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RESEARCH PAPERS

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A STUDY ON MARKET PROSPECTS OF VOCATIONAL TRAINING FOR PROSPECTIVE LOCAL LEVEL ENTREPRENEURS

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Abstract:

India has a large young population. Even after six decades of Independence and two decades of liberalization only 10% of the Indian labor forces—8% informally and 2% formally have acquired vocational skills, whereas this percentage in industrialized countries varies between 60% and 96%. Further, the largest share of new jobs in India is likely to come from the unorganized sector that employs up to 94% of the national workforce, but most of the training programs cater to the needs of the organized sector. Moreover, the mammoth opportunity available in India for exemplary entrepreneurial ventures is often neglected or overlooked due to the frantic pace of the educated youth in securing a job that provides a stable income. This has led to underemployment on an extensive scale in India, the results of which are gaping in a highly literate state like Kerala. The paper aims at tracing the socio-economic profile of Kerala by demography, economic scenario, industrial collaboration and educational opportunities; to identify the market prospects of vocational training to support prospective Local Level Entrepreneurs (LLE). The aspirations of the youth were captured through a questionnaire distributed to random samples across Kerala.

The paper orients at making major recommendations for the vocational training institutes in Kerala to improve the skill development of youth by identifying the preferred industry for entrepreneurial ventures with the help of a structured questionnaire and envisages the creation of support systems required for skill development of youth aspiring to be entrepreneurs. Thus the potential training market where training becomes inevitable for budding entrepreneurs would be analyzed with the help of Matrix analysis. An independent Sample T Test is done to identify whether there is a significant difference in the industry opinion and the youth perception about the required domain knowledge. A significant difference in the opinion suggests a pertinent need for vocational training. The purpose of research is to analyze the market prospects for vocational training for prospective LLEs mainly comprising of youth who have completed their higher secondary education, graduation or post graduation degree. For this sample is selected from the student community and industry. The sample was selected on the basis of convenience sampling.

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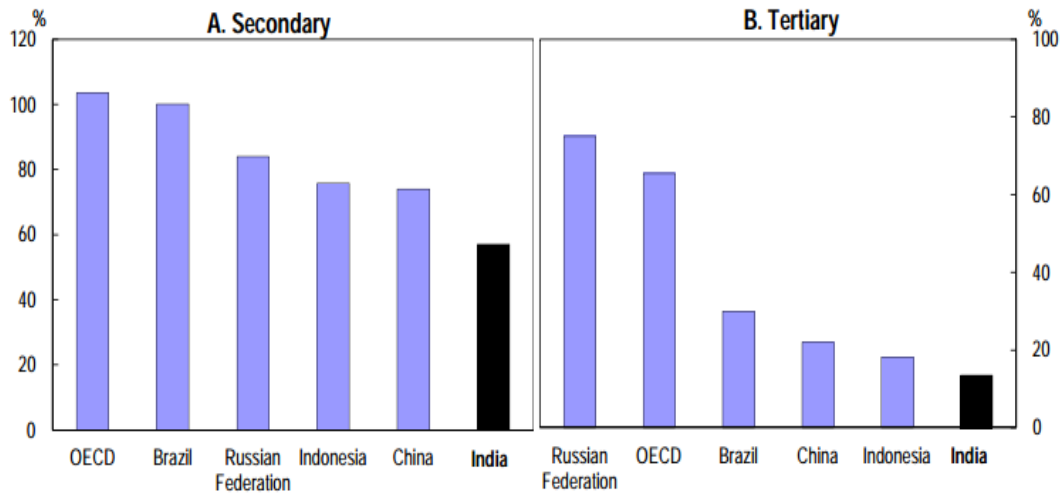
Sample size of 216 students who have completed their higher secondary education or graduation or post graduation degree and 30 personnel from the industry were selected for the study. The efficacy of the current training program with reference to time span for which the training is provided and other significant factors like fee structure would be analyzed with the help of chi-square test. The need for proactively catalyzing the creation of large and quality vocational training institutes is extensively addressed in the paper. The students and organizations responded positively about the need for Vocational Training programs offered by and there was a general conclusion that Skill enhancement training is necessary for providing an impetus to the entrepreneurial ventures started by the youth in Kerala. The study revealed that the maximum opportunity for Vocational Training in Kerala existed in the arena of Entrepreneurship followed by Banking and Insurance, IT/ITES/BPO and Retail. Thus the paper emphasizes the pertinent role played by vocational training institutes in supporting entrepreneurial ventures.

Keywords: Underemployment, Indian youth, Entrepreneurial ventures, Local Level Entrepreneurs, Vocational training.

INTRODUCTION

India has a large young population and even after six decades of Independence and two decades of liberalization, only 10% of the Indian labor force (8% informally and 2% formally) have acquired vocational skills, whereas this percentage in industrialized countries varies between 60% and 96%. Further, the largest share of new jobs in India is likely to come from the unorganized sector that employs up to 94% of the national workforce, but most of the training programs cater to the needs of the organized sector. Problems arise due to a mismatch between demand and supply; 90% of opportunities, especially entrepreneurial ventures require vocational skills, but 90% of our college/ school output has only been theoretical knowledge transfer [2]. In association with the above scenario, this study analyses the skill gap existing between the potential youth capable of undertaking entrepreneurial activities in Kerala.



In order to achieve the target of skilling a huge workforce in the country, the Government of India has formulated the National Skill Development Policy. The policy aims to increase the productivity of India's workforce and enhance India's competitiveness in the global market by empowering people through improved skills, qualifications and access to employment and to attract investment in the skill development sector in India. Further, the policy envisages creation of a separate regulatory authority under the chairmanship of the Prime Minister for policy formulation and strategic

review of the skill development sector in India. This led to the creation of three tier structure consisting of:

- National Council on Skill Development (NCSD)
- National Skill Development Coordination Board (NSDCB)
- National Skill Development Corporation (NSDC)

NSDC, a not-for-profit organization set up by the Ministry of Finance, under Section 25 of the Indian Companies Act, is a first of its kind Public Private Partnership (PPP) in India to fulfill the growing need in India for skilled manpower across sectors and narrow the existing gap between the demand and supply of skills. NSDC acts as a catalyst for skill development by providing funding to enterprises, companies and organizations that provide skill training. In order to achieve its objective of skilling/ up-skilling 150 million people in India by 2022, NSDC has been working on the following three key mandates:

Enable:

(a) Facilitate creation of support systems required for skill development

(b) Develop a research base

Create: Proactively catalyze creation of large, quality vocational training institutes.

Fund: Reduce risk by providing patient capital and improve returns by providing viability gap funding.[3]

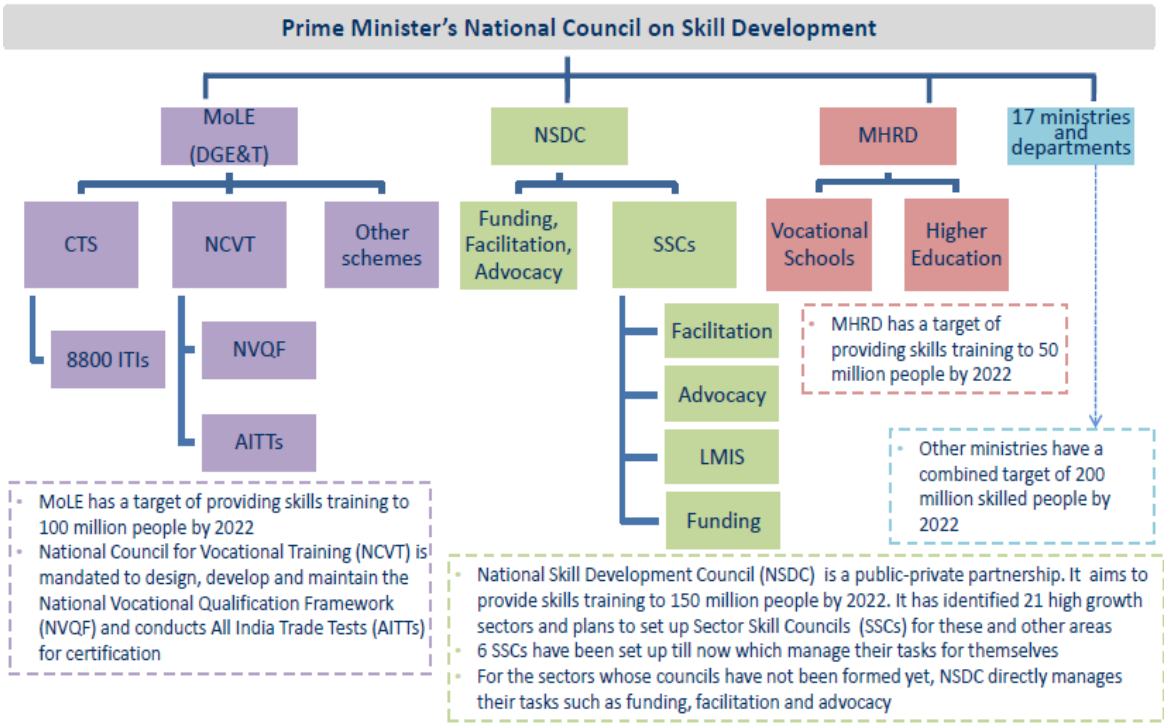


Fig: 2 Skill developments Policy Framework [4]

With the above mentioned initiatives by the government, there is a huge opportunity for vocational training firms like EduBridge that aims in fulfilling the skill gap that exists currently between the youth in semi-urban and rural areas and the skill requirement for setting up an enterprise. Against this backdrop, an opportunity has been assigned to undertake a district level study for the state of Kerala to assess the market potential of vocational training institutes in promoting Local level Entrepreneurship.

Vocational Education

In terms of vocational training infrastructure, Kerala has 389 vocational higher secondary schools(261-Govt., 128-Aided). It has a total of 76 ITIs and 536 ITCs. The total sanctioned capacity is 67,258.

The adjoining map indicates the annual intake capacity among ITIs and ITCs per lakh population across all districts. It is interesting to note that most southern districts have a high annual intake capacity (200 and above per lakh population) while northern districts have lower annual intake capacity (below 200 per lakh population).

The districts of Idukki (92), Wayanad (93) and Kasaragod (86) are backward districts in this aspect, with low annual intake capacity of vocational training per lakh population, relative to all other districts in the state. Among the districts, Thiruvananthapuram (73) has the maximum number of ITI/ITCs followed by Malappuram (65) and Kollam (62). Wayanad (7) has the lowest number of ITI/ITCs in the state. The districts of Kasaragod (12), Idukki (12) and Wayanad (7) have the least number of ITI/ITCs. It may be noted that the government ITIs form only 12.4% of the total ITI/ITCs in the districts. Thus private providers are predominant.

