced in the early 1990s.

'Singh, Shikha' conducted a research on "Foreign Direct Investment (FDI) and Growth of States of India" in the year '2009'. The main objective of her research was to analyze the growth of Indian states in context of FDI inflow and to study the factors contributing to the flow of FDI in a particular state. For this research she used correlation as a data analysis tool. From this study she concluded that foreign direct investment (FDI) policies play a major role in the economic growth of developing countries around the world. Attracting FDI inflows with conducive policies has, therefore, become a key battleground in the emerging markets. The prospect of new growth opportunities and outsized profits encourages large capital inflows across a range of industry and opportunity types. And this has led to competition among the states in formulating flexible policies and providing incentives to woo private investors to invest more and more. In the

light of the above the paper highlights the trend of FDI in India after the economic reforms, sector-wise and country-wise share of FDI, the manner in which FDI has affected the growth of Indian states. Various factors, which play a significant role in attracting FDI into a particular state are also examined. Efforts made by the state governments in order to attract maximum FDI are also studied.

Ramkishen S. Rajan, Sunil Rongala and Ramya Ghosh together undertook a research on **ATTRACTING FOREIGN DIRECT INVESTMENT (FDI) TO INDIA**. In this research the researcher analyzed the inflows of FDI in different sectors form various countries. They found that the majority of FDI inflows were form Mauritius and the key sectors attracting FDI to the Mumbai-Maharashtra region are energy, transportation, services, telecommunications, and electrical equipment. Delhi attracts FDI inflows in sectors like telecommunications, transportation, electrical equipment (including software) and services. However, two oft-noted problems that are often highlighted in India have been the poor state of the country's infrastructure as well as the acute labour market rigidities. This makes India lagging in attracting FDI. They have concluded that India needs massive investments to sustain high-quality economic growth, particularly in the energy and infrastructure sectors (both physical and social).

Dukhabandhu Sahoo undertook a research on **AN ANALYSIS OF THE IMPACT OF FOREIGN DIRECT INVESTMENT ON THE INDIAN ECONOMY.** The main objective of the study was to examine both the negative and positive impact of FDI on the Indian economy and suggest policy measures for promoting higher FDI inflows, which may make a significant contribution to the economic growth in India. The study period ranges from 1990-91 to 2000-01. In order to meet the objective the researcher has applied the linear step-wise regression method to arrive at the determinants of FDI inflows at the macro level. The major findings of the study at the macro level suggest that FDI played a vital role in the economic growth of the country. The global share of the FDI inflow in India is very low but it is able to take the overall economy in a positive direction.

RESEARCH DESIGN

Type of research: The study will incorporate an exploratory approach in the phenomenon because it aims to determine the present facts as well as facts that are not yet explored about the phenomenon.

Sources of data: In this study the researcher has used secondary data which are readily available. The secondary sources are reports of RBI, World Investment Reports, Publications from Ministry of Commerce and Government of India, Different financial websites and various Newspaper, Journals.

Sample Design
Population under study: For the study here researcher has taken **all Asian countries** as a population.

Sample unit: Out of all Asian countries 9 countries are taken as sample unit. And the research was be conducted on secondary data for the **time period of year 2000-01 to 2011-12**.

Sampling method: For this research, **random sampling method** of probability sampling has been used.

Limitations of the Study

Apart from various advantages there are some limitation also, which are:

- The study is confined to only 9 countries.
- The present study covers only a period of 10 years.
- The research is totally dependent on the secondary data which may have some inaccuracies.

ANALYSIS

Trend in FDI Inflow in India

Foreign direct investment (FDI) is probably one of the most significant factors leading to the globalization of the international economy. Foreign direct investment in India has expanded rapidly following the liberalization program initiated in the early 1990s. Beginning with July 1991, the government introduced a number of changes in the country's regulatory policies under the general acceptance of the policy package known widely as the Structural Adjustment Programme (SAP). The important departure from the past was in the form of revision of the Industrial Policy Resolution, 1956 and Schedules A & B, resulting in the opening up of many a public sector reserved area, drastic revision of IDRA with the objective of removing a major entry point hurdle, doing away with the registration requirements under MRTPA, removal of the general ceiling of 40 per cent on foreign-held equity under Foreign Exchange Regulation Act (FERA), lifting of the restrictions on use of foreign brand names in the local market, removal of the restrictions on FDI entry into low technology consumer goods, abandonment of the phased manufacturing programme (PMP), dilution of the dividend balancing condition and export obligations, liberalization of the terms for import of technology and royalty payments, permission to invest up to 24 per cent in the equity of small scale units, reduction in tax rates, etc. As a result of the policy changes in 1991 and active promotion of India as a destination, the amount of FDI approved and received increased sharply. India witnessed a change in the flow and direction of foreign direct investment (FDI) into the country since then. This is mainly due to the removal of restrictive and regulated practices. Aggregate FDI inflows into India were somewhat lower during 2003-04 as compared to that during 2002-03. The reduction is attributable to a small decline (US$377 million) in fresh equity capital inflows in 2003-04. FDI flows into India, on BOP basis, after rising sharply in 2000-01 have been showing a decline since 2001-02.

India seems a quite attractive location to many foreign multinational enterprises (MNEs) due to favorable factors such as high economic growth, fast growing

population, English speaking people, lower cost for workers, etc. FDI Inflows in India has seen a huge increase in the financial year 2006-07. There was an increase of US$ 13,865 Million in this year compared to the year 2005-06. There are various reasons behind this huge increase in FDI, major being FDI Policy with Regard to Retailing in India as prior to Jan 24, 2006, FDI was not authorized in retailing in India. FDI up to 100% for cash and carry wholesale trading and export trading allowed under the automatic route and up to 51 % with prior Government approval for retail trade of 'Single Brand' products is permitted.

Figure 1: FDI Flows in India[1]
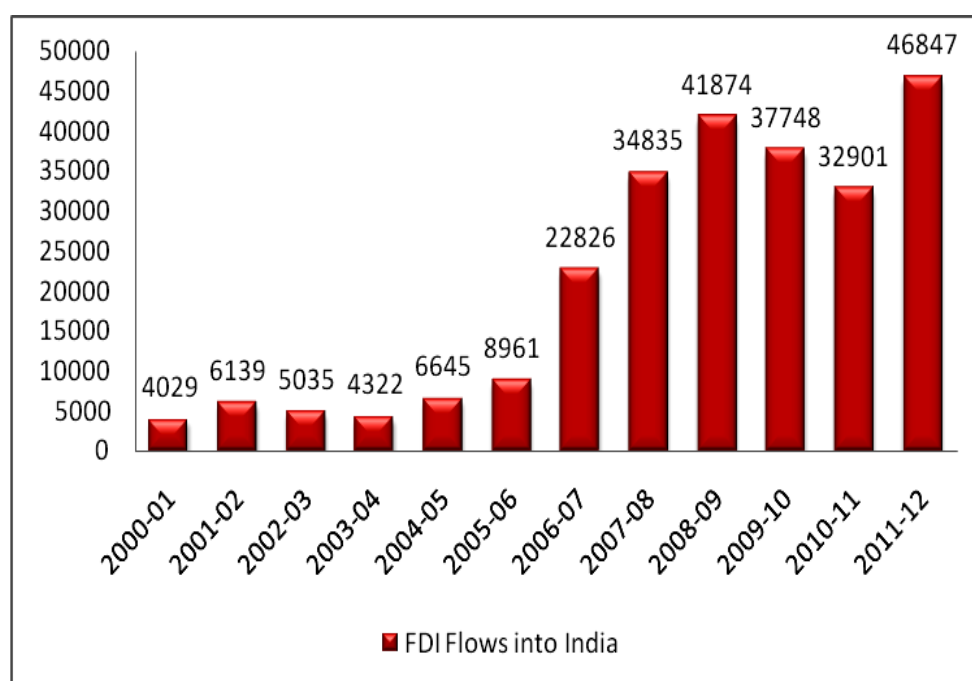
[1] Source – RBI Bulletin May 2012 dt. 13.05.2012 (Table No. 44 – FOREIGN INVESTMENT INFLOWS).

5.1 FDI Inflows to India - Country wise analysis

Among all the countries through which the FDI comes into India, Mauritius has been the largest direct investor in India. However, this data is rather misleading. Mauritius has low rates of taxation and an agreement with India on double tax avoidance regime. To take advantage of that situation, many companies have set up dummy companies in Mauritius before investing to India. The fact is that most investment into India from the United States is being routed through that country. In addition, major parts of the investments from Mauritius to India are actually round tripping by Indian firms. Most of the US investments were directed to the fuels, telecom, electrical equipment, food processing, and services sectors. The United Kingdom (UK) and the Netherlands are India's fourth and fifth largest FDI inflows. The investments from these countries to India are primarily concentrated in the power/energy, telecom, and transportation sectors. The top sectors attracting FDI inflows from Japan to India have been transportation electrical equipment, telecom, and services.

Table 1: Country wise FDI Inflows from April 2000-January 2011

S. No.	Country	Amt. of FDI Inflows[2] (In US $ million)
1	Mauritius	53368.91
2	Singapore	11693.83
3	U.S.A	9370.69
4	U.K	6387.08
5	Netherlands	5534.7
6	Japan	5081.56
7	Cyprus	4654.74
8	Germany	2918.42
9	France	2220.07
10	UAE	1875.09

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[2] Amount of inflows received through FIPB/SIA route, RBI Automatic Route & acquisition of existing shares only.

Figure 2: FDI Inflows in India from major 10 countries
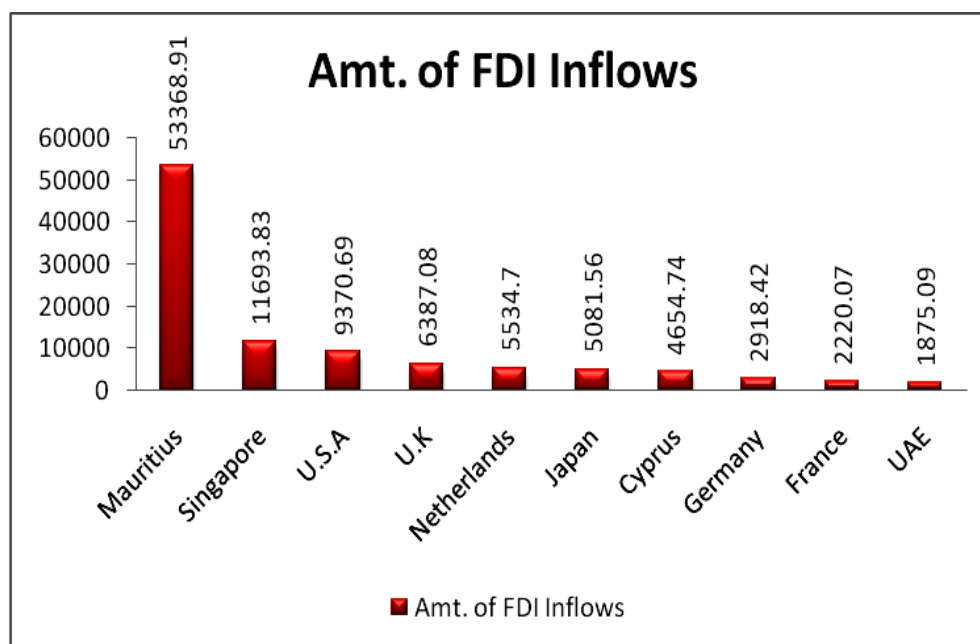
Factors Responsible for low FDI in India

The flow of FDI has been comparatively low in India. According to the statistical data given by UNCTAD on annual flows FDI during the year 2000-09, in the counties selected for comparison, India is far back among the developing countries like China, Hong Kong and Singapore. There are various reasons for India lagging in attracting FDI.

Table 2: Inward foreign direct investment stock, annual, 2000-2009[3]

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total
China	193,348	203,142	216,503	228,371	245,467	272,094	292,559	327,087	378,083	473,083	2,829,737
Hong Kong	455,469	419,348	336,278	381,342	453,060	523,219	742,416	1,177,536	816,184	912,166	6,217,020
India	16,339	19,676	25,826	32,549	38,060	43,202	70,870	105,790	123,294	163,959	639,566
Malaysia	52,747	33,972	37,542	41,188	43,047	44,460	53,710	76,612	73,262	74,643	531,183
Pakistan	6,919	5,545	6,110	7,195	7,606	10,209	13,682	25,621	16,473	17,789	117,149
Saudi Arabia	17,577	17,281	17,734	18,512	20,454	33,535	50,659	73,480	111,631	147,145	508,008
Singapore	110,570	116,939	132,058	144,747	169,433	194,581	241,570	322,978	326,790	343,599	2,103,264
Sri Lanka	1,596	1,517	1,713	1,942	2,175	2,447	2,927	3,530	4,283	4,687	26,816
Thailand	29,915	33,268	38,449	48,944	53,187	60,408	77,162	94,112	93,046	99,000	627,491

[3] Source- http://unctadstat.unctad.org/TableViewer/tableView.aspx

Figure 3: Inward FDI stock, annual, 2000-2009

According to the "Global Competitiveness Index 2011-2012" **India** ranked 56th in this year's

assessment. The country drops five places and demonstrates only minor changes. It continues to be penalized for its mediocre accomplishments in the areas considered to be the basic factors underpinning competitiveness. The country's supply of transport, ICT, and energy infrastructure remains largely insufficient and ill-adapted to the needs of business (89th). Indeed, the Indian business community continues to cite infrastructure as the single biggest hindrance to doing business in the country. The picture is similar in the health and basic education pillar (101st). Despite improvements across the board over the past few years, public health and education quality remain a prime cause of concern. In the past five years, discontent in the business community about the lack of reforms and the apparent inability of the government to provide a more conducive environment for business has been growing. Corruption (99th) and burdensome regulation (96th) certainly fuel this discontent. More recently, the stability of the country's macroeconomic environment is being undermined by high inflation, near or above 10 percent. As a result, India has been hovering around the 100 mark in this pillar for the past five years. Despite these considerable challenges, India does possess a number of remarkable strengths in the more advanced and complex drivers of competitiveness. This "reversed" pattern of development is characteristic of India. The country boasts a vast domestic market that allows for economies of scale and attracts investors. It can rely on a well-developed and sophisticated financial market (21st) that can channel financial

resources to good use, and it boasts reasonably sophisticated (43rd) and innovative (38th) businesses.[4]

In 2006 the Government of India undertook a comprehensive review of the FDI policy and associated procedures (GOI, 2006). A number of measures have been undertaken to make India a more attractive destination for FDI. Some key measures include allowing FDI in new sectors, dispensing with the need of multiple approvals from Government and/or regulatory agencies that exist in certain sectors, and extending the automatic route to more sectors. Under the automatic route, FDI up to 100 percent is allowed in most sectors/ activities. No prior approval from the Government of India or the Reserve Bank of India (RBI) is required for FDI under the automatic route. While the relaxation of these FDI norms may have helped attract greater FDI inflows, prima facie India's inward FDI should be huge or at least much bigger than what it currently receives.

When India's inward FDI numbers are compared with other countries, the picture that emerges is far from encouraging. In fact rather dismal. In terms of inward FDI, India lags very badly behind China. India continues to be penalized for its disappointing performance in the areas considered to be the basic factors underpinning competitiveness. India's infrastructure is largely "insufficient" and

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[4] More detailed information is available in "The India Competitiveness review – 2011-12"

"ill-adapted" to the needs of the economy. Moreover the country also faces problem areas such as corruption and bureaucracy.

India has displayed good performance over the past years in business sophistication, innovation and financial market sophistication. However, areas like infrastructure, primary education, health and the fiscal situation dragged India down. The report also stated that bureaucracy, over-regulation and corruption still affect functioning markets and labour markets in particular.

In India, there are various problematic factors for doing business. So there is less inflow of FDI, since these factors discourage foreign investors to invest in Indian business.

Various factors responsible for low FDI inflow to India are:

a. **Infrastructure:** "Inadequate supply of infrastructure" is the most problematic factor for doing business in India. Delays in shipping, power outages, water shortages, commuting times, etc., are few of the adverse consequences, which seriously undermine productivity. This situation penalizes local businesses and deters foreign investors.

Road Transport: India has one of the largest road networks in the world, aggregating to about 33 lakh kilometers at present. The country's road network consists of National High-ways, State Highways, major/other district roads and villages/rural roads. Inspite of this India

ranks below Pakistan and China when it comes to road communication. 65% of freight and 85% of passenger traffic are carried by road. Hence, Improvement of road connectivity is imperative. Road accidents are also high in India. This underscores the need of road safety. Cars, trucks, buses, motorcycles, taxis, rickshaws, cows, donkeys, and dogs jostle for every inch of the roadway as horns blare and brakes squeal. Drivers run red lights and jam their vehicles into any available space, paying no mind to pedestrians clustered desperately on median strips like shipwrecked sailors. This specially impacts the business heads while visiting the country. Most of the highways are two-lane roads at best though the construction of a four to six lane highway linking major cities in India going on.

Port Infrastructure: India's port infrastructure suffers from low turnaround time, insufficient handling capacity, and frequent human intervention. India has 11 major ports, which are managed by the Port Trust of India. Five of these ports are on the east coast of India and six are on the west coast. These ports handle 82 percent of cargo and are operating beyond their capacity. This leads to delays in cargo delivery, which are commonplace. The India government has tried to tackle these problems by implementing port and harbor construction projects similar to the road construction initiatives. The country has made some progress with attracting the private sector participation

in port and harbor development. Indian Government's attempt to encourage public-private partnership (PPP) is expected to bring reforms in port functioning. Government is also planning to provide more autonomy to major ports to increase their performance.

Air transport: India is out-forming many of its comparative countries in terms of air transportation. Government's decision to end state monopoly in aviation sector has paid up. Competition among private and public players, emergence of low cost airlines has demonstrated the dynamism of India's aviation sector. Government's initiative to modernize 35 airports and privatization of Mumbai, Delhi, Hyderabad, Cochin and Bangalore airports are expected to increase the efficiency and performance of aviation sector.

Railways: With 14 million passengers commuting daily, India's rail is the largest rail of the world. India ranks an impressive 20th position in rail infrastructure. However, the high density road corridors face capacity constraints. It is widely accepted that India's infrastructure development would be possible through investment. Lack of sufficient public funds emphasized public private partnerships (PPP) in this sector. Allocation of more than 40% of budgetary outlay to infrastructure development in the 2010-2011 budgets

is positive signal at long-term orientation for competitiveness building.

There are major factors that resulted in poor construction industry also, which include capacity constraints in delivery potential and performance, shortage of skilled and unskilled manpower, use of obsolete technologies and construction equipments, inadequate availability of quality construction materials, etc. From the side of the employer (i.e., the executing agency), flawed practices in bid design, viz., inappropriate qualification and evaluation criteria, unequal risk allocation, low weightage to quality aspects and indecisiveness on project parameters etc. impair effective functioning of contractors.

Water supply and sanitation facilities continue to be a scarcity in India despite increasing efforts and investments from the Government over the years. The level of investments in the area has increased during the 2000s and access has improved, albeit still very low compared to international standards. Thus, the water supply and sanitation area are in significant need of immense improvements still.

Poor infrastructure performance has brought India down to 89th position in the transport and infrastructure index. Thus, 'Inadequate supply of infrastructure' is identified as the biggest problem factor.

b. The other problem is **power**. Although the total power generated in India has continued to increase, there are significant shortages. India is today the third largest energy consumer after the China and USA. However, these countries have the power generation capacity to meet the demand for electricity in order to exploit the optimal GDP level. India's electricity sector needs to boost investment to cope with demand, which has been growing at a significant pace fuelled by rapid population growth and continued high levels of economic growth.

It is very common for towns and villages to face daily blackouts averaging more than 8 hours a day. Some 600 million Indians have no electricity at all. While 80% of Indian villages have at least an electricity line, just 44% of rural households have access to electricity. Some half of the electricity is stolen, and the stolen electricity amounts to 1.5% of GDP[5]. Transmission and distribution losses amount to around 20%, because of an inefficient distribution system, handled mostly by cash-strapped state-run enterprises. Almost all of the electricity in India is produced by the public sector. Power outages are common, and many buy their own power generators to ensure electricity supply. The electricity loss during distribution

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[5] Reforming the Power Sector : Controlling Electricity Theft and Improving Revenue" (PDF). The World Bank. http://rru.worldbank.org/documents/publicpolicyjournal/272bhatia_Gulati.pdf. Retrieved 2011-03-21

and transportation remain s a major problem to be tackled.

c. **Taxation and approvals:** Taxes levied on transportation of goods from State to State (such as octroi and entry tax) adversely impact the economic environment for export production. Such taxes impose both cost and time delays on movement of inputs used in production of export products as well as in transport of the latter to the ports. At the local level (sub-state) issues pertaining to land acquisition, land use change, power connection, building plan approval are sources of project implementation delay.

d. **Corruption:** Business communities rank India poor on trust on politicians and administrative/bureaucratic corruption. India is still considered as a nation where business is affected by bureaucratic red tape. Nearly all sectors of officialdom are riddled with graft, from neighborhood cops to district bureaucrats to state ministers. Corruption delays infrastructure projects and raises costs for those that move ahead. Before a project of making road a long discussions of around 5-7 years take place before the decision is taken. May be a second round of reforms to eliminate the red tape is demand of the time now.

e. **Health and Primary Education**: India ranks 101 in health and primary education. The situation is linked to lack of government funds to invest in such

sectors, lack of skill manpower and infrastructure. It is very telling because poor primary education is what has essentially caused India's so called 'demographic dividend' to be somewhat illusionary. Despite the country's huge working age population, there is already an acute shortage of talent in India which is having a negative repercussion on businesses – both domestic and foreign.

Education: India has achieved more than 90% of enrollment in primary education. Since many countries have achieved universal literacy at primary education level India still lags behind. India has made huge progress in terms of increasing primary education attendance rate and expanding literacy to approximately two thirds of the population. The right to education at elementary level has been made one of the fundamental rights under the eighty-sixth Amendment of 2002, and legislation has been enacted to further the objective of providing free education to all children[6]. However, the literacy rate of 74% is still lower than the worldwide average and the country suffers from a high dropout rate. Further, there exist severe disparities in literacy rates and educational opportunities between males and females, urban and rural areas, and among different social groups. Quality of primary education remains a problematic area. Poor

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[6] Economic Survey 2010, pp. 280–281

spending is the primary reason for such abysmal performance.

Only 66% per cent of the Indian people are literate (76% of men and 54% of women). While close to 90 per cent children in the 6-11 age group are formally enrolled in primary schools, nearly 40 per cent drop out at the primary stage. The enrolment ratios of Scheduled Caste (SC), Scheduled Tribe (ST) and Muslim children (especially girls) still remain far lower than the national average. 1.36 crores (40 *per cent*) children in the age group of 6-14 years remained out of school as on March 2005, four years after the launch of the "Sarva Shiksha Abhiyan". Half of India's schools have a leaking roof or no water supply, 35% have no blackboard or furniture, and close to 90 per cent have no functioning toilets. The official teacher-student norm is 1:40, yet in some states classes average is one teacher per 80 children. The prescribed norm of a school being available within the radius of one kilometer is still not being fulfilled. Malnutrition, hunger and poor health remain core problems, which comprehensively affect attendance and performance in classes. The added burden of home chores and child labour influence a large number of children, especially girls, to drop out of school.

Health: Over and above only 28% of India's population has access to sanitation facilities. A sizeable portion of Indian population suffers from diseases like tuberculosis, malaria etc. 21% of Indian suffers from malnutrition. The life expectancy in India is just 64 years. Nearly 67% of the population in India does not have access to essential medicines. Infant Mortality Rate (IMR) in India was 67.6 in 1998-99 and has come down to 57 in 2005-06. Kerala heads the progress made so far with an IMR of 15/1000 births. Uttar Pradesh has the worst IMR in the country of 73/1000 births. Maternal Mortality Rate (MMR) is currently 4 deaths per 1000 births. India accounts for the largest number of maternal deaths in the world. 79% of the children between the age of 6-35 months, and more than 50% of women are anaemic and 40% of the maternal deaths during pregnancy and child-birth relate to anaemia and under-nutrition. There are 585 rural hospitals compared to 985 urban hospitals in the country. Out of the 6, 39,729 doctors registered in India, only 67,576 are in the public sector. The ratio of hospital beds to population in rural areas is almost fifteen times lower than that for urban areas.

f. **Inflation:** India is facing severe challenges to curtail the increasing inflation rate. Particularly the food inflation rate is a matter of concern. With the increase in oil and petroleum prices as an outcome of 2010-2011 budget it is expected that the price of commodity products will continue to increase as more inflationary pressures. India has been exploring the options of coming out populist budgets to cut back subsidy and to for reforms in tax

structure. Withdrawal of subsidy in some sectors like IT corroborates the fact that government is giving priority to reduce fiscal deficit.

g. **Terrorism:** Threat of terrorism has been always associated with India. The serial bomb blasts in various cities of the nation followed by the Mumbai terrorist attack stains negative colours on the business environment of India. The rising tensions in the region, as well as frequent reports of foiled terror plots contribute to a general fear of future attacks and maintain a climate of insecurity. In addition corporate interests, especially Western companies, are seen to represent a prime target.

h. **Crimes, theft and Scams:** The national crime bureau (NCRB) data for cognizable crimes committed on yearly basis from 1953 to 2010 indicates a regular increase of crime rate in India. The possibility of all criminal incidents not reaching police remains a reality. In addition, organized crime is on the rise in India. Theft accounts for approximately 14.8 percent of the total recorded crime in India. Similarly the crime of kidnapping and abduction is rising which accounts for 1.7 percent of the total crime.

Of late, white collar crimes are also increasingly making their presence felt among Indian firms. Indian firms have been afflicted by several types of white collar crime like investment, banking, credit card and online transaction frauds, medical scams, education, housing and job rackets, etc. While there has been an overall decline in frauds globally, as many as 84 percent of Indian firms have indicated their vulnerability to corruption and bribery. Failure to strengthen internal control mechanisms to control frauds in Indian firms has further made the situation worse. As most fraudsters are experts in using sophisticated technology to conduct their activities, the police are often not found to be well-versed in dealing with the rising number of such white collar crimes.

Thus, crime and theft are most problematic factors for the development of business which will resulted in low FDI in India. India needs to improve its accounting and corporate governance practices in order to unmask such scams.

i. **Policies and procedures:** Investors find it frustrating to navigate through the tangles of bureaucratic controls and procedures. The time taken for application/bidding/approval of FDI projects was too long. Multiple approvals, excessive time taken (2-3years) and long lead times of up to six months for licenses for duty free exports, lead to "loss of investors' confidence despite promises of a considerable market size." Of the three stages of a project, namely general approval (e.g. FDI, investment license for items subject to license), clearance (project specific approvals e.g. environmental clearance for specific location and product) and

implementation, the second is the most oppressive. The clearances connected with investment are the most affected by India's red tape. While many policy barriers have been removed on FDI in India, results have at times been disappointing due to administrative barriers at the state level as well as lack of coordination between the central and state governments.

j. Rigidities in Labour Markets: Foreign investors have not viewed India as a major manufacturing hub for labour-intensive exports. Manufacturing investments have significant potential to develop ancillary industries and provide large-scale employment to people who are relatively unskilled compared to the service sector. However, the rigidities in Indian labour markets make it practically impossible to shed excess labour or get rid of nonperformers. The labour market remains characterized by high costs and restrictions on firing workers, which reduces the incentive for companies to hire permanent workers and grow their businesses. In addition to the difficulty of dismissing employees, the associated cost is high - equivalent to 56 weeks of salary (placing India 85th on this indicator). Thus, although hiring workers is very easy in India, the difficulty of firing them afterwards still creates a significant disincentive. The consequence is that large firms in the formal sector are becoming more capital-intensive despite the abundance of cheap labour.

6 Conclusion:

India has come a long way since 1991 in so far as quantum of FDI inflow is concerned. The popular wisdom is that FDI are discouraged from investing in India by bureaucratic hurdles and uncertainty about the sincerity of the government(s) about economic reforms. The Indian government policies towards FDI have changed over time in tune with changing developmental needs. This changing policy has affected the trends of FDI flows received by the country. In terms of investing countries, it can be noted that a major portion of total FDI in India comes from Mauritius. This is because of close political and cultural ties. Mauritius has low rate of taxation and an agreement with India on double tax avoidance regime.

In spite of huge figures of FDI investment in India, she lags in attracting FDI compared to China, Hong Kong and Singapore. Only the FDI policy is not responsible for low amount of FDI as the policy has been revised on regular intervals to attract FDI. But the major reasons behind low amount of FDI investment in India are poor infrastructure facilities, rigidity in the labour market, bureaucratic government, length procedures, terrorism, crimes, level of educations and much more. But the major among all the reasons is the infrastructure facilities and primary education. Development of roads, focusing on ports and airports, providing electricity will help to attract good amount of FDI investment in India as due to this infrastructural problem the cost of production increases which makes the products less competitive in the market. India has to surpass each of these

barriers in order to compete globally. But the World Economic Forum's executive survey demonstrates the need of further reforms in terms of restriction and liberalization. Access to financing, tax regulation and policy stability are viewed as hurdles in India.

India needs to encourage entrepreneurs to invest in its economy so that the problem of unemployment could be tackles and some of the huge job seeker population could be turned into job-provider population. Rural industrialization and credit availability in rural sector could bring the neglected rural market to the forefront. Agricultural development has to be the focus to avoid acute food crises and inflation in food items. Value addition activities in minerals, food, and textile have mammoth potential of improvement. Value addition can help India improve its exports and narrow down the balance of payment issues.

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India

| | | A | Competitive **advantage** | | ▲ ▼ | improve/worsen between 2009-2010 and 2008-2009 |
| | | D | Competitive **disadvantage** | | ▲ ▼ | improve/worsen between 2008-2009 and 2007-2008 |

The Global Competitiveness Index in detail

INDICATOR	RANK	A/D	SCORE	EVOLUTION		CHINA	DEV ASIA	LOW MID INC	BEST	PERFORMER
Global Competitiveness Index	49		4.3	▼	▼	4.7	4.0	3.8	5.6	Switzerland
Basic requirements	79		4.2	▼	▲	5.1	4.2	4.1	6.0	Finland
Efficiency enhancers	35		4.5	▲	▼	4.6	3.9	3.7	5.7	United States
Innovation and sophistication factors	28		4.2	▼	▼	4.2	3.5	3.3	5.7	United States
1st pillar: Institutions										
1.01 Property rights	54	D	4.8	▼	▼	5.2	4.1	3.9	6.5	Switzerland
1.02 Intellectual property protection	61	D	3.6	▼	▼	4.0	3.2	3.0	6.2	Singapore
1.03 Diversion of public funds	58	D	3.6	▼	▲	3.7	3.3	3.1	6.6	New Zealand
1.04 Public trust of politicians	79	D	2.4	▲	▲	4.0	2.9	2.5	6.4	Singapore
1.05 Judicial independence	37	A	5.0	▲	▼	3.9	3.7	3.2	6.7	New Zealand
1.06 Favouritism in decisions of government officials	54	D	3.2	▼	▼	3.8	3.1	2.8	5.8	Sweden
1.07 Wastefulness of government spending	55	D	3.4	▼	▼	3.9	3.5	3.1	6.1	Singapore
1.08 Burden of government regulation	95	D	2.9	▼	▼	3.9	3.3	3.4	5.6	Singapore
1.09 Efficiency of legal framework in settling disputes	37	A	4.4	n/a	n/a	4.1	3.6	3.3	6.3	Singapore
1.10 Efficiency of legal framework in challenging regulations	21	A	4.7	n/a	n/a	3.9	3.5	3.2	5.8	Sweden
1.11 Transparency of government policy-making	43	A	4.6	▲	▼	4.8	4.0	4.0	6.3	Singapore
1.12 Business costs of terrorism	117	D	4.7	▼	▲	5.7	4.6	5.2	6.8	Austria
1.13 Business costs of crime and violence	50	D	5.2	▲	▲	5.4	4.4	4.3	6.7	Qatar
1.14 Organized crime	63	D	5.5	▲	▲	5.3	4.8	4.7	6.8	Luxembourg
1.15 Reliability of police services	52	D	4.5	▲	▲	4.7	3.8	3.7	6.6	Finland
1.16 Ethical behaviour of firms	57	D	4.1	▼	▼	4.3	3.8	3.7	6.7	New Zealand
1.17 Strength of auditing and reporting standards	27	A	5.5	▼	▼	4.7	4.4	4.2	6.3	New Zealand
1.18 Efficacy of corporate boards	63	D	4.6	▼	▼	4.4	4.4	4.4	5.9	Sweden
1.19 Protection of minority shareholders' interests	36	A	4.9	▼	▼	4.3	4.3	4.1	6.0	New Zealand
2nd pillar: Infrastructure										
2.01 Quality of overall infrastructure	89	D	3.2	▲	▼	4.0	3.5	3.5	6.8	Switzerland
2.02 Quality of roads	89	D	3.1	▲	▼	4.2	3.6	3.3	6.7	Singapore
2.03 Quality of railroad infrastructure	20	A	4.5	▲	▼	4.1	2.8	2.4	6.8	Switzerland
2.04 Quality of port infrastructure	90	D	3.5	▲	▼	4.3	3.8	3.7	6.8	Singapore
2.05 Quality of air transport infrastructure	65	D	4.7	▼	▼	4.3	4.4	4.3	6.9	Singapore
2.06 Available seat kilometres (mio per week) *	10	A	2'645.3	▼	▲	8'056.0	1099.4	487.9	30919.9	United States
2.07 Quality of electricity supply	106	D	3.2	▲	▲	5.0	3.6	3.9	6.9	Denmark
2.08 Telephone lines (per 100 pop.)*	103	D	3.2	▼	▼	27.5	11.4	10.6	64.2	Switzerland
3rd pillar: Macroeconomic stability										
3.01 Government budget balance (% of GDP)*	115	D	-4.9	▲	▲	-0.7	29.0	12.0	384.0	East Timor
3.02 National savings rate (% of GDP)*	20	A	35.6	▲	▲	51.5	29.1	24.6	61.3	Azerbaijan
3.03 Inflation (%)*	67	D	8.3	▼	▼	5.9	10.7	11.4	1.4	Japan
3.04 Interest rate spread (% points)*	85	D	7.3	▼	▼	3.1	6.1	7.4	0.3	Hungary
3.05 Government debt (% of GDP)*	116	D	75.2	▲	▲	15.9	38.7	38.7	0.0	East Timor
4th pillar: Health and primary education										
4.01 Business impact of malaria	100	D	5.1	▲	▼	6.0	5.1	5.0	n/a	n/a
4.02 Malaria incidence (cases per 100,000 pop.)*	103	D	951.3	▼	▲	7.6	4586.8	5912.2	0.0	Multiple (67)
4.03 Business impact of tuberculosis	87	D	5.1	▲	▼	5.8	4.9	5.2	7.0	Finland
4.04 Tuberculosis incidence (cases per 100,000 pop.)*	99	D	168.0	=	▼	98.0	195.8	141.8	4.0	Multiple (3)
4.05 Business impact of HIV/AIDS	92	D	4.7	▲	▲	5.8	4.8	4.9	6.7	Norway
4.06 HIV prevalence (% of adult pop.)*	69	D	0.3	=	▲	0.1	0.5	2.0	0.1	Multiple (24)
4.07 Infant mortality (deaths per 1,000 live births)*	108	D	57.0	▼	▲	20.0	31.5	38.0	1.8	Hong Kong SAR
4.08 Life expectancy (years)*	100	D	64.0	▲	▲	74.0	68.2	66.9	83.0	Japan
4.09 Quality of primary education	89	D	3.2	▼	▲	4.7	3.6	3.3	6.7	Finland
4.10 Primary enrolment (net rate, %)*	96	D	88.7	▼	▼	99.5	88.1	88.0	101.7	Costa Rica
4.11 Education expenditure (% of GDP)*	94	D	3.2	▼	▼	1.8	3.3	4.0	11.0	East Timor
5th pillar: Higher education and training										
5.01 Secondary enrolment (gross rate, %)*	107	D	54.6	▲	▲	77.3	65.8	70.4	148.6	Australia
5.02 Tertiary enrolment (gross rate, %)*	100	D	11.8	▲	▲	22.9	17.5	24.4	94.7	Korea, Rep.
5.03 Quality of the educational system	37	A	4.4	▲	▼	3.8	3.6	3.3	6.2	Singapore
5.04 Quality of math and science education	22	A	5.0	▼	▼	4.8	3.8	3.6	6.4	Singapore
5.05 Quality of management schools	15	A	5.4	▼	▼	4.0	3.8	3.8	6.1	Switzerland
5.06 Internet access in schools	67	D	3.6	▲	▼	5.4	3.6	3.1	6.6	Iceland
5.07 Local availability of specialized research and training services	32	A	4.7	▲	▼	4.4	3.7	3.6	6.3	Switzerland
5.08 Extent of staff training	34	A	4.5	▼	▲	4.2	3.8	3.7	5.7	Sweden
6th pillar: Goods market efficiency										
6.01 Intensity of local competition	12	A	5.8	▼	▼	5.8	4.8	4.6	6.2	Germany
6.02 Extent of market dominance	22	A	5.0	▼	▼	4.9	3.7	3.5	6.0	Germany
6.03 Effectiveness of anti-monopoly policy	25	A	4.9	▼	▼	4.2	3.8	3.5	5.9	Netherlands
6.04 Extent and effect of taxation	29	A	4.2	▼	▲	4.1	3.9	3.6	6.3	Bahrain
6.05 Total tax rate (% of profits)*	118	D	71.5	▼	▲	79.9	41.1	44.2	11.3	Qatar
6.06 Number of procedures required to start a business*	111	D	13.0	=	▼	14.0	10.3	9.1	1.0	Multiple (2)
6.07 Time required to start a business (days)*	82	D	30.0	▲	▲	40.0	54.9	31.1	1.0	New Zealand
6.08 Agricultural policy costs	82	D	3.7	▼	▼	5.1	4.1	3.8	6.1	New Zealand
6.09 Prevalence of trade barriers	79	D	4.4	▼	▼	4.6	4.3	4.2	6.5	Hong Kong SAR
6.10 Tariff barriers*	104	D	0.1	▲	▼	0.1	0.1	0.1	0.0	Multiple (2)
6.11 Prevalence of foreign ownership	65	D	5.0	▼	▼	4.4	4.5	4.7	6.6	Hong Kong SAR
6.12 Business impact of rules on FDI	45	A	5.3	▼	▼	5.6	5.0	4.6	6.7	Singapore
6.13 Burden of customs procedures	71	D	3.9	▲	▲	4.6	3.7	3.6	6.4	Singapore
6.14 Degree of customer orientation	57	D	4.8	▼	▼	4.5	4.6	4.4	6.3	Japan
6.15 Buyer sophistication	33	A	4.0	▼	▼	4.7	3.6	3.3	5.3	Japan

INDICATOR	RANK		SCORE	EVOLUTION		CHINA	DEV ASIA	LOW MID INC	BEST PERFORMER
7th pillar: Labour market efficiency									
7.01 Cooperation in labour-employer relations	40	A	4.7	▼	▲	4.5	4.4	4.3	6.3	Singapore
7.02 Flexibility of wage determination	44	A	5.3	▲	▲	5.3	4.9	5.0	6.3	Hong Kong SAR
7.03 Rigidity of employment [0-100 (worst)]*	54	D	30.0	=	▲	27.0	29.8	34.5	0.0	Multiple (3)
7.04 Hiring and firing practices	103	D	3.2	▲	▲	3.8	4.0	4.1	5.9	Singapore
7.05 Firing costs (in weeks of salary)*	85	D	56.0	=	▼	91.0	78.4	62.8	0.0	Multiple (4)
7.06 Pay and productivity	46	A	4.2	▼	▼	4.9	4.2	3.9	5.7	Singapore
7.07 Reliance on professional management	30	A	5.3	▲	▲	4.9	4.3	4.0	6.5	Sweden
7.08 Brain drain	41	A	4.2	▲	▼	4.2	3.5	3.1	6.0	United States
7.09 Female-male participation ratio in labour force*	122	D	0.4	▼	▲	0.9	0.7	0.6	1.2	Mozambique
8th pillar: Financial market sophistication									
8.01 Financial market sophistication	32	A	5.3	▼	▲	4.0	3.8	3.7	6.7	Luxembourg
8.02 Financing through local equity market	3	A	5.0	▼	▼	3.9	4.0	3.4	5.3	Hong Kong SAR
8.03 Ease of access to loans	34	A	3.6	▼	▼	2.7	3.1	2.7	5.0	Luxembourg
8.04 Venture capital availability	23	A	3.6	▼	▼	3.2	2.9	2.6	4.6	Hong Kong SAR
8.05 Restriction on capital flows	73	D	4.4	▼	▼	3.1	4.2	4.2	6.5	Hong Kong SAR
8.06 Strength of investor protection [0-10 (best)]*	31	A	6.0	=	=	5.0	5.5	4.9	9.7	New Zealand
8.07 Soundness of banks	25	A	5.9	▲	▼	5.2	5.0	5.0	6.7	Canada
8.08 Regulation of securities exchanges	11	A	5.6	▼	▲	4.0	4.1	3.9	5.9	Sweden
8.09 Legal rights index [0-10 (best)]*	18	A	8.0	▲	▲	6.0	5.6	4.7	10.0	Multiple (4)
9th pillar: Technological readiness									
9.01 Availability of latest technologies	39	A	5.5	▲	▲	4.3	4.5	4.4	6.8	Iceland
9.02 Firm-level technology absorption	30	A	5.5	▼	▼	5.1	4.6	4.5	6.5	Iceland
9.03 Laws relating to ICT	39	A	4.5	▼	▲	4.2	3.5	3.3	6.0	Singapore
9.04 FDI and technology transfer	19	A	5.4	▼	▲	4.7	4.6	4.5	6.3	Ireland
9.05 Mobile telephone subscriptions (per 100 pop.)*	116	D	29.2	▲	▲	47.4	58.5	66.8	207.8	United Arab Emirates
9.06 Internet users (per 100 pop.)*	104	D	6.9	▼	▲	22.3	16.2	12.5	86.8	Netherlands
9.07 Personal computers (per 100 pop.)*	96	D	3.2	▲	▲	5.6	5.9	5.2	94.6	Canada
9.08 Broadband Internet subscribers (per 100 pop.)*	91	D	0.4	▲	▲	6.2	1.4	1.0	37.3	Sweden
10th pillar: Market size									
10.01 Domestic market size index*	4	A	6.0	▲	▼	6.5	3.9	3.3	7.0	United States
10.02 Foreign market size index*	4	A	6.2	▲	▲	7.0	4.7	4.3	7.0	China
11th pillar: Business sophistication									
11.01 Local supplier quantity	3	A	5.9	▼	▲	5.6	4.7	4.5	6.3	Japan
11.02 Local supplier quality	41	A	5.0	▼	▲	4.8	4.2	4.1	6.3	Austria
11.03 State of cluster development	20	A	4.6	▲	▲	4.7	3.9	3.2	5.5	Japan
11.04 Nature of competitive advantage	67	D	3.4	▼	▼	3.5	3.4	3.2	6.4	Germany
11.05 Value chain breadth	26	A	4.4	▼	▼	3.9	3.5	3.4	6.2	Germany
11.06 Control of international distribution	44	A	4.3	▼	▲	4.3	3.9	3.9	5.5	Germany
11.07 Production process sophistication	43	A	4.3	▲	▼	3.9	3.3	3.3	6.4	Japan
11.08 Extent of marketing	33	A	4.9	▼	▼	4.6	3.9	3.8	6.4	United States
11.09 Willingness to delegate authority	36	A	4.3	▼	▲	3.9	3.7	3.5	6.2	Sweden
12th pillar: Innovation									
12.01 Capacity for innovation	35	A	3.6	▼	▼	4.2	3.1	2.9	5.9	Japan
12.02 Quality of scientific research institutions	25	A	4.9	▲	▼	4.4	3.5	3.2	6.2	Switzerland
12.03 Company spending on R&D	36	A	3.6	▼	▼	4.2	3.2	2.8	6.0	Switzerland
12.04 University-industry collaboration in R&D	46	A	3.8	▲	▲	4.6	3.4	3.0	5.9	United States
12.05 Government procurement of advanced technology products	68	D	3.6	▲	▼	4.4	3.6	3.4	5.5	Singapore
12.06 Availability of scientists and engineers	4	A	5.6	▼	▼	4.6	3.9	3.9	6.0	Finland
12.07 Utility patents (per mio pop.)*	58	D	0.5	▲	▲	0.9	0.6	0.1	279.3	Taiwan, China

ADD India Business Environment data

Data Collection

The Data have been collected from different RBI publications, Asian development outlook and other Government publications and reports.