Additionally, under the Skill Development Initiative Scheme of Govt. of India, there are approximately 250 registered Vocational Training Providers (VTPs) in the state, with around 70 VTPs estimated to be functional. According to the Progress Report on the Skill Development Initiative Scheme. (April to July 2013), 54 Vocational Training Providers were registered in 2013, training a total of 2900 trainees.

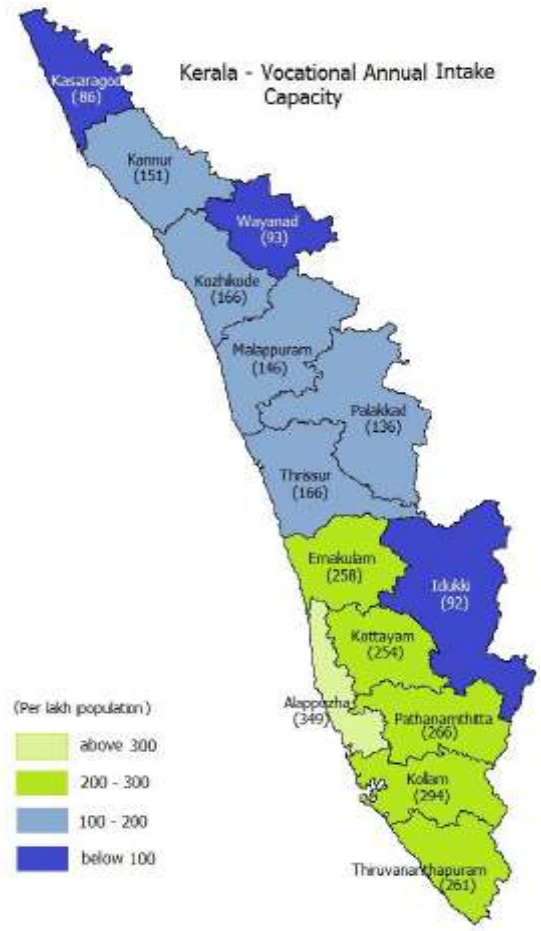


Fig: Vocational Intake Capacity in Kerala

S B Global is the first private training institution based in Kerala to be approved by NSDC as a Skill Development Partner. Currently, SB Global has training centres at Kochi, Kottayam, Thrissur and Kannur. Training is currently offered in the following sectors and trades as part of NSDC program:

- Travel, Tourism and Hospitality: Ticketing, Tour operations
- Transport and Logistics: Supply chain, Airport services
- Education and Skill Development: School Teacher
- IT: System administration & Management
- Others: Office Administration & Management, Financial Accounting & Management
- Other NSDC partners with operations in Kerala include Future Sharp, IIJT and Talent Sprint.

Objectives of the Study

Primary Objective

To Study the Market Prospect for Skill Enhancement Training in Kerala for local level entrepreneurs.

Secondary Objective

1) To analyze the opportunity in domain knowledge training for fresher in Kerala.

2) To understand the influence of time period for the training program in Kerala
3) To Understand the training product pricing relation among various student section in Kerala

Scope of the study

The proposed scope of the study is presented below:

- To trace the socio-economic profile of Kerala by demography, economy, industry and education.
- To identify developmental opportunities keeping in mind factor endowments and stakeholder perspectives.
- To articulate the aspirations of the youth.
- To identify the opportunity that exists for the Organisation to enhance the entrepreneurial spirit of the Students in Kerala.

This report outlines the approach and methodology used to conduct the study and presents the state profile highlighting the demography, education, employment profiles and future growth opportunities, skill gap assessment and recommendations for the key stakeholders to improve the skill development and number of entrepreneurial ventures in Kerala.

Limitations of the Study

The key limitations in analysing the Skill gap among students in Kerala are mentioned below based on primary analysis.

1) Limited time to cover the entire state: Since the time period of study has been limited, it will be not possible to collect data from the entire district in Kerala.

2) Sample from Trivandrum: The main samples have been collected from the district of Trivandrum.

3) The Quality requirement of Skill has been by default considered to be high. Hence there is no special inclusion of Quality of training and quality of student.

Research Methodology

Approach

In the study, the method adopted is a consultative and participatory approach to fulfill the requirements of the study. The approach is significantly based on interaction with the key stakeholders, aided by focused secondary research utilizing various publications. The approach involved a comprehensive assessment of the skill requirement in the state assessing the requirements from both a demand side as well as supply side perspective, as indicated in the figure

below:

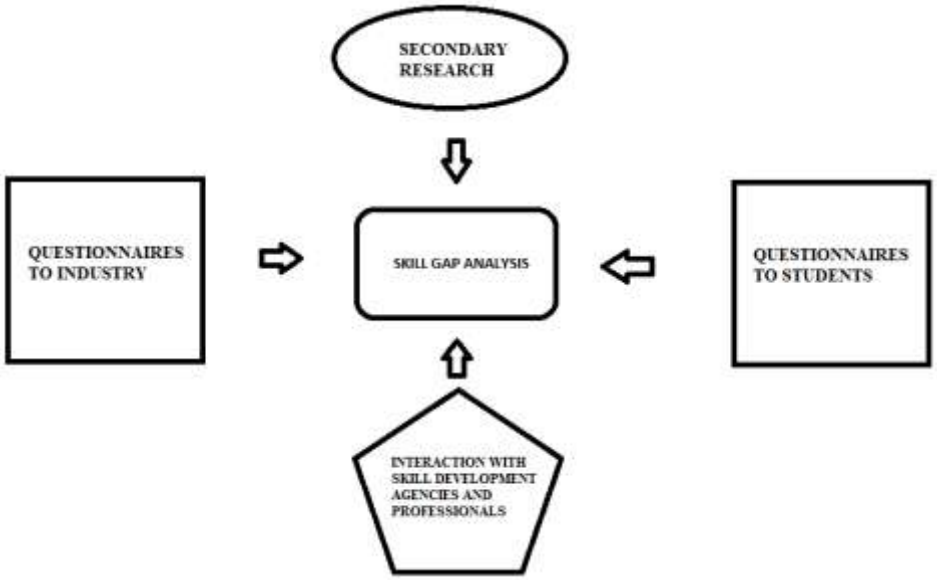


Fig: 3 Approaches to Research

Questionnaire to Industry: Questionnaires were administered to a selected sample of vocational trainers. It was emphasized to select a sample which is representative of the industrial and training landscape of the state. Based on the responses to the questionnaires current and future skill demand and supply in the state were estimated.

Questionnaire to Students: Survey involving students of age 16 and above were conducted to assess

(i) Student and youth aspirations,

(ii) Understand satisfaction with current skill enhancement programmes.

(iii) Find out expectations from the education and training system.

(iv) Also to find the preferred sectors, wage expectations, readiness to migrate etc.

Skill Development Agencies and Professionals: The approach also includes consultation or interview method for skill development Agencies and Professionals.

Secondary Research and Literature survey: Data collected from the above primary interactions were analyzed in light of secondary data available in public domain like Census of India reports, NSSO reports, Economic Reviews, Directorate of Economics and Statistics reports etc. Desk research and opinion of subject matter experts on skill development is incorporated for evaluating strategic options developed during propose module.

Sampling Method

The purpose of research is to analyze the

market for vocational training. For this sample is selected from the student community and industry. The sample was selected on basis of convenience sampling.

Population

Population consists of students from Higher secondary to PG and Industries from different districts of Kerala.

Sample Size

Sample size of 216 students and 30 industries were selected.

Methodology

Based on the scope of work the methodology for the study comprised of four distinct phases as outlined in the figure below:

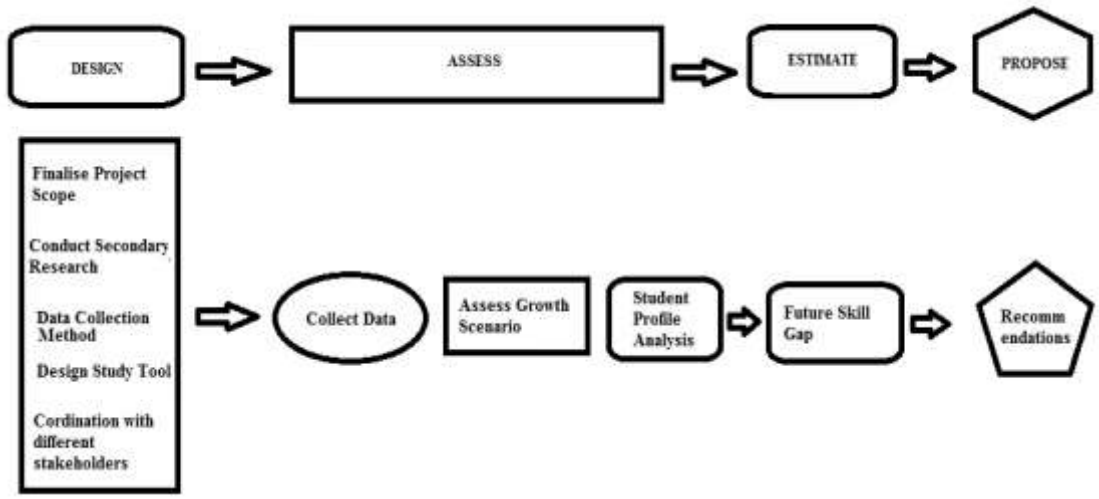


Fig : Methodology

Design: The design phase includes the design of following entities:

(i) Finalise the Project Scope
(ii) Conduct Secondary Research
(iii) Data Collection Method
(iv) Design of the study Tool
(v) Coordination with different stakeholders

Assess: The assessment phase includes the conducting of research through the following steps:

(i) Collection of Data
(ii) Assess the growth scenario for training
(iii) Student profile Analysis

Estimate: Once the relevant data are collected, an estimation of Future Skill gap could be made from the demand and supply side which would help in formulating the recommendations.

Recommendations: Once the Skill gap estimations are made, recommendations need to be formed to empower the vocational training institutes in formulating the right set of training and certification programs that would increase the entrepreneurial skills of Students in Kerala.