Combo Leadership – A Necessity for Re-Energizing Employee Engagement in the Face of Leadership Crisis

Jaydeep H Goswami*

Abstract: *A number of studies have shown definite links between employee engagement and financial success of organizations. Employee engagement is really a means to an end and organizations that want to drive high levels of business success need motivated and engaged employees to get there. However, employee engagement is ultimately an individual choice. It is entirely a personal decision on the part of an employee on whether to stretch himself (or herself) and offer an outstanding performance or to contribute at a minimum level or be dysfunctional. The likelihood of employees remaining engaged and productive is more when the environment is relatively happy and stress free. At times of crisis, however, the environment within the organization takes a turn for the worse and it is during crisis period that leadership comes under stress. This paper analyses leadership and employee engagement and offers suggestions for better leadership strategies. This paper also introduces "Combo Leadership" as a possible strategy of customized leadership intervention to reduce possible negativism in the organizational environment, in a situation where an external leader brought in as a Change Agent in an ailing organization causes the environment to not remain conducive to Employee Engagement, due to predominance in "Task Orientation" at the cost of "People Orientation". Combo Leadership proactively utilizes existing trust on an anchor and positive grapevine as means of establishing confidence within the organization and thereby re-energizing employee engagement in the face of leadership crisis.*

Keywords: *Combo Leadership, Employee Engagement, Leadership Crisis.*

INTRODUCTION

The study of leadership has been a hot favorite of researchers, the world over, since long and continues to be an expanding field of research, which has been scholarly recognized as a topic worth recognition. The early studies of leadership had a focus on the persona of leaders and have been termed as trait theories of leadership. Later studies turned towards behavior of leaders and accordingly, behavioral theories emphasized the mutual interaction of the leader with others.

Leadership has always focused on a top-down approach, wherein one central figure (the leader) plays an anchor's role. However, the leader being a flesh and blood human has the same set of psychological and other challenges that he has to overcome, before he can prove himself to be first among equals.

In a high stress situation, for example, in a challenged (or ailing) organization, where time and resources are always at a premium, it is quite natural that remedial decisions taken by a leader (especially those affecting past practices and norms) would have mass psychological effects within the organization. Left unattended, this immediately would result in disengagement of employees.

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For long term sustainability of the organization, it is essential that high rate of employee engagement is maintained even in the face of crisis. It is proposed in this paper that "Combo Leadership" can be used as a strategy to counter the ill effects of negative leadership so that employee engagement levels continue to peak even in adverse situations, resulting in continued organizational excellence and sustainability.

THE ORGANIZATION IN CRISIS

Rate of change today, in every sphere of life, continues to accelerate. With every passing day, organizations, worldwide, are facing greater and greater complexity. Competition today has become relentless. The need for effective leadership, therefore, is critical for organizations to even sustain their effectiveness in the current scenario.

Most of the top management at various organizations across the world are from the generation of "Baby Boomers" or early "Generation X", who have reached or are fast approaching the age of superannuation. A number of surveys across the world have indicated that most organizations have very little time to prepare and fill the void that would be inevitably created in a few years time and that most organizations have shown little evidence that they will achieve it (RHR International 2005, Hay Group 2007, Wellins et.al. 2007).

The enormity of this problem becomes more compounded when you realize that the talent pool from which future leaders can be tapped is actually diminishing. In the book *War for Talent*, (Michaels et. al. 2001) it is opined that the number of 25-44 year olds has shrunk by 6% but the overall employment numbers have increased by 12%. In a more recent update, McKinsey has asserted that the problems of the shortage of available talent are increasing (Axelrod et.al. 2001).

This brings us to the significance of the crisis. If there is a shortage of available leaders, how will organizations continue to have effective leadership?

This, coupled with the urgent need for organizations to be increasingly effective and competitive in delivering world class performance, while still controlling costs, falls on the leaders to get *more, more and even more* from their staff……..not only in a cost effective way, but also in a way that *does not reduce their motivation and well being*. This is essential not only from an ethical point of view but also because if productivity is at the cost of motivation or well being, the accruing benefits would definitely be short lived.

This raises the critical questions about *the nature of leadership and the use of human and social capital in the organization.*

It is perceived that the solution to this crisis is to capitalize on the social capital of the organization by leveraging employee engagement, by customizing leadership style to suit current and emergent organizational requirements.

NATURE OF LEADERSHIP

The word "Leadership" invokes a meaning in the mind and it has been used in three very different contexts. (Rost, 1993).

The first reflects the excellence theory of leadership. Leadership is "being the number one", leadership is "producing excellence". The second use of the word is as a substitute for "the collective leaders who are in office". Headline writers often use this. The third notion is that of one person directing other people, like the conductor exerting leadership over an orchestra.

Authors and Practitioners have defined leadership in very many ways right since the early 1900s. Most literature tends to focus on the psychological, personal and other characteristics that can make one person a more effective leader than another, including for example managerial mindsets and managerial roles.

Scherr and Jansen, 2007, in their research paper titled *A new Model of Leadership*, have defined leadership as that set of actions, including language actions (words), whether taken directly or by empowering others to act which fulfills visions and produces results, outcomes and consequences that otherwise would not have occurred.

They have modeled leadership on four aspects. A successful leader will create an environment or culture in which the four aspects of leadership are highly valued and are therefore nurtured, created, applied and effectively implemented. The four aspects of leadership being as under:

- **VISION:** Creating a vision for the future – a vision that goes beyond what is predictably going to happen and therefore goes beyond what anyone now knows how to accomplish.

- **ENROLLMENT:** Enrolling sufficient numbers of others in making a voluntary and personal commitment to realizing the vision.

- **BREAKDOWN:** Creating systems that quickly identify and widely communicate the existence of breakdowns – any perceived gap between the committed vision and what predictably will be accomplished given current circumstances and knowhow that is seen as a threat to the realization of the vision. Widespread awareness of a breakdown increases the likelihood that a solution – a breakthrough – will be discovered or invented.

- **MANAGING BREAKDOWNS:** Creating an environment that successfully resolves the breakdowns. Such an environment supports people in the organization (on the team if it is a project) so they renew their commitment to the realization of the vision in the face of the breakdowns.

Joseph Rost (1993), in his book Leadership for the Twenty-First Century has said, "Leadership is a relationship among leaders and followers who intend real changes that reflect their mutual purposes." From this definition, Rost explains four essential elements that must be present if leadership exists or is occurring:

1. The relationship is based on influence.
   a. The influence relationship is multidirectional.

      b. The Influence behaviors are noncoercive.

2. Leaders and followers are the people in this relationship.
   a. The followers are active.
   b. There must be more than one follower and there is typically more than one leader in a relationship.
   c. The relationship is inherently unequal because the influence patterns are unequal.

3. Leaders and followers intend real changes.
   a. *Intend* means that the leaders and followers purposefully desire certain changes.
   b. *Real* means that the changes the leaders and followers intend must be substantive and transforming.
   c. Leaders and followers do not have to produce changes in order for leadership to occur. They intend changes in the present; the changes take place in the future if they take place at all.
   d. Leaders and followers intend several changes at once.

4. Leaders and followers develop mutual purposes.
   a. The mutuality of these purposes is forged in the noncoercive influence relationship.
   b. Leaders and followers develop purposes, not goals.
   c. The intended changes reflect, not realize, their purposes.
   d. The mutual purposes become common purposes.

LEADERSHIP IN TIMES OF CRISIS

Any crisis brings in questions pertaining to short-term survival as well as long-term sustainability. When leaders are pressed by demands to cut costs and increase efficiency, many leaders scramble to revise strategies - reduce headcount, categorically cut budgets, or simply change their stated priorities and hoped for better results - most simply ignoring the power of talent within their organizations.

Pricewaterhouse Coopers and Franklin Covey, 2010, say that this could be a big mistake. Uncertain economic realities only increase the need for consistent and dependable strategy execution. Successful leaders recognize that a more effective and sustainable approach lies in narrowing their focus to what is most important. They enhance their ability to execute on a few critical goals by instilling basic behaviours and disciplines into their organizations that will unleash the talent inherent in their workforce.

Execution focused leadership fuses a system of execution with a principled and participative decision-making style that unleashes employee talent, inspires trust and motivation and consistently delivers remarkable results.

Franklin Covey's 4 Disciplines of Execution™ summarize as under:

- Focus on a few critically important goals
- Act on the lead measures that impact goal achievement
- Measure success and motivate employees through visible, compelling scoreboards.
- Hold one another accountable through a weekly "cadence" of accountability.

Execution, as per Pricewaterhouse Coopers / Franklin Covey (2010), is the discipline that empowers an organization to accomplish its strategic objectives. It is a systematic process that requires leaders to precisely identify and narrowly focus on the most impactful goals, concentrate teams' efforts on high impact actions, transparently share real time results, make timely course corrections and ensure mutual accountability among team members. Effective execution is grounded in principles of clarity, commitment, translation of strategic goals to daily tasks, enabling sponsorships, synergistic teamwork and accountability.

Execution focused leadership requires that the following principles are adhered to and answers to the relevant questions are in the affirmative:

- **Clarity:** Do we all know what is most important?
- **Commitment:** Do we believe in the goals and want to achieve them?
- **Translation to action:** Do we know what we have to do to achieve the goals?

- **Enabling sponsorship:** Do we remove barriers?
- **Synergy:** Do we work effectively together to improve our ability to achieve the goals?
- **Accountability:** Do we report results to one another regularly?

The benefits of a properly designed and consciously managed strategy execution are many and it can help an organization to achieve short term goals and realize long term strategies. It can help boost efficiency by enabling an organization to more effectively align overall organizational objectives and allocate finite resources, time and efforts to new initiatives.

While this strategy, if implemented effectively, would prove to be a boon in leading organizations in crisis. If it is not implemented in the right spirit and with adherence to all the above principles, transparency would become a major issue and commitment levels would wane to the extent that active disengagement would become a strong likelihood.

The success of leadership in times of crisis, depends largely on the relationship between the leader and the followers. This is a dynamic relationship and is ever-changing in its strength and affinity.

Leadership success today is definitely a celebration of teamwork, a celebration of employee engagement.

Employee Engagement:

Engagement has been described (Robinson et al 2004) as *"a positive attitude held by the employee towards the organization and*

its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization".

Engagement, therefore, is ultimately an individual choice that an employee makes. It is entirely a personal decision on the part of the employee to either contribute to a minimum level of performance or to stretch himself (or herself) and offer a simply outstanding effort….or on the other hand to sabotage the positive efforts of the others in the team.

There have been a number of studies that are carried out abroad, which show definite links between engagement and various measurements of financial success in organizations (Sirota Survey Intelligence 2006, Towers Perrin 2005, Watson Wyatt, 2008). Moreover high job and organization commitment, which are affected significantly by levels of engagement, also lead to reduced absenteeism and turnover.

It is interesting to note, however, that in one of the studies (Towers Perrin, 2005) it was found that *while people are keen to contribute more at work, the behavior of their managers and culture of their organizations is actively discouraging them from doing so.*

This discretionary effort on the part of an employee is contingent upon, not only on the intrinsic factors of the employees' psychological makeup, but also on the omnipresent but ever changing extrinsic factors of the organizational environment. That is where leadership plays a vital role. Leaders themselves have a significant

impact on whether an employee would be engaged or not.

Employee Engagement is really a means to an end. That is, organizations that want to drive high levels of business success need motivated and engaged employees to get there. So it is of paramount importance for Leaders to be aware of the impact of their own behaviors in instilling higher levels of engagement.

Research indicates that only 14% to 30% of employees are engaged at work. Unfortunately, however, inspite of so much of interest shown in employee engagement, there is still a lot of disagreement about what employee engagement really is and how to go about achieving it. There is still no available benchmark for what a realistic level of employee engagement is, which can be used as an authoritative scale.

In a situation of extreme competition and continuous change, it is imperative for organizations "*to do more with less" and* the only asset which can make that happen is the Human Capital, i.e. the employees. Experts claim that engaged employees do more and therefore, to get more out of less the simple logic would be that *managers simply get to engage their people.*

For organizations to be able to do that, leaders need to understand the factors that drive employee engagement. That way they are better equipped to create conditions that are conducive to drive higher levels of organizational performance. Following is the summary of factors that drive employee engagement and the personal investment that

employees make in an organization (Molinaro & Weiss, 2005):

1. **Being part of a winning organization:** Everyone wishes to be part of a winning organization. This could mean an organization that is financially successful or that it is recognized as a thought leader among customers or that the organization has an ambitious vision, core purpose and well articulated business strategy in place.

2. **Working for admired leaders:** "Admired Leaders" are one of the most important non-monetary drivers of performance (Corporate Leadership Council, 1998). Organizations with a strong network of admired leaders create the conditions for high engagement.

3. **Having positive working relationships:** Employees value positive working relationships with high caliber and professional colleagues.

4. **Doing meaningful work:** Meaningful work is often defined as work that makes a difference or has an impact to the organization. Employees often want to see how their work impacts the organization's vision and strategy. They also want to know that the organization's stakeholders are touched by their work.

5. **Recognition and appreciation:** Recognition may mean monetary rewards and compensation but it can also refer to the appreciation and direct feedback that employees receive from their managers. This recognition and appreciation demonstrates that employees are valued and that their contribution is acknowledged by their organization. Recognition also means that leaders notice the "often unnoticed" things that employees do, to make their organization successful.

6. **Work-Life Balance:** Organizations that create cultures that value work-life balance and assist employees to achieve the same are rewarded with highly engaged employees. Work-life balance does not mean that employees are not loyal or committed to their organization but it means that employees want to lead whole lives and not lives solely centered on work.

Firms win in the market when they develop human resources in a way that is not easily replicated by their competition. Theresa M. Welbourne has suggested a role based performance model as an option for providing definition of the behaviours of employee engagement. She defines five key roles that employees occupy at work:

- Core job-holder role – what is in the job description
- Innovator role – improving process, coming up with new ideas

- Team Member role – participating in teams
  - Career role – learning, engaging in activities to improve personal skills and knowledge
- Organizational member role – citizenship role or doing things that are good for the company.

The roles that are not easily copied are the non-core job roles. When employees put in enough time within an organization to understand how to innovate, they add value that a new employee cannot contribute.

When employees are part of a team and all team members develop company-specific knowledge, that asset is something that cannot be easily copied by a competitor. As employees move from job to job within the organization and they build their own company-specific career knowledge, or as they teach others within the firm, the advantages of this firm-specific, career-based action cannot be easily imitated by another organization. When employees understand the inner workings of the organization and they begin to engage in behaviors that support the company overall (instead of just their own job), this type of activity is not easily replicated by another organization and these behaviors bring high value.

However, on the opposite side of the spectrum, if a company values only the core job role and employees engage in behaviors exclusively associated with the core job, these jobs are very easy for competitors to copy. It is a simple matter to replicate this type of company, hire employees in another region or country who can be paid less money and then compete with the original employer.

Leadership in a challenged organization:

The enormous complexity of current organizations and the immense challenges that organizations are facing today is forcing organizations to adapt their behaviors continually to sustain their competitive advantage. The need for change induces a high degree of stress (Kets se Vries & Balazs, 1998; Liechtenstein, 2000).

Changing mindsets is never easy and usually a strong jolt is required to trigger action. Awareness of the need for change is achieved most effectively when the organization comes under pressure.

This pressure from external sources come in the form of threats from competitors, declining profits, decreasing market share, scarcity of resources, deregulation, technological demands and problems with suppliers and groups of customers (Kets de Vries, 2001).

NEGATIVE LEADERSHIP IN A CHALLENGED ORGANIZATION

In circumstances such as these, organizations at times bring in a new leader in the form of a "Change Agent", who is expected to implement sweeping changes in established systems with a view to increase productivity or reduce costs in a relatively short span of time.

This extent of performance pressure in the new leader quite naturally increases "task orientation" at the cost of "people orientation" as per the Blake & Mouton Managerial Grid and as a result this quite

often introduces negative leaders in the system.

The first kind of negative leadership is by "Transactional Leaders", described by Northouse (2001), as leaders who do not focus on the individual needs of their followers but instead look to exchange things of value to advance their own and their subordinates' agendas. It focuses on the exchange between leaders and followers, with both parties receiving something of value (Boerner et.al. 2007). This 'give and take' philosophy used by transactional leaders also makes use of negative motivation, which focuses on negative feedback, threats or disciplinary action (Bass & Steidlmeier, 1999).

The second kind is by "Destructive or Toxic or Dysfunctional Leaders", who, whether intentionally or unintentionally, cause separation, division or unrest within teams. Research has also shown a connection between toxic leadership tendencies and charismatic tendencies (Lipman – Blumen, 2005). This negative leadership comes as a result of the charisma, charm, intelligence and influence of the leader; the hero worshipping admiration of the followers and also an environment which supports such negative behaviors (especially in times of crisis and overbearing challenges).

The "Catch-22" situation:

These elements ultimately result in feeding the power of the negative leader (Klein & House, 1995). Lipman & Blumen (2005) have also suggested that the toxic leader will use charismatic tendencies to manipulate, isolate and ostracize his or her followers. This is precisely where camaraderie and team work is affected and transparency and employee engagement take a back seat.

Often, this causes a high drama in the organization where emotions run high; and anxiety, sabotage and gossip prevail. This causes an interesting Catch-22 situation. The attention is drawn away from the leader and onto the dysfunctional team. The negative leader then continues with his toxic inputs without check.

When the leader is then called upon to intervene and set right the dysfunctional team, he almost always turns to his devoted followers at the cost of the other members of the team.

This invariably leads to sudden attrition or slow down and an overall dampening of the motivation level of the team, which ultimately plummets the overall engagement level of employees and given the negative environmental conditions prevailing in the organization, in the first place, this more often than not causes a drain of resources.

Gallup has estimated that a typical organization has $3,400 in lost productivity for every $10,000 of payroll due to "disengaged employees" – one of the primary symptoms of dysfunctional toxic leaders (Buckingham and Coffman, 1999). Negative leadership can have high human and financial costs by disengaging employees who are more likely to resign and increase turnover in the organization, with consequent higher search, hiring and training costs (Branham, 2005). The false perception of the negative leader's high performance is unmasked by hidden costs

in the organization or by the "carcasses of those who work for them" (Reed, 2008:68).

This brings us to the crux of the problem - another Catch-22 situation. The New Leader seems to be a boon for the organization because:

1. His task orientation has resulted in an improving trend, which is what the Top Management vehemently desires (the prime reason why he was brought in….in the first place).
2. Old mindsets are definitely changing and the initial resistance to change is crumbling. Another trend that the Top Management vehemently desires.
3. Discipline is being enforced at last and responsibilities are being continually vetted.
4. Low productivity is being discouraged by weeding out the straggling employees and fresh talent is being inculcated.

But on the other hand:

1. Teams are disintegrating and silos are coming up.
2. Sense of ownership has reduced and employees seem to be more concerned with "passing the buck".
3. Camaraderie has reduced.
4. The Happiness Quotient in the organization has significantly diminished.
5. Employee Engagement has taken a back seat.
6. Motivation levels across the organization are dismally low.
7. Fear psychosis is at a peak and performance levels of even star performers are diminishing.