Statistical Analysis

a) **Percentage analysis**

b) **Chi-square Test**

c) **Independent Samples T-Test**

Hypothesis Formation

(a) **Null Hypothesis:** There is no significant difference in the Industry opinion and Student perception about the domain knowledge level of fresher.

Alternate Hypothesis: There is significant difference between the Industry opinion and Student perception about the domain knowledge level of fresher

(b) **Null Hypothesis:** There is no significant relation between the training period offered and the gender factor of students in Kerala

Alternate Hypothesis: There is significant relation between the training period offered and the gender factor of Students in Kerala.

(c) Null Hypothesis: There is no significant impact of the price of training program offered to the education level of the students

Alternate Hypothesis: There is significant impact of the price of training program offered to the education level of the students.

DATA ANALYSIS AND INTERPRETATION

Domain Knowledge Level as per Student

Domain Knowledge as per Student	Distribution of Knowledge Level
Poor	0.03
Average	0.33
Good	0.42
Very Good	0.17
Excellent	0.05

Table 1: The Domain Knowledge distribution as per Student

Percentage Analysis

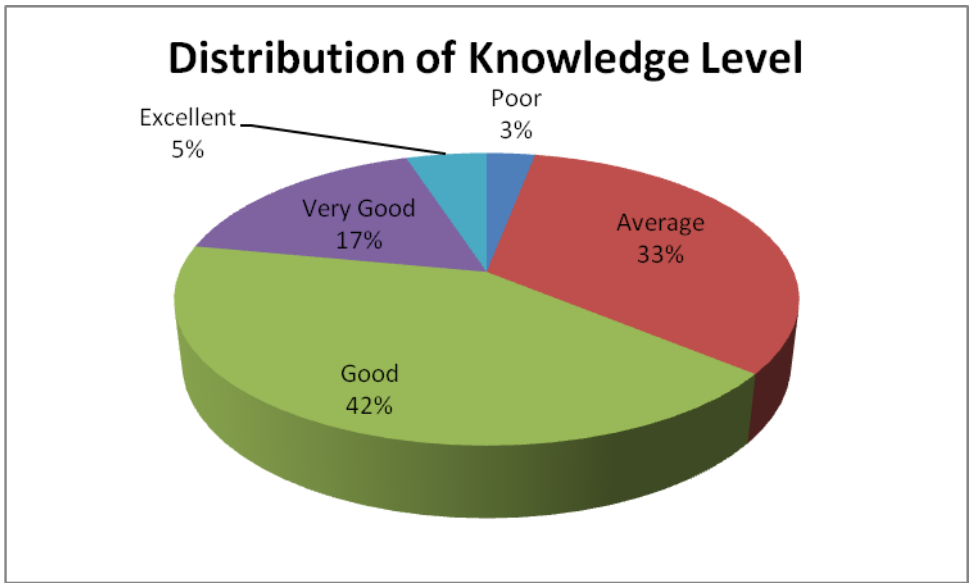


Fig : % Level of Domain Knowledge as per Student

Interpretation

42% of student respondent felt that their Domain knowledge was good, 33% felt that they had an average domain knowledge, 17% believe that they have very good knowledge of the domain they aspire for, 5% of students had said they have excellent domain knowledge and 3% felt that they had a poor knowledge of the domain.

Training Period Expected by Students

Training Period	Desired Training Period
<1 month	0.17
1-3 Months	0.32
3-6 Months	0.25
6 Months-1 year	0.26

Table 2: Training Period distribution as expected by Students

Percentage Analysis

Fig : Percentage distribution of Expected Training Period

Interpretation

32% of the respondent students expected the training period to be between 1-3 months to enhance their skill. 25% wanted the training period to be 3-6 months, 26% believed that the training period could be 6 months to 1 year. 17% had the opinion that the training period only needs to be less than a month for them to enhance the skill.

Affordable Fees by the Students

Training Fees	Distribution of Students based on Affordable Training Fees
<10000	0.59
10000-50000	0.31
50000-1 Lakh	0.08
>1 Lakh	0.02

Table 3: The Affordable Fee distribution

Percentage Analysis

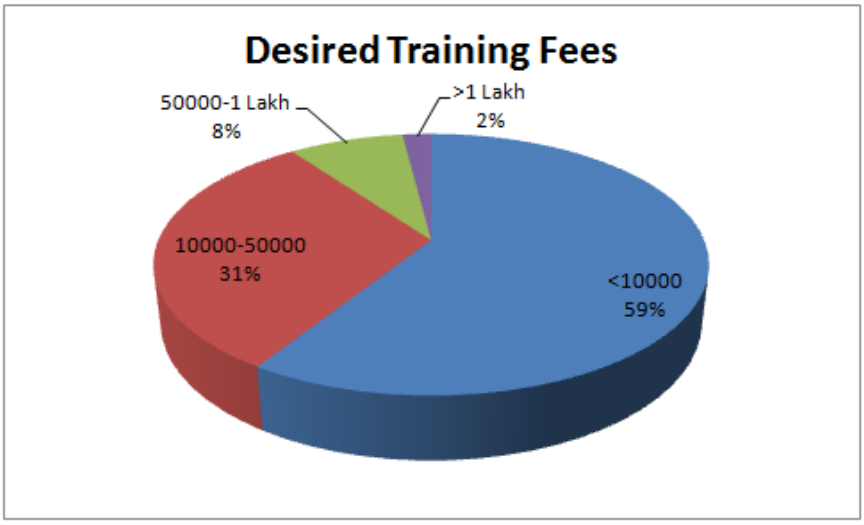


Fig : The % Distribution of Students on Affordable Training Fee

Interpretation

59% of the students responded that their affordable fees was <10,000 rupees. 31% had selected that they could afford fees between Rs 10,000 to 50,000. 8% informed that they were ready to invest Rs 50,000 to 1 lakh for the training and 2% could afford >1 Lakh rupees.

Preferred Industry for Students

Industry	No of Students	Aspiration of Respondents
Agriculture	2	0.009259259
Mining and Quarrying	14	0.064814815
Manufacturing	19	0.087962963
Power and Energy	10	0.046296296
Construction	15	0.069444444
Retail	20	0.092592593
Communication	4	0.018518519
Banking and Insurance	36	0.166666667
IT/ITES/BPO	24	0.111111111
Govt JObs	38	0.175925926
Entrepreneur	24	0.111111111
Others	10	0.046296296

Table 4: The Student aspiration table with various Industries

Percentage Analysis

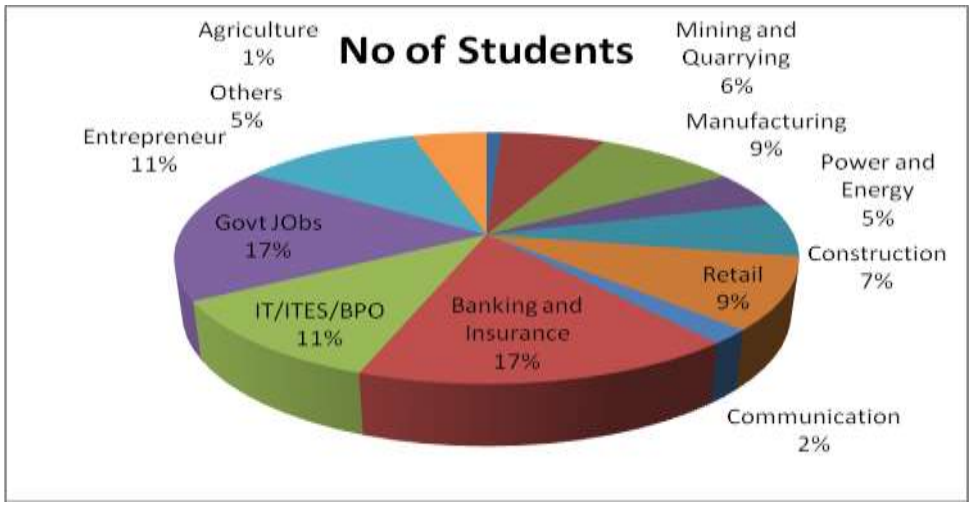


Fig : Percentage distribution of Student Aspiration In Kerala

Interpretation

The above percentage analysis informs that 18% of the students preferred Public Sector Jobs (Govt Jobs), 17% students wanted a career in Banking and Insurance sector, 11% preferred IT/ITES/BPO, 11% were interested in starting new Business. Manufacturing, Retail and Power and energy sectors were opted by 9% of the students and 6% students wanted to be in the Mining industry. Least preferred jobs were in the sector of Agriculture and communication.

Employment Projection

Industry	Projected Employment Contribution (2012-13 to 2021-22)
Agriculture and Allied activities	11.60%
Mining and Quarrying	0.70%
Manufacturing	13.30%
Power and Energy	0.30%
Construction	16.50%
Retail	15.30%
Communication	6.80%
Banking and Insurance	5.90%
IT/ITES/BPO	7.00%
Govt JObs	3.90%
Entrepreneur	14.40%
Others	4.30%

Table 5: Projected Employment Contribution (2012-13 to 2021-22)

Percentage Analysis

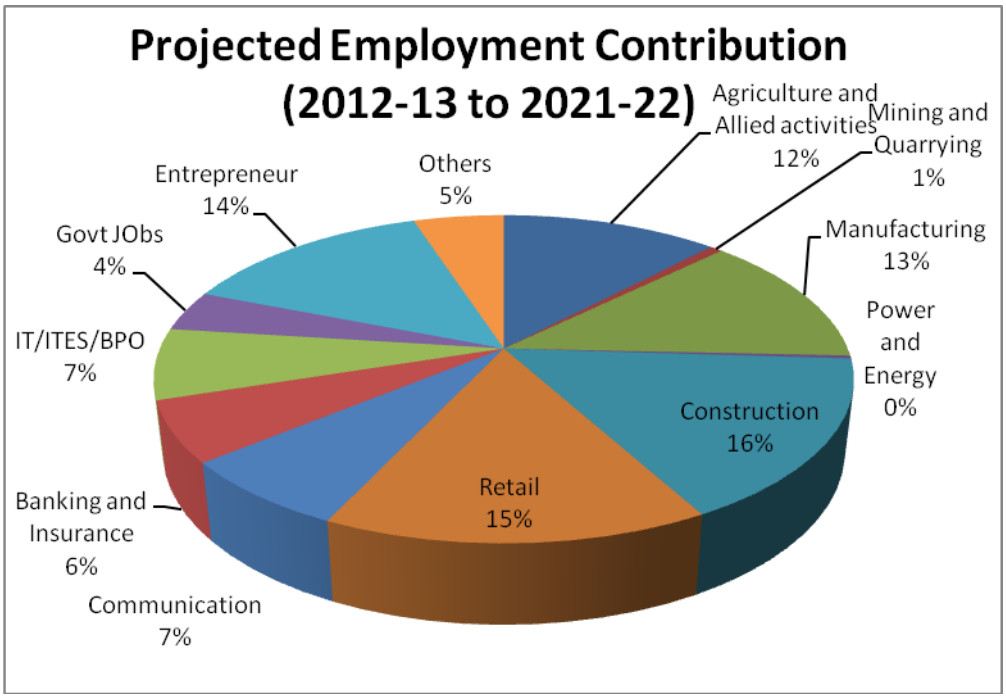


Fig : The projected employment in Kerala 2012-13 to 2021-22

Interpretation

The chart indicates that the maximum employment opportunity in Kerala lies in the Retail and Construction Sector followed by Enterprises, Agriculture and Manufacturing Industry. There will be steady growth in employment in Banking and Insurance and Communication Industry along with IT/ITES/BPO. There will be medium growth in public sector whereas very few opportunities in power and energy sector along with Mining industry. Rest contributed to the Entertainment and other sectors.

Matrix Analysis

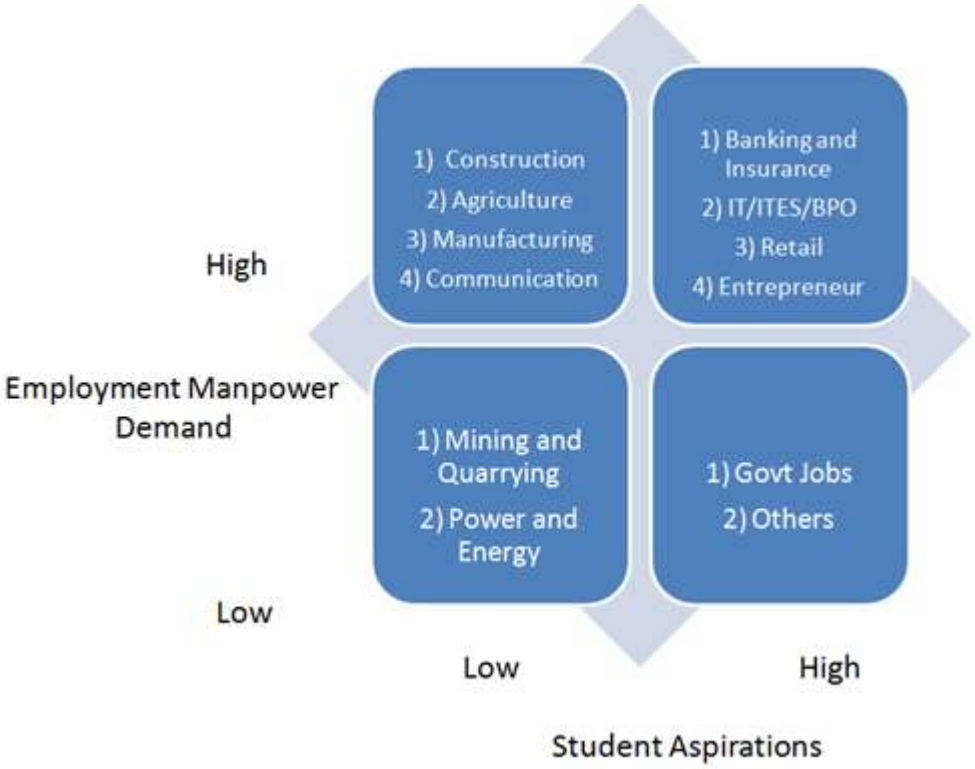


Fig : Matrix analysis on the Potential Training Market

Interpretation

The above Matrix is plotted between the Student Aspiration vs Employment demand projected in Kerala. The Matrix informs the following

First Quadrant

The training potential is more in the area of Banking and Insurance, IT/ITES/BPO, Retail and Entrepreneurial ventures as the employment opportunity and student interest are highest in these areas.

Second Quadrant

Even though the employment demand is higher in Agriculture, Manufacturing and Communication, aspiration from students to these sectors are very less.

Third Quadrant

Government Jobs and Other related industries like media, entertainment, law etc are having high demand among the students and youth however, the employment opportunity is average.

Fourth Quadrant

The industries of Mining and Power and Energy are not having any opportunity in Kerala in terms of Student aspiration as well as Employment opportunity.

Independent Sample T-Test

To test the domain knowledge gap between the students and Training

Institutes.

Null Hypothesis: There is no significant difference in the Industry opinion and Student perception about the domain knowledge level of fresher.

Alternate Hypothesis: There is significant difference between the Industry opinion and Student perception about the domain knowledge level of fresher

The Independent Sample T-Test is conducted to test the first null hypothesis which is

There is no significance difference between the Industry opinion and Student opinion regarding the Domain Knowledge of the Fresher.

Group Statistics

	Training Institutes or Students	N	Mean	Std. Deviation	Std. Error Mean
Domain	Students	216	2.8704	.88494	.06021
	Training Institutes	30	1.9000	.60743	.11090

Independent Samples Test

		Levene's Test for Equality of Variances				
		F	Sig.	t	df	Sig. (2-tailed)
Domain	Equal variances assumed	6.171	.014	5.814	244	.000
	Equal variances not assumed			7.690	48.054	.000

Interpretation:

After the Independent sample T-Test, it could be interpreted that the mean of Student Opinion on their Domain knowledge is significantly different from the Industry opinion rejecting the null hypothesis. Since there is a gap between view on the domain knowledge of the fresher among the industry and students, there is an opportunity for the training.

Chi-Square Test

1) With reference to Time period offered for the training and Gender response

Null Hypothesis: There is no significant relation between the training period offered and the gender factor of students in Kerala

Alternate Hypothesis: There is significant relation between the training period

offered and the gender factor of Students in Kerala.

Time Period	Gender	Frequency
< 1 Month	Female	12
< 1 Month	Male	24
1-3 Months	Female	26
1-3 Months	Male	43
3-6 Months	Female	22
3-6 Months	Male	33
6 Months - 1 Year	Female	28
6 Months - 1 Year	Male	28

Table 6: Time Period offered vs Gender response of Students

Result

Training_Period * Gender Crosstabulation

			Gender		
			Male	Female	Total
Training_Period	<1 Month	Count	1	1	2
		Expected Count	1.0	1.0	2.0
	1-3 Months	Count	1	1	2
		Expected Count	1.0	1.0	2.0
	3-6 Months	Count	1	1	2
		Expected Count	1.0	1.0	2.0
	> 6 Months	Count	1	1	2
		Expected Count	1.0	1.0	2.0
Total		Count	4	4	8
		Expected Count	4.0	4.0	8.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.000[a]	3	1.000
Likelihood Ratio	.000	3	1.000
Linear-by-Linear Association	.000	1	1.000
N of Valid Cases	8		

a. 8 cells (100.0%) have expected count less than 5. The minimum expected count is 1.00.

Interpretation

As per Chi Square test the Pearson Asymp sig value is 1 which is greater than the significant value 0.5, hence the null hypothesis is accepted and proved that there is no significance between the time period offered and the gender response of the students there by failing to reject the null Hypothesis.

2) Testing the Hypothesis with reference to the Fee structure of the training program

Null Hypothesis: There is no significant impact of the price of training program offered to the education level of the students

Alternate Hypothesis: There is significant impact of the price of training program offered to the education level of the students.

Fees	Education_Level	Frequency
<10,000	HSS	47
<10,000	UG	40
<10,000	PG	44
10k to 50k	HSS	19
10k to 50k	UG	38
10k to 50k	PG	10
50k-1L	HSS	6
50k-1L	UG	8
50k-1L	PG	4

Table 7: Fee Expectation vs Education Level of the students

Result

Fees * Education Crosstabulation

			Education			Total
			HSS	UG	PG	
Fees	<10k	Count	3	0	0	3
		Expected Count	1.0	1.0	1.0	3.0
	10k-50k	Count	0	3	0	3
		Expected Count	1.0	1.0	1.0	3.0
	50k-1L	Count	0	0	3	3
		Expected Count	1.0	1.0	1.0	3.0
Total		Count	3	3	3	9
		Expected Count	3.0	3.0	3.0	9.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.000[a]	4	.001
Likelihood Ratio	19.775	4	.001
Linear-by-Linear Association	8.000	1	.005
N of Valid Cases	9		

a. 9 cells (100.0%) have expected count less than 5. The minimum expected count is 1.00.

Interpretations

The Chi Square test conducted between the Fee Structure and Education Level of Students revealed the Pearson Asymp Significant level of 0.001 which is less than the significant level 0.05 there by rejecting the null hypothesis and establishing that there is significance of fee offered for the training program.

RESULTS AND DISCUSSIONS

Results

The students and organizations responded positively to the Vocational Training programs offered by vocational training institutes and there was a general conclusion that Skill enhancement training is necessary in increasing the employability of the students in Kerala.

Some of the Major facts observed during the study are:

1) Majority of the respondent were male.
2) Most of the Respondents were higher secondary students.
3) All respondents were fresher.
4) The study revealed that the maximum opportunity for Vocational Training in Kerala existed in the field of Banking and Insurance, IT/ITES/BPO, Retail and Entrepreneurship.
5) Maximum respondents preferred government jobs followed by Banking and Finance, IT/ITES/BPO and Retail
6) Construction and Retail industry topped the employment opportunity for next 10 years in Kerala
7) Students felt that they had good domain knowledge however, Industry response revealed that there is a skill gap among students in Kerala.
8) The analysis shows that the time period for the vocational training was not an influencing or significant factor.
9) Fees were an influencing factor across the Student community to undertake the Training program

Suggestions

The following steps are suggested to help organization to successfully market the vocational training products:

1) Include communication skill development chapters along with the Domain skill enhancement training Programs

a. This would help the students in Kerala to increase their chance of starting an enterprise.
b. This would encourage more students to enroll in the training program

2) The entry into the market could be useful if a training institute can associate with existing training institutes who are established training organization in non competitive domains.

a. The training institutes like G-Tech, Sree Sankaracharya Computer Centre and others.
b. It would act as confidence builder among the students.
c. Brand names of these institutes would help the organization in attracting more students
d. Infrastructure facilities like computers, internet connection and chairs will always be available
e. Faculty would be available for Training the students.