Such a situation is apparent in many organizations that have not been able to manage negative leadership, especially when the same is demonstrated by a new incumbent, who was brought in to set right the ailing organization, in the first place.

By the time the Board intervenes to rectify the detrimental effects of this negative leadership, it is already too late and redeeming motivation and productivity levels becomes a very long drawn and costly exercise.

So what is the recourse to this very common problem: that of reducing the effect of negative leadership…..especially when the negative leader cannot be immediately removed from the system?

Combo Leadership:

Combo Leadership is being presented here as a strategy, which is willfully executed as a customized leadership intervention in a situation where an external leader has been brought in to play the role of "Change Agent" in an ailing organization and where there is a likelihood that the Change Agent may end up displaying negative leadership behavior. Combo Leadership, it is felt, would also aid in Leadership Grooming, when the new leader is a promoted from within the organization.

Combo leadership utilizes the position power of a second leader, who has an equal or higher rank than the incumbent. Ideally, he should be a full time member of the Board, who has been in the system

(organization) for long and enjoys positive vibes with the workforce.

The Combo Leader plays the role of an indirect mentor for the workforce at large. His role is more of a tacit auditor for the Change Agent (or the new leader) and a pressure valve for individual members of the workforce.

Any turnaround strategy, executed over a short time span necessitates hard decisions to be taken at times, in the form of stringent guidelines, enforcements and weeding out of non-productive and less-productive team members. Each of these hard decisions affect individual employees. Yet the cascading repercussions are never individual but felt across the organization in the form of "group mind".

Multiple separations over a short span of time immediately makes the entire workforce assume that their "jobs are at stake". A couple of disciplinary proceedings immediately fires the Trade Union into raising slogans of "exploitation and autocracy". Introduction of a single austerity measure immediately triggers depression across the length and breadth of the workforce.

In such volatile environment, employees normally deal with the situation by either fanning the "group mind" or by withdrawing into a shell. Both these behaviors are detrimental to the organization and if left unabated only leads to a point of no return, where redemption is either extremely costly or extremely time consuming.

Combo Leaders act as pressure vents by being available as a transparent and fair listener and mentor for individual employees.

Mentoring is a process for the informal transmission of knowledge, social capital and the psychosocial support perceived by the recipient as relevant to work, career, or professional development; mentoring entails informal communication, usually face-to-face and during a sustained period of time, between a person who is perceived to have greater relevant knowledge, wisdom or experience (the mentor) and a person who is perceived to have less (the protégé). (Bozeman & Feeney, 2007)

Top Management is often skeptical to introduce such a mentor in a volatile environment for fear of being overburdened by grievances. In real situations however, not very many individuals from the workforce actually come forward to air their grievances. However, the few that do are enough to fan the grapevine with positive feedback of the Mentor, thereby automatically easing the stress caused by the negative leadership.

It can be argued that encouraging individual discussions with disgruntled employees would be detrimental to the overall focus of the organization, especially when it is a follow through of a thought out and strategic "hard decision".

The counter argument is that the Combo Leader focuses on giving a patient hearing to the disgruntled employee, without making any value judgments. He acts also as a source of factual information and Top

Management Vision. He plays a vital role in dissemination of information which focuses on long term strategy of the Organization and possible roles of the team member concerned.

The Combo Leader further strives to nurture the core competencies of the team member, which are relevant for organizational success and motivate the team member to excel in his professional domain.

The culture of an organization stems from the top and the Combo Leader has the opportunity to be seen as the custodian of employee goodwill. By portraying transparency, the Combo Leader strengthens the hand of the Change Agent by complementing his efforts. As a silent auditor, he also picks up clues for appraising the Change Agent of the state of the human capital in the Organization.

Combo Leadership - Challenges:

Since this concept involves two unique power centers in the organization, it needs to be handled with maturity and foresightedness for the long-term benefit of the organization.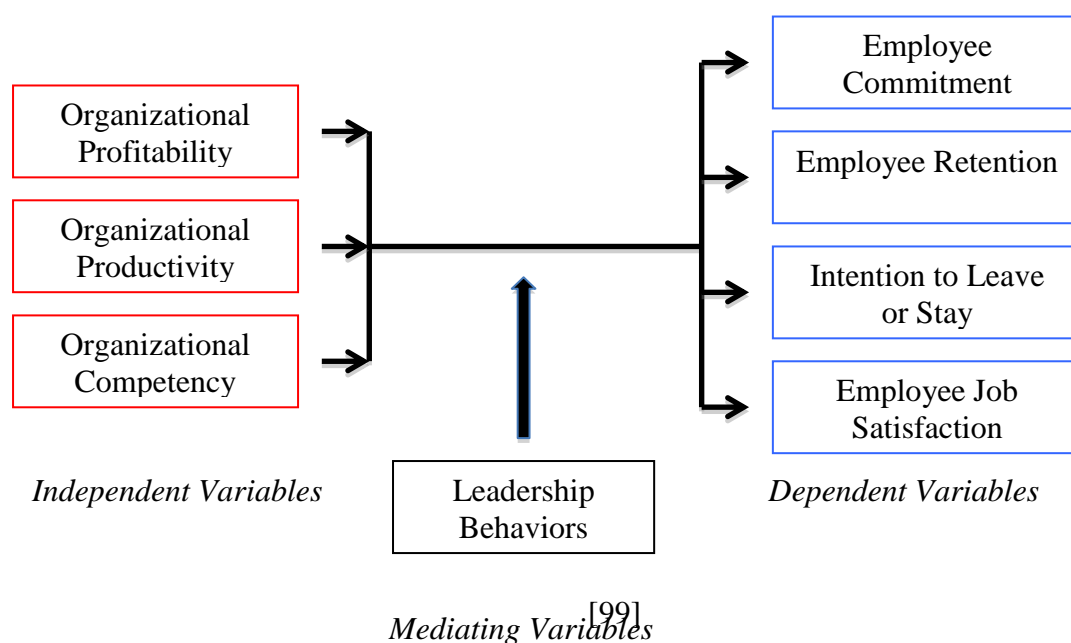 This is possible when it has complete buy-in of the Top Management (the Board) and there is adequate information flow between its members.

It requires also the perseverance of the individuals concerned to give precedence to organizational requirement over personal satisfaction.

The Conceptual Framework:

The conceptual framework organizes and aligns the concept. It depicts the relationships of the various theoretical constructs and variables as under:

Since Leadership Behaviors are mediating variables, the continued success of an organization, especially one which is exposed to major upheaval due to emergent changes in work processes and conventions, spearheaded by a leader who is very strongly "Task Oriented", at the cost of "People Orientation", depends on an equally competent Combo Leader, who can mitigate the ill effects of negative leadership, so that Employee Engagement levels continue to peak, resulting in continued organizational sustainability and excellence.

Independent Variables   Leadership Behaviors   *Dependent Variables*

Organizational Profitability — Organizational Productivity — Organizational Competency → Employee Commitment, Employee Retention, Intention to Leave or Stay, Employee Job Satisfaction

Mediating Variables

CONCLUSION

Leadership has always focused on a top-down approach, wherein one central figure (the leader) plays an anchor's role. However, the leader, being a flesh and blood human, has the same set of psychological and other challenges that he has to overcome before he can prove himself to be first among equals.

In a high stress situation, for example in a challenged (or ailing) organization, where time and resources is always at a premium, it is quite natural that remedial decisions taken by a leader (especially those affecting past practices and norms) would have mass psychological effects within the organization. Left unattended, this immediately would result in disengagement of employees.

For long term sustainability of the organization, it is essential that high rates of employee engagement is maintained even in the fact of crisis and for that Combo Leadership can be a strategic approach.

While most Leadership Theories, so far, have taken a TOP-DOWN approach, the concept of Combo Leadership is fundamentally a BOTTOM-UP approach and it tries to present a model of customizable leadership style, which focuses specifically on positive Employee Engagement as an outcome.

Although Combo Leadership has been demonstrated in a few Indian Organizations as an emergent Leadership style, which manifested spontaneously as the result of turbulence within the organization, its merits cannot be undermined, especially when it is executed as a strategic intervention.

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Model of Service Quality in Higher Education Institutions

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Abstract: *The study intends to evolve service quality model for HEIs. The study will help the educational institutions to concentrate more on those factors, which will enhance the service quality of an institution. This will make aware the stakeholders to bring desired changes in the educational institutions for quality enhancement in higher education.*

Keywords: *Service Quality, Service Quality Factors, Higher Educational Institutions, Students' Satisfaction.*

INTRODUCTION

People now days are becoming quality conscious, emphasizing more on quality of products and services. Therefore, it is the need of the hour to render quality services. Many experts and researchers have agreed upon service quality as a key to success and powerful tool to sustain in the competitive era. As the service is based largely on human performance, it is quite uneasy to maintain quality in service than that in a product. Irrespective of the place, product and the type of organization quality enhancement requires continuous improvement. Even an educational institution also needs to consider it as a prominent aspect for betterment of the students. Unfortunately, an idea of service quality in higher education, until 1985, was not considered as compatible as other products. Until then, service quality in higher education institutes (HEIs) was seen as compatible as oil and water. Therefore, no efforts were initiated during several decades or often centuries towards improvement in the HEIs (Canic and McCarthy,2010). However, the notion has changed during last three decades when Parsuraman et al. (1988) took initiative and devised SERVQUAL (Francis Buttle, 1996) and Cronin and Taylor (1992, 1994) devised SERVEPERF as the instruments to measure service quality. Several experts have undertaken great efforts to study service quality in diverse nations, industries, culture and firms in order to bring out prominent service quality dimensions. However, Dabholkar, Shephard and Thorpe (2000) and Gounaris et al. (2003) have focused attention on the prominent determinant of service quality of commercial service sector namely, 'customer perception', which produces better result in measuring service quality (Sultan and Wong).

Research on service quality in higher education (HE) is a recent origin as compared to that in commercial sector. However, it is observed that the HEIs are taking efforts to improve their service quality. It is an outcome of either visionary leadership the HEIs have or compelling external forces. The latter is truer than the earlier in the context of Indian HEIs. Some agencies like NAAC and NBA have been

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established for assessment and accreditation of HEIs but very few (16%, NAAC-2012) have taken initiatives to measure their quality. Understanding causes behind this poor response on the part of HEIs will form another study. However, there is no standardized mechanism like SERVQUAL or SERVPERF model for measuring service quality in HEIs in India. This prompted researchers to see whether the SERVQUAL model suits to measure service quality and students' satisfaction in HEIs in India.

SERVICE QUALITY IN HEIS IN INDIA

Higher education is undergoing sea changes during recent past in India in general and in Maharashtra in particular. A Three-dimensional force - from State Government, Central Government and UGC and NAAC is being imposed to enhance the quality in HEI. Accordingly, HEIs are taking efforts in this direction. Many institutions and colleges have undergone accreditation and reaccreditation process. Some are ready for third phase of accreditation. NAAC is the sole agency imposed with the responsibility of accreditation of HEIs in India, which is able to assess only 6000 out of 32000 HEIs during last two decades from its inception (1994). This underlines limitations of NAAC to prove an institution capable enough to assess and accredit all HEIs in India. This also underlines late awareness about service quality in HEIs and reluctance on the part of policy makers to consider the issue seriously and make adequate provision for assessment and accreditation of all HEIs in India after specific intervals. Quality and its assessment at present in India look as if it

is optional. In this situation, it will be very much interesting to see how students perceive and evaluate service quality in HEIs in India.

Students evaluate service quality based on their expectations. They compare experienced service quality with their expectations. Their expectations may change over the time, therefore, the quality aspects today in the eyes of students (customers) may not remain the same tomorrow and they are bound to change. This calls for continuous monitoring and evaluation of service quality in any service organization. Such researches are found rarely in HEIs in India. Present study is an attempt to address this gap.

REVIEW OF LITERATURE

Various studies have been undertaken to measure performance of HEIs in context of their service quality. The influence of service quality dimensions across the culture and institutions vary widely.

Sultan and Wong (2012) found that the antecedent approach to study service quality had received little attention, though it has more importance in the examination of service quality. In order to highlight this fact, they have studied perception of students regarding antecedents and dimensions of service quality in HEIs. They found that the information and experience are the significant determinants to form and evaluate service quality in HEIs. They found that antecedents and dimensional aspects of service quality are different perspectives of studying service quality. They have devised

three core dimensions of service quality in HEIs- academic service quality (ACSQ), administrative service quality (ADSQ) and facility service quality (FSQ). While Gatfield et al. (1999) have developed four dimensions of service quality in the context of Australian HEIs. They are academic instructions, campus life, recognition and guidance. Service quality in HEIs largely depends upon social life in the campus, surroundings, physical facilities, programmes, quality faculty, teaching reputation of the university and teachers (Yamamoto, 2006; Coccari and Javalgi, 1995; Price et al., 2003;Capman, 1981; Gremel and McCollough,2002). Parsuraman et al. (1988) have laid down pioneering foundation in the study of service quality and devised an instrument − SERVQUAL, the first construct for measuring service quality. They have addressed five gaps of service quality, which are:

i. **The gap between services expected by customers and the management perceptions of customers' expectations.** This gap appears due to incorrect perception of management about customers' expectations.

ii. **The gap between service quality specifications and the management perception about customers' expectation.** This gap appears due to inappropriate and improper specifications of service quality though they may have perceived the customers' expectations correctly.

iii. **The gap between the quality of service delivered and that specified.** This gap appears due to faulty service delivery system, where untrained and unskilled employees might be the service providers.

iv. **The gap between the services delivered and expected communication with customers about the service.** This gap appears due to excessive commitment by the service provider than they can do.

v. **The gap between customers expected service quality and the service quality perceived by the customers.** This gap is the function of gap 1, gap 2, gap 3 and gap 4. Thus, the service quality is related with the management perception, marketing, personnel management, communication with customers service specifications and service delivery system.

Understanding applicability of this model for HEIs in India is one of the objectives of present study. At the same time, it is intended to study the relationship of service quality in HEIs and students' satisfaction.

SIGNIFICANCE OF THE STUDY

Many more researches have undertaken studies on service quality in commercial organizations. Recently, the quality aspect in HEIs is also receiving greater attention, sometimes because of visionary leadership

and because of forces from different stakeholders. However, very few researchers have taken efforts to study service quality aspect in the HEIs in India. Therefore, this study is significant. The study will be beneficial to all the stakeholders in general and the HEIs and students in particular. This will be helpful to HEIs and to the government in the service quality improvement in HE. In addition, the study will help government and HEIs in formulating their policies and programmes. Ultimately, the students may themselves experience better services and better life (Sarwar, Haque and Ismail, 2012).

OBJECTIVES OF THE STUDY

Main aim of the study is to see the relevance of SERVQUAL model in measuring service quality of HEIs and to understand the impact of service quality on students' satisfaction. Therefore, the research question of the study is 'How is the SERVQUAL model fit for measuring service quality in HEIs in India and what is the impact of service quality on students' satisfaction'? The specific objectives of the study are-

1. To understand applicability of Parsuraman's Service quality dimensions (the SERVQUAL model) to Indian higher educational institutions.

2. To examine the relationship between service quality dimensions (tangibility, responsiveness, reliability, assurance, empathy and overall service quality) and student satisfaction.

3. To identify the prominent factors those contribute most to students' satisfaction.

HYPOTHESIS

The researchers have set following hypotheses.

1. Parsuraman's (SERVQUAL model) service quality dimensions are applicable to Indian HEIs.

2. Among all dimensions of service quality, 'tangibility' is the major contributor to students' satisfaction.

3. Among all dimensions of service quality, 'Empathy' is the least contributor to students' satisfaction.

THEORETICAL BACKGROUND

Students' Satisfaction

Many researchers have carried out studies on service quality and students' satisfaction in the context of diverse countries, cultures and institutions. However, no standard definition can explain the meaning of student satisfaction (Hom, 2000). After going through the literature on students' satisfaction, the researchers have tried to explain the meaning of students'

satisfaction with the help of following definition.

"Students' satisfaction is the state of their mind after fulfillment of their expectations by an experience gained from outcome of the overall performance of an institution".

The expectations may have taken place in students' mind before entering the college, based on information and knowledge regarding products and services of the courses run by the institute, teachers and the infrastructure the institute has and the stakeholders associated with the delivery of products and services.

Service Quality

As is explained by Hasan and Razak (2008) service quality connotes an idea that the quality has to be judged based on assessment of the user of the service. The model of service quality is based on the perceived service quality. Perceived service quality results from comparing customer expectations prior to receiving the service and their actual experience of the service. It is also related to the attitude of the customers. Therefore, perceived service quality in case of HEIs rely upon students' expectations and experience with office staff, with teachers, the head of the institution (Hill, 1995). If the quality of services provided by an organization exceeds the level of students' expectations, the service will be evaluated as high quality. On the contrary, if the quality of services provided by an organization fails to meet students' expectations, the service will be considered as poor quality. Parasuraman, Zeithaml and Berry (1985) have devised ten determinants of service quality that can be generalized to any type of service. The ten dimensions are (1) tangibility, (2) reliability, (3) responsiveness, (4) competence, (5) access, (6) courtesy, (7) communication, (8) credibility, (9) security and (10) understanding. Further, they have regrouped these ten dimensions in five in SERVQUAL model (Parasuraman et al., 1990) which include (1) tangibility, (2) reliability, (3) responsiveness, (4) assurance and (5) empathy.

Service Quality Dimensions in HEIs

It is quite desirable to see applicability of SERVQUAL model to HEIs. Numerous researchers have adopted this model in HEIs (Regotti and Pitt, 1992; Cuthbert, 1996; Soutarand, McNeil, 1996; Saditul, Samsiner and Wong, 2000). Though tangibility among the service quality dimensions has recorded highest score, Cuthbert (1996), O'Neill and Palmer (2004) are of the opinion that tangibility does not represent major contributor to students' satisfaction but the service experienced constitutes major component of service quality in HEIs. However, these views have some contradictory findings drawn by other researchers like Smith and Annew (2001). They found that the tangibility, comprising of some specific peripherals used in the teaching and learning process, residential accommodations, canteen/mess, boarding house, number of faculties in the department (Umbach and Parter, 2002) also constitute major component in students' satisfaction.

The reputation of the institute and the climate in the campus (Le Blanc and Nguyen, 1997) create trust and confidence among students about HEI. The cost benefit aspect also contributes more to students' satisfaction. In addition to this Ford, Joseph and Joseph (1999) have found location of HEI more prominent. Administration of an organization is an integral part of service delivery mechanism (Kamal and Ramzi, 2002) which constitute the service quality of an HEI and determines the students' satisfaction

Thus, all the dimensions of service quality and students' satisfaction have close association with each other (Bigne, Moliner and Sanchez, 2003). No single dimension can be considered as less important in service quality delivery system and students' satisfaction. This implied that the SERVQUAL model evolved by Parsuraman et. al (1990) best fits to evaluate service quality in HEIs and students' satisfaction (Hayduk, 2003).

METHODOLOGY

Research Framework

The study is based on Parsuraman's SERVQUAL (1990) dimensions (tangibility, assurance, responsiveness, reliability and empathy), which are the independent variables and students' satisfaction is dependent variable, which is measured by the overall service quality of the HEIs.

Data Base

The study is based on both, secondary and primary data.

Secondary Data- Secondary data on the study was collected through various books, journals, periodicals and internet sources.

Primary Data- Primary data pertaining to the study was collected from the sample respondents with the help of structured questionnaire adopted from Hasan and Razak (2008).

Sample

The sample respondents for the study were selected in two stages. At the first stage, four degree colleges (hereinafter called sample colleges) were selected from Kolhapur district on convenient basis. At the second stage, students studying in the sample colleges have selected at random. We have distributed total 220 questionnaires (55 at each sample college). In all, 207 (94.10 percent) respondents completed and returned questionnaires. However, 7 out of these were inconsistent, hence they were rejected. Thus actually 200 respondents were analyzed for the study.

The Questionnaire

The researchers have used questionnaire as an instrument for collection of required data for the study. There are three sections in the questionnaire. **Section-A** consists of Personal Information of the respondents covering Name, gender, age, course, class in which studding and college name. **Section-B** consists of forty-six statements regarding

service quality in HEIs and **Section-C** consists of six statements on students' satisfaction. The SERVQUAL instrument of Parsuraman et. al (1990); adopted from Hasan and Razak (2008) is used in this study. The questionnaire was translated in Marathi (local) language in order to get proper response from the students and to get reliable data. The same, questionnaire has been used for the present study. The questionnaire consists of five dimensions (which, are the independent variables) pertaining to service quality namely (I) tangibility consisting of sixteen statements , (II) reliability with nine statements, (III) responsiveness, seven statements, (IV) assurance, seven statements and (V) empathy, seven statements. (See Table 3). There are six statements relating to students satisfaction, (which is the dependent variable). The data was collected from the respondents using **six point Likert scale**. **Point one for not satisfied at all and point six for very satisfied.** The same scales are used for the statements relating to students' satisfaction - score 1 for much worse than expected to 6 for much better than expected.

DATA ANALYSIS

The computer excel spreadsheet was used for data analysis of the study. The statistical tools such as Mean, Standard Deviation and Coefficient of Variation have been used for data analysis.

FINDINGS

Profile of the sample Respondents

Profile of the sample consisted of gender, age, course and year of study (see Table 1). From among the 200 respondents, 61 (29.50%) are males and 139 (96.50%) are females. Majority of the students are 19 years old (58.00 %). The students studying at higher classes were selected as the respondents of the study, in order to get data that are more reliable. Accordingly, majority (44.00%) respondents are from second year degree course students, followed by those studying at third year (40.00%), 12.00% at first year and only 4% representatives are from those studying at PG course.