3) Should engage industry interaction in the training program

a. It can be through Industrial internship, Industrial visit or arranging talks
b. It will help in increasing the customer base among students
c. It would help in increasing placements through the training program

4) Should have effective promotion strategies

a. Using the ASAP program that they are successfully running as a promotional tool to tap the independent student community
b. They can use the local tie ups to undertake and outsource marketing of the training programs
c. Localised advertisement will help in increasing customer base.

CONCLUSION

Skill and knowledge are the driving force of economic growth and social development of any country. The economy becomes more productive, innovative and competitive if it can employ trained and skilled manpower. The availability of skilled manpower is equally important along with the level of employment and its composition in the growth of economy.

Vocational education and training sector (VET) sector is a crucial in knowledge-based societies as well as in developing countries. The sheer size of the VET sector in Kerala makes it a great market for vocational training institutes like Edubridge. As VET is provided at almost all levels of education, the real numbers of students in the sector are probably much higher in actual fact. Conceiving and comprehending from the detail study conducted, it is evident that the there is opportunity and prospect for Vocational skill enhancement training products. The results and recommendations are put forward to increase the market for skill enhancement and domain knowledge improvement among students in Kerala.

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Does Lintner's dividend model explain Indian dividend payments?

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Abstract

Financing, Investment and Dividend decisions are the basic components of corporate financial management policy. Dividend policy is considered an important tool for investors to assess the company's financial position as they require return on their investment and dividend paying company will certainly attract them. Dividend policy has been extensively studied within the financial literature. It is generally accepted that the payment of dividends is the most important and most widely used instrument for the distribution of value to shareholders. Shareholders also prefer to receive regular dividends rather than irregular cash payments. A well-known model that attempts to explain dividend policy is that of Lintner (1956). Gordon (1962) and Lintner (1956) were the first supporters of the relevance of dividends in creating shareholder wealth. They suggest that there is a direct relationship between a firm's dividend policy and its market value. This study investigates whether Lintner's model can be used to explain Indian dividend payments or not. In the present paper an attempt has been made to study dividend policy of 50 top dividend paying listed companies of India for the period of 2004-2014.

Keywords: Dividend Policy, Shareholder's Wealth, Corporate Finance, Market Value.

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INTRODUCTION

Dividend decision is an important decision in the field of financial management, which is the payout policy that managers follow in deciding the size and pattern of cash distribution to the shareholders. While deciding about the distribution of dividend the financial managers come across a number of factors that influence the dividend decision. Research has attempted to explain the influencing role of various factors in the process of dividend decision but a universally acceptable conclusion is yet to be drawn. Three decades ago, Black (1976) wrote "The harder we look at the dividend picture the more it seems like a puzzle with pieces that just do not fit together". For about five decades now, the research on dividend policy has grown significantly, not only on foreign firms but also on Indian firms.

Researchers like Lintner (1956), Darling (1957) and Brittain (1966) have developed mathematical models to address this decision problem. Based on those works, many researchers from India as well as from abroad have carried out a handful of studies during the last five decades. The contribution of Fama and Babiak (1968), Walter (1967) and others is also significant in this regard. The recent works of Mahapatra and Panda (1995), Garg, Verma and Gulati (1996), Mishra and Narender (1996), Pandey (2001), Mahapatra and Biswasroy (2006), Pal and Goyal (2007), Sudhahar and Saroja (2010) are noteworthy in the Indian context.

REVIEW OF LITERATURE

The work of Lintner (1956) established a milestone in the field of dividend policy research who uncovered for the first time that firms maintain a target payout ratio and they adjust their dividend payout policy to this target. Using the partial adjustment model to define the primary determinants of dividend policy of US firms, he found that firms establish their dividends in accordance with the level of current earnings and the dividend paid in the previous year. Based on this land mark study of Lintner (1956), Brittain (1966) considered current year's free cash flow and current year's depreciation as explanatory variable in his study. Similarly Darling (1957) considered last year's profit after tax, current year's depreciation and amortization and current year change in sales over the preceding two years as explanatory variable in his model over and

above profit after tax. Since then, a number of empirical studies have been carried out all over the world and it has been a subject of enquiry by academicians, researchers, financial analysts for many decades.

The followings are some of the reviews of the literatures which were published recently in the context of Indian firms:

Mahapatra and Panda (1995) in their study tried to explain the dividend behavior in the Indian situation with reference to three selected industries namely cotton, paper and sugar. Considering the sample size of 43 companies for twelve years i.e. from 1977-78 to 1988-89, the study reveals that dividend decision is primarily governed by cash flow. The determinants like flow of net debt, flow of net debt are found to be significant in paper and cotton industry respectively whereas the determinant like interest payment has turned out to be significant in sugar and paper industry. However, determinants like investment demand and share price behavior have no significance on dividend policy decisions of the sample companies.

Garg, Verma and Gulati (1996) have made an attempt to explain the dividend behavior of 44 Indian textile firms over the period 1980-81 to 1989-90 and they concluded that dividend policy is primarily determined by the current year profit after tax and dividends paid in the previous year, i.e. lagged dividend. This confirms the Lintner's model as the best fit model for Indian textile firms.

The study of Mishra and Narender (1996) on State Owned Enterprises (SOEs) purely draws upon the data published by the Department of Public Enterprise (DPE) in its annual public enterprise surveys for the years from 1984-85 to 1993-94. All the SOEs (thirty nine in number), which have declared dividend since 1985-86 till 1993-94 constitute the sample for the study. For the purpose of analysis, the sample has been divided into three broad groups such as Manufacturing, Petroleum and Service. To study the dividend behavior pattern of SOEs, Lintner's model is applied which establishes the relationship between current year's dividend per share (DPS) with current year's earnings per share (EPS) and previous year's dividend per share (LDPS), i.e. lagged dividend. From their study they found that Lintner's argument goes with majority of SOEs. Further their study indicates that lagged dividend plays a significant role than

that of current year's EPS in taking dividend decision in SOEs.

Mahapatra and Biswasroy (2006) conducted a study to know the dividend behaviour, in the context of Indian firms, with a sample size of fifty nine companies which consists of four industries namely general engineering, cotton, sugar and paper. The period of study was for twelve years commencing from 1987 to1999. They have examined to see whether the dividend policy of the firm is influenced by profit after tax (PAT), or lagged dividend (LD) or cash flow (CF). They used the Lintner's profit model and Brittain's cash flow model in their study to know the model of 'good fit'. In the Lintner's model, both the explanatory variables such as profit after tax (PAT) and lagged dividend (LD) are found to be statistically significant only in case of sugar and paper industries, whereas from the Brittain's Cash flow model, both the explanatory variables such as cash flow (CF) and lagged dividend (LD) are found to be statistically significant in all the four sample industries. Thus their findings support the proposition that cash flow rather than profit after tax is a better measure of the company's capacity to pay dividend.

Sudhahar and Saroja (2010) carried out an empirical study on the determinants of dividend policy in the Indian banking industry. The data are spread over a period of ten years i.e. from 1997-98 to 2006-07. Their study was based on a sample of 20 banks listed on the Bombay Stock Exchange (BSE) under Group A and B.

The entire study has been carried out in two ways, wherein, in one way they have tested the dividend models of Lintner, Brittain and Darling and in the other way they have developed a model by considering nine independent variables such as previous year dividend payout ratio, size in terms ofvolume of sale, current ratio, debt ratio, tangibility calculated as net fixed assets divided by total assets, return on investment, dividend tax, corporate tax and interest liability and these independent variables were regressed with the dividend payout ratio of the current year. From the study of the above notable models of Lintner, Brittain and Darling it is found that Brittain's explicit depreciation model is the best model in explaining the dividend policy of the banks, where current year depreciation and current year profit after tax are considered as explanatory variables. Further, the regression model developed by the authors indicates the significance of return on

investment (ROI) followed by last year dividend payout ratio and size in terms of volume of sale in the dividend policy of the Indian banks.

Lintner's Dividend Model

Lintner's model provides a good intuitive explanation of dividend payments. The essence of Lintner's dividend model is that, if a firm persisted with its target payout ratio, then the dividend payment in the ensuing year (Div1) would equal a constant proportion of earnings per share (EPS1), or Div1 = target ratio * EPS1

If a firm adhered to its target payout ratio, it would change its dividend whenever its earnings changed. However, the managers of the companies believed that shareholders prefer a steady progression in dividends.

As per Lintner (1956), the historical rate of dividend is generally considered for the determination of current dividends by many companies. In addition current earnings are invariably the starting point in considering the change in dividend policy. Thus, dividend payout is a function of net current earnings after tax and dividend paid in the previous year (lagged dividend). This can be expressed as:

$$D_t = a + b_1 P_t + b_2 D_{t-1} + u_t$$

Where,

D_t = total equity dividend in period 't'

D_{t-1} = total equity dividend in period't-1'

P_t = net current earnings after tax in period 't'

u_t = error term

The net current earnings after tax, Pt, represent the capacity of a firm to pay dividends. Lagged dividend, indicates a possible reluctance on the part of the management to reduce the dividends already declared. The rationale of this dividend function is that firms try to achieve a certain desired payout norm in the long run. It is this preference for stability in the rate of dividend that the firms make only a partial adjustment to the rate of dividend each year in response to any change in net current earnings. The rate of dividend is thus stabilized with reference to the target level of dividends. The absolute amount of dividend in a given year is changed by a function known as speed-of-adjustment coefficient. It is the difference between the target amount and actual dividend payment. Thus, the model suggests that the dividend policy is related to a target level of

dividends and to the speed of adjustment of change in dividends.

Lintner's model till date is considered as widely acknowledged and suitable model to study the dividend decision even today.

Data Base and Methodology

Data Base

This paper focuses on the applicability and validity of Lintner's model in Indian companies. For this purpose, the study was carried out on secondary data of 30 companies which paid highest dividend from the period of 2004 to 2014, listed on Bombay Stock Exchange. The data has been collected from authentic websites of the respective companies. The companies have been selected on the basis of the following criteria:

i. The companies must be listed with Bombay Stock Exchange.

ii. The companies must have paid dividend during 2004-14.

4.2. Statistical Tools & Techniques

The present study had been done using Multiple Regression Analysis, which was used to test the validity of Lintner's model in Indian companies under study. The variance inflation factor (VIF) was used to assess the multi-collinearity. Threshold values of tolerance above .10 (Hair *et al*., 1998) and VIF scores of less than 10 suggest minimal multi-collinearity and stability of the parameter estimates (Neter *et al*., 1985; Dielman, 1991). For carrying out the analysis, SPSS software has been used.