Analysis of Data on Service Quality

The mean score of overall service quality of the sample colleges (on a 6-point scale) was 4.67 (SD=0.29 and CV=6.14) whereas, the students satisfaction score was 5.50 (2.26; 41.11), which can be perceived as students in these HEIs being moderately satisfied with overall service quality.

Considering the score for each dimension, it was found that 'Assurance' received highest score 5.12 (SD=2.12 and CV=41.34), followed by reliability with score of 5.02 (SD=2.08 and CV=41.44), responsiveness 4.79 (SD=1.97 and CV=41.22), tangibility 4.54 (SD=1.90 and CV=41.75) and empathy 3.86 (SD=1.76 and CV=43.24). The poor score of 'empathy' indicates the need of understanding students better and attempting to develop them by offering proper inputs.

The score of tangibility shows requirement of more attention on development of infrastructure in the sample colleges.

From Table-4 under 'tangibility', it is found that "Lighting in the classroom" showed highest mean score 5.52 (with SD- 2.27 and CV-41.13); followed by "Appearance of Lecturers" with mean score 5.34 (SD= 2.20 and CV= 41.19); "Overall Cleanliness" with 5.32 (SD=2.20 and CV=41.31) and "Availability of Parking" (mean score= 5.30, SD=2.18 and CV=41.13). This indicates that the students are satisfied with lighting in the classrooms, appearance of lecturers and overall cleanliness. The lowest score has shown for 'Access to the Internet/e-mail' facility' (mean=2.41, SD=1.59 and CV=65.89) and for "Up-to-datedness of Computers" and "Up-to-datedness of software used in computers". This implied that there is inadequacy of computers and the software are not updated. Again, students are rarely allowed direct access to computer and internet facility.

When the 'assurance' is considered separately, it is found that the students are more satisfied with "Academic Credential of Lecturers" (mean 5.52; SD=2.28 and CV=41.27), followed by "Communication Skills of Lecturer" with mean score 5.17 (2.18; 41.21) and the 'involvement of colleges with the community' (4.24; 2.20, 41.92). 'Friendly and courteous staff', has least mean score 4.67 (1.93; 41.31). This implied that the staff members need to have some formal training on courteousness.

Under the 'Reliability', 'teaching capability and proficiency of lecturer' scaled

at highest score (mean=5.40; SD=2.23, CV=41.29) and 'keeping record accurately' scored 5.25 (2.16; 41.17). 'Provision of services at promised time' scored at lowest level 4.47 (1.85; 41.44). This also implied that the staff members need to have some formal training on prompt delivery of its services.

Under 'responsiveness', students have given highest score (mean 5.34; SD=2.20 CV=41.13) for 'Lecturers capacity to solve problems when they arise', whereas, least score (mean 4.12; SD=1.69, CV=40.99) for 'getting information on the college'.

As it is seen, students have ranked 'empathy' at lowest level under which, 'access and convenience to students about computer and study room facilities' and 'willingness of staff to give students individual attention' are alarming services, which have scored at lower levels.

Under dependent variable (Students Satisfaction) highest score is for "I am satisfied with my decision to attend this college" (mean =5.64; SD=2.32, CV=41.03), while lowest score is recorded for "My choice to enroll in this college is a wise one" (5.44; 2.24, 41.23). This implied that the students' satisfaction is at higher level of their expectations.

Relationship between Service Quality and Students' Satisfaction

Table-4 shows that there is significant positive relationship between independent

variables (tangibility, responsiveness, reliability, assurance, empathy and overall service quality) and dependent variable (students satisfaction). 'Responsiveness' has stronger correlation (r=0.99) with student satisfaction, followed by 'reliability' (r=0.96) and assurance (r=0.94), while 'empathy' has shown poor correlation with students satisfaction (r=0.26). Interrelationship between independent variables shows that 'tangibility' has stronger relationship with 'empathy' (r=0.90) while other quality dimensions - assurance (r=0.45), reliability (r=0.25) and responsiveness (r=0.34) have less than moderate relationship. 'Assurance' has stronger than moderate relationship with 'reliability and 'responsiveness' both with r=0.98. Besides this, these three quality aspects have very close positive correlation with students' satisfaction.

Testing of Hypotheses

H_1= "Parsuraman's (SERVQUAL model) service quality dimensions are applicable to Indian HEIs" is partially accepted from the data on correlation (table -4). It is found that all independent and dependent variables are not equally positively correlated with each other.

H_2= "Among all dimensions of service quality, 'tangibility' is the major contributor to students' satisfaction". On examination of relationship between service quality dimensions and students' satisfaction, it is found that responsiveness, reliability and assurance, in descending order, are the prominent service quality factors that

contribute more to students' satisfaction. Tangibility has poor correlation (r=0.26) with students' satisfaction. Thus, H_2 is rejected. (table -4).

H_3= "Among all dimensions of service quality, 'Empathy' is the least contributor to students' satisfaction". On analysis of data on correlation, it is found that 'empathy' has shown poor correlation (r= -0.13) with students' satisfaction. Thus the hypothesis is rejected.

CONCLUSIONS

The result of the study is somewhat different from the studies conducted in HEIs abroad by Hasan and Razak (2008), Han and Hayduk (2003) and Bigne etal. (2003). Therefore, it is concluded that Parsuraman's original SERVQUAL model as well as that of Hasan and Razak, which is the modification of SERVIQUAL, may not be applicable as it is, for Indian HEIs. Quality of an institute largely depends up on the quality of leadership the institute has. When the vision, mission and goals of the leader are clear the service quality of the institute and students' satisfaction is bound to improve rapidly and vice- versa. However, no statement on leadership, library, sports and gym services is included either in the SERVQUAL or in that of Hasan and Razak model. Therefore, in the view of the researchers, few additional statements pertaining to leadership, library, sports and gym are necessary to elaborate overall service quality of an institute. However, more studies are necessary to incorporate these excluded aspects of the

service quality in HEIs and test its reliability.

The examination of relationship between service quality dimensions (tangibility, responsiveness, reliability, assurance, and empathy– the independent variables) and students' satisfaction- dependent variable, found that there is significant positive relationship. However, the prominent service quality factors that contribute more to students' satisfaction, in descending order, are responsiveness, reliability and assurance. Tangibility and empathy have shown less than moderate level of students' satisfaction. Despite this, students' satisfaction is at higher level of their expectations.

SUGGESTIONS

In order to improve students' satisfaction in regards to empathy, it is necessary to understand students better and to establish friendly relations with them. Again, the staff members need to have some formal training on courteousness and on prompt delivery of its services. It is the case of 'tangibility', which requires more attention on development of infrastructure in the sample colleges. More particularly, there is inadequacy of computers and the softwares are not updated. Again, students are rarely allowed direct access to computer and internet facility. Surely, it will add to students' satisfaction by eliminating these inadequacies.

There should be an effective feedback system in the institution linked with action cycle, a kind of Edward Deming's quality cycle - Plan, Do, Check and act (PDCA). This will bring improvement in the service quality of HEIs and achieve higher level of students' satisfaction.

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ANNEXURE

TABLE 1: PROFILE OF RESPONDENTS

Variables	Frequency (Number)	Percentage
Gender- Male	61	30.50 %
Female	139	69.50 %
Age in Years - 19	118	59.00 %
20	56	28.00 %
21	20	10.00 %
22	01	00.50 %
23	05	02.50 %
UG First Year	24	12.00 %
Second Year	88	44.00 %
Third Year	80	40.00 %
PG	08	04.00 %

TABLE 2: CLASSIFICATION OF SAMPLE RESPONDENTS

Reference No.	Name of The College Referred to	Rural / Urban	No. of Respondents	Percentage
1	S. B. Khade College, Koparde	Rural	50	25.00 %
2	D. R. Mane College, Kagal	Rural	47	23.50 %
3	The New College, Kolhapur	Urban	53	26.50 %
4	D.R. K. College of Commerce, Kolhapur	Urban	50	25.00 %
Total			200	100.00 %

TABLE 3: QUESTION WISE MEAN SCORE, STANDARD DEVIATION (SD) AND COEFFICIENT OF VARIATION (CV)

	Question	Aggregate		
A	**Personal Information**			
	Name of The Students			
	Date of Birth			
	Course and year of study			
	Name of the College			
	QUALITY DIMENSIONS	**Mean**	**SD**	**CV**
B	**Overall Service Quality (Independent Variables)**	**4.67**	**0.29**	**6.14**

I	**Tangibility**	**4.54**	**1.90**	**41.75**
1	Appearance of Lecturers	5.34	2.20	41.19
2	Layout of classrooms	5.04	2.09	41.47
3	Lighting in classrooms	5.52	2.27	41.13
4	Appearance of building and grounds	4.97	2.13	42.89
5	Overall cleanliness	5.32	2.20	41.31
6	Degree to which classrooms and study rooms are comfortable	4.83	1.99	41.16
7	Decoration and atmosphere	5.12	2.15	41.96
8	Appearance of personnel	4.61	1.94	42.02
9	Available of parking	5.30	2.18	41.13
10	The degree to which curriculum is up to date	5.04	2.11	41.82
11	Number of courses offered	4.89	2.01	41.05
12	Computers adequacy provided in the lab for students	2.99	1.99	66.64
13	'Up-to-datedness' of computers	3.12	2.11	67.67
14	'Up-to-datedness' of software used in computers	3.06	2.05	66.87
15	Access to the Internet/e-mail	2.41	1.59	65.89
16	The organizational culture, belief and value in this college	5.07	2.11	41.56
II	**Assurance**	**5.12**	**2.12**	**41.34**
17	Friendly and courteous university staffs	4.67	1.93	41.31
18	Friendly and courteous lecturers	5.17	2.14	41.32
19	Lecturers research efficiency/productivity	5.06	2.08	41.14
20	Academic credentials of lecturers	5.52	2.28	41.27
21	Lecturers are innovative and agents of change	4.90	2.07	42.23
22	The degree to which college involve with the community	5.24	2.20	41.92
23	College's staffs knowledge on rules and procedures	5.12	2.11	41.21
24	Security measures at your college	5.17	2.12	41.04
25	Communication skills: courses are well taught by the lecturers	5.28	2.18	41.21
III	**Reliability**	**5.02**	**2.08**	**41.44**
26	Registration is timely and error-free	4.85	2.01	41.45
27	This college keeps its records accurately	5.25	2.16	41.17
28	The general reliability of lecturers ie. keeps time/don't cancel classes	5.23	2.20	41.97
29	Staff sincere interest in solving student's problem	4.68	1.95	41.78
30	This college provides its services at a time it promises to do so	4.47	1.85	41.44
31	Teaching capability of lecturers/proficiency	5.40	2.23	41.29
32	Lecturers sincere interest in solving student's problem	5.23	2.17	41.46
IV	**Responsiveness**	**4.79**	**1.97**	**41.22**
33	Availability of personnel to assist you	4.71	1.95	41.38
34	Availability of lecturers to assist you	5.20	2.16	41.46

35	Lecturers capacity to solve problems when they arise	5.34	2.20	41.13
36	Staffs capacity to solve problems when they arise	4.47	1.85	41.44
37	I seldom get the "run-around" when seeking information on this college	4.12	1.69	40.99
38	Channels for expressing student complaints are readily available	4.65	1.93	41.48
39	Queries are dealt with efficiently and promptly	4.51	1.90	42.19
V	**Empathy**	**3.86**	**1.67**	**43.24**
40	Administration has students' best interest at heart	4.93	2.03	41.28
41	Access to computer facilities is accommodate with students' convenient	2.43	1.62	66.85
42	Access to study rooms is accommodate with students' convenient	2.55	1.68	66.15
43	Staff are willing to give students individual attention	3.07	2.03	66.22
44	The extent to which lecturers are sympathetic and supportive to students	4.10	1.69	41.32
45	Opening hour of computer rooms to the students	5.02	2.09	41.57
46	College is fair and unbiased in its treatment of individual students	4.92	2.03	41.38
C	**Student Satisfaction (Dependent Variable)**	**5.50**	**2.26**	**41.11**
1	I am satisfied with my decision to attend this college	5.64	2.32	41.03
2	If have a choice to do it all over again, I still will enroll in this college	5.48	2.26	41.20
3	My choice to enroll in this college is a wise one	5.44	2.24	41.23
4	I am happy on my decision to enroll in this college	5.48	2.25	41.08
5	I did the right decision when I decided to enroll in this college	5.49	2.26	41.10
6	I am happy that I enrolled in this college	5.47	2.25	41.16

TABLE 4: CORRELATION RESULTS

Variables	Y	X1	X2	X3	X4	X5
Student Satisfaction= Y <u>**Dependent Variable**</u>	1.00					
<u>**Independent Variable**</u> **Tangibility = X1**	0.26	1.00				
Assurance = X2	0.94	0.45	1.00			
Reliability = X3	0.96	0.25	0.98	1.00		
Responsiveness = X4	0.99	0.34	0.98	0.98	1.00	
Empathy = X5	-0.13	0.90	0.03	-0.19	-0.06	1.00

FIGURE 1 RESEARCH FRAMEWORK
SERVICE QUALITY IN HIGHER EDUCATION
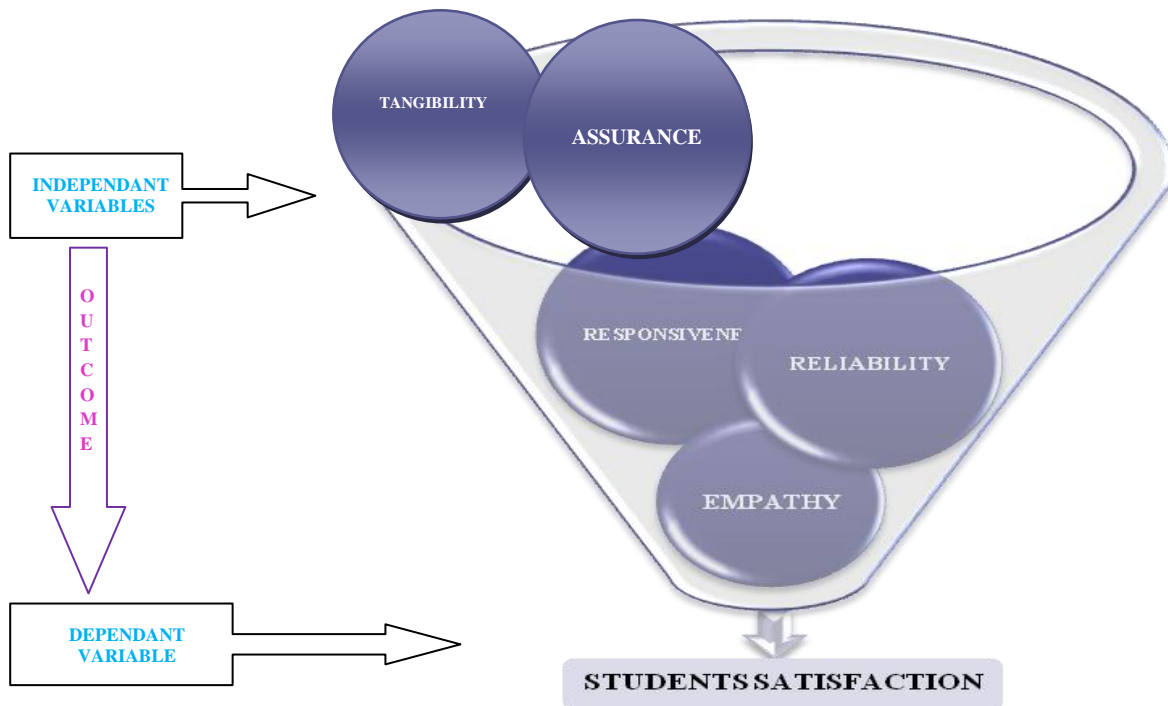
Determinants of FDI: Empirical Evidence from India

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Abstract: *The integration of developing countries with the global economy increased sharply in the 1990s with changing in their economic policies and lowering of barriers to trade and investment. Foreign Direct Investment (FDI) is assumed to benefit India, not only by supplementing domestic investment, but also in terms of employment creation, transfer of technology, increased domestic competition and other positive externalities. The present study tries to empirically examine the major factors which have determined the inflow of FDI in India in the post reform period. In an attempt to determine the determinants of FDI, the time series data technique has been employed. This study attempts to incorporate the potential determinants of FDI such as Natural Resource Intensity, Market Size, Human Capital and Trade openness, Exchange Rate, Investment and Macroeconomic stability. The study is well adjusted for issues such as stationarity, co-integration and error-correction. Lastly, a causality test between FDI and its various determinants is performed.*

INTRODUCTION

Capital and human resources are the pivots of development. Short supplies of domestic capital limit the growth of developing countries. Low GDP keeps savings and investment rates low which, in turn, limit growth. Low technological base of production is another factor impinging upon growth of developing countries. FDI mitigates these constraints to growth to some extent. FDI brings capital with foreign technology and modern managerial techniques and organizational structures (Prakash and Balakrishnan, 2005).

Foreign direct investment (FDI) has been recognized as an important resource for economic development. Many people argue that the flows of FDI could fill the gap between desired investments and domestically mobilized saving (Todaro and Smith, 2003, Hayami, 2001). It also may increase tax revenues and improve management, technology, as well as labor skills in host countries (Todaro and Smith, 2003, Hayami, 2001). It plays an important role in the long-term development of a country not only as a source of capital but also for enhancing competitiveness of the domestic economy through transfer of technology, strengthening infrastructure, raising productivity and generating new employment opportunities (Deutsche Bundesbank, 2003). Additionally, FDI may help the host country to break out of the vicious cycle of underdevelopment (Hayami, 2001).

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Governments in developing countries perceive FDI as a key source of economic development (UNCTAD 1998). Chinese experience of achieving high growth through foreign direct investment has been sited as worth emulating policy lesson for the Indian economy. Recent industrialization in India, especially after the introduction of New Economic Policy in 1991, there has been a sharp increase in FDI inflows in India. Along with the virtual abolition of the industrial licensing system, controls over foreign trade and FDI were considerably relaxed. The reforms did result in increased inflows of FDI tremendously since 2000.

In India FDI is considered as a developmental tool, which can help in achieving self-reliance in various sectors of the economy. With the announcement of Industrial Policy in 1991, huge incentives and concessions were granted for the flow of foreign capital to India. India is a growing country which has large space for consumer as well as capital goods. India's abundant and diversified natural resources, its sound economic policy, good market conditions and highly skilled human resources, make it a proper destination for foreign direct investments. The opening up of the Indian economy in the international trade front and more liberal FDI policies has been one of the factors which led to huge FDI inflows in India

The increasingly significant role of FDI in the growth dynamics of countries has created much research interest among scholars and much research has been

focused on the determinants of FDI and has generally identified the following factors namely comparative labour costs, country size, economic openness nature of exchange rate regime return on investment and political factors. Many of the studies include primarily developed countries in their sample and most of those which include substantial numbers of less developed countries (e.g. Schneider and Frey, 1985 and Gastanaga and Nugent, 1998) are estimated with pure cross sections.

This paper is organized as follows: section 2 deals with the theoretical and empirical literature review, section 3 describes the econometric modelling and discusses the empirical approach and the data used, section 4 presents the econometric results and analyses the findings and the last section concludes the study.

LITERATURE REVIEW

The theoretical literature on determinants of FDI presents different strands of thought or views. In general there are at least nine different approaches to factors that lead to FDI locating to different countries. These theories are: (1) determinants according to the Neoclassical Trade Theory and the Hecksher-Ohlin model in which capital moves across countries owing to differences in returns (Markusen, 1995); (2) ownership advantages as determinants of FDI (including monopolistic advantage and internalization theory) based on imperfect competition models and the view that MNEs are firms with market power (Hymer, 1960, Caves, 1971 and Buckley and Casson,

1976); (3) determinants of FDI in Dunnings (1993) OLI framework which brought together traditional trade economics, ownership advantages and internalization theory; (4) determinants of FDI according to the horizontal FDI model or Proximity-Concentration Hypothesis (Krugman, 1983, Brainard ,1993); (5) determinants of FDI according to vertical FDI model, Factor Proportions Hypothesis of the theory of international fragmentation (Helpman 1984, Dixit and Grossman, 1982), (6) determinants to the Knowledge Capital Model (Markusen, 1997), (7) determinants of FDI according to the diversified FDI and risk diversification model (Hanson et al, 2001, Grossman and Helpman, 2002), (8) determinants of FDI based on competitiveness and agglomeration effects (Gugler and Brunner, 2007) and (9) policy variables as determinants of FDI when FDI is seen as the result of a bargaining process between Multinationals and Governments (Barrel and Pain,1996).

Hence, there is no single theory of FDI but a variety of theoretical models attempting to explain FDI location determinants. The different approaches do no necessarily replace each other but explain different aspects of the same phenomenon. From each of the theories mentioned, a number of determinants can be extracted these include market size and characteristics, factors costs, transport costs, risk factors and policy variables. There is no unanimously accepted single factor determining the flow of investment.

The empirical literature which focuses on the factors that influence the flow of foreign capital in emerging economies is very vast. Many of these studies have focused on economic, socio-political and institutional factors of FDI. Loree and Guisinger (1995) studying the determinants of foreign direct investment by the United States in 1977 and 1982 (both towards developed countries as well as toward developing countries), concluded that economic variables such as market size, labor cost, trade openness, economic stability related to host country policy were significant in attracting FDI.