Results & Discussions:

The variance inflation factor (VIF) was used to assess the multi-collinearity, as shown in Table 1 and the VIF scores ranged between 1.082 and 1.191.

Model	*Year*	*Collinearity Statistics*		*Model*	*Year*	*Collinearity Statistics*	
Earnings Per Share		*Tolerance*	*VIF*	Lagged Dividend		*Tolerance*	*VIF*
	2005	.868	1.153		2005	.868	1.153
	2006	.839	1.191		2006	.839	1.191
	2007	.872	1.146		2007	.872	1.146
	2008	.924	1.082		2008	.924	1.082
	2009	.445	2.248		2009	.445	2.248
	2010	.835	1.197		2010	.835	1.197
	2011	.715	1.398		2011	.715	1.398

	2012	.424	2.356		2012	.835	1.197
	2013	.835	1.398		2013	.715	1.398
	2014	.715	2.356		2014	.424	2.356

Regression Results of Lintner's Model:

Dt= a+b1Pt+b2Dt-1+ ut						
Model	*a*	*b1*	*b2*	*R2*	*R2*	*F*
		Pt	*Dt-1*			
Year		***	**			
2005	2.299	.046	.072	.447	.413	13.332
	(3.696)	(2.033)	(1.763)			
		*	**			
2006	-3.640	.849	.353	.812	.801	79.654
	(-3.840)	(3.308)	(6.788)			
		*	***			
2007	1.113	.147	.155	.778	.766	64.824
	(2.112)	(2.720)	(9.265)			
2008	-2.026	.563	.231	.723	.708	48.363
	(-2.234)	(4.649)	(6.033)			
		***	*			
2009	-.727	1.112	.079	.931	.927	241.460
	(-1.498)	(12.484)	(2.760)			
		*	*			
2010	-3.19	.450	.178	.710	.693	43.971
	(-.368)	(5.618)	(4.582)			
		**	*			
2011	-.790	.923	.080	.873	.866	124.281
	(-.1284)	(11.408)	(3.117)			
		**	*			
2012	-.302	1.336	-.038	.872	.864	122.092
	(-.387)	(10.888)	(-.959)			
2013	1.448	.070	.202	.935	.933	432.391
	(3.009)	(2.106)	(26.55)			
		**	**			
2014	2.687	.112	.109	.205	.179	7.752
	(2.563)	(1.959)	(2.344)			

Note: Figures in the bracket show t-values of the coefficient

*Sig at 1% level
**Sig at 5% level
***Sig at 10% level

The detailed examination of the table bring forth the fact that the values of Pt in all the years were significant at 10% in the year 2009, 2005 and 1% level in the year 2006, 2007 and 2010. The values of Dt-1 in all the years were significant at 5% level in the year 2005,2006 and 2014, 10% level in the year 2007 and at 1% in the year 2009 to 2012.

This study has tested the Lintner model using specified framework of econometric modeling. The study result discloses that to a significant extent the estimated regression model with equity dividend in last year and net current earnings after tax in this year explains satisfactorily the dividend behavior of the companies under study which supports the Lintner's model.

Conclusion:

Dividend declaration is considered as one of the key focus areas of the firm's financial policy and is considered to be one of the most important tools for the distribution of value to shareholders. Dividend policy adopted by a firm has inference in the practical life for all whether is a manager or it is an organization's stakeholders. A well-known model that attempts to explain dividend policy is that of Lintner (1956). The analysis brings forth the fact that Lintner's model of dividend is the best as the dividend behavior of Indian industries under study has well been explained by the model for the study period 2004-14. The model states that dividend is governed by two financial variables viz., current earnings and lagged dividends that holds true for the companies under study.

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MANAGING FRUSTATION AT WORKPLACE: HUMAN RESOURCE CHALLENGES AND PRODUCTIVITY IMPROVEMENT

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Abstract:
Industrialization and the country's population growth has increased competition among and within the organizations. Increased competition calls for more effectiveness and efficiency. If this competition is among employees at the workplace then it is a good indicator for the organization. However, if this competition is stretched beyond its limit then it turns out as stress among the employees and if a person fails to compete and achieve his desires, it brings about frustration among the employees. Apart from competition among the employees at the workplace, there are various other factors which bring about frustration among the employees. In this paper we are going to study eight most common factors that cause frustration among the employees at the workplace and the challenges that human resource department faces in managing these frustrations and also in managing simultaneous productivity increment.

Keywords: Frustration, HR manager's role, Productivity improvement, Organizational citizenship behavior, counterproductive behavior.

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INTRODUCTION:

Frustration is an emotion resulting from opposition to the achievement of desires. In other words, there are several internal and the external situations and happenings that bring about anger and feeling of non achievement and powerlessness. Mild frustration often acts as a motivator but when reached beyond a certain level, it might destruct the normal behavior of the person concerned.

Most of the times, frustration among the individuals is concerned with their work place. These frustrations might be because of lack of progress, micromanagement, limited resources, status and role inconsistencies, less confidence in organization's leadership, lack of resources resulting in poor performance, lack of effective personnel policies and lack of incentives and motivation procedures. All these instances bring about a sense of "career burnout".

1. **Lack of progress:**

Up to a particular stage of the career mere monetary benefits cease to be the motivating factor. They need to be associated with career growth and progress of the employee within the organization. If the employees fail to find any progress in their career, it brings about frustration among them.

2. **Micromanagement:**

Analysis of smallest of the activity performed by the employee in favor of the organization might bring about frustration among the employee. Micromanagement gives a sense of distrust and humiliation to the employee by his manager or his boss.

3. **Limited resources:**

If the resources required for performing the job are not adequate then the performance of employee is negatively affected and it may result into frustration.

4. **Status and role inconsistencies:**

A change in the role, status, working environment and position brings about dilemma and confusion and is a cause of frustration among the employee.

5. **Less confidence in organization's leadership:**

Creating belief among employees that leaders of the organization are concerned about their development and betterment (of the employee) is very necessary to keep the employees focused and enthusiastic. If the employees loose faith in the leaders of the organization then it is obvious that they would get frustrated.

6. **Lack of concern for poor performance:**

Every person likes to be rewarded or recognized for his good and fair performance. If this does not happen at the workplace and if there is no differentiation among the good and bad performers then it is obvious that the individual would give off his good performance and would come down to average level.

7. **Lack of effective personnel policies:**

Effective personnel policy plays a very important role in the happiness of the employees and in development of the organization. If the personnel policy of the organization is not

effective then the employees will not commit themselves to better performance. As a result, frustration could occur at work place.

8. **Lack of incentives and motivation procedures:**

Salary and incentive are the primary factors for motivation of the employee. It is for this reason that the employees are working within the organization. Motivating factors have a major role in the job satisfaction of the employee. If these factors are not given due care then the employees would feel frustrated at the work place.

All the above listed factors bring about behavioral changes among the employees. As these factors cause frustration, it becomes complicated for the human resource department to manage the employees and their level of frustration. HR department has to design a customized policy and tactics for each of the employee working in an organization to reduce the frustration level and increase productivity.

OBJECTIVES OF THE STUDY:

Elimination of workplace frustration among all employees in an organization, at the same time, might not be possible overnight. Reduction of frustration at the workplace is a gradual process. Mild frustration, as discussed earlier, can prove to be the motivating factor for the employees. Hence it is very necessary for the HRM department to analyze what level of frustration would be beneficial for the organization and how to maintain and control that level of frustration at the workplace. At the same time, HRM department is also required to convert motivating level of frustration into increased productivity necessary for growth of the organization. Some of the specific objectives of this study are listed below:

1. To analyze common factors responsible for frustration at the workplace.
2. To analyze response of the employees from different cities working in different organizations for the above said factors.
3. To analyze the challenges that an HRM department has to face to settle down frustration at the workplace.
4. To provide possible solutions for management of the above said factors in such a way that the productivity of employee increases.

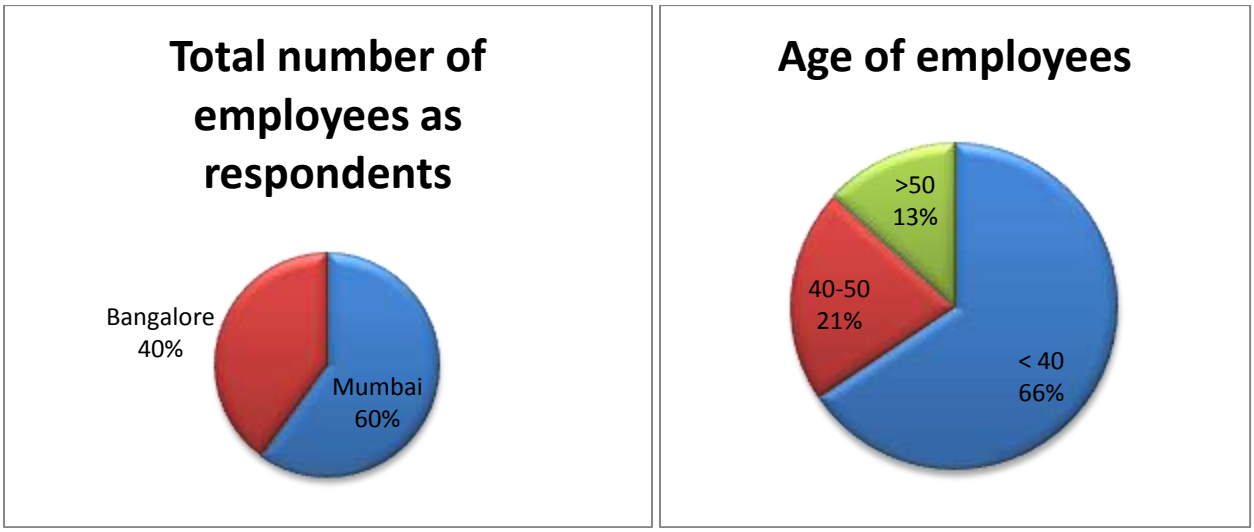
METHODOLOGY:

Actual involvement of the employees in the study was very important as it was very much necessary to analyze whether the above said factors affects the employees or not. It was also necessary to analyze up to what extent these factors affect the employees and whether they are the reason for frustration or not. Hence, in total 250 employees of different companies from different cities of various demographics were taken as respondents for the questionnaire. Out of these 250 employees, 150 were from Mumbai city of Maharashtra state in India and 100 were from Bangalore city of Karnataka state in India. Responses were tabulated and result was

analyzed. Fifty five HR managers were also taken as respondents for understanding what measures they are taking to manage the frustration and increase productivity at workplace. Likert scale technique was used to record responses of the respondents.

FINDINGS AND ANALYSIS:

Data collected through the questionnaire were presented in a tabular form and discussion related to the same was carried out. Factors that were taken into the study includes lack of progress, micromanagement, limited resources, status and role inconsistencies, less confidence in organization's leadership, lack of concern for poor performance, lack of effective personnel policies and lack of incentives and motivation procedures.



Graph 1: Number of employees taken as respondents and their age groups.

In this study, 100 employees i.e. 40% are from Bangalore and 150 employees i.e. 60% are from Mumbai. 164 employees (66%) belong to the age group of less than 40 years, 53 employees (21%) are in the age group of 40 to 50 years, whereas 33 employees (13%) are having age greater than 50 years.

1. **Mumbai, Maharashtra State, India**

Factors of Frustration at workplace	**Strongly agree**	**Agree**	**Somehow**	**Disagree**	**Strongly disagree**
Lack of progress	51 (34%)	87 (58%)	7 (4.67%)	3 (2%)	2 (1.33%)
Micromanagement	64 (42.67%)	72 (48%)	8 (5.33%)	3 (2%)	3 (2%)
Limited resources	43 (28.67%)	51 (34%)	26 (17.34%)	21 (14%)	9 (6%)
Status and role inconsistencies	56 (37.34%)	59 (39.34%)	24 (16%)	9 (6%)	2 (1.33%)
Less confidence in leadership	66 (44%)	61 (40.67%)	5 (3.34%)	11 (7.34%)	7 (4.67%)

Lack of concern for poor performance	77 (51.34%)	59 (39.34%)	9 (6 %)	3 (2%)	2 (1.33%)
Lack of effective personnel policies	58 (38.67%)	65 (43.34%)	20 (13.34%)	4 (2.67%)	3 (2%)
Lack of incentives and motivation procedures.	73 (48.67%)	74 (49.34%)	3 (2%)	0	0

Table 2: Number and percentage wise response of employees from Mumbai city, India.

In Mumbai city, a total of 150 employees were taken as respondents. From the above table, it can be observed that 92 % of the employees believe that lack of progress at the work place is responsible for frustration. 90.67% of employees feel that micromanagement at the work place is responsible for frustration. As far as other factors such as limited resources, status and role inconsistencies, less confidence in organization's leadership, lack of recourse for poor performance, lack of effective personnel policies and lack of incentives and motivation procedures are concerned, 62.67%, 76.68%, 84.67%, 90.68%, 82.01% and 98.01% of the employees respectively believe that lack of progress at the workplace is responsible for frustration.

2. Bangalore city, Karnataka state, India

Factors of Frustration at workplace	**Strongly agree**	**Agree**	**Somehow**	**Disagree**	**Strongly disagree**
Lack of progress	61 (61%)	30 (30%)	7(7%)	1(1%)	1 (1%)
Micromanagement	59(59%)	33 (33%)	6(6%)	2 (2%)	0
Limited resources	28 (28%)	56 (56%)	11(11%)	2 (2%)	3(3%)
Status and role inconsistencies	31 (31%)	54 (54%)	9 (9%)	5 (5%)	1 (1%)
Less confidence in organization's leadership	60 (60%)	22(22%)	10 (10%)	5 (5%)	3(3%)
Lack of recourse for poor performance	90(90%)	9 (9%)	1(1 %)	0	0
Lack of effective personnel policies	34 (34%)	41 (41%)	18(18%)	4 (4%)	3 (3%)
Lack of incentives and motivation procedures.	83 (83%)	13(13%)	4(4%)	0	0

Table 3: Number and percentage wise response of employees from Bangalore city, India.

In Bangalore city, a total of 100 employees were taken as respondents. From the above table, it can be observed that 91% of the employees believe that lack of progress at the work place is responsible for frustration. 92% of employees feel that micromanagement at the work place is responsible for frustration. As far as other factors such as limited resources, status and role inconsistencies, less confidence in organization's leadership, lack of recourse for poor performance, lack of effective personnel policies and lack of incentives and motivation procedures are concerned, 84%, 85%, 82%, 99%, 75% and 96% of the employees respectively believe that lack of progress at the work place is responsible for frustration.

Graph 4: Measures taken by HR managers to curb frustration among the employees at work place.

Above graph shows the number of the managers, out of 55 being surveyed, who took various initiatives to reduce the level frustration among employees. The "**mentor**" is usually an experienced individual who shares knowledge, experience and advice with a less experienced person or "mentee." Here HR manager acted as a mentor and frustrated employee was a mentee. As a mentor, an HR manager is supposed to guide the employee so that his frustration level

could be reduced. By mentoring the employee, HR manager gets a chance to analyze him more closely so that depending on his personality, ability and knowledge, his productivity could be improved by reducing his frustration and developing his interest in the organization.

It has been observed that, most of the teams go through four development stages viz. forming, storming, norming and performing. But in the end, when team gets dissolved after the completion of project, they feel a sense of loss which results into frustration and may affect productivity at the initial stages of their subsequent inclusion into a new team. It is for this reason that many HR managers in our consideration had planned for the adjourning parties where they intimate the team members about completion of the project slowly and engage them in the discussion of the upcoming projects so that they do not get shock of separation with their fellow mates.

Lengthy, complicated and time consuming reviews of the work or job carried out by the employee is often frustrating for the employees. Scheduled, short and timely reviews help to increase productivity as well. Freedom to communicate with the HR manager freely helps to create a sense of belonging among the employees and the employees can therefore share their ideas, thoughts and difficulties in a free manner than the vertical hierarchy. About 46 HR managers in our study believe that horizontal hierarchy in an organization helps to reduce frustration among the employees and in increasing their productivity.

Proper training and development of the employee is also necessary wherein he would be made aware of the job responsibilities and roles that he is required to perform and he would be imparted with the necessary knowledge and competencies so that he can perform his job in a precise manner. This would bring about a sense of job satisfaction among the employees and his productivity would increase, thus reducing the chances of getting frustrated. About 54 HR managers in our study believes that proper training and development of the employee in an organization helps reduce frustration among the employees and to increase productivity of an employee.

50 HR managers in our study believe that eliminating micro management in an organization would reduce the level of frustration among employees and would increase the productivity of an employee.

Every employee working in an organization desires that his ideas should also be given due consideration. Management by doing so and involving employees in the decision making process creates a sense of belongingness in the mind of employee and because of this employee works more enthusiastically, as if he is working for his own business. This increases his productivity, thus reducing the chances of him getting frustrated. 51 HR managers in our study believe that eliminating micro management in an organization would reduce the level of frustration among employees and would increase

the productivity of an employee.

Proper incentives and appreciation is also necessary for motivation of the employee. Proper monetary and nonmonetary appreciation, according to the nature, quantity and quality of work done by the employee, proves to be a great satisfaction for him. His efficiency and productivity increases automatically for the next task, thus reducing the chances of him getting frustrated. 52 HR managers in our study believe that eliminating micro management in an organization would reduce the level of frustration among the employees and would increase the productivity of an employee.

It has been observed that if the employees of an organization develop a feeling of job satisfaction with no or little frustration, then the employees sometimes voluntarily contribute to those tasks which are not a part of their contractual job description. This behavior of an employee at the workplace is termed as organizational citizenship behavior (OCB). OCB if developed within an organization contributes to the productivity of the employee to a very greater extent. However, if the employees are not satisfied with the working culture of the organization, employees are bound to get frustrated and under such situations counterproductive behavior of the employees is observed, wherein they are found to be working against the legitimate interest of the organization. These behaviors can harm organizations or the people in organizations including employees and clients, customers, or patients. Hence, it is a challenge for the human resource department to maintain interest of the internal customers (who are none other than the employees), external customers and the managing body of the organization in such a way that a win-win situation can be achieved concerning all the parties associated with the organization.

CONCLUSION:

In psychology, frustration is an emotional response to opposition. If the individual fails to fulfill his or her dream, it is natural that he or she will get frustrated over a period of time. In our study we have discussed various measures taken by the human resource manager to overcome the frustration within the employees working in their organizations. It has also been observed that mild frustration at the workplace helps the organization to proceed towards its goals as this mild frustration acts as a motivator for the employees to compete within the organization with other employees. It is a universal truth that people who gain success in any sphere of professional activity are highly motivated for conquering this sphere. Frustration itself, if based on the right grounds, according to famous psychological approach, sublimates to the strong desire to achieve/ complete/ accomplish something, which is the motivation itself. However if the factors causing frustration grow beyond the limit of endurance then it becomes difficult to control the behavior of employee and under such situations employees

are found to be developing counter productive work behavior, which hampers the growth of organization in a negative manner.

However it is very necessary to reduce and maintain a particular level of frustration beneficial for the organization. In order to achieve this, human resource manager should create a safe and trusting environment, ask people for their opinions, value the ideas of every employee, manage change instead of simply and directly announcing it, focus on development of boss-employee relationship and foster empowerment, control and autonomy. Ensuring fulfillment of all the above said factors will make the work more enthusiastic and hence improve productivity.

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AN EXPLORATORY STUDY OF PIMPRI-CHINCHWAD CONSUMERS TOWARDS ORGANIC FOOD PRODUCTS

***Prof. Yogesh Raut**[5]

Abstract

The aim of this research study is to identify consumers' attitudes and behaviour towards organic products in Pimpri-Chinchwad area of Pune, by using convenience sampling. This research study shows that Pimpri-Chinchwad consumers seem to be informed about environmental and health issues. They seek data about the nutritional value of food and demand more products that are free from chemical residues. The results show that most consumers associate organic consumption mainly with fruits and vegetables. As per this study, demographics seem to affect attitudes toward organic food products, but their value in explaining actual behaviour is minimal. The results of this study confirm that health, concern for the environment, animal welfare and support of the local economy are drivers of organic food consumption. This research study is an attempt to provide evidence on the relatively under-researched area of attitude toward organic food and behaviour in Pimpri-Chinchwad.

Keywords: Organic foods, Food products, Consumer behaviour.