Asiedu (2002) applying Least Square techniques for all estimations in the study and found that openness, return on investment and GDP as proxy variable for market size, are significant variables for FDI fostering and infrastructure and political risk found insignificant.

Similarly, Holland (2000) reviewed several studies for Eastern and Central Europe, producing evidence of the importance of market size and growth potential as determinants of FDI. This view was actually reinforced by the finding of the study of Tsai (1994) analyzed the decades of 1970 and 1980 and addressed the endogeneity problem between FDI and growth by developing a system of simultaneous equations. Also, FDI was alternately measured as a flow and as a stock. Market size turned out to be more important for FDI flows than growth. The trade surplus presents a negative sign and is significant for FDI, while the flow of FDI decreases as the nominal wage decreases. On the other hand, the impact of FDI on economic growth is quite limited.

Thus, many of studies that have been conducted regarding testing of the FDI determinants have found the size of the market almost universally as an important determinant of FDI in developing countries.

However, Quazi and Mahmud (2004) investigated which factors, either economic or non-economic, drive the flow of FDI into South Asia and found that economic freedom, openness, prosperity, human capital and lagged FDI significantly increase FDI inflow into South Asia, while political instability depresses it.

This view was further supported by a causality test between FDI and product growth proposed by Nair-Reichert and Weinhold (2001), based on panel data for 24 developing countries between the years of 1971 and 1985. The main conclusion here was that the relation between investments, whether foreign or domestic and product growth was strongly heterogeneous and that FDI efficiency was positively influenced by a country's degree of trade openness.

Campos and Kinoshita (2003) use panel data to analyse 25 transition economies between 1990 and 1998. They reached the conclusion that FDI is influenced by economy clusters, market size, the low cost of labor and abundant natural resources. Besides all these factors, the following variables presented significant results: sound institutions, trade openness and lower restrictions to FDI inflows.

Similar conclusions emerge from the subsequent studies by Garibaldi and others (2001), based on a dynamic panel of 26 transition economies between 1990 and 1999, analysed a large set of variables that were divided into macroeconomic factors, structural reforms, institutional and legal frameworks, initial conditions and risk analyses. The results indicated that macroeconomic variables, such as market size, fiscal deficit, inflation and exchange regime, risk analysis, economic reforms, trade openness, availability of natural resources, barriers to investment and bureaucracy all had the expected signs and were significant.

Borensztein et.al (1995) used data for the 1970 – 1989 period involving flows from developed countries to developing ones. The main conclusions were, in the first place, that FDI had a positive effect on economic growth, depending on the human capital stock available in the host economy. However, when the level of human capital was low, the effect was negative. Secondly, FDI had an indirect effect on growth by attracting supplementary activities.

On the contrary, Onyeiwu and Shrestha (2004) argues that despite economic and institutional reform in Africa during the past decade, the flow of Foreign Direct Investment (FDI) to the region continues to be disappointing and uneven. In their study they use the fixed and random effects models to explore whether the stylized determinants of FDI affect FDI flows to Africa in conventional ways. Based on a panel dataset for 29 African countries over the period 1975 to 1999, their paper

identifies the following factors as significant for FDI flows to Africa: economic growth, inflation, openness of the economy, international reserves and natural resource availability. Contrary to conventional wisdom, political rights and infrastructures were found to be unimportant for FDI flows to Africa. The significance of a variable for FDI flows to Africa was found to be dependent on whether country- and time-specific effects are fixed or stochastic.

Lastly, Buckley et.al (2002) used panel data for several regions in China for the 1989-98 period. In the first place, the author points out that if the rate of growth of FDI has positive effect upon GDP growth, the reverse does not hold true. Secondly, no evidence was found to support the hypothesis according to which the efficiency of FDI depends on a minimum level of human capital. Contrastingly, human capital is more significant in less developed provinces, while FDI stimulates growth notably in the more developed provinces.
Despite the plethora of theoretical and empirical research on the determinants of FDI, there is still considerable disagreement regarding the significance of the determinants. Also, the empirical studies show that the results varies due to economy, time period and extent being concerned, methodology applied etc. All these require a fresh insight so as to study the determinant of FDI in India for the period 1990: 2010.

Model Specification
The theoretical work on the determinants of FDI and a discussion of various factors affecting FDI has already been presented in the preceding section. We adopt the previous work model in writing a reduced form specification of a demand for inward direct investment function with some amendments. The dependent variables in our study is the FDI inflow in million US dollar and the independent variables that are expected to determine FDI flows are carefully chosen, based on previous literature and availability of dataset for the selected period. The independent variables in our estimation include Trade Openness, Human Capital, Natural Resources, Investment and Gross Domestic Product for market size and Inflation rate for Macroeconomic stability. In connection with discussions of the previous section, we propose an estimation model as follows, where the selected variables are expected to determine the FDI inflows:

$FDI_t = \alpha + \beta 1\ openness_t + \beta 2 Human\ Capital_t + \beta 3 Natural\ Resource_t + \beta 4 Market\ Size_t + \beta 5 Macroeconomic\ Stability_t + \varepsilon_t$

Where, $\varepsilon_t =$ Random disturbance term (assumed to satisfy the usual regression model conditions)

We will be expressing all variables in natural logarithm terms because log helps to smoothen the series and gives elasticity. The above equation provides quantitative estimates of how FDI will change as a result of change in the above mentioned explanatory variables.

Our choice of India and the time period of post reform period was mainly guided by the fact that as per the recent survey done by the United National Conference on Trade and

Development (UNCTAD), India will emerge as the third largest recipient of foreign direct investment (FDI) for the three-year period ending 2015 (World Investment Report 2010).

Description of variables and Data Sources

The dependent variable, FDI, is measured as the net foreign direct investment inflow as a percentage of GDP and is a widely used measure (see Adeisu, 2002; Quazi, 2005; Goodspeed et al, 2006). The main sources of data series are from the International Monetary Fund's International Financial Statistics (IFS) (various issues), World Development Indicators (various issues) and from African Development Bank, Selected Statistics on African Countries (2000).

Openness: It is a standard hypothesis that openness promotes FDI (Hufbauer et al. 1994). In the literature, the ratio of trade to GDP is often used as a measure of openness of a country and is also often interpreted as a measure of trade restrictions. This proxy is also important for foreign direct investors who are motivated by the export market. Empirical evidences (Jun and Singh, 1996) exist to back up the hypothesis that higher levels of exports lead to higher FDI inflows. We therefore include Trade/GDP in the regression to examine the impact of openness on FDI.

Human Capital: Foreign direct investors are also concerned with the quality of the labour force in addition to its cost. In fact the cost advantages accrued by lower wages in developing nations can well be mitigated by lowly skilled workers. A more educated labor force can learn and adopt new technology faster and is generally more productive. Higher level of human capital is a good indicator of the availability of skilled workers, which can significantly boost the locational advantage of a country. Root and Ahmed (1979), Schneider and Frey (1985), Borensztein et al, (1998), Noorbakhsh et al. (2001) and Aseidu (2002) found that the level of human capital is a significant determinant of the locational advantage of a host country and plays a key role in attracting FDI. We control and test for the impact of labor quality, using the general secondary education enrollment rate (SER) available from the country's Central Statistical Office, Labour division.

Natural Resource Intensity (RES): As posited by the eclectic theory, all else equal, countries that are endowed with natural resources would receive more FDI. Very few studies on the determinants of FDI control for natural resource availability (except Gastanaga et al., 1998; Morisset, 2000 and Noorbakhsh et al., 2001). The omission of a measure of natural resources from the estimation, especially for African counties case, may cause the estimates to be biased (Asiedu, 2002). We therefore include the share of minerals and oil in total exports to capture the availability of natural resource endowments. This measure of natural resources has been employed in several studies, including Warner and Sachs (1995), Asiedu and Esfahani (2001) and Aseidu (2002) among others and was available from World Development Indicators 2003.

Market Size: The size of the host market, which also represents the host country's economic conditions and the potential demand for their output as well, is an important element in FDI decision-makings. Moreover Scaperlanda and Mauer (1969) argued that FDI responds positively to the market size 'once it reaches a threshold level that is large enough to allow economies of scale and efficient utilization of resources'. The importance of the market size has been confirmed in many previous empirical studies (Kravis and Lipsey, 1982; Schneider and Frey, 1985; Wheeler and Mody, 1992; Tsai, 1994; Loree and Guisinger, 1995; Lipsey, 1999; Wei, 2000. To proxy for market size (SIZE), we follow the literature and use real GDP per capita. The figures are drawn from various issues of RBI Bulletin. Since this variable is used as an indicator of the market potential for the products of foreign investors, the expected sign is positive.

*Macroeconomic Stability***:** The rate of inflation acts as a proxy for the level of economic stability, considering that one of the classic symptoms of loss of fiscal or monetary control is unbridled inflation. Considering that investors prefer to invest in more stable economies that reflect a lesser degree of uncertainty, it is reasonable to expect that inflation would have a negative effect on direct investment.

In an attempt to determine the determinants of FDI in this study, the time series technique has been employed.

RESEARCH METHODOLOGY

This section explains the research methodology of estimating the significance of various determinants of FDI as mentioned above. In time series analysis, the estimations usually start of with unit root (stationarity) test. This is to avoid spurious results because most variables may not be stationary at levels (Engle and Granger, 1987). Thus, we will be using Augmented Dickey-Fuller (ADF) to check stationarity.

The presence of long run relationship among the variables is checked through different methods of Cointegration. The co integrating relations of non stationary series are used as a tool for discussing the existence of long-run economic relations. The model has been estimated by using the Engle Granger (EG) two step cointegration procedures.

According to Granger, if there is evidence of Cointegration between two or more variables, then a valid Error Correction Model should also exist between the two variables. Following the co-integration tests, we have estimated the ECM. Error Correction Model is also used to estimate the acceleration speed of the short-run deviation to the long-run equilibrium (Singh et al., 2005). In other words, ECM is a mechanism for the dependent variable to adjust and return, to its existing long-term trend. ECM is all about how the long-term error will explain the movement in the short-run.

Finally, a Granger-causality analysis has been carried out in order to assess whether there is any potential predictability power of one indicator for the other. The causal

relationships between FDI and other explanatory variables were analyzed using the basic principle of Granger causality test.

RESULTS

This section analyzes the results based on the research methodology explained in the preceding section. Test result confirms existence of unit root at levels and stationary at its first difference for FDI , investment (Invt), GDP, openness (Trade to GDP), natural resources (natural res), human capital (human k) and inflation (Table 2). Thus, all the variables are integrated of the order 1, I (1). The Engle Granger cointegration results reveal a long-run relationship between FDI and the explanatory variables.

Once the co-integration was established, Error Correction Model was used to estimate the parameters. The error correction term is estimated at -0.0319 (p = 0.002) is statistically highly significant indicating short run relationship between the variables, has negative sign and suggests a moderate speed of convergence to equilibrium. The model is well specified with an R2 and adjusted R2 value of 0.7409 and 0.7226 respectively. The result shows that openness had a positive impact on FDI as well and is in line with the fact that an efficient environment that comes with more openness to trade is likely to attract foreign firms and is highly significant (at 1% level of significance).

However inflation has been found insignificant, but it does not mean that these variables have no role to affect FDI inflow. It is correct in sign. Natural resource (naturalres.) is positive but not significant. GDP which is used as a proxy for size of the market is significant at 5% level of significance and thus supported the fact that most of the FDI in India are motivated by the market-seeking purpose. Human capital played a positive role in attracting FDI and is significant at 10% level of significance.

To further achieve the objective of the study, pair wise granger causality test was carried out. The result shows that there is a bi-directional relationship between FDI and GDP as well as between FDI and human capital. No causality was found between FDI and inflation. Results also show a unidirectional causality run from investment to FDI whereas in case of openness and natural resources it moves in opposite direction. This means that the past values of FDI can help in predicting the future value of investment but in case of openness and natural resources their past values help predicting future level of FDI in India.

CONCLUSIONS

Foreign capital is treated as a resource gap-filling factor in the context of capital scarcity in developing countries. This research investigated the factors enhancing the attractiveness of FDI in India in the post reform era. The abundance of natural resources is reported to be positive and significant (supporting the presence of resource-seeking FDI) and is line with Aseidu (2002) and Kinoshita and Campos (2004) works. The size of the domestic

market, stock of human capital, though to a large extent as witnessed by the size of their respective coefficients, played a positive role while inflation a negative role in attracting FDI in the markets and the results are consistent with empirical works in the field.

To enhance more FDI flow in India, bureaucratic delays and various governmental approvals and clearances involving different ministries need to be fastened so as to increase the absorption rate of FDI into the country. Also, the management authorities of country need to ensure stable economic and political environment, provision of physical quality infrastructure, maintaining inflation rate, encourage domestic investment, curtail external debt, financial incentives, reduce duties, peace and security, law & order situation and consistency in the government policy because these all are the key factors for potential investors in making investment choices.

TABLE 1: INFLOW OF FDI IN INDIA (MIL US$)

Year	FDI Inflow
1991	144
1992	264
1993	607
1994	992
1995	2065
1996	2545
1997	3621
1998	3359
1999	2205
2000	2428
2001	3571
2002	3361
2003	2079
2004	3213
2005	4355
2006	11119
2007	15921
2008	33029
2009	27044
2010	21007

Source: UNCTAD

TABLE 2: ADF UNIT ROOT TEST FOR STATIONARITY

Variable (log Values)	Levels	First Difference
FDI	0.3071*	0.0000**
Investment (Invt.)	0.23*	0.003**
GDP (proxy for market size)	0.5114*	0.0012**
Openness	0.34*	0.0000**
Natural Resource (naturalres.)	0.328*	0.0025**
Human Capital (humank)	0.573*	0.0000**
Inflation	0.289*	0.001**

Non Stationary   ** *Stationary*

TABLE 3: RESULT OF THE ERROR CORRECTION MODEL

Independent Variables (in log)	Coefficient	t statistic
Lagged FDI	.7888995	5.05*
Investment (Invt.)	.5669812	1.47
GDP (proxy for market size)	0.063	3.62**
Openness	5.789	4.67*
Natural Resource (naturalres.)	1.407693	1.59
Human Capital (humank)	0.19	2.02***
Inflation	-0.12	-0.09
ec_{t-1}	-0.0319	-7.63*
Constant	35.93954	4.10*
R^2	0.7409	
Number of observations	18	
Time variable	1990-2010	

Note: indicates significance at 1%, ** indicates significance at 5%, *** indicates significance at 10%.*

i)   Dependent variable: log value of FDI.
ii)   The ADF test confirms that the residuals are stationary
iii)   Durbin's h statistic indicated no serial correlation

TABLE 4: PAIR WISE GRANGER CAUSALITY TESTS

Null Hypothesis (H_0)	F- Statistic	Probability	Conclusion
FDI does not granger causes Investment	0.82	0.05**	H_0 cannot be rejected
Investment does not granger causes FDI	0.25	0.6195	H_0 rejected
FDI does not granger causes GDP	0.33	0.5674	H_0 rejected
GDP does not granger causes FDI	0.72	0.4001	H_0 rejected
FDI does not granger causes openness	0.05	0.8158	H_0 rejected
Openness does not granger causes FDI	8.44	0.0048**	H_0 cannot be rejected
FDI does not granger causes Natural resource (naturalres.)	0.00	0.9794	H_0 rejected
Natural resource (naturalres.) does not granger causes FDI	4.07	0.0473**	H_0 cannot be rejected
FDI does not granger causes human Capital (humank)	0.05	0.8293	H_0 rejected
Human Capital (humank) does not granger causes FDI	0.23	0.6326	H_0 rejected
FDI does not granger causes inflation	1.15	0.0593***	H_0 cannot be rejected
Inflation does not granger causes FDI	7.5	0.0025**	H_0 cannot be rejected

Note: indicates significance at 1%, ** indicates significance at 5%, *** indicates significance at 10%.*

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Industrial Prospects' Preferences Towards Industrial Products (Identification Products)

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Abstract: *It is said that "Customer is the king". In context to this statement knowing customers' needs in terms of their preferences is the key determinant to success of any business. But at the same time, in today's cut throat competitive era, it becomes a challenging task to measure preferences of customers. This task becomes more complex and challenging when it is related to measuring prospects' preferences. Not only this but also the nature of product, market as well as type of buyer/customer plays an important role while knowing the preferences of prospects. Knowing Industrial market's preferences is even more challenging task than knowing consumer market's preferences.*

This study is undertaken for 'identification products', which are used by various industrial customers to identify their manufactured products. The study undertaken here helps to understand industrial prospects' preferences regarding various attributes of identification products as well as various types of identification products. This paper also discusses research and managerial implications and direction for future research.

Key Words: Customer Preferences, Prospects, Consumer Market, Industrial Market, Identification Products & Product Attributes.

INTRODUCTION

"Marketing is not the art of finding clever ways to dispose of what you make. It is the art of creating genuine customer value." (Philip K., 2007) In context to this the value creation process starts from knowing customers or prospects needs, irrespective of nature of product i.e. consumer goods or industrial goods. Prospects are potential customers for a particular company who have qualified a certain process and have small amount of interest in purchasing the product or service of that company. Considering this view prospects becomes very important rather than general respondents. Hence their preferences will provide idea to the company for future decision making. At the same time the proper prospecting will lead to increasing chance of generating sales. Limited research has been done towards measuring prospects' preferences. Due to lack of research foundation the investigation of industrial buying is taken into consideration. In many industrialized countries the proportion of industrial purchasing is more than half of total purchase (Martin T., Sam M., 2005). Research indicates that there is an association between buyers' perceptions of relationship quality and repurchase intention (Kelly H., 2002). Research also indicates that the study of industrial behavior is more complicated than the household / consumer behavior (Yoram W.,

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Frederick E.W.Jr., 2002). At the same time it is possible that the firm may target existing users or prospects who are about to become the customers to know their preferences. Firms selling industrial goods often carry large and complex number of product lines (Robert R., Edward B., Betty R., 2007) and hence it becomes very important to decide which product(s) industrial customer will prefer. It is also found that the industrial behavior has shifted from product to service driven perspective (Anneli S, Annica W. G., 2005). Here in this study the core focus is on labeling industry's identification products which are used by various products manufacturers to identify their products.

PARTICIPANT

The study involves identification products' manufacturing firm located in Valsad, well-known as an industrial hub of Gujarat. The Business exists for more than six decades. The firm has a large spectrum of identification products including Aluminum Anodized nameplates, Brass name plates, S.S nameplates, Emblems, Screen printed Vinyl Stickers, Doming labels, Permanent metal photographs etc. The firms customers include various product manufacturers like fan, bag, Radio, TV, Transistors, Amplifiers, Refrigerators, Instruments, Switch-Gears, Radio, TV, Transistors, Amplifiers, Refrigerators, Instruments, Switch-Gears, AC, Fans, Scientific Instruments, Meters, Motors, Oil-Engines, Pumps, Radios, Refrigerators, Transformers, Switch-Gears,

Sewing-Machines, Earth-Movers, Automobiles, Two-Wheelers, Three-Wheelers, Light / Heavy Motor Vehicles and many more. The geographical coverage of the firm is national level and not limiting to Gujarat.

PROCEDURE

Data was collected by survey involving face-to-face interview with the respondents who are majorly the owner of the manufacturing units. Prospects were approached only according to the list provided by the company. This was to ensure that respondent list contains only prospects. Respondents were contacted at their respective manufacturing units. Responses given by respondents were recorded on nominal scale, multiple choice questions & Likert scale using categories ranging from "Highly Unimportant" (1) to "Highly Important" (5).

RESEARCH PROBLEM

The research problem considered for the study is "What are the preferences of prospects towards identification products?"

RESEARCH OBJECTIVES

- ➢ PRIMARY OJECTIVE:
  - o To Study Prospects' Preferences towards Identification Products

- ➢ SECONDRY OBJECTIVES:

- To know the most preferred identification product by prospects.
- To study the importance for various attributes of Identification Products.
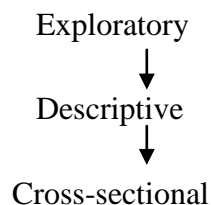- To know future intention of prospects towards using identification products.

RESEARCH METHODOLOGY

Research Design:
Research design is defined as "An overall framework of study that indicates what information to be collected from which sources and by which procedures". It is also the plan, structure, and strategy of investigation conceived so as to obtain answers to research questions and to control variance.

The research design for this study is Exploratory, Descriptive & Cross Sectional. This is helpful to describe what is the actual situation and also enables the researcher to describe the characteristics of a particular company or industry. This also helps to know their tendency and attitude towards identification products.

Exploratory
↓
Descriptive
↓
Cross-sectional

Exploratory Stage: The first stage in research design is exploration of current situation. In this stage clarification of the specific problem is identified. How did we come to know about problem statement? Answer is we have gone through secondary data of the company. At the same time we have also referred internal database of the company. Literature review has been done for more information related to topic and industrial products.

Why Exploration?

- One of the reasons is that the area of our investigation was new.
- Having rosy picture about the problem statement. What should be researched & what should not be.
- Also due to time constrains - It saved time because it helped us to clarify the situation more precisely.

Descriptive studies: "Descriptive studies are undertaken in many circumstances. When the researcher is interested in knowing the characteristics of certain group such as age, sex, educational level, occupation or income, a descriptive study may be necessary."