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Introduction

Food consumption patterns of consumers are swiftly changing, currently, as a result of environmental issues, concern about the nutritional value of food and health issues amongst others. According to the United States Department of Agriculture (USDA), "Consumer demand for organically produced goods continues to show double-digit growth, providing market incentives for U.S. farmers across a broad range of products. Organic products are now available in nearly 20,000 natural food stores and nearly 3 out of 4 conventional grocery stores. Organic sales account for over 4 percent of total U.S. food sales". Research on consumer preferences and demand for organics is increasingly attracting the interest of researchers. In the majority of studies, many consumers claim that they have a preference for and an interest in organically produced foods (Misra et al., 1991; Wandel and Bugge, 1997; Wilkins and Hillers, 1994). Although Roddy et al. (1996) and von Alvensleben (1998) found that the concept of "organic food" seems to be well known to many consumers, Grunert (1993); Wandel and Bugge (1997); Roddy et al. (1996); Fotopoulos and Krystallis (2002) found that the proportion of consumers who purchase organic foods on a regular basis is low. As per Childs and Polyzees (1997); Zotos et al. (1999); Baltas 2001; Fotopoulos and Krystallis (2002) the increased consumers' interest in organic food has led to growing demand for food free from chemical residues and pesticides. .

Purpose of study

This research study inspects the level of environmental and health awareness among Pimpri-Chinchwad consumers and also tries to identify the factors that affect consumers' attitudes and behaviour toward organic foods. Following research questions are addressed in this study:

(1) Are there any possible demographic differences in attitudes toward organic food and consumption?

(2) Are attitudes of consumers related to behaviour?

Literature review

Studies conducted by Tregear et al. (1994), Huang (1996), Schlegelmilch et al. (1996), von Alvensleben (1998), Padel and Foster (2005) showed that health concern is the most important reason for purchasing and consuming organic food. Studies conducted by Tregear et al. (1994) and Schifferstein

& Oude Ophuis (1998) showed that environmental concern, although not a priority issue, affected consumption of organic products.

According to research studies conducted by Davis et al., 1995; Wandel and Bugge, 1997; Thompson and Kidwell, 1998; Magnusson et al., 2001; Wier et al., the socio-demographic profile seems to affect consumer attitudes and buyingbehaviour towards organic food. Organic food attitudes are mainly influenced bygender, age, income, level of education and the presence of children in the household.

Studies conducted by Davis et al. (1995) and Wandel and Bugge (1997) show that females seem to be more interested in organic foods than men and they are more frequent buyers than men. Overall, more positive attitudes toward organic food have been detected in women as opposed to men as per the study of Lea and Worsley (2005).

Age also seems to affect consumer attitudes toward organic food. Studies conducted by Wandel and Bugge (1997), Thompson and Kidwell (1998), Von Alvensleben (1998) and Fotopoulos & Krystallis (2002) showed that young people are more environmentally conscious but less willing to pay more due to their lower purchasing power. But elder people are more health conscious and also are more willing to pay an extra price for organic food.

Education also has been reported as a significant factor affecting consumer attitudes toward organic food products. Studies of Magnusson et al. (2001), Hill and Lynchehaum (2002) and Wier et al. (2003) found that people with higher education are more likely to express positive attitudes toward organic products; they require more information about the production and process methods of organic foods too.

According to Grunert and Kristensen (1991) and Magnusson et al. (2001) higher income households are more likely to form positive attitudes toward purchasing more organic food.

A major obstacle in buying organic foods is their higher price compared to conventional food product prices, as was found by Jolly (1991), Tregear et al. (1994) and Roddy et al. (1996).

Data Analysis

The findings of the study indicate that 70.5% of the respondents are aware about organic food products. But out of these only 39% are regular buyers of organic food products. 68% of the respondents are female and 65.8% are married. Further, 41.1% of the participants have an average family income (Below Rs.3 Lakh) and 28.3% an higher income level (Above Rs.6 Lakh).

Gender: As per the data in Table 1 below it can be said that consumer attitudes toward organic food are not influenced by gender. The only variances noted indicate that females:

1. require more information about organic food production methods (mean=3.43) and
2. They would buy organic products despite their higher prices as compared to traditional products (mean =4.01).

It may be noted that only those variables with significant gender differences at significance level of 0.01 have been reported in Table 1. And comparisons were carried out by use of the Mann-Whitney test. The Mann-Whitney test is a nonparametric test that compares the distributions of two unmatched groups. In this study the two groups are male and female groups.

Table 1: Gender

Attitudes	Male	Female	Mann-Whitney
	Mean = *m*	Mean = *m*	*p*
I require more information about organic food production methods	3.26	3.43	0.023
I would buy organic products despite their higher prices as compared to traditional products	3.64	4.01	0.015

Education: This study finds education to be a significant determinant of attitudes toward organic food. The Kruskal Wallis test showed statistically significant differences in terms of:

1. satisfaction with the amount of organic products offered (x^2=13.267, df=2, p=0.024);

2. readiness to pay more to purchase organic products (x^2=24.369, df=2, p=0.013);
3. confidence that use of organic products would help protect the environment (x^2=13.123, df =2, p=0.002);

In the table 2 means of ratings by different education levels of attitudes and beliefs related to organic foods, only for variables with significant education differences at significance level of 0.05, have been displayed. Also the three education groups have been compared by using the Kruskal-Wallis test. Kruskal-Wallis test is a rank-based nonparametric test that can be used to determine if there are statistically significant differences between two or more groups of an independent variable on a continuous or ordinal dependent variable. It is considered the nonparametric alternative to the one-way ANOVA, and an extension of the Mann-Whitney U test to allow the comparison of more than two independent groups. And finally in case of statistical significant results (significance level of 0.05) the pairwise distributions of the educational levels have been compared by using the Mann-Whitney test.

Table 2: Education

Attitudes	Under-Graduate	Graduate	Post-Graduate	Kruskal Wallis
	Mean = *m*	Mean= *m*	Mean= *m*	*P*
I think huge number of organic products are available in themarket	2.34	3.55	4.23	0.023
I am interested in organic products	3.13	4.16	4.54	0.078
I trust organic product producers	3.58	4.28	4.58	0.005
I do not have adequate information to form an opinion	3.94	3.54	2.56	0.018
I am not ready to pay more for buying organic products	4.01	3.65	3.05	0.012

Income: From the data analysis in Table 3 below it can be said that attitudes towards organic food products are related to the income levels. It can also be seen that consumers with a higher income seem

to have positive attitudes toward organic food compared to low and medium income level consumers.

Unambiguously, higher income consumers have concern about food safety (x^2=12.152, df=2, p=0.011) and prefer buying organic food as compared to conventional foods (x^2=18.235, df =2, p=0.013). Also higher income consumers trust organic production (x^2=18.741, df= 2, p= 0.000) and consider organic food products to be of better quality (x^2= 13.822, df = 2, p= 0.001), healthier (x^2= 9.534, df=2, p=0.009). Additionally, respondents belonging to higher income level category are more likely to buy organic food despite being more expensive (x^2=25.748, df=2, p=0.000).

In table 3 the means of ratings by different income levels of attitudes and beliefs connected to organic foods, only for variables with significant differences (significance level of 0.05), have been displayed. The three income levels have been compared by using the Kruskal Wallis test. Finally in case of statistical significant results (significance level of 0.05) the pairwise distributions of the income levels have been compared by using the Mann-Whitney test.

Table 3: Income

Attitudes	Below 3 Lakh	3 Lakh – 6 Lakh	Above 6 Lakh	Kruskal Wallis
	Mean = *m*	Mean = *m*	Mean = *m*	*p*
I have concern about food safety	2.37	3.45	4.56	0.011
I prefer buying organic food as compared to conventional foods	2.13	2.94	4.26	0.013
I trust organic product producers	3.11	3.95	4.57	0.000
I consider organic food products to be of better quality	2.86	3.49	4.64	0.001
I consider organic food products to be healthier	2.43	3.87	4.13	0.009
I would buy organic products despite their higher price as compared to traditional products	2.18	3.59	4.59	0.000

Behaviour towards organic products

It seems that previous experience with

organic products tends to have a positive effect on future purchase behaviour as seen from Table 4. Statistical significant differences have been seen between buyers and non-buyers in issues such as interest in organic products and preference in buying organic food products. In both cases, buyers seem to have more positive attitudes towards organic food. Statistical significant differences have also been recorded between the two groups in terms of availability of organic food in the market. Buyers are more satisfied with the number of organic food products available in the market (m=4.06). Also, buyers seem to be more satisfied with the adequacy of information regarding organic food (m=2.69). Finally, significant statistical differences exist in terms of the price. Non-buyers are more concerned with organic food premium prices (m= 4.53), less willing to pay more to buy organic products despite of their price as compared to traditional products (m=2.84) and less trust in organic product producers (m = 3.15). Means of ratings by buyers and non-buyers of attitudes and beliefs related to organic foods for only those variables with significant differences (significance level of 0.05) have been displayed in Table 4. And finally the comparisons were carried out by using Mann-Whitney test.

Table 4: Non-Buyers and Buyers

Attitudes	Non-buyers	Buyers	Mann-Whitney
	Mean = *m*	Mean = *m*	*p*
I am interested inorganic products	2.31	4.56	0.023
I prefer buying organic food as compared to conventional foods	2.08	4.37	0.015
I think huge number of organic products are available in the market	3.19	4.06	0.019
I do not have adequate information to form an opinion	3.84	2.69	0.000
I believe organic products are very expensive	4.53	3.91	0.014
I would buy organic products despite their higher prices as compared to traditional products	2.84	4.29	0.024
I trust organic productproducers	3.15	4.76	0.026

From Table 5 it can be seen that there are statistically significant variations between the buyer and non-buyer groups with respect to their age and

income. Means of ratings by different demographic variables of behaviour to organic foods have been shown in Table 5. And only variables with significant differences (significance level of 0.05) have been shown. The difference in the mean values of the two samples is less than 0.5, which is miniscule, thus indicating that the two groups are practically the same. Thus it can be said that behaviour towards organics is not affected by Age and Income.

Table 5: Buyer, Non –Buyer and Demographics

	Non-buyers	Buyers	Mann-Whitney
	Mean = *m*	Mean = *m*	*p*
Age	2.981	3.194	0.046
Income	2.546	2.846	0.034

Conclusion

This study concludes that Consumers' attitudes towards organic food are not influenced by gender. And this study finds education to be a significant determinant of attitudes toward organic food. Data analysis also reveals that attitudes toward organic food products are related to the income levels. Consumers with a higher income seem to have positive attitudes toward organic food compared to low and medium income level consumers. Data analysis shows that previous experience with organic products tends to have a positive effect on future purchase behaviour. Finally the study concludes that behaviour towards organic food is not affected by Age and Income.

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