"Other cases when a descriptive study could be taken up are when researcher is interested in knowing the proportion of people in a given population who have behaved in a particular manner, making projections of a certain thing or determining the relationship between two of more variables. The objective of such

studies is to answer who, what, when, where and why of the subject under investigation. Descriptive studies can be complex and demanding a high degree of scientific skill on the part of the researcher. "

Descriptive studies can be divided into two broad categories - cross-sectional and longitudinal. Researcher frequently uses them.

Cross-Sectional Studies: Cross-sectional studies are selected and carried out once, as the research will be carried out in a particular time only. A cross-sectional study is concerned with a sample of element from a given population.

DATA COLLECTION METHOD
Data were collected from following data sources:

Primary data sources:
Primary Data were collected through a structured questionnaire by personal interview with the owners or purchase managers of manufacturing firms. This research instrument contained both open ended and close ended questions. It also involved multiple choice questions & Likert scale questions.

Secondary data sources:
Secondary data were collected through Company website, industrial magazines, past reports, books & Internet.

SAMPLE DESIGN:

Here Non-probability judgmental sampling method has been used.

i. Define the Target population: -
-Element: Prospects for identification products
-Sampling Unit: Owners or purchase managers of manufacturing firms
-Extent: South Gujarat Region
-Sample Size: 175 manufacturing units
-Time: From 10th June 2009 to 4th July 2009.

ii. Sampling techniques: -
Non-probability Judgmental sampling was used. This has been used because the list contains the information of prospects.

iii. Execution of sampling process: -
Data are collected from Owners or purchase managers who were decider for purchase related aspects through filling up the questionnaire.

DATA ANALYSIS TOOLS / SOFTWARE
Statistical Packages used for the analysis purpose are SPSS 15.0 (Statistical Package for Social Science version 15.0) and MINITAB.

RELIABILITY ANALYSIS
Reliability Analysis addresses the issues of whether this instrument will produce the same result each time, if it is administered by the same person in the same setting.

RELIABILITY STATISTICS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.562	.421	7

Cronbach's Alpha (α) models internal consistency based on average correlation among items, which here in this case is 0.562, near to 0.6, According to thumb rule of Alpha, instrument reliability is average. From this it is concluded that the results for future research are not replicable.

FREQUENCY:
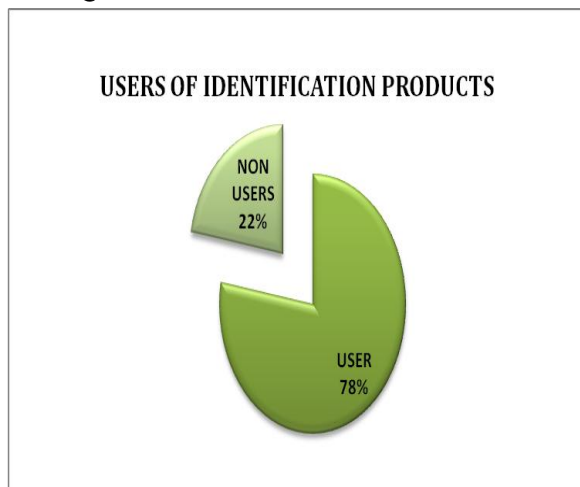
From above pie chart it is clear that 78 % respondents were using identification products (from other suppliers) while 22 % respondents were not using identification products.

Products used by the manufacturers:

| Products	Frequency	Percent
Aluminum	67	38.3
S.S.Nameplates	28	16.0
Screen printed	41	23.4

Total	136	77.7

TEST OF NORMALITY:
WHY NORMALITY TEST?
Before performing parametric tests it is necessary to meet the assumptions of parametric tests. Having assumption that each case in the study is independent, equality of variance, linearity & Normality exists. One of the assumptions is of normality. Here the normality is tested using Histogram plot.

HISTOGRAM PLOT:
Histogram is the simplest technique to check the normality. Histogram is the Graphical method of testing the normality.
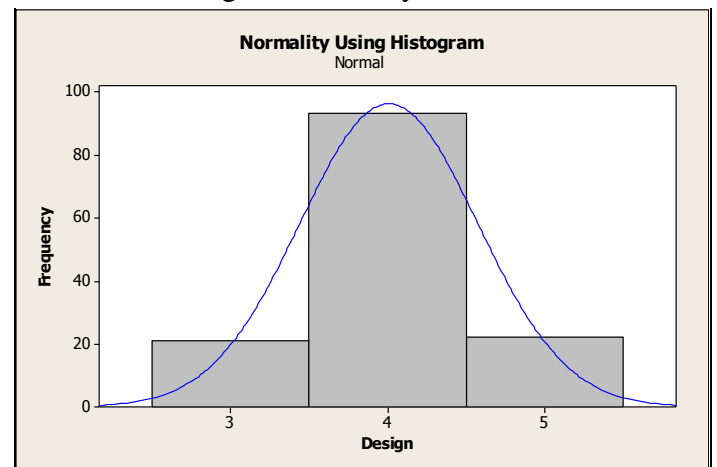
Inference:

Looking to the histogram plot it is observed that the data looks like normally distributed. So this assumption is valid and hence now we can go for parametric test i.e. One sample t-test.

ONE SAMPLE T-TEST:
For Product Design:

Null Hypothesis (H$_O$): There is no significant difference between calculated mean and hypothesized mean (4). In other words, we can say that the respondents give importance to Design.

$$H_o: x = \mu = 4$$

Alternative Hypothesis (H$_1$): There is significant difference between calculated mean and hypothesized mean (4). In other words, we can say that the respondents do not give importance to Design.

$$H_1: x \neq \mu \neq 4$$

Significance level: Here test of hypothesis is performed at 95% confidence level i.e. the chance of occurring type - I error i.e. Rejecting true Hypothesis is 5%.

One-Sample Test

One-Sample Statistics
Interpretation:
Here sig. value for Design is 0.879 which is greater than 0.05, so Null Hypothesis (Ho) is accepted and alternative Hypothesis (H$_1$) is rejected it means that there is no significance difference between the calculated sample mean and hypothesized population mean (4.00). Also positive t value indicates that importance level for Design is higher than the one we have

hypothesized. Here in this case 4.01 is higher than 4.00. So we can say that respondents give importance to Design of identification products.

FINDINGS

- From frequency analysis it is found

	Test Value = 4					
D e si g n	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
	.152	135	.879	.007	-.09	.10

that 78% respondents (136 nos.) are currently using identification products while 22% respondents (39 nos) are not using them.

- Out of 136 respondents who are using identification products, it is found that 49.3 % respondents are using Aluminum anodized name

Design	N	Mean	Std. Deviation	Std. Error Mean
	136	4.01	.564	.048

plates, 20.6 % are using S.S Name Plates and 30.1 % are using Screen Printed Stickers. Out of these 39 respondents 53.8 % respondents are interested to identify their products using Identification Name plates / stickers while rests 46.2 % are not interested. Out of these 53.8 % respondents, 60 % will prefer Aluminum Name plates while will prefer 40% Screen Printed stickers.

- From One sample t-test it is found that respondents give importance to Design as 4.01 i.e. above important, Quality as 4.91 i.e. near to highly important, Price as 4.06 i.e. Above Important, Finishing as 3.28 i.e. below important and Service as 2.99 i.e. near to neutral.
- It is found that 91.2 % respondents prefer to have business relations with the Graphics Company from where the study was undertaken while rest 8.8 % respondents do not prefer to have business relations with it.

IMPLICATIONS

- It is recommended to focus on those who prefer to use identification products i.e. 53.3 % respondents are interested to identify their products. So it is a good opportunity for Graphics Company from where the study undertaken to target them & generate business.
- It is recommended that the company should focus on maintaining / enhancing the sales of Aluminum anodized plates which are used by majority of the respondents (49.3%). At the same time it is also recommended to focus on those products which are less preferred by the respondents like Brass name plates, S.S nameplates, Emblems, Screen printed Vinyl Stickers, Doming labels, Permanent metal photographs etc.

- It is recommended to focus more on the attributes like design, quality & price more as respondents consider these attributes important while purchasing the products. As per findings service and finishing are not so important for the respondents but at the same time it should not be ignored. Company can maintain consistency in these attributes.
- It is recommended that the most of the respondents are currently using the identification products so company needs to provide more value addition in terms of quality, design and price aspects to target them and generate business.
- It is recommended to the company as per respondents preferences to focus on Aluminum Name plates and screen printed name plates.

CONCLUSION & DIRECTION FOR FUTURE RESEACH

From above study it is concluded that Company should focus on products preferred by the prospects i.e. Aluminum Name plates and screen printed name plates considering the attributes like quality, design & price into account. Once these products achieve desirable level of Success then Company can focus on the other products which are not preferred by the respondents.
Regarding direction for future research, any researcher who wants to continue this study can go for studying the reasons why other identification products are not so popular in

the market? What are the limitations of those products? As this study involves preferences in brief, further researcher can go for detailed study regarding specific attributes' preferences. This further study will certainly add values to this research study.

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Advertisement Avoidance Behaviour in Television - A Gender Perspective

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Abstract: *The opportunities to advertise in television have increased manifold over the last decade due to many transitions in technology, which took place in terms of digitization and satellite. But every revolution brings along its own implication. The increased number of commercial stimuli is one of the reasons of upward trend in consumers avoidance of advertising (Groningen, 2003). To understand the underlying aspects of this new phenomenon is the call of this hour. This study aims to find out the gender aspect of the ad avoidance behaviour in five prominent cities (Chandigarh, Mohali, Panchkula, Ambala and Rajpura) of the country. Independent sample T test is applied to the data to analyze the ad avoidance behavioural aspect of male and female respondents. The authors of the study can clearly interpret that there exists no significant difference in ad avoidance behaviour of male and female respondents.*

Key Words: *Advertisement, Avoidance Behaviour, Gender, Television.*

INTRODUCTION

Ad avoidance embraces all the actions practiced by the viewers in order to differentially reduce their exposure to ad content (Kelly, Kerr & Dreman, 2008). In 1980 the first advertising spot was allowed for sponsoring on Indian Television and then began the journey of generating exorbitant revenues by the broadcasters. The products like Maggi 2 minute noodles, Nestle, etc. made their breakthrough launch through advertisements in HUM LOG, the first soap opera of Doordarshan. The advertisements were able to bring about a staggering increase in sale of Maggi, paving way for many other products to opt for safe investment in commercials. Initially the advertising industry was projected to be a small scale industry but over the span of few years only, it became an important contributor of Indian economy. The journey has been quite exquisite and swift. With turnaround events like digitization, individualization,

personalization in recent years came along the far-reaching changes in the TV industry (Caves, 2005; Wirtz & Schwarz, 2001). The consumers battle with the information overload from advertisements avalanche in newspapers, hoardings and billboards, mobiles, packages, store fronts, buses, cars, web, mails, magazines, air sickness bags in aeroplanes and TV. The commercials are struggling their way through to elicit that one glimpse attention of the viewers. Every Indian consumer is facing the reconnaissance of commercials each day. This transition has brought about a change in the perception and attitude of the consumers towards commercials. The magnitude of zapping exhibited by the viewers is augmenting with explosion in advertising budget, number of channel choices available and fragmentation of consumer preferences. With new challenges grew new hybrid formats of the commercials insertion in the editorial content of programmes. It seems that it has become impossible to completely avoid

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the commercials in TV leading to irritability among viewers. With lot of anticipation doing the rounds that the time is coming close when the concept of conventional TV commercials is going to reach its fag end, fact remains that TV commercials is indisputably the most important and non-substitutable format of commercials (Rimscha, Rademacher, Thomas & Siegert, 2008). Still, TV commercials are always regarded as more intrusive and annoying than the commercials in other mediums (Speck & Elliot, 1997). The commercials in traditional TV setting can be avoided by the consumers by employing three strategies i.e. cognitive (ignoring), behavioural (leaving the room) or mechanical strategies (switching channels) (Speck and Elliot, 1997).

LITERATURE REVIEW

Little research has been done in methods of avoiding ads (Speck & Elliot,1997; Tse & Lee, 2001). Advertising avoidance includes all actions by media users that differentially reduce their exposure to ad content (Speck and Elliot, 1997). TV ads avoiding behaviours have been classified into *physical avoidance* (i.e., leaving the room during the presentation of ads) and *mechanical avoidance* (i.e., pressing a button on the remote control to change channel, muting or decreasing the volume, switching off the television during ads) and *cognitive avoidance* (i.e., engaging in other activities while ads are showing, such as talking to other people or performing household tasks) (Heeter and Greenberg, 1985; Kaplan, 1985; Abernethy, 1990; Zufryden et al.,1993; Clancey, 1994; Speck & Elliott, 1997; Tse & Lee, 2001). The employment of

avoidance strategies during commercial breaks has increased through muting by 700% and 400% by other avoidance strategies such as ignoring or leaving the room (Moriarty and Everett 1994). Channel change intensity is usually maximum in prime time as the viewers desire to explore all the possibilities available on all the channels (Zufryden et. al, 1993). There have been studies in the other mediums also like internet that the antecedents of ad avoidance are interruption of task, perceived clutter on internet sites and negative past experiences (Cho and Cheon, 2004). Regardless of the means by which people choose to avoid ads, it seems clear that ad avoidance limits the ability of commercial messages to reach their intended audiences. Television has to bear the maximum wrath of ad avoidance in comparison to other medias like radio, newspapers therefore it is useful for advertisers to study TV ad avoidance behaviour and the attitudinal factors affecting it (Speck and Elliot, 1997). The study emphasised that commercial avoidance is a real fact which cannot be ignored and all the advertising managers must take this avoidance into consideration in planning and executing advertising campaigns (El-Adly, 2010). The changing of channels during commercials can be reflexively (i.e. merely on the basis of their knowledge that they are ads) or with discrimination (i.e. on the basis of characteristics and content of specific ads) (Cronin and Menelly, 1992). Ad avoidance behaviour is most apparent during the first ad in sequence as the commercials are anticipated as intrusion to media usage in general (Heeter & Greenberg, 1985 ; Speck & Elliot, 1997). Furthermore it is very important to consider here is that viewers zip or zap without discriminating

between the brands being displayed in the commercials (Abernethy,1991 ; Clancey,1994). Ad avoidance is not the cause but the effect of irritability arising in response to changes in ad content, execution and placement (Bauer and Greyser,1968). For a long time it was believed by the advertisers that the targeting of the consumers is not required because the commercials are either perceived positively or neutrally by the consumers. The advertisers believed that there might be passive attention attributed by the commercials leading to recall and recognition at later stage in terms of registering of the brands advertised in the sub conscious mind of the receiver. But the fact remains that the commercials not properly targeted will leave a negative influence on the consumer leading to ad avoidance as a consequence. The viewers avoidance of television commercials constitutes of zipping (Consumer fast forwards the pre recorded TV program with a remote), zapping (Phenomenon of changing channels during commercial break), flipping (swapping from one channel to another irrespective of the fact that there is a commercial on air or not), skipping (Usage of Auto Skip option on the remote to jump through entire commercial break), flicking (changing the channels) and grazing (erratic usage of remote control in which the consumer simply flips through channel) (Abernethy 1991; Bellamy and Walker 1996; Cronin and Menelly 1992; Eastman, Neal-Lundsford, and Riggs 1995; Kaplan 1985; Yorke and Kitchen 1985; Zufryden, Pedrick, and Sankaralingam 1993 ;Meurs, 1999).

OBJECTIVE

The study aims to study the propensity of gender to influence the ad avoidance behaviour. The study contributes to the limited literature in the field of TV ad avoidance behaviour. The study aims to find out the gender disparity in ad avoidance behaviour of TV ad commercials. In past studies have been done to compare heavy and light avoiders, impact of ad features on the avoidance behaviour such as perceived value, frequency, timing, frequency, length etc. But authors of the paper did not come across a study investigating the influence of gender on the avoiding behaviour. Therefore, it would be beneficial to study the male and female avoiding behaviour.

THE STUDY

Questionnaire Development
The questionnaire consisted of 7 statements already developed by El-Adly (2010) mounted on a five point Likert scale. The questionnaire also consisted of questions on demographics.

TABLE 1 - STATEMENTS OF THE AD BEHAVIOUR QUESTIONNAIRE

S.No.	Statements
VAR 1	I watch ads
VAR 2	I leave the area (room)
VAR 3	I lower the volume of the T.V.
VAR 4	I switch (change) the T.V. channel during ad broadcasting.
VAR 5	I talk to other people nearby
VAR 6	I engage in some other activities
VAR 7	I switch off the TV.

Research Hypothesis

Null Hypothesis - "There is no significant difference between male and female ad avoidance behaviour in TV commercials"

Alternate Hypothesis – "There is a significant difference between the male and female ad avoidance behaviour in TV commercials"

Sampling and data collection

The data was collected with the help of getting the questionnaire filled by survey method from six prominent cities of northern India i.e. Chandigarh, Mohali, Panchkula, Rajpura, Ambala and Patiala. The data was collected conveniently from the population from Nov., 2011 to May, 2012. A total of 550 questionnaires were administered, from which 500 usable questionnaires were retained for the analysis. The gender wise breakup of the respondents who filled the questionnaire was 280 females and 220 males.

Methodology Used

The dependent variable ad behaviour is determined by seven factors as evident in table 1. The Independent factor is gender (Male and Female). The study aims to study the relationship between the ad avoidance behaviour of male and female respondents. Independent T test on sample size of 500 is applied to test the hypothesis. The independent-samples t-test (or independent t-test, for short) compares the means between two unrelated groups on the same continuous, dependent variable. SPSS 20 was used to analyze the collected data.

Demographic Profile

The profile of the respondents is displayed in table 2. The total number of respondents surveyed was 500. The gender wise breakup of the respondents constitutes 44% (220) Male and 56% (280) Female. Out of 220 male respondents, 128 belong to the category of youth that is between the age of 15 and 25 years, 23 are between 25 and 35 years of age, 20 respondents are between the age of 35 and 45 years, 25 respondents are between the age of 45 and 55 years, 8 respondents are between 55 and 65 years of age and 16 respondents are senior citizens (older than 65 years). Regarding the occupation of male respondents, 151 respondents are dependent on family and 65 respondents are working professionals. Out of 280 female respondents, 179 are between the age of 15 and 25 years, 30 respondents are in age bracket of 25-35 years, 22 respondents are between 35 and 45 years, 23 respondents are between the age of 45 and 55 years, 6 respondents are between

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55 and 65 years of age. 20 respondents are senior citizen (older than 65 years). As far as the occupation of female respondents is concerned, 210 respondents are dependent on family, 47 respondents are working professionals and 23 respondents are home maker.

TABLE 2: DEMOGRAPHIC PROFILE (N=500) (ALL THE FIGURES ARE IN PERCENTAGE)

DEMOGRAPHICS		
MALE		44
FEMALE		56
AGE		
	MALE	FEMALE
15-25	58.48	63.66
25-35	10.46	10.87
35-45	8.58	8.09
45-55	10.97	8.27
55-65	2.90	2.09
65 years & above	6.58	7
INCOME		
	MALE	FEMALE
Dependant on Family	70.34	75.31
Working Professional	29.65	16.73
Home Maker	0	7.94

ANALYSIS AND ITERPRETATION

To analyze the hypothesis of the study a t-test was employed to address the individual differences for each dependent variable. Evidence of the internal consistence of the constructs was found in this study. The 7 items measuring all independent variables were the factors analyzed. It showed that the items were unidimensional, with one factor accounting for 52% of the variance.

TABLE 3 - GROUP STATISTICS

	Gender (M/F)	N	Mean	Std. Deviation	Std. Error Mean
VAR 1	1.00	175	3.2457	1.12043	.08470
	2.00	265	3.2113	1.02648	.06306
VAR 2	1.00	175	2.7486	1.05846	.08001
	2.00	265	2.7585	.93449	.05741
VAR 3	1.00	175	3.1314	1.09328	.08264
	2.00	265	3.0906	1.02215	.06279

VAR 4	1.00	175	3.5086	1.10832	.08378
	2.00	265	3.5472	1.02923	.06323
VAR 5	1.00	175	3.4343	.97378	.07361
	2.00	265	3.5698	.88111	.05413
VAR 6	1.00	175	3.5371	1.02696	.07763
	2.00	265	3.5736	.99395	.06106
VAR 7	1.00	175	2.3600	1.14551	.08659
	2.00	265	2.3283	1.07386	.06597

The gender wise breakup of the collected data consisted of 175 male respondents and 265 female respondents. 1 Signifies male respondents and 2 signify female respondents. The Means and standard deviations for all the variables are depicted in table 3.

For Variable 1 'I watch ads' the value of means and standard deviations for male respondents came out to be 3.25 and 1.12. For female respondents the value is 3.21 and 1.02.

For variable 2 'I leave area (room)' the Mean value and standard deviation for male respondents illustrated is 2.74 and 1.05. For female respondents it is 2.75 and 0.934.

For Variable 3 'I lower the volume of T.V.' the Mean value and standard deviation for male respondents is 3.13 and 1.09 respectively. The values for female respondents came out to be 3.09 and 1.02.

For Variable 4 'I switch (change) the T.V. channel during ad broadcasting' the Mean

Value and Standard Deviation value of male respondents is depicted as 3.50 and 1.10. The values for female respondents came out to be 3.54 and 1.02 for Mean and standard deviation respectively.

For Variable 5 'I talk to other people nearby' the Mean Value and Standard Deviation of male respondents came out to be 3.43 and 0.973 resp. The values for female respondents are 3.56 and 0.88.

For Variable 6 'I engage in some other activities' mean values and standard deviations came as 3.53 and 1.02 for male respondents and 3.57 and. 99 for female respondents.

For variable 7 'I switch off the TV' the mean values and standard deviation for male respondents is 2.36 and 1.14 respectively. For the same variable, the values of mean and standard deviation came out to be 2.32 and 1.07 for female respondents.

TABLE 4 - INDEPENDENT SAMPLES TEST

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	**T**	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference

VAR 1	**Equal variances assumed**	2.278	.132	**.332**	438	**.740**	.03439	.10372
	Equal variances not assumed			**.326**	349.561	**.745**	.03439	.10559
VAR 2	Equal variances assumed	4.108	.043	**-.103**	438	**.918**	-.00992	.09600
	Equal variances not assumed			**-.101**	339.881	**.920**	-.00992	.09847
VAR 3	**Equal variances assumed**	1.044	.308	**.399**	438	**.690**	.04086	.10237
	Equal variances not assumed			**.394**	354.914	**.694**	.04086	.10379
VAR 4	**Equal variances assumed**	2.036	.154	**-.373**	438	**.709**	-.03860	.10338
	Equal variances not assumed			**-.368**	353.131	**.713**	-.03860	.10496
VAR 5	Equal variances assumed	5.191	.023	**-1.514**	438	**.131**	-.13553	.08952
	Equal variances not assumed			**-1.483**	346.298	**.139**	-.13553	.09137
VAR 6	**Equal variances assumed**	.452	.502	**-.371**	438	**.710**	-.03644	.09811
	Equal variances not assumed			**-.369**	364.042	**.712**	-.03644	.09877
VAR 7	**Equal variances assumed**	2.377	.124	**.295**	438	**.768**	.03170	.10743

Equal variances not assumed			**.291**	355.623	**.771**	.03170	.10886

In general, the means range from 2-4. The means in the study of all the variables, as evident in Table 3, has no significant difference representing the data of the male and female respondents in terms of their avoidance behaviour towards ad

commercials. Independent Sample T Test assumes Standard deviations of both the samples are same. It means that they are

same to the extent that they are not statistically significantly different from each other.

If the significance value is not 0.05 or less either in case of equal variances assumed or not assumed, Lavene's test for equality of variance can be interpreted for t-value and significance (2 – tailed). The significance value as evident in table 4 is more than. 05 for all the seven factors defining the ad avoidance behaviour, thus we accept the null hypothesis (H_o) stating 'There is no significant difference between the ad avoidance behaviour of the male and female respondents'.

CONCLUSION

The ad avoidance behaviour exhibited by both the male and female respondents has an eroding impact on the commercial viewership and retention. As evident from the above results, there exists no significant difference between the ad avoidance behaviour of male and female viewers. It clearly indicates a uniformity of ad avoidance behaviour of the viewers. The clutter is halting effective

fermentation of the commercial propaganda. Now the challenge lies with the advertisement crafters who have to propagate an environment of creative strategisation of the commercials with better targeting. An overhauling mechanism should be incorporated to monitor the magnitude and frequency of the commercials in a particular broadcasted program. Interestingly, the viewers (both male and female) in India still regard commercials as an important dispenser of product information (Mahajan, Sandhu and Sharma, 2012). Careful execution and balanced exposure of the commercials can go a long way in maintaining the balance between information overload and information retention.

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Re-engineering Operations: Marketing Financial Services - Product, Process and Pricing- Special Reference to Banks

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Abstract: *Reengineering is a new management concept that involves fundamental reinvention of business processes to achieve dramatic improvements in performance. It entails investment on new technologies in the areas of management, marketing, sales and customer relations to enable companies serve their clients more efficiently and effectively and to achieve the highest level of customer satisfaction. This research paper attempts to explore major financial business model of product to be a successful marketer. It is divided into five sections. Section 1 The Introduction of banking industry product, need for re engineering and re engineering requisites. Section 2 Business process reengineering cycle and objectives of the business model. Section 3 Product reengineering Section 4 imperatives for banking transformation and product reengineering and finally Section 5 conclusions*

Keywords*: Business Process Reengineering, Banking, Business Model, Marketing, Financial Service*

SECTION 1

INTRODUCTION TO BANKING INDUSTRY PRODUCTS:

The Indian banking industry is more than a century old and all along till a decade ago financial products offered by the banks were simple and traditional. Banks looked at the market with blinkers on and as a result of which imagination and aggressiveness took back seat. Prior to independence, only certain wealthy individuals knew banks and the branch heads were knows as agents.

After independence, banks had become development oriented and started looking at various sectors of industry, trade and agriculture. Banking industry saw a tremendous growth in terms of its network and business volumes without any significant marketing efforts.

The range of products too was limited. Most of the products or services offered were similar in features across the banking industry and interest rates were controlled by the regulator, giving no scope for any competition between the players. The only parameters that were left out were the quality of customer service and delivery of customer service. Consumers were captive and had no alternative but to accept what was offered to them by the industry.

In the beginning of the last decade as the Indian economy progressed towards liberalization and with the advent of technological revolution the regulators opened new vistas to the players, which totally changed the face of the industry. These factors ignited the engine, which moved forward the financial services industry by leaps and bounds at a greater speed. The industry extended its arms in multi-directions against the induced competition from non-banking finance companies and new private sector banks.

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NEED FOR RE – ENGINEERING

The combined effect of the above mentioned developments brought a tremendous change in the attitude of the service provider and the consumer. Banking is now turned into buyer's market and the customer could demand not merely necessities but also luxuries.

At present, banking is no longer about money alone as even customers' financial management is being adopted by offering better delivery options from time to time. Only those who can foresee and fulfill customers' requirements and communicate faster could be the winners.

It is, therefore, unwise for banks of any size to think that they can remain immune to sustaining the marketing efforts to meet the challenging needs of today's customer for the players to survive in the industry.

RE - ENGINEERING REQUISITES

Now, the customers have choice of banks and a variety of products to choose from. The tariffs have crashed, as pricing has become a vulnerable criterion in marketing the financial products in the de-regulated market.

The perennial danger in the launching of a successful financial product after a through market research is that it can be duplicated by a smart competitor in no time. The entire effort in innovation and design of a product will become a matter of historical interest and competitor reaps the benefit by just possessing the hacking skills.

Launching of a product is not done as a reflex action, But after a series of careful and calculated steps, as the ground is slippery. It is to be conceived, created, tested, nurtured and refined like a formation of natural pearl in an oyster out of a raindrop.

With all these hurdles a new business model, which develops the products that revolve on the following three **P**s**,** would make headway into the successful marketing of financial products. This will sustain internal-external pressures only if re-engineered from time to time and achieve the objectives against each p.

Product – Attractive

Process – Deliverable

Pricing – Competitive

A product to be successful, 'should be attractive' with a process that is smoothly and effectively deliverable and priced competitively. This is to be scrupulously observed right from the product design till the ultimate delivery and review of the product performance to create a separate niche in the market and to win the customer loyalty.

SECTION 2

BUSINESS PROCESS REENGINEERING CYCLE

BPR is a concept that was proposed in 1990s by MIT professor Michael Hammer and Campy, Chairman of the CSC management consultancy company. In this book "Corporate Restructuring - Enterprise Revolution Declaration". They defined BPR as: **"in order to take a leap to improve the cost, quality, service, speed**

and other operational foundation of the modern enterprise, the enterprise should take fundamental rethinking and radical reform in business process."

Business process re-engineering is a business management strategy, originally pioneered in the early 1990s, focusing on the analysis and design of workflows and processes within an organization. BPR aimed to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors. In the mid-1990s, as many as 60% of the Fortune 500 companies claimed to either have initiated reengineering efforts, or to have plans to do so.

BPR seeks to help companies radically restructure their organizations by focusing on the ground-up design of their business processes. According to Davenport (1990) a business process is a set of logically

Objectives of the business model:

➢ **Product development in the sky**
  a. Need Identification
  b. Wrapping of the product development
  c. Product Branding
  e. Product life cycle and re-engineering
➢ Technology support is the backbone
➢ Pricing of Product

Fig.2

related tasks performed to achieve a defined business outcome. Re-engineering emphasized a holistic focus on business objectives and processes related to them, encouraging full-scale recreation of processes rather than iterative optimization of sub processes.

Business process re-engineering is also known as business process redesign, business transformation or business process change management. Show **Fig 1**
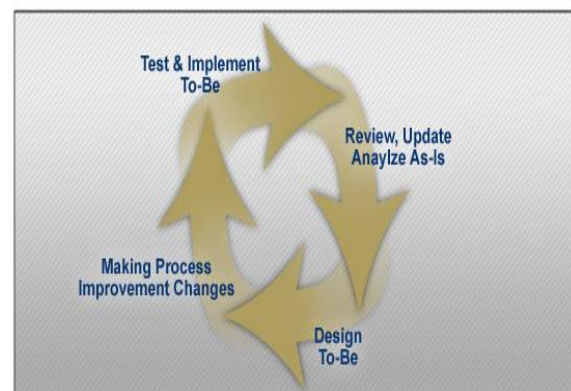
Fig 1. Business process re-engineering

Most of banks around the world follow similar cycle referred above. The difference lies in the effectiveness and the speed with which one completes each component of cycle. The objectives listed above will ensure position in the market at

a competitive pricing by keeping the processes simple and smart.

PRODUCT DEVELOPMENT

There is always a gap that exists between the range of customer requirements and the availability of products in the market and various means of bridging this gap are the starting point of evolution and designing of many of the new products. Well designed products with focus on service and technology will convert old style conservative bank into high profile institutions, which could snatch the market share of giants in the industry. This leads us to consider the following key factors for product development.

a. Need Identification
b. Wrapping of the product
c. Product Branding
d. Product life cycle and re-engineering

a. Need Identification

The challenge for today's banker is to continuously develop products and services, which meet the customer's requirements in a more convenient and more efficient way. Also, the challenge is to develop a range of option, which allows a customer to choose the product or service and meets the best of their specific requirements.

The advantage for banks now is that can collect customer data and requirements through questionnaire and customer response cards from multiple touch points like branches. ATMs, Call centre and online banking by using the artificial intelligence and logic banks can also harness existing customer data to extrapolate future buying behavior. Need matrix is generally as detailed below **Fig.3**

Need matrix

Individual Customers	Corporate Customers
Safety	Safety
Liquidity	Liquidity
Payment & receipt Mechanisms & convenience	Payment & receipt Mechanisms & convenience
Investment Avenues	Trade facilitation

Fig.3

It is essential to revert to the need matrix from time to time to look for ways and means to introduce more and better products and services. Field staff should be encouraged to maintain open channel of communication with top management to make them feel and to give feedback anytime.

In fact need identification has given birth to **Market Pull model of product development,** where the customers' ideas or suggestions have strong influences on product innovation.

Market Pull model

New Market Needs	→	**Marketing**	→	**New Facilities/Services**

Fig 4

b. Wrapping of the product

Quality dimensions for the **core** product are reliability, features, conformance, i.e., meeting specifications to justify expectations, design in terms of aesthetics, attractiveness, look and feel, tangible service quality and intangibles viz., responsiveness, prompt help, listen to customers, individual care.

Wrapped around the core product, like rings of onion, is providing additional flavor, texture, protection etc., which can be diagrammatically represented as below **Fig 5**
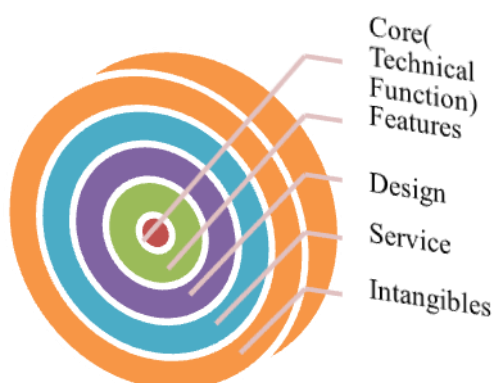
Fig 5 Core Product

Many academics have observed that the core product represents 20 percent of the impact and 80 percent of costs, while the product surrounding services and intangible aspects of product have 80 percent of the impact on customer choice and represents only 20 percent of the product cost.

Intangibles cannot be easily measured and are mostly subjective. But it enhances the day for customers by providing single point of contact, turnaround time for core services, time guarantees, extra working hours, total accuracy of services, automatic compensation if guarantee is not met with.

c. Product Branding

Branding pattern can be at two levels, one at organization level and the other at product level and the brand name is derived by linking the two. Alternatively, the brand name reflects the target segment or special features of the product.

Employing the professional agency to christen an attractive brand name would have an impact in the market and acts as a catalyst to cross sell the other financial products many a times. There are occasions when a product is known only by brand name like 'piggy bank' for children savings account.

Inviting suggestions from the staff members sometimes leads to discovery of effective brand name which develops

innovative thinking and participative Technological developments have accelerated to a level due to which product life cycles have shortened considerably and forced the players to cut product development time.

d. Product life cycle and re-engineering
Product life cycle diagram is explored in the form of curve – compared to life of people, political systems and corporations as well as products. We start, we grow, we blossom, we fruit, we wither and we die. Product life cycle is shown in **Fig. 6**
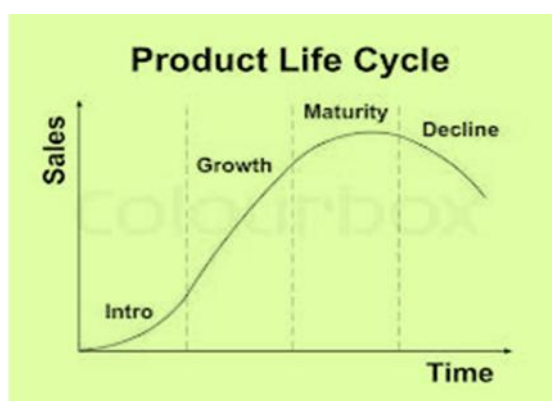
It is a good practice to start quest for new product before the favorite product peaks. There is life beyond the curve only if a new product is started or the product is re-engineered before reaching the peak as shown as **sigmoid curves Fig 7.**
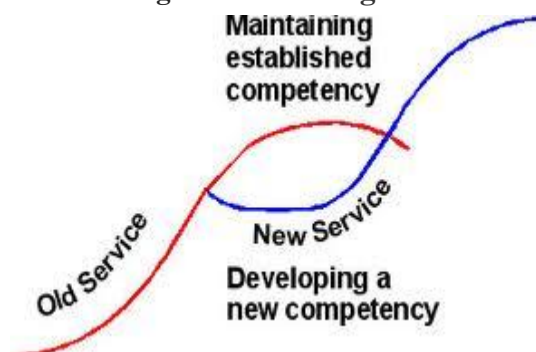

Fig 7

A learning pattern is a result of two parallel

e. Technology support is the backbone:

The marriage of technology and banking has changed the face of global banking like never before. Therefore, banks aim at IT strategy and business strategy, which are developed in tandem. But the rate of technical innovation is very high and every innovation opens an opportunity for business development.

Keeping an eye on the potential of information technology and an attempt to exploit the same will give the customers a superior product. Sometimes, acquiring latest technology will demand a technology push model for product development.

Technology push model is characterized by high level of investment in information technology, systems and procedures and operations. Under this model, new technological tools influence the operations and systems of the organization which determine the new products or service to be extended to the customers.

Sigmoid curves culture.

Technology Push Model

| New Technology | → | Operations and Systems | → | New Facilities/Services |
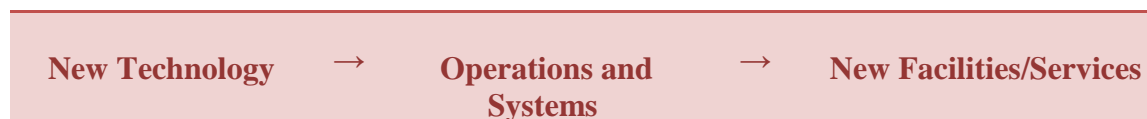
Fig 8

Normally, available technology and market demands influence the product design or re-engineering process. This leads to the adoption of balanced model for product development.

Balanced model is an integration of Market pull and Technology push model and takes into account the positive features and reduces the deficiencies of both the models. It is ideal to attempt to follow this model to introduce or refine a product, as it is safe and at the same time is an aggressive approach.

Pricing of Product:

Pricing is no longer fixed to reflect status. Today it is a matter of value for the customer. Leading banks sitting pretty on low cost resources have an advantage in pricing in the market and get away with marginal pricing whereas smaller banks have to 'pay up' in pricing to compensate for comparative weaknesses in distribution networks and brand strengths.

In many cases the pricing has become vital and unless it is competitive it can make or break the success of the product.
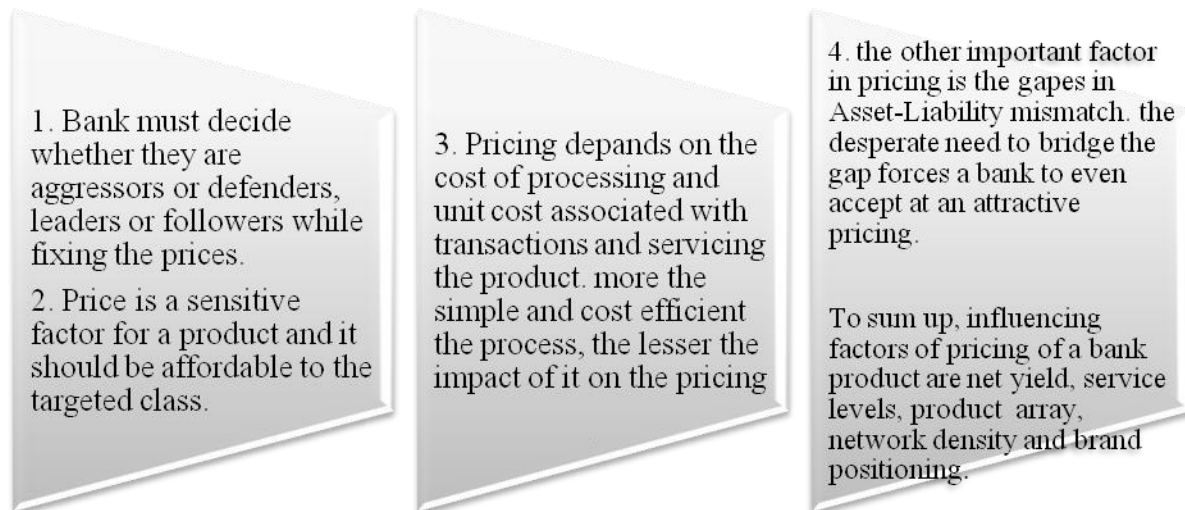
Price determination factors shown as Fig 9

1. Bank must decide whether they are aggressors or defenders, leaders or followers while fixing the prices.

2. Price is a sensitive factor for a product and it should be affordable to the targeted class.

3. Pricing depands on the cost of processing and unit cost associated with transactions and servicing the product. more the simple and cost efficient the process, the lesser the impact of it on the pricing

4. the other important factor in pricing is the gapes in Asset-Liability mismatch. the desperate need to bridge the gap forces a bank to even accept at an attractive pricing.

To sum up, influencing factors of pricing of a bank product are net yield, service levels, product array, network density and brand positioning.

Fig 9

SECTION 3

PRODUCT REENGINEERING

Product reengineering: Customers today look to get a complete solution rather than a single/one-off product constructed using the latest and state of the art products. With the amount of existing competition and the presence of similar products in the marketplace differentiation is the key to be unique and to jump ahead of the competition. The ramification is companies investing in their non core products as addition or extension of previous products or to interface with new technologies, new standards or new devices.

Great demand for new and innovative products at lowers costs creates huge challenges for companies. The rate at which new products can be brought into the market and marketed into new locations or categories apart from product differentiation determines the survival in the market. Arisen out of this market requirement is 'outsourcing' in the product engineering space.

SECTION 4

IMPERATIVES FOR BANKING TRANSFORMATION AND PRODUCT REENGINEERING

Four imperatives for banking transformation
Attract and retain customers

Make your customer an organizing principle to re-align data insights, operations, technology and systems.

- **Engage your customers** in insightful conversations—not just a pleasant banking experience.
- **Provide a consistent cross-channel experience**, such as those from retailers or airlines, including self-service, mobile apps and social integration.

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- **Capture every customer moment** of truth in real-time across both staffed and automated channels, to trigger appropriate actions.

- **Market and sell services and products** based on life events as informed by customer data and predictive analytics.

SECTION 5

CONCLUSION

Reengineering is a new endeavor, and firms applying it to front-office, customer-facing activities may learn from the projects discussed here. Reengineering opportunities in marketing and sales may be characterized as: fundamental - generating entirely new definitions of what is valued by customers; radical - repositioning information technology, a major cost and asset of companies; dramatic - requiring breakdown of internal and external boundaries; and process oriented - changing how customers are engaged and acquired, and how relationships are intensified.

Any financial organization, as corporate citizen, does justify its existence not merely to make profits but also has a social responsibility to offer to its customers with useful products that upgrade their life standards, provide financial security and convenience to conduct their transactions at an acceptable cost.

This objective can be an action supported by vision and foresight, to understand the implications and by channeling the resources, talent and energy in right direction and with right attitude.

There is no doubt that in the next decade, financial industry will change beyond recognition but the principles of product creation will remain mainly on the consumer as projected in the business model detailed herein.

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